THIRD QUARTER

Fiscal 2020 Report to Shareholders

Canaccord Genuity Group Inc. Reports Third Quarter Fiscal 2020 Results

Excluding significant items, third quarter earnings per common share of $0.23(1)

TORONTO, February 5, 2020 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the third fiscal quarter ended December 31, 2019.

"Our fiscal third quarter results underscore our consistent progress against our strategic objectives, as all of our business units contributed to firmwide profitability," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "We continue to see momentum for all our business activities heading into the fourth fiscal quarter. We have also identified strategies which we expect will reduce our annual cost base by approximately $20.0 million and contribute to improving margins going forward."

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

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

- All businesses and geographies contributed to firmwide profitability for the third fiscal quarter
- Excluding significant items(1), diluted earnings per common share for the third fiscal quarter were $0.23 per share ($0.17 per share on an IFRS basis)
- Excluding significant items(1), diluted earnings per common share for the first nine months of fiscal 2020 were $0.64 per share ($0.45 per share on an IFRS basis), a decrease of 7.2% when compared to the first nine months of fiscal 2019 (and a decrease of 6.3% from $0.48 per share on an IFRS basis)
- Excluding significant items, third quarter diluted earnings per share contributed by global wealth management operations was 52.2% of the earnings for the quarter
- Total client assets in our global wealth management operations increased by 21% year-over-year to $72.8 billion, reflecting market gains and contributions from the Company's expanded Australian operation
- Global capital markets business delivered near record quarterly advisory revenue of $60.6 million (second highest quarter recorded)
- Third quarter common share dividend of $0.05 per share
- Returned $75.4 million of capital to shareholders during the first nine months of fiscal 2020 through common share dividends and buybacks
- Share repurchases during the nine-month period totalled approximately $45.9 million through a substantial issuer bid and through purchases under our normal course issuer bid, reducing common shares outstanding by 7.2% from the end of fiscal 2019
- $20 million in cost reduction strategies have been identified which will contribute to improving margins moving foward

Contents

	Three months ended December 31		Quarter-over-quarter change	Three months ended September 30	Quarter-over-quarter change
	Q3/20	Q3/19[4]		Q2/20	
Revenue	**$ 308,014**	$ 331,600	(7.1)%	$ 270,697	13.8%
Third fiscal quarter highlights – adjusted[1]					
Expenses – excluding significant items[1]	**$ 277,004**	$ 285,702	(3.0)%	$ 242,125	14.4%
Earnings per common share – diluted, excluding significant items[1]	**$ 0.23**	$ 0.28	(17.9)%	$ 0.18	27.8%
Net Income – excluding significant items[1][2]	**$ 30,458**	$ 36,843	(17.3)%	$ 23,760	28.2%
Net Income attributable to common shareholders – excluding significant items[1][3]	**$ 27,619**	$ 34,491	(19.9)%	$ 21,512	28.4%
Third fiscal quarter highlights – IFRS					
Expenses	**$ 285,731**	$ 290,991	(1.8)%	$ 254,527	12.3%
Earnings per common share – diluted	**$ 0.17**	$ 0.25	(32.0)%	$ 0.10	70%
Net Income[2]	**$ 22,840**	$ 32,458	(29.6)%	$ 13,178	73.3%
Net Income attributable to common shareholders[3]	**$ 20,158**	$ 30,106	(33.0)%	$ 11,137	81.0%

(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
(4) During the nine months ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or nine month periods ended December 31, 2018. The comparatives for the prior period have been restated accordingly.

Core business performance highlights:

Canaccord Genuity Wealth Management

The Company's combined global wealth management operations earned revenue of $128.4 million for the third fiscal quarter, a year-over-year increase of 10.7%. Excluding significant items[1], the pre-tax net income contribution from this segment was $18.6 million, which represents 60.0% of the adjusted pre-tax net income attributable to the Company's combined operating businesses for the three-month period.

- Canaccord Genuity Wealth Management (North America) generated $46.0 million in revenue and, after intersegment allocations and before taxes, recorded net income of $4.1 million in Q3/20
- Wealth management operations in the UK & Europe generated $71.3 million in revenue and, after intersegment allocations, and excluding significant items[1], recorded net income of $14.3 million before taxes in Q3/20
- Wealth management operations in Australia generated $11.1 million in revenue and, after intersegment allocations, and excluding significant items[1], recorded net income of $0.1 million before taxes in Q3/20

Third quarter revenue in the Company's UK & Europe wealth management business increased by 15.4% compared to the same period one year ago, primarily due to higher commissions and fees revenue and contributions from the Thomas Miller and McCarthy Taylor acquisitions. Excluding significant items[1], the pre-tax profit margin in this business was 20.1% for the three-month period and 20.7% for the year-to-date.

Revenue in the Company's North American wealth management business decreased by 15.1% year-over-year, primarily due to decreased investment banking revenue from lower new issue activity when compared to the same period in the prior year. The pre-tax profit margin in this business decreased to 9.0% for the three-month period and decreased by 1.1 p.p. to 13.1% for the first nine months of the fiscal year.

The Company's Australian wealth management business earned revenue of $11.1 million, reflecting contributions from the recent acquisition of Patersons Securities Limited, which was completed on October 21, 2019.

Total client assets in the Company's global wealth management businesses at the end of the third fiscal quarter amounted to $72.8 billion.

- Client assets in North America were $21.0 billion as at December 31, 2019, an increase of 2.8% from $20.4 billion at the end of the previous quarter and an increase of 14.9% from $18.3 billion at December 31, 2018.
- Client assets in the UK & Europe were $48.1 billion (£28.1 billion) as at December 31, 2019, an increase of 8.9% from $44.2 billion (£27.1 billion) at the end of the previous quarter and an increase of 16.9% from $41.2 billion (£23.8 billion) at December 31, 2018.
- Client assets in Australia held in our investment management platforms were $3.7 billion as at December 31, 2019, primarily reflecting contributions from the acquisition of Patersons Securities Limited. In addition, client assets totalling $11.0 billion are also held in other accounts on our Australian Wealth Management trading platform.

Canaccord Genuity Capital Markets

Globally, Canaccord Genuity Capital Markets earned revenue of $174.2 million for the third fiscal quarter and $512.9 million for the first nine months of the fiscal year, representing decreases of 16.8% and of 5.8% respectively when compared to the same periods a year ago primarily as a result of decreased trading and investment banking activity during the current fiscal year. Excluding significant items[1], this segment contributed pre-tax net income of $16.0 million for the third quarter and $45.2 million for the first nine months of fiscal 2020.

- Canaccord Genuity Capital Markets led or co-led 52 investment banking transactions globally, raising total proceeds of C$2.0 billion during fiscal Q3/20.
- Canaccord Genuity Capital Markets participated in 108 investment banking transactions globally, raising total proceeds of C$8.7 billion during fiscal Q3/20.

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

The Company's US capital markets business was the largest contributor of revenue in this segment for the three-month period with revenue of, $82.2 million, which included a 125.3% year-over-year increase in advisory revenue, reflecting contributions from the Petsky Prunier acquisition which closed in Q4/19.

Revenue in our Canadian capital markets operations decreased by 42.3% year-over-year as a result of lower investment banking and advisory activities and lower commissions and fees revenue. Even with this decrease in revenue this business continues to be a top-ranked domestic underwriter in Canada. For calendar 2019, Canaccord Genuity Capital Markets in Canada was ranked #1 for IPOs and the #2 equities underwriter based on league table data provided by Bloomberg.

Excluding significant items, the UK & Europe capital markets business earned pre-tax net income of $3.4 million for the third quarter, increasing its pre-tax net income for the year to $2.8 million. This business was tied for the number 1 ranking on AIM in the UK for the number of ECM deals in calendar 2019 based on league table data provided by Acuris.

Revenue in the quarter for the Australian capital markets business was more than double the revenue earned for the three months ended December 31, 2018.

Summary of Corporate Developments:

During the nine months ended December 31, 2019, the Company purchased a total of 8,485,383 common shares for cancellation. There were 7,272,727 shares purchased and cancelled under a substantial issuer bid that commenced on July 3, 2019 and completed on August 9, 2019. There were an additional 1,202,856 shares purchased and cancelled under the current NCIB and 9,800 shares that were purchased but not yet cancelled as of December 31, 2019.

On October 21, 2019, through its Australian business, the Company completed its previously announced acquisition of Patersons Securities Limited, increasing the scale of our wealth management business in Australia and establishing a significant platform for expansion.

As part of our ongoing efforts to control and manage costs the Company has identified strategies which are expected to reduce our annual cost base by approximately $20.0 million. The Company expects to implement these strategies during the course of fiscal 2021.

Results for the third quarter and year-to-date fiscal 2020 were impacted by the following significant items:

- Amortization of intangible assets acquired in connection with business combinations as well as acquisition-related and restructuring costs for Thomas Miller and Patersons Securities Limited
- Costs related to the ongoing integration efforts in the Company's UK & Europe wealth management business
- Certain incentive-based costs related to the acquisition and growth initiatives in the UK & Europe wealth business

In addition, results for the quarter were impacted by the recognition of $6.0 million of deferred tax assets in the Company's US operations which, because of historical losses, had not been recognized previously. This deferred tax asset recognition resulted in an effective tax rate of 1.8% for the quarter on an adjusted basis and a tax recovery rate of 2.5% on an IFRS basis.

Selected financial information excluding significant items[1]:

(C$ thousands, except per share and % amounts)	Three months ended December 31 2019	Three months ended December 31 2018	Quarter-over-quarter change	Nine months ended December 31 2019	Nine months ended December 31 2018 restated[3]	YTD over YTD change
Total revenue per IFRS	**$ 308,014**	$ 331,600	(7.1)%	**$ 904,219**	$ 905,759	(0.2)%
Total expenses per IFRS	**$ 285,731**	$ 290,991	(1.8)%	**$ 834,414**	$ 818,646	1.9%
Revenue						
Total revenue excluding significant items	**$ 308,014**	$ 331,600	(7.1)%	**$ 904,219**	$ 905,759	(0.2)%
Total expenses per IFRS	**$ 285,731**	$ 290,991	(1.8)%	**$ 834,414**	$ 818,646	1.9%
Expenses						
Significant items recorded in Canaccord Genuity Capital Markets						
Amortization of intangible assets	**$ 2,458**	$ 639	284.7%	**$ 7,394**	$ 1,857	298.2%
Restructuring costs	**—**	—	—	**—**	$ 1,316	(100.0)%
Acquisition-related costs	**—**	—	—	**$ 1,806**	$ 1,173	54.0%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**$ 3,445**	$ 2,745	25.5%	**$ 10,016**	$ 8,353	19.9%
Restructuring costs	**$ 1,250**	—	n.m.	**$ 2,348**	—	n.m.
Acquisition-related costs	**—**	$ 170	(100.0)%	**$ 2,308**	$ 170	n.m.
Incentive-based costs related to acquisitions[2]	**$ 1,574**	$ 1,490	5.6%	**$ 4,435**	$ 4,530	(2.1)%
Development costs	**—**	$ 245	(100.0)%		$ 245	(100.0)%
Significant items recorded in Corporate and Other						
Loss on extinguishment of convertible debentures	**—**	—	—	**—**	$ 8,608	(100.0)%
Total significant items	**$ 8,727**	$ 5,289	(65.0)%	**$ 28,307**	$ 26,252	7.8%
Total expenses excluding significant items	**$ 277,004**	$ 285,702	(3.0)%	**$ 806,107**	$ 792,394	1.7%
Net income before taxes – adjusted	**$ 31,010**	$ 45,898	(32.4)%	**$ 98,112**	$ 113,365	(13.5)%
Income taxes – adjusted	**$ 552**	$ 9,055	(93.9)%	**$ 13,240**	$ 22,620	(41.5)%
Net income – adjusted	**$ 30,458**	$ 36,843	(17.3)%	**$ 84,872**	$ 90,745	(6.5)%
Net income attributable to common shareholders, adjusted	**$ 27,619**	$ 34,491	(19.9)%	**$ 77,349**	$ 82,433	(6.2)%
Earnings per common share – basic, adjusted	**$ 0.29**	$ 0.35	(17.1)%	**$ 0.77**	$ 0.86	(10.5)%
Earnings per common share – diluted, adjusted	**$ 0.23**	$ 0.28	(17.9)%	**$ 0.64**	$ 0.69	(7.2)%

(1) Figures excluding significant items are non-IFRS measures.
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business
(3) During the nine months ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or nine month ended December 31, 2018. The comparatives for the prior period have been restated accordingly.

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

- Cash and cash equivalents balance of $548.7 million, an increase of $89.5 million from $459.2 million
- Working capital of $533.8 million, a decrease of $12.7 million from $546.5 million
- Total shareholders' equity of $851.2 million, an increase of $15.0 million from $836.2 million

Common and Preferred Share Dividends:

On February 5, 2020, the Board of Directors approved a dividend of $0.05 per common share, payable on March 10, 2020, with a record date of February 28, 2020.

On February 5, 2020, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on March 31, 2020 to Series A Preferred shareholders of record as at March 20, 2020.

On February 5, 2020, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on March 31, 2020 to Series C Preferred shareholders of record as at March 20, 2020.

Management's Discussion and Analysis

Third quarter fiscal 2020 for the three and nine months ended December 31, 2019 — this document is dated February 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- and nine-month periods ended December 31, 2019 compared to the corresponding period in the preceding fiscal year. The three-month period ended December 31, 2019 is also referred to as third quarter 2020 and Q3/20. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three- and nine-month periods ended December 31, 2019, beginning on page 30 of this report; our Annual Information Form (AIF) dated June 26, 2019; and the 2019 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2019 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 5, 2019 (the 2019 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2019 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 Company's growth, results of operations, performance, business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. 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 discussed from time to time in the Company's unaudited interim condensed and Audited Annual Consolidated Financial Statements and in its 2019 Annual Report and AIF filed on www.sedar.com as well as the factors discussed in the section entitled "Risks" in this MD&A, 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 2020 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and Audited Annual Consolidated Financial Statements and in its 2019 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 cautioned that the preceding list of material factors or assumptions is also not exhaustive.

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

Presentation of Financial Information and Non-IFRS Measures

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three- and nine-month period ended December 31, 2019 (Third Quarter 2020 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Third Quarter 2020 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, 2019.

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, as applicable, 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 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 10.

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

Business Overview

Through its principal subsidiaries, Canaccord Genuity Group Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord Genuity Group has wealth management offices located in Canada, the UK, 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") are included as part of Canaccord Genuity Capital Markets Canada since the closing date of June 6, 2018. In addition, operating results of Petsky Prunier LLC ("Petsky Prunier") are included since the closing date of February 13, 2019 as part of Canaccord Genuity Capital Markets US. Included in the Canaccord Genuity UK 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 Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) ("Thomas Miller") since the closing date of May 1, 2019. Commencing in Q3/20, the Canaccord Genuity Australia wealth management segment includes the operating results of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) ("Patersons") since the closing date of October 21, 2019.

Market Environment During Q3 Fiscal 2020

Economic backdrop

During the third quarter of our 2020 fiscal year, financial markets remained focused on reflation efforts by the Federal Reserve and the potential for a US-China trade deal. The US Federal Reserve announced a rate cut in October, which passed in December and signaled a prolonged pause. Meanwhile, the Federal Reserve continued to inject liquidity with asset purchases and daily/term repurchase agreement operations. Weak economic and earnings growth during the quarter were offset by aggressive reflation efforts by central banks worldwide, the optimism infused by a "Phase 1" US-China trade deal and a healthy labor market in the US. In all, the S&P 500, the S&P/TSX and the MSCI Emerging Market index advanced 9.1%, 3.2% and 9.6% quarter-over-quarter respectively. Commodities (+8.3%) benefitted from the OPEC+ decision to cut production by 500K bbl/d and depreciation in the US dollar (-3.0%). Against this backdrop, US 10-year Treasury bond prices declined 1.9% during the quarter.

Investment banking and advisory

Small- and mid-cap equities further underperformed large-cap equities during the third quarter of fiscal 2020. Commodity prices recovered, along with energy and mining stocks. Despite this advance, resource equities remain inexpensive by historical standards, opening the door for additional M&A activities going forward. Investment banking and Advisory activities have remained strong in our core areas of mid-market expertise, and we note increased momentum in the mining sector.

Index Value at End of	Q3/19		Q4/19		Q1/20		Q2/20		Q3/20		
Fiscal Quarter	12/31/18	(Y/Y)	03/29/19	(Y/Y)	06/28/19	(Y/Y)	09/30/19	(Y/Y)	12/31/19	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	238.4	-21.0%	262.4	-14.3%	258.7	-6.8%	244.1	-6.1%	267.1	12.1%	9.4%
S&P IFCI Global Large Cap	218.6	-15.5%	238.3	-8.7%	239.3	0.0%	227.4	-3.8%	253.0	15.7%	11.3%

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. Despite the strong recovery in financial markets, US-China relationships remain fragile while the projected global economic recovery in 2020 is expected to stay subdued. Such uncertainties could result in a challenging business environment for small and mid-market M&A and capital raising activity but may provide opportunities for our restructuring business.

Trading

Trading activities in our core focus areas softened during the three-month period when compared to year-ago levels. This is consistent with the underperformance of small- and mid-cap equities in some of the markets where we operate. As the Federal Reserve appears willing to take on inflation risk, we expect that resource-centric small and mid-cap stocks will benefit from higher commodity prices and the projected re-acceleration of the global economy.

Average Value During	Q3/19		Q4/19		Q1/20		Q2/20		Q3/20			FY20	
Fiscal Quarter/Year	31-Dec-18	(Y/Y)	29-Mar-19	(Y/Y)	28-Jun-19	(Y/Y)	30-Sep-19	(Y/Y)	31-Dec-19	(Y/Y)	(Q/Q)	31-Dec-19	(Y/Y)
Russell 2000	1496.8	-1.0%	1509.0	-2.9%	1549.0	-3.7%	1534.2	-9.7%	1590.6	6.3%	3.7%	1558.0	-2.7%
S&P 400 Mid Cap	1824.1	-1.6%	1845.1	-3.6%	1917.1	-0.8%	1922.5	-4.4%	1985.2	8.8%	3.3%	1941.7	1.0%
FTSE 100	6991.6	-6.5%	7061.3	-4.0%	7357.4	-2.5%	7359.4	-2.6%	7329.4	4.8%	-0.4%	7348.7	-0.2%
MSCI EU Mid Cap	1012.0	-8.7%	1027.2	-7.0%	1076.6	-3.5%	1083.4	-3.6%	1137.9	12.4%	5.0%	1099.4	1.5%
S&P/TSX	15042.0	-5.9%	15621.7	-0.8%	16374.1	3.2%	16472.7	1.0%	16780.2	11.6%	1.9%	16543.2	5.1%

Global wealth management

Market values in the US, Canada and in emerging generally markets enjoyed positive returns over the three-month period. The S&P 500, the S&P/TSX and the MSCI Emerging Market indices returned 9.1%, 3.2% and 9.6% respectively on a quarter-over-quarter basis. While the accommodative market environment for higher risk investments negatively impacted US 10-year Treasury bonds (-1.9%), we note this downturn follows several quarters of sizeable gains for fixed income assets.

