THIRD QUARTER

Fiscal 2023 Report to Shareholders

Canaccord Genuity

Canaccord Genuity Group Inc. Reports Third Quarter Fiscal 2023 Results

Excluding significant items, quarterly earnings per common share of $0.16(1)

Third quarter dividend of $0.085 per common share

TORONTO, February 8, 2023 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the third fiscal quarter and nine months ended December 31, 2022.

"Our third quarter results reflect a continuance of the challenging environment that impacted volumes in our underwriting segment and decelerated the pace of M&A completions, which has led to more transactions being carried forward. The importance of our commitment to investing in the growth of our global wealth management businesses was particularly evident this quarter, with contributions from fee-based and managed accounts helping to offset the downturn in transactional activity," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "While we are beginning to see a modest uptick in client activity levels, we expect continued instability in the capital markets until there is greater certainty with respect to the outlook for inflation, interest rates and the broader economy."

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

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

- Third quarter revenue excluding significant items(1) of $382.3 million, in line with the previous fiscal quarter
- Net income before taxes excluding significant items(1) of $31.5 million in the third quarter and $109.5 million fiscal year-to-date
- Diluted earnings per common share excluding significant items(1) for the third fiscal quarter of $0.16 per share (diluted loss per common share of $1.10 on an IFRS basis)
- Diluted earnings per common share excluding significant items(1) for the first nine months of fiscal 2023 of $0.53 (diluted loss per common share of $1.06 on an IFRS basis)
- Fiscal-year-to-date capital markets advisory revenue of $258.7 million, ahead of all full year contributions in prior periods other than the record set in fiscal 2022
- Total client assets(1) in our global wealth management business were $94.4 billion at December 31, 2022, an increase of 6.5% compared to Q2/23 and a decrease of 7.4% year-over-year, primarily reflecting lower asset values, partially offset by the additions of new assets in connection with the acquisitions of Punter Southall Wealth Limited (PSW) and Adam & Company in the UK & Crown Dependencies
- The Company recorded a non-cash goodwill and intangible assets impairment charge of $102.6 million related to its Canadian capital markets operations due to significantly reduced levels of activity and, in particular, reduced levels of underwriting and investment banking activity, which led to low revenue and losses in this operation on a year-to-date basis.
- Third quarter common share dividend of $0.085 per share

(1) See Non-IFRS Measures on page 5

	Three months ended December 31		Year-over-year change	Three months ended September 30	Quarter-over-quarter change
	Q3/23	Q3/22		Q2/23	
Third fiscal quarter highlights – adjusted[1]					
Revenue excluding significant items[1]	$ **382,349**	$ 550,817	(30.6)%	$ 381,793	0.1%
Expenses excluding significant items[1]	$ **350,878**	$ 437,385	(19.8)%	$ 331,178	5.9%
Diluted earnings per common share excluding significant items[1]	$ **0.16**	$ 0.69	(76.8)%	$ 0.25	(36.0)%
Net Income excluding significant items[1]	$ **28,197**	$ 84,632	(66.7)%	$ 35,426	(20.4)%
Net Income attributable to common shareholders excluding significant items [1][3]	$ **16,561**	$ 75,098	(77.9)%	$ 25,793	(35.8)%
Third fiscal quarter highlights – IFRS					
Revenue	$ **382,116**	$ 552,217	(30.8)%	$ 380,522	0.4%
Expenses	$ **462,902**	$ 457,234	1.2%	$ 341,490	35.6%
Diluted (loss) earnings per common share	$ **(1.10)**	$ 0.52	n.m.	$ 0.14	n.m.
Net (loss) income[2]	$ **(82,065)**	$ 66,732	(223.0)%	$ 26,564	n.m.
Net (loss) income attributable to common shareholders[3]	$ **(95,166)**	$ 56,254	(269.2)%	$ 14,779	n.m.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5
(2) Before non-controlling interests and preferred share dividends paid on the Series A and Series C Preferred Shares
(3) Net (loss) income attributable to common shareholders is calculated as the net (loss) income adjusted for non-controlling interests and preferred share dividends
n.m. not meaningful (percentages above 300% are indicated as n.m.)

Core business performance highlights:

Canaccord Genuity Wealth Management

The Company's combined global wealth management operations earned revenue of $179.7 million for the third fiscal quarter, a year-over-year decrease of 2.8%. Net income before taxes excluding significant items[1] for this segment amounted to $36.5 million, an increase of 31.8% compared to Q2/23 and a decrease of 7.3% year-over-year. When measured on a year-to-date basis, revenue amounted to $511.2 million, a decrease of 6.4% compared to the first nine months of the prior fiscal year, and in-line with fiscal 2020 full-year revenue.

- Wealth management operations in the UK & Crown Dependencies generated third quarter revenue of $85.7 million, an increase of 5.8% compared to Q2/23 and an increase of 4.8% compared to the same period last year. This was the highest quarterly revenue on record for this business. Measured in local currency (GBP), revenue was £53.7 million in Q3/23 compared to £48.1 million in Q3/22, an increase of 11.7% compared to the same quarter last year. Net income before taxes excluding significant items[1] for this business was $22.9 million in Q3/23, up 3.3% year-over-year, as net contribution from higher revenue was partially offset by higher interest expense on additional bank loans obtained to acquire PSW and Adam & Company.
- Canaccord Genuity Wealth Management (North America) generated $77.4 million in third quarter revenue, an increase of 5.4% compared to Q2/23 and a year-over-year decrease of 6.3%. Third quarter interest income in this business amounted to $13.5 million, an increase of 160.7% year-over-year due to the higher interest rate environment. Excluding significant items[1] net income before taxes for this business was $12.4 million in Q3/23, an increase of 27.2% compared to Q2/23 and a year-over-year decrease of 18.4%.
- Wealth management operations in Australia generated $16.6 million in third quarter revenue, an increase of 11.7% compared to Q2/23 and a decrease of 19.1% compared to the third quarter of last year. Excluding significant items[1] net income before taxes for this business was $1.2 million in Q3/23, down from net income of $2.0 million in Q3/22.

Total client assets in the Company's global wealth management businesses at the end of the third fiscal quarter amounted to $94.4 billion, a decrease of $7.6 billion or 7.4% from Q3/22.

- Client assets in the UK & Crown Dependencies were $54.4 billion (£33.2 billion) as at December 31, 2022, an increase of 8.8% (increase of 2.6% in local currency) from $50.0 billion (£32.3 billion) at the end of the previous quarter, and a decrease of 8.4% (decrease of 4.5% in local currency) from $59.4 billion (£34.8 billion) at December 31, 2021, primarily attributable to a decline in market values, partially offset by net inflows and new assets from our acquisitions of PSW and Adam & Company.
- Client assets in North America were $34.7 billion as at December 31, 2022, an increase of 3.0% from $33.7 billion at the end of the previous quarter and a decrease of 7.3% from $37.5 billion at December 31, 2021 due to a decline in market values, partially offset by net new inflows and new assets from existing IAs and new recruits.
- Client assets[1] in Australia were $5.3 billion (AUD 5.7 billion) at December 31, 2022, an increase of 7.7% from $4.9 billion (AUD 5.5 billion) at the end of the previous quarter and an increase of 3.7% from $5.1 billion (AUD 5.5 billion) at December 31, 2021. In addition, client assets[1] totalling $14.6 billion (AUD 15.8 billion) are also held on record in less active and transactional accounts through our Australian platform.

Canaccord Genuity Capital Markets

Globally, Canaccord Genuity Capital Markets earned revenue of $196.9 million for the third fiscal quarter, a year-over-year decrease of 45.6%. The decrease primarily reflected substantially lower investment banking revenues in all geographies in connection with the continued significant decline in industry-wide new issue activity. Advisory revenue of $75.2 million for the three-month period accounted for 38.2% of total capital markets revenue in the three-month period. Net income before taxes excluding significant items[1] for this segment was $5.9 million for the quarter, a year-over-year decrease of 93.7%.

Canaccord Genuity Capital Markets participated in 276 investment banking transactions globally, including led and co-led transactions, raising total proceeds of $14.4 billion fiscal year-to-date.

(1) See Non-IFRS Measures on page 5

The Company's US capital markets business was the largest contributor of revenue for the three-month period, with revenue of $115.6 million, or 58.7% of total global capital markets revenue. This business contributed advisory fees revenue of $52.8 million for Q3/23, a decrease of 48.3% from the same period in the prior year, reflecting the more challenging environment for completions despite a strong pipeline. Investment banking revenue for the three-month period decreased by 80.9% to $5.5 million when compared to the third quarter of the prior year because of reduced new issue activity. Principal trading revenue also decreased by 7.5% from the prior year but increased 20.3% sequentially to $30.7 million due to increased volatility and activity in the third quarter. Excluding significant items(1), the pre-tax net income contribution from this business amounted to $10.8 million for the three-month period.

Third quarter revenue of $31.5 million in our Canadian capital markets business decreased by 66.3% when compared to Q3/22. Third quarter investment banking, advisory, and commissions and fees revenue declined by 89.9%, 67.7% and 42.0% respectively when compared to the same period in the prior year. Excluding significant items(1), our Canadian capital markets operations generated a loss before income taxes of $10.1 million in Q3/23, a decrease of 136.3% from income before income taxes of $27.7 million generated in the same period in the prior year.

Due to the effect of weak equity market conditions globally, our Canadian capital markets operation experienced declines in business activity, revenue and profitability. With these adverse changes in the business environment, continued weakness in commodity prices and a challenging outlook as negative economic conditions persist, it was determined that the carrying value of our Canadian capital markets operation exceeded its fair value as of December 31, 2022 in accordance with applicable accounting standards. As a result, the Company recorded a non-cash charge for the impairment of goodwill of $101.8 million in Q3/23. In addition, the Company recorded an impairment charge related to the unamortized intangible assets of $0.8 million allocated to Canadian capital markets . These impairment charges will have no impact on capital or on the ongoing operations of this operating unit. Notwithstanding this accounting charge, our Canadian operations continue to be a critical component of our Canadian franchise and our global capital markets business and we are confident that it will be a meaningful contributor going forward as markets recover and we return to levels of activity that we have seen historically.

Revenue in our UK, Europe & Dubai capital markets operations decreased by 33.7% compared to Q3/22, driven mainly by reduced investment banking activity and the more challenging environment for M&A completions. Excluding significant items(1), this business incurred a pre-tax net loss of $2.4 million for the third quarter, and $5.7 million pre-tax profit fiscal-year-to-date compared to pre-tax income of $3.4 million and $10.2 million, respectively, in the prior year.

Third quarter revenue earned by our Australian capital markets business increased by 40.1% compared to Q2/23, reflecting increased investment banking activity in our core focus sectors. When compared to the same period a year ago, revenue in this business decreased 38.9% reflecting a 41.8% decrease in investment banking revenue. Net income before income taxes for the quarter was $7.6 million compared to net income before income taxes of $16.4 million in the third quarter of fiscal 2022.

Summary of Corporate Developments

- Subsequent to the end of the third fiscal quarter on January 9, 2023, 1373313 B.C. Ltd (the "Offeror") on behalf of itself and a management-led group consisting of officers and employees of Canaccord Genuity Group Inc. and its subsidiaries (collectively, the "CG Employee Group"), announced that it intends to commence a takeover bid (the "Proposed Offer") to acquire all of the issued and outstanding common shares of the Company (other than certain common shares beneficially owned by the CG Employee Group) at a price of $11.25 per common share. In accordance with applicable securities laws, an Early Warning Report was filed on January 11, 2023, and is available on SEDAR at www.sedar.com.
- On January 9, 2023, in response to the announcement of the Proposed Offer, a Special Committee of independent directors of the Company announced its intention to provide its formal recommendation to shareholders within 15 days of the mailing of a takeover-bid circular.
- On February 1, 2023, the Company announced that it has entered into a definitive agreement with Mercer Global Investments Canada Limited ("Mercer") to acquire Mercer's Canadian private wealth business. The acquisition is expected to add approximately $1.5 billion to total client assets. The transaction is expected to close within three months from the date of the agreement and is subject to a number of closing conditions, including regulatory approval.

Results for the Third Quarter of Fiscal 2023 were impacted by the following significant items:

- Reversal of fair value adjustments on certain warrants and illiquid or restricted marketable securities recorded for IFRS reporting purposes in prior periods net of adjustments recorded in the current period, but which are excluded for management reporting purposes and are not used by management to assess operating performance
- Amortization of intangible assets acquired in connection with business combinations
- Certain incentive-based costs related to acquisitions
- Certain costs included in Corporate & Other development costs related to the proposed management-led take over bid for the common shares of the Company
- Certain components of the non-controlling interest expense associated with CGWM UK
- Impairment of goodwill and intangible assets in the Canadian capital markets division

(1) See Non-IFRS Measures on page 5

Summary of Results for Q3 and YTD Fiscal 2023 and Selected Financial Information Excluding Significant Items[1]:

(C$ thousands, except per share and % amounts)	Three months ended December 31 2022	Three months ended December 31 2021	Quarter-over-quarter change	Nine months ended December 31 2022	Nine months ended December 31 2021	YTD over YTD change
Revenue						
Revenue per IFRS	$ 382,116	$ 552,217	(30.8)%	$ 1,080,008	$ 1,546,209	(30.2)%
Significant items recorded in Corporate and Other						
Reversal of fair value adjustments on certain warrants and illiquid or restricted marketable securities	$ 233	$ (1,400)	(116.6)%	$ 12,951	$ 3,600	259.8%
Total revenue excluding significant item	$ 382,349	$ 550,817	(30.6)%	$ 1,092,959	$ 1,549,809	(29.5)%
Expenses						
Expenses per IFRS	$ 462,902	$ 457,234	1.2%	$ 1,119,868	$ 1,264,488	(11.4)%
Significant items recorded in Canaccord Genuity Capital Markets						
Amortization of intangible assets	$ 1,643	$ 107	n.m.	$ 4,442	$ 560	n.m.
Acquisition- related costs	—	537	(100.0)%	$ 1,477	$ 537	175.0%
Incentive-based costs related to acquisitions[2]	$ 523	—	n.m.	$ 1,327	—	n.m.
Impairment of goodwill and intangible assets	102,571	—	n.m.	102,571	—	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	$ 5,830	$ 4,113	41.7%	$ 16,086	$ 10,439	54.1%
Acquisition-related costs	—	$ 6,225	(100.0)%	$ 5,926	$ 8,145	(27.2)%
Incentive-based costs related to acquisitions[2]	$ 649	$ 348	86.5%	$ 2,500	$ 2,794	(10.5)%
Costs associated with reorganization of UK & Crown Dependencies	—	—	—	—	$ 794	(100.0)%
Significant items recorded in Corporate and Other						
Change in derivative fair value	—	$ 8,519	(100.0)%	—	$ 8,519	(100.0)%
Costs in connection with redemption of convertible debentures	—	—	—	—	$ 5,932	(100.0)%
Development costs	$ 808	—	n.m.	$ 2,118	—	n.m.
Total significant items – expenses	$ 112,024	$ 19,849	n.m.	$ 136,447	$ 37,720	261.7%
Total expenses excluding significant items	$ 350,878	$ 437,385	(19.8)%	$ 983,421	$ 1,226,768	(19.8)%
Net income before taxes excluding significant items[1]	$ 31,471	$ 113,432	(72.3)%	$ 109,538	$ 323,041	(66.1)%
Income taxes – adjusted	$ 3,274	$ 28,800	(88.6)%	$ 25,980	$ 84,036	(69.1)%
Net income excluding significant items	$ 28,197	$ 84,632	(66.7)%	$ 83,558	$ 239,005	(65.0)%
Significant items impacting net income attributable to common shareholders						
Non-controlling interests – IFRS	$ 10,710	$ 8,087	32.4%	$ 27,273	$ 14,341	90.2%
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustments	$ 1,465	$ 944	55.2%	$ 5,330	$ 1,844	189.0%
Non-controlling interests (adjusted)[1]	$ 9,245	$ 7,143	29.4%	$ 21,943	$ 12,497	75.6%
Net income attributable to common shareholders, excluding significant items[1]	$ 16,561	$ 75,098	(77.9)%	$ 54,442	$ 219,415	(75.2)%
Earnings per common share excluding significant items – basic[1]	$ 0.20	$ 0.80	(75.0)%	$ 0.63	$ 2.29	(72.5)%
Earnings per common share excluding significant items – diluted[1]	$ 0.16	$ 0.69	(76.8)%	$ 0.53	$ 2.00	(73.5)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5.
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Dubai wealth management business, and in the US and UK capital markets.
n.m. not meaningful (percentages above 300% are indicated as n.m.)

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

(1) See Non-IFRS Measures on page 5

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

Financial Condition at the End of Third Quarter Fiscal 2023 vs. Fourth Quarter of Fiscal 2022:

- Cash and cash equivalents balance of $893.1 million, a decrease of $895.2 million from $1.8 billion
- Working capital of $723.7 million, a decrease of $70.7 million from $794.4 million
- Total shareholders' equity of $1.0 billion, a decrease of $175.3 million from $1.2 billion

Common and Preferred Share Dividends:

On February 8, 2023, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2023, with a record date of February 24, 2023.

On February 8, 2023, the Board approved a cash dividend of $0.25175 per Series A Preferred Share payable on March 31, 2023 to Series A Preferred shareholders of record as at March 17, 2023.

On February 8, 2023, the Board approved a cash dividend of $0.42731 per Series C Preferred Share payable on March 31, 2023 to Series C Preferred shareholders of record as at March 17, 2023.

Non-IFRS Measures

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

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

Non-IFRS Measures (Adjusted Figures)

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

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the interim condensed consolidated financial statements for the third quarter of fiscal 2023 can be found above in the table entitled "Summary of results for Q3 fiscal 2023 and year-to-date fiscal 2023 and selected financial information excluding significant items".

Non-IFRS Ratios

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

Supplementary Financial Measures

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

Contents

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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. Forward looking statements include, but are not limited to, statements about the Company's objectives, strategies, business prospects and opportunities; the execution of management's plans and potential outcomes; the impacts of global events and economic conditions on the Company's operations and business; and the outlook for the Company's business and for the global economy. 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. Disclosure identified as an "Outlook" including each section entitled "Outlook" contains forward-looking information.

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 (including slowing economic growth, inflation and rising interest rates), the dynamic nature of the financial services industry and the risks and uncertainties and the potential continued impacts of the coronavirus (COVID-19) pandemic on the Company's business operations and on the global economy, and the impact of the war in Ukraine and the resulting humanitarian crisis on the global economy, in particular its effect on global oil, agriculture and commodity markets. Additional risks and factors that could cause actual results to differ materially from expectations are described in the Company's interim condensed and annual consolidated financial statements and the Company's Annual Report and Annual Information Form (AIF) filed on www.sedar.com as well as the factors discussed in the sections entitled "Risk Management" in this MD&A and "Risk Factors" in the AIF, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2023 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its Annual Report and AIF filed on www.sedar.com. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive.

Although the forward-looking information contained in this document is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this document are made as of the date of this document and should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Certain statements included in this document may be considered "financial outlook" for purposes of applicable Canadian securities laws, the 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 periods ended December 31, 2022 (Third quarter 2023 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Third quarter 2023 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, 2022.

Management's Discussion and Analysis

Third quarter fiscal 2023 for the three- and nine-month periods ended December 31, 2022 – this document is dated February 8, 2023

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, 2022 compared to the corresponding periods in the preceding fiscal year. The three-month period ended December 31, 2022 is also referred to as third quarter fiscal 2023 and Q3/23. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three- and nine-month period ended December 31, 2022, beginning on page 39 of this report; our Annual Information Form (AIF) dated June 24, 2022; and the 2022 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2022 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 2, 2022 (the fiscal 2022 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2022 except as disclosed in this MD&A. The Company's financial information is expressed in Canadian dollars unless otherwise specified.

Non-IFRS measures

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

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

Non-IFRS Measures (Adjusted Figures)

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

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the unaudited interim condensed consolidated financial statements for the third quarter of fiscal 2023 can be found in the table entitled "Summary of results for Q3 and year-to-date fiscal 2023 selected financial information excluding significant items" on page 17.

Non-IFRS Ratios

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

Supplementary Financial Measures

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

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, advisory 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.

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 advisory and 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, brokerage and financial planning services to individual investors, private clients, charities and intermediaries through a full suite of services tailored to the needs of clients in each of its markets. The Company's wealth management division has Investment Advisors (IAs) and professionals in Canada, the UK, Jersey, Guernsey, the Isle of Man and Australia. Guernsey, Jersey and the Isle of Man are together referred to as the Crown Dependencies. Our wealth management operations in the UK and in the Crown Dependencies are together referred to as CGWM UK.

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.

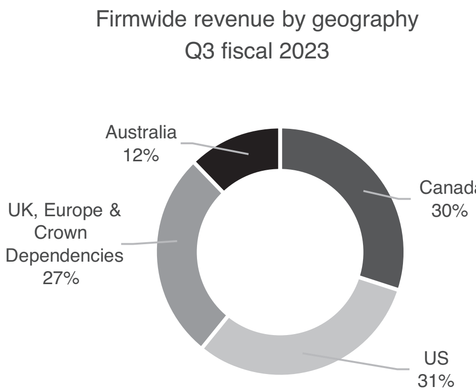
BUSINESS ACTIVITY

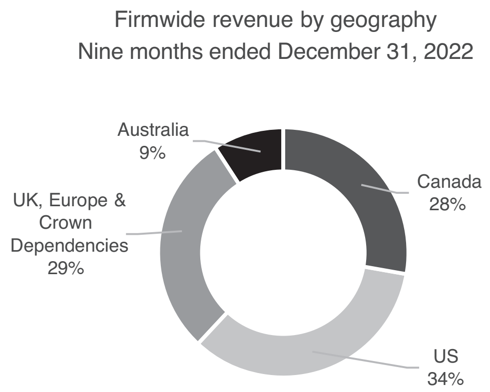
Our business is affected by the overall condition of the worldwide debt and equity markets.

The timing of revenue recognition can also materially affect the Company's quarterly results. The majority of revenue from underwriting and advisory transactions is recorded when the transaction has closed and, as a result, quarterly results can also be affected by the timing for the recognition of such transactions in our capital markets business.

The Company is diversified across industry sectors and geographies. To add to its recurring revenue base and to offset the inherent volatility of the capital markets business, the Company has increased the scale of its global wealth management operations. Historically, the Company's diversification across major financial centres has allowed it to benefit from strong equity markets in certain regions and improve its capability for identifying and servicing opportunities in regional centres and across the Company's focus sectors.

The following chart depicts firmwide revenue contributions by geography for Q3 2023 and the nine months ended December 31, 2022:



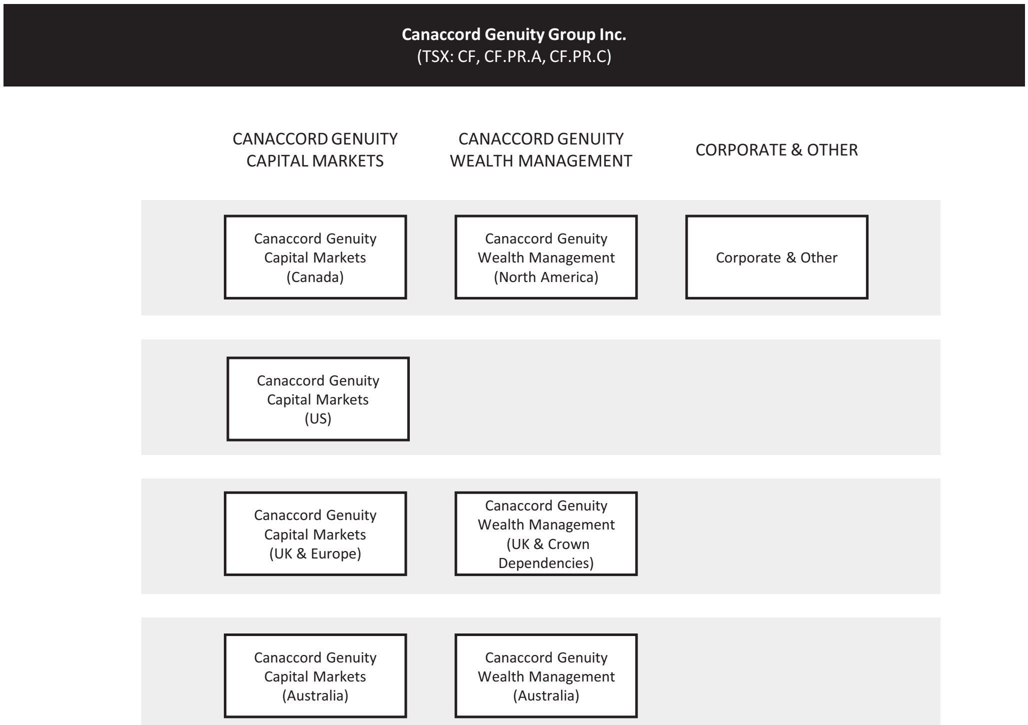


IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

As a brokerage firm, the Company derives its revenue primarily from sales commissions, underwriting, advisory fees, and trading activity. As a result, the Company's business is materially affected by conditions in the financial marketplace and the economic environment, primarily in North America and Europe, and to some degree Asia and Australia. Canaccord Genuity Group's long- term international business development initiatives over the past several years have laid a solid foundation for revenue diversification. A disciplined capital strategy allows the Company to remain competitive in today's changing financial landscape.

