

All markets present challenges and opportunities, and we recognize that it is our responsibility to navigate the challenges and find the right opportunities.

Dan Daviau

President & CEO
Canaccord Genuity Group Inc.

FISCAL 2020

Annual
Report

Financial Overview

Selected financial information ⁽¹⁾⁽²⁾⁽⁷⁾

	For the years ended March 31				
(C\$ thousands, except per share and % amounts, and number of employees)	2020	2019	2018	2020/2019 change	
Canaccord Genuity Group Inc. (CGGI)					
Revenue					
Commissions and fees	\$ 586,884	\$ 556,475	\$ 461,937	\$ 30,409	5.5%
Investment banking	236,962	294,241	282,195	(57,279)	(19.5)%
Advisory fees	206,507	142,228	122,372	64,279	45.2%
Principal trading	108,834	125,830	113,921	(16,996)	(13.5)%
Interest	63,690	51,008	27,875	12,682	24.9%
Other	20,990	20,785	14,577	205	1.0%
Total revenue	1,223,867	1,190,567	1,022,877	33,300	2.8%
Expenses					
Compensation expense	738,313	716,625	625,853	21,688	3.0%
Other overhead expenses ⁽³⁾	383,527	356,240	298,250	27,287	7.7%
Restructuring costs ⁽⁴⁾	1,921	13,070	7,643	(11,149)	(85.3)%
Acquisition-related costs	(124)	3,064	6,732	(3,188)	(104.0)%
Loss on extinguishment of convertible debentures	—	8,608	—	(8,608)	(100.0)%
Acceleration of long-term incentive plan expense	—	—	48,355	—	—
Share of loss of an associate ⁽⁵⁾	207	304	298	(97)	(31.9)%
Total expenses	1,123,844	1,097,911	987,131	25,933	2.4%
Income before income taxes	100,023	92,656	35,746	7,367	8.0%
Net income	\$ 86,554	\$ 71,582	\$ 17,077	\$ 14,972	20.9%
Net income attributable to CGGI shareholders	\$ 86,490	\$ 70,530	\$ 13,024	\$ 15,960	22.6%
Non-controlling interests	\$ 64	\$ 1,052	\$ 4,053	\$ (988)	(93.9)%
Earnings per common share – basic	\$ 0.78	\$ 0.58	\$ 0.04	\$ 0.20	34.5%
Earnings per common share – diluted	\$ 0.65	\$ 0.48	\$ 0.03	\$ 0.17	35.4%
Dividends per common share	\$ 0.20	\$ 0.20	\$ 0.15	\$ —	—
Dividends per Series A Preferred Share	\$ 0.9712	\$ 0.9712	\$ 0.9712	\$ —	—
Dividends per Series C Preferred Share	\$ 1.2482	\$ 1.2482	\$ 1.2482	\$ —	—
Excluding significant items⁽⁶⁾					
Total revenue	\$ 1,223,867	\$ 1,190,567	\$ 1,022,877	\$ 33,300	2.8%
Total expenses	\$ 1,100,810	\$ 1,054,981	\$ 912,270	\$ 45,829	4.3%
Income before income taxes	\$ 123,057	\$ 135,586	\$ 110,607	\$ (12,529)	(9.2)%
Net income	\$ 106,323	\$ 107,355	\$ 81,657	\$ (1,032)	(1.0)%
Net income attributable to CGGI shareholders	\$ 105,895	\$ 106,303	\$ 77,604	\$ (408)	(0.4)%
Net income attributable to non-controlling interests	\$ 428	\$ 1,052	\$ 4,053	\$ (624)	(59.3)%
Earnings per common share – diluted	\$ 0.81	\$ 0.80	\$ 0.59	\$ 0.01	1.3%
Balance sheet data					
Total assets	\$ 5,956,195	\$ 4,749,294	\$ 4,020,736	\$ 1,210,031	25.5%
Total liabilities	5,027,421	3,870,934	3,165,813	1,156,487	29.9%
Non-controlling interests	156	1,997	13,571	(1,841)	(92.2)%
Total shareholders' equity	928,618	876,363	841,352	55,385	6.3%
Number of employees	2,308	2,112	1,956	196	9.3%

(1) Data is in accordance with IFRS except for book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 14.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].

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

(4) Restructuring costs for the year ended March 31, 2020 were incurred in connection with our UK & Europe wealth management operations, as well as real estate and other integration costs related to the acquisition of Patersons in Australia. Restructuring costs for the year ended March 31, 2019 were incurred in connection with our UK & Europe capital markets operations. Restructuring costs for the year ended March 31, 2018 related to termination benefits as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale.

(5) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Growth II Corp. for the year ended March 31, 2020, the Company's equity portion of the net loss of its investments in Canaccord Genuity Growth Corp. and Canaccord Genuity Acquisition Corp. for the year ended March 31, 2019, and the Company's equity portion of the net loss of its investment in Canaccord Genuity Acquisition Corp. for the year ended March 31, 2018.

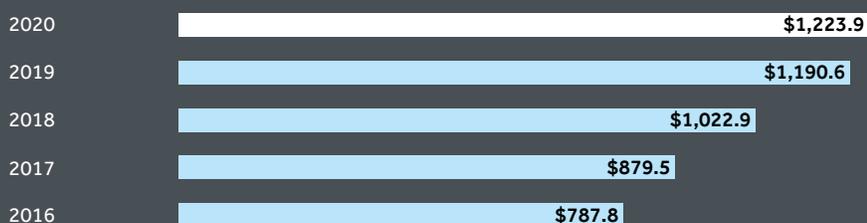
(6) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on page 21.

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

The solid financial performance that we delivered in fiscal 2020 reflects our efforts to increase recurring revenue contributions from our global wealth management businesses while intensifying our efforts to grow our share of higher margin capital markets activities. We have achieved a balanced business mix that can perform in all markets.

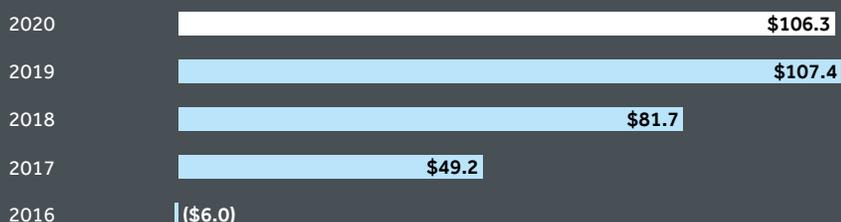
Revenue

(C\$ millions, fiscal years ended March 31)



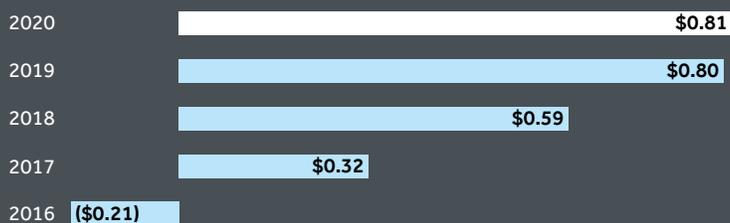
Net Income (Loss)⁽¹⁾

(C\$ millions, fiscal years ended March 31)



Diluted Earnings (Loss) Per Share⁽¹⁾

(C\$, fiscal years ended March 31)



(1) These figures exclude significant items. Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Contents

Introduction	1
Global Performance	2
Letter from the President & CEO	4
Letter from the Executive Chairman	7
Canaccord Genuity Wealth Management	8
Canaccord Genuity Capital Markets	10
MD&A and Financials	13
Shareholder Information	
Inside Back Cover	

About Canaccord Genuity Group Inc.

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

Global Performance

All business units contributed to our profitability in fiscal 2020, and this is the third consecutive year that total firm-wide revenues have surpassed \$1 billion.