Total Return (excl. currencies)	Q3/19 Change (Q/Q)	Q4/19 Change (Q/Q)	Q1/20 Change (Q/Q)	Q2/20 Change (Q/Q)	Q3/20 Change (Q/Q)	Fiscal 2020 Change
S&P 500	-13.5%	13.6%	4.3%	1.7%	9.1%	15.7%
S&P/TSX	-10.1%	13.3%	2.6%	2.5%	3.2%	8.5%
MSCI EMERGING MARKETS	-7.3%	9.9%	0.3%	-1.9%	9.6%	7.9%
MSCI WORLD	-12.7%	12.3%	3.8%	0.1%	9.1%	13.3%
S&P GS COMMODITY INDEX	-22.9%	15.0%	-1.4%	-4.2%	8.3%	2.3%
US 10-YEAR T-BONDS	4.6%	3.0%	4.4%	3.8%	-1.9%	6.3%
CAD/USD	-5.4%	2.2%	1.9%	-1.1%	1.9%	2.8%
CAD/EUR	-4.2%	4.5%	0.6%	3.1%	-0.9%	2.8%

Outlook

Global economic activity remains weak but is showing early signs of stabilization. While earnings growth is expected to remain subdued, abundant liquidity conditions provided by world central banks have so far led investors to look beyond earnings. Despite these rich market valuations and barring a severe recession scenario, we expect that our wealth management business will continue to grow client assets, as central banks around the world appear willing to take on inflation risk. We believe this environment will also support our trading activities, as investors shift asset mix and sector allocations accordingly. Notably, we expect that commodities and other inflation-sensitive assets will eventually benefit from this environment. We continue to expect robust advisory and investment banking business as companies try to secure growth through M&A activities.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

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

Canaccord Genuity Capital Markets

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

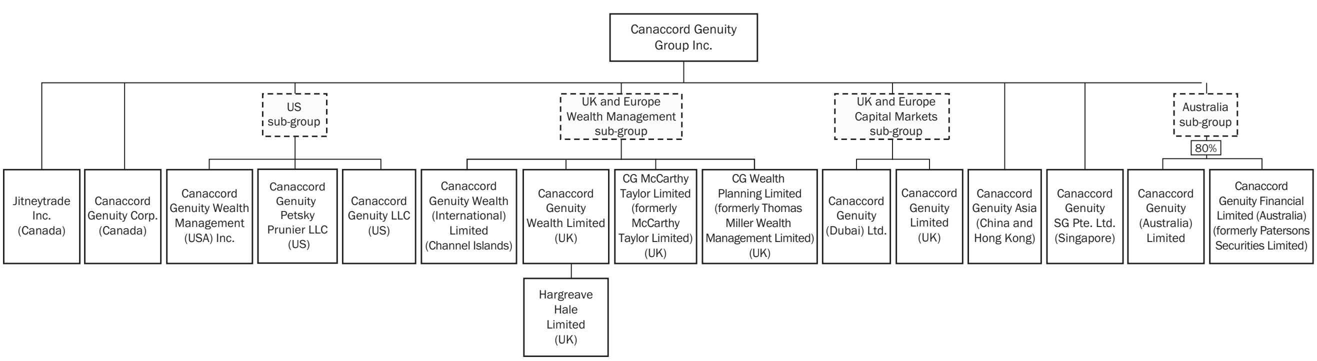
Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management operations provide comprehensive wealth management solutions and brokerage services to individual investors, private clients, charities and intermediaries through a full suite of services tailored to the needs of clients in each of its markets. The Company's wealth management division now 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 January 31, 2020. The Company, through Canaccord Financial Group (Australia) Pty Ltd., completed its acquisition of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) on October 21, 2019.

The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited (previously Canaccord Genuity Patersons Limited) [March 31, 2019 — 80%], but for accounting purposes, as of December 31, 2019, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2019 — 85%].

Consolidated Operating Results

THIRD QUARTER FISCAL 2020 SUMMARY DATA(1)(2)(6)

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended December 31 2019	2018	2017	Quarter over quarter change	Nine months ended December 31 2019	2018 (restated)(7)	2017	YTD over YTD change
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	**$ 147,191**	$ 143,115	$ 125,709	2.8%	**$ 421,308**	$ 418,897	$ 326,789	0.6%
Investment banking	**51,550**	98,978	112,629	(47.9)%	**188,343**	233,925	186,681	(19.5)%
Advisory fees	**60,691**	40,698	31,957	49.1%	**156,510**	110,008	81,442	42.3%
Principal trading	**27,149**	30,776	29,138	(11.8)%	**73,482**	90,633	77,874	(18.9)%
Interest	**16,622**	12,703	6,861	30.9%	**48,468**	37,275	17,830	30.0%
Other	**4,811**	5,330	3,148	(9.7)%	**16,108**	15,021	10,181	7.2%
Total revenue	**308,014**	331,600	309,442	(7.1)%	**904,219**	905,759	700,797	(0.2)%
Expenses								
Compensation expense	**186,649**	195,939	185,168	(4.7)%	**539,337**	541,363	436,813	(0.4)%
Other overhead expenses(3)	**97,892**	94,725	77,297	3.3%	**288,441**	265,601	212,385	8.6%
Acquisition-related costs	**—**	170	—	(100.0)%	**4,114**	1,343	6,548	206.3%
Restructuring costs(4)	**1,250**	—	—	n.m.	**2,348**	1,316	6,704	78.4%
Loss on extinguishment of convertible debentures	**—**	—	—	—	**—**	8,608	—	(100.0)%
Share of (gain) loss from associate	**(60)**	157	94	(138.2)%	**174**	415	302	(58.1)%
Total expenses	**285,731**	290,991	262,559	(1.8)%	**834,414**	818,646	662,752	1.9%
Income before income taxes	**22,283**	40,609	46,883	(45.1)%	**69,805**	87,113	38,045	(19.9)%
Net income	**22,840**	32,458	36,598	(29.6)%	**60,308**	69,126	26,780	(12.8)%
Net income attributable to:								
CGGI shareholders	**22,509**	32,457	34,432	(30.6)%	**60,202**	67,867	24,685	(11.3)%.
Non-controlling interests	**331**	1	2,166	n.m.	**106**	1,259	2,095	(91.6)%
Earnings (loss) per common share – diluted	**$ 0.17**	$ 0.25	$ 0.29	(32.0)%	**0.45**	$ 0.48	$ 0.17	(6.2)%
Dividends per common share	**$ 0.05**	$ 0.01	$ 0.01	400.0%	**$ 0.15**	$ 0.03	$ 0.03	n.m.
Total assets	**$ 4,453,741**	$ 3,998,083	$ 3,317,204	11.4%				
Total liabilities	**$ 3,600,164**	$ 3,156,579	$ 2,538,841	14.1%				
Non-controlling interests	**$ 2,343**	$ 2,338	$ 12,031	0.2%				
Total shareholders' equity	**$ 851,234**	$ 839,166	$ 766,332	1.4%				
Number of employees	**2,316**	2,048	1,939	13.1%				
Excluding significant items(5)								
Total revenue	**308,014**	331,600	309,442	(7.1)%	**904,219**	905,759	700,797	(0.2)%
Total expenses	**277,004**	285,702	259,160	(3.0)%	**806,107**	792,394	642,356	1.7%
Income before income taxes	**31,010**	45,898	50,282	(32.4)%	**98,112**	113,365	58,441	(13.5)%
Net income	**30,458**	36,843	39,182	(17.3)%	**84,872**	90,745	44,345	(6.5)%
Net income attributable to:								
CGGI shareholders	**29,970**	36,842	37,016	(18.7)%	**84,402**	89,486	42,250	(5.7)%
Non-controlling interests	**488**	1	2,166	n.m.	**470**	1,259	2,095	(62.7)%
Net income attributable to common shareholders	**27,619**	34,491	34,665	(19.9)%	**77,349**	82,433	35,008	(6.2)%
Earnings per common share – diluted	**0.23**	0.28	0.31	(17.9)%	**0.64**	0.69	0.33	(7.2)%

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

(2) The operating results of the Australian operations have been fully consolidated, and a 15% non-controlling interest has been recognized for the nine months ended December 31, 2019 [April 1, 2018 to August 9, 2018 — 42% and post acquisition of an additional 30% interest in the Australian operations on August 10, 2018 — 15%; nine months ended December 31, 2017 — 42%].

(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible, intangible and right of use assets, and development costs.

(4) Restructuring costs for the three and nine months ended December 31, 2019 were incurred in connection with our UK & Europe wealth management operations, as well as real estate and other integration costs related to the acquisition of Patersons in Australia. Restructuring costs for the nine months ended December 31, 2018 were incurred in connection with our UK & Europe capital markets. Restructuring costs for the nine months ended December 31, 2017 were related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.

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

(6) Data includes the operating results of Hargreave Hale since September 18, 2017, Jitneytrade since June 6, 2018, McCarthy Taylor since January 29, 2019, Petsky Prunier since February 13, 2019, Thomas Miller since May 1, 2019, and Patersons since October 21, 2019.

(7) During the nine months ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or nine month ended December 31, 2018. The comparatives for the prior period have been restated accordingly.

n.m.: not meaningful

p.p.: percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

	Three months ended December 31			Nine months ended December 31		
(C$ thousands, except per share and % amounts)	**2019**	2018	Quarter-over-quarter change	**2019**	2018 (restated)[3]	YTD-over-YTD change
Total revenue per IFRS	**$ 308,014**	$ 331,600	(7.1)%	**$ 904,219**	$ 905,759	(0.2)%
Total expenses per IFRS	**285,731**	290,991	(1.8)%	**834,414**	818,646	1.9%
Revenue						
Total revenue excluding significant items	**308,014**	331,600	(7.1)%	**904,219**	905,759	(0.2)%
Total expenses per IFRS	**285,731**	290,991	(1.8)%	**834,414**	818,646	1.9%
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	**2,458**	639	284.7%	**7,394**	1,857	298.2%
Restructuring costs	**—**	—	—	**—**	1,316	(100.0)%
Acquisition related costs	**—**	—	—	**1,806**	1,173	54.0%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**3,445**	2,745	25.5%	**10,016**	8,353	19.9%
Restructuring costs	**1,250**	—	n.m.	**2,348**	—	n.m.
Acquisition-related costs	**—**	170	(100.0)%	**2,308**	170	n.m.
Incentive based costs related to acquisitions[2]	**1,574**	1,490	5.6%	**4,435**	4,530	(2.1)%
Development costs	**—**	245	(100.0)%	**—**	245	(100.0)%
Significant items recorded in Corporate and Other						
Loss on extinguishment of convertible debentures[3]	**—**	—		**—**	8,608	(100.0)%
Total significant items	**8,727**	5,289	65.0%	**28,307**	26,252	7.8%
Total expenses excluding significant items	**277,004**	285,702	(3.0)%	**806,107**	792,394	1.7%
Net income before taxes – adjusted	**$ 31,010**	$ 45,898	(32.4)%	**$ 98,112**	$ 113,365	(13.5)%
Income taxes – adjusted	**552**	9,055	(93.9)%	**13,240**	22,620	(41.5)%
Net income – adjusted	**$ 30,458**	$ 36,843	(17.3)%	**$ 84,872**	$ 90,745	(6.5)%
Net income attributable to common shareholders, adjusted	**27,619**	34,491	(19.9)%	**77,349**	82,433	(6.2)%
Earnings per common share – basic, adjusted	**$ 0.29**	$ 0.35	(17.1)%	**$ 0.77**	$ 0.86	(10.5)%
Earnings per common share – diluted, adjusted	**$ 0.23**	$ 0.28	(17.9)%	**$ 0.64**	$ 0.69	(7.2)%

n.m.: not meaningful

(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 business.

(3) During the nine months ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or nine months ended December 31, 2018. The comparatives for the prior period have been restated accordingly.

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 the "UK & Europe". Starting in Q1/20, our Asian based operations, including 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 segment 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 December 31, 2019, 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 and Australia or in respect of the goodwill recorded in Canaccord Genuity Capital

Markets Canada or Canaccord Genuity Capital Markets US. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors. In addition, notwithstanding that there may be no change in the performance estimates used by the Company for purposes of determining whether there has been any impairment in its indefinite life intangible asset related to the Genuity brand name, in the event that the Company changes the way in which it uses that asset the Company may be required to record an impairment charge.

Revenue

Third quarter 2020 vs. third quarter 2019

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

Revenue for the three months ended December 31, 2019 was $308.0 million, a decrease of 7.1% or $23.6 million compared to the same period a year ago. The Canaccord Genuity Capital Markets segment experienced a decrease of $35.2 million or 16.8% in Q3/20 compared to the same quarter in the prior year, mainly due to lower investment banking and commission and fees revenue across our Canadian, US and UK operations, partially offset by an increase in advisory fees generated in the US and the UK & Europe. Compared to an exceptionally strong quarter in Q3/19, revenue in our Canadian operations decreased by $35.3 million or 42.3%, mainly due to lower investment banking revenue recorded during the current quarter. In the US, advisory revenue increased by $16.3 million or 125.3% due to contributions from the acquisition of Petsky Prunier in Q4/19. Partially offsetting the higher advisory fees were decreases in commissions and fees, investment banking and principal trading revenue, leading to an overall increase in US revenue of $1.0 million in Q3/20 compared to the prior year. Our UK & Europe operations completed certain advisory mandates during Q3/20, which led to an increase of 12.7% in advisory fees revenue compared to Q3/19. This was partially offset by lower investment banking revenue as a result of the lower activity in the UK markets. Our Australian operations recorded an increase of $6.8 million or 108.3% in revenue due to higher investment banking revenue from increased activity during the third quarter of fiscal 2020 primarily driven by activity in the mining sector.

Revenue from our global Canaccord Genuity Wealth Management segment increased by $12.4 million or 10.7% compared to Q3/19, partially driven by contributions from the acquisition of Patersons in October 2019. As a result of a growth in fee-based revenue resulting from increased client assets and contributions from our acquisitions of McCarthy Taylor and Thomas Miller, revenue in our UK & Europe wealth management operations increased by $9.5 million or 15.4% compared to Q3/19. Measured in local currency (GBP), revenue increased by £5.4 million or 15.0% compared to the same period last year. Revenue from our North America wealth management operations decreased by $8.2 million or 15.1% compared to the three months ended December 31, 2018, mainly due to lower investment banking revenue resulting from lower new issue activity. In addition, there was $11.1 million of revenue generated representing a $10.1 million increase over the wealth management revenue of $1.0 million in Q3/19 as a result of the acquisition of Patersons during Q3/20 (wealth management revenue in Australia has been 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 $4.1 million or 2.8% to $147.2 million compared to Q3/19. The increase was driven by higher commission and fees revenue generated from our UK & Europe and Australia wealth management operations. Partially offsetting the increase was a decline in commissions and fees revenue of $13.0 million or 26.3% generated in our capital markets operations compared to Q3/19.

Investment banking revenue decreased by $47.4 million or 47.9% to $51.6 million in Q3/20 compared to the same period a year ago as a result of a decline in equity capital markets activities. All of our core operating regions experienced decreases in investment banking revenue except for Australia, which generated $9.3 million of investment banking revenue in Q3/20, up from $3.3 million in Q3/19.

Advisory fee revenue was $60.7 million, an increase of $20.0 million or 49.1% from the same quarter a year ago. Our US capital markets operations reported an increase of $16.3 million in advisory fees revenue due to the acquisition of Petsky Prunier in Q4/19. Our UK & Europe operations also reported an increase of $2.4 million in advisory fees revenue in Q3/20 compared to Q3/19 due to the completion of certain mandates. Advisory fees revenue in our Canadian operations remained fairly consistent with Q3/19, recording a small increase of $0.5 million or 6.1%.

Principal trading revenue was $27.1 million in Q3/20, representing a $3.6 million or 11.8% decrease compared to Q3/19, largely due to reduced trading activity and lower revenue in our US operations.

Interest revenue was $16.6 million for the three months ended December 31, 2019, representing an increase of $3.9 million or 30.9% from Q3/19, mostly attributable to our Canadian capital markets operations resulting from higher stock loan revenue and increased margin lending. Other revenue was $4.8 million for Q3/20, a decrease of $0.5 million from the same period a year ago as a result of a decrease in revenue from our correspondent services business.

Year-to-date fiscal 2020 vs. year-to-date fiscal 2019

Revenue for the nine months ended December 31, 2019 was $904.2 million, a decrease of 0.2% or $1.5 million compared to the same period a year ago. Revenue from our capital markets operations decreased by $31.4 million or 5.8% to $512.9 million for the nine months ended December 31, 2019. Partially offsetting this decrease was an increase in revenue from our global wealth management operations, which generated $373.5 million on a year to date basis in fiscal 2020, representing an increase of $28.8 million or 8.4% compared to the same period in the prior year.

Commissions and fees revenue was $421.3 million, representing an increase of $2.4 million or 0.6% compared to the nine months ended December 31, 2018, mainly as a result of the growth in our UK & Europe and Australian wealth management operations.

Investment banking revenue decreased by $45.6 million or 19.5% to $188.3 million compared to the first nine months of fiscal 2019. As a result of lower financing activity, investment banking revenue decreased across most of our core operating regions. Our Canadian capital markets operations reported the largest decrease of $30.0 million or 28.2% compared to the same period in the prior year, partially due to a reduction in financing activity by issuers in the cannabis industry.

Advisory fees revenue of $156.5 million represented an increase of 42.3% or $46.5 million compared to the same period in the prior year, primarily due to increases of $41.9 million or 124.7% in our US capital markets operations and $9.2 million or 28.4% in our UK & Europe operations, respectively, due to contributions from the acquisition of Petsky Prunier in the US in Q4/19 and the completion of certain mandates during the period in the UK & Europe.