The Company's capital markets activities are primarily focused in the following sectors: Healthcare & Life Sciences (which includes cannabis-related companies), Technology, Metals & Mining, Consumer & Retail, and Other. Coverage of these sectors includes investment banking, mergers and acquisitions (M&A) and advisory services, and institutional equity activities, such as sales, trading and research. The value of client assets in the Company's wealth management businesses can be impacted by changes in market values during reporting periods.

BUSINESS SEGMENTS



The principal operating entities included in the business units described above are:

<u>Canaccord Genuity Capital Markets (Canada)</u>

- Canaccord Genuity Corp. (capital markets division)
- JitneyTrade Inc.
- Canaccord Genuity Asia (Beijing) Limited
- Canaccord Genuity (Hong Kong) Limited*
- Canaccord Genuity Emerging Markets Ltd.

<u>Canaccord Genuity Wealth Management (North America)</u>

- Canaccord Genuity Corp. (wealth management division)
- Canaccord Genuity Wealth Management (USA) Inc.
- Canaccord Genuity Wealth & Estate Planning Services Ltd.

<u>Corporate and Other</u>

- Canaccord Genuity Corp. (corporate & other division)
- Canaccord Genuity Group Inc.
- Finlogik Inc.

<u>Canaccord Genuity Capital Markets (US)</u>

- Canaccord Genuity LLC
- Canaccord Genuity Petsky Prunier LLC
- CG Sawaya, LLC

<u>Canaccord Genuity Capital Markets (UK & Europe)</u>

- Canaccord Genuity Limited
- Canaccord Genuity Dubai Ltd.
- Canaccord Genuity SAS

<u>Canaccord Genuity Wealth Management (UK & Crown Dependencies)</u>

- Canaccord Genuity Wealth Limited
- CG Wealth Planning Ltd.
- Canaccord Genuity Financial Planning Limited
- Adam & Company Investment Management Limited
- Canaccord Genuity Asset Management Limited (previously "Hargreave Hale Limited")
- Canaccord Genuity Wealth (International) Limited
- Canaccord Genuity Wealth Group Holdings (Jersey) Limited
- Punter Southall Wealth Limited

<u>Canaccord Genuity Capital Markets (Australia)</u>

- Canaccord Genuity (Australia) Limited
- Canaccord Genuity (Hong Kong) Limited*

<u>Canaccord Genuity Wealth Management (Australia)</u>

- Canaccord Genuity Financial Limited

* Canaccord Genuity (Hong Kong) Limited is a shared resource for both Canaccord Genuity Capital Markets (Canada) and Canaccord Genuity Capital Markets (Australia).

In May 2022, HPS Investment Partners, LLC, on behalf of certain investment accounts and funds it manages (collectively, "HPS"), completed the purchase of a new series of Convertible Preferred Shares issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited, a subsidiary of the Company and the parent of all operating companies included in CGWM UK. This purchase was in connection with the acquisition by CGWM UK of Punter Southall Wealth (PSW). The new series of Convertible Preferred Shares bear the same terms as the Convertible Preferred Shares issued in fiscal 2022, except for the conversion ratio. Neither series of Convertible Preferred Shares contains an obligation for the Company to deliver cash or other financial assets to the holders of the Convertible Preferred Shares. Judgment was used to conclude that the Convertible Preferred Shares are a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of Canaccord Genuity Wealth Group Holdings (Jersey) Limited. On an as converted basis and subject to the liquidation preference associated with the Convertible Preferred Shares and Preference Shares, the Company holds an approximate 66.9% equity equivalent interest in Canaccord Genuity Wealth Group Holdings (Jersey) Limited.

Operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") since the closing date of June 6, 2018 are included as part of Canaccord Genuity Capital Markets Canada and Corporate and Other, respectively. In addition, operating results of Petsky Prunier LLC ("Petsky Prunier") since the closing date of February 13, 2019 and operating results of CG Sawaya, LLC ("Sawaya") since the closing date of December 31, 2021 are included as part of Canaccord Genuity Capital Markets US. Included as part of CGWM UK are the operating results of McCarthy Taylor Limited ("McCarthy Taylor") (renamed as CG McCarthy Taylor Limited) and whose operations were subsequently transferred to CG Wealth Planning Limited since the closing date of January 29, 2019, the operating results of Thomas Miller Wealth Management Limited ("Thomas Miller") (renamed as CG Wealth Planning Limited) since the closing date of May 1, 2019, the private client investment management business of Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) since the closing date of October 1, 2021, and Punter Southall Wealth Limited ("PSW") as of May 31, 2022. Operating results for the business of Results International Group LLP ("Results") since the closing date of August 17, 2022 are included as part of Canaccord Genuity Capital Markets (UK & Europe).

Market Environment During Q3 Fiscal 2023

Economic backdrop

In an unusual step the US Federal Reserve is raising interest rates while the leading indicators of US manufacturing and non-manufacturing activity are contracting. Despite higher interest rates, labour market conditions have remained firm, with strong job creation owing to a labour shortage and a shrinking working population. For now, slowing manufacturing is not enough to slow consumption and with inflation on a steady decline, there is optimism that there will be an economic soft landing. Elsewhere, China is reopening from its zero-Covid lockdown policies and mild winter conditions are expected to help the economic backdrop in Europe.

Economic conditions overseas are reinforcing expectations that the global economy may avert a recession. In all, with inflation appearing to be past its worst point, recession fears have begun to recede. In turn, market participants are expecting moderation in the pace of rate hikes.

The S&P 500 (+7.6%), the S&P/TSX (+6.0%) and emerging markets (+6.7%) all ended fiscal Q3/23 on a positive note. Commodity prices also advanced 3.4% over the three-month period, owing to tight supply conditions, China reopening for business, and broad market expectations that the US economy will avoid a hard landing. The Canadian Dollar remains highly correlated with commodity prices and appreciated 2% vs. the US Dollar over the quarter. Finally, US Treasuries were flat at the end of the three-month period, with the Federal Reserve raising its expected terminal rate to approximately 5% in December.

Investment banking and advisory

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. 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.

Index Value at End of	Q3/22		Q4/22		Q1/23		Q2/23		Q3/23		
Fiscal Quarter	2021-12-31	(Y/Y)	2022-03-31	(Y/Y)	2022-06-30	(Y/Y)	2022-09-30	(Y/Y)	2022-12-30	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	339.8	11.7%	311.7	-2.8%	266.7	-24.9%	242.7	-28.6%	264.2	-22.3%	8.8%
S&P IFCI Global Large Cap	274.8	-5.8%	254.9	-14.1%	223.7	-27.3%	196.9	-29.5%	213.7	-22.2%	8.5%

Source: Refinitiv Datastream, Canaccord Genuity estimates

According to recent data from Refinitiv, global equity issuance dropped to a 19-year low in calendar 2022. We attribute most of the year-over-year significant decline in initial public and secondary offerings to rising financing costs, lower prices, heightened volatility in financial markets and broader economic uncertainties. Despite current market headwinds, M&A advisory activity remained active, as companies deploy cash towards growth opportunities at more attractive valuations.

Trading

Trading volumes in the three-month period have moderated from year-ago levels. Aside from heightened volatility in financial markets and tax-loss selling activities, we believe the underperformance of small and mid-cap equity indexes vs. large-cap equities over the past year also hindered trading activities in these names.

Average Value During	Q3/22		Q4/22		Q1/23		Q2/23		Q3/23		
Fiscal Quarter/Year	31-Dec-21	(Y/Y)	31-Mar-22	(Y/Y)	30-Jun-22	(Y/Y)	30-Sep-22	(Y/Y)	30-Dec-22	(Y/Y)	(Q/Q)
Russell 2000	2276.9	28.9%	2056.8	-6.3%	1856.6	-18.0%	1833.3	-17.9%	1793.7	-21.2%	-2.2%
S&P 400 Mid Cap	2792.7	31.9%	2670.8	6.9%	2474.5	-8.5%	2418.1	-10.3%	2426.1	-13.1%	0.3%
FTSE 100	7240.6	16.8%	7443.0	11.7%	7435.2	6.1%	7297.3	3.0%	7275.8	0.5%	-0.3%
MSCI EU Mid Cap	1398.1	21.6%	1314.8	4.5%	1217.0	-9.4%	1136.3	-19.2%	1126.1	-19.5%	-0.9%
S&P/TSX	21050.8	24.9%	21308.0	16.7%	20563.0	5.0%	19328.7	-5.2%	19512.7	-7.3%	1.0%

Source: Refinitiv Datastream, Canaccord Genuity estimates

Global wealth management

The value of client assets in our wealth management business has been supported by the improving environment through fiscal Q3/23. The outperformance of value sectors over calendar 2022 has benefitted Canadian equities and cushioned asset values. In the UK, the strengthening of the British Pound relative to the Canadian dollar also contributed stronger asset values.

Total Return (excl. currencies)	Q3/22 Change (Q/Q)	Q4/22 Change (Q/Q)	Q1/23 Change (Q/Q)	Q2/23 Change (Q/Q)	Q3/23 Change (Q/Q)	Fiscal 2022 Change (Y/Y)
S&P 500	11.0%	-4.6%	-16.1%	-4.9%	7.6%	15.6%
S&P/TSX	6.5%	3.8%	-13.2%	-1.4%	6.0%	20.2%
MSCI EMERGING MARKETS	-0.8%	-6.1%	-8.0%	-8.0%	6.7%	-9.6%
MSCI WORLD	6.8%	-5.3%	-15.5%	-6.7%	9.9%	7.7%
S&P GS COMMODITY INDEX	1.5%	33.1%	2.0%	-10.3%	3.4%	64.6%
US 10-YEAR T-BONDS	0.9%	-7.0%	-5.5%	-5.8%	0.3%	-2.8%
CAD/USD	0.3%	1.1%	-2.9%	-6.9%	2.0%	0.5%
CAD/EUR	2.2%	3.8%	2.5%	-0.4%	-6.6%	6.5%

Source: Refinitiv Datastream, Canaccord Genuity estimates

Outlook

Looking ahead, we expect that world economic conditions will remain linked to the lagged impact of a broad increase in global policy rates on aggregate demand. Although inflation is trending down, it remains far from the Federal Reserve's 2% objective. While we expect the Federal Reserve will pause at some point, rate cuts will likely depend on a material decline in wage inflation and/or job losses.

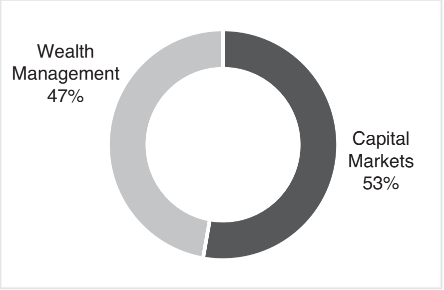
With continued tight financial conditions, we expect that markets will transition from inflation fears to growth concerns, which could fuel heightened volatility in financial markets. As such, we retain a cautious view, but more so with respect to overvalued US equities. Canadian equities should benefit from tight supply conditions in commodity markets and S&P/TSX sector weights geared toward resources. International (EAFE and Emerging Market) equities are also expected to perform well, owing to lower valuations and improving growth prospects. Otherwise, we believe fixed income investments have become a legitimate alternative to stocks in the short term.

Our core business segments remain well positioned to benefit from an upturn if investor sentiment improves and increases its risk tolerance levels. Capital raising activities remain low, but activity levels are improving modestly. Assets in our wealth management businesses remain vulnerable to market volatility as investor focus shifts from inflation to growth concerns. However, we expect that investors may look to add more risk in their asset mix at some point through calendar 2023.

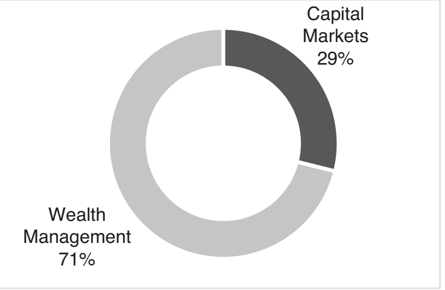
Core Business Performance Highlights – Third quarter and nine-months fiscal year-to-date

The following charts depict revenue, pre-tax net income(1)(2) and earnings per share(1)(2) contributions from our primary business segments for the nine months ended December 31, 2022:

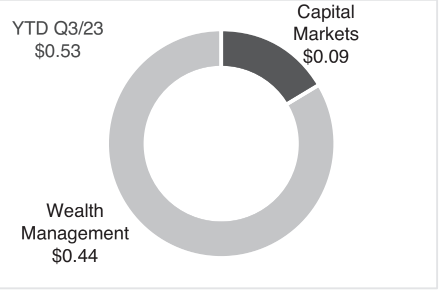
Revenue by business segment
Nine months ended December 31, 2022



Pre-tax net income contribution by business segment
Nine months ended December 31, 2022



Diluted earnings per share contribution by business segment
Nine months ended December 31, 2022



(1) Figures excluding significant items. See non-IFRS Measures on page 8
(2) Figures reflect an allocation of net losses in Corporate and Other to the capital markets and wealth management divisions

CANACCORD GENUITY WEALTH MANAGEMENT

Globally, Canaccord Genuity Wealth Management earned revenue of $179.7 million during the third fiscal quarter and $511.2 million fiscal year-to-date, decreases of 2.8% and 6.4% respectively. The decreases are primarily attributable to the impact of lower asset values as well as the reduction in transactional revenues in our Canadian and Australian businesses. Excluding significant items, this division recorded net income before taxes of $36.5 million(1) for the third quarter and $88.9(1) million fiscal year-to-date, year-over-year decreases of 7.3% and 25.5% respectively.

- Canaccord Genuity Wealth Management (North America) generated $77.4 million in revenue and, after intersegment allocations, recorded net income before taxes of $12.4 million in Q3/23. Fiscal year-to-date revenue in this business amounted to $223.8 million and net income before taxes and after intersegment allocations amounted to $28.6 million
- Wealth management operations in the UK & Crown Dependencies generated $85.7 million in revenue and, after intersegment allocations and excluding significant items, recorded net income before taxes of $22.9 million in the third quarter of fiscal 2023(1). Fiscal year-to-date revenue in this business amounted to $240.0 million and net income before taxes and after intersegment allocations amounted to $59.7 million
- Wealth management operations in Australia generated revenue of $16.6 million and, after intersegment allocations and excluding significant items, recorded income before taxes of $1.2 million in the third quarter of fiscal 2023(1). Fiscal year-to-date revenue in this business amounted to $47.4 million and income before taxes and after intersegment allocations amounted to $0.5 million

Firmwide client assets were $94.4 billion at December 31, 2022 representing a decrease of $7.6 billion or 7.4% from $101.9 billion at December 31, 2021(2). Client assets across the individual businesses as at December 31, 2022 were as follows:

- $34.7 billion in North America, a decrease of $2.7 billion or 7.3% from December 31, 2021(2)
- $54.4 billion (£33.2 billion) in the UK & Crown Dependencies, a decrease of $5.0 billion or 8.4% from $59.4 billion (£34.8 billion) at the end of third quarter of the previous fiscal year(2)
- $5.3 billion in Australia held through our investment management platform, an increase of $0.2 million or 3.7% from December 31, 2021(2)

CANACCORD GENUITY CAPITAL MARKETS

Globally, Canaccord Genuity Capital Markets earned revenue of $196.9 million for the third fiscal quarter, and $566.7 million fiscal year-to-date, year-over-year decreases of 45.6% and 42.8% respectively. The decreases primarily reflected substantially lower investment banking revenues in all geographies in connection with the significant decline in industry-wide new issue volumes. Excluding significant items, this division recorded net income before income taxes of $5.9(1) million for the third quarter and $36.3(1) million fiscal year-to-date.

In addition to the challenging backdrop of reduced levels of activity, year-to-date results were impacted by declines in the market value of certain inventory and warrant positions earned in respect of our investment banking activities subsequent to March 31, 2022 and mostly recorded during Q1/23. These valuation changes primarily impacted our Australian capital markets business, and to a lesser degree, our Canadian business. Market value adjustments also had a negative impact on our facilitation trading activity in Canada during Q1/23.

- Canaccord Genuity Capital Markets participated in a total of 105 investment banking transactions globally, raising total proceeds of $4.9 billion in Q3/23
- Canaccord Genuity Capital Markets participated in a total of 276 investment banking transactions globally, raising total proceeds of $14.4 billion in the first nine months of fiscal 2023

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8
(2) See Non-IFRS Measures on page 8

Revenue by activity as a percentage of Canaccord Genuity Capital Markets revenue

	For three months ended December 31			For nine months ended December 31		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Commissions and fees	**20.2%**	12.2%	8.0 p.p.	**19.8%**	12.7%	7.1 p.p.
Investment Banking	**19.1%**	35.2%	(16.1) p.p.	**15.1%**	37.1%	(22.0) p.p.
Advisory Fees	**38.2%**	42.0%	(3.8) p.p.	**45.7%**	37.0%	8.7 p.p.
Principal Trading	**17.8%**	9.3%	8.5 p.p.	**15.9%**	11.8%	4.1 p.p.
Interest	**4.0%**	0.7%	3.3 p.p.	**2.6%**	0.7%	1.9 p.p.
Other	**0.7%**	0.6%	0.1 p.p.	**0.9%**	0.7%	0.2 p.p.
Canaccord Genuity Capital Markets (total)	**100.0%**	100.0%		**100.0%**	100.0%	

Further detail is provided in the Business Segment Results beginning on page 22.

SUMMARY OF CORPORATE DEVELOPMENTS DURING Q3/23

- Subsequent to the end of the third fiscal quarter on January 9, 2023, 1373313 B.C. Ltd (the "Offeror") on behalf of itself and a management-led group consisting of officers and employees of Canaccord Genuity Group Inc. and its subsidiaries (collectively, the "CG Employee Group"), announced that it intends to commence and all-cash takeover bid (the "Proposed Offer") to acquire all of the issued and outstanding common shares of the Company (other than certain common shares beneficially owned by the CG Employee Group) at a price of $11.25 per common share. In accordance with applicable securities laws, an Early Warning Report was filed on January 11, 2023, and is available on SEDAR at www.sedar.com.
- On January 9, 2023, in response to the announcement of the Proposed Offer, a Special Committee of independent directors of the Company announced its intention to provide its formal recommendation to shareholders within 15 days of the mailing of a takeover-bid circular.
- On February 1, 2023, the Company announced that it has entered into a definitive agreement with Mercer Global Investments Canada Limited to acquire Mercer's Canadian Private Wealth Business. The sale is expected to add approximately up to $1.5 billion to Canaccord Genuity total client assets. The transaction is expected to close within three months from the date of the agreement and is subject to a number of closing conditions, including regulatory approval.

Financial Overview

Q3 AND YEAR-TO-DATE FISCAL 2023 SELECTED FINANCIAL INFORMATION(1)(2)(5)

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended December 31 2022	2021	2020	Q3/23 vs Q3/22	Nine months ended December 31 2022	2021	2020	YTD over YTD change
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	$ 188,647	$ 197,009	$ 184,186	(4.2)%	$ 552,340	$ 564,867	$ 520,763	(2.2)%
Investment banking	47,494	151,025	213,419	(68.6)%	109,982	452,924	455,612	(75.7)%
Advisory fees	75,667	153,297	72,004	(50.6)%	259,905	370,704	130,331	(29.9)%
Principal trading	35,123	33,980	51,113	3.4%	90,317	117,018	158,971	(22.8)%
Interest	32,085	9,639	5,791	232.9%	69,296	25,764	18,801	169.0%
Other	3,100	7,267	6,564	(57.3)%	(1,832)	14,932	16,684	(112.3)%
Total revenue	382,116	552,217	533,077	(30.8)%	1,080,008	1,546,209	1,301,162	(30.2)%
Expenses								
Compensation expense	240,303	340,929	328,647	(29.5)%	660,806	953,489	832,257	(30.7)%
Other overhead expenses(3)	120,003	100,961	99,377	18.9%	349,043	287,685	280,909	21.3%
Acquisition-related costs	—	6,762	5,504	(100.0)%	7,403	8,682	5,504	(14.7)%
Change in derivative fair value	—	8,519	—	(100.0)%	—	8,519	—	(100.0)%
Costs associated with redemption of convertible debentures	—	—	—	—	—	5,932	—	n.m.
Impairment of goodwill and intangible assets	102,571	—	—	n.m.	102,571	—	—	n.m.
Share of loss of an associate	25	63	275	(100.0)%	45	181	306	(75.1)%
Total expenses	462,902	457,234	433,803	1.2%	1,119,868	1,264,488	1,118,976	(11.4)%
(Loss) income before income taxes	(80,786)	94,983	99,274	(185.1)%	(39,860)	281,721	182,186	(114.1)%
Net (loss) income	(82,065)	66,732	68,451	(223.0)%	(58,505)	201,570	130,408	(129.0)%
Net (loss) income attributable to:								
CGGI shareholders	(92,775)	58,645	66,991	(258.2)%	(85,778)	187,229	125,909	(145.8)%
Non-controlling interests	10,710	8,087	1,460	32.4%	27,273	14,341	4,499	90.2%
(Loss) earnings per common share – diluted	$(1.10)	$0.52	$0.54	n.m	(1.06)	1.64	1.01	(164.6)%
Dividends per common share	$0.085	$0.085	$0.065	0.00%	0.255	0.235	0.175	8.5%
Total assets	$ 6,079,979	$ 7,039,426	$ 6,085,307	(13.6)%				
Total liabilities	$ 4,728,987	$ 5,692,955	$ 5,110,664	(16.9)%				
Non-controlling interests	$ 348,212	$ 238,499	$ 6,844	46.0%				
Total shareholders' equity	$ 1,002,780	$ 1,107,972	$ 967,799	(9.5)%				
Number of employees	2,850	2,510	2,296	13.5%				
Excluding significant items(4)								
Total revenue	382,349	550,817	533,077	(30.6)%	1,092,959	1,549,809	1,301,162	(29.5)%
Total expenses	350,878	437,385	422,503	(19.8)%	983,421	1,226,768	1,098,311	(19.8)%
Income before income taxes	31,471	113,432	110,574	(72.3)%	109,538	323,041	202,851	(66.1)%
Net income	28,197	84,632	78,971	(66.7)%	83,558	239,005	148,759	(65.0)%
Net income attributable to:								
CGGI shareholders	18,952	77,489	77,511	(75.5)%	61,615	226,508	144,260	(72.8)%
Non-controlling interests	9,245	7,143	1,460	29.4%	21,943	12,497	4,499	75.6%
Net income attributable to common shareholders, adjusted	16,561	75,098	75,160	(77.9)%	54,442	219,415	137,207	(75.2)%
Earnings per common share – diluted	$ 0.16	$ 0.69	$ 0.62	(76.8)%	$ 0.53	$ 2.00	$ 1.15	(73.5)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 8.
(2) The operating results of the Australian operations have been fully consolidated, and a 32.7% non-controlling interest has been recognized for the three and nine months ended December 31, 2022 [three and nine months ended December 31, 2021 – 15.0%]. The operating results of CGWM UK have been fully consolidated, and a 5.55% non-controlling interest in the outstanding ordinary shares of Canaccord Genuity Wealth Management Holdings (Jersey) Limited has been recognized for the three and nine months ended December 31, 2022 [three and nine months ended December 31, 2021 – 1.5%].
(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) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See Non-IFRS Measures on page 8 and the Selected Financial Information Excluding Significant Items table on page 17.
(5) Data includes the operating results of Thomas Miller since May 1, 2019, Patersons since October 21, 2019, Adam & Company since October 1, 2021, Sawaya since December 31, 2021, PSW since May 31, 2022, and Results since August 17, 2022.
n.m.: not meaningful