\$1.2B

fiscal 2020 revenue

57%

fiscal 2020 EPS⁽¹⁾
contributed by global
wealth management

7%

fiscal 2020 reduction
in outstanding
common shares

\$0.81

fiscal 2020 diluted
earnings per share⁽¹⁾

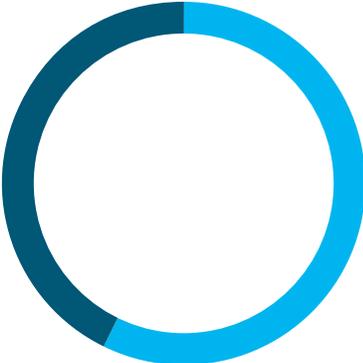
\$80M

returned to shareholders
in fiscal 2020

(1) These figures exclude significant items. Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

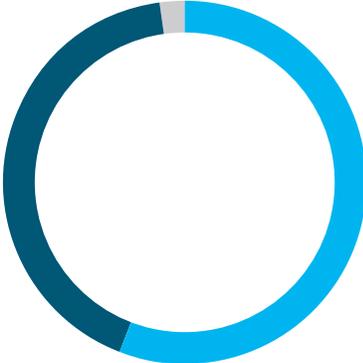
Our Company is demonstrating the resilience and stability that we have been working to achieve in recent years. As a result of our efforts, we were able to return \$80 million to our shareholders through dividends and share buybacks and reduced our outstanding common shares by 7% during fiscal 2020.

Fiscal 2020 EPS⁽¹⁾ Contribution by Business Segment



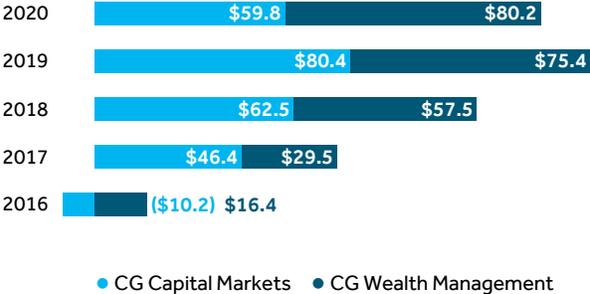
- 57% CG Wealth Management
- 43% CG Capital Markets

Fiscal 2020 Revenue by Division

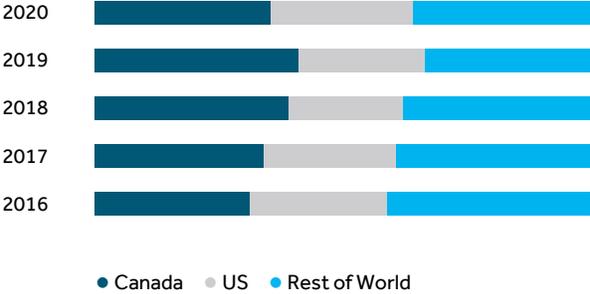


- 56% CG Capital Markets
- 42% CG Wealth Management
- 2% Corporate and Other

Income (Loss) before Income Taxes⁽¹⁾ – Contributions by Business Segment
(C\$ millions, fiscal years ended March 31)



Geographic Distribution of Revenue
(Percentage of total fiscal year revenue)



Total Expenses as a Percentage of Revenue⁽¹⁾
(Fiscal years ended March 31)



(1) These figures exclude significant items. Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Letter from the President & CEO

Fellow Shareholders,

At the time of this report, the world is working together to fight a healthcare crisis that has had an unprecedented impact on businesses and economies across the globe. It has also had a profound impact on our daily lives, both personally and professionally, and we are adapting to new ways of fostering our connections as we support our employees and clients.



Although we could not have predicted the dramatic change in our operating environment, the strategies that we have implemented in recent years have served us well through the crisis and will continue to enhance value for our business and our shareholders well into the future.

Our firm-wide business continuity plan is designed to ensure that we can provide uninterrupted service for CG clients in all our businesses and geographies, while managing our exposure to risk and maintaining compliance with best practices and regulatory requirements.

In recent years, we've made significant investments to advance the infrastructure, technology and trading platforms across our organization, and we rigorously stress-test our protocols, capacity and capabilities. These critical investments have provided resilience and flexibility for today and will continue to support our ambitions for the future.

Within a matter of days, our teams in all geographies transitioned to a remote work setting, with all businesses collaborating seamlessly in a secure environment. Our trading and specialty desks managed through heightened volatility with no technology interruptions, and we have since been able to create thousands of virtual touchpoints for our clients across our wealth management and capital markets businesses.

Our commitment to investing in our people and strengthening our firm-wide culture has enhanced our operational resilience and made us an increasingly stronger firm.

Our first priority was, and continues to be, protecting the health and safety of our employees and clients. We established dedicated response teams in each business and geography, and engaged in frequent and transparent communications with our employees.

The response from employees across the organization has been extraordinary, and it has been incredible to see our core values represented so strongly. The commitment from our IT and operations teams has exceeded all expectations. In the days and weeks following the historic market rout, our wealth management and capital markets teams mobilized quickly to identify the clients that needed us most, and put forth remarkable efforts to support them.

We are fortunate to have entered this environment with a solid financial position, and the agility to support our business through unprecedented market turmoil.

Our financial performance for fiscal 2020 reflects the underlying strength and stability that we have achieved across all our businesses and geographies.

The operating backdrop during the first half of our fiscal year was impacted by an uncertain interest rate environment, trade wars, and ongoing confusion surrounding Brexit. While some of this uncertainty was alleviated mid-year, the onset of the Covid-19 pandemic led to an abrupt market downturn late in our fourth quarter.

There was a time when such events would have had a more profound impact on our profitability, but I am pleased to report that we delivered a solid financial result. Canaccord Genuity Group Inc. earned firm-wide revenue of \$1.2 billion, making fiscal 2020 the third consecutive year that our revenues have surpassed \$1 billion. Excluding significant items⁽¹⁾, diluted earnings per share amounted to \$0.81, a modest improvement from \$0.80 in the prior year, notwithstanding the significantly higher market volatility.

Our performance is a testament to our efforts to increase net income contributions from our global wealth management businesses, while intensifying our focus on growing our share of higher margin capital markets activities, with a particular emphasis on advisory. As you will see in the pages of this report, we have made excellent progress against both objectives.

/ LETTER FROM THE PRESIDENT & CEO

Despite the impact of the abrupt market downturn in March, which impacted the value of our client assets and the revenue and net income associated with them, our global wealth management businesses contributed 57% of the diluted earnings per share⁽¹⁾ from our combined operating businesses for the fiscal year. While the value of our client assets naturally declined from their peak of \$73 billion, in line with the broader market, the responsiveness of our investment professionals in all regions helped us to attract new client assets while limiting outflows. We anticipate further benefits from these efforts into the coming fiscal year.

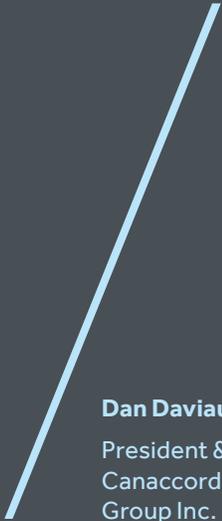
During the fiscal year, we made additional progress to support the growth of our wealth management businesses in all regions. Our acquisition of the private client businesses of Thomas Miller in the UK and the Isle of Man further expands our regional footprint, while enhancing our financial planning capability. In Canada, we continued to experience steady recruiting momentum throughout the fiscal year as we focused on attracting high quality advisors with stable and scalable books of business. We have been purposeful about driving collaboration between our wealth and capital markets teams in this region, which has contributed to improved financial stability in both segments. Expanding upon this strategy, we welcomed Patersons Securities in October, adding significant scale to our Australian wealth management business and expanding our national footprint in this very important geography.

Healthy levels of client engagement and increased cross-border collaboration supported a productive year for our global capital markets businesses, and our efforts to diversify our revenue mix have further enhanced stability in this segment. In the context of lower overall industry volumes for capital raising, full-year advisory revenue improved by 46% year over year, reflecting our organic growth initiatives and the contributions from our expanded US business. Fiscal 2020 revenue earned by our global capital markets businesses amounted to \$689 million and the adjusted⁽¹⁾ pre-tax net income for the fiscal year was a healthy \$60 million, both very solid results by historical standards.

Our expanded US capital markets business contributed more than 50% of global capital markets revenue, and this business has become an increasingly stronger competitor in the technology and life sciences sectors, which are positioned to benefit from the changes in our operating environment. Although revenue in our Canadian capital markets business decreased when compared to an exceptionally strong prior fiscal year, we continue to be a top-ranked domestic underwriter in the country. For fiscal 2020, this team ranked #1 for IPOs and was the #1 equities underwriter by number of deals, based on league table data provided by FP Infomart. Looking outside of North America, the revenue contribution from our Australian capital markets business improved markedly in the second half of the fiscal year, attributable to increased small- and mid-cap financing activities, with particularly strong growth in the mining sector. By refocusing our UK & Europe capital markets operations, this business achieved profitability for the full fiscal year and we were also able to unlock capital for deployment into our firm-wide strengths.

