FIRST QUARTER

Fiscal 2021 Report to Shareholders

Canaccord Genuity Group Inc. Reports First Quarter Fiscal 2021 Results

Record quarterly revenues driven by strong trading and new issue activities
Excluding significant items, first quarter earnings per common share of $0.25[(1)]

TORONTO, August 5, 2020 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the first fiscal quarter, ended June 30, 2020.

"Our performance for the fiscal first quarter reflects our agile and defensive business mix that allows us to shift resources where needed to ensure excellent client experiences in any environment," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "We achieved record quarterly revenues, with all businesses contributing to our profitability, and, in keeping with our commitment to increase shareholder returns, we increased our quarterly common share dividend by ten percent."

First fiscal quarter highlights:

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

- First quarter revenue of $377.7 million, highest quarterly revenue on record
- Quarterly investment banking revenue increased 30% year-over-year, driven by strong new-issue activities across all geographies with increased activity levels in the life sciences, technology and mining sectors
- Australian capital markets business delivered record revenue of $42.5 million, reflecting stronger investment banking activity across small-cap focus sectors, with established leadership in mining
- Excluding significant items[(1)], diluted earnings per common share for the first fiscal quarter was $0.25 per share ($0.22 per share on an IFRS basis)
- Excluding significant items[(1)], 48% of diluted earnings per share contributed by global wealth management operations
- Total clients assets in our global wealth management business increased to $68.9 billion, an increase of 13.4% from Q4/20
- First quarter common share dividend of $0.055 per common share

Contents

	Three months ended June 30		Year-over-year change	Three months ended March 31	Quarter-over-quarter change
	Q1/21	Q1/20		Q4/20	
Revenue	**$ 377,728**	$ 325,508	16.0%	$ 319,648	18.2%
First fiscal quarter highlights – adjusted[1]					
Expenses – excluding significant items[1]	**$ 335,965**	$ 286,978	17.1%	$ 294,703	14.0%
Earnings per common share – diluted, excluding significant items[1]	**$ 0.25**	$ 0.23	8.7%	$ 0.17	47.1%
Net Income – excluding significant items[1]	**$ 32,897**	$ 30,654	7.3%	$ 21,451	53.4%
Net Income attributable to common shareholders – excluding significant items[1][3]	**$ 29,065**	$ 28,218	3.0%	$ 19,142	51.8%
First fiscal quarter highlights – IFRS					
Expenses	**$ 340,674**	$ 294,156	15.8%	$ 289,430	17.7%
Earnings per common share – diluted	**$ 0.22**	$ 0.18	22.2%	$ 0.21	4.8%
Net Income[2]	**$ 28,964**	$ 24,290	19.2%	$ 26,246	10.4%
Net Income attributable to common shareholders[3]	**$ 25,132**	$ 21,854	15.0%	$ 23,937	5.0%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 6 of the MD&A.
(2) Before non-controlling interests and preferred share dividends.
(3) Net income attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends.

Core business performance highlights:

Canaccord Genuity Wealth Management

The Company's combined global wealth management operations earned revenue of $137.9 million for the first fiscal quarter, a year-over-year increase of 6.3%. Excluding significant items[1], the pre-tax net income contribution from this segment increased by 4.4% year-over-year to $24.3 million.

- Wealth management operations in the UK & Europe generated $68.0 million in revenue and, after intersegment allocations, and excluding significant items[1], recorded net income of $16.0 million before taxes in Q1/21 up from $13.0 million for Q4/20
- Canaccord Genuity Wealth Management (North America) generated $57.0 million in revenue and, after intersegment allocations, recorded net income of $7.6 million before taxes in Q1/21 up from $2.7 million for Q4/20
- Wealth management operations in Australia generated $13.0 million in revenue and, after intersegment allocations and excluding significant items[1], recorded net income of $0.7 million before taxes in Q1/21 down slightly from $0.9 million for Q4/20

First quarter revenue in the Company's UK & Europe wealth management business decreased by 5.5% compared to Q1/20, mainly driven by a decline in fee-based revenue resulting from slightly lower market values for client assets due to current market conditions and reduced interest income due to lower rates. Despite the decline in revenue, pre-tax income excluding significant items[1] increased by 14.2% compared to the three months ended June 30, 2019 due to a decrease in overhead expenses. On an adjusted[1] basis, the pre-tax profit margin was 23.6%, an increase of 4.1 percentage points year over year and an increase of 3.2 percentage points from the average for fiscal 2020.

Revenue in the Company's North American wealth management business decreased slightly by 1.5% in Q1/21 compared to the same period in the prior year. The pre-tax profit margin was 13.3%, a decline of 2.7 percentage points from Q1/20 although an increase of 2.5 percentage points from the average for fiscal 2020.

Our Australian wealth management operations earned revenue of $13.0 million and pre-tax income excluding significant items[1] of $0.7 million in the first quarter of fiscal 2021, reflecting contributions from the acquisition of Patersons Securities Limited in Q3/20.

Total client assets in the Company's global wealth management businesses at the end of the first fiscal quarter amounted to $68.9 billion.

- Client assets in North America were $22.2 billion as at June 30, 2020, an increase of 20.6% from $18.4 billion at the end of the previous quarter and an increase of 4.8% from $21.2 billion at June 30, 2019
- Client assets in the UK & Europe were $43.6 billion (£25.9 billion) as at June 30, 2020, an increase of 9.2% from $39.9 billion (£22.7 billion) at the end of the previous quarter and a decrease of 4.4% from $45.6 billion (£27.4 billion) at June 30, 2019
- Client assets in Australia were $3.1 billion (AUD 3.3 billion) as at June 30, 2020, an increase of 27.7% from $2.4 billion (AUD 2.8 billion) at the end of the previous quarter. In addition, client assets totalling $11.8 billion are also held in other accounts on our Australian wealth management trading platform

Canaccord Genuity Capital Markets

Excluding significant items[1], this segment contributed pre-tax net income of $34.4 million for the quarter, an improvement of 68.4% compared to the same period in the previous fiscal year. Globally, Canaccord Genuity Capital Markets earned first fiscal quarter revenue of $234.9 million, an increase of 23.6% compared to the same period a year ago.

- Canaccord Genuity Capital Markets led or co-led 79 investment banking transactions globally, raising total proceeds of C$2.3 billion during fiscal Q1/21.
- Canaccord Genuity Capital Markets, including led or co-led, participated in 133 investment banking transactions globally, raising total proceeds of C$15.8 billion during fiscal Q1/21.

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

Revenue in the Company's US capital markets business increased by 20.8% for the three months ended June 30, 2020 compared to Q1/20. This included an increase of $32.3 million in principal trading revenue over Q1/20 and an increase of $10.4 million in commissions and fees revenue, both increases attributable to the increased levels of trading volumes during the quarter. Investment banking revenue in this business increased by 4.6% year-over-year reflecting robust new-issue activity, particularly in in the healthcare and technology sectors. These increases were partially offset by a decline in advisory fees of $24.1 million from Q1/20.

Revenue in our Australia operations increased from $9.2 million in Q1/20 to $42.5 million in the first quarter of fiscal 2021. The significant increase in the current quarter was largely driven by increased investment banking activity in our focus sectors, including mining and resource companies, and includes unrealized gains in certain inventory and warrant positions earned in respect of investment banking activity.

First quarter revenue in our Canadian capital markets operation increased by 41.1% when compared to the most recent fiscal quarter but decreased by $9.0 million or 14.1% year-over-year, when compared to the exceptionally strong performance in Q1/20. Investment banking revenue for the three-month period was 122.8% higher than in the most recent fiscal quarter.

Our UK & Europe capital markets business achieved a revenue increase of 4.8% year-over-year. Despite a softer environment for advisory activities in the region, investment banking and principal trading revenues increased by 205.6% and 52.1% respectively. Pre-tax profit was $1.0 million for the three months ended June 30, 2020 compared to a loss of $0.2 million in the same period a year ago.

Summary of Corporate Developments:

On June 11, 2020, the Company announced that Gene McBurney has been appointed to lead the firm's Investment Banking efforts in Latin America and the Caribbean and enhance our market leading mining franchise.

Total compensation expense as a percentage of revenue increased from 59.9% in Q1/20 and 60.3% in fiscal 2020 to 66.9% in Q1/21. The increase in the compensation ratio for the current quarter was due to an increase in the fair value of performance share units (PSUs) granted in prior periods as a component of the Company's overall executive compensation program. The fair value of the PSUs is based upon progress against certain pre-determined three-year performance metrics, including share price relative to the market, as measured at the time of vesting. The PSUs are awarded annually and vest after three years and are paid in cash at the time of vesting in an amount calculated with reference to the share price at the time of vesting and, accordingly, the value will vary with share price performance. Changes to the fair value of the PSUs as measured in future periods may increase or decrease from the fair value as recorded at June 30, 2020 and such changes will be recorded through compensation expense.

Results for the first quarter of fiscal 2021 were impacted by the following significant items:

- Amortization of intangible assets acquired in connection with business combinations
- Certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business

In addition, the Company's effective tax rate returned to a normalized level of 22%, following the recognition of deferred tax assets in fiscal 2020 that had previously been unrecognized due to historical losses.

Summary of results for Q1 fiscal 2021 and selected financial information excluding significant items[(1)]

(C$ thousands, except per share and % amounts)	Three months ended June 30 2020	Three months ended June 30 2019	Year-over-year change
Total revenue per IFRS	**$ 377,728**	$ 325,508	16.0%
Total expenses per IFRS	**$ 340,674**	$ 294,156	15.8%
Revenue			
Total revenue excluding significant items	**$ 377,728**	$ 325,508	16.0%
Expenses			
Significant items recorded in Canaccord Genuity Capital Markets			
Amortization of intangible assets	**$ 748**	$ 2,471	(69.7)%
Restructuring costs	**—**	—	—
Acquisition- related costs	**—**	$ 177	(100)%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	**$ 3,326**	$ 3,043	9.3%
Acquisition-related costs	**—**	$ 335	(100)%
Incentive-based costs related to acquisition	**$ 635**	$ 1,152	(44.9)%
Total significant items	**$ 4,709**	$ 7,178	(34.4)%
Total revenue excluding significant items	**$ 377,728**	$ 325,508	16.0%
Total expenses excluding significant items	**$ 335,965**	$ 286,978	17.1%
Net income before taxes – adjusted	**$ 41,763**	$ 38,530	8.4%
Income taxes – adjusted	**$ 8,866**	$ 7,876	12.6%
Net income – adjusted	**$ 32,897**	$ 30,654	7.3%
Net income attributable to common shareholders, adjusted	**$ 29,065**	$ 28,218	3.0%

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

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

- Cash and cash equivalents balance of $782.3 million, a decrease of $214.8 million from $997.1 million
- Working capital of $543.1 million, a decrease of $4.2 million from $547.3 million
- Total shareholders' equity of $918.0 million, a decrease of $10.6 million from $928.6 million

Common and Preferred Share Dividends:

On August 5, 2020, the Board of Directors approved a dividend of $0.055 per common share, payable on September 10, 2020, with a record date of August 28, 2020.

On August 5, 2020, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on September 30, 2020 to Series A Preferred shareholders of record as at September 18, 2020.

On August 5, 2020, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on September 30, 2020 to Series C Preferred shareholders of record as at September 18, 2020.

Management's Discussion and Analysis

First quarter fiscal 2021 for the three months ended June 30, 2020 — this document is dated August 5, 2020

The following discussion of the financial condition and results of operations for Canaccord Genuity Group Inc. is provided to enable the reader to assess material changes in our financial condition and to assess results for the three-month period ended June 30, 2020 compared to the corresponding period in the preceding fiscal year. The three-month period ended June 30, 2020 is also referred to as first quarter 2021 and Q1/21. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three month period ended June 30, 2020, beginning on page 26 of this report; our Annual Information Form (AIF) dated June 26, 2020; and the 2020 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2020 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 2, 2020 (the 2020 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2020 except as disclosed in this MD&A. The Company's financial information is expressed in Canadian dollars unless otherwise specified.

Cautionary Statement Regarding Forward-Looking Information

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

These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties and the potential continued impacts of the COVID-19 pandemic on our business operations, financial results and financial condition and on the global economy and financial market conditions discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and Annual Information Form (AIF) filed on www.sedar.com as well as the factors discussed in the sections entitled "Risk Management" in this MD&A and "Risk Factors" in the AIF, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2021 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its 2020 Annual Report and AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are also cautioned that the preceding list of material factors or assumptions is not exhaustive.

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

Presentation of Financial Information and Non-IFRS Measures

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2020 (First Quarter 2021 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The First Quarter 2021 Financial Statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), and using accounting policies consistent with those applied in preparing the Company's Audited Annual Consolidated Financial Statements for the year ended March 31, 2020.