Q3 AND YEAR-TO-DATE FISCAL 2023 SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS(1)

(C$ thousands, except per share and % amounts)	Three months ended December 31 2022	2021	Quarter-over-quarter change	Nine months ended December 31 2022	2021	YTD-over-YTD change
Revenue						
Revenue per IFRS	$ 382,116	$ 552,217	(30.8)%	$ 1,080,008	$ 1,546,209	(30.2)%
Significant items recorded in Corporate and Other						
Fair value adjustments on certain illiquid and restricted marketable securities	$ 233	(1,400)	(116.6)%	$ 12,951	$ 3,600	259.8%
Total revenue excluding significant items	$ 382,349	$550,817	(30.6)%	$ 1,092,959	$ 1,549,809	(29.5)%
Expenses						
Expenses per IFRS	$ 462,902	$ 457,234	1.2%	$ 1,119,868	$ 1,264,488	(11.4)%
Significant items recorded in Canaccord Genuity Capital Markets						
Amortization of intangible assets	$ 1,643	$ 107	n.m.	$ 4,442	$ 560	n.m.
Incentive based costs related to acquisitions(2)	$ 523	—	n.m.	$ 1,327	—	n.m.
Impairment of goodwill and other intangible assets	$ 102,571	—	n.m.	$ 102,571	—	n.m.
Acquisition-related costs	$ —	$ 537	(100.0)%	$ 1,477	537	175.0%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	$ 5,830	$ 4,113	41.7%	$ 16,086	$ 10,439	54.1%
Acquisition-related costs	$ —	$ 6,225	(100.0)%	$ 5,926	$ 8,145	(27.2)%
Incentive based costs related to acquisitions(2)	$ 649	$ 348	86.5%	$ 2,500	$ 2,794	(10.5)%
Costs associated with reorganization of UK & Crown Dependencies	—	—	—	—	$ 794	(100.0)%
Significant items recorded in Corporate and Other						
Change in derivative fair value	—	$ 8,519	(100.0)%	—	$ 8,519	(100.0)%
Costs associated with redemption of convertible debentures	—	—	—	—	$ 5,932	(100.0)%
Development costs	$ 808	—	n.m.	$ 2,118	—	n.m.
Total significant items	$ 112,024	$ 19,849	n.m.	$ 136,447	$ 37,720	261.7%
Total expenses excluding significant items	$ 350,878	$ 437,385	(19.8)%	$ 983,421	$ 1,226,768	(19.8)%
Net income before taxes – adjusted	$ 31,471	$ 113,432	(72.3)%	$ 109,538	$ 323,041	(66.1)%
Income taxes – adjusted	$ 3,274	$ 28,800	(88.6)%	$ 25,980	$ 84,036	(69.1)%
Net income – adjusted	$ 28,197	$ 84,632	(66.7)%	$ 83,558	$ 239,005	(65.0)%
Significant items impacting net income attributable to common shareholders						
Non-controlling interests – IFRS	$ 10,710	$ 8,087	32.4%	$ 27,273	$ 14,341	90.2%
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustment	$ 1,465	$ 944	55.2%	$ 5,330	$ 1,844	189.0%
Non-controlling interests (adjusted)(1)	$ 9,245	$ 7,143	29.4%	$ 21,943	$ 12,497	75.6%
Net income attributable to common shareholders excluding significant items(1)	$ 16,561	$ 75,098	(77.9)%	$ 54,442	$ 219,415	(75.2)%
Earnings per common share excluding significant items(1) – basic	$ 0.20	$ 0.80	(75.0)%	$ 0.63	$ 2.29	(72.5)%
Diluted earnings per common share excluding significant items(1) – diluted	$ 0.16	$ 0.69	(76.8)%	$ 0.53	$ 2.00	(73.5)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business and in the US and UK capital markets.
n.m.: not meaningful

Impact of Convertible Preferred Shares on EPS

Diluted earnings per common share ("diluted EPS") is computed using the treasury stock method, giving effect to the exercise of all dilutive elements. The Convertible Preferred Shares issued by Canaccord Genuity Wealth Management Holdings (Jersey) Limited are factored into the diluted EPS by adjusting net income attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK's earnings on an as converted basis if the calculation is dilutive. For the quarter and nine months ended December 31, 2022, the effect of reflecting our proportionate share of CGWM UK's earnings is anti-dilutive for diluted EPS purposes under IFRS but dilutive for the purpose of determining diluted

EPS excluding significant items[1]. As such, the diluted EPS under IFRS is computed based on net income attributable to common shareholders less accrued dividends on the Convertible Preferred Shares issued by CGWM UK. Net income attributable to common shareholders excluding significant items[1]reflects the Company's proportionate share of CGWM UK's net income excluding significant items[1] on an as converted basis.

Foreign exchange

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

Geographies

Our Dubai operation is included as part of Canaccord Genuity Capital Markets UK & Europe. For purposes of the discussion provided herein the Canaccord Genuity Capital Markets operations in the UK, Europe and Dubai are referred to as "UK & Europe". Our Asian-based operations, comprising China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units.

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.

Due to the effect of weak equity market conditions globally and particularly in Canada, our Canadian capital markets operation experienced substantial declines in business activity, revenue and has incurred material losses on a year-to-date basis. With these adverse changes in the business environment, continued weakness in commodity prices and a challenging outlook as negative economic conditions persist, it was determined that the carrying value of our Canadian capital markets CGU exceeded its fair value as of December 31, 2022. As a result, the Company recorded an impairment charge in respect of goodwill of $101.8 million during the three months ended December 31, 2022. In addition, the Company recorded an impairment charge related to the unamortized intangible assets of $0.8 million allocated to the Canadian capital markets CGU.

Utilizing management's estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models the Company determined that there was no impairment in the goodwill associated with any of its wealth management business units in the UK & Crown Dependencies and Australia or its indefinite life intangible assets recorded in Canaccord Genuity Capital Markets Canada, or goodwill in Canaccord Genuity Capital Markets US and Canaccord Genuity Capital Markets UK & Europe. Notwithstanding this determination as of December 31, 2022, 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 the future. 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.

(1) See Non-IFRS Measures on page 8

THIRD QUARTER AND YEAR-TO-DATE FISCAL 2023 VS. THIRD QUARTER AND YEAR-TO-DATE FISCAL 2022

Revenue

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

REVENUE BY ACTIVITY AS A PERCENTAGE OF FIRM-WIDE REVENUE

	For three months ended December 31			For nine months ended December 31		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Commissions and fees	**49.4%**	35.7%	13.7 p.p.	**51.1%**	36.5%	14.6 p.p.
Investment Banking	**12.4%**	27.3%	(14.9) p.p.	**10.2%**	29.3%	(19.1) p.p.
Advisory Fees	**19.8%**	27.8%	(8.0) p.p.	**24.1%**	24.0%	0.1 p.p.
Principal Trading	**9.2%**	6.2%	3.0 p.p.	**8.4%**	7.6%	0.8 p.p.
Interest	**8.4%**	1.7%	6.7 p.p.	**6.4%**	1.7%	4.7 p.p.
Other	**0.8%**	1.3%	(0.5) p.p.	**(0.2)%**	0.9%	(1.1) p.p.
Canaccord Genuity Group Inc. (total)	**100.0%**	100.0%		**100.0%**	100.0%	

Firm-wide revenue for the three months ended December 31, 2022 was $382.1 million, a decrease of 30.8% or $170.1 million compared to the same period a year ago. The decrease was primarily driven by the broad market downturn beginning at the start of our current fiscal year, which has resulted in a significant decline in new issue activity compared to the same period a year ago. This decline was partially offset by higher firm-wide interest revenue during the three-month period, which increased by 232.9% year-over-year to $32.1 million. Firmwide revenue for the nine months ended December 31, 2022 was $1,080.0 million, a decrease of 30.2% year-over-year. The most notable decrease was investment banking, which decreased by $342.9 million or 75.7% year-over-year.

Commissions and fees revenue is primarily generated from private client investment management trading activity and institutional sales and trading. Firm-wide revenue generated from commissions and fees decreased by $8.4 million or 4.2% to $188.6 million in Q3/23 compared to Q3/22. Fiscal year-to-date commissions and fees revenue was $552.3 million, a decrease of 2.2% or $12.5 million compared to the same period a year ago. The decrease in the nine- month period primarily reflected lower contributions from our Canadian capital markets business, which was impacted by facilitation losses and market value adjustments in the first quarter of fiscal 2023.

Firm-wide investment banking revenue decreased by $103.5 million or 68.6% to $47.5 million in Q3/23 compared to Q3/22, reflecting the continued broad-market reduction in new issue activity. The largest decreases were recorded in our Canadian and US capital markets operations, with declines of $41.0 million or 89.9% and $23.4 million or 80.9% respectively when compared to Q3/22. Further contributing to the overall decrease in consolidated investment banking revenue was a decrease of $13.8 million or 58.5% in our Canaccord Genuity Wealth Management segment compared to Q3/22, reflecting the impact of reduced new issue activity in our Canadian and Australian wealth management businesses during the three-month period. Firm-wide investment banking revenue for the nine months ended December 31, 2022 amounted to $110.0 million, a year-over-year decrease of $342.9 million or 75.7% due to the significant reduction in new issue activity across all our core operations as discussed above.

Firm-wide advisory fee revenue decreased by $77.6 million or 50.6% from the same quarter a year ago, to $75.7 million for Q3/23. Our US operations contributed $52.8 million of firm-wide advisory revenue, representing a decrease of $49.4 million or 48.3% compared to the same period in the prior year. The reduction reflects the more challenging environment for completions and lower valuations. Firm-wide advisory revenue for the nine months ended December 31, 2022 amounted to $259.9 million, a year-over-year decrease of 29.9% or $110.8 million, largely driven by a reduction in activity in our US and Canadian capital markets operations.

Firm-wide principal trading revenue was $35.1 million in Q3/23, representing a slight increase of $1.1 million or 3.4% increase compared to Q3/22. For the nine months ended December 31, firm-wide trading revenue was $90.3 million, a decrease of $26.7 million or 22.8% as a result of reduced market-wide trading activity compared to the same period in the prior year.

Firm-wide interest revenue was $32.1 million for the three months ended December 31, 2022, representing an increase of $22.4 million or 232.9% from Q3/22, largely attributable to our Canadian wealth management operations which contributed interest revenue of $13.5 million for the three-month period. Interest revenue for the first nine months of fiscal 2023 was $69.3 million, an increase of $43.5 million or 169.0%, mainly attributable to our Canadian wealth management and capital markets operations. The increase in interest revenue in both the three- month and nine- month periods is attributable to the increase in market rates compared to the same periods in fiscal 2022.

Other revenue was $3.1 million for Q3/23, a decrease of $4.2 million or 57.3% from the same period a year ago largely due to a decrease in foreign exchange gains recorded in the current period. For the nine months ended December 31, 2022, a fair value adjustment on certain warrants, illiquid or restricted marketable securities resulted in a reduction in revenue of $13.0 million, which largely contributed to the overall firm-wide decrease of $16.8 million or 112.3% compared to the first nine months of fiscal 2022. The fair value adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items[1]. Future changes in the fair value of certain marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations.

Expenses

Firm-wide expenses for the three months ended December 31, 2022 were $462.9 million, an increase of 1.2% or $5.7 million from Q3/22. Total expenses excluding significant items[1] as a percentage of revenue amounted to 91.8%, an increase of 12.4 percentage points compared to the three months ended December 31, 2021.

For the nine months ended December 31, 2022, expenses were $1.1 billion compared to $1.3 billion for the same period in the prior year, a decrease of 11.4%. Total expenses excluding significant items[1] as a percentage of revenue increased by 10.8 percentage points compared to the nine months ended December 31, 2021.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended December 31			Nine months ended December 31		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Compensation expense	**62.9%**	61.7%	1.2 p.p.	**61.2%**	61.7%	(0.5) p.p.
Other overhead expenses[1]	**31.4%**	18.3%	13.1 p.p.	**32.3%**	18.6%	13.7 p.p.
Acquisition-related costs	**0.0%**	1.2%	(1.2) p.p.	**0.7%**	0.6%	0.1 p.p.
Change in derivative fair value	**0.0%**	1.6%	(1.6) p.p.	**0.0%**	0.5%	(0.5) p.p.
Loss and other costs on extinguishment of convertible debentures	**0.0%**	0.0%	—	**0.0%**	0.4%	(0.4)%
Impairment of goodwill and intangible assets	**26.8%**	0.0%	26.8 p.p.	**9.5%**	—	9.5 p.p.
Total	**121.1%**	82.8%	38.3 p.p.	**103.7%**	81.8%	21.9 p.p.

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

Compensation Expense

Firm-wide compensation expense in Q3/23 was $240.3 million, a decrease of $100.6 million or 29.5% compared to Q3/22. Total compensation expense as a percentage of revenue increased from 61.7% in Q3/22 to 62.9% in Q3/23, a slight increase of 1.2 percentage points.

Compensation expense for the nine months ended December 31, 2022 was $660.8 million, a decrease of $292.7 million or 30.7% compared to the same period in the prior year. Compensation expense as a percentage of revenue decreased slightly by 0.5 percentage points to 61.2% for the nine months ended December 31, 2022.

OTHER OVERHEAD EXPENSES

(C$ thousands, except % amounts)	Three months ended December 31			Nine months ended December 31		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Trading costs	**$ 24,109**	$ 25,401	(5.1)%	**$ 72,666**	$ 79,236	(8.3)%
Premises and equipment	**4,859**	5,389	(9.8)%	**15,082**	14,747	2.3%
Communication and technology	**22,343**	18,048	23.8%	**62,243**	53,537	16.3%
Interest	**12,281**	6,014	104.2%	**30,624**	16,115	90.0%
General and administrative	**32,825**	28,658	14.5%	**95,117**	71,997	32.1%
Amortization[1]	**11,533**	6,792	69.8%	**30,796**	18,648	65.1%
Amortization of right of use assets	**6,580**	5,464	20.4%	**19,783**	17,197	15.0%
Development costs	**5,473**	5,195	5.4%	**22,732**	16,208	40.3%
Total other overhead expenses	**$ 120,003**	$ 100,961	18.9%	**349,043**	287,685	21.3%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 17.

Other overhead expenses were $120.0 million, an increase of 18.9% in Q3/23 compared to Q3/22. As a percentage of revenue, other overhead expenses were 31.4% in Q3/23 compared to 18.3% in Q3/22, an increase of 13.1 percentage points.

General and administrative expense increased by $4.2 million or 14.5% for the quarter ended December 31, 2022 compared to the same period in the prior year due to higher promotion and travel expenses, as activity levels in connection with conferences, client meetings and events increased following the easing of COVID-19 restrictions in late fiscal 2022 and the beginning of fiscal 2023.

Interest expense also increased by $6.3 million or 104.2% compared to Q3/22, primarily as a result of higher interest expense in our CGWM UK operations associated with additional bank loans obtained in connection with the acquisitions of Adam & Company completed on October 1, 2021 and PSW completed on May 31, 2022 and increases in market rates. Interest expense in our Canadian capital markets operations increased by $3.1 million due to increased stock borrowing activity and higher interest rates.

Amortization expense increased by $4.7 million or 69.8% compared to Q3 fiscal 2022 largely as a result of amortization of intangible assets acquired in connection with PSW and Results.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8

There were no acquisition-related costs recorded during the three months ended December 31, 2022. Acquisition-related costs of $7.4 million recorded in the first nine months of fiscal 2023 related to the acquisitions of PSW and Results.

Other overhead expenses for the nine months ended December 31, 2022 increased by $61.4 million to $349.0 million, an increase of 21.3% from the same period a year ago. As a percentage of revenue, other overhead expenses increased by 13.7 percentage points compared to the nine months ended December 31, 2021. The most significant increases in overhead expenses include general and administrative, interest, and amortization expenses for the reasons discussed above. For the first nine months of fiscal 2023, development costs were $22.7 million compared to $16.2 million for the same period in the prior year due to an increase in incentive-based costs related to the acquisition of Sawaya and other growth initiatives in our US capital markets operations, recruiting and incentive-based costs in our Canadian and Australian wealth management operations, as well as costs in our Corporate & Other segment related to the proposed management take-over bid as previously announced.

As a result of the effect of weak equity market conditions globally and particularly in Canada, our Canadian capital markets operation experienced substantial declines in business activity and revenue and has incurred material losses on a year-to-date basis. With these adverse changes in the business environment, continued weakness in commodity prices and a challenging outlook as negative economic conditions persist, it was determined that the carrying value of our Canadian capital markets CGU exceeded its fair value as of December 31, 2022. As a result, the Company recorded an impairment charge in respect of goodwill of $101.8 million during the three months ended December 31, 2022. In addition, the Company recorded an impairment charge related to the unamortized intangible assets of $0.8 million allocated to the Canadian capital markets CGU.

Income Tax

Income tax expense for the three months ended December 31, 2022 was $1.3 million on a net loss before income taxes of $80.8 million compared to tax expense of $28.3 million on income before income taxes of $95.0 million in Q3/22. The change in effective tax rate is largely due to the non-deductibility of the impairment charge of goodwill and intangible assets for tax purposes, as well as tax recoveries recorded in higher tax jurisdictions and remeasurement of deferred tax assets related to unvested awards in connection with share-based payment plans as the value of stock-based awards increased compared to the previous quarter.

For the nine months ended December 31, 2022, income tax expense was $18.6 million on a net loss before income taxes of $39.9 million compared to income tax expense of $80.2 million on net income before income taxes of $281.7 million for the same period in the prior year. As discussed above, the change in the effective tax rate was mainly due to the non-deductibility of the impairment charge of goodwill and intangible assets for tax purposes. In addition, the remeasurement of deferred tax assets related to unvested awards in connection with share-based payment plans also impacted the effective tax rate as the value of stock-based awards decreased compared to March 31, 2022.

Net Income

Net loss for Q3/23 was $82.1 million compared to net income of $66.7 million in the same period a year ago. Loss attributable to common shareholders was $95.2 million compared to net income attributable to common shareholders of $56.3 million for the three months ended December 31, 2021. Diluted loss per common share was $1.10 in Q3/23 compared to diluted earnings per common share of $0.52 in Q3/22.

Net loss for the nine months ended December 31, 2022 was $58.5 million compared to net income of $201.6 million in the same period a year ago. Net loss attributable to common shareholders was $93.0 million compared to net income attributable to common shareholders of $180.1 million for the nine months ended December 31, 2021. Diluted loss per common share was $1.06 in the current period compared to diluted earnings per common share of $1.64 in the same period in the prior year.

Excluding significant items(1), net income for Q3/23 was $28.2 million compared to net income of $84.6 million in Q3/22. Net income attributable to common shareholders excluding significant items(1) was $16.6 million compared to $75.1 million for same period in the prior year. Diluted earnings per common share excluding significant items(1) was $0.16 in Q3/23 compared to diluted earnings per common share excluding significant items(1) of $0.69 in Q3/22.

Excluding significant items(1) and before non-controlling interests and preferred share dividends, year to date net income for fiscal 2023 was $83.6 million compared to net income of $239.0 million for the same period in fiscal 2022. Diluted earnings per common share, excluding significant items(1), were $0.53 for the nine-month period compared to diluted earnings per common share excluding significant items(1) of $2.00 for the same period in the prior year.

[1] See Non-IFRS Measures on page 8

Business Segment Results – Q3/23 and nine months ended December 31, 2022 compared with Q3/22 and nine months ended December 31, 2021

CANACCORD GENUITY CAPITAL MARKETS

Overview

Canaccord Genuity Capital Markets provides a full range of investment banking, advisory, equity research, and sales and trading services to corporate, institutional and government clients and also conducts principal trading activities. The Company has capital markets has offices and employees in more than 20 locations in Canada, the US, the UK & Europe, Australia, Asia and the Middle East.

Our capital markets division has over 900 employees who are organized into product, industry, geographic and support groups. Our industry coverage groups are focused in key growth sectors of the global economy and are primarily focused in the Technology, Healthcare and Life Sciences (which includes Cannabis), Metals and Mining, and Consumer sectors, with additional exposure to the Diversified, Transportation & Industrials, Energy, and Structured Products & Sustainability sectors. Our capabilities include private placements, equity and debt underwriting, initial public offerings, follow-on offerings, at-the-market offerings, debt finance and restructuring, advisory (which includes mergers, acquisitions, and private capital/financial sponsor advisory services), principal trading, block trades and market making.

A disciplined mid-market focus with global alignment efforts have firmly entrenched Canaccord Genuity Capital Markets as a leading global independent investment bank specializing in its core focus sectors and geographies. Canaccord Genuity Capital Markets' integrated global platform and disciplined focus in key growth sectors of the global economy provides a competitive advantage. Canaccord Genuity Capital Markets is focused on providing execution capabilities and specialized knowledge across geographies thereby providing a differentiated service when compared to other global investment banks.

Outlook

Canaccord Genuity Capital Markets continues to take steps to advance its market position as a mid-market leader in many of the Company's key markets. Management intends to focus on capturing operating efficiencies and strengthening the global platform through further integration of our global capabilities and by further enhancing cross-border coordination among our global offices.

The Company expects continued benefits from its investments to grow contributions from higher-margin advisory activities. During fiscal 2023 the Company, through its UK & Europe capital markets business completed the acquisition of the business of Results, a UK-based advisory business focused in the Technology and Healthcare sectors. This transaction complements recent investments by the Company to expand its global advisory business with the acquisitions of Petsky Prunier (2019) and Sawaya (2021) in the United States, as it adds expertise in the Healthcare and Technology sectors to its platform in the UK.

The dynamic nature of the operating environment for global mid-market capital markets activities requires us to maintain a level of agility in our business mix that allows us to stay competitive and meet the evolving needs of our clients. For this reason, the Company will continue to make disciplined investments, as appropriate, to further strengthen our operations in areas where we believe we can capture additional market share.

The Company remains committed to operating our capital markets businesses as efficiently as possible in order to protect our capacity to deliver market-leading expertise and execution services throughout all market cycles. A culture of cost containment continues to be reinforced throughout the Company, and strategies to lower operating costs in this division over the long term continue to be explored.

FINANCIAL PERFORMANCE[1][2]

(C$ thousands, except number of employees and % amounts)	Three months ended December 31 2022	2021	Quarter-over-quarter change	Nine months ended December 31 2022	2021	YTD-over-YTD change
Revenue	**$ 196,879**	$ 361,893	(45.6)%	**$ 566,713**	$ 991,028	(42.8)%
Expenses						
Compensation expense	**123,099**	208,151	(40.9)%	**335,442**	568,278	(41.0)%
Other overhead expenses	**63,789**	56,042	13.8%	**184,387**	159,835	15.4%
Impairment of goodwill and intangible assets	**102,571**	—	n.m.	**102,571**	—	n.m.
Acquisition-related costs	**—**	537	(100.0)%	**1,477**	537	175.0%
Total expenses	**289,459**	264,730	9.3%	**623,877**	728,650	(14.4)%
Intersegment allocations[3]	**6,239**	4,037	54.5%	**16,378**	12,290	33.3%
Income before income taxes[3]	**$ (98,819)**	$ 93,126	(206.1)%	**$ (73,542)**	$ 250,088	(129.4)%
Non-controlling interest[2]	**1,668**	1,796	(7.1)%	**3,264**	3,396	(3.9)%
Number of employees	**947**	858	10.4%			
Excluding significant items[4]						
Total expenses	**$ 184,722**	$ 264,086	(30.1)%	**$ 514,060**	$ 727,553	(29.3)%
Intersegment allocations[3]	**6,239**	4,037	54.5%	**16,378**	12,290	33.3%
Income before income taxes[3]	**$ 5,918**	$ 93,770	(93.7)%	**$ 36,275**	$ 251,185	(85.6)%
Non-controlling interest[2]	**1,668**	1,796	(7.1)%	**3,264**	3,396	(3.9)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 8.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 32.7% non-controlling interest had been recognized and included in the Canaccord Genuity Capital Markets business segment for the nine months ended December 31, 2022 [nine months ended December 31, 2021 – 15%]. The non-controlling interest is the portion of the net income after income taxes of Canaccord Genuity (Australia) Limited not attributable to the Company.
(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 32.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 17.
p.p.: percentage points

REVENUE – CANACCORD GENUITY CAPITAL MARKETS

Revenue from Canaccord Genuity Capital Markets is generated from commissions and fees earned in connection with investment banking and advisory transactions and institutional sales and trading activity, as well as trading gains and losses from Canaccord Genuity Capital Markets' principal trading activity, including its international trading operations. In Australia and Canada, revenue is also earned through inventory positions which are included as part of investment banking revenue. The value of these positions can fluctuate with changes in the market environment.