(1) These figures exclude significant items. Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

We know that this prolonged period of uncertainty and volatility requires everyone in our organization to be nimble and adaptable. More than ever, we are focused on leveraging our scale and resources to provide our clients with innovative products, advice and solutions as we navigate new market realities together.



Dan Daviau
President & CEO
Canaccord Genuity
Group Inc.

/ LETTER FROM THE PRESIDENT & CEO

All markets present challenges and opportunities, and we recognize that it is our responsibility to navigate the challenges and find the right opportunities.

We know that this prolonged period of uncertainty and volatility requires everyone in our organization to be nimble and adaptable. More than ever, we are focused on leveraging our scale and resources to provide our clients with innovative products, advice and solutions as we navigate new market realities together.

Knowing that our response in a crisis shapes our future relationships, we are using this period of dislocation productively to advance our collaboration and client engagement practices, while expanding our digital capabilities to deliver excellent experiences for our employees and clients.

I am confident that we have the foundation to make fiscal 2021 incredibly productive.

Our diversified global platform has proven its strength in prior cycles, and our independence affords us a level of agility that allows us to meet the evolving needs of our clients in any market.

Although we anticipate continued fluctuations as we progress through the Covid-19 environment, we are pleased to be reporting positive inflows across our wealth management businesses, reflecting demand for advice-based solutions. Subsequent to the end of the fiscal year, we announced that Canaccord Genuity was selected as the platform provider for the launch of Morgan Stanley's wealth management business in Canada. This development speaks to the breadth and quality of our capabilities and provides the impetus to further develop our discount brokerage, robo-advisory and advice-based offerings, in addition to our custody and clearing services.

In our capital markets businesses, secondary and follow-on offerings in healthcare, technology, cannabis and mining have been increasing, as issuers prepare for new challenges and opportunities. Our restructuring and fixed income practices have won several new mandates, and we expect that strategic activity will increase over the coming year. Unbiased advice is critical in markets like this, and we are not conflicted by the balance sheet, in contrast to many bank and bulge firms.

Having said that, we are navigating an unprecedented and evolving situation, and we are acutely aware of the impact that another market downturn could have on the value of our client assets, and the financial performance associated with those assets. A prolonged environment of low to negative interest rates will negatively impact the profitability connected with lending activities in our wealth management business. Additionally, despite a healthy pipeline of advisory activity in our capital markets businesses, persistent volatility will impact the timing of completions, which will reduce near-term contributions from this segment.

We do not see these as long-term threats, and we will remain focused on our strategic priorities and committed to operating our business for long-term value.

We continue to be very disciplined in managing our exposure to risk, with prudent oversight to ensure compliance with best practices and regulatory requirements.

We will protect the strength of our balance sheet and manage our capital prudently, just as we would in any market backdrop. In February, we announced our intention to reduce our annual cost base by approximately \$20 million over the course of fiscal 2021. Given the change in our operating environment, we expect to be able to accelerate this strategy and achieve substantial cost savings within the first half of the fiscal year. This initiative will help us to achieve our sustainable margin growth objectives as conditions improve.

All our decisions will be guided by our long-term values, and we will continue to manage our business for stability and predictability. No matter what the environment presents, we are driven to aggressively add value for our clients and create long-term shareholder value as we strive to emerge from this crisis as a stronger company.

I would like to thank our employees and directors for their ongoing commitment to our long-term strategy. And to my fellow shareholders, I thank you for your continued support.

Wishing you safety and health,

"Dan Daviau"

Dan Daviau
President & CEO
Canaccord Genuity Group Inc.

Letter from the Executive Chairman

As I reflect on fiscal 2020, I see the culmination of many initiatives that we embarked on in recent years to strengthen our business, and better insulate from factors beyond our control.

We took steps to eliminate any barriers that were preventing us from leading in our core focus areas, and we adjusted our business mix towards activities which contribute to a more stable earnings foundation. By refocusing and aligning our operations, we have been able to strengthen our operating leverage and maintain ample liquidity and financial flexibility. Perhaps most importantly, we achieved a firm-wide culture of partnership and accountability, where actions and decisions at every level are guided by our commitment to creating enduring value for our shareholders.

While implementing these changes was uncomfortable at times, and certain benefits were not immediately visible, the abrupt market downturn in March served as a bold endorsement of the value of our efforts.

Today, Canaccord Genuity is a much stronger business. This is the third consecutive year that more than 50% of our adjusted earnings per share has been contributed by our wealth management businesses, reflecting our commitment to deriving a greater portion of our earnings from stable and recurring revenue sources. Our refocusing and alignment efforts have also made us more productive across businesses and geographies, and firm-wide revenue per employee has increased by 21% since fiscal 2016.

Underscoring our commitment to enhancing shareholder returns, we returned \$80 million to our shareholders during fiscal 2020. In addition to increasing our regular quarterly common share dividends, we have reduced our common shares outstanding by 7% since the end of fiscal 2019 through share buyback activity, which we will continue to pursue as excess capital is available.

The stability that we achieved from growing our wealth management businesses and increasing contributions from higher margin capital markets activities, in addition to the advancements to our technological and systems infrastructure, has been critical as we navigate the unprecedented period of volatility and market turmoil driven by the Covid-19 crisis. As a result of these efforts, we have been able to focus on helping our clients navigate a difficult environment while creating new opportunities for them.

I am immensely proud of our employees across the organization for their collective efforts during a period where we have been asked to put the welfare of many before any individual. Our resilience has been tested in prior downturns, and I am confident that we will emerge from this one in a position of even greater strength.

On behalf of my fellow directors, I would also like to thank Dan and our Global Operating Committee for their leadership and steadfast commitment to creating the stable and resilient business that Canaccord Genuity has become. We know we have a long and difficult road before us, but I am confident that our



defensive business mix, scale and financial position will protect our capacity to provide continuous service for our clients as we strive to increase the value of our Company.

I believe our business is advantageously positioned to capture market share as we continue guiding our clients through a rapidly changing market backdrop. Throughout the organization, we have a robust set of assets to draw upon, and we are immensely differentiated by our deep cross-border capabilities and entrepreneurial agility.

As we continue to advance our business goals, we are also committed to fostering an inclusive environment where all employees and clients can thrive. We have made steady progress on embedding this into our firm-wide culture, and while our organization intuitively feels inclusive to people from all backgrounds, we also recognize that there is a profound difference between intention and action. We know we have more work to do, and we are committed to continuous education and advancement of the policies and processes that address inequality, as they relate to both the employee and client experience.

And finally, the Board remains committed to ensuring strong corporate governance with the benefit of diverse experience and perspectives, as we continually strive to advance the best interests of our shareholders. We will be nominating two additional directors at our upcoming Annual General Meeting, to continue our tradition of strong oversight and governance. Jill Denham will be nominated as Lead Independent Director. Jill brings more than two decades of North American and European financial services experience, her expertise spanning investment banking, retail banking and private equity, and more recently she has been active in the financial technology segment. Eric Rosenfeld will be nominated as an Independent Director. Eric is an accomplished professional investor and director with experience spanning multiple industries, and we look forward to his perspectives.

And to my fellow shareholders, we begin fiscal 2021 more focused and determined than ever to be an outstanding business for our employees and clients and in doing so, creating lasting value for our investors.

Thank you for your continued support.

"David Kassie"

David Kassie
Executive Chairman
Canaccord Genuity Group Inc.

Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management provides clients with the focused, personalized service that they expect from a local wealth manager, differentiated by the vast resources, expertise and support uniquely available from a global financial institution. We are focused on driving margin growth across our wealth management operations through the sharing of best practices globally, continuously advancing our technological infrastructure and reducing our non-variable costs.

\$60.7B in total client assets

The value of our client assets declined 17% from their fiscal 2020 peak of \$72.8 billion following the abrupt market downturn in March 2020, but we are pleased to be reporting positive inflows in all our geographies, reflecting increased demand for advice-based solutions.

GLOBAL WEALTH MANAGEMENT

Since 2016, we have materially invested to support the growth of our wealth management businesses in all geographies. As a result of this growth, client assets have increased substantially, and Canaccord Genuity Wealth Management has become a stable and significant contributor to firm-wide profitability and earnings.