NON-IFRS MEASURES

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

The Company uses book value per diluted common share as a performance measure , which is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants, issuance of common shares in connection with deferred consideration related to acquisitions, settlement of a promissory note issued as purchase consideration in shares at the Company's option, and conversion of convertible debentures divided by the number of diluted common shares that would then be outstanding including estimated amounts in respect of share issuance commitments including options, warrants, other share-based payment plans, deferred consideration related to acquisitions, convertible debentures and a promissory note, as applicable, and adjusted for shares purchased or committed to be purchased under the normal course or substantial issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

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

Financial statement items that exclude significant items are non-IFRS measures. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan (LTIP) as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business, loss related to the extinguishment of convertible debentures as recorded for accounting purposes as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 11.

Management believes that these non-IFRS measures allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business; thus, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Business Overview

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

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX. Canaccord Genuity Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Genuity Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C. The Company's 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

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

Operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") since the closing date of June 6, 2018 are included as part of Canaccord Genuity Capital Markets Canada. In addition, operating results of Petsky Prunier LLC ("Petsky Prunier") since the closing date of February 13, 2019 are included as part of Canaccord Genuity Capital Markets US. Included as part of Canaccord Genuity UK & Europe Wealth Management segment are the operating results of Hargreave Hale Limited ("Hargreave Hale") since September 18, 2017, the operating results of McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) ("McCarthy Taylor") since the closing date of January 29, 2019, and the operating results of Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) ("Thomas Miller") since the closing date of May 1, 2019. Commencing in Q3/20, 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 Q1 fiscal 2021

Economic backdrop

During our first fiscal quarter, bold monetary and fiscal policies and market-based reflation filtered through economies and helped to bridge the income gap for households and corporations.

While the global economy remains vulnerable to a re-tightening of COVID-19 lockdown measures, indications are that global economic activity likely bottomed during the first fiscal quarter. Global equities reacted positively to the improving economic conditions with the S&P 500, the S&P/TSX and the MSCI Emerging Market index rising 20.5%, 17.0% and 16.8% respectively over the three-month period ended June 30, 2020. Prospects of bottoming demand conditions also led commodities higher (+10.5%). The Canadian dollar advanced 3.6%, while safe-haven assets such as 10-year Treasury bonds (0.3%) remained flat.

Looking ahead, the US Federal Reserve is generally expected to remain dovish for some time. Thus far, governments appear willing to extend economic backstops, as indicated by the Bank of Canada's July announcement that it will maintain the current rate of policy and continue its program of quantitative easing. While visibility on global growth levels remains low, we expect that the direction of growth will remain positive through fiscal 2021, owing to the lagged impact of the various reflation measures on aggregate demand.

Investment banking and advisory

Monetary and fiscal reflation efforts by central banks and governments have underpinned commodity prices which, in our view, partially explains the outperformance of resource-centric small- and mid-cap equities during the first quarter of fiscal 2021. We expect the increase in excess liquidity to support demand for precious metals and industrial commodities over the next few quarters, especially if governments target infrastructure spending. Physical distancing measures have increased the need for e-commerce and remote working initiatives, which have the potential to persist past the pandemic, providing new opportunities for capital raising and advisory activities in the technology and healthcare IT sectors. We also perceive incremental business opportunities, within the medical cannabis and the medtech and diagnostics industries. Continued challenging economic conditions should lead some companies to try to secure funds to continue capital raising opportunities for issuers, either through debt or equity.

Overall, the current market environment looks increasingly supportive for our investment banking and advisory activities in our core focus areas. However, with continued COVID-19 limitations, we anticipate that restrained mobility could continue to impact the timing of M&A closings.

Index Value at End of Fiscal Quarter	Q1/20		Q2/20		Q3/20		Q4/20		Q1/21		
	28-Jun-19	(Y/Y)	30-Sep-19	(Y/Y)	31-Dec-19	(Y/Y)	31-Mar-20	(Y/Y)	30-Jun-20	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	258.7	-6.8%	244.1	-6.1%	267.1	12.1%	191.9	-26.9%	236.0	-8.8%	23.0%
S&P IFCI Global Large Cap	239.3	0.0%	227.4	-3.8%	253.0	15.7%	194.0	-18.6%	225.8	-5.6%	16.4%

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

Trading

Trading activities in our core focus areas advanced quarter-over-quarter and year-over-year during the three-month period. The rebound in equity indexes and improving market breadth throughout the quarter led investors to adjust their asset mix, sector and company weights accordingly.

Average Value During Fiscal Quarter/Year	Q1/20		Q2/20		Q3/20		Q4/20		Q1/21		
	28-Jun-19	(Y/Y)	30-Sep-19	(Y/Y)	31-Dec-19	(Y/Y)	31-Mar-20	(Y/Y)	30-Jun-20	(Y/Y)	(Q/Q)
Russell 2000	1549.0	-3.7%	1534.2	-9.7%	1590.6	6.3%	1508.0	-0.1%	1319.0	-14.9%	-12.5%
S&P 400 Mid Cap	1917.1	-0.8%	1922.5	-4.4%	1985.2	8.8%	1871.8	1.4%	1663.4	-13.2%	-11.1%
FTSE 100	7357.4	-2.5%	7359.4	-2.6%	7329.4	4.8%	6867.8	-2.7%	5980.8	-18.7%	-12.9%
MSCI EU Mid Cap	1076.6	-3.5%	1083.4	-3.6%	1137.9	12.4%	1095.3	6.6%	979.6	-9.0%	-10.6%
S&P/TSX	16374.1	3.2%	16472.7	1.0%	16780.2	11.6%	16204.3	3.7%	14814.8	-9.5%	-8.6%

Global wealth management

Following the jump in volatility that took place in the previous quarter, investors enjoyed strong positive returns during our fiscal first quarter. The S&P 500, S&P/TSX and the MSCI Emerging Market indices advanced 20.5%, 17.0% and 16.8% respectively on a quarter-over-quarter basis. On a year-over-year basis, equity market returns remained more muted at +7.5%, -2.2% and +1.7% respectively, owing to a higher base effect. Diversified portfolios underperformed their pure equity equivalents during the quarter, as US 10-year Treasury bonds ended the quarter relatively flat (+0.3%). Treasuries helped to protect capital over the past year by returning 16.7% to investors.

Fluctuations in the value of assets in our client portfolios have been in-line with the broader market values for equities, partially offset by cash and non-equity products in client portfolios. A prolonged environment of low to negative interest rates will negatively impact the profitability associated with our margin lending and deposit activities in this segment.

Total Return (excl. currencies)	Q1/20 Change (Q/Q)	Q2/20 Change (Q/Q)	Q3/20 Change (Q/Q)	Q4/20 Change (Q/Q)	Q1/21 Change (Q/Q)	Fiscal 2020 Change (Y/Y)
S&P 500	4.3%	1.7%	9.1%	-19.6%	20.5%	-7.0%
S&P/TSX	2.6%	2.5%	3.2%	-20.9%	17.0%	-14.2%
MSCI EMERGING MARKETS	0.3%	-1.9%	9.6%	-19.0%	16.8%	-12.7%
MSCI WORLD	3.8%	0.1%	9.1%	-21.3%	19.4%	-10.8%
S&P GS COMMODITY INDEX	-1.4%	-4.2%	8.3%	-42.3%	10.5%	-41.0%
US 10-YEAR T-BONDS	4.4%	3.8%	-1.9%	14.3%	0.3%	21.5%
CAD/USD	1.9%	-1.1%	1.9%	-7.6%	3.6%	-5.1%
CAD/EUR	0.6%	3.1%	-0.9%	-6.1%	1.7%	-3.5%

Outlook

Global economic activity likely bottomed during the first fiscal quarter, and we believe that we will see a recovery as the year progresses as central banks and government actions continue to filter through economies. The speed of any recovery remains uncertain as the continued impact of COVID-19 through the year is not known. While we expect the direction of growth to remain positive over the next few quarters, the level and rate of growth is uncertain.

High personal savings rates in the US and low consumer indebtedness at the outset of the pandemic is expected to lead to increased demand in the second half of the fiscal year. In Canada, elevated consumer and corporate debt-to-income ratios could weigh on growth past the first leg of any recovery. Otherwise, we continue to expect the manufacturing sector will lead the recovery owing to the repressive impact of physical distancing measures on service industries. We believe commodities and other inflation assets will benefit from pent-up demand from manufacturing and the potential for governments to target infrastructure spending to support growth, as opposed to direct transfers to individuals going forward. We expect this environment will drive investors to modify their asset mix, further supporting our trading activities. Assuming market conditions remain accommodative, we expect continued demand for investment banking and advisory services in our core focus sectors, as companies look to raise capital, restructure, merge or acquire new companies, as they adapt to the environment that COVID-19 continues to shape.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

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

Canaccord Genuity Capital Markets

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

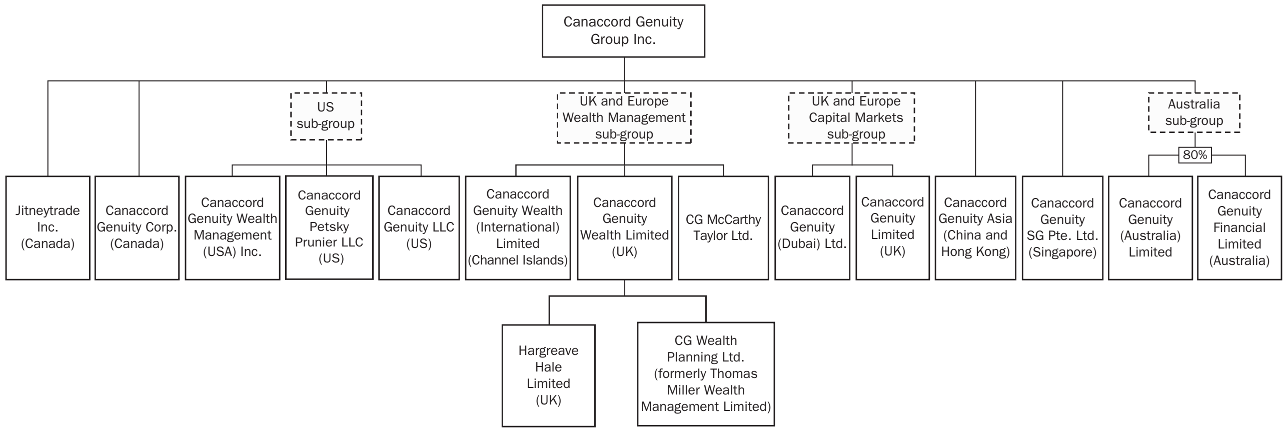
Canaccord Genuity Wealth Management

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

Corporate and Other

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

Corporate structure



The chart shows principal operating companies of the Canaccord Genuity Group as of June 30, 2020.

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

Consolidated Operating Results

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

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended June 30 2020	2019	2018	Q1/21 vs. Q1/20
Canaccord Genuity Group Inc. (CGGI)				
Revenue				
Commissions and fees	**$ 169,002**	$ 141,792	$ 136,380	19.2%
Investment banking	**110,568**	84,801	67,521	30.4%
Advisory fees	**21,046**	53,804	24,914	(60.9)%
Principal trading	**65,112**	25,073	30,908	159.7%
Interest	**7,005**	15,185	9,246	(53.9)%
Other	**4,995**	4,853	5,154	2.9%
Total revenue	**377,728**	325,508	274,123	16.0%
Expenses				
Compensation expense	**252,814**	194,908	166,333	29.7%
Other overhead expenses(3)	**87,843**	98,467	83,408	(10.8)%
Acquisition-related costs	**—**	512	1,173	(100)%
Restructuring costs(4)	**—**	—	1,316	n.m.
Share of loss of an associate	**17**	269	11	(93.7)%
Total expenses	**340,674**	294,156	252,241	15.8%
Income before income taxes	**37,054**	31,352	21,882	18.2%
Net income	**28,964**	24,290	18,649	19.2%
Net income attributable to:				
CGGI shareholders	**27,483**	24,205	17,616	13.5%
Non-controlling interests	**1,481**	85	1,033	n.m.
Earnings per common share – diluted	**$ 0.22**	$ 0.18	$ 0.14	22.2%
Dividends per common share	**$ 0.055**	$ 0.05	$ 0.01	10.0%
Total assets	**$ 4,981,475**	$ 5,358,496	$ 4,221,836	(7.0)%
Total liabilities	**$ 4,060,015**	$ 4,516,513	$ 3,387,010	(10.1)%
Non-controlling interests	**$ 3,469**	$ 2,296	$ 15,259	51.1%
Total shareholders' equity	**$ 917,991**	$ 839,687	$ 819,567	9.3%
Number of employees	**2,272**	2,128	2,038	6.8%
Excluding significant items(5)				
Total revenue	**377,728**	325,508	274,123	16.0%
Total expenses	**335,965**	286,978	244,774	17.1%
Income before income taxes	**41,763**	38,530	29,349	8.4%
Net income	**32,897**	30,654	25,035	7.3%
Net income attributable to:				
CGGI shareholders	**31,416**	30,569	24,002	2.8%
Non-controlling interests	**1,481**	85	1,033	n.m.
Earnings per common share – diluted	**$ 0.25**	$ 0.23	$ 0.19	8.7%

(1) Data is in accordance with IFRS except for book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 6.
(2) The operating results of the Australian operations have been fully consolidated and a 15% non-controlling interest has been recognized for the three months ended June 30, 2020 [three months ended June 30, 2019 — 15% and three months ended June 30, 2018 — 42%.].
(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible, intangible and right of use assets, and development costs.
(4) Restructuring costs for the three months ended June 30, 2018 were incurred in connection with our UK capital markets operations.
(5) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on the next page.
(6) Data includes the operating results of the operating results of Hargreave Hale since September 18, 2017, Jitneytrade since June 6, 2018, the operating results of McCarthy Taylor since January 29, 2019, the operating results of Petsky Prunier since February 13, 2019, the operating results of Thomas Miller since May 1, 2019, and Patersons since October 21, 2019.
n.m.: not meaningful.