Revenue derived from principal trading was $73.5 million, a decrease of $17.2 million or 18.9% compared to the nine months ended December 31, 2018. Our UK & Europe operations reported a decrease of $6.9 million or 49.9% compared to the same period in the prior year, due to changes in our staffing mix resulting from our restructuring efforts. In addition, our US office also recorded a decline of $10.8 million or 14.7% compared to the nine-month period ended December 31, 2018 due to decreased trading activity.

Interest revenue increased by $11.2 million or 30.0% compared to the nine months ended December 31, 2018 to $48.5 million on a year to date basis for fiscal 2020 mainly due to higher stock loan revenue earned from our Canadian capital markets operations. Other revenue increased by $1.1 million to $16.1 million during the nine months ended December 31, 2019 due to an increase in revenue from our correspondent services business.

Expenses

Expenses for the three months ended December 31, 2019 were $285.7 million, a decrease of 1.8% or $5.3 million from Q3/19. Excluding significant items[1], expenses as a percentage of revenue increased by 3.8 percentage points for Q3/20 compared to Q3/19 and by 1.7 percentage points for the nine months ended December 31, 2019 compared to the nine months ended December 31, 2018, driven by the decrease in revenue in Q3/20 compared to Q3/19 and the non-variable nature of certain components of compensation expense and other overhead costs.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended December 31			Nine months ended December 31		
	2019	2018	Quarter-over-quarter change	**2019**	**2018 (restated)[2]**	YTD-over-YTD change
Compensation expense	**60.6%**	59.1%	1.5 p.p.	**59.6%**	**59.8%**	(0.2) p.p.
Other overhead expenses[1]	**31.8%**	28.7%	3.1 p.p.	**31.9%**	**29.5%**	2.4 p.p.
Restructuring costs	**0.4%**	0.0%	0.4 p.p.	**0.3%**	**0.1%**	0.2 p.p.
Acquisition-related costs	**0.0%**	0.0%	0.0 p.p.	**0.5%**	**0.1%**	0.4 p.p.
Loss on extinguishment of convertible debentures[2]	**0.0%**	0.0%	0.0 p.p.	**0.0%**	**0.9%**	(0.9) p.p.
Share of loss of an associate	**0.0%**	0.0%	0.0 p.p.	**0.0%**	**0.0%**	0.0 p.p.
Total	**92.8%**	87.8%	5.0 p.p.	**92.3%**	**90.4%**	1.9 p.p.

(1) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization and development costs.
(2) During the nine months ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The comparatives for the prior period have been restated accordingly.
p.p.: percentage points

Compensation expense

Third quarter 2020 vs. third quarter 2019

Commencing in Q1/20, expenses previously recorded as incentive compensation expense and salaries and benefits are combined under compensation costs. This reclassification reflects the way in which management manages overall compensation. Comparatives for prior periods have also been similarly combined.

Compensation expense in Q3/20 was $186.6 million, a decrease of $9.3 million or 4.7% compared to Q3/19, consistent with the decrease in revenue during the quarter. Compensation expense as a percentage of revenue increased slightly from 59.1% in Q3/19 to 60.6% in Q3/20 mainly due to a reduction in revenue relative to the fixed staff costs and adjustments to discretionary incentive compensation pools.

Year-to-date fiscal 2020 vs. year-to-date fiscal 2019

Compensation expense for the nine months ended December 31, 2019 was $539.3 million, a decrease of $2.0 million or 0.4% compared to Q3/19, due to the decrease in incentive-based revenue. Compensation expense as a percentage of revenue decreased slightly by 0.2 percentage point to 59.6% for the nine months ended December 31, 2019.

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

OTHER OVERHEAD EXPENSES

	Three months ended December 31			Nine months ended December 31		
(C$ thousands, except % amounts)	2019	2018	Quarter-over-quarter change	2019	2018	YTD-over-YTD change
Trading costs	$ 19,836	$ 24,575	(19.3)%	$ 61,039	$ 65,537	(6.9)%
Premises and equipment	4,501	10,647	(57.7)%	13,509	30,824	(56.2)%
Communication and technology	17,739	16,575	7.0%	49,288	46,776	5.4%
Interest	8,490	5,903	43.8%	24,914	19,715	26.4%
General and administrative	26,519	26,689	(0.6)%	83,175	71,665	16.1%
Amortization(1)	8,415	5,675	48.3%	24,400	18,511	31.8%
Amortization of right of use assets	5,832	—	n.m.	17,353	—	n.m.
Development costs	6,560	4,661	40.7%	14,763	12,573	17.4%
Total other overhead expenses	$ 97,892	$ 94,725	3.3%	$ 288,441	$ 265,601	8.6%

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

Third quarter 2020 vs. third quarter 2019

Other overhead expenses were $97.9 million, an increase of 3.3% in Q3/20 compared to Q3/19. As a percentage of revenue, other overhead expenses were 31.8% in Q3/20 compared to 28.7% in Q3/19, an increase of 3.1%. The increase in overhead expenses was largely driven by higher interest expense, amortization expense and development costs, partially offset by lower premises and equipment expense (including amortization of right of use assets) and trading costs.

As discussed in previous fiscal 2020 quarterly management discussion and analysis, as a result of the adoption of the new accounting standard IFRS 16 Leases (IFRS 16), lease payments are no longer recorded through premises & equipment expense. Instead, right of use (ROU) assets are recorded together with the corresponding lease liabilities on the statement of financial position. The comparatives for the prior periods have not been restated as part of the transition to IFRS 16. As a result of this change in accounting policy, premises and equipment expense for Q3/20 decreased by $6.1 million or 57.7% compared to Q3/19, with a similar charge of $5.8 million being recorded as amortization of ROU assets in the current period.

In addition, amortization expense increased by $2.7 million or 48.3% compared to the same period in the prior year largely as a result of the amortization of intangible assets related to the acquisitions of Petsky Prunier and McCarthy Taylor in Q4/19 and Thomas Miller in Q1/20.

Interest expense increased by $2.6 million or 43.8% compared to Q3/19 mainly due to the interest on lease liabilities recorded under IFRS 16 and additional bank debt obtained in connection with the acquisition of Thomas Miller in Q1/20. Trading costs decreased by $4.7 million or 19.3% compared to the three months ended December 31, 2018, mostly attributable to lower costs in our US operations due to lower activity levels.

Development costs increased by $1.9 million or 40.7% compared to the same period in the prior year as a result of certain incentive-based costs related to the various acquisitions and growth initiatives in our Canadian and UK & Europe wealth management operations.

Year-to-date fiscal 2020 vs. year-to-date fiscal 2019

Other overhead expenses for the nine months ended December 31, 2019 increased by $22.8 million to $288.4 million, an 8.6% increase from the same period a year ago. As a percentage of revenue, other overhead expenses increased by 2.4 percentage points compared to the nine months ended December 31, 2018.

As discussed above, the Company adopted IFRS 16 at the beginning of fiscal 2020. This change in accounting standard resulted in a reduction in premises and equipment expense of $17.3 million and a charge of $17.4 million of amortization of ROU assets for the nine months ended December 31, 2019.

Communication and technology expense increased by $2.5 million or 5.4% in the nine months ended December 31, 2019, mainly due to the expansion in our global wealth management operations. Higher headcounts in our Canadian and US capital markets operations also led to increased communication and technology expense in the first nine months of fiscal 2020. Interest expense increased by $5.2 million or 26.4% compared to the nine months ended December 31, 2018, partially as a result of the interest expense recorded in relation to the lease liabilities after adoption of IFRS 16. In addition, interest expense also increased in our UK & Europe wealth management operations in connection with the additional bank loan obtained to finance the acquisition of Thomas Miller.

General and administrative expense increased by $11.5 million or 16.1% for the nine months ended December 31, 2019 compared to the same period in the prior year. Our Canadian capital markets operations reported an increase of $7.4 million or 61.8% compared to the same period in the prior year partially as a result of higher conference costs and professional fees. In addition, our UK & Europe wealth management operations also reported an increase of $2.1 million or 14.6% due to reserves recorded in connection with ongoing legal matters as well as costs to support the growth in this operating segment.

The increase in amortization expense of $5.9 million or 31.8% related to the amortization of intangible assets acquired in connection with our acquisitions of Petsky Prunier and McCarthy Taylor in Q4/19, and Thomas Miller in Q1/20.

Development costs increased by $2.2 million or 17.4% compared to the nine-month period ended December 31, 2018 largely due to incentive-based costs in our Canadian and UK & Europe wealth management operations.

Partially offsetting the above increases was a decline of $4.5 million or 6.9% in trading costs compared to the same period in the prior year, which was consistent with the decrease in commission and fees revenue.

There were $1.1 million of restructuring costs recorded in the nine months ended December 31, 2019 in connection with our UK & Europe wealth management operations as a result of the integration activity in connection with our acquisition activity in the UK. In addition, there was $1.3 million of restructuring costs related to certain integration and real estate costs in connection with the acquisition of Patersons in Q3/20. During the nine-month period ended December 31, 2018, there were $1.3 million of restructuring costs recorded in connection with our UK & Europe capital markets operations.

There were acquisition related costs of $4.1 million recorded in the first nine months of fiscal 2020 related to the acquisitions of Thomas Miller in Q1/20 and other integration costs, as well as the acquisition of Patersons that closed in October 2019.

Income tax

Third quarter 2020 vs. third quarter 2019

During the three months ended December 31, 2019, there was $6.0 million of deferred tax assets recognized in connection with our US operations which, because of the historical losses in the US, had not been recognized previously. As a result of the recognition of the deferred tax assets during the current quarter, the effective tax rate for Q3/20 was (2.5)% compared to an effective tax rate of 20.1% in the same quarter last year.

Year-to-date fiscal 2020 vs. year-to-date fiscal 2019

For the nine months ended December 31, 2019, the effective tax rate was 13.6%, a decrease of 7.0 percentage points from the same period in the prior year due to the recognition of the deferred tax assets in Q3/20.

Net income

Third quarter 2020 vs. third quarter 2019

Net income for Q3/20 was $22.8 million compared to net income of $32.5 million in the same period a year ago. Diluted earnings per common share were $0.17 in Q3/20 compared to diluted earnings per common share of $0.25 in Q3/19.

Excluding significant items(1), which include amortization of certain intangible assets, acquisition-related costs, restructuring costs and certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business and before non-controlling interests and preferred share dividends, net income for Q3/20 was $30.5 million compared to net income of $36.8 million in Q3/19. Diluted earnings per common share, excluding significant items(1), were $0.23 in Q3/20 compared to diluted earnings per common share excluding significant items(1) of $0.28 in Q3/19.

Year-to-date fiscal 2020 vs. year-to-date fiscal 2019

Net income for the nine months ended December 31, 2019 was $60.3 million compared to net income of $69.1 million in the same period a year ago. Diluted earnings per common share were $0.45 in the current period compared to diluted earnings per common share of $0.48 in the same period in the prior year.

Excluding significant items(1), which include amortization of certain intangible assets, acquisition-related costs, restructuring costs and certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business, and before non-controlling interests and preferred share dividends, net income for year-to-date fiscal 2020 was $84.9 million compared to net income of $90.7 million in year-to-date fiscal 2019. Diluted earnings per common share, excluding significant items(1), were $0.64 for the nine-month period compared to diluted earnings per common share excluding significant items(1) of $0.69 for the same period in the prior year.

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

Results of Operations by Business Segment

CANACCORD GENUITY CAPITAL MARKETS(1)(2)(5)

(C$ thousands, except number of employees and % amounts)	Three months ended December 31 2019	2018	Quarter-over-quarter change	Nine months ended December 31 2019	2018	YTD-over-YTD change
Revenue	$ 174,174	$ 209,373	(16.8)%	$ 512,890	$ 544,279	(5.8)%
Expenses						
Compensation expense	103,453	117,502	(12.0)%	295,526	310,226	(4.7)%
Other overhead expenses	53,219	56,147	(5.2)%	166,801	153,115	8.9%
Acquisition-related costs	—	—	n.m.	1,806	1,173	54.0%
Restructuring costs	—	—	n.m.	—	1,316	(100.0)%
Total expenses	156,672	173,649	(9.8)%	464,133	465,830	(0.4)%
Intersegment allocations(3)	3,949	4,628	(14.7)%	12,721	13,043	(2.5)%
Income before income taxes(3)	$ 13,553	$ 31,096	(56.4)%	$ 36,036	$ 65,406	(44.9)%
Number of employees	796	772	3.1%	—	—	—
Excluding significant items(4)						
Total expenses	$ 154,214	$ 173,010	(10.9)%	$ 454,933	$ 461,484	(1.4)%
Intersegment allocations(3)	3,949	4,628	(14.7)%	12,721	13,043	(2.5)%
Income before income taxes(4)	$ 16,011	$ 31,735	(49.5)%	$ 45,236	$ 69,752	(35.1)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 15% non-controlling interest has been recognized and included in the Canaccord Genuity Capital Markets business segment for the three and nine months ended December 31, 2019 [three and nine months ended December 31, 2018 — 15%].
(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 23.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
(5) Operating results for Jitneytrade are included beginning June 6, 2018 and Petsky Prunier since February 13, 2019.
n.m. not meaningful

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

Revenue from Canaccord Genuity Capital Markets is generated from commissions and institutional sales and trading activity, fees earned in connection with investment banking and advisory transactions, as well as trading gains and losses from Canaccord Genuity Capital Markets' principal and international trading operations. Interest from stock lending activity is also recorded in our capital markets division.

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

	Three months ended December 31 2019	2018	Quarter-over-quarter change	Nine months ended December 31 2019	2018	YTD-over-YTD change
Revenue generated in:						
Canada	27.6%	39.8%	(12.2) p.p.	32.3%	37.9%	(5.6) p.p.
UK & Europe	17.7%	18.4%	(0.7) p.p.	14.3%	14.7%	(0.4) p.p.
US	47.2%	38.8%	8.4 p.p.	47.7%	42.3%	5.4 p.p.
Australia	7.5%	3.0%	4.5 p.p.	5.7%	5.1%	0.6 p.p.
Other Foreign Locations	n.m.	0.0%	n.m.	n.m.	0.0%	n.m.
Canaccord Genuity Capital Markets (total)	100.0%	100.0%		100.0%	100%	

p.p.: percentage points
n.m.: not meaningful

Third quarter 2020 vs. third quarter 2019

Revenue

Canaccord Genuity Capital Markets generated revenue of $174.2 million in Q3/20, a decrease of 16.8% or $35.2 million from the same quarter a year ago. Our Canadian capital markets operations reported the largest decrease in revenue of $35.3 million or 42.3% compared to the three months ended December 31, 2018 due to lower investment banking and commissions and fees revenue. In our UK & Europe operations, revenue decreased by $7.7 million or 20.1% compared to Q3/19, largely due to lower investment banking revenue in the quarter compared to an exceptionally strong quarter in Q3/19 which was partially offset by higher advisory fees revenue in the US. Partially offsetting these decreases was an increase in revenue in our Australian operations, which increased by $6.8 million or 108.3% compared to Q3/19, mainly attributable to an increase in investment banking revenue. Lastly, our US operations generated a modest increase of $1.0 million or 1.2% compared to the same period last year.

Expenses

Expenses for Q3/20 were $156.7 million, a decrease of 9.8% or $17.0 million compared to Q3/19. Excluding significant items[(1)], total expenses as a percentage of revenue increased by 5.9 percentage points compared to the same quarter in the prior year, primarily as a result of the lower revenue and the fixed nature of certain overhead costs and certain components of compensation expense.

Compensation expense

Compensation expense for Q3/20 decreased by $14.0 million or 12.0% compared to Q3/19 as a result of the decrease in incentive-based revenue. Compensation expense as a percentage of revenue was 59.4%, an increase of 3.3 percentage points compared to Q3/19.

Compensation expense as a percentage of revenue increased across most of our core operations during the three months ended December 31, 2019. In Canada and the UK & Europe, the compensation ratio increased as a result of lower revenue and the fixed nature of certain components of the compensation expense. Our US operations reported an increase of 3.6 percentage points compared to Q3/19 due to adjustments to incentive compensation pools and fixed staff costs. In Australia, total compensation as a percentage of revenue decreased by 6.6 percentage points from Q3/19 due to the increase in revenue relative to fixed staff costs.

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

	Three months ended December 31			Nine months ended December 31		
	2019	2018	Quarter-over-quarter change	**2019**	2018	YTD-over-YTD change
Canada	**52.9%**	50.8%	2.1 p.p.	**52.0%**	50.2%	1.8 p.p.
UK & Europe	**65.7%**	62.5%	3.2 p.p.	**63.1%**	71.5%	(8.4) p.p.
US	**61.5%**	57.9%	3.6 p.p.	**59.4%**	57.4%	2.0 p.p.
Australia	**55.1%**	61.7%	(6.6) p.p.	**60.4%**	60.8%	(0.4) p.p.
Other Foreign Locations	**n.m.**	n.m.	n.m.	**n.m.**	n.m.	n.m.
Canaccord Genuity Capital Markets (total)	**59.4%**	56.1%	3.3 p.p.	**57.6%**	57.0%	0.6 p.p.

p.p.: percentage points
n.m.: not meaningful

Other overhead expenses

Total other overhead expenses for Q3/20 were $53.2 million or 30.6% as a percentage of revenue, compared to 26.8% for Q3/19.

General and administrative expense in Q3/20 was $14.2 million, a decrease of $0.5 million or 3.1% over Q3/19. In addition, interest expense increased by $1.3 million or 51.9% partially due to interest recorded on lease liabilities under IFRS 16.

As discussed previously, as a result of the change in the accounting standard for leases, premises and equipment expense decreased by $4.0 million compared to Q3/19, with a similar increase in the amortization of ROU assets. Amortization expense in Q3/20 was also impacted by the amortization of intangible assets acquired in connection with the acquisition of Petsky Prunier in Q4/19.

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $13.6 million in Q3/20 compared to net income of $31.1 million in the same quarter a year ago. Excluding significant items[(1)], income before income taxes, including allocated overhead expenses, was $16.0 million in Q3/20, compared to income before income taxes of $31.7 million in Q3/19. The decrease in income before income taxes was mostly attributable to lower revenue as well as certain fixed components of compensation and overhead costs.