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

	Three months ended December 31			Nine months ended December 31		
	2022	2021	Quarter-over-quarter change	2022	2021	YTD-over-YTD change
Revenue generated in:						
Canada	**16.0%**	25.9%	(9.9) p.p	**13.8%**	27.0%	(13.2) p.p
UK & Europe	**9.8%**	8.0%	1.8 p.p	**12.0%**	9.2%	2.8 p.p
US	**58.7%**	52.3%	6.4 p.p	**65.0%**	52.5%	12.5 p.p
Australia	**15.5%**	13.8%	1.7 p.p	**9.2%**	11.3%	(2.1) p.p
Canaccord Genuity Capital Markets (total)	**100%**	100%		**100%**	100%	

p.p.: percentage points

Canaccord Genuity Capital Markets generated revenue of $196.9 million for the three months ended December 31, 2022, a decrease of 45.6% or $165.0 million from the same quarter a year ago. Our US capital markets business was the largest contributor of revenue for the three-month period, which amounted to $115.6 million or 58.7% of total capital markets revenue. Third quarter revenue in the US business decreased by 39.0% year-over-year. Revenue in the UK & Europe decreased by 33.7% or $9.8 million year-over-year, and revenue in our Canadian capital markets business decreased by 66.3% or $62.0 million year-over-year. In our Australian capital markets business, Q3/23 revenue decreased by 38.9% year-over-year to $30.5 million. For the nine months ended December 31, 2022, revenue for our global capital markets operations was $566.7 million, a decrease of $424.3 million or 42.8% compared to the corresponding period in the prior year.

Declines in the three- and nine-month periods were attributable to the market-wide reduction in activity levels, primarily in investment banking. In addition to the more challenging environment, sharp declines in the market value of certain inventory and warrant positions earned in respect of our investment banking activities had a negative impact on year-to-date revenues earned by our Australian capital markets business, and to a lesser degree, our Canadian capital markets business.

Investment banking

The substantial reduction in market-wide underwriting activities has persisted through the first nine months of fiscal 2023, and this has especially impacted smaller issuers in several of our key growth sectors. Revenue from the Metals & Mining sector, a historic area of strength for the Company, reflects contributions from Australia, Canada and the UK. Revenue from Healthcare sectors was led by our US and Canadian capital markets businesses and includes transactions with companies in the cannabis sector. Revenue in the Other segment was led by our UK and Canadian businesses and included transactions with companies in the energy sector. Investment banking revenue for the three months ended December 31, 2022 was $37.7 million, a decrease of $89.7 million or 70.4%. Investment banking revenue for the nine-month period was $85.7 million, a significant decrease of $282.4 million or 76.7% compared to the first nine months of fiscal 2022. As discussed above, year-to-date investment banking revenue was impacted by significant decreases in the market value of certain inventory and warrant positions related to our investment banking activities in Canada and Australia as well as certain market value adjustments related to our facilitation activity in Canada.

Canaccord Genuity Capital Markets' transactions and revenue by focus sectors are detailed below.

INVESTMENT BANKING REVENUE BY SECTOR (AS A % OF INVESTMENT BANKING REVENUE FOR EACH GEOGRAPHIC REGION)

	Fiscal year-to-date for the nine months ended December 31, 2022				
Sectors	**Global**	Canada	US	UK & Dubai	Australia
Life Sciences	**18%**	25%	74%	0%	3%
Technology	**7%**	7%	23%	11%	2%
Metals & Mining	**51%**	28%	1%	45%	77%
Consumer & Retail	**3%**	1%	1%	0%	4%
Other	**21%**	39%	1%	44%	14%
Total	**100.0%**	100.0%	100.0%	100.0%	100.0%

Note for reference in the tables above: transactions with companies in the cannabis sector in Canada are included under the Healthcare sector.

Advisory

Increasing contributions from higher-margin advisory activities helps to offset the inherent volatility of our capital raising activities and continues to be an important strategic priority for the Company. Our specialized expertise in key sectors of the economy and track record of success in equity capital markets activities positions us well to unlock opportunities for our clients as they grow. We lead a wide variety of sell-side and buy-side strategic advisory mandates both domestically and cross border, and we have established leadership in alternative financing vehicles. Advisory revenue earned in Q3/23 was $75.2 million, a decrease of $76.8 million or 50.5% when compared to the same period last year and reflects the more challenging environment for completions in the third quarter. Revenue in the first nine months of fiscal 2023 earned through capital markets advisory decreased by 29.5% year-over-year to $258.7 million. Our US business was the largest contributor in this segment, with advisory revenue of $191.3 million.

ADVISORY FEES REVENUE BY SECTOR (AS A % OF ADVISORY FEES REVENUE FOR EACH GEOGRAPHIC REGION)

	Fiscal year-to-date for the nine months ended December 31, 2022			
Sectors	Global	Canada	US	UK & Dubai
Life Sciences	**7%**	25%	7%	2%
Technology	**59%**	7%	74%	14%
Metals & Mining	**4%**	44%	0%	3%
Consumer & Retail	**18%**	1%	17%	28%
Other	**12%**	23%	2%	53%
Total	**100.0%**	100.0%	100.0%	100.0%

Principal trading

Principal trading revenue for the three months ended December 31, 2022 was $35.0 million, an increase of $1.2 million or 3.7% compared to Q3/22 reflecting a modest increase in activity in the third quarter. For the nine months ended December 31, 2022, revenue earned from principal trading activity amounted to $90.3 million, a decrease of $26.2 million or 22.5% compared to the same period in the prior fiscal year, primarily a reflection of lower market volatility which decreased market activity and revenue opportunities when compared to the record levels set in the prior year. Our US business contributed $82.8 million of trading revenues for the nine-month period largely attributable to the International Equities Group.

Commissions and Fees

Firmwide commissions and fees revenue was $39.8 million and $112.4 million for the three and nine-month periods ended December 31, 2022, decreases of 9.9% and 10.8%, respectively, reflecting lower client trading activity and reduced new issue activity. Commissions and fees revenue in our US operations for the first nine months of fiscal 2023 increased by $8.2 million or 12.6% year-over-year, offset by a decrease of $19.6 million or 56.7% in our Canadian operations due to facilitation losses largely recorded in Q1/23.

EXPENSES – CANACCORD GENUITY CAPITAL MARKETS

Expenses in our Canaccord Genuity Capital Markets division for the three months ended December 31, 2022 were $289.5 million, an increase of 9.3% or $24.7 million compared to the same period a year ago. For the nine-month period ended December 31, 2022, expenses decreased by $104.8 million or 14.4% to $623.9 million. As a percentage of revenue, total expenses excluding significant items(1) increased by 20.9 percentage points and 17.3 percentage points, respectively, for the three and nine-month period ended December 31, 2022 compared to the same period in the prior year due to the fixed nature of certain overhead expenses.

Compensation expense

Partly reflecting the reduction in incentive-based revenue, compensation expense in our capital markets division for the three and nine months ended December 31, 2022 decreased by $85.1 million or 40.9% and $232.8 million or 41.0%, respectively, compared to the same period in the prior year. Total compensation expense as a percentage of revenue for the three months ended December 31, 2022 was 62.5%, an increase of 5.0 percentage points compared to Q3/22. On a year-to-date basis, total compensation ratio was 59.2%, an increase of 1.9 percentage points from the same period in the prior year.

In the US and UK capital markets operations, total compensation as a percentage of revenue for Q3/23 increased by 2.0 percentage points and 6.5 percentage points respectively when compared to the same period in the prior year, due to changes in the composition of revenue and the associated variable compensation associated with the different revenue streams. In Australia, compensation ratio decreased slightly by 1.9 percentage points compared to the third quarter of fiscal 2022. In Canada, total compensation as a percentage of revenue increased by 16.0 percentage points as a result of fixed staff costs relative to the decrease in revenue during the period.

(1) See Non-IFRS measures on page 8

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

	Three months ended December 31			Nine months ended December 31		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Canada	**66.9%**	50.9%	16.0 p.p.	**65.9%**	49.5%	16.4 p.p.
UK & Europe	**69.0%**	62.5%	6.5 p.p.	**61.0%**	65.4%	(4.4) p.p.
US	**61.4%**	59.4%	2.0 p.p.	**58.6%**	59.2%	(0.6) p.p.
Australia	**58.0%**	59.9%	(1.9) p.p.	**51.0%**	61.1%	(10.1) p.p.
Canaccord Genuity Capital Markets (total)	**62.5%**	57.5%	5.0 p.p.	**59.2%**	57.3%	1.9 p.p.

p.p.: percentage points

Other overhead expenses

Other overhead expenses in our global capital markets increased by 13.8% and 15.4% compared to the three and nine- month period of fiscal 2022.

On a quarterly and year-to-date basis, interest expense increased by $2.7 million and 101.2% and $3.7 million and 40.7%, largely driven by stock borrowing activity in our Canadian capital markets operations. Increased spending in promotion and travel as well as conference costs in our Canadian and US capital markets operations were the primary drivers of higher general and administrative expenses, which increased by 13.9% and 43.6% compared to the three and nine-month period of fiscal 2022. These activities were targeted investments in our business development and talent retention efforts, which were concentrated in a short period following two years of COVID-19 restrictions. More normalized levels are expected going forward.

Amortization expense also increased by 177.4% or $2.0 million in Q3/23 and 127.6% or $4.7 million fiscal year-to-date when compared to same periods of the prior year, largely due to the amortization of intangibles acquired in connection with the acquisitions of Sawaya, which closed on December 31, 2021 and Results, which was completed on August 17, 2022.

Partially offsetting the overall increase in overhead expenses for the three and nine months ended December 31, 2022 was a decrease in trading costs of $1.9 million or 9.0% and $5.9 million or 9.3% respectively compared to the same period in the prior year, mainly due to lower trading costs in our US operations in connection with reduced trading activity during the periods.

As a result of the effect of weak equity market conditions globally and particularly in Canada, our Canadian capital markets operation experienced substantial declines in business activity and revenue and has incurred material losses on a year-to-date basis. With these adverse changes in the business environment, continued weakness in commodity prices and a challenging outlook as negative economic conditions persist, it was determined that the carrying value of our Canadian capital markets CGU exceeded its fair value as of December 31, 2022. As a result, the Company recorded an impairment charge in respect of goodwill of $101.8 million during the three months ended December 31, 2022. In addition, the Company recorded an impairment charge related to the unamortized intangible assets of $0.8 million allocated to the Canadian capital markets CGU.

Income before income taxes

Loss before income taxes including allocated overhead expenses for the three months ended December 31, 2022 was $98.8 million for our combined capital markets business, compared to net income of $93.1 million in the same period a year ago. Excluding significant items[1] net income before taxes was $5.9 million in Q3/23 compared to $93.8 million in the same period of fiscal 2022.

For the nine months ended December 31, 2022, loss before income taxes including allocated overhead expenses was $73.5 million compared to net income before income taxes of $250.1 million for the first nine months of fiscal 2022. Excluding significant items[1] net income before taxes declined by $214.9 million or 85.6% to $36.3 million.

The decline in our quarterly and year-to-date net income before taxes in our global capital markets business was largely attributable to the significant decline in revenue across our core operations as a result of the global market downturn, in addition to the impact of markdowns certain inventory and warrant positions earned in respect of our investment banking activities and mostly recorded during Q1/23.

CANACCORD GENUITY WEALTH MANAGEMENT

Overview

The Company has wealth management operations in Canada, the UK & Crown Dependencies, and Australia.

Canaccord Genuity Group's wealth management division provides a range of comprehensive financial services and investment products to individual investors (private clients), institutions and intermediaries, and charities. Revenue from wealth management operations is generated through traditional commission-based brokerage services; the sale of fee-based products and services; and client-related interest. Additionally, Investment Advisors (IAs) in Canada and Australia earn fees and commissions revenue from investment banking and venture capital transactions.

In the UK & Crown Dependencies, Canaccord Genuity Wealth Management had 16 offices in the UK, Guernsey, Jersey and the Isle of Man on December 31, 2022. Revenue earned by this business is largely generated through fee-based accounts, portfolio management, interest and financial planning activities. Fee-related revenue as a percentage of total revenue in this business was 80.3% for the nine months ended

[1] Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8

December 31, 2022. The business offers services to domestic (UK) and international clients and provides investing options from both third party and proprietary financial products, including investment funds managed by Canaccord Genuity Wealth Management portfolio managers. This business had 255 Investment Professionals on December 31, 2022.

On December 31, 2022, Canaccord Genuity Wealth Management had 9 offices located across Canada, including Investment Advisors who are registered in the US. Fee-related revenue as a percentage of total revenue in this business was 47.0% for the nine months ended December 31, 2022. This business had 148 Advisor teams on December 31, 2022.

In Australia, Canaccord Genuity Wealth Management had 9 offices on December 31, 2022. This business had 116 Advisor teams on December 31, 2022.

Outlook

Our strategic shift to strengthening contributions from our global wealth management segment continues to be a major focus for the Company. Management's priorities for Canaccord Genuity Wealth Management will be focused on growing assets under administration and management and increasing the proportion of fee-based revenue as a percentage of total revenue. By increasing recurring revenue streams, we expect to meaningfully make our business less sensitive to trading activity associated with transaction-based revenue.

We continue to explore a range of opportunities for profitable growth in our global wealth management segment. Alongside investments in talent and acquisitions, we are actively building our specialist network in technology, sustainability, and other growth areas, to keep pace as investors continue to reshape their investment needs.

The Company will continue to pursue strategic opportunities to increase the scale of its wealth management business in the UK & Crown Dependencies. We are increasingly improving synergies as we integrate the businesses that we have acquired in the last 12 months.

In connection with the acquisition of PSW which was completed on May 31, 2022, CGWM UK added £100 million ($159.4 million as of May 31, 2022) to its existing bank facility. In addition, HPS on behalf of investment accounts and funds it manages made an additional investment in CGWM UK on closing of the acquisition through the purchase of a new series of convertible preferred shares of Canaccord Genuity Wealth Management Holdings (Jersey) Limited in the amount of £65.3 million (C$104.1 million as of May 31, 2022). With this investment, and with the small equity component issued in connection with the acquisition, the Company's effective as-converted interest in CGWM UK is approximately 66.9% subject to the liquidation preference associated with the Convertible Preferred Shares and the Preference Shares.

In Canada, the Company continues to pursue opportunities for profitable growth with a focus on enhancing margins, managing costs, and growing the business through targeted recruitment and other initiatives aimed at increasing client assets. An important focus is the recruiting and retention of investment advisors. While the recruiting environment remains competitive, our ability to attract and retain high quality advisors is based on the benefits of our independent platform, which provides access to global resources and expertise, supported by investments to advance our technology and product offering, and a multi-year track record of revenue growth and profitability. We maintain a strong focus on investing in technology and training programs and building a comprehensive suite of products targeted at attracting high net worth investors and providing resources to advisors to help them grow their businesses. Subsequent to the end of the third fiscal quarter, on February 1, 2023, the Company announced that it has entered into a definitive agreement with Mercer Global Investments Canada Limited to acquire Mercer's Canadian Private Wealth Business. The sale is expected to add approximately $1.5 billion to Canaccord Genuity total client assets. The transaction is expected to close within three months from the date of the agreement and is subject to a number of closing conditions, including regulatory approval.

In Australia, the Company intends to continue to build upon the success of its expanded wealth management operations. Continued expansion is expected to occur through targeted recruiting and the build-out of wealth management services and products, in addition to the leveraging of the benefits provided by its connection to Canaccord Genuity's capital markets business in the region.

FINANCIAL PERFORMANCE – CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA(1)(2)

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended December 31 2022	Three months ended December 31 2021	Quarter-over-quarter change	Nine months ended December 31 2022	Nine months ended December 31 2021	YTD-over-YTD change
Revenue	**$ 77,364**	$ 82,589	(6.3)%	**$ 223,754**	$ 259,114	(13.6)%
Expenses						
Compensation expense	**41,413**	49,443	(16.2)%	**124,548**	150,771	(17.4)%
Other overhead expenses	**18,185**	13,325	36.5%	**54,507**	42,996	26.8%
Total expenses	**$ 59,598**	$ 62,768	(5.1)%	**$ 179,055**	$ 193,767	(7.6)%
Intersegment allocations(2)	**5,385**	4,653	15.7%	**16,089**	14,104	14.1%
Income before income taxes(2)	**$ 12,381**	$ 15,168	(18.4)%	**$ 28,610**	$ 51,243	(44.2)%
AUM (discretionary)(3)	**8,428**	8,385	0.5%			
AUA(4)	**34,735**	37,472	(7.3)%			
Number of Advisory Teams	**148**	146	1.4%			
Number of employees	**498**	474	5.1%			
Excluding significant items(5)						
Total expenses	**$ 59,598**	$ 62,768	(5.1)%	**$ 179,055**	$ 193,767	(7.6)%
Intersegment allocations(2)	**5,385**	4,653	15.7%	**16,089**	14,104	14.1%
Income before income taxes(2)	**$ 12,381**	$ 15,168	(18.4)%	**$ 28,610**	$ 51,243	(44.2)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 8.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 32.
(3) AUM in Canada include all assets managed on a discretionary basis under programs that include CGWM's Managed Solutions Programs as well as its Private Investment Management Program. Services provided include the selection of investments and the provision of investment advice. See Non-IFRS Measures on page 8.
(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees and includes AUM. See Non-IFRS Measures on page 8.
(5) Refer to Non-IFRS Measures on page 8 and the Selected Financial Information Excluding Significant Items table on page 17.

Revenue from Canaccord Genuity Wealth Management North America was $77.4 million, a decrease of $5.2 million or 6.3% compared to the three months ended December 31, 2021. The decrease was driven by a decline in investment banking revenue due to lower new issue activity, which was partially offset by higher interest revenue. The higher interest rate environment has benefitted interest income associated with our deposit and lending activities in this business. Interest income was up 160.7% to $13.5 million for the three-month period and 136.7% to $32.4 million fiscal year-to-date. For the nine months ended December 31, 2022 revenue was $223.8 million, a reduction of $35.4 million or 13.6% due to the decline in investment banking revenue.

AUA[1] in Canada decreased by 7.3% to $34.7 billion at December 31, 2022, compared to $37.5 billion at December 31, 2021, reflecting the reduction in market values which were partially offset by a net inflow of new client assets. At December 31, 2022 there were 148 Advisory Teams in Canada, an increase of 2 from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue increased by 9.3 percentage points compared to the nine months in fiscal 2022 and accounted for 47.0% of the wealth management revenue in Canada during the first nine months of fiscal 2023.

Total expenses in this business for the three months ended December 31, 2022 were $59.6 million, a decrease of $3.2 million or 5.1% compared to the same period a year ago, and for the nine months ended December 31, 2022 were $179.1 million, a reduction of $14.7 million or 7.6% compared to the previous year.

Compensation costs were down by $8.0 million or 16.2% and $26.2 million or 17.4% for Q3/23 and for the nine months ended December 31, 2022, respectively, due to both a reduction in revenue and a decline in the fair value of certain share-based payment awards. Compensation expense as a percentage revenue was 53.5% for Q3 fiscal 2023 and 55.7% on a year-to-date basis, a decrease of 6.3 percentage points and 2.5 percentage points, respectively, as a result of fixed staff costs relative to the decline in revenue during the current period.

Other overhead costs increased by $4.9 million or 36.5% compared to the three months ended December 31, 2021. General and administrative expenses increased by $3.1 million or 179.8% due to higher conference costs in the current fiscal year. Premises and equipment expense is up $0.6 million or 86.7% and $1.0 million or 54.7% compared to the three and nine months ended December 31, 2022, respectively, due to allocations from the Corporate and Other segment. Development costs also increased by $0.5 million or 15.5% as a result of the amortization of incentive-based payments to new recruits. For the nine months ended December 31, 2022 other overhead costs reflected a similar profile to Q3/23 and, in aggregate, were $11.5 million or 26.8% higher than the previous year.

Income before taxes for the three months ended December 31, 2022 was $12.4 million, a decrease of $2.8 million or 18.4% on Q3/22. For the nine months ended December 31, 2022 income before income taxes was $28.6 million, a reduction of $22.6 million or 44.2% compared to the nine months ended December 31, 2021.

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

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended December 31		Quarter-over-quarter change	Nine months ended December 31		YTD-over-YTD change
	2022	2021		**2022**	2021	
Revenue	**$ 85,691**	$ 81,741	4.8%	**$ 239,998**	$ 230,179	4.3%
Expenses						
Compensation expense	**40,962**	42,817	(4.3)%	**121,107**	124,416	(2.7)%
Other overhead expenses	**27,090**	20,811	30.2%	**75,706**	57,300	32.1%
Acquisition-related costs	**—**	6,225	(100.0)%	**5,926**	8,145	(27.2)%
Total expenses	**68,052**	69,853	(2.6)%	**202,739**	189,861	6.8%
Intersegment allocations(2)	**1,083**	269	n.m.	**1,678**	831	101.9%
Income before income taxes(2)	**16,556**	11,619	42.5%	**35,581**	39,487	(9.9)%
Non-controlling interest(6)	**8,745**	6,081	43.8%	**23,853**	10,243	132.9%
AUM(3)	**54,403**	59,407	(8.4)%			
Number of investment professionals and fund managers	**255**	226	12.8%			
Number of employees	**737**	576	28.0%			
Excluding significant items(4)						
Total expenses	**$ 61,687**	$ 59,285	4.1%	**$ 178,572**	$ 168,046	6.3%
Intersegment allocations(2)	**1,083**	269	n.m.	**1,678**	831	101.9%
Income before income taxes(2)	**22,921**	22,187	3.3%	**59,748**	61,302	(2.5)%
Non-controlling interest(6)	**7,280**	5,137	41.7%	**18,523**	8,399	120.5%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 8.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 32.
(3) AUM in the UK & Crown Dependencies is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts. See Non-IFRS Measures on page 8.

[1] See Non-IFRS Measures on page 8

(4) Refer to Non-IFRS Measures on page 8 and the Selected Financial Information Excluding Significant Items table on page 17.
(5) Includes the operating results of Adam & Company since the acquisition date of October 1, 2021 and PSW as of May 31, 2022.
(6) The non-controlling interest is the portion of the net income after income taxes of CGWM UK not attributable to the Company.

Revenue generated by our UK & Crown Dependencies wealth management business is largely generated through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in levels of trading activity, although more sensitive to changes in market values. With the addition of PSW in Q1/23 revenue for Q3/23 was $85.7 million, an increase of $4.0 million or 4.8% from Q3/22, and the highest quarterly revenue for this operation.

With the added contributions from PSW revenue for the nine months ended December 31, 2022 was $240.0 million, an increase of $9.8 million or 4.3% from the same period in the prior year. The higher interest rate environment has also positively impacted interest income in this business, which has increased by 863.4% to $12.7 million for the first nine months of fiscal 2023. Measured in local currency (GBP), revenue was £53.7 million in the three months ended December 31, 2022 compared to £48.1 million for the three months ended December 31, 2021, an increase of 11.7%. For the nine months ended December 31, 2022, revenue was £152.2 million compared to £134.1 million for the nine months ended December 31, 2021, an increase of 13.5%.