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

(C$ thousands, except per share and % amounts)	Three months ended June 30 2020	2019	Quarter-over-quarter change
Total revenue per IFRS	$ 377,728	325,508	16.0%
Total expenses per IFRS	340,674	294,156	15.8%
Revenue			
Total revenue excluding significant items	377,728	325,508	16.0%
Expenses			
Significant items recorded in Canaccord Genuity Capital Markets			
Amortization of intangible assets	748	2,471	(69.7)%
Acquisition- related costs	—	177	(100)%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	3,326	3,043	9.3%
Acquisition-related costs	—	335	(100)%
Incentive-based costs related to acquisition[2]	635	1,152	(44.9)%
Total significant items	4,709	7,178	(34.4)%
Total revenue excluding significant items	377,728	325,508	16.0%
Total expenses excluding significant items	335,965	286,978	17.1%
Net income before taxes – adjusted	41,763	38,530	8.4%
Income taxes – adjusted	8,866	7,876	12.6%
Net income – adjusted	$ 32,897	$ 30,654	7.3%
Net income attributable to common shareholders, adjusted	29,065	28,218	3.0%
Earnings per common share – basic, adjusted	$ 0.30	$ 0.28	7.1%
Earnings per common share – diluted, adjusted	$ 0.25	$ 0.23	8.7%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6.
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business.

Foreign exchange

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

Geographies

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

Goodwill

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

Notwithstanding this determination as of June 30, 2020, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future periods in respect of the Canaccord Genuity Wealth Management business units in the UK & Europe, Canada Genuity Wealth Management Australia, Canaccord Genuity Capital Markets Canada or Canaccord Genuity Capital Markets US. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors. In addition, notwithstanding that there may be no change in the performance estimates used by the Company for purposes of determining whether there has been any impairment in its indefinite life intangible asset related to the Genuity brand name, in the event that the Company changes the way in which it uses that asset the Company may be required to record an impairment charge.

Revenue

First quarter 2021 vs. first quarter 2020

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

Revenue for the three months ended June 30, 2020 was $377.7 million, an increase of 16.0% or $52.2 million compared to the same period a year ago. The Canaccord Genuity Capital Markets segment experienced an increase of $44.8 million or 23.6% in Q1/21 compared to the same quarter in the prior year, mainly due to higher investment banking revenue recorded in our Australian operations and higher principal trading revenue generated in our US operations, partially offset by a decrease in investment banking revenue in our Canadian operations, and a decrease in advisory revenue in our US operations. Further contributing to the overall increase in consolidated revenue was an increase of $8.2 million in our global Canaccord Genuity Wealth Management segment compared to Q1/20, largely due to the acquisition of Patersons in Q3/20.

Within our Canaccord Genuity Capital Markets operating segment, our Australian operations generated the largest revenue growth of $33.2 million resulting from an increase in investment banking activity and includes unrealized gains recorded in certain inventory and warrant positions earned in respect of investment banking activity and mandates. Our US operations also recorded a $19.6 million or 20.8% increase in revenue over Q1/20, largely driven by an increase in principal trading revenue. In the UK, revenue showed a modest increase of $1.1 million or 4.8% as higher investment banking revenue was partially offset by lower advisory fees revenue. Compared to the exceptionally strong quarter in Q1/20, revenue in our Canadian operations declined by $9.1 million or 14.1% as a result of lower investment banking and advisory fees revenue.

Revenue in our UK & Europe wealth management operations decreased by $4.0 million or 5.5% compared to Q1/20 as a result of a decline in our fee-based revenue resulting from slightly lower market values for client assets due to market conditions and reduced interest revenue due to lower rates. Measured in local currency (GBP), revenue decreased by £2.3 million or 5.6% compared to the same period last year. Revenue from our North America wealth management operations showed a modest decrease of $0.9 million or 1.5% compared to the three months ended June 30, 2019. In addition, there was $13.0 million of revenue generated in our Australian wealth management operations as a result of the acquisition of Patersons during Q3/20 (wealth management revenue in Australia was recorded under capital markets prior to Q3/20).

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by $27.2 million to $169.0 million, or 19.2% compared to Q1/20, reflecting higher contributions from our Australian wealth management business since our acquisition of Patersons in Q3/20 as well as an increase in institutional trading activity in our Canadian and US capital markets operations.

Investment banking revenue increased by $25.8 million to $110.6 million in Q1/21 across our core operating regions except for our Canadian operations. The increase in the current quarter was largely driven by higher revenue generated in our Australian operations resulting from increased activity in our focus sectors as well as unrealized gains in certain inventory and warrant positions earned in respect of investment banking activity. In Canada investment banking revenue was $22.4 million in Q1/21, down $12.2 million or 35.3% from the exceptionally strong performance in Q1/20.

Advisory fee revenue was $21.0 million, a decrease of $32.8 million or 60.9% from the same quarter a year ago. The most significant decrease was recorded in our US operations, which recorded a decline of $24.1 million or 79.6% compared to Q1/20 due to fewer advisory transactions completed during the quarter.

Principal trading revenue was $65.1 million in Q1/21, representing a $40.0 million or 159.7% increase compared to Q1/20, mainly as a result of increased market and trading activity in our US and Canadian capital markets operations compared to the same period in the prior year which created favourable opportunities for trading profits.

Interest revenue was $7.0 million for the three months ended June 30, 2020, representing a decrease of $8.2 million or 53.9% from Q1/20, mostly attributable to our Canadian operations resulting from lower margin balances in client accounts, lower stock loan revenue and lower interest rates. Other revenue was $5.0 million for Q1/21, a slight increase of $0.1 million or 2.9% from the same period a year ago.

Expenses

Expenses for the three months ended June 30, 2020 were $340.7 million, an increase of 15.8% or $46.5 million from Q1/20. Total expenses excluding significant items(1) as a percentage of revenue increased slightly by 0.8 percentage points compared to the three months ended June 30, 2019.

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

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended June 30		
	2020	2019	Quarter-over-quarter change
Compensation expense	**66.9%**	59.9%	7.0 p.p.
Other overhead expenses[1]	**23.3%**	30.3%	(7.0) p.p.
Restructuring costs	**0.0%**	0.0%	0.0 p.p.
Acquisition-related costs	**0.0%**	0.2%	(0.2) p.p.
Share of loss of an associate	**0.0%**	0.1%	(0.1) p.p.
Total	**90.2%**	90.4%	(0.2) 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

First quarter 2021 vs. first quarter 2020

Compensation expense in Q1/21 was $252.8 million, an increase of $57.9 million or 29.7% compared to Q1/20, consistent with the increase in revenue for the quarter. Total compensation expense as a percentage of revenue increased from 59.9% in Q1/20 to 66.9% in Q1/21. The increase in compensation ratio for the current quarter was primarily due to an increase in the fair value of performance share units (PSUs) granted in prior periods as a component of the Company's overall executive compensation program. The fair value of the PSUs is based upon performance against certain pre-determined three-year performance metrics, including share price, as measured at the time of vesting and, accordingly, the value will change with share price performance. The PSUs are awarded annually and vest after three years and are paid in cash at the time of vesting in an amount calculated with reference to the share price at the time of vesting. The PSUs were measured at fair value on grant date. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at June 30, 2020 was $43.0 million compared to $22.7 million at March 31, 2020. Changes to the fair value of the PSUs as measured in future periods may increase or decrease from the fair value as recorded at June 30, 2020 and such changes will be recorded through compensation expense.

OTHER OVERHEAD EXPENSES

	Three months ended June 30		
(C$ thousands, except % amounts)	**2020**	2019	Quarter-over-quarter change
Trading costs	**$ 26,969**	$ 20,120	34.0%
Premises and equipment	**4,378**	4,784	(8.5)%
Communication and technology	**16,748**	16,358	2.4%
Interest	**6,730**	8,111	(17.0)%
General and administrative	**15,918**	30,367	(47.6)%
Amortization[1]	**6,552**	7,936	(17.4)%
Amortization of right-of-use assets	**6,733**	5,582	20.6%
Development costs	**3,815**	5,209	(26.8)%
Total other overhead expenses	**$ 87,843**	$ 98,467	(10.8)%

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

First quarter 2021 vs. first quarter 2020

Other overhead expenses were $87.8 million, a decrease of 10.8% in Q1/21 compared to Q1/20. As a percentage of revenue, other overhead expenses were 23.3% in Q1/21 compared to 30.5% in Q1/20, a decrease of 7.2%.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was down by $14.4 million or 47.6% compared to Q1/20 mainly due to reduced promotion and travel, office and conference expenses resulting from restrictions imposed by the COVID-19 pandemic.

Interest expense decreased by $1.4 million compared to Q1/20 partially as a result of a reduction in stock borrowing activity and related costs in our Canadian capital markets operations.

Higher trading costs in our US and Canadian operations were the primary reason for the $6.8 million increase in trading costs in Q1/21 compared to Q1/20, reflecting increased trading activity as reflected in the principal trading revenue for the quarter.

Amortization expense decreased by $1.4 million or 17.4% mainly due to a reduction in intangible assets amortization in connection with the acquisition of Petsky Prunier in Q4/19 compared to the same quarter in the prior year. The increase in amortization of right of use assets of $1.2 million or 20.6% was due to the acquisition of Patersons in Q3/20.

Development costs decreased by $1.4 million or 26.8% due to lower incentive-based costs related to acquisitions and growth initiatives in our UK wealth management operations.

Income tax

First quarter 2021 vs. first quarter 2020

The effective tax rate for Q1/21 was 21.8% compared to an effective tax rate of 22.5% in the same quarter last year.

Net income

First quarter 2021 vs. first quarter 2020

Net income for Q1/21 was $29.0 million compared to net income of $24.3 million in the same period a year ago. Diluted earnings per common share were $0.22 in Q1/21 compared to diluted earnings per common share of $0.18 in Q1/20.

Excluding significant items[(1)] and before non-controlling interests and preferred share dividends, net income for Q1/21 was $32.9 million compared to net income of $30.7 million in Q1/20. Diluted earnings per common share, excluding significant items[(1)], was $0.25 in Q1/21 compared to diluted earnings per common share excluding significant items[(1)] of $0.23 in Q1/20.

Results of Operations by Business Segment

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

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2020	2019	Quarter-over-quarter change
Revenue	**$ 234,853**	$ 190,023	23.6%
Expenses			
Compensation expense	**145,263**	109,602	32.5%
Acquisition-related costs	**—**	177	(100)%
Other overhead expenses	**51,310**	57,922	(11.4)%
Total expenses	**196,573**	167,701	17.2%
Intersegment allocations[(3)]	**4,634**	4,545	2.0%
Income before income taxes[(3)]	**$ 33,646**	$ 17,777	89.3%
Number of employees	**770**	793	(2.9)%
Excluding significant items[(4)]			
Total expenses	**$ 195,825**	$ 165,053	18.6%
Intersegment allocations[(4)]	**4,634**	4,545	2.0%
Income before income taxes[(4)]	**$ 34,394**	$ 20,425	68.4%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 15% non-controlling interest has been recognized and included in the Canaccord Genuity Capital Markets business segment for the three months ended June 30, 2020 [three months ended June 30, 2019 — 15%].
(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 20.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 11.