Year to date fiscal 2020 vs. year-to-date fiscal 2019

Revenue

For the nine months ended December 31, 2019, Canaccord Genuity Capital Markets generated revenue of $512.9 million, a decrease of $31.4 million or 5.8% from the nine-month period a year ago. Our Canadian operations recorded lower investment banking and commissions and fees revenue, partially offset by higher interest revenue earned during the current period. Our UK & Europe operations generated higher advisory fees revenue during the nine-month period due to the completion of certain advisory mandates, but this region was negatively impacted by the lower investment banking and commissions and fees revenue, as well as a reduction in principal trading activity. Offsetting the decreases in Canada and UK & Europe were growth in both our US and Australian regions. A significant increase of 124.7% in our advisory fees revenue in the US operations in the current period offset the lower investment banking, commissions and fees and principal trading revenue during the quarter, leading to an overall increase of $14.6 million or 6.4% in total revenue. Revenue in our Australian region also increased by $1.4 million or 4.9% compared to the nine-month period in the prior year due to higher investment banking activity.

Expenses

Expenses for the nine months ended December 31, 2019 were $464.1 million, a decrease of $1.7 million or 0.4% compared to the same period in the prior year. Excluding significant items[(1)], total expenses as a percentage of revenue increased by 3.9 percentage points compared to the nine-month period in the prior year.

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

Compensation expense

Compensation expense for the nine months ended December 31, 2019 decreased by $14.7 million or 4.7% compared to the same period in the prior year. Compensation expense as a percentage of revenue was 57.6%, an increase of 0.6 percentage points compared to the first nine months of fiscal 2019.

Other overhead expenses

Other overhead expenses increased by $13.7 million or 8.9% over the same period in the prior year. The most significant increases include general and administrative expense, interest expense and amortization expense.

General and administrative expense for the nine-month period ended December 31, 2019 was $48.1 million, an increase of $9.5 million or 24.7% over the same period in the prior year, partially as a result of higher conference costs and additional professional and promotion and travel expenses incurred to support the higher headcount in our Canadian and US operations. There was also an increase of $4.0 million or 52.1% in interest expense mainly due to the recognition of interest expense related to lease liabilities as prescribed under IFRS 16. In addition, this accounting change also led to a decrease in premises and equipment expense of $10.7 million compared to the first nine months of fiscal 2019, with a similar increase in amortization of ROU assets. Amortization expense for the nine months ended December 31, 2019 was also impacted by the amortization of intangible assets in connection with the acquisition of Petsky Prunier completed in Q4/19.

There were acquisition-related costs of $1.8 million recorded in connection with the acquisitions of Petsky Prunier and Patersons during the first nine months of fiscal 2020.

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $36.0 million for the nine months ended December 31, 2019 compared to net income of $65.4 million in the same period a year ago. Excluding significant items[(1)], income before income taxes, including allocated overhead expenses, was $45.2 million in the current period compared to income before income taxes of $69.8 million in the first nine months of fiscal 2019.

CANACCORD GENUITY WEALTH MANAGEMENT

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

CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA[(1)]

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended December 31 2019	Three months ended December 31 2018	Quarter-over-quarter change	Nine months ended December 31 2019	Nine months ended December 31 2018	YTD-over-YTD change
Revenue	**$ 46,019**	$ 54,202	(15.1)%	**$ 152,833**	$ 153,190	(0.2)%
Expenses						
Compensation expense	**26,935**	31,420	(14.3)%	**88,276**	88,191	0.1%
Other overhead expenses	**12,715**	11,196	13.6%	**35,301**	34,178	3.3%
Total expenses	**39,650**	42,616	(7.0)%	**123,577**	122,369	1.0%
Intersegment allocations[(2)]	**2,238**	2,725	(17.9)%	**9,259**	9,131	1.4%
Income before income taxes[(2)]	**$ 4,131**	$ 8,861	(53.4)%	**$ 19,997**	$ 21,690	(7.8)%
AUM – Canada (discretionary)[(3)]	**4,584**	3,954	15.9%			
AUA – Canada[(4)]	**20,989**	18,260	14.9%			
Number of Advisory Teams – Canada	**147**	150	(2.0)%			
Number of employees	**425**	425	—			
Excluding significant items[(5)]						
Total expenses	**$ 39,650**	$ 42,616	(7.0)%	**$ 123,577**	$ 122,369	1.0%
Intersegment allocations[(2)]	**2,238**	2,725	(17.9)%	**9,259**	9,131	1.4%
Income before income taxes[(2)]	**4,131**	8,861	(53.4)%	**19,997**	21,690	(7.8)%

(1) Data is in accordance with IFRS except for AUM, AUA, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 6.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 23.
(3) AUM in Canada are assets managed on a discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program*.
(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees and includes AUM.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
n.m.: not meaningful

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

Third quarter 2020 vs. third quarter 2019

Revenue from Canaccord Genuity Wealth Management North America was $46.0 million, a decrease of $8.2 million or 15.1% compared to the three months ended December 31, 2018. The decrease was primarily due to a reduction in investment banking revenue earned during the current quarter.

AUA in Canada increased by 14.9% to $21.0 billion at December 31, 2019, compared to $18.3 billion at December 31, 2018, reflecting our continued development initiatives in this sector. There were 147 Advisory Teams in Canada, a decrease of three from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue increased by 11.6 percentage points compared to Q3/19 and accounted for 45.2% of the wealth management revenue in Canada during the third quarter of fiscal 2020.

Total expenses for Q3/20 were $39.7 million, a decrease of $3.0 million or 7.0% compared to Q3/19. Total compensation expense decreased by $4.5 million, consistent with the decrease in incentive-based revenue during the quarter. Compensation expense as a percentage of revenue increased by 0.6 percentage points to 58.5% in Q3/20 compared to Q3/19.

Other overhead expenses were $12.7 million, an increase of 13.6% in Q3/20 compared to Q3/19. The most significant increase was in general and administrative expense, which increased by $0.5 million or 20.6%.

Premises and equipment expense decreased by $0.5 million compared to Q3/19 as a result of the change to the lease accounting standard as discussed above, with a corresponding increase of $0.6 million for the amortization of right of use assets recorded in Q3/20.

Income before income taxes was $4.1 million in Q3/20 compared to income before taxes of $8.9 million in Q3/19 primarily due to the decrease in revenue.

Year-to-date fiscal 2020 vs. year-to-date fiscal 2019

Revenue from Canaccord Genuity Wealth Management North America was $152.8 million for the nine months ended December 31, 2019, a decrease of $0.4 million or 0.2% compared to the same period in the prior year. The decrease was due to lower investment banking revenue partially offset by an increase in commission and fees revenue.

Total expenses for the nine months ended December 31, 2019 were $123.6 million, an increase of $1.2 million or 1.0% compared to the same period in the prior year. Total compensation expense as a percentage of revenue increased slightly by 0.2 percentage point to 57.8% for the nine-month period ended December 31, 2019.

Other overhead expenses increased by 3.3% over the same period in the prior year. Trading costs increased by $1.7 million or 17.9% compared to the same period in the prior year, in line with the increase in commissions and fees revenue. Development costs also increased by $1.1 million or 18.5% resulting from amortization of new-hire incentive-based payments to new recruits.

Offsetting these increases was a decline in general and administrative expense of $0.7 million or 7.9% due to a reduction in conference costs as well as lower client transfers resulting in lower transfer fees. Premises and equipment expense decreased by $2.0 million as a result of the adoption of IFRS 16, with a similar increase in amortization of ROU assets expense.

Income before income taxes was $20.0 million for the nine months ended December 31, 2019 compared to income before taxes of $21.7 million in the same period in the prior year due to lower revenue and increases in certain overhead costs that do not vary with revenue.

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

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

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended December 31 2019	Three months ended December 31 2018	Quarter-over-quarter change	Nine months ended December 31 2019	Nine months ended December 31 2018	YTD-over-YTD change
Revenue	**$ 71,300**	$ 61,777	15.4%	**$ 209,599**	$ 191,491	9.5%
Expenses						
Compensation expense	**37,635**	34,652	8.6%	**113,702**	108,950	4.4%
Other overhead expenses	**24,050**	20,698	16.2%	**65,960**	57,640	14.4%
Restructuring expense	**—**	—	n.m.	**1,098**	—	n.m.
Acquisition-related costs	**—**	170	(100.0)%	**2,308**	170	n.m.
Total expenses	**61,685**	55,520	11.1%	**183,068**	166,760	9.8%
Intersegment allocations(2)	**291**	305	(4.6)%	**902**	917	(1.6)%
Income before income taxes(2)	**9,324**	5,952	56.7%	**25,629**	23,814	7.6%
AUM – UK & Europe(3)	**48,110**	41,153	16.9%			
Number of investment professionals and fund managers	**214**	188	13.8%			
Number of employees	**557**	548	1.6%			
Excluding significant items(4)						
Total expenses	**$ 56,666**	$ 50,870	11.4%	**$ 165,211**	$ 153,462	7.7%
Intersegment allocations(2)	**291**	305	(4.6)%	**902**	917	(1.6)%
Income before income taxes(2)	**14,343**	10,602	35.3%	**43,486**	37,112	17.2%

(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 23.
(3) AUM in the UK & Europe is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
(5) Includes the operating results of McCarthy Taylor which was acquired on January 29, 2019 and the operating results of Thomas Miller since the acquisition date of May 1, 2019.

Operating results of McCarthy Taylor are included since the closing date of January 29, 2019 and the operating results of Thomas Miller after the closing date of May 1, 2019, are also included in the discussions below.

Third quarter 2020 vs. third quarter 2019

Revenue generated by our Canaccord Genuity Wealth Management UK & Europe operation is largely generated through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in levels of trading activity. Revenue for Q3/20 was $71.3 million, an increase of 15.4% or $9.5 million compared to Q3/19. Measured in local currency (GBP), revenue was £41.9 million in Q3/20 compared to £36.5 million in Q3/19, an increase of 15.0% compared to the same quarter last year, reflecting the continued growth in this sector and expansion from the recent acquisitions of McCarthy Taylor and Thomas Miller.

AUM in the UK & Europe as of December 31, 2019 was $48.1 billion, an increase of 16.9% compared to $41.2 billion as of December 31, 2018. Measured in local currency (GBP), AUM increased by 18.2% from £23.8 billion at December 31, 2018 to £28.1 billion at December 31, 2019. Fee-related revenue in our UK & European wealth management operations accounted for 74.8% of total revenue in Q3/20, an increase of 1.1 percentage point.

Driven by the increase in revenue, compensation expense increased by $3.0 million or 8.6% in Q3/20 compared to the three months ended December 31, 2018. Compensation expense as a percentage of revenue decreased by 3.3 percentage points from 56.1% in Q3/19 to 52.8% in Q3/20 mainly due to the increase in revenue relative to fixed staff costs.

Other overhead expenses for the three months ended December 31, 2019 were $24.1 million for Q3/20 compared to $20.7 million in Q3/19, an increase of 16.2% quarter over quarter. The largest increase in overhead expenses was in development costs, which increased by $1.8 million or 85.3% compared to the three months ended December 31, 2018, due to incentive-based costs related to the acquisitions and growth initiatives of the UK wealth business.

Premises and equipment expenses decreased by $1.0 million that was partially offset by an increase in amortization expense related to ROU assets recorded during the quarter due to the change in accounting standard for leases. Amortization expense also increased by $0.8 million or 21.7% as a result of the amortization of intangible assets related to the acquisition of McCarthy Taylor in Q4/19 and Thomas Miller in Q1/20. Offsetting these increases in other overhead expense was a decrease in general and administrative expenses of $0.7 million or 12.0% over Q3/19.

Income before income taxes was $9.3 million compared to $6.0 million in Q3/19. Excluding significant items(1), which includes acquisition-related costs, amortization of intangible assets acquired in business combination, restructuring expense as well as certain incentive-based costs related to the acquisitions and growth initiatives, net income before income taxes was $14.3 million, representing a $3.7 million or 35.3% increase from Q3/19.

Year-to-date fiscal 2020 vs. year-to-date fiscal 2019

Revenue from Canaccord Genuity Wealth Management UK & Europe was $209.6 million, an increase of $18.1 million or 9.5% compared to the prior year.

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

Expenses for the nine months ended December 31, 2019 increased by $16.3 million or 9.8% over the same period in the prior year. General and administrative expense increased by $2.1 million or 14.6% due to additional costs to support the growth in the UK & Europe wealth management operations. The increase in trading costs of $2.6 million or 42.0% over the same period in the prior year was due to increased trading activity.

The amortization of the ROU assets was $2.2 million for the current period, which partially offset the decrease in premises and equipment expense due to the change in the accounting standard for leases.

In addition to the other overhead costs, there were restructuring costs and acquisition-related costs of $1.1 million and $2.3 million recorded during the nine-month period ended December 31, 2019, respectively, as part of the integration of the recent acquisitions.

Income before income taxes was $25.6 million compared to $23.8 million in the nine months ended December 31, 2019. Excluding significant items[1], which includes acquisition-related costs, amortization of intangible assets acquired in business combination, restructuring expense as well as certain incentive-based costs related to the acquisitions and growth initiatives of the UK wealth business, net income before income taxes was $43.5 million, representing a $6.4 million or 17.2% increase from the same period in the prior year, reflecting the synergies and positive net contribution of our expansion in this business unit.

CANACCORD GENUITY WEALTH MANAGEMENT AUSTRALIA[1][2]

	Three months ended December 31			Nine months ended December 31		
(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	**2019**	2018	Quarter-over-quarter change	**2019**	2018	YTD-over-YTD change
Revenue	**$ 11,065**	—	n.m.	**$ 11,065**	—	n.m.
Expenses						
Compensation expense	**7,315**	—	n.m.	**7,315**	—	n.m.
Other overhead expenses	**3,527**	—	n.m.	**3,527**	—	n.m.
Restructuring expense	**1,250**	—	n.m.	**1,250**	—	n.m.
Total expenses	**12,092**	—	n.m.	**12,092**	—	n.m.
Intersegment allocations[3]	**77**	—	n.m.	**77**	—	n.m.
(Loss) income before income taxes[3]	**$ (1,104)**	—	n.m.	**$ (1,104)**	—	n.m.
AUM	**3,691**	—	n.m.			
Number of Investment Advisors	**115**	—	n.m.			
Number of employees	**201**	—	n.m.			
Excluding significant items[4]						
Total expenses	**$ 10,842**	—	n.m.	**$ 10,842**	—	n.m.
Intersegment allocations[3]	**77**	—	n.m.	**77**	—	n.m.
Income before income taxes[3]	**146**	—	n.m.	**146**	—	n.m.

(1) Data is in accordance with IFRS except for AUM, number of investment advisors and number of employees. See Non-IFRS Measures on page 6.
(2) Includes the operating results of Patersons which was acquired on October 21, 2019.
(3) Income (loss) income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 23.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
n.m.: not meaningful

Commencing Q3/20, 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 December 31, 2019, Canaccord Genuity Wealth Management Australia generated revenue of $11.1 million. AUM in the Australian wealth management operations was $3.7 billion at December 31, 2019 comprised of client assets held in its investment management platforms. In addition, client assets totalling $11.0 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 25.0% of the wealth management revenue during the third quarter of fiscal 2020.

Total expenses for Q3/20 were $12.1 million, largely made up of compensation expense and general and administrative expense. Total compensation expense as a percentage of revenue was 66.1% for Q3/20.

There was a loss before income taxes of $1.1 million in Q3/20 principally driven by restructuring costs related to integration efforts and other real estate costs. Excluding significant items[1], pre-tax income was $0.1 million for the three months ended December 31, 2019.

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

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended December 31 2019	Three months ended December 31 2018	Quarter-over-quarter change	Nine months ended December 31 2019	Nine months ended December 31 2018 restated[4]	YTD-over-YTD change
Revenue	$ 5,456	$ 6,248	(12.7)%	$ 17,832	$ 16,799	6.1%
Expenses						
Compensation expense	11,311	12,365	(8.5)%	34,518	33,996	1.5%
Other overhead expenses	4,381	6,684	(34.5)%	16,852	20,668	(18.5)%
Loss on extinguishment of convertible debentures	—	—	—	—	8,608	(100.0)%
Share of (gain) loss of an associate	(60)	157	(138.2)%	174	415	(58.1)%
Total expenses	15,632	19,206	(18.6)%	51,544	63,687	(19.1)%
Intersegment allocations[2]	(6,555)	(7,658)	14.4%	(22,959)	(23,091)	0.6%
Loss before income taxes[2]	$ (3,621)	$ (5,300)	31.7%	$ (10,753)	$ (23,797)	54.8%
Number of employees	337	303	11.2%			
Excluding significant items[3]						
Total expenses	$ 15,632	$ 19,206	(18.6)%	$ 51,544	$ 55,079	(6.4)%
Intersegment allocations[2]	(6,555)	(7,658)	14.4%	(22,959)	(23,091)	0.6%
Loss before income taxes[2]	(3,621)	(5,300)	31.7%	(10,753)	(15,189)	29.2%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 6.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 23.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
(4) During the nine months ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The comparatives for the prior period have been restated accordingly.

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 operations and support services, which are responsible for front and back office information technology systems, compliance and risk management, operations, finance, and all administrative functions.

Third quarter 2020 vs. third quarter 2019

Revenue in the Corporate and Other segment for the three months ended December 31, 2019 was $5.5 million, a decrease of $0.8 million or 12.7% from the same quarter a year ago due to a decrease in interest revenue earned on cash balances during the period.

Expenses for Q3/20 decreased by $3.6 million or 18.6% to $15.6 million compared to the three months ended December 31, 2018. Compensation expense decreased by $1.1 million or 8.5% compared to the three months ended December 31, 2018.

The decrease in other overhead expenses of $2.3 million over Q3/19 was mainly related to a reduction in general and administrative expense.

Overall, the loss before income taxes was $3.6 million in Q3/20 compared to a loss of $5.3 million in Q3/19.

Year-to-date fiscal 2020 vs. year-to-date fiscal 2019

Revenue in the Corporate and Other segment for the nine months ended December 31, 2019 was $17.8 million, an increase of $1.0 million or 6.1% from the same period a year ago.

Expenses for the nine months ended December 31, 2019 decreased by $12.1 million or 19.1% mainly due to the loss on the extinguishment of convertible debentures of $8.6 million recorded in the prior period. Excluding significant items[1], total expenses decreased by $3.5 million or 6.4% compared to the nine-month period ended December 31, 2018.