Global Wealth Management Revenue⁽¹⁾
(C\$ millions, fiscal years ended March 31)

2020	\$511.4
2019	\$461.8
2018	\$370.3
2017	\$267.1
2016	\$246.6

Global Wealth Management Income before Income Taxes⁽¹⁾⁽²⁾
(C\$ millions, fiscal years ended March 31)

2020	\$80.2
2019	\$75.4
2018	\$57.5
2017	\$29.5
2016	\$16.4

(1) Beginning in Q3/20, amounts include Australia wealth management.

(2) These figures exclude significant items. Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

UK & EUROPE

With more than 70% of revenues derived from recurring, fee-based business, our UK & Europe wealth management business is an important contributor to our firm-wide stability. During fiscal 2020, we continued to expand our national footprint in the UK, while enhancing our financial planning capability with the acquisition of the private client business of Thomas Miller.

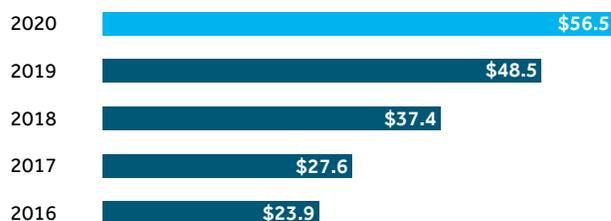
UK & Europe Wealth Management Client Assets⁽¹⁾

(C\$ billions and £ billions, fiscal years ended March 31)



UK & Europe Wealth Management Income before Income Taxes⁽²⁾

(C\$ millions, fiscal years ended March 31)



CANADA

Our continuous improvement initiatives have made CG Wealth Management a very attractive destination for top industry talent as we implement best-in-class technology, tools and solutions to help new and existing advisors grow their businesses. During fiscal 2020, we experienced steady recruiting momentum as we focused on attracting high quality advisors with stable and scalable books of business.

Canada Wealth Management Client Assets⁽¹⁾

(C\$ billions, fiscal years ended March 31)



Canada Wealth Management Income (Loss) before Income Taxes⁽²⁾

(C\$ millions, fiscal years ended March 31)



AUSTRALIA

In October 2019, we welcomed Patersons Securities Limited, a premier Australian financial services business with operations in wealth management and capital markets. This development has added significant scale to our wealth management business and given us an expanded national footprint in Australia from which to explore additional growth over time. We have had an excellent experience integrating this team.

Australia Wealth Management Revenue⁽³⁾

(C\$ millions, fiscal years ended March 31)



(1) Assets under administration, management and management contract.

(2) These figures exclude significant items. Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

(3) Australia wealth management revenue was previously recorded as part of Canaccord Genuity Capital Markets Australia. Commencing in Q3/20, it is disclosed as a separate operating segment.

Canaccord Genuity Capital Markets

Our global capital markets operations provide investment banking, advisory, sales, trading, equity research and fixed income services to corporate and institutional clients around the world. Independent advice and a globally integrated service model are the hallmarks of our ability to lead the market in key sectors of the global economy. During fiscal 2020, we continued to diversify our revenue streams and establish leadership in our core focus sectors, improving our stability through market cycles.

\$51.7B

**raised for global growth
companies in fiscal 2020**

We are leaders in facilitating a robust market for small and mid-size companies in emerging growth and value sectors. During the fiscal year, we participated in over 370 transactions for global growth companies.

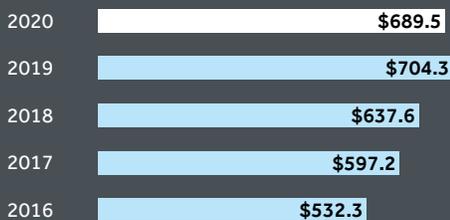
46%

**year-over-year increase in
advisory revenues**

Our specialized expertise in key sectors of the economy allows us to see ahead of the curve and unlock opportunities for companies at every stage of the business cycle.

Global Capital Markets Revenue

(C\$ millions, fiscal years ended March 31)



In the context of lower overall industry volumes for capital raising driven by global growth concerns, trade tensions and the unprecedented market disruption attributable to the onset of the Covid-19 crisis, our full-year revenue amounted to \$689.5 million, a solid result by historical standards.

Healthy levels of client engagement and cross-border collaboration supported a productive fiscal year for all activities in our global capital markets business.

Our efforts to improve product and revenue diversity in our capital markets business are helping us improve our competitive position, while simultaneously enhancing value for our shareholders.

DIVERSE REVENUE STREAMS IMPROVE STABILITY

By staying focused in our established areas of strength, we were able to increase revenue from advisory activities by 46% year over year to a record \$206 million. When the dramatic market downturn in March impacted our capital raising and M&A activities, our restructuring teams stepped forward to win several new mandates and our trading and specialty desks successfully managed through the volatility, placing CG ahead of our mid-market peers.

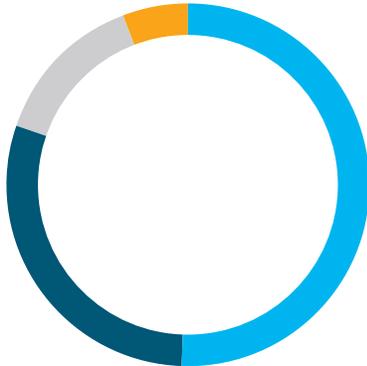
BUILDING UPON OUR ESTABLISHED MID-MARKET STRENGTHS

Fiscal 2020 saw increased contributions from our activities in the life sciences, technology and mining sectors, which are positioned to benefit from the changes in our operating environment. We also continued to establish success in alternative financing vehicles, such as SPACs, which provide an attractive option for private companies looking for access to public capital. We take very seriously our role in helping small- and mid-cap companies access the capital and relationships that are essential to helping them move their businesses forward and confront new challenges.

PROVIDING OUTSTANDING EXPERIENCES FOR OUR CLIENTS

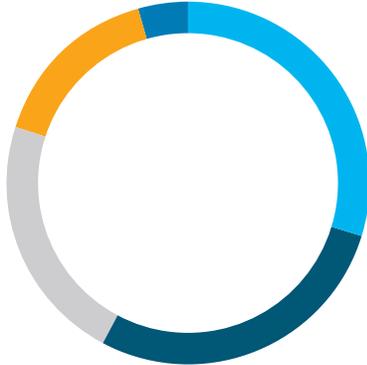
With support from a unified network of sales, trading, research and banking professionals, Canaccord Genuity has been a leader in facilitating lasting connections between global growth companies and the investors who follow them. Since transitioning to a remote working environment, we have created thousands of virtual touchpoints for our clients through online conferences, corporate access roadshows, and timely and informative market updates. We are using this experience to advance our collaboration and client engagement practices as we adjust to new market realities.

Fiscal 2020 Capital Markets Revenue by Region



- 50.8% United States
- 29.7% Canada
- 13.9% UK, Europe and Dubai
- 5.6% Australia

Fiscal 2020 Capital Markets Revenue by Activity



- 29.8% Advisory
- 28.1% Investment Banking
- 22.1% Commissions and Fees
- 15.8% Trading
- 4.2% Interest and Other

A CULTURE OF PARTNERSHIP AND ACCOUNTABILITY

The Canaccord Genuity brand is built on the idea that employees across our organization are driven to always do better – for our clients, our shareholders and our colleagues. By steadily evolving our platforms and expanding our client focus while staying true to our independent roots, we have set new benchmarks for excellence and we have become an increasingly stronger company.

- / We are partners
- / We are entrepreneurial
- / We are collegial
- / We work hard
- / We operate with integrity
- / We are earnings focused

OUR COMMITMENT

Our business and our industry are certainly not immune to the economic and financial impacts of Covid-19, and we are preparing for significant near-term headwinds. No matter what the environment presents, we will remain committed to aggressively adding value for our clients while creating long-term shareholder value, as we strive to emerge from this crisis as a stronger company.

- / We will continue to be guided by our long-term values and manage our business for stability and predictability.**
- / We will commit to staying agile and innovative, so that we can move swiftly into new areas of opportunity.**
- / We will protect the strength of our balance sheet and manage our capital prudently, just as we would in any market backdrop.**

While it is too early to predict the shape of the recovery, we are confident that we have the appropriate business mix, competitive position and culture to make our coming fiscal year very productive.