Canaccord Genuity Capital Markets provides investment banking, research, and sales and trading services to corporate, institutional and government clients, and it conducts principal trading activities in North America, the UK & Europe, Asia, Australia and the Middle East. Canaccord Genuity Capital Markets has offices in 21 cities in 9 countries worldwide.

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

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

	Three months ended June 30 2020	2019	Quarter-over-quarter change
Revenue generated in:			
Canada	**23.5%**	33.9%	(10.4) p.p.
UK	**10.0%**	11.8%	(1.8) p.p.
US	**48.4%**	49.5%	(1.1) p.p.
Australia	**18.1%**	4.8%	13.3 p.p.
	100.0%	100.0%	

p.p.: percentage points.

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

First quarter 2021 vs. first quarter 2020

Revenue

Canaccord Genuity Capital Markets generated revenue of $234.9 million in Q1/21, an increase of 23.6% or $44.8 million from the same quarter a year ago. Our US and Australian operations generated increases in revenue of $19.6 million and $33.2 million, respectively, compared to Q1/20, driven by higher principal trading and commission and fees revenue in the US and higher investment banking revenue in Australia. Our UK operations also recorded a modest increase of $1.1 million or 4.8% compared to the three months ended June 30, 2019. These increases were partially offset by a reduction in revenue generated by our Canadian operations reflecting a decline in investment banking activity compared to an exceptionally strong Q1/20.

Expenses

Expenses for Q1/21 were $196.6 million, an increase of 17.2% or $28.9 million compared to Q1/20. Excluding significant items(1), total expenses as a percentage of revenue decreased by 3.5 percentage points compared to the same quarter in the prior year, primarily as a result of the decreases in non-compensation costs partially offset by an increase in compensation expense.

Compensation expense

Compensation expense for Q1/21 increased by $35.7 million or 32.5% compared to Q1/20 as a result of the increase in incentive-based revenue. Total compensation expense as a percentage of revenue was 61.9%, 4.2 percentage points higher than in Q1/20. The higher compensation ratio was partially due to a fair value adjustment in connection with the PSUs as described above.

In Canada, total compensation as a percentage of revenue increased by 9.3 percentage points compared to Q1/20 largely due to the decrease in revenue, compensation formulas for certain types of revenue, and the non-variable nature of certain staff costs, as well as an increase in the fair value adjustment of the PSUs. Our US operations experienced a slight increase of 0.5 percentage points compared to the same period last year. Total compensation as a percentage of revenue in our UK operations increased by 7.1 percentage points due to a reduction in revenue relative to fixed staff costs. Total compensation expense as a percentage of revenue in our Australian operations was 62.3% for Q1/21, a decrease of 5.1 percentage points from Q1/20 due to the significant increase in revenue in Q1/21 and the non-variable nature of certain fixed staff costs which positively impacted the compensation ratio in Q1/21.

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

	Three months ended June 30		
	2020	2019	Quarter-over-quarter change
Canada	**60.0%**	50.7%	9.3 p.p.
UK	**66.4%**	59.3%	7.1 p.p.
US	**61.6%**	61.1%	0.5 p.p.
Australia	**62.3%**	67.4%	(5.1) p.p.
Canaccord Genuity Capital Markets (total)	**61.9%**	57.7%	4.2 p.p.

p.p.: percentage points.

Other overhead expenses

Total other overhead expenses excluding significant items(1) for Q1/21 were $51.3 million or 21.8% as a percentage of revenue.

General and administrative expense in Q1/21 decreased by $10.4 million or 56.1% over Q1/20 across most of our capital markets operations, largely due to a reduction in promotion and travel and conference expenses due to COVID-19 restrictions. In addition, interest expense decreased by $1.0 million or 25.5% due to lower stock borrowing activity and related costs.

Amortization expense in Q1/21 declined by $1.7 million or 49.3% mainly due to a reduction in the amortization of intangible assets acquired in connection with Petsky Prunier.

Partially offsetting the decreases in overhead expenses discussed above was an increase of $7.2 million or 45.6% in trading costs, largely due to higher costs recorded in our US operations and consistent with the increased trading revenue.

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $33.6 million in Q1/21 compared to net income of $17.8 million in the same quarter a year ago. Excluding significant items(1), income before income taxes, including allocated overhead expenses, was $34.4 million in Q1/21, compared to the income before income taxes of $20.4 million in Q1/20. The increase in income before income taxes was mostly attributable to higher revenue earned in our US and Australian operations during Q1/21 combined with a reduction in overhead expenses.

CANACCORD GENUITY WEALTH MANAGEMENT

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

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

CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA(1)

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended June 30 2020	2019	Quarter-over-quarter change
Revenue	$ 56,953	$ 57,818	(1.5)%
Expenses			
Compensation expense	35,259	33,492	5.3%
Other overhead expenses	10,192	11,354	(10.2)%
Total expenses	$ 45,451	$ 44,846	1.3%
Intersegment allocations(2)	3,908	3,712	5.3%
Income before income taxes(2)	$ 7,594	$ 9,260	(18.0)%
AUM – Canada (discretionary)(3)	4,551	4,346	4.7%
AUA – Canada(4)	22,243	21,223	4.8%
Number of Advisory Teams – Canada	144	153	(5.9)%
Number of employees	426	427	(0.2)%
Excluding significant items(5)			
Total expenses	$ 45,451	$ 44,846	1.3%
Intersegment allocations(2)	3,908	3,712	5.3%
Income before income taxes(2)	$ 7,594	$ 9,260	(18.0)%

(1) Data is in accordance with IFRS except for AUM, AUA, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 6.

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 20.

(3) AUM in Canada are assets managed on a discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counselling Program and the Complete Canaccord Private Investment Management Program.*

(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees and includes AUM.

(5) Refer to the Selected Financial Information Excluding Significant Items table on page 11.

First quarter 2021 vs. first quarter 2020

Revenue from Canaccord Genuity Wealth Management North America was $57.0 million, a decrease of $0.9 million or 1.5% compared to the three months ended June 30, 2019. The decrease was driven by a decline in investment banking revenue as well as lower interest on stock loan activity and margin accounts, partially offset by higher commission and fees revenue

AUA in Canada increased by 4.8% to $22.2 billion at June 30, 2020, compared to $21.2 billion at June 30, 2019. There were 144 Advisory Teams in Canada, a decrease of nine from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue decreased by 0.7 percentage points compared to Q1/20 and accounted for 34.3% of the wealth management revenue in Canada during the first quarter of fiscal 2021.

Total expenses for Q1/21 were $45.5 million, an increase of $0.6 million or 1.3% compared to Q1/20. Total compensation expense increased by $1.8 million. Total compensation expense as a percentage of revenue increased by 4.0 percentage points to 61.9% in Q1/21 compared to Q1/20 partially as a result of an increase in the fair value adjustment of the PSUs.

Other overhead costs decreased by $1.2 million compared to the three months ended June 30, 2019, largely driven by a reduction in general and administrative expense, due to a reduction in reserves for margin accounts and other client activity, as well as lower promotion and travel expense as result of the COVID-19 pandemic.

Income before income taxes was $7.6 million in Q1/21 compared to income before taxes of $9.3 million in Q1/20 primarily due to the higher compensation expense resulting from the fair value adjustment of the PSUs as discussed above.

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

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended June 30 2020	2019	Quarter-over-quarter change
Revenue	$ 67,951	$ 71,923	(5.5)%
Expenses			
Compensation expense	37,448	39,211	(4.5)%
Other overhead expenses	18,008	22,577	(20.2)%
Acquisition related costs	—	335	(100)%
Total expenses	55,456	62,123	(10.7)%
Intersegment allocations(2)	289	301	(4.0)%
Income before income taxes(2)	12,206	9,499	28.5%
AUM – UK & Europe(3)	43,566	45,574	(4.4)%
Number of investment professionals and fund managers – UK & Europe	209	218	(4.1)%
Number of employees	537	593	(9.4)%
Excluding significant items(4)			
Total expenses	$ 51,634	$ 57,593	(10.3)%
Intersegment allocations(2)	289	301	(4.0)%
Income before income taxes(2)	16,028	14,029	14.2%

(1) Data is in accordance with IFRS except for AUM, number of investment professionals and fund managers and number of employees. See Non-IFRS Measures on page 6.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 20.
(3) AUM in the UK & Europe is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 11.
(5) Includes the operating results of Thomas Miller since the acquisition date of May 1, 2019.

First quarter 2021 vs. first quarter 2020

Revenue generated by our Canaccord Genuity Wealth Management UK & Europe operation is largely generated through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in levels of trading activity. Revenue for Q1/21 was $68.0 million, a decrease of 5.5% compared to Q1/20. Measured in local currency (GBP), revenue was £39.5 million in Q1/21 compared to £41.9 million in Q1/20, a decrease of 5.6% compared to the same quarter last year.

AUM in the UK & Europe as of June 30, 2020 was $43.6 billion, a decrease of 4.4% compared to $45.6 billion as of June 30, 2019. Measured in local currency (GBP), AUM decreased by 5.6% from £27.4 billion at June 30, 2019 to £25.9 billion at June 30, 2020. Fee-related revenue in our UK & European wealth management operations accounted for 68.2% of total revenue in Q1/21, a decrease of 5.1 percentage points reflecting higher revenue levels from transaction-based activity as a result of higher trading volumes and client activity compared to Q1/20.

Driven by the decrease in revenue, total compensation expense decreased by $1.8 million or 4.5% in Q1/21 compared to the three months ended June 30, 2019. Total compensation expense as a percentage of revenue increased slightly by 0.6 percentage points from 54.5% in Q1/20 to 55.1% in Q1/21 mainly due to the decrease in revenue relative to fixed staff costs.

Other overhead expenses for the three months ended June 30, 2020 were $18.0 million for Q1/21 compared to $22.6 million in Q1/20, a decrease of 20.2% quarter over quarter. General and administrative expense decreased by $2.2 million or 38.1% compared to the three months ended June 30, 2019 partially due to reserves recorded in respect of certain ongoing legal matters in Q1/20 and lower travel and promotion costs in Q1/21. The decrease in development costs of $1.4 million over Q1/20 resulted from a decrease in incentive-based costs related to the acquisitions and growth initiatives of this operation.

Despite the decline in revenue, income before income taxes was $12.2 million compared to $9.5 million in Q1/20 as a result of the reduction in overhead expenses. Excluding significant items[1], net income before income taxes was $16.0 million, representing a $2.0 million increase from the same period in the prior year.

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

CANACCORD GENUITY WEALTH MANAGEMENT AUSTRALIA[1]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended June 30 2020	2019	Quarter-over-quarter change
Revenue	$ 13,034	—	n.m.
Expenses			
Compensation expense	8,515	—	n.m.
Other overhead expenses	3,954	—	n.m.
Total expenses	12,469	—	n.m.
Intersegment allocations[2]	15	—	n.m.
Income before income taxes[2]	550	—	n.m.
AUM[3]	3,064	—	n.m.
Number of investment professionals and fund managers	117	—	n.m.
Number of employees	197	—	n.m.
Excluding significant items[4]			
Total expenses	$ 12,330	—	n.m.
Intersegment allocations[2]	15	—	n.m.
Income before income taxes[2]	689	—	n.m.

(1) Data is in accordance with IFRS except for AUM, number of investment advisors and number of employees. See Non-IFRS Measures on page 6.
(2) Includes the operating results of Patersons which was acquired on October 21, 2019.
(3) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 20.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 11.
n.m.: not meaningful.

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

During the three months ended June 30, 2020, Canaccord Genuity Wealth Management Australia generated revenue of $13.0 million. AUM in the Australian wealth management operations was $3.1 billion at June 30, 2020 comprised of client assets held in its investment management platforms. In addition, client assets totalling $11.8 billion are also held in other accounts on our Australian wealth management trading platforms. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 23.0% of the wealth management revenue during the first quarter of fiscal 2021.

Total expenses for Q1/21 were $12.5 million, largely made up of compensation expense and general and administrative expense. Total compensation expense as a percentage of revenue was 65.3% for Q1/21.

Income before income taxes was $0.6 million in Q1/21. Excluding significant items[1], pre-tax income was $0.7 million for the three months ended June 30, 2020.

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2020	2019	Quarter-over-quarter change
Revenue	$ 4,937	$ 5,744	(14.0)%
Expenses			
Compensation expense	26,329	12,603	108.9%
Other overhead expenses	4,379	6,614	(33.8)%
Share of loss of an associate	17	269	(93.7)%
Total expenses	30,725	19,486	57.7%
Intersegment allocations[2]	(8,846)	(8,558)	(3.4)%
Loss before income taxes[2]	(16,942)	(5,184)	(226.8)%
Number of employees	342	315	8.6%
Excluding significant items[3]			
Total expenses	$ 30,725	$19,486	57.7%
Intersegment allocations[2]	(8,846)	(8,558)	(3.4)%
Loss before income taxes[2]	(16,942)	(5,184)	(226.8)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 6.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 20.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 11.