Compensation expense increased by slightly by $0.5 million or 1.5% compared to the nine months ended December 31, 2018. Other overhead expenses decreased by 18.5% compared to the same period in the prior year largely due to higher trading cost recoveries from the Canadian capital markets and wealth management operations. The increase in amortization of ROU asset of $2.7 million was partially offset by a reduction in premises and equipment expense of $1.5 million compared to the same period in the prior year.

Overall, the loss before income taxes was $10.8 million for the nine months ended December 31, 2019 compared to $23.8 million for the same period in the prior year. Excluding significant items[1], the loss before income taxes was $10.8 million for the current period compared to $15.2 million for the nine-month period of the prior fiscal year.

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

Quarterly Results

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

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before December 31, 2019. 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 2020			Fiscal 2019				Fiscal 2018
(C$ thousands, except per share amounts)	**Q3**	Q2	Q1	Q4	Q3	Q2 (restated)(1)	Q1	Q4
Revenue								
Canaccord Genuity Capital Markets	**174,174**	148,693	190,023	160,047	209,373	178,734	156,172	200,687
Canaccord Genuity Wealth Management:								
North America	**46,019**	48,996	57,818	53,636	54,202	52,199	46,789	51,455
UK & Europe	**71,300**	66,376	71,923	63,494	61,777	63,927	65,787	64,923
Australia	**11,065**	—	—	—	—	—	—	—
Corporate and Other	**5,456**	6,632	5,744	7,631	6,248	5,176	5,375	5,015
Total revenue	**308,014**	270,697	325,508	284,808	331,600	300,036	274,123	322,080
Net income (loss)	**22,840**	13,178	24,290	2,456	$ 32,458	18,019	18,649	(9,703)
Earnings (loss) per common share – basic	**$ 0.21**	$ 0.11	$ 0.22	$ 0.00	$ 0.31	$ 0.11	$ 0.16	$ (0.15)
Earnings (loss) per common share – diluted	**$ 0.17**	$ 0.10	$ 0.18	$ 0.00	$ 0.25	$ 0.09	$ 0.14	$ (0.15)
Net Income excluding significant items(1)	**$ 30,458**	$ 23,760	$ 30,654	$ 16,610	$ 36,843	$ 28,867	$ 25,035	$ 37,312
Earnings per common share, excluding significant items(1) – basic	**$ 0.29**	$ 0.21	$ 0.28	$ 0.15	$ 0.35	$ 0.27	$ 0.23	$ 0.36
Earnings per common share, excluding significant items(1) – diluted	**$ 0.23**	$ 0.18	$ 0.23	$ 0.12	$ 0.28	$ 0.23	$ 0.19	$ 0.28

(1) During the nine months ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or nine months ended December 31, 2018. The comparatives for the prior period have been restated accordingly.

With the increase in capital raising and advisory activity in our core focus areas and with a higher contribution from our global wealth management operations, the Company posted strong revenue and net income performances in recent quarters. Our consolidated revenue increased by 13.8% compared to the previous quarter, but revenue declined by 7.1% compared to the exceptionally strong quarter in Q3/19. On an excluding significant items basis(1), all our operations were profitable in Q3/20.

The Canaccord Genuity Capital Markets division experienced a decrease in revenue of 16.8% compared to Q3/19, and an increase of 17.1% compared to Q2/20. Revenue in our Canadian capital markets operations have benefitted in recent quarters from our participation in numerous transactions in the cannabis sector, particularly in the latter part of fiscal 2019 and continued into Q1/20. The level of financing and advisory activity slowed during Q2 and Q3 of fiscal 2020, which led to lower revenue and profitability in the two most recent quarters.

Revenue in our US capital markets operations was $82.2 million, an increase of 1.2% compared to Q3/19 and 20.0% compared to the previous quarter. The advisory business has continued to grow in this operating segment from the acquisition of Petsky Prunier in Q4/19, with revenue reaching $29.3 million in Q3/20, the second highest in the last 8 completed quarters.

Our UK & Europe operations recorded $21.4 million of advisory revenue in Q3/20, the highest in the past 8 completed quarters. Profitability has also improved over the recent quarters, with pre-tax profit margin reaching 10.9% in Q3/20, resulting from the restructuring efforts at the end of fiscal 2019.

Revenue generated in our Australian operations in Q3/20 was $13.1 million or 83.6% higher than Q2/20, and 108.3% higher compared to the same period in the prior year. Our Australian operations were negatively impacted by slower financing activity in the latter part of fiscal 2019. Contributing to revenue in this region, particularly in the second half of fiscal 2019, were both realized and unrealized profits and gains recorded in certain inventory and warrant positions earned in respect of investment banking activity in the current and prior periods.

Our Canaccord Genuity Wealth Management North America operations have grown as we continue to invest in that division. Compared to Q2/20, revenue declined by 6.1% in the current quarter. Revenue attributable to investment banking activity in this segment decreased in Q3/20 compared to the previous quarter and fiscal 2019, reflecting the decline in new issue activity in our Canadian operations. Despite the decrease

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

in revenue, this operating segment continued to make strong contributions to the overall profitability of the Company, with Q3/20 recording a pre-tax profit margin of 9.0%. Assets under administration[(2)], including assets under management, increased by 14.9% compared to Q3/19 and increased by 2.8% compared to the prior quarter as a result of greater market value.

The Canaccord Genuity Wealth Management UK & Europe operations expanded over the past two years with the acquisitions of Hargreave Hale, McCarthy Taylor and Thomas Miller. Revenue generated in this region increased by 15.4% compared to Q3/19 and increased by 7.4% compared to the prior quarter. Although this region incurred higher operating expenses resulting from our expanded operations and increased headcount, profit margins continued to be strong at 20.1% for Q3/20 on an excluding significant items basis[(1)]. At the end of Q3/20, fee-related revenue was at 74.8%, an increase of 1.1 percentage points from Q3/19. Assets under management[(2)] was $48.1 billion as of the end of Q3/20, an increase of 16.9% compared to $41.2 billion at the end of Q3/19. Measured in local currency (GBP), AUM increased by 18.2% from £23.8 billion at December 31, 2018 to £28.1 billion at December 31, 2019.

The movement in revenue in the Corporate and Other division was mainly due to interest revenue, foreign exchange gains or losses resulting from fluctuations in the Canadian dollar, as well as revenue from our Pinnacle Correspondent Service business.

Intersegment Allocated Costs

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

Financial Condition

Below are specific changes in selected items on the Q3/20 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $548.7 million on December 31, 2019 compared to $820.7 million on March 31, 2019. Refer to the Liquidity and Capital Resources section on page 24 for more details.

Securities owned were $923.5 million on December 31, 2019 compared to $690.5 million on March 31, 2019 mainly due to an increase in corporate and government debt owned as of December 31, 2019.

Accounts receivable were $2.2 billion at December 31, 2019 compared to 2.7 billion at March 31, 2019.

Goodwill was $386.2 million and intangible assets were $174.0 million at December 31, 2019. At March 31, 2019, goodwill was $370.2 million and intangible assets were $154.5 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 (included since Q1/20) and Patersons (included since Q3/20).

As a result of the adoption of the IFRS 16 accounting standard for leases, right of use lease assets of $105.7 million was recorded as at December 31, 2019.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $68.8 million at December 31, 2019 compared to $56.6 million at March 31, 2019 mostly due to an increase in current tax receivable.

LIABILITIES

Bank overdrafts and call loan facilities utilized by the Company may vary significantly on a day-to-day basis and depend on securities trading activity. At December 31, 2019, the Company had available credit facilities with banks in Canada and the UK in the aggregate amount of $650.3 million [March 31, 2019 — $683.2 million]. These credit facilities, consisting of call loans, subordinated debt, letters of credit and daylight overdraft facilities, are collateralized by either unpaid client securities and/or securities owned by the Company. As of December 31, 2019, there was no bank indebtedness outstanding [March 31, 2019 — $9.6 million].

Securities sold short were $569.0 million at December 31, 2019 compared to $373.4 million at March 31, 2019, mostly due to an increase in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $2.6 billion at December 31, 2019, a decrease from $3.1 billion at March 31, 2019, 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 $24.8 million at December 31, 2019, a decrease from $22.6 million at March 31, 2019. The decrease was mostly due to the decrease in income taxes payable.

There were also lease liabilities of $113.9 million recorded as of December 31, 2019 due to the adoption of IFRS 16.

A subsidiary of the Company entered into a £40.0 million senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale. During the nine months ended December 31, 2019, the Company obtained additional financing on the loan of £17.0 million in

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

connection with the acquisition of Thomas Miller. The balance outstanding as of December 31, 2019 net of principal repayments and unamortized financing fees was £48.9 million ($83.7 million) [March 31, 2019 — £34.3 million ($59.7 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 variable and is currently at 2.9148% per annum as at December 31, 2019 [March 31, 2019 — 2.9646% per annum].

There were deferred and contingent considerations of $8.7 million and $105.7 million, respectively, recorded at December 31, 2019 [March 31, 2019 — $22.2 million and $108.3 million, respectively] in connection with the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier, as well as Thomas Miller. There was also a promissory note of $5.5 million related to the purchase of an additional 30%interest in Canaccord Genuity (Australia) Limited in Q2/19 [March 31, 2019 — $5.8 million].

Non-controlling interests were $2.3 million at December 31, 2019 compared to $2.0 million as at March 31, 2019, which represents 15% [March 31, 2019 — 15%] of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

As of December 31, 2019, a subsidiary of the Company had an irrevocable secured standby letter of credit from a financial institution totalling $2.7 million (US$2.1 million) [March 31, 2019 — $2.8 million (US$2.1 million)] as a rent guarantee for its leased premises in New York.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of December 31, 2019, the Company had no bank indebtedness outstanding [March 31, 2019 — $9.6 million].

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

The following table summarizes the Company's long- term contractual obligations on December 31, 2019:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2021	Fiscal 2022 – Fiscal 2023	Fiscal 2024 – Fiscal 2025	Thereafter
Premises and equipment operating leases	124,180	28,386	46,753	32,481	16,560
Bank loan(1)	91,525	9,235	32,896	49,394	—
Convertible debentures(2)	165,906	8,295	16,591	141,020	—
Total contractual obligations	**381,611**	**45,916**	**96,240**	**222,895**	**16,560**

(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 2.9148% [March 31, 2019 - 2.9646%] per annum and is repayable in instalments of principal and interest over 4 years and matures in September 2023. The current balance outstanding is £48.9 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 December 31, 2019, cash and cash equivalents were $548.7 million, a decrease of $272.0 million from $820.7 million as of March 31, 2019. During the nine months ended December 31, 2019, financing activities used cash in the amount of $119.8 million, mainly due to cash used in the purchase of common shares under the substantial issuer and the normal course issuer bid, purchases of common shares for the long-term incentive plan (LTIP), lease payments and cash dividends paid on common and preferred shares, partially offset by proceeds from a bank loan. Investing activities used cash in the amount of $46.1 million mainly for the acquisitions of Thomas Miller and Patersons, and investment in an associate. Operating activities used cash in the amount of $102.2 million, which was largely due to changes in non-cash working capital. A decrease in cash of $4.0 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the nine months ended December 31, 2018, cash used in financing activities increased by $121.3 million due to cash used in the purchase of common shares under the substantial and normal course issuer bid, additional dividends paid on common shares, as well as changes in bank indebtedness, partially offset by proceeds from bank loan. Cash used in investing activities increased by $16.4 million during the nine months ended December 31, 2019 compared to the same period last year, mainly due to the acquisition of Thomas Miller and Patersons in the first nine months of fiscal 2020 compared to the purchase of non-controlling interests in the same period in the prior year. Changes in non-cash working capital balances largely contributed to a decrease in cash used by operating activities of $205.6 million. In addition, cash balances increased by $3.2 million from the effects of foreign exchange translation on cash balances in Q3/20 compared to Q3/19. Overall, cash and cash equivalents decreased by $382.2 million from $930.9 million at December 31, 2018 to $548.7 million at December 31, 2019.

The Company's business requires capital for operating and regulatory purposes. The Company's working capital, including cash and cash equivalents, is utilized to support these regulatory capital requirements. The majority of current assets reflected on the Company's unaudited interim condensed consolidated statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable, and all are recorded at their fair value. Securities sold short are highly liquid securities. The fair value of these securities fluctuates daily as factors such as changes in market conditions, economic conditions and investor outlook affect market prices. Client receivables are secured by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal two -day settlement cycle;

collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts.

Convertible Debentures

On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of $59,225,000 (the Offered Debentures). The Company had also closed a concurrent non-brokered private placement with a large Canadian asset manager for gross proceeds of $73,500,000, which together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of $132,725,000 (together with the Offered Debentures, the "Convertible Debentures"). 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 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 December 31	
	2019	2018
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)	**94,414,745**	96,258,812
Issued shares outstanding(2)	**107,291,976**	114,857,175
Issued shares outstanding – diluted(3)	**129,040,337**	136,658,570
Average shares outstanding – basic	**99,825,130**	96,116,700
Average shares outstanding – diluted(4)	**128,701,620**	127,633,311
Average shares outstanding – diluted, excluding significant items(4)	**128,701,620**	127,633,311

(1) Excludes 12,372,986 unvested shares purchased by employee benefit trusts for the LTIP, 284,645 outstanding shares related to share purchase loans and 219,600 shares committed to purchase under the normal course issuer bid.
(2) Includes 12,372,986 unvested shares purchased by employee benefit trusts for the LTIP, 284,645 outstanding shares related to share purchase loans and 219,600 shares committed to purchase under the normal course issuer bid.
(3) Includes 21,748,361 share issuance commitments net of forfeitures.
(4) This is the diluted share number used to calculate diluted EPS under IFRS and excluding significant items basis.

On August 12, 2019, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,423,872 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 nine months ended December 31, 2019, there were 1,202,856 shares purchased and cancelled under the current NCIB and 9,800 shares that were purchased but not yet cancelled as of December 31, 2019.

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 47,589 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 nine calendar months from February 2019 to July 2019 [25% of the ADTV of 190,357]).

As of January 31, 2020, the Company has 107,121,198 common shares issued and outstanding.

Share-based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2019 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 December 31, 2019, forward contracts outstanding to sell US dollars had a notional amount of US$1.3 million [March 31, 2019 — $17.7 million]. There were no forward contracts outstanding to buy US dollars as of December 31, 2019 [March 31, 2019 — $2.1 million]. 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.

There were no bond futures contracts outstanding as at December 31, 2019 [March 31, 2019 — long $0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. There were no treasury futures contracts outstanding as at December 31 and March 31, 2019.

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 22 of Audited Annual Consolidated Financial Statements, with the additions of Thomas Miller and Patersons during the nine months ended December 31,2019.

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)	**December 31, 2019 $**	March 31, 2019 $
Accounts receivable	**2,165**	837
Accounts payable and accrued liabilities	**733**	942

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the three and nine months ended December 31, 2019 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 acquisitions of Petsky Prunier, McCarthy Taylor and Thomas Miller.

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

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the third quarter of fiscal 2020 and are discussed under "Critical Accounting Policies and Estimates" in our 2019 Annual Report.

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q3/20 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the Audited Annual Consolidated Financial Statements except for the following new accounting standards adopted as of April 1, 2019:

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which replaces IAS 17, Leases (IAS 17), with the key change being that lessee accounting will eliminate the IAS 17 distinction between operating leases and finance leases, treating most leases in the same manner as finance leases under IAS 17. The new standard requires lessees to recognize assets and liabilities for most leases, other than leases eligible for low-value (less than USD $5,000) or short-term (12 months or less) exemption.

Where an arrangement meets the IFRS 16 definition of a lease, at the commencement a loan obligation for future lease payables will be recognized together with a non-current asset representing the right to use the underlying asset during the lease term. In place of the lease rental expense in the consolidated statement of operations, lease costs will be recognized in the form of depreciation of the right-of-use asset and interest on the lease liability. IFRS 16 also has the effect of skewing expenses towards the earlier years of a lease (when the outstanding lease liability, and thus interest expense, is higher), although both the total expense and cash flows during the life of a lease are identical under IFRS 16 and IAS 17.

The Company has implemented IFRS 16 for its fiscal year ending March 31, 2020 and has elected to adopt IFRS 16 using the modified retrospective method with no restatement of prior year comparatives. The Company has also elected to take advantage of the option not to recognize a right of use asset and associated lease liability for low-value (less than USD $5,000) or short-term (12 months or less) assets. In addition, the Company has taken advantage of the following transitional options to;

- treat all leases that have less than 12 months remaining at the date of transition as short-term leases.
- apply a single discount rate to all leases
- rely on existing assessments on whether leases are onerous in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- exclude initial direct costs from the measurement of right of use assets at the date of initial application
- use hindsight in the assessment of determining lease terms in those situations where leases contain an option to extend or terminate the lease

Accordingly, upon adoption of IFRS 16 on April 1, 2019, the Company has recognized both a right of use (ROU) asset and a corresponding lease liability for each lease (subject to the low-value and short-term exemptions noted above). Lease liabilities were calculated at the present value of expected lease payments with right of use assets reflecting the same values after adjustment for prepaid rental payments and onerous lease provisions as applicable.

As at April 1, 2019, the Company has recognized in its consolidated statement of financial position the right of use assets and corresponding lease liabilities of $117.4 million and $126.2 million, respectively. For the nine months ended December 31, 2019, the Company recorded amortization expense related to the ROU assets of $17.4 million and interest expense related to the lease liabilities of $5.5 million.

IFRIC 23 Interpretation 23 Uncertainty Over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

– Whether an entity considers uncertain tax treatments separately

– The assumptions an entity makes about the examination of tax treatments by taxation authorities

– How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

– How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation as of April 1, 2019, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiary tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the interim condensed consolidated financial statements for the nine months ended December 31, 2019.

Amendments to IAS 12 Income Taxes

The amendments to IAS 12 Income Taxes clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

The Company adopted the amendments to IAS 12 commencing on April 1, 2019. Since the Company's current practice is in line with these amendments, they had no impact on the interim condensed consolidated financial statements for the nine months ended December 31, 2019.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2019 Annual Report, during the nine months ended December 31, 2019.

DIsclosure Controls and Procedures and Internal Control Over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of December 31, 2019, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that our disclosure controls and procedures were effective as at December 31, 2019.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes made in our internal control over financial reporting that occurred during the quarter ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Dividend Policy

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

Dividend Declaration

On February 5, 2020, the Board of Directors approved a dividend of $0.05 per common share, payable on March 10, 2020, with a record date of February 28, 2020.

On February 5, 2020, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on March 31, 2020 to Series A Preferred shareholders of record as at March 20, 2020.