Financial Review

14	Management's Discussion and Analysis	44	Related Party Transactions
14	Non-IFRS Measures	45	Critical Accounting Policies and Estimates
15	Business Overview	49	Financial Instruments
17	Core Business Performance Highlights for Fiscal 2020	51	Future Changes in Accounting Policies and Estimates
18	Market Environment During Fiscal 2020	51	Disclosure Controls and Procedures and Internal Control over Financial Reporting
19	Fiscal 2021 Outlook	51	Risk Management
20	Financial Overview	55	Dividend Policy
25	Quarterly Financial Information	55	Dividend Declaration
29	Business Segment Results	55	Additional Information
38	Financial Condition	56	Independent Auditors' Report
39	Off-Balance Sheet Arrangements	58	Consolidated Financial Statements and Notes
40	Liquidity and Capital Resources	105	Supplemental Information
40	Preferred Shares	111	Glossary
41	Outstanding Share Data		
42	Share-Based Payment Plans		

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

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

Management's Discussion and Analysis

Fiscal year 2020 ended March 31, 2020 – this document is dated June 2, 2020.

The following discussion of Canaccord Genuity Group Inc.'s financial condition, financial performance and cash flows is provided to enable a reader to assess material changes in the financial condition, financial performance and cash flows for the year ended March 31, 2020 compared to the preceding fiscal year, with an emphasis on the most recent year. Unless otherwise indicated or the context otherwise requires, the "Company" or "Canaccord Genuity Group" refers to Canaccord Genuity Group Inc. and its direct and indirect subsidiaries. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements for the years ended March 31, 2020 and 2019, beginning on page 58 of this report. The Company's financial information is expressed in Canadian dollars unless otherwise specified. The Company's consolidated financial statements for the years ended March 31, 2020 and 2019 are prepared in accordance with International Financial Reporting Standards (IFRS).

Non-IFRS Measures

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

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

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

Financial statement items that exclude significant items are non-IFRS measures. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan (LTIP) as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business, loss related to the extinguishment of convertible debentures as recorded for accounting purposes as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 21.

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

Business Overview

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

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

Operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") since the closing date of June 6, 2018 are included as part of Canaccord Genuity Capital Markets Canada. In addition, operating results of Petsky Prunier LLC ("Petsky Prunier") since the closing date of February 13, 2019 are included as part of Canaccord Genuity Capital Markets US. Included as part of Canaccord Genuity UK & Europe Wealth Management segment are the operating results of Hargreave Hale Limited ("Hargreave Hale") since September 18, 2017, the operating results of McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) ("McCarthy Taylor") since the closing date of January 29, 2019, and the operating results of Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) ("Thomas Miller") since the closing date of May 1, 2019. Commencing in Q3/20, Canaccord Genuity Australia wealth management segment includes the operating results of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) ("Patersons") since the closing date of October 21, 2019.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

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

Canaccord Genuity Capital Markets

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

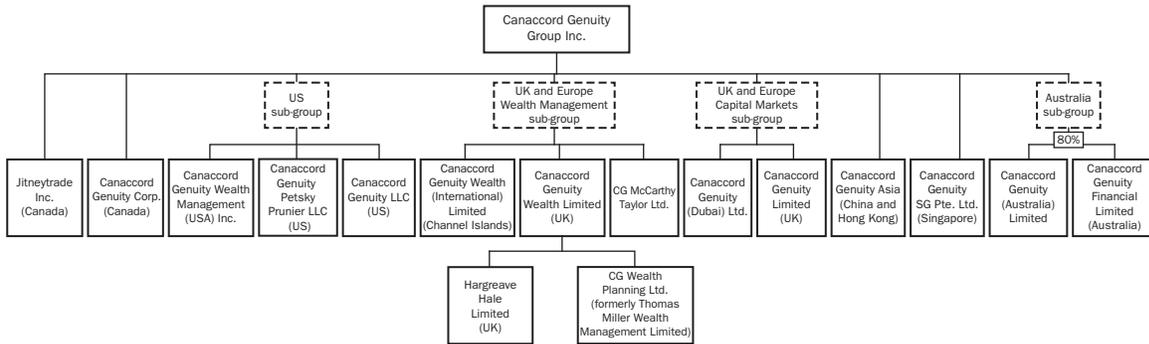
Canaccord Genuity Wealth Management

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

Corporate and Other

Canaccord Genuity Group's administrative segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, 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 all administrative functions of Canaccord Genuity Group Inc.

Corporate structure



The chart shows principal operating companies of Canaccord Genuity Group as of March 31, 2020.

The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership an 80% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited [previously Patersons Securities Limited] [March 31, 2019 – 80%], but for accounting purposes, as of March 31, 2020, the Company is considered to have an 85% interest because of shares held in an employee trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2019 – 85%].

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 has taken steps to reduce its exposure to variances in the equity markets and local economies by diversifying not only its industry sector coverage but also its international scope. To improve recurring revenue streams and offset the inherent volatility of the capital markets business, the Company has taken steps to increase 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 our capability for identifying and servicing opportunities in regional centres and across our core focus sectors.

IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

As a brokerage firm, the Company derives its revenue primarily from sales commissions, underwriting and 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.

During fiscal 2020, the Company’s capital markets activities were focused on the following sectors: Healthcare & Life Sciences, Technology, Industrials, Financials, Metals & Mining, Energy, Diversified, Consumer & Retail, Real Estate and Sustainability. Coverage of these sectors included investment banking, mergers and acquisitions (M&A) and advisory services, and institutional equity activities, such as sales, trading and research.

Core Business Performance Highlights for Fiscal 2020

CANACCORD GENUITY WEALTH MANAGEMENT (GLOBAL)

Globally, Canaccord Genuity Wealth Management generated \$511.4 million in revenue during fiscal 2020 and, excluding significant items, recorded net income before taxes of \$80.2 million.⁽¹⁾

- Canaccord Genuity Wealth Management (North America) generated \$209.6 million in revenue and, after intersegment allocations and taxes, recorded net income before taxes of \$22.7 million
- Wealth management operations in the UK & Europe generated \$278.0 million in revenue and, after intersegment allocations and excluding significant items, recorded net income before taxes of \$56.5 million in fiscal 2020⁽¹⁾
- Wealth management operations in Australia generated earned revenue of \$23.9 million and, after intersegment allocations and excluding significant items, recorded net income before taxes of \$1.0 million in fiscal 2020⁽¹⁾
- Client assets were \$60.7 billion at March 31, 2020, representing a decrease of \$5.0 billion or 7.6% from \$65.7 billion at March 31, 2019 and a 16.6% decrease from \$72.8 billion at December 31, 2019. The decline in client assets during the fourth quarter of fiscal 2020 reflects the broader market declines in equity markets arising from uncertainties in connection with the COVID-19 pandemic which arose during that period. Client assets across the individual business units were:
 - Client assets in North America were \$18.4 billion as of March 31, 2020, a decrease of \$2.2 billion or 10.8% from March 31, 2019
 - Client assets in the UK & Europe were \$39.9 billion (£ 22.7 billion) as at March 31, 2020, a decrease of \$4.3 billion (£ 2.7 billion) or 9.8% from \$44.2 billion (£25.4 billion) at the end of the previous fiscal year.
 - Client assets in Australia held in our investment management platforms were \$2.4 billion as at March 31, 2020.

CANACCORD GENUITY CAPITAL MARKETS

Globally, Canaccord Genuity Capital Markets generated revenue of \$689.5 million, and excluding significant items, recorded net income before taxes of \$59.8 million.⁽¹⁾

- Canaccord Genuity Capital Markets led 185 transactions globally, each over C\$1.5 million, to raise total proceeds of C\$9.7 billion during fiscal 2020.
- During fiscal 2020 Canaccord Genuity Capital Markets participated in a total of 373 investment banking transactions globally, raising total proceeds of \$51.7 billion

SUMMARY OF CORPORATE DEVELOPMENTS

On May 1, 2019, the Company completed its acquisition of Thomas Miller Wealth Management Limited and the private client investment management business of Thomas Miller Investment (Isle of Man) Limited.

On August 7, 2019 at the fiscal 2019 Annual General Meeting of Shareholders, Sally Tennant, OBE, was elected to the Company's Board of Directors as an independent director. The Company has eight directors, six of whom are independent.

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

On August 12, 2019, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were 7,272,727 shares purchased and cancelled under a substantial issuer bid that commenced on July 3, 2019 and completed on August 9, 2019. There were an additional 1,467,656 shares purchased and cancelled under the current NCIB during the year ended March 31, 2020.