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

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

First quarter 2021 vs. first quarter 2020

Revenue in the Corporate and Other segment for the three months ended June 30, 2020 was $4.9 million, a decrease of $0.8 million from the same quarter a year ago.

Expenses for Q1/21 increased by $11.2 million or 57.7%, to $30.7 million compared to the three months ended June 30, 2019. Compensation expense increased by $13.7 million or 108.9% compared to the three months ended June 30, 2019, driven by an increase in the fair value adjustment of the PSUs.

The decrease in other overhead expenses of $2.2 million over Q1/20 was mainly related to an increase in trading cost recoveries from our Canadian capital markets and wealth management operations.

Overall, the loss before income taxes was $16.9 million in Q1/21 compared to a loss of $5.2 million in Q1/20.

Quarterly Results

Our quarterly results are generally not significantly affected by seasonal factors. However, the Company's revenue and income can experience considerable variations from quarter to quarter and year to year due to factors beyond the Company's control. The business is affected by the overall condition of the global capital markets. The Company's revenue from an underwriting transaction is recorded only when the transaction has been substantially completed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before June 30, 2020. This information is unaudited but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

	Fiscal 2021	Fiscal 2020				Fiscal 2019		
(C$ thousands, except per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue								
Canaccord Genuity Capital Markets	**234,853**	176,579	174,174	148,693	190,023	160,047	209,373	178,734
Canaccord Genuity Wealth Management:								
North America	**56,953**	56,733	46,019	48,996	57,818	53,636	54,202	52,199
UK & Europe	**67,951**	68,354	71,300	66,376	71,923	63,494	61,777	63,927
Australia	**13,034**	12,851	11,065	—	—	—	—	—
Corporate and Other	**4,937**	5,131	5,456	6,632	5,744	7,631	6,248	5,176
Total revenue	**377,728**	319,648	308,014	270,697	325,508	284,808	331,600	300,036
Net income	**28,964**	26,246	22,840	13,178	24,290	2,456	$ 32,458	18,019
Earnings per common share – basic	**$ 0.26**	$ 0.25	$ 0.21	$ 0.11	$ 0.22	$ 0.00	$ 0.31	$ 0.11
Earnings per common share – diluted	**$ 0.22**	$ 0.21	$ 0.17	$ 0.10	$ 0.18	$ 0.00	$ 0.25	$ 0.09
Net Income excluding significant items(1)	**$ 32,897**	$ 21,451	$ 30,458	$ 23,760	$ 30,654	$ 16,610	$ 36,843	$ 28,867
Earnings per common share, excluding significant items(1) – basic	**$ 0.30**	$ 0.20	$ 0.29	$ 0.21	$ 0.28	$ 0.15	$ 0.35	$ 0.27
Earnings per common share, excluding significant items(1) – diluted	**$ 0.25**	$ 0.17	$ 0.23	$ 0.18	$ 0.23	$ 0.12	$ 0.28	$ 0.23

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

With higher contributions from our global wealth management operations and increased capital raising and advisory activity in our core focus areas over the recent quarters, the Company has continued to post strong revenue and net income performances. Revenue for Q1/21 was $377.7 million, the highest quarterly revenue recorded by the Company despite the uncertainties in the market environment resulting from the COVID-19 pandemic. Revenue for six of the past eight quarters surpassed $300.0 million.

Revenue for Q1/21 was $377.7 million, the highest quarterly revenue recorded by the Company despite the uncertainties in the market environment resulting from the COVID-19 pandemic. Despite the decline in revenue from Advisory activities, revenue from commissions and fees and investment banking activities reached their highest level in three years.

Our Canaccord Genuity Capital Markets operations generated revenue of $234.9 million, an increase of 23.6% over Q1/20 and 33.0% on a sequential basis. Revenue in our Canadian capital markets operations was $55.3 million, a decrease of 14.1% compared to the exceptionally strong quarter in Q1/20, and an increase of 41.1% compared to the previous quarter due to higher investment banking revenue. The Canadian operating region has been consistently profitable for the past eight quarters, with pre-tax profit margins excluding significant items(1) reaching 12.5% in Q1/21.

The quarterly revenue earned in our US capital markets operations in the past eight quarters has been consistently strong, with revenue reaching a high of $113.7 million in Q1/21. The completion of the acquisition of Petsky Prunier in Q4/19 contributed in large part to the higher advisory fees revenue. Our International Equities Group continued to perform well, with total principal trading revenue reaching $53.0 million in the current quarter, a 156.9% increase compared to the same period a year ago. Our US operations have also been profitable over the last eight consecutive quarters, with pre-tax income excluding significant items(1) exceeding $10.0 million in each of the last two quarters.

Our UK & Europe capital markets operations recorded an increase in revenue compared to both Q1/20 and Q4/20. Profitability has also improved over the recent quarters, with pre-tax income of $3.4 million recorded in Q3/20, the highest in the past eight quarters, partially due to cost reductions from the restructuring efforts at the end of fiscal 2019.

Revenue in our Australian capital markets operations increased by $33.2 million compared to Q1/20. The increase was largely due to higher investment banking revenue resulting from increased activity as well as unrealized gains on certain inventory and warrant positions earned in respect of investment banking activity.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by improved transaction activity and a growth in client assets. Revenue was $57.0 million in Q1/21, consistent with the previous quarter and a modest decrease of 1.5% compared to the three months ended June 30, 2019. Assets under administration were $22.2 billion, an increase of 20.6% over Q4/20, reflecting the improvement in market values since the start of the COVID-19 pandemic in March 2020. Assets under management which are included in assets under administration increased by 13.5% from $4.0 billion in Q4/20 to $4.6 billion in Q1/21.

The Canaccord Genuity Wealth Management UK & Europe operations were expanded during fiscal 2020 and 2019 with the completion of the McCarthy Taylor and Thomas Miller acquisitions. The quarterly revenue generated in this region decreased by 5.5% in Q1/21 compared to the same period in the prior year due to a decline in fee-based revenue resulting from lower market values in Q1/21 for our client assets. Although this region incurred higher operating expenses as a result of the expansion of this business and an increased headcount, pre-tax profit margins continued to be strong at 23.6% in Q1/21 excluding significant items(1). At the end of Q1/21, fee-related revenue was at 68.2%, a decrease of 5.1 percentage points from Q1/20, due to the decrease in market value of the client assets and higher transaction-based revenue. Assets under management for this group decreased by 4.4% as of the end of Q1/21 compared to Q1/20 due to the decline in market values. Compared to March 31, 2020, assets under management improved by 9.2% in the current quarter.

With the completion of the acquisition of Patersons in Q3/20, our Australian operations were expanded, with revenue reaching $13.0 million in Q1/21. Assets under management at the end of June 30, 2020 were $3.1 billion, an improvement of 27.7% compared to the previous quarter.

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

Intersegment Allocated Costs

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

Financial Condition

Below are specific changes in selected items on the Q1/21 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $782.3 million on June 30, 2020 compared to $997.1 million on March 31, 2020. Refer to the Liquidity and Capital Resources section on page 21 for more details.

Securities owned were $830.9 million on June 30, 2020 compared to $931.5 million on March 31, 2020 mainly due to a decrease in corporate and government debt owned as of June 30, 2020.

Accounts receivable were $2.6 billion at June 30, 2020 compared to $3.3 billion at March 31, 2020, mainly due to decreases in receivables with brokers and investment dealers and clients.

Goodwill was $382.9 million and intangible assets were $160.5 million at June 30, 2020. At March 31, 2020, goodwill was $395.4 million and intangible assets were $170.2 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc, Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier, Thomas Miller, and Patersons.

Right-of-use assets were $97.2 million compared to $106.1 million at March 31, 2020, mainly due to amortization recorded during the period.

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

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $80.4 million at June 30, 2020 compared to $80.1 million at March 31, 2020.

LIABILITIES

Securities sold short were $631.7 million at June 30, 2020 compared to $875.0 million at March 31, 2020, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $3.0 billion at June 30, 2020, a decrease from $3.7 billion at March 31, 2020, mainly due to decreases in payables to brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable, other long-term liability, and deferred tax liabilities, were $26.1 million at June 30, 2020, a decrease from $30.9 million at March 31, 2020. The decrease was mostly due to the decrease in deferred tax liabilities.

There were also lease liabilities of $106.1 million recorded as of June 30, 2020 [March 31, 2020 — $112.3 million].

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale and Thomas Miller. The balance outstanding as of June 30, 2020 was $79.2 million [March 31, 2020 — $86.2 million]. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.2659% per annum as at June 30, 2020 [March 31, 2020 — 2.6584% per annum].

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $642.7 million [March 31, 2020 — $653.7 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of June 30, 2020, there were no balances outstanding under these other credit facilities [March 31, 2020 — $nil].

There were deferred and contingent considerations of $7.9 million and $82.5 million, respectively, recorded at June 30, 2020 [March 31, 2020 — $9.0 million and $105.5 million, respectively] in connection with the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier, Thomas Miller, as well as Patersons Securities.

Non-controlling interests were $3.5 million at June 30, 2020 compared to $0.2 million as at March 31, 2020, which represents 15% [March 31, 2020 — 15%] of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling $3.1 million (US$2.3 million) [March 31, 2020 — $3.3 million (US$2.3 million)] as rent guarantees for its leased premises in New York. As of June 30, 2020 and March 31, 2020, there were no outstanding balances under these standby letters of credit.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of June 30, 2020, and March 31, 2020, the Company had no bank indebtedness outstanding under these facilities.

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

The following table summarizes the Company's long- term contractual obligations on June 30, 2020:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2022	Fiscal 2023 – Fiscal 2024	Fiscal 2025 – Fiscal 2026	Thereafter
Premises and equipment operating leases	105,163	27,215	42,734	33,315	1,899
Bank loan(1)	81,406	13,893	67,513	—	—
Convertible debentures(2)	157,611	8,295	149,316	—	—
Total contractual obligations	**344,180**	**49,403**	**259,563**	**33,315**	**1,899**

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale and £15,000,000 for the acquisition of Thomas Miller. The bank loan bears interest at 2.2659% [March 31, 2020 — 2.6584%] per annum and is repayable in instalments of principal and interest over 4 years and matures in September 2023. The current balance outstanding is £47.1 million.

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

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, warrants, convertible debentures, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income. On June 30, 2020, cash and cash equivalents were $782.3 million, a decrease of $214.8 million from $997.1 million as of March 31, 2020. During the three months ended June 30, 2020, financing activities used cash in the amount of $40.3 million, mainly due to purchases of common shares for the long-term incentive plan (LTIP), payment of contingent and deferred consideration and cash dividends paid on common and preferred shares. Investing activities used cash in the amount of $0.1 million for the purchase of equipment and leasehold improvements. Operating activities used cash in the amount of $162.7 million, which was largely due to changes in non-cash working capital. A decrease in cash of $11.7 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the three months ended June 30, 2019, cash used in financing activities increased by $22.1 million due to proceeds from bank loan received during Q1/20. Cash used in investing activities decreased by $32.6 million during the three months ended June 30, 2020 compared to the same period last year, mainly due to the acquisition of Thomas Miller in May 2019. Changes in non-cash working capital balances led to a decrease in cash used by operating activities of $2.5 million. In addition, cash balances increased by $7.4 million from the effects of foreign exchange translation on cash balances in Q1/21 compared to Q1/20. Overall, cash and cash equivalents increased by $196.8 million from $585.5 million at June 30, 2019 to $782.3 million at June 30, 2020.

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

Convertible Debentures

On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of $59,225,000 (the Offered Debentures). The Company had also closed a concurrent non-brokered private placement with a large Canadian asset manager for gross proceeds of $73,500,000, which together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of $132,725,000 (together with the Offered Debentures, the "Convertible Debentures"). A portion of the proceeds of the non-brokered private placement were used to repay the convertible debentures issued in October 2016 in the principal amount of $60,000,000 and a premium of $13,500,000 for a total of $73,500,000. The remainder of the proceeds were allocated for use by the Company to finance growth in its wealth management business in Canada and the UK & Europe, and elsewhere as opportunities arise.