On February 5, 2020, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on March 31, 2020 to Series C Preferred shareholders of record as at March 20, 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 24 of the Company's 2019 Audited Annual Consolidated Financial Statements.

The Company provides financial advisory, underwriting and other services to, and trades 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's 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.

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.

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 2019 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

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Media Relations and Inquiries from Institutional Investors and Analysts

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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.

Expected Dividend(1) and Earnings Release Dates for the Next Four Quarters

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q4/20	June 3, 2020	June 19, 2020	June 30, 2020	June 19, 2020	June 30, 2020
Q1/21	August 5, 2020	September 18, 2020	September 30, 2020	August 28, 2020	September 10, 2020
Q2/21	November 4, 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

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

Shareholder Administration

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

COMPUTERSHARE INVESTOR SERVICES INC.

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

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

Financial Information

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

Auditor

Ernst & Young LLP
Chartered Professional Accountants
Vancouver, BC

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

As at (in thousands of Canadian dollars)	Notes	December 31, 2019	March 31, 2019
ASSETS			
Current			
Cash and cash equivalents		$ 548,674	$ 820,739
Securities owned	4	923,455	690,499
Accounts receivable	6,18	2,246,922	2,656,664
Income taxes receivable		12,793	2,502
Total current assets		3,731,844	4,170,404
Deferred tax assets		23,266	22,117
Investments	7	8,225	6,224
Equipment and leasehold improvements		24,555	25,792
Intangible assets	9	173,977	154,521
Goodwill	9	386,187	370,236
Right of use assets	3	105,687	—
		4,453,741	4,749,294
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank Indebtedness	5	—	9,639
Securities sold short	4	569,012	373,419
Accounts payable and accrued liabilities	6,18	2,553,120	3,123,765
Provisions	20	7,690	18,212
Income taxes payable		7,360	5,415
Subordinated debt	5,11	7,500	7,500
Current portion of bank loan	12	6,843	9,294
Current portion of lease liabilities		23,055	—
Current portion of contingent consideration	5,8	23,426	—
Total current liabilities		3,198,006	3,547,244
Deferred tax liabilities		8,260	7,978
Convertible debentures	13	128,040	127,225
Deferred consideration	5,8	8,733	22,225
Contingent consideration	5,8	82,274	108,319
Promissory note	5	5,457	5,832
Other long-term liability	5	1,725	1,741
Lease liabilities		90,825	—
Bank loan	12	76,844	50,370
		3,600,164	3,870,934
Shareholders' equity			
Preferred shares	14	205,641	205,641
Common shares	15	660,100	672,896
Equity portion of convertible debentures	13	5,156	5,156
Warrants	15	—	1,975
Deferred consideration		13,091	—
Contributed surplus		74,368	124,710
Retained deficit		(214,139)	(237,770)
Accumulated other comprehensive income		107,017	103,755
Total shareholders' equity		851,234	876,363
Non-controlling interests		2,343	1,997
Total equity		853,577	878,360
		$ 4,453,741	$ 4,749,294

See accompanying notes

On behalf of the Board:

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

DANIEL DAVIAU
Director

TERRENCE A. LYONS
Director

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

		For the three months ended		For the nine months ended	
(in thousands of Canadian dollars, except per share amounts)	Notes	**December 31, 2019**	December 31, 2018	**December 31, 2019**	December 31, 2018 (restated) (Note 22)
REVENUE					
Commissions and fees		**$ 147,191**	$ 143,115	**$ 421,308**	$ 418,897
Investment banking		**51,550**	98,978	**188,343**	233,925
Advisory fees		**60,691**	40,698	**156,510**	110,008
Principal trading		**27,149**	30,776	**73,482**	90,633
Interest		**16,622**	12,703	**48,468**	37,275
Other		**4,811**	5,330	**16,108**	15,021
		308,014	331,600	**904,219**	905,759
EXPENSES					
Compensation expense		**186,649**	195,939	**539,337**	541,363
Trading costs		**19,836**	24,575	**61,039**	65,537
Premises and equipment		**4,501**	10,647	**13,509**	30,824
Communication and technology		**17,739**	16,575	**49,288**	46,776
Interest		**8,490**	5,903	**24,914**	19,715
General and administrative		**26,519**	26,689	**83,175**	71,665
Amortization		**8,415**	5,675	**24,400**	18,511
Amortization of right of use assets		**5,832**	—	**17,353**	—
Development costs		**6,560**	4,661	**14,763**	12,573
Restructuring costs		**1,250**	—	**2,348**	1,316
Acquisition-related costs		**—**	170	**4,114**	1,343
Loss on extinguishment of convertible debentures	13	**—**	—	**—**	8,608
Share of (gain) loss of an associate	7	**(60)**	157	**174**	415
		285,731	290,991	**834,414**	818,646
Net income before income taxes		**22,283**	40,609	**69,805**	87,113
Income taxes (recovery)					
Current		**6,657**	6,414	**13,862**	19,690
Deferred		**(7,214)**	1,737	**(4,365)**	(1,703)
	10	**(557)**	8,151	**9,497**	17,987
Net income for the period		**22,840**	$ 32,458	**60,308**	$ 69,126
Net income attributable to:					
CGGI shareholders		**22,509**	$ 32,457	**60,202**	$ 67,867
Non-controlling interests		**331**	$ 1	**106**	$ 1,259
Weighted average number of common shares outstanding (thousands)					
Basic		**96,861**	97,163	**99,825**	96,117
Diluted		**125,698**	129,169	**128,702**	127,633
Net income per common share					
Basic	15	**$ 0.21**	$ 0.31	**$ 0.53**	$ 0.58
Diluted	15	**$ 0.17**	$ 0.25	**$ 0.45**	$ 0.48
Dividend per common share	16	**$ 0.05**	$ 0.01	**$ 0.15**	$ 0.03
Dividend per Series A Preferred Share	16	**$ 0.24**	$ 0.24	**$ 0.72**	$ 0.72
Dividend per Series C Preferred Share	16	**$ 0.31**	$ 0.31	**$ 0.93**	$ 0.93

See accompanying notes

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

	For the three months ended		For the nine months ended	
(in thousands of Canadian dollars)	**December 31, 2019**	December 31, 2018	**December 31, 2019**	December 31, 2018 (restated) (Note 22)
Net income for the period	**$ 22,840**	$ 32,458	**$ 60,308**	$ 69,126
Other comprehensive income				
Net change in unrealized gains (losses) on translation of foreign operations	**21,225**	18,749	**4,193**	(8,495)
Comprehensive income for the period	**$ 44,065**	$ 51,207	**$ 64,501**	$ 60,631
Comprehensive income (loss) attributable to:				
CGGI shareholders	**$ 43,740**	$ 51,421	**$ 63,464**	$ 58,937
Non-controlling interests	**325**	(214)	**1,037**	1,694

See accompanying notes

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

For the nine months ended (in thousands of Canadian dollars)	Notes	December 31, 2019	December 31, 2018 (restated) (Note 22)
Preferred shares, opening and closing	14	$ 205,641	$ 205,641
Common shares, opening		672,896	649,846
Shares issued in connection with share-based payments		53	233
Acquisition of common shares for long-term incentive plan (LTIP)		(30,411)	(32,073)
Release of vested common shares from employee benefit trusts		64,347	38,657
Shares issued through exercise of private placements warrants		720	—
Shares purchased and cancelled under substantial issuer bid		(40,000)	—
Shares issued in connection with purchase of non-controlling interests		—	16,807
Shares cancelled		(8,312)	(7,026)
Shares committed to be purchased under normal course issuer bid		(1,481)	(2,857)
Unvested share purchase loans		2,288	1,320
Common shares, closing	15	660,100	664,907
Warrants, opening	15	1,975	1,975
Reclassification to liability		(1,975)	—
Warrants, closing		—	1,975
Convertible debentures – equity, opening		5,156	2,604
Equity portion of convertible debentures issued during the period, net of tax		—	2,552
Convertible debentures – equity, closing		5,156	5,156
Contributed surplus, opening		124,710	145,426
Share-based payments, amortization net of vestings		(50,261)	(23,814)
Shares cancelled		2,419	509
Purchase of non-controlling interests		—	(27,315)
Change in deferred tax asset relating to share based payments		(223)	260
Unvested share purchase loans		(2,277)	(1,042)
Contributed surplus, closing		74,368	94,024
Retained deficit, opening		(237,770)	(277,472)
Net income attributable to CGGI shareholders		60,202	67,867
Preferred shares dividends	16	(7,053)	(7,053)
Common shares dividends	16	(29,518)	(15,389)
Equity portion of loss on extinguishment of convertible debentures		—	(4,892)
Retained deficit, closing		(214,139)	(236,939)
Deferred consideration, opening		—	—
Reclassification of the deferred consideration in connection with the acquisition of Petsky Prunier LLC from liability to equity		13,091	—
Deferred consideration, closing		13,091	—
Accumulated other comprehensive income, opening		103,755	113,332
Other comprehensive loss attributable to CGGI shareholders		3,262	(8,930)
Accumulated other comprehensive income, closing		107,017	104,402
Total shareholders' equity		851,234	839,166
Non-controlling interests, opening		1,997	13,571
Foreign exchange on non-controlling interests		(691)	(506)
Comprehensive income attributable to non-controlling interests		1,037	1,694
Purchase of non-controlling interests		—	(9,697)
Dividends paid to non-controlling interests		—	(2,724)
Non-controlling interests, closing		2,343	2,338
Total equity		$ 853,577	$ 841,504

See accompanying notes

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

For the nine months ended (in thousands of Canadian dollars)	Notes	December 31, 2019	December 31, 2018 (restated) (Note 22)
OPERATING ACTIVITIES			
Net income for the period		$ 60,308	$ 69,126
Items not affecting cash			
Amortization		24,400	18,511
Amortization of right of use assets		17,353	—
Deferred income tax recovery		(4,365)	(1,703)
Share-based compensation expense	17	12,628	19,783
Share of loss of associate	7	174	415
Loss on extinguishment of convertible debentures		—	8,608
Interest expense in connection with lease liabilities		5,483	—
Changes in non-cash working capital			
Increase in securities owned		(234,320)	(239,820)
Decrease in accounts receivable		409,742	301,430
Increase in net income taxes receivable		(8,785)	(8,430)
Increase in securities sold short		195,594	137,342
Decrease in accounts payable, accrued liabilities and provisions		(580,444)	(201,869)
Cash (used in) provided by operating activities		(102,232)	103,393
FINANCING ACTIVITIES			
Bank indebtedness		(9,639)	5,903
Acquisition of common shares for long-term incentive plan		(30,411)	(32,073)
Purchase of shares for cancellation under normal course issuer bid		(5,893)	(6,517)
Purchase of shares under substantial issuer bid		(40,000)	—
Proceeds from bank loan		26,318	—
Cash dividends paid on common shares		(29,518)	(15,389)
Cash dividends paid on preferred shares		(7,053)	(7,053)
Lease payments		(23,558)	—
Proceeds from convertible debentures		—	56,699
Cash (used in) provided by financing activities		(119,754)	1,570
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(2,546)	(1,171)
Acquisition of Thomas Miller, net of cash acquired		(27,634)	—
Acquisition of Jitneytrade Inc. and Finlogik Inc., net of cash acquired		—	(7,547)
Acquisition of Patersons Securities Limited, net of cash acquired		(11,433)	—
Purchase of investment		(498)	(4,063)
Purchase of non-controlling interests		—	(14,431)
Investment in associate		(4,000)	(2,500)
Cash used in investing activities		(46,111)	(29,712)
Effect of foreign exchange on cash balances		(3,968)	(7,177)
(Decrease) increase in cash position		(272,065)	68,074
Cash position, beginning of period		820,739	862,838
Cash position, end of period		548,674	930,912
Supplemental cash flow information			
Interest received		$ 48,076	$ 37,567
Interest paid		$ 23,620	$ 18,018
Income taxes paid		$ 23,886	$ 28,892

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 Canada, the United Kingdom (UK) & Europe, the United States of America (US), Australia, China and Dubai. The Company has operations in two principal segments of the securities industry: wealth management and capital markets. The Company 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. 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, 2019 (March 31, 2019 consolidated financial statements) filed on SEDAR on June 5, 2019. All defined terms used herein are consistent with those terms defined in the March 31, 2019 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 which have been measured at fair value as set out in the relevant accounting policies.

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

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

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The 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 preliminary purchase price allocation including the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Jitneytrade Inc., Finlogik Capital Inc., and Finlogik Inc., Petsky Prunier LLC, McCarthy Taylor Ltd., Thomas Miller Wealth Management Limited and 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 Limited (renamed as CG McCarthy Taylor Limited). is referred to as "McCarthy Taylor", Thomas Miller Wealth Management Limited and the private client business of Thomas Miller Investment (Isle of Man) Limited (renamed as CG Wealth Planning Limited) is referred to as "Thomas Miller", Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) is referred to as "Patersons", and Jitneytrade Inc., Finlogik Capital Inc. and Finlogik Inc. are collectively referred to as "Jitneytrade".

NOTE 03 Adoption of New and Revised Standards

The accounting policies applied in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the March 31, 2019 consolidated financial statements except the Company adopted the following new accounting standards as of April 1, 2019:

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases* (IFRS 16), which replaces IAS 17, *Leases* (IAS 17), with the key change being that lessee accounting will eliminate the IAS 17 distinction between operating leases and finance leases, treating most leases in the same manner as finance leases under IAS 17. The new standard requires lessees to recognize assets and liabilities for most leases, other than leases eligible for low-value (less than USD $5,000) or short-term (12 months or less) exemption.

Where an arrangement meets the IFRS 16 definition of a lease, at the commencement a loan obligation for future lease payables will be recognized together with a non-current asset representing the right to use the underlying asset during the lease term. In place of the lease rental expense in the consolidated statement of operations, lease costs will be recognized in the form of amortization of the right-of-use asset and interest on the lease liability. IFRS 16 also has the effect of skewing expenses towards the earlier years of a lease (when the outstanding lease liability, and thus interest expense, is higher), although both the total expense and cash flows during the life of a lease are identical under IFRS 16 and IAS 17.

The Company has implemented IFRS 16 for its fiscal year ending March 31, 2020 and has elected to adopt IFRS 16 using the modified retrospective method with no restatement of prior year comparatives. The Company has also elected to take advantage of the option not to recognize a right of use asset and associated lease liability for low-value (less than USD $5,000) or short-term (12 months or less) assets. In addition, the Company has taken advantage of the following transitional options to;

- treat all leases that have less than 12 months remaining at the date of transition as short-term leases
- apply a single discount rate to all leases
- rely on existing assessments on whether leases are onerous in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- exclude initial direct costs from the measurement of right of use assets at the date of initial application
- use hindsight in the assessment of determining lease terms in those situations where leases contain an option to extend or terminate the lease

Accordingly, upon adoption of IFRS 16 on April 1, 2019, the Company has recognized both a right of use (ROU) asset and a corresponding lease liability for each lease (subject to the low-value and short-term exemptions noted above). Lease liabilities were calculated at the present value of expected lease payments with right of use assets reflecting the same values after adjustment for prepaid rental payments and onerous lease provisions as applicable.

As at April 1, 2019, the Company has recognized in its consolidated statement of financial position the right of use assets and corresponding lease liabilities of $117.4 million and $126.2 million, respectively. For the nine months ended December 31, 2019, the Company recorded amortization expense related to the ROU assets of $17.4 million and interest expense related to the lease liabilities of $5.5 million.

IFRIC 23 Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

– Whether an entity considers uncertain tax treatments separately

– The assumptions an entity makes about the examination of tax treatments by taxation authorities

– How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

– How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation as of April 1, 2019, the Company considered whether it has any uncertain tax positions, and determined, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the interim condensed consolidated financial statements for the nine months ended December 31, 2019.

Amendments to IAS 12 Income Taxes

The amendments to IAS 12 Income Taxes clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

The Company adopted the amendments to IAS 12 commencing on April 1, 2019. Since the Company's current practice is in line with these amendments, they had no impact on the interim condensed consolidated financial statements for the nine months ended December 31, 2019.

NOTE 04 Securities Owned and Securities Sold Short

	December 31, 2019		March 31, 2019	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	**492,726**	**467,137**	364,546	262,720
Equities and convertible debentures	**430,729**	**101,875**	325,953	110,699
	923,455	**569,012**	690,499	373,419

As at December 31, 2019, corporate and government debt maturities range from 2020 to 2117 [March 31, 2019 – 2019 to 2098] and bear interest ranging from 0.00% to 14.00% [March 31, 2019 – 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 investment accounted for under the equity method, held by the Company at December 31, 2019 and March 31, 2019 are as follows:

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized cost		Total	
	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019
Financial assets								
Securities owned	**$ 917,100**	$ 683,920	**$ 6,355**	$ 6,579	**$ —**	$ —	**$ 923,455**	$ 690,499
Accounts receivable from brokers and investment dealers	**—**	—	**—**	—	**1,395,804**	1,498,516	**1,395,804**	1,498,516
Accounts receivable from clients	**—**	—	**—**	—	**384,913**	530,933	**384,913**	530,933
RRSP cash balances held in trust	**—**	—	**—**	—	**301,191**	328,528	**301,191**	328,528
Other accounts receivable	**—**	—	**—**	—	**165,014**	298,687	**165,014**	298,687
Investments	**4,372**	3,993	**—**	—	**—**	—	**4,372**	3,993
Total financial assets	**921,472**	687,913	**6,355**	6,579	**2,246,922**	2,656,664	**3,174,749**	3,351,156
Financial liabilities								
Securities sold short	**569,012**	373,419	**—**	—	**—**	—	**569,012**	373,419
Accounts payable to brokers and investment dealers	**—**	—	**—**	—	**921,875**	1,166,550	**921,875**	1,166,550
Accounts payable to clients	**—**	—	**—**	—	**1,336,530**	1,499,390	**1,336,530**	1,499,390
Other accounts payable and accrued liabilities	**—**	—	**—**	—	**294,715**	457,825	**294,715**	457,825
Subordinated debt	**—**	—	**—**	—	**7,500**	7,500	**7,500**	7,500
Convertible debentures	**—**	—	**—**	—	**128,040**	127,225	**128,040**	127,225
Deferred consideration	**8,733**	22,225	**—**	—	**—**	—	**8,733**	22,225
Contingent consideration	**105,700**	108,319	**—**	—	**—**	—	**105,700**	108,319
Promissory note	**—**	—	**—**	—	**5,457**	5,832	**5,457**	5,832
Other long-term liability	**—**	—	**—**	—	**1,725**	1,741	**1,725**	1,741
Bank loan	**—**	—	**—**	—	**83,687**	59,664	**83,687**	59,664
Total financial liabilities	**683,445**	503,963	**—**	—	**2,779,529**	3,325,727	**3,462,974**	3,829,690

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

FAIR VALUE HIERARCHY

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

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

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

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

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

As at December 31, 2019, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		December 31, 2019		
	December 31, 2019	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	11,802	—	11,802	—
Government debt	480,924	66,037	414,887	—
Corporate and government debt	492,726	66,037	426,689	—
Equities	428,775	320,759	102,171	5,845
Convertible debentures	1,954	—	1,954	—
Equities and convertible debentures	430,729	320,759	104,125	5,845
	923,455	386,796	530,814	5,845
Investments	4,372	—	—	4,372
	927,827	386,796	530,814	10,217
Securities sold short				
Corporate debt	(149)	—	(149)	—
Government debt	(466,988)	(90,975)	(376,013)	—
Corporate and government debt	(467,137)	(90,975)	(376,162)	—
Equities	(101,786)	(60,471)	(41,315)	—
Convertible debentures	(89)	—	(89)	—
Equities and convertible debentures	(101,875)	(60,471)	(41,404)	—
	(569,012)	(151,446)	(417,566)	—
Deferred consideration(1)	(8,733)	—	—	(8,733)
Contingent consideration(1)	(105,700)	—	—	(105,700)
	(683,445)	(151,446)	(417,566)	(114,433)

(1) Contingent and deferred considerations are settled in cash. They are classified as financial liabilities with any subsequent gains or losses recognized in earnings.