On October 21, 2019, through its Australian business, the Company completed its acquisition of Patersons Securities Limited, increasing the scale of the Company's wealth management business in Australia and establishing a significant platform for expansion. Patersons Securities Limited has now been renamed Canaccord Genuity Financial Limited.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

(2) See Non-IFRS Measures on page 14.

During Q4/20, the COVID-19 pandemic led to significant disruptions in the global financial markets and economies around the world. This disruption led to significant declines in the broader equity markets and, in turn, declines in the equity portfolios of our wealth management clients. Accordingly, fee-based revenues as determined based on the value of client assets as of March 31, 2020 decreased in a corresponding fashion, although this decrease was partially offset by increased commission revenue generated through higher levels of trading activity. Revenue generated through trading by institutional clients, market-making and other trading activity was also positively impacted by the volatility in the equity markets at the end of Q4/20. The extent to which the Company's business and financial condition will continue to be affected by COVID-19 is uncertain and will depend on future developments including the duration and spread of the pandemic and the impact of related controls and restrictions imposed by various government and regulatory authorities. If the uncertainty in the market environment continues and if equity values remain lower for an extended period of time then the Company's revenue from all sources, including investment banking and advisory activity as well as trading, fees and commission-based activity, and the corresponding effect of that reduced revenue on the Company's results of operations may be negatively impacted.

Market Environment During Fiscal 2020:

Economic backdrop

Throughout our 2020 fiscal year, financial markets remained focused on reflation efforts by the Federal Reserve, and the potential for a US-China trade deal. We entered the fourth fiscal quarter with a stabilizing, yet subdued outlook for earnings growth. In March 2020 equity markets sold off sharply driven by the COVID-19 outbreak and by lockdowns in China, and eventually worldwide. Liquidity and credit backstops have been delivered to businesses by various governments and governmental authorities and agencies to contain solvency risk while income backstops have been provided to consumers to bridge the income gap until economic activity returns to normal.

Across the broader markets, the S&P 500, S&P/TSX and the MSCI Emerging Market index declined 7.0 %, 14.2 % and 12.7 % respectively in fiscal 2020. The decline in demand led commodities sharply lower (-41.0 %) and hurt the Canadian dollar against the U.S. dollar (-5.1 %). Meanwhile, US Treasury bonds (+21.5 %) benefitted from a flight to safety.

Government and central bank actions, coupled with an anticipated plateau in COVID-19 infection rates eventually reassured investors, allowing equity markets to rebound from oversold and undervalued conditions as we start our 2021 fiscal year.

Investment banking and advisory

Small- and mid-cap equities underperformed relative to large-cap equities during the fourth quarter of fiscal 2020. We expect that bold monetary/fiscal reflation from central banks and governments will continue to underpin commodity prices. As such, the bull market in precious metals and underlying equities is expected to persist and the industrial metals recovery should come later and coincide with future fiscal stimulus targeting infrastructure spending. With medical cannabis having been declared essential by US and Canadian governments through the COVID-19 pandemic, the industry continues to provide opportunities as many markets see development and attractive long-term growth. We are seeing a reacceleration of follow-on activity in the healthcare sector, primarily in medtech and diagnostics. As working-from-home becomes the new normal, the e-commerce and digital adoption cycles have accelerated, providing growth companies in the technology and healthcare IT sectors with new market opportunities.

Overall, we expect that the current environment should continue to provide opportunities for our investment banking and advisory activities in our core areas of mid-market expertise.

Index Value at End of Fiscal Quarter	Q4/19		Q1/20		Q2/20		Q3/20		Q4/20		(Q/Q)
	2019-03-29	(Y/Y)	2019-06-28	(Y/Y)	2019-09-30	(Y/Y)	2019-12-31	(Y/Y)	2020-03-31	(Y/Y)	
S&P IFCI Global Small Cap	262.4	-14.3%	258.7	-6.8%	244.1	-6.1%	267.1	12.1%	191.9	-26.9%	-28.2%
S&P IFCI Global Large Cap	238.3	-8.7%	239.3	0.0%	227.4	-3.8%	253.0	15.7%	194.0	-18.6%	-23.3%

Our capital-raising and advisory activities are primarily focused on small- and mid-capitalization companies in specific growth sectors of the global economy. These sectors may experience growth or downturns independent of broader economic and market conditions, and government regulation can also have a more profound impact on capital formation for smaller companies. Volatility in the business environment for these industries or in the market for securities of companies within these industries in the regions where we operate could adversely affect our financial results and ultimately, the market value of our shares. Advisory revenues are primarily dependent on the successful completion of merger, acquisition and restructuring mandates. The projected easing of confinement measures related to the COVID-19 pandemic could lead to a second wave of infection, therefore, the length and magnitude of the economic recovery over the next fiscal year remain uncertain. We are preparing for a more challenging business environment and a slowing in small and mid-market M&A and capital raising activity. However, our large sectoral and geographical breadth should mitigate downside risk to our investment banking and advisory operations.

Trading

Trading activities in our core focus areas advanced during fiscal 2020 when compared to year-ago levels. Increased market volatility toward the end of the fourth quarter prompted investors to adjust their asset mix, sector and company weights due to a rapidly changing economic landscape. This performance was achieved despite the underperformance of small- and mid-cap equities in some of the markets in which we operate. Looking ahead, we expect that easing lockdowns coupled with hyper inflation measures targeting the economy should help support commodity prices and that resource-centric small and mid-cap stocks will benefit from this environment.

Average Value During Fiscal Quarter/Year	Q4/19		Q1/20		Q2/20		Q3/20		Q4/20		FY20 (Y/Y)		
	29-Mar-19	(Y/Y)	28-Jun-19	(Y/Y)	30-Sep-19	(Y/Y)	31-Dec-19	(Y/Y)	31-Mar-20	(Q/Q)			
Russell 2000	1509.0	-2.9%	1549.0	-3.7%	1534.2	-9.7%	1590.6	6.3%	1508.0	-0.1%	-5.2%	1544.4	-1.5%
S&P 400 Mid Cap	1845.1	-3.6%	1917.1	-0.8%	1922.5	-4.4%	1985.2	8.8%	1871.8	1.4%	-5.7%	1926.8	1.8%
FTSE 100	7061.3	-4.0%	7357.4	-2.5%	7359.4	-2.6%	7329.4	4.8%	6867.8	-2.7%	-6.3%	7187.2	-0.2%
MSCI EU Mid Cap	1027.2	-7.0%	1076.6	-3.5%	1083.4	-3.6%	1137.9	12.4%	1095.3	6.6%	-3.7%	1105.6	4.9%
S&P/TSX	15621.7	-0.8%	16374.1	3.2%	16472.7	1.0%	16780.2	11.6%	16204.3	3.7%	-3.4%	16487.2	5.3%

Global wealth management

Investors worldwide suffered from increased volatility due to the COVID-19 pandemic. The S&P 500, S&P/TSX and the MSCI Emerging Market indices declined 19.6 %, 20.9 % and 19.0 % respectively on a quarter-over-quarter basis during the three-month period. On a year-over-year basis, equity market losses were less pronounced with declines of 7.0 %, 14.2 % and 12.7 % owing to a lower base effect. Meanwhile, treasury bonds (+21.5 % year over year) offered some protection for diversified portfolios. Although clients' asset values were negatively impacted in-line with the broader market at the end of fiscal 2020, a diversified portfolio of stocks and bonds has provided stability against an unprecedented backdrop. When considering the addition of new investment advisors and client assets to our platform, the decline in client assets has been marginal during fiscal 2020 and entirely market driven.