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

Outstanding Share Data

	Outstanding shares as of June 30	
	2020	2019
Preferred shares		
Series A – issued shares outstanding	**4,540,000**	4,540,000
Series C – issued shares outstanding	**4,000,000**	4,000,000
Common shares		
Issued shares excluding unvested shares(1)	**98,479,542**	106,540,215
Issued shares outstanding(2)	**107,813,482**	115,747,558
Issued shares outstanding – diluted(3)	**129,987,792**	132,759,400
Average shares outstanding – basic	**95,369,954**	100,084,773
Average shares outstanding – diluted(4)	**122,714,978**	129,909,773

(1) Excludes 9,211,585 unvested shares purchased by employee benefit trusts for the LTIP and 122,355 outstanding shares related to share purchase loans.
(2) Includes 9,211,585 unvested shares purchased by employee benefit trusts for the LTIP and 122,355 outstanding shares related to share purchase loans.
(3) Includes 22,174,310 share issuance commitments net of forfeitures.
(4) This is the diluted share number used to calculate diluted EPS.

On August 12, 2019, the Company filed a notice to renew its normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the Notice. During the three months ended June 30, 2020, there were no shares purchased under the NCIB.

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 15, 2019 and will continue for one year (to August 14, 2020) 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 60,212 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 2019 to July 2019 .

As of July 31, 2020, the Company has 107,813,482 common shares issued and outstanding.

Share-based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2020 Annual Report.

Financial Instruments

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. On June 30, 2020, forward contracts outstanding to sell US dollars had a notional amount of US $5.6 million, an increase of US $3.5 million compared to June 30, 2019. Forward contracts outstanding to buy US dollars had a notional amount of US $0.2 million, a decrease of US $0.6 million from June 30, 2019. 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 June 30, 2020, the notional amount of the Canadian bond futures contracts outstanding was long $6.8 million [March 31, 2020 — long $0.1 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, and a performance stock options plan. Directors have the right to acquire deferred share units (DSUs).

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

(C$ thousands)	**June 30, 2020 $**	March 31, 2020 $
Accounts receivable	**2,858**	2,328
Accounts payable and accrued liabilities	**1,073**	980

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2020 have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

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

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

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the first quarter of fiscal 2021 and are discussed under "Critical Accounting Policies and Estimates" in our 2020 Annual Report.

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q1/21 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the 2020 Audited Annual Consolidated Financial Statements.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2020 Annual Report, during the three months ended June 30, 2020.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of June 30, 2020, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that our disclosure controls and procedures were effective as at June 30, 2020.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes made in our internal control over financial reporting that occurred during the quarter ended June 30, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Dividend Policy

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

Dividend Declaration

On August 5, 2020, the Board of Directors approved a dividend of $0.055 per common share, payable on September 10, 2020, with a record date of August 28, 2020.

On August 5, 2020, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on September 30, 2020 to Series A Preferred shareholders of record as at September 18, 2020.

On August 5, 2020, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on September 30, 2020 to Series C Preferred shareholders of record as at September 18, 2020.

Risks

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

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

The financial services business is subject to extensive regulation in Canada, the US, the UK & Europe, Hong Kong, Australia and elsewhere. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation and change. Changing regulations and interpretations could have a significant impact on the Company's business and profitability. The Company has a capital management framework to maintain the level of capital that will meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators, to fund current and future operations, to ensure that the firm is able to meet its financial obligations as they come due, and to support the creation of shareholder value. The regulatory bodies that govern the Company's subsidiaries' use of regulatory capital are listed in Note 26 of the Company's 2020 Audited Annual Consolidated Financial Statements.

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

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

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

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

Additional Information

A comprehensive discussion of the Company's business, strategies, objectives and risks is available in our Annual Information Form and in the Management's Discussion and Analysis and Audited Annual Consolidated Financial Statements included in our 2020 Annual Report, which are available on our website at www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx and on SEDAR at www.sedar.com.

Shareholder Information

Corporate Headquarters

STREET ADDRESS

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

MAILING ADDRESS

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

Stock Exchange Listing

Common shares:
TSX: CF

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

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

Corporate Website

www.canaccordgenuity.com

General Shareholder Inquiries and Information

INVESTOR RELATIONS

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

Media Relations and Inquiries from Institutional Investors and Analysts

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

The Canaccord Genuity Group Inc. 2019 Annual Report is available on our website at www.canaccordgenuitygroup.com. For a printed copy, please contact the Investor Relations department.

Fiscal 2021 Expected Dividend(1) and Earnings Release Dates

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q2/21	November 5, 2020	December 18, 2020	December 31, 2020	November 27, 2020	December 10, 2020
Q3/21	February 3, 2021	March 19, 2021	March 31, 2021	February 26, 2021	March 10, 2021
Q4/21	June 2, 2021	June 18, 2021	June 30, 2021	June 18, 2021	June 30, 2021
Q1/22	August 4, 2021	September 17, 2021	September 30, 2021	August 27, 2021	September 10, 2021

(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	June 30, 2020	March 31, 2020
ASSETS			
Current			
Cash and cash equivalents		$ 782,300	$ 997,111
Securities owned	4	830,932	931,467
Accounts receivable	6,17	2,647,206	3,275,841
Income taxes receivable		10,859	5,603
Total current assets		4,271,297	5,210,022
Deferred tax assets		36,325	39,487
Investments	7	9,837	10,105
Equipment and leasehold improvements		23,389	24,860
Intangible assets	8	160,454	170,170
Goodwill	8	382,935	395,417
Right-of-use assets		97,238	106,134
		4,981,475	5,956,195
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Securities sold short	4	631,662	875,017
Accounts payable and accrued liabilities	6,17	2,989,750	3,673,451
Provisions	19	8,235	6,735
Income taxes payable		8,287	11,721
Subordinated debt	5,10	7,500	7,500
Current portion of bank loan	11	8,416	7,042
Current portion of lease liabilities		22,936	23,417
Current portion of contingent consideration	5	51,373	57,859
Total current liabilities		3,728,159	4,662,742
Deferred tax liabilities		8,647	9,903
Convertible debentures	12	128,609	128,322
Deferred consideration	5	7,862	8,966
Contingent consideration	5	31,079	47,614
Other long-term liability	5	1,683	1,760
Lease liabilities		83,201	88,922
Bank loan	11	70,775	79,192
		4,060,015	5,027,421
Shareholders' equity			
Preferred shares	13	205,641	205,641
Common shares	14	691,073	663,553
Equity portion of convertible debentures	12	5,156	5,156
Deferred consideration		6,545	6,545
Contributed surplus		70,310	101,501
Retained deficit		(173,077)	(193,131)
Accumulated other comprehensive income		112,343	139,353
Total shareholders' equity		917,991	928,618
Non-controlling interests		3,469	156
Total equity		921,460	928,774
		4,981,475	5,956,195

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	
(in thousands of Canadian dollars, except per share amounts)	Notes	June 30, 2020	June 30, 2019
REVENUE			
Commissions and fees		$ 169,002	$ 141,792
Investment banking		110,568	84,801
Advisory fees		21,046	53,804
Principal trading		65,112	25,073
Interest		7,005	15,185
Other		4,995	4,853
		377,728	325,508
EXPENSES			
Compensation expense		252,814	194,908
Trading costs		26,969	20,120
Premises and equipment		4,378	4,784
Communication and technology		16,748	16,358
Interest		6,730	8,111
General and administrative		15,918	30,367
Amortization		6,552	7,936
Amortization of right of use assets		6,733	5,582
Development costs		3,815	5,209
Acquisition-related costs		—	512
Share of loss of an associate	7	17	269
		340,674	294,156
Net income before income taxes		37,054	31,352
Income taxes			
Current		5,446	2,751
Deferred		2,644	4,311
	9	8,090	7,062
Net income for the period		$ 28,964	$ 24,290
Net income attributable to:			
CGGI shareholders		$ 27,483	$ 24,205
Non-controlling interests		$ 1,481	$ 85
Weighted average number of common shares outstanding (thousands)			
Basic		95,370	100,085
Diluted		122,715	129,910
Net income per common share			
Basic	14	$ 0.26	$ 0.22
Diluted	14	$ 0.22	$ 0.18
Dividend per common share	15	$ 0.055	$ 0.05
Dividend per Series A Preferred Share	15	$ 0.24	$ 0.24
Dividend per Series C Preferred Share	15	$ 0.31	$ 0.31

See accompanying notes

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

(in thousands of Canadian dollars)	For the three months ended June 30, 2020	June 30, 2019
Net income for the period	**$ 28,964**	$ 24,290
Other comprehensive income		
Net change in unrealized losses on translation of foreign operations	**(26,529)**	(7,963)
Comprehensive income for the period	**$ 2,435**	$ 16,327
Comprehensive income attributable to:		
CGGI shareholders	**$ 473**	$ 15,494
Non-controlling interests	**$ 1,962**	$ 833

See accompanying notes

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

For the three months ended (in thousands of Canadian dollars)	Notes	June 30, 2020	June 30, 2019
Preferred shares, opening and closing	13	$ 205,641	$ 205,641
Common shares, opening		663,553	672,896
Shares issued in connection with share-based payments		10	30
Acquisition of common shares for long-term incentive plan (LTIP)		(7,222)	(7,403)
Release of vested common shares from employee benefit trusts		34,344	63,116
Shares issued through exercise of private placements warrants		—	550
Shares committed to purchase under substantial issuer bid		—	(40,000)
Unvested share purchase loans		388	1,946
Common shares, closing	14	691,073	691,135
Warrants, opening	14	—	1,975
Reclassification to liability		—	(1,975)
Warrants, closing		—	—
Convertible debentures – equity, opening and closing		5,156	5,156
Contributed surplus, opening		101,501	124,710
Share-based payments, amortization net of vestings		(31,681)	(57,968)
Change in deferred tax asset relating to share based payments		878	(143)
Unvested share purchase loans		(388)	(1,946)
Contributed surplus, closing		70,310	64,653
Retained deficit, opening		(193,131)	(237,770)
Net income attributable to CGGI shareholders		27,483	24,205
Preferred shares dividends	15	(2,351)	(2,351)
Common shares dividends	15	(5,078)	(19,117)
Retained deficit, closing		(173,077)	(235,033)
Deferred consideration, opening		6,545	—
Reclassification of the deferred consideration in connection with the acquisition of Petsky Prunier LLC from liability to equity		—	13,091
Deferred consideration, closing		6,545	13,091
Accumulated other comprehensive income, opening		139,353	103,755
Other comprehensive loss attributable to CGGI shareholders		(27,010)	(8,711)
Accumulated other comprehensive income, closing		112,343	95,044
Total shareholders' equity		917,991	839,687
Non-controlling interests, opening		156	1,997
Foreign exchange on non-controlling interests		1,351	(534)
Comprehensive income attributable to non-controlling interests		1,962	833
Non-controlling interests, closing		3,469	2,296
Total equity		921,460	841,983

See accompanying notes

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

For the three months ended (in thousands of Canadian dollars)	Notes	June 30, 2020 $	June 30, 2019 $
OPERATING ACTIVITIES			
Net income for the period		$ 28,964	$ 24,290
Items not affecting cash			
Amortization		6,552	7,936
Amortization of right of use assets		6,733	5,582
Deferred income tax expense		2,644	4,311
Share-based compensation expense	16	25,409	7,293
Share of loss of associate	7	17	269
Interest expense in connection with lease liabilities		1,336	1,741
Changes in non-cash working capital			
Decrease (increase) in securities owned		100,534	(724,394)
Decrease in accounts receivable		628,657	135,114
Increase in net income taxes receivable		(10,669)	(4,516)
(Decrease) increase in securities sold short		(243,355)	167,249
(Decrease) increase in accounts payable, accrued liabilities and provisions		(709,559)	209,865
Cash used in operating activities		(162,737)	(165,260)
FINANCING ACTIVITIES			
Bank indebtedness		—	(9,639)
Acquisition of common shares for long-term incentive plan		(7,222)	(7,403)
Proceeds from bank loan		—	26,318
Cash dividends paid on common shares		(5,078)	(19,117)
Cash dividends paid on preferred shares		(2,351)	(2,351)
Payment of contingent consideration		(19,308)	—
Lease payments		(6,303)	(5,985)
Cash used in financing activities		(40,262)	(18,177)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(148)	(628)
Acquisition of Thomas Miller, net of cash acquired		—	(27,634)
Purchase of investment		—	(498)
Investment in associate		—	(4,000)
Cash used in investing activities		(148)	(32,760)
Effect of foreign exchange on cash balances		(11,664)	(19,040)
Decrease in cash position		(214,811)	(235,237)
Cash position, beginning of period		997,111	820,739
Cash position, end of period		782,300	585,502
Supplemental cash flow information			
Interest received		$ 7,078	$ 15,258
Interest paid		$ 6,407	$ 5,811
Income taxes paid		$ 13,987	$ 8,018

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

NOTE 01 Corporate Information

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

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

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX). The Company's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. The Company's Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C. The Company's 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

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

NOTE 02 Basis of Preparation

STATEMENT OF COMPLIANCE

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2020 (March 31, 2020 consolidated financial statements) filed on SEDAR on June 2, 2020. All defined terms used herein are consistent with those terms defined in the March 31, 2020 consolidated financial statements.