As at March 31, 2019, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		March 31, 2019		
	March 31, 2019	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	79,642	—	79,642	—
Government debt	284,904	49,946	234,958	—
Corporate and government debt	364,546	49,946	314,600	—
Equities	325,683	262,641	62,991	51
Convertible debentures	270	—	270	—
Equities and convertible debentures	325,953	262,641	63,261	51
	690,499	312,587	377,861	51
Investments	3,993	—	—	3,993
	694,492	312,587	377,861	4,044
Securities sold short				
Corporate debt	(6,613)	—	(6,613)	—
Government debt	(256,107)	(54,852)	(201,255)	—
Corporate and government debt	(262,720)	(54,852)	(207,868)	—
Equities	(110,699)	(94,797)	(15,902)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(110,699)	(94,797)	(15,902)	—
	(373,419)	(149,649)	(223,770)	—
Deferred considerations	(22,225)	—	—	(22,225)
Contingent consideration	(108,319)	—	—	(108,319)
	(503,963)	(149,649)	(223,770)	(130,544)

Movement in Level 3 net financial liabilities

Balance, March 31, 2019	(126,500)
Addition of contingent consideration in connection with the acquisition of Thomas Miller [Note 8]	**(14,769)**
Purchase of investments	**498**
Payment of deferred consideration in connection with acquisition of Hargreave Hale	**12,936**
Reclassification of deferred consideration in connection with acquisition of Petsky Prunier to equity	**13,091**
Change in contingent consideration in connection with acquisition of Petsky Prunier	**1,880**
Reclassification of securities owned to level 3	**7,167**
Level 3 securities owned acquired in connection with the acquisition of Patersons [Note 8]	**778**
Change in level 3 securities owned during the period	**(2,110)**
Foreign exchange revaluation of deferred and contingent consideration	**2,813**
Balance, December 31, 2019	**(104,216)**

During the nine months ended December 31, 2019, there was a change in the contingent consideration in connection with the acquisition of Petsky Prunier which resulted in a reduction of the goodwill of $2.3 million [Note 9].

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 $6.4 million (€4.4 million) as at December 31, 2019 [March 31, 2019 – $6.6 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 fair value through profit and loss ("FVTPL") is determined by the Company using a market-based approach with information that the Company has determined to be reliable and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the held for trading investments as at December 31, 2019 was $5.8 million [March 31, 2019 – $0.1 million].

As at December 31, 2019, the Company held investments of $3.9 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. During the nine months ended December 31, 2019, the Company also made 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 consideration 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 for these financial liabilities approximate their carrying value as of December 31, 2019.

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

Foreign exchange forward contracts

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

Forward contracts outstanding at December 31, 2019:

		Notional amount (millions)		Average price	Maturity		Fair value
To sell US dollars	**USD$**	**1.3**	**$**	**1.30(CAD/USD)**	**January 2, 2020**	**$**	**0**
To buy US dollars		**—**		**—**	**—**		**—**

Forward contracts outstanding at March 31, 2019:

		Notional amount (millions)		Average price	Maturity		Fair value
To sell US dollars	USD$	0.2	$	1.34(CAD/USD)	April 1, 2019	$	0
To buy US dollars	USD$	5.7	$	1.34(CAD/USD)	April 1, 2019	$	(9)

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 45 days as at December 31, 2019 [March 31, 2019 – 77 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at December 31, 2019 and March 31, 2019, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	December 31, 2019			March 31, 2019		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	**$527**	**$494**	**$44,893**	$1,124	$1,011	$102,052

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. There were no bond futures contracts outstanding as at December 31, 2019 [March 31, 2019 – long $0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. There were no treasury futures contracts outstanding as at December 31 and March 31, 2019.

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

SECURITIES LENDING AND BORROWING

	Cash		**Securities**	
	Loaned or delivered as collateral	**Borrowed or received as collateral**	**Loaned or delivered as collateral**	**Borrowed or received as collateral**
December 31, 2019	**292,314**	**116,096**	**149,610**	**310,105**
March 31, 2019	314,448	45,328	66,239	407,561

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

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at December 31, 2019 the Company had nil balance outstanding [March 31, 2019 – $9.6 million (£5.5 million)].

BANK LOAN

A subsidiary of the Company entered into a £40.0 million senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale. During the nine months ended December 31, 2019, the Company obtained additional financing on the loan of £17.0 million in connection with the acquisition of Thomas Miller. The balance outstanding as of December 31, 2019 net of principal repayments and unamortized financing fees was £48.9 million ($83.7 million) [March 31, 2019 – £34.3 million ($59.7 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 variable and is currently at 2.9148% per annum as at December 31, 2019 [March 31, 2019 – 2.9646% 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 $650.3 million [March 31, 2019 – $683.2 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of December 31, 2019, there was no bank indebtedness outsanding [March 31, 2019 – $9.6 million].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $2.7 million (US$2.1 million) [March 31, 2019 – $2.8 million (US$2.1 million)] as rent guarantees for its leased premises in New York. As of December 31, 2019, and March 31, 2019, there were no outstanding balances under these standby letters of credit.

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	December 31, 2019	March 31, 2019
Brokers and investment dealers	$ **1,395,804**	$ 1,498,516
Clients	**384,913**	530,933
RRSP cash balances held in trust	**301,191**	328,528
Other	**165,014**	298,687
	2,246,922	2,656,664

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019	March 31, 2019
Brokers and investment dealers	$ **921,875**	$ 1,166,550
Clients	**1,336,530**	1,499,390
Other	**294,715**	457,825
	2,553,120	3,123,765

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [December 31, 2019 – 6.95% to 7.75% and 0.00% to 0.15%, respectively; March 31, 2019 – 6.95% to 8.50% and 0.00% to 0.95%, respectively].

As at December 31, 2019, the allowance for doubtful accounts was $5.0 million [March 31, 2019 – $4.2 million].

NOTE 07 Investments

	December 31, 2019	March 31, 2019
Investments accounted for under the equity method	$ **3,853**	$ 2,231
Investments held as fair value through profit and loss	**4,372**	3,993
	8,225	6,224

During the year ended March 31, 2019, the Company, through a wholly-owned subsidiary, invested $2.5 million for 833,333 Class B Units, at $3.00 per unit, in Canaccord Genuity Growth Corp. ("CGGC"). CGGC was a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. On April 26, 2019, CGGC announced that it has completed its qualifying transaction with Columbia Care LLC and CGGC was renamed "Columbia Care Inc." The Company is no longer considered to exert significant influence over the operations of Columbia Care. Accordingly, the investment in Columbia Care is accounted for as financial assets measured at FVTPL and included as securities owned on the unaudited interim condensed consolidated statement of financial position as at December 31, 2019.

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

The Company holds a 23.5% interest in CGGIIC and is considered to exert significant influence over the operations of CGGIIC. Accordingly, the investment in CGGIIC is accounted for using the equity method. The Company's equity portion of the net loss of CGGIIC for the nine months ended December 31, 2019 was $0.2 million.

As of December 31, 2019, the Company, through a wholly owned subsidiary, held an investment of 8,889 Series A Preferred Shares, at $112.50 per share, in Family Office Networks ("FON") for US$1.0 million ($1.3 million) [March 31, 2019 – US$1.0 million ($1.3 million)]. In addition, the Company, through a wholly owned subsidiary, held an investment of 579,206 Series A Preferred shares, at $3.453 per share, in Capital Markets Gateway Inc. ("CMG") for US$2.0 million ($2.6 million) [March 31, 2019 – US$2.0 million ($2.7 million)]. The Company is not considered to exert significant influence over the operations of FON or CMG. Accordingly, the investments in FON and CMG are accounted for as financial assets measured at FVTPL and included as investments on the unaudited interim condensed consolidated statement of financial position as at December 31, 2019.

During the nine months ended December 31, 2019, the Company invested $0.5 million for 37 Class C Preferred shares in Castle Ridge Asset Management Limited (“CRAML”). The Company is not considered to exert significant influence over the operations of CRAML. Accordingly, the investment in CRAML is accounted for as financial assets measured at FVTPL and included as investments on the unaudited interim condensed consolidated statement of financial position as at December 31, 2019.

NOTE 08 Business Combination

i) Patersons Securities Limited

On October 21, 2019, the Company completed its previously announced acquisition of 100% of the issued share capital of Patersons Securities Limited (“Patersons”) (renamed as Canaccord Genuity Financial Limited). Patersons Securities Limited provides comprehensive investment management, financial planning, stockbroking advice and execution services for Australian mass-affluent investors. Cash consideration of A$25.0 million (C$22.6 million) was paid on closing.

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

CONSIDERATION PAID

Cash	$	22,551
	$	22,551

NET ASSETS ACQUIRED

Cash	$	11,118
Accounts receivable		5,755
Securities owned		1,654
Deferred tax assets		2,696
Right-of-use assets		6,999
Other tangible assets		863
Liabilities		(19,817)
Identifiable intangible assets		7,638
Deferred tax liability related to identifiable intangible assets		(2,291)
Goodwill		7,936
	$	22,551

Identifiable intangible assets of $7.6 million were recognized and relate to customer relationships and contract book. The goodwill of $7.9 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

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

The aggregate acquisition-related expenses incurred by the Company during the nine months ending December 31, 2019 in connection with the acquisition of Patersons were $1.6 million which comprised mainly of professional fees. In addition, there were restructuring costs of $1.3 million recorded during the nine months ending December 31, 2019 related to certain real estate and integration costs.

Revenue and net loss generated by Patersons including acquisition-related costs, were $9.6 million and $0.7 million, respectively, since the acquisition date.

Had Patersons been consolidated from April 1, 2019, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $937.6 million and $60.7 million, respectively, for the nine months ended December 31, 2019. These figures represent historical results and are not necessarily indicative of future performance.

ii) Thomas Miller Wealth Management Limited and Thomas Miller Investment (Isle of Man) Limited

On May 1, 2019, the Company completed its acquisition of Thomas Miller Wealth Management Limited and the private client investment management business of Thomas Miller Investment (Isle of Man) Limited (collectively referred to as “Thomas Miller”). Thomas Miller provides financial planning and investment management services to private clients, trusts, charities and corporations in the UK. There was initial cash consideration of £18.5 million (C$32.5 million), with additional contingent consideration of up to £9.5 million (C$16.7 million) payable over a period of three years following completion, subject to achievement of performance targets related to revenue and client assets. There was also deferred consideration of £0.7 million (C$1.2 million) that was paid shortly subsequent to December 31, 2019. In connection with the acquisition, an additional £17.0 million (C$28.3 million as of December 31, 2019) has been added to the Company’s existing bank loan facility.

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

CONSIDERATION PAID

Cash	$	32,458
Deferred consideration		1,211
Contingent consideration		14,769
	$	48,438

NET ASSETS ACQUIRED

Cash	$	4,824
Accounts receivable		2,764
Other tangible assets		1,052
Liabilities		(4,877)
Identifiable intangible assets		32,484
Deferred tax liability related to identifiable intangible assets		(4,088)
Goodwill		16,279
	$	48,438

Identifiable intangible assets of $32.5 million were recognized and relate to customer relationships. The goodwill of $16.3 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to £8.4 million (C$14.8 million) as of the acquisition date and as of December 31, 2019 and will be payable over a period of up to three years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

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

The aggregate acquisition-related expenses incurred by the Company during the nine months ending December 31, 2019 in connection with the acquisition of Thomas Miller are $1.5 million. These expenses are mainly comprised of professional and employment costs.

Revenue and net loss generated by Thomas Miller including acquisition-related costs, were $7.2 million and $1.6 million, respectively, since the acquisition date.

Had Thomas Miller been consolidated from April 1, 2019, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $904.8 million and $60.4 million, respectively, for the nine months ended December 31, 2019. These figures represent historical results and are not necessarily indicative of future performance.

Jitneytrade Inc. and Finlogik Inc.

On June 6, 2018 the Company completed its acquisition of Jitneytrade Inc. and Finlogik Inc. directly and indirectly through the purchase of Finlogik Capital Inc. (collectively referred to as “Jitneytrade”). The preliminary purchase price allocation was disclosed in the audited consolidated financial statements for the year ended March 31, 2019. The Company completed its final analysis during the nine months ended December 31, 2019 and concluded that there were no changes to the purchase price allocation.

NOTE 09 Goodwill and Other Intangible Assets

	Goodwill	Brand names (indefinite life)	Brand names	Customer relationships	Technology	Non-competition	Trading licenses	Fund management	Contract book	Favourable lease	Total
Gross amount											
Balance, March 31, 2019	**$ 692,868**	**$ 44,930**	**$ 578**	**$ 125,303**	**$ 35,298**	**$ 14,153**	**$ 196**	**$ 38,985**	**$ 6,252**	**$ 561**	**$ 266,256**
Additions	**24,215**	**—**	**—**	**39,673**	**1,839**	**—**	**—**	**—**	**449**	**—**	**41,961**
Other	**(2,215)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Foreign exchange	**(6,049)**	**—**	**(17)**	**(2,242)**	**(538)**	**—**	**—**	**(662)**	**(184)**	**(18)**	**(3,661)**
Balance, December 31, 2019	**708,819**	**44,930**	**561**	**162,734**	**36,599**	**14,153**	**196**	**38,323**	**6,517**	**543**	**304,556**
Accumulated amortization and impairment											
Balance, March 31, 2019	**(322,632)**	**—**	**—**	**(72,587)**	**(20,688)**	**(14,153)**	**(196)**	**(4,111)**	**—**	**—**	**(111,735)**
Amortization	**—**	**—**	**(167)**	**(10,291)**	**(2,016)**	**—**	**—**	**(1,589)**	**(5,150)**	**(167)**	**(19,380)**
Foreign exchange	**—**	**—**	**4**	**94**	**276**	**—**	**—**	**43**	**115**	**4**	**536**
Balance, December 31, 2019	**(322,632)**		**(163)**	**(82,784)**	**(22,428)**	**(14,153)**	**(196)**	**(5,657)**	**(5,035)**	**(163)**	**(130,579)**
Net book value											
March 31, 2019	370,236	44,930	578	52,716	14,610	—	—	34,874	6,252	561	154,521
December 31, 2019	**386,187**	**44,930**	**398**	**79,950**	**14,171**	**—**	**—**	**32,666**	**1,482**	**380**	**173,977**

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 licenses, 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.

During the nine months ended December 31, 2019, there was a change in the contingent consideration in connection with the acquisition of Petsky Prunier LLC which resulted in a reduction of the goodwill of $2.3 million.

As a result of the acquisition of Thomas Miller, the Company recognized goodwill of $16.3 million and identifiable intangible assets of $32.5 million relating to customer relationships as of the acquisition date, which is being amortized over 14.6 years [Note 8].

Also, as a result of the acquisition of Patersons, the Company recognized goodwill of $7.9 million and identifiable intangible assets of $7.6 million relating to customer relationships and contract book as of the acquisition date [Note 8].

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

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

	Intangible assets with indefinite lives		Goodwill		Total	
	December 31, 2019	March 31, 2019	**December 31, 2019**	March 31, 2019	**December 31, 2019**	March 31, 2019
Canaccord Genuity Capital Markets CGUs						
Canada (Genuity)	**$ 44,930**	$ 44,930	**$ 101,732**	$ 101,732	**$ 146,662**	$ 146,662
US (Petsky Prunier)	**—**	—	**100,515**	105,682	**100,515**	105,682
Canaccord Genuity Wealth Management CGUs						
UK & Europe (Channel Islands)	**—**	—	**92,263**	93,870	**92,263**	93,870
UK & Europe (UK Wealth)	**—**	—	**83,643**	68,952	**83,643**	68,952
Australia	**—**	—	**8,034**	—	**8,034**	—
	44,930	44,930	**386,187**	370,236	**431,117**	415,166

Goodwill that was previously allocated to the Canaccord Genuity Wealth Management UK & Europe (Eden Financial Ltd.) CGU, UK & Europe (Hargreave Hale) CGU, UK & Europe (McCarthy Taylor) CGU are now combined with the goodwill in connection with the acquisition of Thomas Miller [Note 8] to form the Canaccord Genuity Wealth Management UK & Europe (UK Wealth) CGU. This change in CGUs reflects changes in the way management monitors and reviews its UK & Europe wealth management businesses and the synergies of the various business activities which now comprise the entire UK & Europe wealth management group. Given the Company manages its UK & Europe wealth management business as one operating unit, it is appropriate to allocate the goodwill acquired in connection with the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor and Thomas Miller to one CGU for the purpose of goodwill impairment testing.

In addition, goodwill that was previously allocated to Canaccord Genuity Capital Markets (Genuity) and Jitneytrade are combined into one single CGU to reflect the integration of the two businesses.

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 December 31, 2019. No impairment testing has been performed for the Canaccord Genuity Wealth Management Australia CGU due to the proximity of the completion of the acquisition of Patersons on October 21, 2019 to the reporting date of December 31, 2019.