Total Return (excl. currencies)	Q4/19 Change (Q/Q)	Q1/20 Change (Q/Q)	Q2/20 Change (Q/Q)	Q3/20 Change (Q/Q)	Q4/20 Change (Q/Q)	Fiscal 2020 Change
S&P 500	13.6%	4.3%	1.7%	9.1%	-19.6%	-7.0%
S&P/TSX	13.3%	2.6%	2.5%	3.2%	-20.9%	-14.2%
MSCI EMERGING MARKETS	9.9%	0.3%	-1.9%	9.6%	-19.0%	-12.7%
MSCI WORLD	12.3%	3.8%	0.1%	9.1%	-21.3%	-10.8%
S&P GS COMMODITY INDEX	15.0%	-1.4%	-4.2%	8.3%	-42.3%	-41.0%
US 10-YEAR T-BONDS	3.0%	4.4%	3.8%	-1.9%	14.3%	21.5%
CAD/USD	2.2%	1.9%	-1.1%	1.9%	-7.6%	-5.1%
CAD/EUR	4.5%	0.6%	3.1%	-0.9%	-6.1%	-3.5%

FISCAL 2021 Outlook

The various monetary and fiscal packages delivered by world central banks and governments appear to have ringfenced the world economy against a more pronounced liquidity/solvency crisis. That said, as lockdowns are being eased globally, there may be future downside risk if infection rates of COVID-19 increase or do not subside. Otherwise, we expect the manufacturing sector will lead consumption as a recovery takes hold with physical distancing measures having a repressive impact on the service economy. The next fiscal stimulus announcements, whether in the US, Europe or China, are expected to target infrastructure spending where the economic multiplier effect is optimal. As such, we view commodities and other inflation-sensitive assets as main beneficiaries of hyper monetary and fiscal reflation measures as demand recovers. We believe this environment will support our agency trading activities, as investors shift their asset mix, sector and company weights accordingly. We expect that our wealth management business will continue to grow client assets as markets increasingly look toward an economic and earnings recovery in calendar 2021. Finally, despite subdued activity levels at the start of fiscal 2021, we expect sustained investment banking and advisory activities as companies in our core focus sectors look to raise capital, restructure, merge or acquire new companies in order to benefit from perceived opportunities that the next business cycle is expected to provide.

Financial Overview

SELECTED FINANCIAL INFORMATION⁽¹⁾⁽²⁾⁽⁷⁾

(C\$ thousands, except per share and % amounts, and number of employees)	For the years ended March 31				
	2020	2019	2018	2020/2019 change	
Canaccord Genuity Group Inc. (CGGI)					
Revenue					
Commissions and fees	\$ 586,884	\$ 556,475	\$ 461,937	\$ 30,409	5.5%
Investment banking	236,962	294,241	282,195	(57,279)	(19.5)%
Advisory fees	206,507	142,228	122,372	64,279	45.2%
Principal trading	108,834	125,830	113,921	(16,996)	(13.5)%
Interest	63,690	51,008	27,875	12,682	24.9%
Other	20,990	20,785	14,577	205	1.0%
Total revenue	1,223,867	1,190,567	1,022,877	33,300	2.8%
Expenses					
Compensation expense	738,313	716,625	625,853	21,688	3.0%
Other overhead expenses ⁽³⁾	383,527	356,240	298,250	27,287	7.7%
Restructuring costs ⁽⁴⁾	1,921	13,070	7,643	(11,149)	(85.3)%
Acquisition-related costs	(124)	3,064	6,732	(3,188)	(104.0)%
Loss on extinguishment of convertible debentures	—	8,608	—	(8,608)	(100.0)%
Acceleration of long-term incentive plan expense	—	—	48,355	—	—
Share of loss of an associate ⁽⁵⁾	207	304	298	(97)	(31.9)%
Total expenses	1,123,844	1,097,911	987,131	25,933	2.4%
Income before income taxes	100,023	92,656	35,746	7,367	8.0%
Net income	\$ 86,554	\$ 71,582	\$ 17,077	\$ 14,972	20.9%
Net income attributable to CGGI shareholders	\$ 86,490	\$ 70,530	\$ 13,024	\$ 15,960	22.6%
Non-controlling interests	\$ 64	\$ 1,052	\$ 4,053	\$ (988)	(93.9)%
Earnings per common share – basic	\$ 0.78	\$ 0.58	\$ 0.04	\$ 0.20	34.5%
Earnings per common share – diluted	\$ 0.65	\$ 0.48	\$ 0.03	\$ 0.17	35.4%
Dividends per common share	\$ 0.20	\$ 0.20	\$ 0.15	—	—
Dividends per Series A Preferred Share	\$ 0.9712	\$ 0.9712	\$ 0.9712	—	—
Dividends per Series C Preferred Share	\$ 1.2482	\$ 1.2482	\$ 1.2482	—	—
Excluding significant items⁽⁶⁾					
Total revenue	\$ 1,223,867	\$ 1,190,567	\$ 1,022,877	\$ 33,300	2.8%
Total expenses	\$ 1,100,810	\$ 1,054,981	\$ 912,270	\$ 45,829	4.3%
Income before income taxes	\$ 123,057	\$ 135,586	\$ 110,607	\$ (12,529)	(9.2)%
Net income	\$ 106,323	\$ 107,355	\$ 81,657	\$ (1,032)	(1.0)%
Net income attributable to CGGI shareholders	\$ 105,895	\$ 106,303	\$ 77,604	\$ (408)	(0.4)%
Net income attributable to non-controlling interests	\$ 428	\$ 1,052	\$ 4,053	\$ (624)	(59.3)%
Earnings per common share – diluted	\$ 0.81	\$ 0.80	\$ 0.59	\$ 0.01	1.3%
Balance sheet data					
Total assets	\$ 5,956,195	\$ 4,749,294	\$ 4,020,736	1,210,031	25.4%
Total liabilities	5,027,421	3,870,934	3,165,813	1,156,487	29.9%
Non-controlling interests	156	1,997	13,571	(1,841)	(92.2)%
Total shareholders' equity	928,618	876,363	841,352	55,385	6.0%
Number of employees	2,308	2,112	1,956	196	9.3%

(1) Data is in accordance with IFRS except for book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 14.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].

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

(4) Restructuring costs for the year ended March 31, 2020 were incurred in connection with our UK & Europe wealth management operations, as well as real estate and other integration costs related to the acquisition of Patersons in Australia. Restructuring costs for the year ended March 31, 2019 were incurred in connection with our UK & Europe capital markets operations. Restructuring costs for the year ended March 31, 2018 related to termination benefits as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale.

(5) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Growth II Corp. for the year ended March 31, 2020, the Company's equity portion of the net loss of its investments in Canaccord Genuity Growth Corp. and Canaccord Genuity Acquisition Corp. for the year ended March 31, 2019, and the Company's equity portion of the net loss of its investment in Canaccord Genuity Acquisition Corp for the year ended March 31, 2018.

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

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

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS⁽¹⁾

(C\$ thousands, except per share and % amounts)	For the years ended March 31				
	2020	2019	2018	2020/2019 change	
Total revenue per IFRS	\$ 1,223,867	\$ 1,190,567	\$ 1,022,877	\$ 33,300	2.8%
Total expenses per IFRS	\$ 1,123,844	\$ 1,097,911	\$ 987,131	\$ 25,933	2.4 %
<i>Expenses</i>					
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>					
Amortization of intangible assets	9,167	2,496	2,317	6,671	267.3%
Acquisition-related costs	1,806	1,976	—	(170)	(8.6)%
Restructuring costs	—	13,070	4,704	(13,070)	(100)%
Acceleration of long-term incentive plan expense	—	—	42,399	—	—
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>					
Amortization of intangible assets	13,940	11,153	8,273	2,787	25.0%
Restructuring costs	1,921	—	2,939	n.m.	n.m.
Acquisition-related costs	(1,930)	1,088	6,732	(3,018)	(277.4)%
Acceleration of long-term incentive plan expense	—	—	4,058	—	—
Development costs	—	245	—	(245)	(100)%
Incentive based payments related to acquisitions ⁽²⁾	(1,870)	4,294	1,541	(6,164)	(143.5)%
<i>Significant items recorded in Corporate and Other</i>					
Loss on convertible debentures	—	8,608	—	(8,608)	(100)%
Acceleration of long-term incentive plan expense	—	—	1,898	—	—
Total significant items	23,034	42,930	74,861	(19,896)	(46.3)%
Total expenses excluding significant items	1,100,810	1,054,981	912,270	45,829	4.3%
Net income before income taxes – adjusted	\$ 123,057	\$ 135,586	\$ 110,607	\$ (12,529)	(9.2)%
Income tax expense – adjusted	16,734	28,231	28,950	(11,497)	(40.7)%
Net income – adjusted	\$ 106,323	\$ 107,355	\$ 81,657	(1,032)	(1.0)%
Net income attributable to common shareholders, adjusted	96,491	96,899	68,011	(408)	(0.4)%
Earnings per common share – basic, adjusted	\$ 0.98	\$ 1.01	\$ 0.73	\$ (0.03)	(3.0)%
Earnings per common share – diluted, adjusted	\$ 0.81	\$ 0.80	\$ 0.59	\$ 0.01	1.3%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business. n.m.: not meaningful (percentages over 300% are indicated as n.m.)