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

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

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 5, 2020.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by management in making its judgements and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. Given that the full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the global economy and the Company's business is highly uncertain and difficult to predict at this time, there is a higher level of uncertainty with respect to management's judgements and estimates.

The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the purchase price allocation, including the valuation of goodwill and intangible assets acquired in connection with the acquisition of Patersons Securities Limited.

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

NOTE 03 Adoption of New and Revised Standards

There were no new accounting standards adopted for the period ended June 30, 2020.

NOTE 04 Securities Owned and Securities Sold Short

	June 30, 2020		March 31, 2020	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	**550,388**	**479,872**	724,444	688,400
Equities and convertible debentures	**280,544**	**151,790**	207,023	186,617
	830,932	**631,662**	931,467	875,017

As at June 30, 2020, corporate and government debt maturities range from 2020 to 2117 [March 31, 2020 – 2020 to 2098] and bear interest ranging from 0.00% to 14.00% [March 31, 2020 – 0.00% to 14.00%].

NOTE 05 Financial Instruments

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, as well as investments accounted for under the equity method, held by the Company at June 30, 2020 and March 31, 2020 are as follows:

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized cost		Total	
	June 30, 2020	March 31, 2020	June 30, 2020	March 31, 2020	June 30, 2020	March 31, 2020	June 30, 2020	March 31, 2020
Financial assets								
Securities owned	**$ 824,234**	$ 924,594	**$ 6,698**	$ 6,873	**$ —**	$ —	**$ 830,932**	$ 931,467
Accounts receivable from brokers and investment dealers	**—**	—	**—**	—	**1,610,333**	2,036,876	**1,610,333**	2,036,876
Accounts receivable from clients	**—**	—	**—**	—	**499,577**	696,644	**499,577**	696,644
RRSP cash balances held in trust	**—**	—	**—**	—	**366,625**	388,376	**366,625**	388,376
Other accounts receivable	**—**	—	**—**	—	**170,671**	153,945	**170,671**	153,945
Investments	**6,034**	6,287	**—**	—	**—**	—	**6,034**	6,287
Total financial assets	**830,268**	930,881	**6,698**	6,873	**2,647,206**	3,275,841	**3,484,172**	4,213,595
Financial liabilities								
Securities sold short	**631,662**	875,017	**—**	—	**—**	—	**631,662**	875,017
Accounts payable to brokers and investment dealers	**—**	—	**—**	—	**1,123,796**	1,618,004	**1,123,796**	1,618,004
Accounts payable to clients	**—**	—	**—**	—	**1,576,846**	1,703,574	**1,576,846**	1,703,574
Other accounts payable and accrued liabilities	**—**	—	**—**	—	**289,108**	351,873	**289,108**	351,873
Subordinated debt	**—**	—	**—**	—	**7,500**	7,500	**7,500**	7,500
Convertible debentures	**—**	—	**—**	—	**128,609**	128,322	**128,609**	128,322
Deferred consideration	**7,862**	8,966	**—**	—	**—**	—	**7,862**	8,966
Contingent consideration	**82,452**	105,473	**—**	—	**—**	—	**82,452**	105,473
Promissory note	**—**	—	**—**	—	**—**	—	**—**	—
Other long-term liability	**—**	—	**—**	—	**1,683**	1,760	**1,683**	1,760
Bank loan	**—**	—	**—**	—	**79,191**	86,234	**79,191**	86,234
Total financial liabilities	**721,976**	989,456	**—**	—	**3,206,733**	3,897,267	**3,928,709**	4,886,723

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

FAIR VALUE HIERARCHY

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

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

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

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

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

As at June 30, 2020, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		June 30, 2020		
	June 30, 2020	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	31,878	—	31,878	—
Government debt	518,510	163,893	354,617	—
Corporate and government debt	550,388	163,893	386,495	—
Equities	278,818	188,683	67,421	22,714
Convertible debentures	1,726	—	1,726	—
Equities and convertible debentures	280,544	188,683	69,147	22,714
	830,932	352,576	455,642	22,714
Investments	6,034	—	—	6,034
	836,966	352,576	455,642	28,748
Securities sold short				
Corporate debt	(7,803)	—	(7,803)	—
Government debt	(472,069)	(158,988)	(313,081)	—
Corporate and government debt	(479,872)	(158,988)	(320,884)	—
Equities	(151,790)	(136,803)	(14,987)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(151,790)	(136,803)	(14,987)	—
	(631,662)	(295,791)	(335,871)	—
Deferred consideration	(7,862)	—	—	(7,862)
Contingent consideration	(82,452)	—	—	(82,452)
	(721,976)	(295,791)	(335,871)	(90,314)

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

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

Movement in net Level 3 financial liabilities

Balance, March 31, 2020	(105,155)
Payment of deferred consideration in connection with acquisition of Jitneytrade	742
Payment of contingent consideration in connection with acquisition of Thomas Miller	5,166
Payment of contingent consideration in connection with acquisition of Petsky Prunier	13,400
Movement in fair value of level 3 securities owned during the period	19,719
Foreign exchange revaluation	4,562
Balance, June 30, 2020	**(61,566)**

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.

Level 2 financial instruments also include the Company's investment in Euroclear, which has an estimated fair value of $6.7 million (€4.4 million) as at June 30, 2020 [March 31, 2020 – $6.9 million (€4.4 million)]. The current fair value is determined using a market-based approach. This investment is classified as a financial asset measured at fair value through other comprehensive income.

ii. Level 3 financial instruments

The fair value for Level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the held for trading investments as at June 30, 2020 was $22.7 million [March 31, 2020 – $3.0 million].

As at June 30, 2020, the Company, through a wholly owned subsidiary, held investments of $5.5 million in Family Office Network and Capital Markets Gateway, which have been classified as Level 3 financial instruments given the investments do not have any observable inputs or market indicators. In addition, the Company also held an investment of $0.5 million in Castle Ridge Asset Management Ltd. which has also been classified as Level 3 financial instruments. [Note 7].

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

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

Foreign exchange forward contracts

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

Forward contracts outstanding at June 30, 2020:

		Notional amount (millions)		Average price	Maturity		Fair value
To sell US dollars	USD$	5.6	$	1.36(CAD/USD)	July 2, 2020	$	0.1
To buy US dollars	USD$	0.2	$	1.36(CAD/USD)	July 2, 2020	$	(0.1)

Forward contracts outstanding at March 31, 2020:

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

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 65 days as at June 30, 2020 [March 31, 2020 – 60 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at June 30, 2020 and March 31, 2020, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	June 30, 2020			March 31, 2020		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	127	108	19,114	587	560	25,461

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2020, the notional amount of the bond futures contracts outstanding was long $6.8 million [March 31, 2020 – long $29.9 million].

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

SECURITIES LENDING AND BORROWING

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
June 30, 2020	**269,673**	**118,218**	**138,734**	**273,037**
March 31, 2020	191,244	119,070	136,163	195,673

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

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at June 30, 2020 the Company had a balance of $nil outstanding [March 31, 2020 – $nil].

BANK LOAN

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale and Thomas Miller. The balance outstanding as of June 30, 2020 was $79.2 million [March 31, 2020 – $86.2 million]. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.2659% per annum as at June 30, 2020 [March 31, 2020 – 2.6584% per annum].

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $642.7 million [March 31, 2020 – $653.7 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of June 30, 2020, there were no balances outstanding under these other credit facilities [March 31, 2020 – $nil].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $3.1 million (US$2.3 million) [March 31, 2020 – $3.3 million (US$2.3 million)] as rent guarantees for its leased premises in New York. As of June 30, 2020 and March 31, 2020, there were no outstanding balances under these standby letters of credit.

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	June 30, 2020 $	March 31, 2020 $
Brokers and investment dealers	**$ 1,610,333**	$ 2,036,876
Clients	**499,577**	696,644
RRSP cash balances held in trust	**366,625**	388,376
Other	**170,671**	153,945
	$ 2,647,206	$ 3,275,841

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020 $	March 31, 2020 $
Brokers and investment dealers	**$ 1,123,796**	$ 1,618,004
Clients	**1,576,846**	1,703,574
Other	**289,108**	351,873
	$ 2,989,750	$ 3,673,451

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [June 30, 2020 – 5.45% to 6.25% and 0.00% to 0.05%; March 30, 2020 – 5.45% to 6.25% and 0.00% to 0.05%].

As at June 30, 2020, the allowance for doubtful accounts was $6.7 million [March 31, 2020 – $8.9 million].

NOTE 07 Investments

	June 30, 2020 $	March 31, 2020 $
Investments accounted for under the equity method	$ 3,803	$ 3,818
Investments held as fair value through profit and loss	6,034	6,287
	$ 9,837	$ 10,105

During the year ended March 31, 2019, the Company, through a wholly owned subsidiary, invested $4.0 million for 1,334,001 Class B Units, at $3.00 per unit, in Canaccord Genuity Growth II Corp ("CGGIIC"). CGGIIC is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 23.5% interest in CGGIIC and is considered to exert significant influence over the operations of CGGIIC. Accordingly, the investment in CGGIIC is accounted for using the equity method. The Company's equity portion of the net loss of CGGIIC for the three months ended June 30, 2020 was $0.02 million.

As of June 30, 2020, the Company, through a wholly owned subsidiary, held investments in Family Office Network (FON) for US$1.0 million($1.3 million) [March 31, 2020 – US$1.0 million ($1.3 million)] and Capital Markets Gateway Inc. (CMG) for US$3.1 million ($4.2 million) [March 31, 2020 – US$3.1 million ($4.4 million)]. In addition, the Company held an investment of $0.5 million [March 31, 2020 – $0.5 million] in Castle Ridge Asset Management Limited (CRAML). The Company is not considered to exert significant influence over the operations of FON, CMG or CRAML. Accordingly, these investments are accounted for as financial assets measured at FVTPL and included as investments on the unaudited interim condensed consolidated statement of financial position as at June 30, 2020.

NOTE 08 Goodwill and Other Intangible Assets

	Goodwill	Brand names (indefinite life)	Brand names	Customer relationships	Technology	Trading licenses	Fund management	Contract book	Favourable lease	Total
Gross amount										
Balance, March 31, 2020	**$ 718,049**	**$ 44,930**	**$ 614**	**$ 164,940**	**$ 37,893**	**$ 584**	**$ 39,427**	**$ 6,884**	**$ 594**	**$ 295,866**
Additions	—	—	—	—	42	—	—	—	—	42
Foreign exchange	(12,482)	—	(27)	(4,853)	(1,450)	34	(1,716)	(267)	(26)	(8,305)
Balance, June 30, 2020	**705,567**	**44,930**	**587**	**160,087**	**36,485**	**618**	**37,711**	**6,617**	**568**	**287,603**
Accumulated amortization and impairment										
Balance, March 31, 2020	**(322,632)**	**—**	**(238)**	**(85,079)**	**(23,787)**	**(196)**	**(9,306)**	**(6,852)**	**(238)**	**(125,696)**
Amortization	—	—	(50)	(3,232)	(735)	(410)	(910)	—	(58)	(5,395)
Foreign exchange	—	—	11	2,313	926	(12)	428	265	11	3,942
Balance, June 30, 2020	**(322,632)**	**—**	**(277)**	**(85,998)**	**(23,596)**	**(618)**	**(9,788)**	**(6,587)**	**(285)**	**(127,149)**
Net book value										
March 31, 2020	395,417	44,930	376	79,861	14,106	388	30,121	32	356	170,170
June 30, 2020	**382,935**	**44,930**	**310**	**74,089**	**12,889**	**—**	**27,923**	**30**	**283**	**160,454**

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 80% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, Jitneytrade, Petsky Prunier, McCarthy Taylor, Thomas Miller and Patersons are customer relationships, non-competition agreements, trading licences, fund management contracts, technology and brand names acquired through the acquisition of Petsky Prunier, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is considered to have an indefinite life as the Company has no plans to cease its use in the future.