AUM[1] in the UK & Crown Dependencies as of December 31, 2022 was $54.4 billion, a decrease of 8.4% compared to $59.4 billion as of December 31, 2021, driven by decreases in client asset values and foreign exchange movement partially offset by new assets added to our platform following the completion of the acquisitions of PSW and Adam & Company. Measured in local currency (GBP), AUM[1] decreased by 4.5% from £34.8 billion at December 31, 2021 to £33.2 billion at December 31, 2022. Fee-related revenue in our UK & Crown Dependencies wealth management operations accounted for 81.7% of total revenue in the three months ended December 31, 2022, an increase of 1.1 percentage points from the same period in the prior year.

Total compensation expense decreased by $1.9 million or 4.3% in Q3/23 and reduced by $3.3 million or 2.7% for the nine months ended December 31, 2022 compared to the prior year comparatives. This was due to the net impact of increased revenue and the decline in the fair value of certain share-based payment awards granted in prior periods. Total compensation expense as a percentage of revenue decreased by 4.6 percentage points from 52.4% to 47.8% and 3.6 percentage points from 54.1% to 50.5% for the nine months ended December 31, 2022, respectively.

Other overhead expenses in this business were $27.1 million for the three months ended December 31, 2022 compared to $20.8 million in the same period in the prior year, an increase of $6.3 million or 30.2% year-over-year. The most significant increase related to interest expense, which increased by $3.3 million compared to Q3/22 due to the additional bank loans obtained in connection of the acquisitions of Adam & Company and PSW. Amortization expense increased by $1.8 million or 36.6% compared to the three months ended December 31, 2021 as a result of the amortization of intangibles acquired in connection with the acquisition of PSW completed on May 31, 2022. Communication and technology expense increased by $1.2 million or 32.9% to support the increased headcount in this operation.

Other overhead expense of $75.7 million for the nine months ended December 31, 2022 were up by $18.4 million or 32.1% from the prior year, with the most significant increases in communication and technology, interest expense, general and administrative and amortization expense for the same reasons as discussed above.

Acquisition-related costs of $5.9 million for the nine months ended December 31, 2022 related to the acquisition of PSW.

Third quarter fiscal 2023 income before income taxes was $16.6 million compared to $11.6 million for Q3/22 and net income before taxes excluding significant items[1] was $22.9 million compared to $22.2 million for Q3/22. For the nine months ended December 31, 2022 net income before income taxes was $35.6 million compared to $39.5 million in the nine months ended December 31, 2021 and net income before taxes excluding significant items[1] was $59.7 million compared to $61.3 million for the prior nine months.

FINANCIAL PERFORMANCE – CANACCORD GENUITY WEALTH MANAGEMENT AUSTRALIA[1]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended December 31 2022	Three months ended December 31 2021	Quarter-over-quarter change	Nine months ended December 31 2022	Nine months ended December 31 2021	YTD-over-YTD change
Revenue	$ **16,633**	$ 20,571	(19.1)%	$ **47,443**	$ 56,840	(16.5)%
Expenses						
Compensation expense	**11,505**	13,900	(17.2)%	**33,387**	38,260	(12.7)%
Other overhead expenses	**4,015**	4,781	(16.0)%	**13,831**	12,220	13.2%
Total expenses	**15,520**	18,681	(16.9)%	**47,218**	50,480	(6.5)%
Intersegment allocations[2]	**55**	—	n.m.	**77**	—	n.m.
Income before income taxes[2]	**1,058**	1,890	(44.0)%	**148**	6,360	(97.7)%
Non-controlling interest[5]	**297**	210	41.4%	**156**	702	(77.8)%
AUM[3]	**5,250**	5,065	3.7%			
Number of investment professionals and fund managers	**116**	112	3.6%			
Number of employees	**229**	220	4.1%			
Excluding significant items[4]						
Total expenses	$ **15,406**	$ 18,563	(17.0)%	$ **46,873**	$ 50,123	(6.5)%
Intersegment allocations[3]	**55**	—	n.m.	**77**	—	n.m.
Income before income taxes[3]	**1,172**	2,008	(41.6)%	**493**	6,717	(92.7)%
Non-controlling interest[5]	**297**	210	41.4%	**156**	702	(77.8)%

(1) See Non-IFRS measures on page 8

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 8.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 32.
(3) AUM is the market value of client assets managed and administered by the Company. See Non-IFRS Measures on page 8.
(4) Refer to Non-IFRS Measures on page 8 and the Selected Financial Information Excluding Significant Items table on page 17.
(5) The non-controlling interest is the portion of the net income after income taxes of Canaccord Genuity Wealth Management Australia not attributable to the Company.
n.m.: not meaningful

During the three months ended December 31, 2022, Canaccord Genuity Wealth Management Australia generated revenue of $16.6 million, a decrease of $3.9 million or 19.1% compared to the same period a year ago. On a year-to-date basis revenue was $47.4 million, a reduction of $9.4 million or 16.5% compared to the first nine months of fiscal 2022.

AUM[1] in our Australian wealth management operations was $5.3 billion as of December 31, 2022, an increase of 3.7% from Q3/22 due largely to an increase in net new assets. In addition, client assets[1] totalling $14.6 billion are also held on record in other less active accounts on our Australian wealth management platforms compared to $17.3 billion as of December 31, 2021. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 33.4% of the wealth management revenue during the three months ended December 31, 2022, an increase of 8.5 percentage points from the three months ended December 31, 2021.

Total compensation expense decreased by $2.4 million or 17.2% and by $4.9 million and 12.7% for the three and nine months ended December 31, 2022, respectively, compared to the same periods in the prior year. Total compensation expense for Q3/23 and year-to-date as a percentage of revenue was 69.2% and 70.4%, reflecting increases of 1.6 and 3.1 percentage points from the prior period comparatives, respectively.

Other overhead expenses of $4.0 million were $0.8 million or 16.0% lower compared to Q3/22 mainly due to a decrease in development costs and general and administrative expense. For the nine months ended December 31, 2022, other overhead expenses increased by $1.6 million or 13.2% compared to the same period in the prior year, principally driven by an increase in development and communication and technology costs of $1.6 million and $0.5 million respectively as a result of the operation's active recruitment efforts in the first nine months of fiscal 2023.

Third quarter fiscal 2023 income before income taxes was $1.1 million compared to net income before taxes of $1.9 million. For the three months ended December 31, 2022, net income before taxes excluding significant items[1] was $1.2 million compared to net income before income taxes of $2.0 million for Q3/22. For the nine months ended December 31, 2022 income before income taxes was $0.1 million compared to income before income taxes of $6.4 million for the prior period. On a year-to-date basis net income before taxes excluding significant items[1] was $0.5 million compared to $6.7 million for the fiscal 2022.

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended December 31 2022	2021	Quarter-over-quarter change	Nine months ended December 31 2022	2021	YTD-over-YTD change
Revenue	$ **5,549**	$ 5,423	2.3%	$ **2,100**	$ 9,048	(76.8)%
Expenses						
Compensation expense	**23,324**	26,618	(12.4)%	**46,322**	71,764	(35.5)%
Other overhead expenses	**6,924**	6,002	15.4%	**20,612**	15,334	34.4%
Change in fair value of derivative liability	**—**	8,519	(100.0)%	**—**	8,519	(100.0)%
Costs associated with redemption of convertible debentures	**—**	—	—	**—**	5,932	(100.0)%
Share of loss of an associate	**25**	63	(60.3)%	**45**	181	(75.1)%
Total expenses	**30,273**	41,202	(26.5)%	**66,979**	101,730	(34.2)%
Intersegment allocations[2]	**(12,762)**	(8,959)	(42.4)%	**(34,222)**	(27,225)	(25.7)%
Loss before income taxes[2]	**(11,962)**	(26,820)	55.4%	**(30,657)**	(65,457)	53.2%
Number of employees	**439**	382	14.9%			
Excluding significant items[3]						
Revenue	$ **5,782**	$ 4,023	43.7%	$ **15,051**	$ 12,648	19.0%
Total expenses	**29,465**	32,683	(9.8)%	**64,861**	87,279	(25.7)%
Intersegment allocations[2]	**(12,762)**	(8,959)	(42.4)%	**(34,222)**	(27,225)	(25.7)%
Loss before income taxes[2]	**(10,921)**	(19,701)	44.6%	**(15,588)**	(47,406)	67.1%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 8.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 32.
(3) Refer to Non-IFRS Measures on page 8 and Selected Financial Information Excluding Significant Items table on page 17.
n.m.: not meaningful

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

Revenue in the Corporate and Other segment for the three months ended December 31, 2022 was $5.5 million compared to $5.4 million in the same quarter a year ago. For the nine months ended December 31, 2022, revenue was $2.1 million compared to $9.0 million for the same period

(1) See Non-IFRS measures on page 8

a year ago. During the three and nine months ended December 31, 2022, there was a change to the fair value adjustment recorded on certain warrants, illiquid and restricted marketable securities, resulting in a decrease in revenue of $0.2 million and $13.0 million, respectively. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items(1). Future changes in the unrealized fair value of marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations. Interest revenue also increased by $3.0 million or 243.4% and $5.0 million or 119.1% for the three and nine-month period of fiscal 2023 compared to the same period in the prior year due to the increase in interest rates.

Expenses in this segment for the three months ended December 31, 2022 decreased by $10.9 million or 26.5% to $30.3 million compared to the three months ended December 31, 2021. On a year-to-date basis, total expenses decreased by $34.8 million or 34.2%.

Compensation expense decreased by $3.3 million or 12.4% compared to the three months ended December 31, 2021 and by $25.4 million and 35.5% year-to-date, reflecting both the reduced profitability of the Company as a whole and also a decline in the fair value of certain share-based payment awards granted in prior periods.

The increase in other overhead expenses of $0.9 million in Q3 fiscal 2023 was principally the net result of higher communications costs which increased by $1.4 million to support the higher headcount, partially offset by a lower level of general and administrative expenses which were $0.6 million lower. On a year-to-date basis other overhead expenses amounted to $20.6 million, $5.3 million higher than the same period in fiscal 2022. The increase in other overhead expenses for the nine months ended December 31, 2022 were partially driven by $2.0 million of professional fees related to the previously announced proposed management take-over bid as well as higher interest expense on lease liability related to new premises.

Overall, the loss before income taxes was $12.0 million compared to a loss of $26.8 million for the three months ended December 31, 2021. The net loss before taxes excluding significant items(1) was $10.9 million for the three months ended December 31, 2022, compared to $19.7 million for the same period in the prior year. For the nine months ended December 31, 2022, loss before income taxes was $30.7 million compared to a loss of $65.5 million for the first nine months of fiscal 2022. Excluding significant items(1), loss before income taxes was $15.6 million compared to loss before income taxes of $47.4 million on a year-to-date basis.

Quarterly Financial Information- Prior seven fiscal quarters to Q3/23(1)

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before December 31, 2022. This information is unaudited but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

(C$ thousands, except number of employees and % amounts)	**Fiscal 2023**			Fiscal 2022				Fiscal 2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue								
Canaccord Genuity Capital Markets	**196,879**	205,697	164,137	312,046	361,893	304,919	324,216	486,951
Canaccord Genuity Wealth Management:								
North America	**77,364**	73,429	72,961	76,165	82,589	72,367	104,158	107,000
UK & Crown Dependencies	**85,691**	80,970	73,337	80,316	81,741	75,109	73,329	74,950
Australia	**16,633**	14,889	15,921	17,793	20,571	18,752	17,517	17,257
Corporate and Other	**5,549**	5,537	(8,986)	13,473	5,423	4,014	(389)	20,368
Total revenue	**382,116**	380,522	317,370	499,793	552,217	475,161	518,831	706,526
Net (loss) income	**(82,065)**	26,564	(3,004)	68,995	66,732	61,785	73,053	139,394
(Loss) earnings per common share – basic	**$ (1.10)**	$ 0.17	$ (0.14)	$ 0.62	$ 0.59	$ 0.56	$ 0.72	$ 1.07
Diluted (loss) earnings per common share	**$ (1.10)**	$ 0.14	$ (0.14)	$ 0.53	$ 0.52	$ 0.49	$ 0.63	$ 0.93
Net Income excluding significant items(1)	**$ 28,197**	$ 35,426	$ 19,935	$ 66,822	$ 84,632	$ 69,719	$ 84,654	$ 137,128
Earnings per common share, excluding significant items(1) – basic	**$ 0.20**	$ 0.30	$ 0.13	$ 0.62	$ 0.80	$ 0.66	$ 0.84	$ 1.38
Diluted earnings per common share, excluding significant items(1)	**$ 0.16**	$ 0.25	$ 0.11	$ 0.52	$ 0.69	$ 0.58	$ 0.73	$ 1.20

(1) Data is in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 8.

[1] See Non-IFRS Measures on page 8

Quarterly financial information excluding significant items[1][2]

(C$ thousands, except per share amounts)	Fiscal 2023 Q3	Fiscal 2023 Q2	Fiscal 2023 Q1	Fiscal 2022 Q4	Fiscal 2022 Q3	Fiscal 2022 Q2	Fiscal 2022 Q1	Fiscal 2021 Q4
Total revenue per IFRS	**$ 382,116**	$ 380,522	$ 317,370	$ 499,793	$ 552,217	$ 475,161	$ 518,831	$ 706,526
Total expenses per IFRS	**462,902**	341,490	315,476	403,245	457,234	388,124	419,130	518,810
Revenue								
Significant items recorded in Corporate and Other								
Fair value adjustments on certain illiquid and restricted marketable securities	**233**	1,271	11,447	(9,000)	(1,400)	—	5,000	(14,200)
Total revenue excluding significant items	**$ 382,349**	$ 381,793	$ 328,817	$ 490,793	$ 550,817	$ 475,161	$ 523,831	$ 692,326
Expenses								
Significant items recorded in Canaccord Genuity Capital Markets								
Amortization of intangible assets	**1,643**	1,535	1,264	1,283	107	160	293	738
Acquisition-related costs	**—**	1,477	—	—	537	—	—	—
Impairment of goodwill and intangible assets	**102,571**	—	—	—	—	—	—	—
Incentive based costs related to acquisitions	**523**	437	367	364	—	—	—	—
Significant items recorded in Canaccord Genuity Wealth Management								
Amortization of intangible assets	**5,830**	5,944	4,312	4,190	4,113	3,178	3,148	3,260
Acquisition-related costs	**—**	(1,656)	7,582	515	6,225	1,920	—	418
Incentive based costs related to acquisitions	**649**	1,265	586	625	348	2,095	351	953
Costs associated with reorganization of CGWM UK	**—**	—	—	—	—	794	—	—
Significant items recorded in Corporate and Other Costs associated with redemption of convertible debentures	**—**	—	—	—	—	468	5,464	4,354
Development costs	**808**	1,310	—	—	—	—	—	—
Change in derivative fair value	**—**	—	—	—	8,519	—	—	—
Total significant items – expenses	**112,024**	10,312	14,111	6,977	19,849	8,615	9,256	9,723
Total expenses excluding significant items	**350,878**	331,178	301,365	396,268	437,385	379,509	409,874	509,087
Net income before income taxes – adjusted	**$ 31,471**	$ 50,615	$ 27,452	$ 94,525	$ 113,432	$ 95,652	$ 113,957	$ 183,239
Income tax expense – adjusted	**3,274**	15,189	7,517	27,703	28,800	25,933	29,303	46,111
Net income – adjusted	**$ 28,197**	$ 35,426	$ 19,935	$ 66,822	$ 84,632	$ 69,719	$ 84,654	$ 137,128
Net income attributable to common shareholders	**$ 16,561**	$ 25,793	$ 11,879	$ 54,678	$ 75,098	$ 63,326	$ 81,251	$ 133,260
Earnings per common share adjusted – basic[5]	**$ 0.20**	$ 0.30	$ 0.13	$ 0.62	$ 0.80	$ 0.66	$ 0.84	$ 1.38
Diluted earnings per common share adjusted – diluted[5]	**$ 0.16**	$ 0.25	$ 0.11	$ 0.52	$ 0.69	$ 0.58	$ 0.73	$ 1.20

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

(2) Due to the change in the number of fully diluted shares resulting from the convertible debenture redemption in Q4 fiscal 2021 as well as the impact of the Convertible Preferred Shares issued in the third quarter of fiscal 2022 and first quarter of fiscal 2023, rounding and the dilutive impact of share issuance commitments in the quarterly and year to date EPS figures, the sum of the quarterly earnings per common share figures may not equal the annual earnings per share figure.

Quarterly trends and risks

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 from year to year due to factors beyond the Company's control. The business is affected by the overall condition of the global capital markets and by activity in our core focus sectors, as well as by changes in the market for growth companies and companies in emerging markets and sectors. The Company's revenue from an underwriting transaction is recorded only when a transaction has been substantially completed or closed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

The Company recorded revenue of $382.1 million in Q3/23, which was approximately 22% lower than the average for the previous seven quarters. On a consolidated basis, investment banking revenue was the largest contributor to this decrease, declining from record level of $305.9 million in Q4/21 to $47.5 million in Q3/23, due to lower market-wide activity in all our geographies. Advisory fees revenue of $75.7 million was approximately 29% lower than the average of the last seven fiscal quarters, which included a strong first-half of fiscal 2023 and the record revenue which was achieved in fiscal 2022. Firmwide commissions and fees revenue declined by 4.2% year-over-year to $188.6 million. Revenue from principal trading activities increased by 3.4% year-over-year to $35.1 million.

The higher interest rate environment supported 232.9% year-over-year increase in interest revenue to $32.1 million, which was approximately 178% higher than the average of the last seven fiscal quarters. When compared to Q2/23, commissions and fees, investment banking, principal trading and interest revenues increased by 3.2%, 8.5%, 30.2% and 43.3% respectively.

Global Capital Markets

Our global capital markets operations generated revenue of $196.9 million, a decrease of approximately 36% from the average quarterly revenue for the past seven quarters due to the prolonged global market downturn, which has impacted activity levels in all segments, but most notably investment banking. Compared to the previous quarter, revenue was 4.3% lower in the current quarter.

Our US capital markets operations was the biggest contributor to firm-wide revenue with $115.6 million for the quarter, a decline of 10.2% on the previous quarter and 39.0% on Q3/22. Third quarter revenue in this region was approximately 28% lower than the average of the last seven fiscal quarters. While advisory activity in this business has remained healthy, third quarter revenue in this segment declined by 29.8% sequentially, reflecting the more challenging environment for completions.

Revenue in our Canadian capital markets operations was $31.5 million in Q3/23, a decrease of 66.3% over Q3 fiscal 2022 and a decrease of 2.6% on a sequential basis. Third quarter revenue in this region was approximately 62% lower than the average of the last seven fiscal quarters.

Revenue in our Australian capital markets operations decreased by 38.9% year-over-year but improved substantially from Q2/23 principally as a result of a 46.8% increase in investment banking revenue which reflects improved activity levels in our core focus sectors. Third quarter revenue in this region was approximately 12% lower than the average of the last seven fiscal quarters.

Our UK & Europe capital markets operations recorded revenue of $19.3 million for Q3/23, a decline of 15.7% compared to the previous quarter. Advisory fees revenue was sequentially down 24.4% and approximately 27% lower than the average of the previous seven quarters.

Global Wealth Management

Third quarter revenue in our global wealth management businesses amounted to $179.7 million, an increase of 6.1% compared to Q2/23.

Revenue in our Canaccord Genuity North America wealth management operations declined by 6.3% compared to Q3/22 but increased by 5.4% sequentially. The decline in investment banking revenue resulting from the broad-market reduction in new issue activity was partially offset by higher interest revenue earned over the recent quarters. Assets under administration[1] were $34.7 billion, a decrease of 7.3% year over year but an increase of 3.0% over the previous quarter. Assets under administration[1] increased by 3.0 % from the previous quarter but were 8.3% below their peak of $37.9 billion achieved in Q4/22, reflecting reduced market values in connection with the broad market downturn.

The CGWM UK operations have contributed consistently to our revenue and profitability levels. Revenue for Q3/23 was $85.7 million, approximately 11% higher than the average for the past seven quarters supported by stronger commissions and fees and interest revenue. At the end of Q3/23, fee-related revenue was at 81.7%, 4.0 p.p. higher than the average of the previous seven quarters. Assets under management[1] for this group decreased by 8.4% as of the end of Q3/23 to $54.4 billion compared to Q3/22 due to decreases in client asset values and foreign exchange movement partially offset by new assets added to our platform following the completion of the acquisitions of PSW and Adam & Company.

Revenue in our Australia wealth management operations reached $16.6 million in Q3/23, an increase of 11.7% over the previous quarter but a decline of 19.1% compared to the corresponding quarter in fiscal 2022. Assets under management[1] as of December 31, 2022 were $5.3 billion, an increase of 3.7% compared to the corresponding period in fiscal 2022 and 7.7% on a sequential basis.

Corporate and Other

The movement in revenue in the Corporate and Other division was mainly due to fair value adjustment recorded on certain illiquid or restricted marketable securities, as well as changes in interest revenue and foreign exchange gains or losses resulting from fluctuations in the Canadian dollars.

Intersegment allocated costs

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

Financial condition

Below are specific changes in selected items on the Q3/23 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $0.9 billion on December 31, 2022 compared to $1.8 billion on March 31, 2022. Refer to the Liquidity and Capital Resources section on page 34 for more details.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

Securities owned were $0.8 billion on December 31, 2022 compared to $1.1 billion on March 31, 2022 mainly due to a decrease in equities and convertible debentures owned as of December 31, 2022.

Accounts receivable were $3.2 billion at December 31, 2022 compared to $3.4 billion at March 31, 2022, mainly due to a decrease in receivables with brokers and investment dealers and clients.

Goodwill was $616.7 million and intangible assets were $307.4 million on December 31, 2022. On March 31, 2022, goodwill was $510.3 million and intangible assets were $187.0 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, Patersons, Adam & Company, Sawaya, and as of December 31, 2022, also included PSW and Results.

During the nine months ended December 31, 2022, the Company recorded an impairment charge of $102.6 million on the goodwill and intangible assets related to the Canadian capital markets CGU.

Right-of-use assets at December 31, 2022 were $109.2 million compared to $117.1 million at March 31, 2022, mainly due to amortization recorded during the period.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $190.6 million at December 31, 2022 compared to $157.8 million at March 31, 2022.

LIABILITIES AND NON-CONTROLLING INTERESTS

Securities sold short were $634.6 million at December 31, 2022 compared to $567.3 million at March 31, 2022, mostly due to an increase in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $3.5 billion at December 31, 2022, a decrease from $4.9 billion at March 31, 2022, mainly due to decreases in payables to brokers and investment dealers and clients.

Subordinated debt, income taxes payable and deferred tax liabilities were $65.4 million at December 31, 2022, an increase from $48.3 million at March 31, 2022. The increase was mostly due to the increase in deferred tax liabilities.

There were also lease liabilities of $122.6 million recorded as of December 31, 2022 [March 31, 2022 – $125.5 million].

At the end of December 31, 2022, there were deferred and contingent considerations of $67.9 million [March 31, 2022 – $45.3 million]. During the nine months ended December 31, 2022, there was an adjustment to the contingent consideration related to Sawaya of $1.5 million with a corresponding increase to goodwill. In addition, there was $16.6 million and $3.3 million of contingent and deferred consideration respectively arising from the Results acquisition as of December 31, 2022.

On May 31, 2022, institutional investors acquired a new series of Convertible Preferred Shares in the amount of £65.3 million (C$104.1 million) issued by the Company's subsidiary, CGWM UK. Both series of the Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preferred Shares is included in the shareholders' equity and the derivative liability component of £30.0 million (C$49.2 million) is included in other liabilities in the statement of financial position as of December 31, 2022.

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW. The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 6.927% per annum as at December 31, 2022 [March 31, 2022 – 3.375% per annum]. The total bank loans outstanding as of December 31, 2022 net of financing charges was $307.9 million [March 31, 2022 – $152.0 million].

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $665.7 million [March 31, 2022 – $657.0 million]. These limited 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, 2022, there were no balances outstanding under these other credit facilities [March 31, 2022 – $nil].

Non-controlling interests were $348.2 million at December 31, 2022 compared to $238.7 million as at March 31, 2022, an increase of $109.5 million, mainly related to the equity component of the new Series of Convertible Preferred Shares issued by CGWM UK, net of dividends received and foreign exchange movement. Non-controlling interests also represent 32.7% [March 31, 2022 – 32.7%] of the net assets of our operations in Australia.