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 record goodwill in their carrying value as of December 31, 2019 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 utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2019 – 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 [March 31, 2019 – 5.0%] 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, 2019 – 2.5%].

NOTE 10 Income Taxes

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

	For the three months ended		For the nine months ended	
	December 31, 2019	December 31, 2018	**December 31, 2019**	December 31, 2018 (restated) (Note 22)
Income taxes at the statutory rate of 27.0% (F2019: 27.0%)	**$ 6,033**	$ 10,964	**$ 18,837**	$ 23,520
Difference in tax rates in foreign jurisdictions	**(1,930)**	(875)	**(3,710)**	(1,460)
Non-deductible items affecting the determination of taxable income	**1,367**	789	**2,554**	2,915
Share based payments	**527**	1,031	**690**	130
Change in accounting and tax base estimate	**140**	(3,253)	**819**	(4,530)
Deferred tax asset recognition	**(6,000)**	—	**(7,235)**	—
Other	**(271)**	659	**558**	175
(utilization of tax losses previously not recognized) tax losses and other temporary differences not recognized	**(423)**	(1,164)	**(3,016)**	(2,763)
Income tax expense – current and deferred	**(557)**	8,151	**9,497**	17,987

NOTE 11 Subordinated Debt

	December 31, 2019	March 31, 2019
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	**$ 7,500**	$ 7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the Investment Industry Regulatory Organization of Canada (IIROC). As at December 31, 2019 and March 31, 2019, the interest rates for the subordinated debt were 7.95% and 7.95%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 12 Bank Loan

		December 31, 2019		March 31, 2019
Loan	$	**84,953**	$	60,326
Less: Unamortized financing fees		**(1,266)**		(662)
		83,687		59,664
Current portion		**6,843**		9,294
Long term portion		**76,844**		50,370

A subsidiary of the Company entered into a £40.0 million senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale. During the nine months ended December 31, 2019, the Company obtained additional financing on the loan of £17.0 million in connection with the acquisition of Thomas Miller. The balance outstanding as of December 31, 2019 net of principal repayments and unamortized financing fees was £48.9 million ($83.7 million) [March 31, 2019 – £34.3 million ($59.7 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 variable and is currently at 2.9148% per annum as at December 31, 2019 [March 31, 2019 – 2.9646% per annum].

NOTE 13 Convertible Debentures

		December 31, 2019				March 31, 2019		
		Liability		Equity		Liability		Equity
Convertible debentures	$	**128,040**	$	**5,156**	$	127,225	$	5,156

During the period ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures [Note 22].

Terms of the convertible debentures as disclosed in Note 17 of the March 31, 2019 consolidated financial statements.

NOTE 14 Preferred Shares

		December 31, 2019			March 31, 2019	
		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 18 of the March 31, 2019 consolidated financial statements.

NOTE 15 Common Shares and Warrants

		December 31, 2019			March 31, 2019	
Common Shares		Amount	Number of shares		Amount	Number of shares
Issued and fully paid	$	**739,570**	**107,291,976**	$	787,096	115,616,744
Held for share purchase loans		**(1,371)**	**(284,645)**		(3,647)	(346)
Held for the LTIP		**(76,618)**	**(12,372,986)**		(110,553)	(18,036,064)
Shares committed to be purchased under normal course issuer bid		**(1,481)**	**(219,600)**		—	—
		660,100	**94,414,745**		672,896	97,580,334

		December 31, 2019			March 31, 2019	
Warrants		Amount	Number of warrants		Amount	Number of warrants
Warrants issued in connection with private placement	$	—	—	$	1,975	3,438,412

The terms of the warrants are disclosed in the March 31, 2019 consolidated financial statements.

Upon vesting of the warrants on June 17, 2019, the terms of the warrants were modified resulting in a reclassification of the warrants from shareholders' equity to liability measured at fair value on the modification date of the warrants. The warrants expired on December 17, 2019.

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2019	115,616,744	$ 787,096
Shares issued in connection with share-based payment plans	5,901	54
Shares issued in connection with exercise of private placement warrants	144,914	732
Shares purchased and cancelled under the substantial issuer bid	(7,272,727)	(40,000)
Shares purchased and cancelled under the normal course issuer bid	(1,202,856)	(8,312)
Balance, December 31, 2019	**107,291,976**	**739,570**

In a substantial issuer bid which commenced on July 3, 2019, and expired on August 9, 2019, the Company made an offer to repurchase for cancellation up to $40.0 million of its common shares. The offer was made by way of a “modified Dutch auction”, which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than $5.50 per common share and not more than $6.30 per common share (in increments of $0.10 per common share), at which they are willing to sell their common shares. Upon expiry of the offer, the Company determined that $5.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of $40.0 million. The Company therefore purchased for cancellation 7,272,727 of its common shares at a purchase price of $5.50 per share, representing approximately 6.28% of the issued and outstanding common shares on a non-diluted basis at July 3, 2019. These shares were cancelled effective August 19, 2019.

On August 12, 2019, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,423,872 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 nine months ended December 31, 2019, there were 1,202,856 shares purchased and cancelled under the NCIB and 9,800 shares that were purchased but not yet cancelled as of December 31, 2019.

In addition, the Company has entered into a non-cancellable automated share purchase plan with a designated broker during the period from January 1, 2020 to the date of these unaudited interim condensed consolidated financial statements. Accordingly, the Company accrued a liability of $1.5 million at December 31, 2019 representing an estimate of the value of the maximum number of shares (219,600) the Company committed to purchase under the non-cancellable plan.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended		For the nine months ended	
	December 31, 2019 $	**December 31, 2018 $**	December 31, 2019 $	December 31, 2018 (restated) (Note 22) $
Basic earnings per common share				
Net income attributable to CGGI shareholders	$ 22,509	$ 32,457	$ 60,202	$ 67,867
Preferred shares dividends	(2,351)	(2,351)	(7,053)	(7,053)
Equity portion of loss on extinguishment of convertible debentures	—	—	—	(4,892)
Net income available to common shareholders	20,158	30,106	53,149	55,922
Weighted average number of common shares (number)	96,861,164	97,162,550	99,825,130	96,116,700
Basic earnings per share	$ 0.21	$ 0.31	$ 0.53	$ 0.58
Diluted earnings per common share				
Net income available to common shareholders	20,158	30,106	53,149	55,922
Interest on convertible debentures, net of tax	1,716	1,701	5,136	5,476
Adjusted net earnings available to common shareholders	21,874	31,807	58,285	61,398
Weighted average number of common shares (number)	96,861,164	97,162,550	99,825,130	96,116,700
Dilutive effect in connection with LTIP (number)	12,242,886	16,865,445	12,282,866	16,922,202
Dilutive effect in connection with warrants (number)	—	782,359	—	873,288
Dilutive effect in connection with a promissory note (number)	1,110,124	1,053,053	1,110,124	415,451
Dilutive effect in connection with other share-based payment plans (number)	—	33,151	—	33,170
Dilutive effect in connection with convertible debentures (number)	13,272,500	13,272,500	13,272,500	13,272,500
Dilutive effect in connection with acquisition of Petsky Prunier (number)	2,211,000	—	2,211,000	—
Adjusted weighted average number of common shares (number)	125,697,674	129,169,058	128,701,620	127,633,311
Diluted earnings per common share	$ 0.17	$ 0.25	$ 0.45	$ 0.48

NOTE 16 Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the nine months ended December 31, 2019:

Record date	Payment date		Cash dividend per common share		Total common dividend amount
November 29, 2019	December 10, 2019	$	0.05	$	5,390,197
August 30, 2019	September 10, 2019	$	0.05	$	5,423,873
June 21, 2019	July 2, 2019	$	0.17	$	19,677,085

On February 5, 2020, the Board of Directors approved a dividend of $0.05 per common share, payable on March 10, 2020, with a record date of February 28, 2020 [Note 21].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the nine months ended December 31, 2019:

Record date	Payment date		Cash dividend per Series A Preferred Share		Cash dividend per Series C Preferred Share		Total preferred dividend amount
December 20, 2019	December 31, 2019	$	0.24281	$	0.312060	$	2,351
September 13, 2019	September 30, 2019	$	0.24281	$	0.312060	$	2,351
June 21, 2019	July 2, 2019	$	0.24281	$	0.312060	$	2,351

On February 5, 2020, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on March 31, 2020 to Series A Preferred shareholders of record as at March 20, 2020 [Note 21].

On February 5, 2020, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on March 31, 2020 to Series C Preferred shareholders of record as at March 20, 2020 [Note 21].

NOTE 17 Share-Based Payment Loans

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 6,117,024 RSUs granted in lieu of cash compensation to employees during the period ended December 31, 2019 [December 31, 2018 – 4,661,519 RSUs]. The Trusts purchased 5,746,334 common shares during the nine months ended December 31, 2019 [December 31, 2018 – 4,485,030 common shares].

The fair value of the RSUs at the measurement date is based on the fair value on the grant date. The weighted average fair value of RSUs granted during the nine-month period ended December 31, 2019 was $5.43 [December 31, 2018 – $7.06].

	Number
Awards outstanding, March 31, 2019	18,364,934
Grants	6,117,024
Vested	(11,377,723)
Forfeited	(13,777)
Awards outstanding, December 31, 2019	**13,090,458**

	Number
Common shares held by the Trusts, March 31, 2019	18,036,064
Acquired	5,746,334
Released on vesting	(11,409,412)
Common shares held by the Trusts, December 31, 2019	**12,372,986**

ii. PERFORMANCE SHARE UNITS

The Company adopted a performance share unit ("PSU") plan for certain senior executives during the year ended March 31, 2019. On June 12, 2018 the Company granted 877,485 units under the PSU plan. The Company also granted an additional 1,844,497 PSUs on June 6, 2019. 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 December 31, 2019 was $13.1 million [March 31, 2019 – $5.7 million].

iii. PERFORMANCE STOCK OPTIONS

On June 1, 2018, the Company created a performance share option ("PSO") plan that was approved at the Company's Annual General Meeting held on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The options have an exercise price of $6.73 per share. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of $7.067. On June 12, 2019, the Company granted 100,000 options on the same terms as the June 14, 2018 grant (including a five-year term from June 14, 2018). For accounting purposes under IFRS 2, the grant date of the initial PSOs is August 2, 2018, being the date the PSO plan was approved at the Annual General Meeting. 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 December 31, 2019:

	Number of PSOs	Weighted average exercise price ($)
Balance, March 31, 2019	6,220,000	6.76
Granted	100,000	6.73
Exercised	—	—
Balance, December 31, 2019	**6,320,000**	**6.76**

Under IFRS 2 Share-based payments, the impact of market conditions such as a target share price upon which vesting is conditioned should be considered when estimating the fair value of the PSOs. A Monte Carlo simulation is used to simulate a range of possible future stock prices for the Company over the period from the grant date to the expiry date of the PSOs. The purpose of this modeling is to use a probabilistic approach for estimating the fair value of the PSOs under IFRS 2. The following assumptions were used in the Monte Carlo model for grants made to date:

Dividend yield	2.16%
Expected volatility	40.92%
Risk-free interest rate	2.24%
Expected life	4 years

The weighted average fair value of the PSOs awarded is $1.93 per option. Compensation expense of $3.1 million was recognized for the nine months ended December 31, 2019 [December 31, 2018 – $0.7 million].

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's PSOs.

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. Compensation expense of $2.1 million was recorded for the nine-month period ended December 31, 2019 [December 31, 2018 – $nil].

v. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the nine months ended	
	December 31, 2019	December 31, 2018	**December 31, 2019**	December 31, 2018
Long-term incentive plan	**$ 3,459**	$ 4,669	**$ 11,461**	$ 17,007
Forgivable common share purchase loans	**—**	279	**—**	314
Deferred share units (cash-settled)	**(121)**	176	**(463)**	161
PSU (cash-settled)	**(2,580)**	—	**(3,527)**	500
PSO	**990**	1,062	**3,089**	1,801
Other share-based payment plan	**830**	—	**2,068**	—
Total share-based compensation expense	**2,578**	6,186	**12,628**	19,783

NOTE 18 Related Party Transactions

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

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

	December 31, 2019	March 31, 2019
Accounts receivable	**2,165**	837
Accounts payable and accrued liabilities	**733**	942

NOTE 19 Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity Capital Markets – includes investment banking, advisory, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK & Europe (including Dubai), Australia and the US. Commencing in the current fiscal year starting April 1, 2019, the Other Foreign Locations ("OFL"), comprised of our operations in Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations.

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

	For the three months ended							
	December 31, 2019				December 31, 2018			
	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	**36,394**	**110,797**	**—**	**147,191**	49,398	93,717	—	143,115
Investment banking	**42,619**	**8,931**	**—**	**51,550**	84,399	14,579	—	98,978
Advisory fees	**60,578**	**113**	**—**	**60,691**	40,049	649	—	40,698
Principal trading	**27,104**	**45**	**—**	**27,149**	30,746	53	(23)	30,776
Interest	**6,563**	**7,614**	**2,445**	**16,622**	3,522	5,578	3,603	12,703

	For the three months ended							
	December 31, 2019				December 31, 2018			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Other	**916**	**884**	**3,011**	**4,811**	1,259	1,403	2,668	5,330
Expenses, excluding undernoted	**146,112**	**97,384**	**11,748**	**255,244**	169,443	88,727	16,255	274,425
Interest expense	**3,695**	**1,959**	**2,836**	**8,490**	2,432	847	2,624	5,903
Amortization	**3,395**	**4,885**	**135**	**8,415**	1,639	3,910	126	5,675
Amortization of right of use assets	**3,416**	**1,480**	**936**	**5,832**	—	—	—	—
Development costs	**54**	**6,469**	**37**	**6,560**	135	4,482	44	4,661
Restructuring costs	**—**	**1,250**	**—**	**1,250**		—	—	—
Acquisition-related costs	**—**	**—**	**—**	**—**	—	170	—	170
Share of loss of an associate	**—**	**—**	**(60)**	**(60)**	—	—	157	157
Income (loss) before intersegment allocations and income taxes	**17,502**	**14,957**	**(10,176)**	**22,283**	35,724	17,843	(12,958)	40,609
Intersegment allocations	**3,949**	**2,606**	**(6,555)**	**—**	4,628	3,030	(7,658)	—
Income (loss) before income taxes	**13,553**	**12,351**	**(3,621)**	**22,283**	31,096	14,813	(5,300)	40,609

	For the nine months ended							
	December 31, 2019				December 31, 2018 (restated) (Note 22)			
	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	**106,858**	**314,450**	**—**	**421,308**	134,355	284,542	—	418,897
Investment banking	**154,898**	**33,445**	**—**	**188,343**	196,417	37,508	—	233,925
Advisory fees	**156,059**	**451**	**—**	**156,510**	108,606	1,402	—	110,008
Principal trading	**73,447**	**35**	**—**	**73,482**	90,617	39	(23)	90,633
Interest	**17,988**	**22,506**	**7,974**	**48,468**	10,475	18,313	8,487	37,275
Other	**3,640**	**2,610**	**9,858**	**16,108**	3,809	2,877	8,335	15,021
Expenses, excluding undernoted	**429,722**	**276,956**	**39,670**	**746,348**	449,871	260,882	45,412	756,165
Interest expense	**11,575**	**4,877**	**8,462**	**24,914**	7,612	3,706	8,397	19,715
Amortization	**10,246**	**13,788**	**366**	**24,400**	5,549	12,225	737	18,511
Amortization of right of use assets	**10,339**	**4,299**	**2,715**	**17,353**	—	—	—	—
Development costs	**445**	**14,161**	**157**	**14,763**	309	12,146	118	12,573
Restructuring costs	**—**	**2,348**	**—**	**2,348**	1,316	—	—	1,316
Acquisition-related costs	**1,806**	**2,308**	**—**	**4,114**	1,173	170	—	1,343
Loss on extinguishment of convertible debentures	**—**	**—**	**—**	**—**	—	—	8,608	8,608
Share of loss of an associate	**—**	**—**	**174**	**174**	—	—	415	415
Income (loss) before intersegment allocations and income taxes	**48,757**	**54,760**	**(33,712)**	**69,805**	78,449	55,552	(46,888)	87,113
Intersegment allocations	**12,721**	**10,238**	**(22,959)**	**—**	13,043	10,048	(23,091)	—
Income (loss) before income taxes	**36,036**	**44,522**	**(10,753)**	**69,805**	65,406	45,504	(23,797)	87,113

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. Commencing in the fiscal year starting April 1, 2019, the OFL geography is allocated to our Canadian and Australian capital markets operations. The comparatives have not been restated. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of location of the underlying corporate operating results):

	For the three months ended		For the nine months ended	
	December 31, 2019 $	December 31, 2018 $	**December 31, 2019 $**	**December 31, 2018 $**
Canada	**98,624**	143,252	**333,919**	374,401
UK & Europe (including Dubai)	**102,093**	100,319	**282,789**	271,392
United States	**83,115**	81,747	**246,981**	231,911
Australia	**24,182**	6,296	**40,530**	28,080
Other Foreign Locations	**—**	(14)	**—**	(25)
	308,014	331,600	**904,219**	905,759

NOTE 20 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the nine months ended December 31, 2019:

	Legal Provisions	Restructuring provisions	Total provisions
Balance, March 31, 2019	5,671	12,541	18,212
Additions	2,666	2,348	5,014
Utilized	(3,651)	(11,885)	(15,536)
Balance, December 31, 2019	**4,686**	**3,004**	**7,690**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of December 31, 2019, it was a defendant in various legal actions. The Company has recorded provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of December 31, 2019, 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 Notes 26 and 27 of the March 31, 2019 audited consolidated financial statements, Note 20 of the interim condensed consolidated financial statements for the three months ended June 30, 2019 and Note 20 of the interim condensed consolidated financial statements for the six months ended September 30, 2019.

NOTE 21 Subsequent Events

i. DIVIDENDS

On February 5, 2020, the Board of Directors approved a dividend of $0.05 per common share, payable on March 10, 2020, with a record date of February 28, 2020 [Note 16].

On February 5, 2020, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on March 31, 2020, with a record date of March 20, 2020; and $0.31206 per Series C Preferred Share payable on March 31, 2020 with a record date of March 20, 2020 [Note 16].

NOTE 22 Restatement of Prior Year Comparatives

During the nine months ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the nine months ended December 31, 2018. The comparatives for the prior period have been restated accordingly.