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

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

	Intangible assets with indefinite lives		Goodwill		Total	
	June 30, 2020 $	March 31, 2020 $	**June 30, 2020 $**	March 31, 2020 $	**June 30, 2020 $**	March 31, 2020 $
Canaccord Genuity Capital Markets CGUs						
Canada	**44,930**	44,930	**101,732**	101,732	**146,662**	146,662
US (Petsky Prunier)		—	**105,268**	110,031	**105,268**	110,031
Canaccord Genuity Wealth Management CGUs						
UK & Europe (Channel Islands)		—	**90,775**	94,944	**90,775**	94,944
UK & Europe (UK wealth)		—	**82,475**	86,073	**82,475**	86,073
Australia		—	**2,685**	2,637	**2,685**	2,637
	44,930	44,930	**382,935**	395,417	**427,865**	440,347

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill and other assets impairment testing was carried out for all applicable CGUs at June 30, 2020.

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

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The CGUs which recorded goodwill in their carrying value as of June 30, 2020 were Canaccord Genuity Capital Markets Canada, Canaccord Genuity Capital Markets US (Petsky Prunier), Canaccord Genuity Wealth Management UK & Europe (Channel Islands), Canaccord Genuity Wealth Management UK & Europe (UK) and Canaccord Genuity Wealth Management (Australia). The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2020 – 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a compound annual revenue growth rate of 5.0% over the forecast period except for Canaccord Genuity Capital Markets US which utilized a compound annual growth rate of 2.5% [March 31, 2020 2.5%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity Capital Markets Canada, Canaccord Genuity Capital Markets US (Petsky Prunier), Canaccord Genuity Wealth Management UK & Europe (Channel Islands), Canaccord Genuity Wealth Management UK & Europe (UK), and Canaccord Genuity Wealth Management (Australia) was 2.5% [March 31, 2020 – 2.5%].

NOTE 09 Income Taxes

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

	For the three months ended	
	June 30, 2020	June 30, 2019
Net income before income taxes	$ 37,054	$ 31,352
Income taxes at the statutory rate of 27.0% (F2020: 27.0%)	10,005	8,452
Difference in tax rates in foreign jurisdictions	(13)	(711)
Non-deductible items affecting the determination of taxable income	414	1,245
Share based payments	(1,953)	(132)
Other	(399)	1,114
Utilization of tax losses and other temporary differences not recognized	36	(2,906)
Income tax expense – current and deferred	8,090	7,062

NOTE 10 Subordinated Debt

	June 30, 2020	March 31, 2020
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	$ 7,500	$ 7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of IIROC. As at June 30, 2020 and March 31, 2020, the interest rates for the subordinated debt were 6.45% and 6.45%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 11 Bank Loan

	June 30, 2020 $	March 31, 2020 $
Loan	$ 80,217	$ 87,421
Less: Unamortized financing fees	(1,026)	(1,187)
	79,191	86,234
Current portion	$ 8,416	$ 7,042
Long term portion	70,775	79,192

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale and Thomas Miller. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.2659% per annum as at June 30, 2020 [March 31, 2020 – 2.6584% per annum].

NOTE 12 Convertible Debentures

	June 30, 2020		March 31, 2020	
	Liability	Equity	Liability	Equity
Convertible debentures	$ 128,609	$ 5,156	$ 128,322	$ 5,156

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

NOTE 13 Preferred Shares

	June 30, 2020		March 31, 2020	
	Amount	Number of shares	Amount	Number of shares
Series A Preferred Shares issued and outstanding	$ 110,818	4,540,000	$ 110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	205,641	8,433,206	205,641	8,433,206

Terms of the Series A and C Preferred Shares are disclosed in Note 20 of the March 31, 2020 consolidated financial statements.

NOTE 14 Common Shares and Warrants

	June 30, 2020		March 31, 2020	
Common Shares	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 745,285	107,813,482	$ 745,275	107,812,361
Held for share purchase loans	(838)	(122,355)	(1,226)	(284,645)
Held for the LTIP	(53,374)	(9,211,585)	(80,496)	(14,063,465)
	691,073	98,479,542	663,553	93,464,251

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount $
Balance, March 31, 2020	107,812,361	$ 745,275
Shares issued in connection with share-based payment plans	1,121	10
Balance, June 30, 2020	**107,813,482**	**$ 745,285**

[iii] EARNINGS PER COMMON SHARE

	For the three months ended	
	June 30, 2020 $	June 30, 2019 $
Basic earnings per common share		
Net income attributable to CGGI shareholders	$ 27,483	$ 24,205
Preferred shares dividends	(2,351)	(2,351)
Net income available to common shareholders	25,132	21,854
Weighted average number of common shares (number)	95,369,954	100,084,773
Basic earnings per share	$ 0.26	$ 0.22
Diluted earnings per common share		
Net income available to common shareholders	25,132	21,854
Interest on convertible debentures, net of tax	1,720	1,708
Adjusted net earnings available to common shareholders	26,852	23,562
Weighted average number of common shares (number)	95,369,954	100,084,773
Dilutive effect in connection with LTIP (number)	10,878,274	13,097,925
Dilutive effect in connection with warrants (number)	—	269,310
Dilutive effect in connection with a promissory note (number)	—	974,715
Dilutive effect in connection with other share-based payment plans (number)	1,720,550	—
Dilutive effect in connection with convertible debentures (number)	13,272,500	13,272,500
Dilutive effect in connection with acquisition of Petsky Prunier (number)	1,473,700	2,210,550
Adjusted weighted average number of common shares (number)	122,714,978	129,909,773
Diluted earnings per common share	$ 0.22	$ 0.18

NOTE 15 Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the three months ended June 30, 2020:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 19, 2020	June 30, 2020	$0.05	$5,390

On August 5, 2020, the Board of Directors approved a dividend of $0.055 per common share, payable on September 10, 2020, with a record date of August 28, 2020 [Note 20].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the three months ended June 30, 2020:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 19, 2020	June 30, 2020	$ 0.24281	$ 0.312060	$ 2,351

On August 5, 2020, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on September 30, 2020 to Series A Preferred shareholders of record as at September 18, 2020 [Note 20].

On August 5, 2020, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on September 30, 2020 to Series C Preferred shareholders of record as at September 18, 2020 [Note 20].

NOTE 16 Share-Based Payment Plans

i. LONG-TERM INCENTIVE PLAN

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

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

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

There were 4,752,613 RSUs granted in lieu of cash compensation to employees during the period ended June 30, 2020 [June 30, 2019 – 5,256,836 RSUs]. The Trusts purchased 1,256,632 common shares during the three months ended June 30, 2020 [June 30, 2019 – 1,236,135 common shares].

The fair value of the RSUs at the measurement date is based on the fair value on the grant date. The weighted average fair value of RSUs granted during the three-month period ended June 30, 2020 was $5.60 [June 30, 2019 – $5.50].

	Number
Awards outstanding, March 31, 2020	13,104,975
Grants	4,752,613
Vested	(6,095,668)
Forfeited	(283,134)
Awards outstanding, June 30, 2020	**11,478,786**

	Number
Common shares held by the Trusts, March 31, 2020	14,063,465
Acquired	1,256,632
Released on vesting	(6,108,512)
Common shares held by the Trusts, June 30, 2020	**9,211,585**

ii. PERFORMANCE SHARE UNITS

The Company adopted a performance share unit ("PSU") plan for certain senior executives. On June 12, 2018 the Company granted 877,485 units under the PSU plan. The Company also granted an additional 1,843,416 PSUs on June 6, 2019 and 2,541,004 on June 2, 2020. The PSUs are a notional equity-based instrument linked to the value of the Company's common shares. At the end of a 3-year vesting period, the number of PSUs which vest is determined upon performance against certain metrics pre-determined for each annual grant. The PSUs cliff vest on the third anniversary of the date of the grant. The PSUs are settled in cash, based on the market price of the Company's shares at the time of vesting.

The PSUs were measured at fair value on grant date. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at June 30, 2020 was $43.0 million [March 31, 2020 – $22.7 million].

iii. PERFORMANCE STOCK OPTIONS

On June 1, 2018, the Company created a performance share option ("PSO") plan. The options have an exercise price of $6.73 per share. The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on payout value (i.e. the gain on the exercise of the options is limited to three times the exercise price).

The following is a summary of the Company's PSOs as at June 30, 2020:

	Number of PSOs	Weighted average exercise price ($)
Balance, March 31, 2020	6,320,000	6.76
Granted	—	—
Exercised	—	—
Balance, June 30, 2020	**6,320,000**	**6.76**

iv. OTHER SHARE-BASED PAYMENT PLAN

During the year ended March 31, 2019, the Company granted a share-based award to a senior executive. The award vests on March 31, 2021, or at the holder's option, can be extended to March 31, 2022.

v. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended	
	June 30, 2020 $	June 30, 2019 $
Long-term incentive plan	**$ 1,811**	$ 6,357
Deferred share units (cash-settled)	**1,126**	(37)
Other share-based payment plan	**654**	236
PSU (cash-settled)	**20,877**	—
PSO	**941**	737
Total share-based compensation expense	**$ 25,409**	$ 7,293

NOTE 17 Related Party Transactions

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

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

	June 30, 2020	**March 31, 2020**
Accounts receivable	**2,858**	2,328
Accounts payable and accrued liabilities	**1,073**	980

NOTE 18 Segmented Information

The Company operates in two industry segments as follows:

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

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

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

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

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity Capital Markets Canada segment, as it relates to the acquisitions of Genuity and Jitneytrade. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in the UK & Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor and Thomas Miller is allocated to the Canaccord Genuity Wealth

Management UK & Europe (UK Wealth) segment. Amortization of identifiable intangible assets acquired through the acquisition of Petsky Prunier is allocated to the Canaccord Genuity Capital Markets US segment. Amortization of identifiable intangible assets acquired through the acquisition of Patersons is allocated to Canaccord Genuity Wealth Management Australia. There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the three months ended							
	June 30, 2020				June 30, 2019			
	Canaccord Genuity Capital Markets	**Canaccord Genuity Wealth Management**	**Corporate and Other**	**Total**	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total
Commissions and fees	**$ 49,397**	**$ 119,605**	**$ —**	**$ 169,002**	$ 35,858	$ 105,934	$ —	$ 141,792
Investment banking	**97,508**	**13,060**	**—**	**110,568**	69,484	15,317	—	84,801
Advisory fees	**20,580**	**466**	**—**	**21,046**	53,462	342	—	53,804
Principal trading	**64,921**	**191**	**—**	**65,112**	25,076	(3)	—	25,073
Interest	**1,568**	**3,703**	**1,734**	**7,005**	4,935	7,149	3,101	15,185
Other	**879**	**913**	**3,203**	**4,995**	1,208	1,002	2,643	4,853
Expenses, excluding undernoted	**188,400**	**101,461**	**26,966**	**316,827**	156,673	94,461	15,403	266,537
Amortization	**1,742**	**4,705**	**105**	**6,552**	3,435	4,384	117	7,936
Amortization of right of use assets	**3,455**	**2,518**	**760**	**6,733**	3,359	1,380	843	5,582
Development costs	**72**	**3,670**	**73**	**3,815**	159	4,967	83	5,209
Interest expense	**2,904**	**1,022**	**2,804**	**6,730**	3,898	1,442	2,771	8,111
Acquisition-related costs	**—**	**—**	**—**	**—**	177	335	—	512
Share of loss of an associate	**—**	**—**	**17**	**17**	—	—	269	269
Income (loss) before intersegment allocations and income taxes	**38,280**	**24,562**	**(25,788)**	**37,054**	22,322	22,772	(13,742)	31,352
Intersegment allocations	**4,634**	**4,212**	**(8,846)**	**—**	4,545	4,013	(8,558)	—
Income (loss) before income taxes	**33,646**	**20,350**	**(16,942)**	**37,054**	17,777	18,759	(5,184)	31,352

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

	For the three months ended	
	June 30, 2020 $	June 30, 2019 $
Canada	**$ 115,050**	$ 127,328
UK & Europe (including Dubai)	**91,435**	94,329
United States	**115,759**	94,646
Australia	**55,484**	9,205
	$ 377,728	$ 325,508

NOTE 19 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the three months ended June 30, 2020:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2020	$ 4,545	$ 2,190	$ 6,735
Additions	1,550	—	1,550
Utilized	—	(50)	(50)
Balance, June 30, 2020	**$ 6,095**	**$ 2,140**	**$ 8,235**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of June 30, 2020, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of June 30, 2020, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

There were no additional changes to the Company's commitments or contingencies from those described in Note 28 of the March 31, 2020 audited consolidated financial statements.

NOTE 20 Subsequent Events

i. Dividends

On August 5, 2020, the Board of Directors approved a dividend of $0.055 per common share, payable on September 10, 2020, with a record date of August 28, 2020 [Note 15].

On August 5, 2020, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on September 30, 2020 with a record date of September 18, 2020; and $0.31206 per Series C Preferred Share payable on September 30, 2020 with a record date of September 18, 2020 [Note 15].