Off-balance sheet arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling $4.0 million (US$2.9 million) [March 31, 2022 – $3.7 million (US$2.9 million)] as rent guarantees for its leased premises in New York. As of December 31, 2022 and March 31, 2022, there were no outstanding balances under these standby letters of credit.

Bank indebtedness and other credit facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of December 31, 2022, and March 31, 2022, the Company had no bank indebtedness outstanding under these facilities.

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

The following table summarizes the Company's long-term contractual obligations on December 31, 2022:

(C$ thousands)	Total	Fiscal 2024	Fiscal 2025 – Fiscal 2026	Fiscal 2027 – Fiscal 2028	Thereafter
Premises and equipment operating leases	130,911	30,772	42,916	21,166	36,057
Bank loan(1)	335,979	34,013	301,966	—	—
Total contractual obligations	**466,890**	**64,785**	**344,882**	**21,166**	**36,057**

(1) Bank loan obtained to finance a portion of the cash consideration for the acquisitions in CGWM UK. The bank loan bears interest at 6.927% [March 31, 2022 – 3.375%] per annum and is repayable in instalments of principal and interest and matures in September 2024.

Liquidity and capital resources

The Company has a capital structure comprised of preferred shares, common shares, retained earnings and accumulated other comprehensive income. On December 31, 2022, cash and cash equivalents were $893.1 million, a decrease of $895.2 million from $1.8 billion as of March 31, 2022. During the nine months ended December 31, 2022, financing activities provided cash in the amount of $102.8 million, mainly due to proceeds from bank loan obtained in connection with the acquisition of PSW, issuance of Convertible Preferred Shares in CGWM UK, partially offset by purchases of common shares for the long-term incentive plan (LTIP), dividends paid on convertible preferred shares issued in UK & Crown Dependencies, payment of dividends to non-controlling interests in Australia, and cash dividends paid on common and preferred shares. Investing activities used cash in the amount of $283.7 million for the acquisitions of PSW and Results, purchase of equipment and leasehold improvements and intangible assets. Operating activities used cash in the amount of $732.3 million, which was largely due to changes in non-cash working capital. An increase in cash of $18.0 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the nine months ended December 31, 2021, cash provided by financing activities increased by $115.8 million due to additional proceeds from bank loan in the current year, partially offset by the redemption of convertible debentures in April 2021 as well as additional purchases of common shares under the NCIB in the first nine months of fiscal 2022. Cash used in investing activities increased by $87.1 million during the nine months ended December 31, 2022 compared to the same period last year, mainly due to the acquisitions of PSW and Results during the current fiscal period. Changes in non-cash working capital balances led to a decrease in cash provided by operating activities of $855.4 million. In addition, cash balances increased by $24.6 million from the effects of foreign exchange translation on cash balances. Overall, cash and cash equivalents decreased by $897.1 million from $1.8 billion at December 31, 2021 to $893.1 million at December 31, 2022.

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

The Company has certain commitments as discussed in the Off-balance sheet arrangements and Bank indebtedness and Other credit facilities sections above. Other than contracts entered into in the ordinary course of business, the Company has not entered into any contract which can reasonably be regarded as material.

Outstanding Share Data

	Outstanding shares as of December 31	
	2022	2021
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)	**87,214,961**	88,221,160
Issued shares outstanding(2)	**99,381,623**	105,811,013
Issued shares outstanding – diluted(3)	**104,955,046**	104,038,347
Average shares outstanding – basic	**87,354,727**	96,062,581
Average shares outstanding – diluted(4)	**101,931,838**	109,863,340

(1) Excludes 12,044,307 unvested shares purchased by employee benefit trusts for the LTIP, and 122,355 outstanding shares related to share purchase loans
(2) Includes 12,044,307 unvested shares purchased by employee benefit trusts for the LTIP, and 122,355 outstanding shares related to share purchase loans
(3) Includes 5,573,423 share issuance commitments net of forfeitures.
(4) This is the diluted share number used to calculate diluted EPS.

On August 18, 2022, 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 4,959,281 of its common shares during the period from August 21, 2022 to August 20, 2023 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-month period ended December 31, 2022, there were 502,000 shares purchased under the NCIB. There were also 83,300 shares purchased under the NCIB during the year ended March 31, 2022 and cancelled during the nine months ended December 31, 2022.

The Company has entered into a predefined plan with a designated broker to allow for the repurchase of its common shares under this NCIB. The Company's broker may repurchase the common shares under the plan on any trading day during the NCIB, including at any time during the Company's internal trading blackout periods. The plan has been reviewed by the TSX and will terminate on the earlier of the termination of the plan by the Company in accordance with its terms and the expiry of the NCIB.

The ability to make purchases under the current NCIB commenced on August 21, 2022 and will continue for one year (to August 20, 2023) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 76,881 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2021 to July 2022 (25% of the ADTV of 307,527)).

As of January 31, 2023, the Company has 99,381,623 common shares issued and outstanding.

On June 1, 2022, the Company announced the reset of the dividend rate on its Cumulative 5-year Rate Reset First Preferred Shares, Series C (the "Series C Preferred Shares"). Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 4.993% for the five years ended June 30, 2022. Commencing July 1, 2022 and ending on and including June 30, 2027, quarterly cumulative dividends, if declared, will be paid at an annual rate of 6.837%. The dividend rate will be reset every five years at a rate equal to the five-year Government of Canada yield plus 4.03%.

Holders of Series C Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series D (Series D Preferred Series), subject to certain conditions, on June 30, 2022 and have the option on June 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of June 15, 2022 was below the minimum required to proceed with the conversion and, accordingly, no Series D Preferred Shares were issued. Series D Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.03%.

The Company had the option to redeem the Series C Preferred Shares on June 30, 2022 and has the option to redeem on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. The Company did not redeem any Series C Preferred Shares on June 30, 2022.

Terms of the Series A and C Preferred Shares are disclosed in Note 20 of the March 31, 2022 consolidated financial statements.

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2022 Annual Report. Refer to Note 17 in the unaudited interim condensed consolidated financial statements for the nine months ended December 31, 2022.

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. There were no forward contracts outstanding to buy US dollars at December 31, 2022 compared to $2.3 million on March 31, 2022. Forward contracts outstanding to sell US dollars had a notional amount of US $4.3 million, an increase of US $2.5 million from March 31, 2022. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

These contracts were entered into in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

The Company's Canaccord Genuity Wealth Management segment in the UK & Crown Dependencies trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default.

FUTURES

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

At December 31, 2022, the notional amount of the Canadian bond futures contracts outstanding was short $1.3 million [March 31, 2022 – long $9.7 million].

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

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by the Company, and (b) key management personnel, who are comprised of the directors of the Company, as well as executives involved in strategic decision-making for the Company. A list of the Company's principal trading subsidiaries and principal intermediate holding companies is disclosed in Note 24 of Audited Annual Consolidated Financial Statements.

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

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans, a long-term incentive plan, performance share units, deferred share units plan (DSUs) for senior executives and a performance stock option plan. Directors have the right to acquire DSUs. Certain equity instruments in CGWM UK were purchased by management and employees of CGWM UK in the aggregate amount of £24.6 million (CAD$42.4 million) in connection with the issuance of the Convertible Preferred Shares to HPS.

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

(C$ thousands)	**December 31, 2022 $**	March 31, 2022 $
Accounts receivable	**17,906**	12,009
Accounts payable and accrued liabilities	**483**	1,271

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended December 31, 2022 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, valuation of non-controlling interests derivative liability, valuation of contingent consideration, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives.

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

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

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

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the third quarter of fiscal 2023 and are discussed under "Critical Accounting Policies and Estimates" in our 2022 Annual Report.

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q3/23 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the 2022 Audited Annual Consolidated Financial Statements.

Future Changes in Accounting Polices and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2022 Annual Report, during the nine months ended December 31, 2022.

Disclosure Controls and Procedures

As of December 31, 2022, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2022.

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, 2022, 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 8, 2023, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2023, with a record date of February 24, 2023.

On February 8, 2023, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on March 31, 2023 with a record date of March 17, 2023; and $0.42731 per Series C Preferred Share payable on March 31, 2023 with a record date of March 17, 2023.

Risks

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

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

The financial services business is subject to extensive regulation in all of the regions where Canaccord Genuity operates. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation and change. Changing regulations and interpretations could have a significant impact on the Company's business and profitability. The Company has a disciplined capital management framework to maintain the level of capital that will meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators, to fund current and future operations, to ensure that the firm is able to meet its financial obligations as they come due, and to support the creation of shareholder value. The regulatory bodies that govern the Company's subsidiaries' use of regulatory capital are listed in Note 26 of the Company's 2022 Audited Annual Consolidated Financial Statements.

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

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

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

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

Cybersecurity risk is the risk that the Company's information networks, data or internal systems will be damaged, disrupted, misappropriated, stolen, accessed without permission or otherwise attacked. This risk exists due to the interconnected nature of the Company's business with its clients, suppliers, vendors, partners and the public via the internet and other networks. As a result of this interconnectivity, third parties with which the Company does business with or that facilitate the Company's business may also be a source of cybersecurity risk to the firm. The Company has implemented a third- party risk management framework as part of onboarding new vendors and other third parties as well as vetting existing vendors. The purpose of this mitigant is to ensure all parties interacting with the Company are adhering to high standards as it relates to cybersecurity.

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

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

Additional Information

Additional information relating to Canaccord Genuity Group Inc., including our Annual Information Form, is available on our website at https://www.canaccordgenuity.com/investor-relations/investor-resources/financial-reports/ and on SEDAR at www.sedar.com.

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

As at (in thousands of Canadian dollars)	Notes	December 31, 2022 $	March 31, 2022 $
ASSETS			
Current			
Cash and cash equivalents		$ 893,052	$ 1,788,261
Securities owned	4,5	778,289	1,051,229
Accounts receivable	5,6,18	3,184,749	3,438,655
Income taxes receivable		50,011	1,967
Total current assets		4,906,101	6,280,112
Deferred tax assets		70,950	98,224
Investments	7	18,781	22,928
Equipment and leasehold improvements		50,849	34,643
Intangible assets	10	307,350	186,993
Goodwill	10	616,712	510,279
Right-of-use assets		109,236	117,066
Total assets		6,079,979	7,250,245
LIABILITIES AND EQUITY			
Current			
Securities sold short	4,5	634,594	567,290
Accounts payable and accrued liabilities	5,6,18	3,472,708	4,845,672
Provisions	20	8,722	8,222
Income taxes payable		1,552	15,952
Subordinated debt	5,12	7,500	7,500
Current portion of bank loan	5,13	13,116	6,574
Current portion of lease liabilities		26,681	23,928
Current portion of contingent consideration	5	17,547	10,618
Total current liabilities		4,182,420	5,485,756
Deferred tax liabilities		56,368	24,875
Bank loan	5,13	294,795	145,467
Lease liabilities		95,887	101,620
Other liabilities	5, 8	99,517	75,758
Total liabilities		4,728,987	5,833,476
Equity			
Attributable to equity holders of CGGI		1,002,780	1,178,069
Attributable to non-controlling interests	9	348,212	238,700
Total equity		1,350,992	1,416,769
Total liabilities and equity		6,079,979	7,250,245

See accompanying notes

"Daniel Daviau"	*"Francesca Shaw"*
DANIEL DAVIAU	**FRANCESCA SHAW**
Director	Director

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

(in thousands of Canadian dollars, except per share amounts)	Notes	For the three months ended December 31, 2022	For the three months ended December 31, 2021	For the nine months ended December 31, 2022	For the nine months ended December 31, 2021
REVENUE					
Commissions and fees		**188,647**	197,009	**552,340**	564,867
Investment banking		**47,494**	151,025	**109,982**	452,924
Advisory fees		**75,667**	153,297	**259,905**	370,704
Principal trading		**35,123**	33,980	**90,317**	117,018
Interest		**32,085**	9,639	**69,296**	25,764
Other		**3,100**	7,267	**(1,832)**	14,932
		382,116	552,217	**1,080,008**	1,546,209
EXPENSES					
Compensation expense		**240,303**	340,929	**660,806**	953,489
Trading costs		**24,109**	25,401	**72,666**	79,236
Premises and equipment		**4,859**	5,389	**15,082**	14,747
Communication and technology		**22,343**	18,048	**62,243**	53,537
Interest		**12,281**	6,014	**30,624**	16,115
General and administrative		**32,825**	28,658	**95,117**	71,997
Amortization		**11,533**	6,792	**30,796**	18,648
Amortization of right of use assets		**6,580**	5,464	**19,783**	17,197
Development costs		**5,473**	5,195	**22,732**	16,208
Acquisition related costs	8	**—**	6,762	**7,403**	8,682
Change in derivative fair value		**—**	8,519	**—**	8,519
Costs associated with redemption of convertible debentures		**—**	—	**—**	5,932
Impairment of goodwill and intangible assets	10	**102,571**	—	**102,571**	—
Share of loss of an associate	7	**25**	63	**45**	181
		462,902	457,234	**1,119,868**	1,264,488
Net (loss) income before income taxes		**(80,786)**	94,983	**(39,860)**	281,721
Income tax expense (recovery)					
Current		**10,478**	33,375	**(1,290)**	80,767
Deferred		**(9,199)**	(5,124)	**19,935**	(616)
	11	**1,279**	28,251	**18,645**	80,151
Net (loss) income for the period		**(82,065)**	66,732	**(58,505)**	201,570
Net (loss) income attributable to:					
CGGI shareholders		**(92,775)**	58,645	**(85,778)**	187,229
Non-controlling interests		**10,710**	8,087	**27,273**	14,341
Weighted average number of common shares outstanding (thousands)					
Basic		**86,782**	94,997	**87,355**	96,063
Diluted		**100,563**	108,976	**101,932**	109,863
Net (loss) income per common share					
Basic	15	**$ (1.10)**	$ 0.59	**$ (1.06)**	$ 1.88
Diluted	15	**$ (1.10)**	$ 0.52	**$ (1.06)**	$ 1.64
Dividend per common share	16	**$ 0.085**	$ 0.085	**$ 0.255**	$ 0.235
Dividend per Series A Preferred Share	16	**$ 0.25**	$ 0.25	**$ 0.75**	$ 0.74
Dividend per Series C Preferred Share	16	**$ 0.43**	$ 0.31	**$ 1.29**	$ 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, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Net (loss) income for the period	**(82,065)**	66,732	**(58,505)**	201,570
Other comprehensive income				
Net change in unrealized gains on translation of foreign operations	**26,035**	267	**4,819**	3,260
Comprehensive (loss) income for the period	**(56,030)**	66,999	**(53,686)**	204,830
Comprehensive (loss) income attributable to:				
CGGI shareholders	**(69,162)**	57,822	**(80,389)**	187,979
Non-controlling interests [Note 9]	**13,132**	9,177	**26,703**	16,851

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, 2022	December 31, 2021
Preferred shares, opening and closing	14	$ 205,641	$ 205,641
Common shares, opening		576,166	662,366
Acquisition of common shares for long-term incentive plan (LTIP)		(69,416)	(60,626)
Release of vested common shares from employee benefit trusts		54,787	34,115
Shares issued through exercise of performance share options (PSOs)		492	3,352
Changes to shares committed to be purchased under normal course issuer bid		3,411	8,181
Shares purchased and cancelled under normal course issuer bid		(4,034)	(19,989)
Shares committed to be purchased under substantial issuer bid		—	(44,801)
Shares issued in connection with acquisition of Sawaya partners		2,883	—
Unvested share purchase loans		484	(438)
Common shares, closing	15	564,773	582,160
Contributed surplus, opening		64,241	62,402
Share-based payments, amortization net of vestings		(44,515)	(28,236)
Change in current and deferred taxes relating to share based payments		(4,002)	11,845
Shares purchased and cancelled under normal course issuer bid		(2,597)	(18,963)
Changes in shares committed to be purchased under normal course issuer bid		2,537	—
Shares committed to be purchased under substantial issuer bid		—	(27,486)
Unvested share purchase loans		(484)	438
Contributed surplus, closing		15,180	—
Retained earnings, opening		251,540	73,220
Net (loss) income attributable to CGGI shareholders		(85,778)	187,229
Preferred shares dividends	16	(8,096)	(7,053)
Common shares dividends	16	(23,056)	(22,729)
Shares committed to be purchased under substantial issuer bid		—	(27,713)
Retained earnings, closing		134,610	202,954
Deferred consideration, opening		11,378	—
Deferred consideration in connection with acquisition of Sawaya Partners		—	11,378
Payment during the period		(3,294)	—
Deferred consideration, closing		8,084	11,378
Accumulated other comprehensive income, opening		69,103	103,465
Reclassifcation of other comprehensive income to non-controlling interest		—	1,624
Other comprehensive income attributable to CGGI shareholders		5,389	750
Accumulated other comprehensive income, closing		74,492	105,839
Total shareholders' equity		1,002,780	1,107,972
Total non-controlling interest	9	348,212	238,499
Total equity		1,350,992	1,346,471

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, 2022 $	December 31, 2021 $
OPERATING ACTIVITIES			
Net (loss) income for the period		$ (58,505)	$ 201,570
Items not affecting cash			
Amortization		30,796	18,648
Amortization of right of use assets		19,783	17,197
Deferred income tax expense (recovery)		19,935	(616)
Share-based compensation (recovery) expense	17	(4,564)	66,980
Share of loss of associate	7	45	181
Interest expense in connection with lease liabilities		5,624	4,344
Impairment of goodwill and intangible assets		102,571	—
Impairment of investments accounted for under equity method	7	4,750	—
Changes in non-cash working capital			
Decrease/(increase) in securities owned		272,941	(118,271)
Decrease in accounts receivable		253,905	836,078
Decrease in net income taxes payable		(60,293)	(59,510)
Increase/(decrease) in securities sold short		67,304	(13,294)
Decrease in accounts payable, accrued liabilities and provisions		(1,386,590)	(830,186)
Cash (used in) provided by operating activities		(732,298)	123,121
FINANCING ACTIVITIES			
Repayment of bank loan		(6,370)	(5,127)
Proceeds from bank loan obtained in connection with the acquisition of Punter Southall Wealth		159,400	—
Proceeds from bank loan obtained in connection with the acquisition of Adam & Company		—	88,465
Acquisition of common shares for long-term incentive plan		(69,416)	(60,626)
Proceeds from issuance of convertible preferred shares in UK & Crown Dependencies wealth management operations, net of acquisition related costs		102,017	224,660
Redemption of convertible debentures		—	(168,112)
Payment of dividends on convertible preferred shares issued in UK & Crown Dependencies wealth management operations		(14,245)	—
Payment of dividends to non-controlling interests in Australia		(7,683)	(4,909)
Proceeds from exercise of performance share options		492	3,352
Purchase and cancellation of common shares under normal course issuer bid		(6,631)	(38,952)
Cash dividends paid on common shares		(23,056)	(22,729)
Cash dividends paid on preferred shares		(8,096)	(7,253)
Lease payments		(23,613)	(21,781)
Cash provided by (used in) financing activities		102,799	(13,012)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(21,626)	(2,324)
Acquisition of Punter Southall Wealth, net of cash acquired		(238,591)	—
Acquisition of Results International Group LLP		(8,180)	—
Acquisition of Adam & Company, net of cash acquired		—	(93,316)
Acquisition of Sawaya Partners, net of cash acquired		—	(45,513)
Investment in associates		—	(1,490)
Payment of deferred and contingent consideration		(12,955)	(37,139)
Purchase of investments		—	(14,161)
Purchase of intangibles		(2,359)	(2,664)
Cash used in investing activities		(283,711)	(196,607)
Effect of foreign exchange on cash balances		18,001	(6,617)
Decrease in cash position		(895,209)	(93,115)
Cash position, beginning of period		1,788,261	1,883,292
Cash position, end of period		893,052	1,790,177
Supplemental cash flow information			
Interest received		$ 69,356	$ 25,838
Interest paid		$ 29,012	$ 15,102
Income taxes paid		$ 63,844	$ 137,042

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

1. Corporate Information

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

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 2200, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1K8 (as of May 15, 2022).

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

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

2. Basis of Preparation

STATEMENT OF COMPLIANCE

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2022 (March 31, 2022 consolidated financial statements) filed on SEDAR on June 2, 2022. All defined terms used herein are consistent with those terms defined in the March 31, 2022 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, and non-controlling interest derivative liability. All of these have been measured at fair value as set out in the relevant accounting policies except for certain investments which have been accounted for under the equity method.

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

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on February 8, 2023.

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.

Certain factors impact and cast additional uncertainty on the assumptions used by management in making its judgments and estimates. These factors include, but not limited to, inflation, significant monetary and fiscal interventions by the government and central banks to stabilize economic conditions, including slowing economic growth, inflation and rising interest rates, as well as the impact of the war in Ukraine and the resulting humanitarian crisis on the global economy.

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 values of level 2 and 3 financial instruments, capitalization of intangible assets related to software costs, provisions and the valuation of the non-controlling interests derivative liability. 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 Punter Southall Wealth and Results International Group LLP, as well as the valuation of the contingent consideration related to Results International Group LLP.

During the nine months ended December 31, 2022, certain institutional investors completed the purchase of a new series of Convertible Preferred Shares issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited (CGWM UK), a subsidiary of the Company. The Convertible Preferred Shares issued contain no obligation for the Company to deliver cash or other financials assets. Judgment was used to conclude that the Convertible Preferred Shares are a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK.

Similar to the Convertible Preferred Shares issued by CGWM UK in the year ended March 31, 2022, the fair value of the new series of Convertible Preferred Shares at issuance was allocated to its respective equity and derivative components. The fair value of the derivative was established first and the residual amount was recorded as the equity component. The derivative components will be remeasured at the end of each reporting period using the Company’s best estimate of its value with any changes in fair value recorded through net income for the period. Significant judgment is required in respect of the estimates and assumptions to be used in the determination of the fair value of the derivative component at each reporting period.

In the discussions below, unless otherwise noted, Hargreave Hale Limited is referred to as “Hargreave Hale” (renamed as Canaccord Genuity Asset Management), Petsky Prunier LLC is referred to as “Petsky Prunier”, Sawya Partners LLC is referred to as “Sawaya”, McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) and whose operations were subsequently transferred to CG Wealth Planning Limited is referred to as “McCarthy Taylor”, Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) and the private client business of Thomas Miller Investment (Isle of Man) Limited are referred to as “Thomas Miller”, Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) is referred to as “Patersons”, the private client investment management business acquired from Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) is referred to as “Adam & Company”, and Jitneytrade Inc., Finlogik Capital Inc. and Finlogik Inc. are collectively referred to as “Jitneytrade”, Punter Southall Wealth Limited as “PSW” and Results International Group LLP as “Results”.

3. Adoption of New and Revised Standards

There were no new accounting standards adopted for the nine months ended December 31, 2022.

4. Securities Owned and Securities Sold Short

	December 31, 2022		March 31, 2022	
	Securities owned	**Securities sold short**	**Securities owned**	**Securities sold short**
Corporate and government debt	**527,453**	**510,678**	$ 548,639	$ 456,206
Equities and convertible debentures	**250,836**	**123,916**	502,590	111,084
	778,289	**634,594**	$ 1,051,229	$ 567,290

As at December 31, 2022, corporate and government debt maturities range from 2023-2080 [March 31, 2022 – 2022 to 2080] and bear interest ranging from 0.00% to 15.34% [March 31, 2022 – 0.00% to 16.00%].

5. Financial Instruments

The categories of financial instruments, other than cash and cash equivalents, investments accounted for under the equity method and lease liabilities held by the Company at December 31, 2022 and March 31, 2022 are as follows:

	Fair value through profit and loss		Amortized cost		Total	
	December 31, 2022 $	March 31, 2022 $	December 31, 2022 $	March 31, 2022 $	December 31, 2022 $	March 31, 2022 $
Financial assets						
Securities owned	$ 778,289	$ 1,051,229	$ —	$ —	$ 778,289	$ 1,051,229
Accounts receivable from brokers and investment dealers	—	—	1,622,922	1,693,579	1,622,922	1,693,579
Accounts receivable from clients	—	—	951,678	1,020,112	951,678	1,020,112
RRSP cash balances held in trust	—	—	395,197	512,147	395,197	512,147
Other accounts receivable	—	—	214,952	212,817	214,952	212,817
Investments	11,585	10,990	—	—	11,585	10,990
Total financial assets	$ 789,874	$ 1,062,219	$ 3,184,749	$ 3,438,655	$ 3,974,623	$ 4,500,874
Financial liabilities						
Securities sold short	$ 634,594	$ 567,290	$ —	$ —	$ 634,594	$ 567,290
Accounts payable to brokers and investment dealers	—	—	1,175,814	1,334,026	1,175,814	1,334,026
Accounts payable to clients	—	—	1,746,330	2,652,558	1,746,330	2,652,558
Other accounts payable and accrued liabilities	—	—	550,564	859,088	550,564	859,088
Subordinated debt	—	—	7,500	7,500	7,500	7,500
Deferred and contingent consideration	67,879	45,286	—	—	67,879	45,286
Bank loan	—	—	307,911	152,041	307,911	152,041
Non-controlling interest – derivative	49,185	41,090	—	—	49,185	41,090
Total financial liabilities	$ 751,658	$ 653,666	$ 3,788,119	$ 5,005,213	$ 4,539,777	$ 5,658,879

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

FAIR VALUE HIERARCHY

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

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

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

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

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

As at December 31, 2022, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		December 31, 2022		
	December 31, 2022	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	22,792	—	22,792	—
Government debt	504,661	225,623	279,038	—
Corporate and government debt	527,453	225,623	301,830	—
Equities	249,356	162,229	70,837	16,290
Convertible debentures	1,480	—	1,480	—
Equities and convertible debentures	250,836	162,229	72,317	16,290
	778,289	387,852	374,147	16,290
Investments	11,585	—	—	11,585
	789,874	387,852	374,147	27,875
Securities sold short				
Corporate debt	(465)	—	(465)	—
Government debt	(510,213)	(229,065)	(281,148)	—
Corporate and government debt	(510,678)	(229,065)	(281,613)	—
Equities	(123,916)	(116,111)	(7,805)	—
Equities and convertible debentures	(123,916)	(116,111)	(7,805)	—
	(634,594)	(345,176)	(289,418)	—
Deferred and contingent consideration	(67,879)	—	—	(67,879)
Non-controlling interest – derivative liability	(49,185)	—	—	(49,185)
	(751,658)	(345,176)	(289,418)	(117,064)

As at March 31, 2022, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		March 31, 2022		
	March 31, 2022 $	Level 1 $	Level 2 $	Level 3 $
Securities owned				
Corporate debt	37,820	—	37,820	—
Government debt	510,819	353,857	156,962	—
Corporate and government debt	548,639	353,857	194,782	—
Equities	499,221	353,353	67,218	78,650
Convertible debentures	3,369	—	3,369	—
Equities and convertible debentures	502,590	353,353	70,587	78,650
	1,051,229	707,210	265,369	78,650
Investments	10,990	—	—	10,990
	1,062,219	707,210	265,369	89,640
Securities sold short				
Corporate debt	(5,001)	—	(5,001)	—
Government debt	(451,205)	(265,669)	(185,536)	—
Corporate and government debt	(456,206)	(265,669)	(190,537)	—
Equities	(111,084)	(82,410)	(28,674)	—
Equities and convertible debentures	(111,084)	(82,410)	(28,674)	—
	(567,290)	(348,079)	(219,211)	—
Non-controlling interests – derivative liability	(41,090)	—	—	(41,090)
Contingent consideration	(45,286)	—	—	(45,286)
	(653,666)	(348,079)	(219,211)	(86,376)

Movement in net Level 3 financial assets/ (liabilities)

Balance, March 31, 2022	$	**3,264**
Payment of contingent and deferred consideration in connection with acquisitions of Thomas Miller and PSW		12,955
Addition of deferred consideration in connection with PSW [Note 8]		(10,140)
Adjustment to contingent consideration in connection with Sawaya [Note 8]		(1,519)
Addition of deferred and contingent consideration in connection with Results [Note 8]		(18,847)
Movement in fair value of level 3 securities owned during the period		(62,360)
Movement in non-controlling interest derivative liability component [Note 9]		(7,970)
Foreign exchange revaluation		(4,572)
Balance, December 31, 2022		**(89,189)**

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

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

ii. Level 3 financial instruments

The fair value for Level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the level 3 held for trading investments as at December 31, 2022 was $16.3 million [March 31, 2022 – $78.7 million].

As at December 31, 2022, the Company, either directly or through a wholly owned subsidiary, held investments in Capital Markets Gateway LLC, InvestX Capital Ltd. and Proactive Group Holdings Inc. which have been classified as Level 3 financial instruments given they do not have any observable inputs or market indicators [Note 7].

The Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK [Note 9] were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The derivative liability component of £30.0 million (C$49.2 million) is included in the statement of financial position as of December 31, 2022.

The long-term portion of the contingent consideration and the non-controlling interests derivative liability are included as other liabilities in the unaudited interim condensed consolidated statement of financial position as at December 31, 2022.

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

FOREIGN EXCHANGE FORWARD CONTRACTS

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

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

Forward contracts outstanding at December 31, 2022:

	Notional amount (millions)		Average price		Maturity	Fair value
To sell US dollars	USD$	4.3	$	1.35 (CAD/USD)	January 3, 2023	—
To buy US dollars	USD$	—	$	— (CAD/USD)	—	—

Forward contracts outstanding at March 31, 2022:

	Notional amount (millions)		Average price		Maturity	Fair value
To sell US dollars	USD$	1.8	$	1.25 (CAD/USD)	April 1, 2022	—
To buy US dollars	USD$	2.3	$	1.25 (CAD/USD)	April 1, 2022	—

The Company's Canaccord Genuity Wealth Management segment in the UK & Crown Dependencies trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 58 days as at December 31, 2022 [March 31, 2022 – 68 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, 2022 and March 31, 2022, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	December 31, 2022			March 31, 2022		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	**$ —**	**$ 13**	**$ 15,161**	$ 82	$ 75	$ 11,760

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At December 31, 2022, the notional amount of the bond futures contracts outstanding was short $1.3 million [March 31, 2022 – long $9.7 million].

The fair value of all of the above futures contracts is nominal due to their short term to maturity and is 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, 2022	**$ 241,671**	**$ 82,572**	**$ 110,235**	**$ 234,873**
March 31, 2022	$ 282,142	$ 186,174	$ 203,465	$ 309,123

Securities lending and borrowing are included in the accounts receivable and accounts payable and accrued liabilities balances on the unaudited interim condensed consolidated 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, 2022 the Company had $nil balance outstanding [March 31, 2022 – $nil].

BANK LOAN

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and Punter Southall. The balance outstanding at December 31, 2022, net of unamortized financing fees, was $307.9 million [March 31, 2022 – $152 million] [Note 13]. The facility ends on September 30, 2024 and the then outstanding payments are immediately due for repayment.

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and Punter Southall as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $665.7 million [March 31, 2022 – $657.0 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, 2022, there were no balances outstanding under these other credit facilities [March 31, 2022 – $nil].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $4.0 million (US $2.9 million) [March 31, 2022 – $3.7 million (US$2.9 million)] as rent guarantees for its leased premises in New York. As of December 31, 2022 and March 31, 2022, there were no outstanding balances under these standby letters of credit.

6. Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	December 31, 2022 $	March 31, 2022 $
Brokers and investment dealers	$ 1,622,922	$ 1,693,579
Clients	951,678	1,020,112
RRSP cash balances held in trust	395,197	512,147
Other	214,952	212,817
	$ 3,184,749	$ 3,438,655

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022 $	March 31, 2022 $
Brokers and investment dealers	$ 1,175,814	$ 1,334,026
Clients	1,746,330	2,652,558
Other	550,564	859,088
	$ 3,472,708	$ 4,845,672

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [December 31, 2022 – 9.45% to 10.5% and 0.00% to 0.05%]; [March 31, 2022 – 5.70% to 6.50% and 0.00% to 0.05%].

As at December 31, 2022, the allowance for doubtful accounts was $3.3 million [March 31, 2022 – $2.9 million].

7. Investments

	December 31, 2022	March 31, 2022
Investments accounted for under the equity method	7,196	$ 11,938
Investments held as fair value through profit and loss	11,585	$ 10,990
	18,781	$ 22,928

Breakdown of investments as follow:

INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

	December 31, 2022	March 31, 2022
Canaccord Genuity G Ventures Corp.	1,273	1,298
Katipult Technology Corp.	500	3,000
Link Investment Management Inc.	250	2,500
International Deal Gateway Blockchain Inc.	4,500	4,500
Other	673	640
	7,196	$ 11,938

INVESTMENTS HELD AS FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

	December 31, 2022	March 31, 2022
Capital Markets Gateway LLC	4,193	3,864
InvestX Capital Ltd	3,392	3,126
Proactive Group Holdings Inc.	4,000	4,000
	11,585	$ 10,990

On December 31, 2022, the Company, through a wholly owned subsidiary, held an investment in Class B preferred share and warrants of Canaccord Genuity G Ventures Corp. (CGGV), a special purpose acquisition corporation. The Company's equity portion of the net loss of CGGV for the period ended December 31, 2022 was $0.05 million.

The Company, through a wholly owned subsidiary, held an investment in Capital Markets Gateway LLC (CMG) for US$3.1 million ($4.2 million) [March 31, 2022 – US$3.1 million ($3.9 million)]. The Company is not considered to exert significant influence over the operations of CMG. Accordingly, the investment in CMG is accounted for as financial assets measured at FVTPL and included as investments on the unaudited interim condensed consolidated statement of financial position as at December 31, 2022. In addition, the Company also invested US $2.5 million ($3.4 million) in Series A preferred shares of InvestX Capital Ltd (InvestX), as well as an investment of $4.0 million in the preferred shares of Proactive Group Holdings Inc. (Proactive). The Company does not exert significant influence over the operations of InvestX or Proactive. Accordingly, the investments in InvestX and Proactive are accounted for as financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at December 31, 2022.

The Company also held an investment in convertible unsecured subordinated debentures of Katipult Technology Corp (Katipult). During the period ended December 31, 2022, the Company recorded an impairment of $2.5 million in its investment held in Katipult.

The Company also held investments of $0.25 million in Series A units of Link Investment Management Inc. (Link) and $4.5 million in Series A units of International Deal Gateway Blockchain Inc. (IDG) as of December 31, 2022. During the nine months ended December 31, 2022, the Company recorded an impairment of $2.25 million in its investment held in Link.

The Company is considered to exert significant influence over the operations of Link and IDG factoring in potential voting rights, even though the Company does not currently have any entitlement to a share of the net assets of these companies. Accordingly, these investments are treated as equity investments and included as investments in the consolidated statement of financial position as at December 31, 2022.

8. Business Combinations

RESULTS INTERNATIONAL GROUP LLP

On August 17, 2022, the Company, through its UK & Europe capital markets business, completed its acquisition of Results International Group LLP (Results). The initial cash consideration net of liabilities assumed was £5.3 milion ($8.2 million), with additional contingent consideration of up to £14.0 million ($21.8 million) payable over a period of four years following completion, subject to achievement of performance targets related to revenue. The contingent consideration was recorded at its fair value of £10.1 million ($15.7 million) as of the acquisition date. There was also deferred consideration of £2.0 million ($3.1 million), payable over a period of three years following completion, in cash or the Company's shares based on the Company's option.

The fair value of the contingent consideration is classified as Level 3 in the fair value hierarchy and was determined using on a Monte Carlo simulation using various assumptions including EBITDA forecast, risk-free rate of 2.0% and a volatility factor of 8.0%. 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 contingent consideration.

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

Cash net of liabilities assumed	$	8,180
Deferred consideration		3,112
Contingent consideration		15,735
	$	27,027

NET ASSETS ACQUIRED

Accounts receivable		1,329
Equipment and leasehold improvements		38
Right of use assets		3,663
Accounts payable and accrued liabilities		(5,109)
Lease liabilities		(4,189)
Identifiable intangible assets		2,728
Deferred tax liability related to identifiable intangible assets		(679)
Goodwill		29,246
	$	27,027

Identifiable intangible assets of $2.7 million were recognized and relate to the contract book, brand name and customer relationships. The goodwill of $29.2 million represents the value of expected synergies arising from the acquisition.

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

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

The aggregate acquisition-related expenses incurred by the Company during the nine months ended December 31, 2022 in connection with the acquisition of Results were $1.5 million which comprised mainly of professional fees.

Revenue and net loss generated by Results including acquisition-related costs, were $1.6 million and $1.0 million, respectively, since the acquisition date.

Had Results been consolidated from April 1, 2022, as part of the consolidated statement of operations, the consolidated revenue and net loss would have been approximately $1.1 billion and $59.5 million, respectively, for the nine months ended December 31, 2022. These figures represent historical results and are not necessarily indicative of future performance.

PUNTER SOUTHALL WEALTH LIMITED

On May 31, 2022, the Company, through CGWM UK completed its acquisition of the private client investment management business of Punter Southall Wealth Limited (PSW) for cash payment of £164.0 million ($261.4 million) and issuance of shares from CGWM UK of £4.0 million ($6.4 million). In addition, during the second quarter of the year ending March 31, 2023, there was a revision to the deferred consideration as disclosed in the unaudited interim consolidated financial statements for the first quarter of the year ending March 31, 2023 from £0.8 million (C$1.2 million) to £6.4 million (C$10.1 million) related to the purchase of excess regulatory capital. The deferred consideration was paid in October 2022.

In connection with the completion of the acquisition, a subsidiary of the Company modified its existing banking arrangements and increased its bank loan by an additional £100 million (C$159.4 million as of acquisition date of May 31, 2022). In addition, certain institutional investors have made an additional investment in CGWM UK through the purchase of a new series of Convertible Preferred Shares in the amount of £65.3 million ($104.1 million as of the acquisition date of May 31, 2022). [Note 9]

Also, in connection with the acquisition, the Company adopted a share-based payment plan for certain awards to be made to certain employees of PSW. [Note 17]

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, are disclosed below. There was a revision to the valuation of the identifiable intangible assets as previously disclosed in the unaudited interim consolidated financial statements for the period ended September 30, 2022 due to a change in management assumptions.

CONSIDERATION

Cash	$	261,416
Issuance of CGWM UK ordinary shares [Note 9]		6,376
Deferred consideration		10,140
		277,932

NET ASSETS ACQUIRED

Cash	$	22,825
Accounts receivable		7,963
Equipment and leasehold improvements		453
Right of use assets		3,073
Accounts payable and accrued liabilities		(11,022)
Lease liabilities		(3,479)
Identifiable intangible assets		136,022
Deferred tax liability related to identifiable intangible assets		(33,547)
Goodwill		155,644
		277,932

Identifiable intangible assets of $136.0 million were recognized and relate to customer relationships and brand name. The goodwill of $155.6 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 PSW are estimates, which were made by management at the time of the preparation of these interim condensed consolidated financial statements based on available information. Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company during the period ended December 31, 2022 in connection with the acquisition of PSW were $5.9 million which comprised mainly of professional fees.

Revenue and net income generated by PSW including acquisition-related costs, were $19.9 million and $4.2 million, respectively, since the acquisition date.

Had PSW been consolidated from April 1, 2022, as part of the consolidated statement of operations, the consolidated revenue and net loss would have been approximately $1.1 billion and $57.3 million, respectively, for the nine months ended December 31, 2022. These figures represent historical results and are not necessarily indicative of future performance.

ADAM & COMPANY

During the nine months ended December 31, 2022, the Company finalized its purchase price accounting in connection with the acquisition of Adam & Company. There were no changes to the purchase price and fair value of net assets acquired on the date of the acquisition disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2022.

SAWAYA PARTNERS

On December 31, 2021, the Company completed its acquisition of Sawaya Partners (Sawaya), a leading independent M&A advisory firm to the consumer sector based in the US. During the nine months ended December 31, 2022, the Company finalized its purchase price accounting. There was a remeasurement of the contingent consideration which resulted in an increase of $1.5 million in both goodwill and contingent consideration as of and for the nine months ended December 31, 2022.

The 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		
Cash	$	45,513
Deferred consideration		11,378
Contingent consideration		44,626
	$	101,517
Net assets acquired		
Accounts receivable		78
Equipment and leasehold improvements		1,122
Right of use assets		4,070
Accounts payable and accrued liabilities		(77)
Lease liabilities		(4,070)
Identifiable intangible assets		5,155
Goodwill		95,239
	$	101,517

Identifiable intangible assets of $5.2 million were recognized and relate to the contract book and brand name. The goodwill of $95.2 million represents the value of expected synergies arising from the acquisition.

9. Non-Controlling Interests

The non-controlling interests as of December 31, 2022 comprised of the following:

	Australia		UK & Crown Dependencies		Total	
As at and for the period ended December 31	**2022 $**	2021 $	**2022 $**	2021 $	**2022 $**	2021 $
Balance, opening	**23,301**	8,190	**215,400**	—	**238,701**	8,190
Comprehensive income attributable to non-controlling interests	**2,850**	5,011	**23,853**	11,840	**26,703**	16,851
Foreign exchange on non-controlling interests	**(209)**	660	**4,522**	—	**4,313**	660
Dividends paid to non-controlling interest	**(7,683)**	(4,909)	**—**	—	**(7,683)**	(4,909)
Issuance of convertible preferred shares, net of discount	**—**	—	**102,017**	212,449	**102,017**	212,449
Issuance of equity instrument to management	**—**	—	**—**	42,658	**—**	42,658
Acquisition-related costs, net of deferred tax	**—**	—	**—**	(2,834)	**—**	(2,834)
Share-based payment			**—**	1,740	**—**	1,740
Issuance of equity instruments in connection with acquisition of PSW [note 8]	**—**	—	**6,376**	—	**6,376**	—
Payment of dividends on convertible preferred shares	**—**	—	**(14,245)**	—	**(14,245)**	—
Reclassification to derivative liability on issuance date	**—**	—	**(7,970)**	(34,682)	**(7,970)**	(34,682)
Reclassification of other comprehensive income on issuance date	**—**	—	**—**	(1,624)	**—**	(1,624)
Balance, ending	**18,259**	8,952	**329,953**	229,547	**348,212**	238,499

	For the three months ended		For the nine months ended	
Comprehensive income (loss) attributable to non-controlling interests	**December 31, 2022 $**	December 31, 2021 $	**December 31, 2022 $**	December 31, 2021 $
Australia	**4,387**	2,076	**2,850**	5,011
UK & Crown Dependencies	**8,745**	7,101	**23,853**	11,840
Total	**13,132**	9,177	**26,703**	16,851

UK & Crown Dependencies Wealth Management

On July 29, 2021, certain institutional investors acquired convertible preferred shares (“A Convertible Preferred Shares”) in the amount of £125.0 million (C$218.0 million) issued by CGWM UK.

On May 31, 2022, certain institutional investors purchased a new series of Convertible Preferred Shares (B Convertible Preferred Shares) issued by CGWM UK for £65.3 million ($104.1 million as of the acquisition date of May 31, 2022). The proceeds were used in connection with the acquisition of PSW [note 8]. The B Convertible Preferred Shares bear the same terms as the A Convertible Preferred Shares issued during the year ended March 31, 2022 except for differences in conversion ratios. The two series of the Convertible Preferred Shares are collectively described as Convertible Preferred Shares in discussions below.

Cumulative dividends, when, as and if declared by the board of directors of CGWM UK, are payable by CGWM UK on the two series of the Convertible Preferred Shares at the greater of an annual 7.5% coupon and the proportionate share that such shares would receive, on an as converted basis, in respect of any dividends declared and paid in respect of ordinary shares of CGWM UK. No dividends may be paid on any other class of shares of CGWM UK unless and until the cumulative dividends on the Convertible Preferred Shares are declared and paid. If a liquidity event occurs before the end of five years from the date of issuance of the A Convertible Preferred Shares the Convertible Preferred Shares will carry a liquidation preference equal to the greatest of (i) the amount of principal plus accrued but unpaid dividends attributable to the Convertible Preferred Shares had they been issued five years prior, (ii) an amount equal to 1.5 multiplied by the issue price of the Convertible Preferred Shares (less any previously paid dividends), or (iii) the amount which the holders of the Convertible Preferred Shares would receive on an as converted basis. If a liquidity event occurs on or after the fifth anniversary then the Convertible Preferred Shares will carry a liquidation preference equal to the greater of (i) the amount of principal plus accrued but unpaid dividends attributable to the Convertible Preferred Shares or (ii) the amount which the holders of the Convertible Preferred Shares would receive on an as converted basis. If a liquidity event has not occurred after five years, then CGWM UK has an option to acquire the Convertible Preferred Shares at the greater of the applicable liquidation preference amount and the amount which would provide the holders of the Convertible Preferred Shares with an internal rate of return of 11.5% (including all previously paid dividends). After the fifth anniversary of the issuance of the A Convertible Preferred Shares the holders of the Convertible Preferred Shares have certain rights in respect of initiating a liquidity event. The Convertible Preferred Shares carry customary minority rights in respect of CGWM UK governance and financial matters, including representation on the CGWM UK board of directors.

In connection with the issuance of the A Convertible Preferred Shares, CGWM UK provided for the purchase of certain equity instruments in CGWM UK by management and employees of CGWM UK. £24.6 million (CAD$38.6 million) of such equity instruments in CGWM UK have been purchased in connection with this equity program. Included in these equity instruments of CGWM UK were preferred shares with the same economic attributes as the A Convertible Preferred Shares (the “Preference Shares”). Preference Shares in the amounts of £7.5 million (CAD$12.3 million) were outstanding as of December 31, 2022. The other equity interests purchased by management and employees of CGWM UK are ordinary shares of CGWM UK with certain restrictions on transfer and limited governance rights. A management incentive plan has been implemented which, subject to certain minimum threshold levels, will provide for certain payments if a liquidity event occurs within six years or after six years if a liquidity event has not occurred and the A Convertible Preferred Shares are no longer outstanding.

In connection with the acquisition of PSW [Note 8], the Company also issued £4.0 million ($6.4 million as of the acquisition date of May 31, 2022) of ordinary shares of CGWM UK as part of the purchase consideration. In addition, a management incentive plan has been implemented. As of December 31, 2022, a total of £0.1 million (CAD $0.2 million) of CGWM UK ordinary shares have been issued and a further £2.4 million (CAD $3.7 million) of CGWM UK ordinary shares are expected to be issued after December 31, 2022 in connection with this plan.

On an as converted basis, the Company holds an approximate 66.9% equity equivalent interest in CGWM UK (subject to the liquidation preference). Together, the equity instruments purchased by management and employees of CGWM UK in connection with the issuance of the A Converible Preferred Shares and with the equity instruments issued and to be issued in connection with the acquisitions of PSW, such instruments represent an approximate 5.1% equity equivalent interest in CGWM UK on an as converted basis.

The Convertible Preferred Shares and Preference Shares do not give rise to any obligation for the Company to deliver cash or other financial assets to the holders thereof. The Convertible Preferred Shares and Preference Shares were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preference Shares are included in equity and the derivative liability component is included in other liabilities in the statement of financial position as of December 31, 2022.

The fair value of the Convertible Preferred Shares and Preference Shares at issuance was allocated to the respective equity and derivative liability components. The fair value of the non-controlling interests derivative liability was established first and the residual amount was recorded to the equity component. The derivative components will be remeasured at the end of each reporting period using the Company’s best estimate of its value. During the nine months ended December 31, 2022, the Company recorded a derivative liability in connection with the issuance of the B Convertible Preferred Shares of £5.0 million ($8.0 million as of May 31, 2022). The carrying value of the derivative liability at December 31, 2022 for both A and B Convertible Preferred Shares was $49.2 million and included in other liabilities in the interim condensed consolidated statements of financial position.

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

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

Australia

The Company owns 65% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership a 65% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited as of December 31, 2022 [March 31, 2022 – 65%]. Because of shares held in an employee trust controlled by CFGA, the Company holds a 67% ownership for accounting purposes.

10. Goodwill and Other Intangible Assets

	Goodwill $	Brand names (indefinite life) $	Brand names $	Customer relationships $	Technology $	Trading licenses $	Fund management $	Contract book $	Favourable lease $	Client Books $	Total $
Gross amount											
Balance, March 31, 2022	832,911	44,930	1,884	207,501	40,285	617	36,834	10,378	523	1,931	344,883
Additions	184,890	—	274	137,795	2,359	—	—	682	—	—	141,110
Foreign exchange	21,672	—	107	3,492	(87)	(5)	(91)	894	45	(24)	4,331
Adjustments	1,600	—	—	—	—	—	—	—	—	—	—
Balance, December 31, 2022	1,041,073	44,930	2,265	348,788	42,557	612	36,743	11,954	568	1,907	490,324
Accumulated amortization and impairment											
Balance, March 31, 2022	(322,632)	—	(693)	(104,081)	(28,906)	(617)	(15,636)	(7,226)	(523)	(208)	(157,890)
Amortization	—	—	(690)	(13,885)	(2,303)	—	(2,501)	(3,484)	—	(137)	(23,000)
Impairment	(101,729)	—	—	(842)	—	—	—	—	—	—	(842)
Foreign exchange	—	—	(75)	(348)	(15)	5	(58)	(705)	(45)	(1)	(1,242)
Balance, December 31, 2022	(424,361)	—	(1,458)	(119,156)	(31,224)	(612)	(18,195)	(11,415)	(568)	(346)	(182,974)
Net book value											
March 31, 2022	510,279	44,930	1,191	103,420	11,379	—	21,198	3,152	—	1,723	186,993
December 31, 2022	**616,712**	**44,930**	**807**	**229,632**	**11,333**	**—**	**18,548**	**539**	**—**	**1,561**	**307,350**

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

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

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

	Intangible assets with indefinite lives		Goodwill		Total	
	December 31, 2022 $	March 31, 2022 $	December 31, 2022 $	March 31, 2022 $	December 31, 2022 $	March 31, 2022 $
Canaccord Genuity Capital Markets CGUs						
Canada	**$44,930**	$44,930	**—**	$101,732	**44,930**	$146,662
US	**—**	—	**207,444**	189,608	**207,444**	189,608
UK & Europe	**—**	—	**30,813**	—	**30,813**	—
Canaccord Genuity Wealth Management CGUs						
UK & Crown Dependencies (Channel Islands)	**—**	—	**88,423**	88,644	**88,423**	88,644
UK & Crown Dependencies (UK wealth)	**—**	—	**287,203**	127,434	**287,203**	127,434
Australia	**—**	—	**2,829**	2,861	**2,829**	2,861
	$44,930	$44,930	**616,712**	$510,279	**661,642**	$555,209

Goodwill acquired in connection with PSW [Note 8] is included in the Canaccord Genuity Wealth Management (UK Wealth) CGU and goodwill acquired in connection with Results is included in the Canaccord Genuity Capital Markets UK & Europe for the purpose of goodwill impairment testing.

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, 2022.

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 discount rate is based on specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a compounded annual growth rate and a terminal growth rate. The discount rates, compound annual growth rates and terminal growth rates for each CGU are summarized in the table below.

	Discount rate		Compound annual Growth rate		Terminal growth rate	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
Canaccord Genuity Capital Markets CGUs						
Canada	**14.0%**	12.5%	**10.9%**	5.0%	**2.5%**	2.5%
US	**14.0%**	12.5%	**1.4%**	0.0%	**2.5%**	2.5%
UK & Europe	**14.0%**	—	**7.5%**	—	**2.5%**	—
Canaccord Genuity Wealth Management CGUs						
UK & Crown Dependencies (Channel Islands)	**12.5%**	12.5%	**5.0%**	5.0%	**2.5%**	2.5%
UK & Crown Dependencies (UK wealth)	**12.5%**	12.5%	**7.5%**	5.0%	**2.5%**	2.5%
Australia	**14.0%**	12.5%	**5.0%**	5.0%	**2.5%**	2.5%

Due to the effect of weak equity market conditions globally and particularly in Canada, our Canadian capital markets operation experienced substantial declines in business activity, revenue and has incurred material losses on a year-to-date basis. With these adverse changes in the business environment, continued weakness in commodity prices and a challenging outlook as negative economic conditions persist, it was determined that the carrying value of our Canadian capital markets CGU exceeded its fair value as of December 31, 2022. As a result, the Company recorded an impairment charge in respect of goodwill of $101.8 million during the three months ended December 31, 2022. In addition, the Company recorded an impairment charge related to the unamortized intangible assets of $0.8 million allocated to the Canadian capital markets CGU.

Sensitivity testing was conducted as part of the impairment test of goodwill and indefinite life intangible assets for the Canaccord Genuity Capital Markets – UK & Europe CGU. The sensitivity testing includes assessing the impact that reasonably possible declines in revenue estimates for the 12-month period ending on December 31, 2023 and declines in growth rates after that period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant. An increase of the discount rate of 0.4 percentage points, a decrease in the estimated revenue for the 12-month period ending December 31, 2023 of $2.1 million, a decrease in the five year compound annual growth of 1.0 percentage points or a decrease in the terminal growth rate of 0.6% may result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge may be required. Any such impairment charge 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.

11. Income Taxes

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

	For the three months ended		For the nine months ended	
	December 31, 2022 $	December 31, 2021 $	**December 31, 2022 $**	December 31, 2021 $
Net (loss) income before income taxes	**(80,786)**	94,983	**(39,860)**	281,721
Income taxes at the statutory rate of 27.0% (F2022: 27.0%)	**(21,800)**	25,639	**(10,755)**	76,061
Difference in tax rates in foreign jurisdictions	**(665)**	(108)	**(3,307)**	(281)
Permanent items	**28,560**	4,305	**28,724**	4,844
Share based payments	**(4,325)**	(52)	**6,606**	(2,810)
Change in accounting and tax base estimate	**590**	(5)	**(679)**	93
Impact of change in tax rates	**(645)**	—	**(915)**	3,171
Other	**(436)**	(1,528)	**(1,029)**	(927)
Income tax expense – current and deferred	**1,279**	28,251	**18,645**	80,151

12. Subordinated Debt

	December 31, 2022 $	March 31, 2022 $
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, 2022 and March 31, 2022, the interest rates for the subordinated debt were 10.45% and 6.7%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

13. Bank Loan

	December 31, 2022 $	March 31, 2022 $
Loan	**311,505**	154,498
Less: Unamortized financing fees	**(3,594)**	(2,457)
	307,911	152,041
Current portion	**13,116**	6,574
Long term portion	**294,795**	145,467

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW. During the nine months ended December 31, 2022, the Company obtained an additional bank loan of £100.0 million (C$164.0 million as of December 31, 2022). The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 6.927% per annum as at December 31, 2022 [March 31, 2022 – 3.375% per annum].

14. Preferred Shares

	December 31, 2022		March 31, 2022	
	Amount $	**Number of shares**	Amount $	Number of shares
Series A Preferred Shares issued and outstanding	**110,818**	**4,540,000**	110,818	4,540,000
Series C Preferred Shares issued and outstanding	**97,450**	**4,000,000**	97,450	4,000,000
Series C Preferred Shares held in treasury	**(2,627)**	**(106,794)**	(2,627)	(106,794)
	94,823	**3,893,206**	94,823	3,893,206
	205,641	**8,433,206**	205,641	8,433,206

On June 1, 2022, the Company announced the reset of the dividend rate on its Cumulative 5-year Rate Reset First Preferred Shares, Series C (the "Series C Preferred Shares"). Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 4.993% for the five years ended June 30, 2022. Commencing July 1, 2022 and ending on and including June 30, 2027, quarterly cumulative dividends, if declared, will be paid at an annual rate of 6.837%. The dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 4.03%.

Holders of Series C Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series D (Series D Preferred Series), subject to certain conditions, on June 30, 2022 and have the option on June 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of June 15, 2022 was below the minimum required to proceed with the conversion and, accordingly, no Series D Preferred Shares were issued. Series D Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.03%.

The Company had the option to redeem the Series C Preferred Shares on June 30, 2022 and has the option to redeem on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. No shares were redeemed on June 30, 2022.

Terms of the Series A and C Preferred Shares are disclosed in Note 20 of the March 31, 2022 consolidated financial statements.

15. Common Shares

	December 31, 2022		March 31, 2022	
	Amount $	Number of shares	Amount $	Number of shares
Issued and fully paid	684,613	99,381,623	685,270	99,697,799
Shares committed to repurchase under the normal course issuer bid	—	—	(3,411)	(495,100)
Held for share-based payment plans	(1,023)	(122,355)	(1,505)	(122,355)
Held for the LTIP	(118,817)	(12,044,307)	(104,188)	(11,023,169)
	564,773	87,214,961	576,166	88,057,175

[I] AUTHORIZED

Unlimited common shares without par value

[II] ISSUED AND FULLY PAID

	Number of shares	Amount $
Balance, March 31, 2022	99,697,799	685,270
Shares issued in connection with acquisition of Sawaya	195,993	2,883
Shares issued in connection with exercise of PSO [note 17]	73,131	494
Shares repurchasd and cancelled in connection with normal course issuer bid	(585,300)	(4,034)
Balance, December 31, 2022	99,381,623	684,613

On August 18, 2022, 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 4,959,281 of its common shares during the period from August 21, 2022 to August 20, 2023 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, 2022, there were 502,000 shares purchased under the NCIB. There were also 83,300 shares purchased under the NCIB during the year ended March 31, 2022 and cancelled during the nine months ended December 31, 2022.

[III] EARNINGS PER COMMON SHARE

	For the three months ended		For the nine months ended	
	December 31, 2022 $	December 31, 2021 $	December 31, 2022 $	December 31, 2021 $
Basic (loss) earnings per common share				
Net (loss) income attributable to CGGI shareholders	$ (92,775)	$ 58,645	$ (85,778)	$ 187,229
Preferred shares dividends	(2,391)	(2,391)	(7,173)	(7,093)
Net (loss) income available to common shareholders	(95,166)	56,254	(92,951)	180,136
Weighted average number of common shares (number)	86,781,853	94,996,557	87,354,727	96,062,581
Basic (loss) earnings per share	$ (1.10)	$ 0.59	$ (1.06)	$ 1.88
Diluted (loss) earnings per common share				
Net (loss) income available to common shareholders	(95,166)	56,254	(92,951)	180,136
Weighted average number of common shares (number)	86,781,853	94,996,557	87,354,727	96,062,581
Dilutive effect in connection with LTIP (number)	12,295,473	10,899,558	12,373,482	10,882,606
Dilutive effect in connection with performance stock options (number)	506,648	3,080,033	1,224,828	2,918,153
Shares payable in connection with Results deferred consideration (number)	390,822	—	390,822	—
Shares payable in connection with Sawaya commitment (number)	587,979	—	587,979	—
Adjusted weighted average number of common shares (number)	100,562,775	108,976,148	101,931,838	109,863,340
Diluted (loss) earnings per common share	$ (1.10)	$ 0.52	$ (1.06)	$ 1.64

16. Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the nine months ended December 31, 2022:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 17, 2022	June 30, 2022	$ 0.085	$ 8,429
September 2, 2022	September 15, 2022	$ 0.085	$ 8,431
December 2, 2022	December 15, 2022	$ 0.085	$ 8,431

On February 8, 2023, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2023, with a record date of February 24, 2023 [Note 21].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the nine months ended December 31, 2022:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 17, 2022	June 30, 2022	$ 0.251750	$ 0.312060	$ 2,391
September 16, 2022	September 30, 2022	$ 0.251750	$ 0.427310	$ 2,852
December 23, 2022	January 3, 2023	$ 0.251750	$ 0.427310	$ 2,852

On February 8, 2023, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on March 31, 2023 with a record date of March 17, 2023; and $0.42731 per Series C Preferred Share payable on March 31, 2023 with a record date of March 17, 2023 [Note 21].

17. Share-Based Payment Plans

[I] LONG-TERM INCENTIVE PLAN

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

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

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

There were 7,696,756 RSUs granted in lieu of cash compensation to employees during the nine-month period ended December 31, 2022 [December 31, 2021 – 4,798,225 RSUs]. The Trusts purchased 6,951,114 common shares during the nine-month period ended December 31, 2022 [December 30, 2021 – 4,516,556 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, 2022 was $10.3151 [December 31, 2021 – $13.45].

	Number
Awards outstanding, March 31, 2022	11,180,535
Grants	7,696,756
Vested	(5,929,976)
Forfeited	(115,399)
Awards outstanding, December 31, 2022	**12,831,916**

	Number
Common shares held by the Trusts, March 31, 2022	11,023,169
Acquired	6,951,114
Released on vesting	(5,929,976)
Common shares held by the Trusts, December 31, 2022	**12,044,307**

I. PERFORMANCE SHARE UNITS

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

The PSUs were measured at fair value on the grant date. Changes in value of the PSUs at each reporting period are amortized over the remaining vesting period and recorded as a compensation expense in the statement of operations. The PSU plan includes certain employment-related conditions to the vesting of the awards resulting in the periodic expense recorded during the vesting period.

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at December 31, 2022 was $74.9 million [March 31, 2022 – $140.2 million].

II. PERFORMANCE STOCK OPTIONS

The Company adopted a performance share option (PSO) plan for certain senior executives. The PSOs have a term of five years and will time-vest ratably over four years (with one-third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, and have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). A total of 5,444,621 options outstanding (net of options already exercised) had met both stock price performance and time-based vesting conditions and are therefore fully vested and outstanding as at December 31, 2022. A total of 4,811,288 PSOs will expire on June 14, 2023. In addition, 600,000 PSOs will expire on August 16, 2023.

During the nine months ended December 31, 2022, the Company granted 300,000 PSOs with an exercise price of $8.7749.

The following is a summary of the Company's PSOs as at December 31, 2022:

	Number of PSOs		Weighted average exercise price ($)
Balance, March 31, 2022	5,627,955	$	6.79
Granted	300,000	$	8.77
Exercised	(116,667)	$	6.73
Balance, December 31, 2022	5,811,288	$	6.90

III. EXECUTIVE EMPLOYEE DEFERRED SHARE UNITS

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

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to DSUs at December 31, 2022 was $6.4 million [March 31, 2022 – $ 5.4 million].

IV. PSW CONDITIONAL SHARE PLAN

In connection with the acquisition of PSW [Note 8], the Company adopted a share-based payment plan in the amount of £2.5 million (CAD $3.9 million) in respect of CGWM UK ordinary shares for certain key employees of PSW. The plan is subject to various vesting conditions and accordingly, the Company recognizes the cost of such awards as an expense over the applicable vesting period.

V. SHARE-BASED COMPENSATION (RECOVERY) EXPENSE

	For the three months ended		For the nine months ended	
	December 31, 2022 $	December 31, 2021 $	**December 31, 2022 $**	December 31, 2021 $
Long-term incentive plan	**5,887**	2,522	**12,413**	7,344
Deferred share units (cash-settled)	**990**	604	**(2,162)**	1,812
Deferred share units (cash-settled) – senior executives	**1,935**	1,638	**861**	4,935
PSU (cash-settled)	**5,670**	17,648	**(16,889)**	50,000
PSO	**58**	218	**466**	1,149
Other share-based payment plan	**(580)**	—	**747**	1,740
Total share-based compensation (recovery) expense	**13,960**	22,630	**(4,564)**	66,980

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, 2022	March 31, 2022
Accounts receivable	17,096	12,009
Accounts payable and accrued liabilities	483	1,271

19. Segmented Information

The Company operates in two industry segments as follows:

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

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

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

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

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity Capital Markets Canada segment, as it relates to the acquisitions of Genuity and Jitneytrade. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in the UK & Crown Dependencies (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor, Thomas Miller, Adam & Company and PSW is allocated to the Canaccord Genuity Wealth Management UK & Europe (UK Wealth) segment. Amortization of identifiable intangible assets acquired through the acquisitions of Petsky Prunier and Sawaya is allocated to the Canaccord Genuity Capital Markets US segment. Amortization of identifiable intangible assets acquired through the acquisition of Results is allocated to Canaccord Genuity Capital Markets UK and Europe 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, 2022				December 31, 2021			
	Canaccord Genuity Capital Markets $	**Canaccord Genuity Wealth Management $**	**Corporate and Other $**	**Total $**	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	**39,800**	**148,645**	**202**	**188,647**	44,192	152,814	3	197,009
Investment banking	**37,694**	**9,800**	**—**	**47,494**	127,383	23,642	—	151,025
Advisory fees	**75,219**	**448**	**—**	**75,667**	152,034	1,263	—	153,297
Principal trading	**34,969**	**154**	**—**	**35,123**	33,737	243	—	33,980
Interest	**7,899**	**20,010**	**4,176**	**32,085**	2,522	5,901	1,216	9,639
Other	**1,298**	**631**	**1,171**	**3,100**	2,025	1,038	4,204	7,267
Expenses, excluding undernoted	**173,060**	**122,950**	**28,429**	**324,439**	256,749	130,460	31,216	418,425
Amortization	**3,123**	**7,739**	**671**	**11,533**	1,126	5,488	178	6,792
Amortization of right of use assets	**4,404**	**1,449**	**727**	**6,580**	3,413	1,340	711	5,464
Development costs	**1,030**	**4,727**	**(284)**	**5,473**	285	4,876	34	5,195
Interest expense	**5,271**	**6,305**	**705**	**12,281**	2,620	2,913	481	6,014
Acquisition related costs	**—**	**—**	**—**	**—**	537	6,225	—	6,762
Non-controlling interest derivative liability fair value adjustment	**—**	**—**	**—**	**—**	—	—	8,519	8,519
Impairment of goodwill and intangible assets	**102,571**	**—**	**—**	**102,571**	—	—	—	—
Share of loss of an associate	**—**	**—**	**25**	**25**	—	—	63	63
(Loss) income before intersegment allocations and income taxes	**(92,580)**	**36,518**	**(24,724)**	**(80,786)**	97,163	33,599	(35,779)	94,983
Intersegment allocations	**6,239**	**6,523**	**(12,762)**	**—**	4,037	4,922	(8,959)	—
(Loss) income before income taxes	**(98,819)**	**29,995**	**(11,962)**	**(80,786)**	93,126	28,677	(26,820)	94,983

	For the nine months ended							
	December 31, 2022				December 31, 2021			
	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	**112,380**	**438,410**	**1,550**	**552,340**	126,018	438,841	8	564,867
Investment banking	**85,662**	**24,320**	**—**	**109,982**	368,056	84,868	—	452,924
Advisory fees	**258,749**	**1,156**	**—**	**259,905**	367,018	3,686	—	370,704
Principal trading	**90,252**	**65**	**—**	**90,317**	116,488	530	—	117,018
Interest	**14,995**	**45,065**	**9,236**	**69,296**	6,560	14,988	4,216	25,764
Other	**4,675**	**2,179**	**(8,686)**	**(1,832)**	6,888	3,220	4,824	14,932
Expenses, excluding undernoted	**483,128**	**364,045**	**58,741**	**905,914**	704,098	385,853	83,055	1,173,006
Amortization	**8,344**	**21,257**	**1,195**	**30,796**	3,666	14,495	487	18,648
Amortization of right of use assets	**12,939**	**4,143**	**2,701**	**19,783**	10,583	4,382	2,232	17,197
Development costs	**2,680**	**18,041**	**2,011**	**22,732**	715	15,378	115	16,208
Interest expense	**12,738**	**15,600**	**2,286**	**30,624**	9,051	5,855	1,209	16,115
Acquisition related costs	**1,477**	**5,926**	**—**	**7,403**	537	8,145	—	8,682
Costs associated with redemption of convertible debentures	**—**	**—**	**—**	**—**	—	—	5,932	5,932
Non-controlling interest derivative liability fair value adjustment	**—**	**—**	**—**	**—**	—	—	8,519	8,519
Impairment of goodwill and intangible assets	**102,571**	**—**	**—**	**102,571**	—	—	—	—
Share of loss of an associate	**—**	**—**	**45**	**45**	—	—	181	181
(Loss) income before intersegment allocations and income taxes	**(57,164)**	**82,183**	**(64,879)**	**(39,860)**	262,378	112,025	(92,682)	281,721
Intersegment allocations	**16,378**	**17,844**	**(34,222)**	**—**	12,290	14,935	(27,225)	—
(Loss) income before income taxes	**(73,542)**	**64,339**	**(30,657)**	**(39,860)**	250,088	97,090	(65,457)	281,721

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

	For the three months ended		For the nine months ended	
	December 31, 2022 $	December 31, 2021 $	**December 31, 2022 $**	December 31, 2021 $
Canada	**113,135**	179,826	**300,530**	529,847
UK, Europe & Crown Dependencies	**104,942**	110,769	**308,105**	321,297
United States	**116,936**	191,152	**371,997**	525,931
Australia	**47,103**	70,470	**99,376**	169,134
	382,116	552,217	**1,080,008**	1,546,209

20. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the nine months ended December 31, 2022:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2022	**$ 6,647**	**$ 1,575**	**$ 8,222**
Additions	2,413	—	2,413
Utilized	(1,874)	(39)	(1,913)
Balance, December 31, 2022	**7,186**	**1,536**	**8,722**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of December 31, 2022, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of December 31, 2022, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

There were no additional changes to the Company's commitments or contingencies from those described in Note 28 of the March 31, 2022 audited consolidated financial statements.

21. Subsequent Events

I. PROPOSED TAKEOVER BID

On January 9, 2023, a management-led group (the "Offeror") announced that it intends to commence a take-over bid (the "Proposed Offer") to acquire all of the issued and outstanding common shares of the Company (other than certain common shares beneficially owned by the Offeror) at a price of $11.25 per common share.

In connection with the Proposed Offer, the Offeror has entered into support agreements with certain non – management holders of common shares ("Shareholders"), including the Company's largest Shareholder.

The Offeror has received a financing commitment from HPS Investment Partners, LLC (on behalf of certain funds or accounts managed, advised or controlled by HPS Investment Partners, LLC) for an interest-bearing senior secured first lien term loan facility in an aggregate principal amount up to C$825 million, subject to the satisfaction and/or waiver of certain conditions, to complete the Proposed Offer and any subsequent compulsory acquisition or subsequent acquisition transaction, as applicable.

Other than in certain circumstances, the Offeror intend to formally commence the Proposed Offer by way of filing and mailing a takeover bid circular. The Proposed Offer will constitute an "insider bid" under applicable Canadian securities laws. The Proposed Offer will be subject to a number of conditions.

II. ACQUISITION

On February 1, 2023, the Company announced that it has entered into a definitive agreement with Mercer Global Investments Canada Limited ("Mercer") to acquire Mercer's Canadian private wealth business. The acquisition is expected to add approximately $1.5 billion to total client assets. The transaction is expected to close within three months from the date of the agreement and is subject to a number of closing conditions, including regulatory approval.

III. DIVIDENDS

On February 8, 2023, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2023, with a record date of February 24, 2023 [Note 16].

On February 8, 2023, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on March 31, 2023 with a record date of March 17, 2023; and $0.42731 per Series C Preferred Share payable on March 31, 2023 with a record date of March 17, 2023 [Note 16].

Shareholder Information

Corporate Headquarters

STREET ADDRESS

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

MAILING ADDRESS

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

Stock Exchange Listing

Common shares:
TSX: CF

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

Corporate Website

www.canaccordgenuity.com

General Shareholder Inquiries and Information

INVESTOR RELATIONS

40 Temperance Street, Suite 2100
Toronto, ON, Canada
Telephone: 416.869.7293
Email: investor.relations@cgf.com

Media Relations and Inquiries from Institutional Investors and Analysts

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

The Canaccord Genuity Group Inc. 2022 Annual Report is available on our website at www.cgf.com. For a printed copy, please contact the Investor Relations department.

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

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q4/23	June 8, 2023	June 23, 2023	July 4, 2023	June 23, 2023	July 4, 2023
Q1/24	August 2, 2023	September 15, 2023	October 2, 2023	September 1, 2023	September 15, 2023
Q2/24	November 8, 2023	December 22, 2023	January 2, 2024	December 1, 2023	December 15, 2023
Q3/24	February 7, 2024	March 15, 2024	April 1, 2024	March 1, 2024	March 15, 2024

(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.cgf.com

Auditor

Ernst & Young LLP
Chartered Professional Accountants
Vancouver, BC