FOREIGN EXCHANGE

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

GEOGRAPHIES

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

GOODWILL

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 and indefinite life intangible assets associated with any of its wealth management business units in the UK & Europe or its goodwill recorded in Canaccord Genuity Capital Markets Canada, US and Australia. Notwithstanding this determination as of March 31, 2020, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts, the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future periods in respect of the Canaccord Genuity Wealth Management business units in the UK & Europe or in respect of the goodwill recorded in Canaccord Genuity Capital Markets

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

REVENUE

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

Revenue for fiscal 2020 was \$1.2 billion, an increase of 2.8% or \$33.3 million from fiscal 2019, marking the third consecutive year our consolidated revenue has surpassed \$1.0 billion. The increase in revenue compared to the prior year was mainly driven by an increase in revenue generated in our global wealth management operations of \$49.6 million as well as higher revenue earned in our US capital markets operations.

Revenue in our Canaccord Genuity Capital Markets segment decreased by \$14.9 million or 2.1% compared to fiscal 2019. Our US operations generated \$350.4 million of revenue in fiscal 2020, an increase of \$46.8 million or 15.4% compared to last year due to higher advisory revenue. Compared to our exceptionally strong performance during fiscal 2019, revenue in our Canadian operations decreased by \$56.0 million or 21.5%, largely due to lower investment banking and commission and fees revenue. Our UK operations generated \$96.1 million in revenue during fiscal 2020, a decrease of \$12.7 million or 11.7%. Despite the overall decline in revenue, our UK operations completed certain advisory mandates during fiscal 2020, which led to an increase of 26.5% in advisory fees revenue compared to the prior year. Our Australian operations recorded an increase of \$7.0 million or 22.3% compared to fiscal 2019, mainly due to higher investment banking and advisory fees revenue earned in fiscal 2020.

Revenue from our global wealth management operations increased by \$49.6 million or 10.7% compared to fiscal 2019. Revenue in our wealth management operations in the UK & Europe increased by \$23.0 million or 9.0% compared to the year ended March 31, 2019, driven mainly by a growth in fee-based revenue resulting from increased client assets during the fiscal year. Our Canadian wealth management operations also generated \$209.6 million of revenue in fiscal 2020, representing an increase of \$2.7 million or 1.3% over the prior year. In addition, there was \$23.9 million of revenue generated in our Australian wealth management operations, an increase of \$22.8 million compared to fiscal 2019 as a result of the acquisition of Patersons during Q3/20 (wealth management revenue in Australia has been recorded under capital markets prior to Q3/20).

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by \$30.4 million or 5.5% from fiscal 2019 to \$586.9 million in fiscal 2020. The increase was driven by higher commissions and fees revenue generated in our UK & Europe and Australia wealth management operations. Partially offsetting the increase was a decline of \$23.0 million or 13.1% in commissions and fees revenue generated in our capital markets operations compared to fiscal 2019.

Revenue generated from investment banking activities decreased by \$57.3 million or 19.5% to \$237.0 million in fiscal 2020, compared to \$294.2 million in fiscal 2019, as a result of a decline in equity capital markets activities. All of our core operating regions experienced decreases in investment banking revenue except for Australia, which generated \$21.8 million of investment banking revenue in fiscal 2020, up from \$17.5 million in fiscal 2019.

Advisory fees revenue increased by \$64.3 million or 45.2% compared to the prior year to \$206.5 million for fiscal 2020. The largest increase was recorded in our US capital markets operations, which experienced a growth of \$47.7 million or 97.0% due to the acquisition of Petsky Prunier in Q4/19. Our UK operations also saw an increase of \$11.1 million or 26.5% compared to the year ended March 31, 2019. The Canadian and Australian capital markets operations both reported smaller increases of \$4.5 million and \$1.6 million, respectively, compared to the prior year.

Revenue derived from principal trading dropped by \$17.0 million to \$108.8 million for the year ended March 31, 2020, largely driven by lower revenue generated in our Canadian and UK capital markets operations.

Interest revenue was \$63.7 million in fiscal 2020, an increase of \$12.7 million or 24.9% from the prior year, due to higher revenue earned in our Canadian operations arising from increased margin loan and stock loan activity. Increased investment banking activity in Canada during the year gave rise to increased opportunities for lending activity and increased interest revenue. Other revenue was \$21.0 million, a slight increase of \$0.2 million from the prior year.

EXPENSES

Expenses as a percentage of revenue

	For the years ended March 31		
	2020	2019	2020/2019 change
Compensation expense	60.3%	60.2%	0.1 p.p.
Other overhead expenses ⁽¹⁾	31.3%	29.9%	1.4 p.p.
Restructuring costs ⁽²⁾⁽³⁾	0.2%	1.1%	(0.9) p.p.
Acquisition-related costs ⁽²⁾	0.0%	0.3%	(0.3) p.p.
Acceleration of long-term incentive plan expense ⁽²⁾⁽³⁾	0.0%	0.0%	0.0 p.p.
Loss on extinguishment of convertible debentures	0.0%	0.7%	(0.7) p.p.
Share of loss of an associate ⁽⁴⁾	n.m.	n.m.	n.m.
Total	91.8%	92.2%	(0.4) p.p.

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

(2) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

(3) Restructuring costs for the year ended March 31, 2020 were incurred in connection with our UK & Europe wealth management operations, as well as real estate and other integration costs related to the acquisition of Patersons in Australia. Restructuring costs for the year ended March 31, 2019 were incurred in connection with our UK & Europe capital markets operations.

(4) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Growth II Corp. for the year ended March 31, 2020, the Company's equity portion of the net loss of its investments in Canaccord Genuity Growth Corp. and Canaccord Genuity Acquisition Corp. for the year ended March 31, 2019.

p.p.: percentage points

n.m.: not meaningful (percentages over 300% are indicated as n.m.)

Expenses for fiscal 2020 were \$1.12 billion, an increase of \$25.9 million or 2.4% compared to the last fiscal year. Excluding significant items⁽¹⁾, total expenses were \$1.1 billion, up \$45.8 million or 4.3% from fiscal 2019. Total expenses excluding significant items⁽¹⁾ as a percentage of revenue increased by 1.3 percentage points compared to the year ended March 31, 2019.

Compensation expenses

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

Compensation expense was \$738.3 million, an increase of \$21.7 million or 3.0% from the prior year, in line with the increase in incentive-based revenue. Total compensation expense was 60.3% in fiscal 2020, a slight increase of 0.1 percentage point from the prior year.

OTHER OVERHEAD EXPENSES

(C\$ thousands, except % amounts)	For the years ended March 31		
	2020	2019	2020/2019 change
Trading costs	\$ 83,964	\$ 83,577	0.5%
Premises and equipment	18,094	41,719	(56.6)%
Communication and technology	66,666	64,930	2.7%
Interest	33,678	25,453	32.3%
General and administrative	113,612	100,768	12.7%
Amortization ⁽¹⁾	32,594	24,280	34.2%
Amortization of right of use of assets	22,866	—	n.m.
Development costs	12,053	15,513	(22.3)%
Total other overhead expenses	\$ 383,527	\$ 356,240	7.7%

(1) Includes amortization of intangible assets for the years ended March 31, 2020 and March 31, 2019, respectively. See the Selected Financial Information Excluding Significant Items table on page 21.

n.m.: not meaningful (percentages over 300% are indicated as n.m.)

Other overhead expenses were \$383.5 million or 7.7% higher in fiscal 2020, which as a percentage of revenue was 31.3% compared to 29.9% in fiscal 2019. The most significant increases in overhead expenses included interest expense, general and administrative expense, amortization expense as well as development costs, partially offset by lower premises and equipment expense (including amortization of right of use asset).

As a result of the adoption of the new accounting standard IFRS 16 Leases (IFRS 16), lease payments are no longer recorded through premises and equipment expense. Instead, right of use (ROU) assets are recorded together with the corresponding lease liabilities on the statement of financial position. The comparatives for the prior periods have not been restated as part of the transition to IFRS 16. As a result of this change in accounting policy, premises and equipment expense for fiscal 2020 decreased by \$23.6 million or 56.6% compared to fiscal 2019 with an offsetting charge of \$22.9 million being recorded as amortization of ROU assets in the current year.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

In addition, amortization expense increased by \$8.3 million or 34.2% compared to the prior year largely as a result of the amortization of intangible assets related to the acquisitions of Petsky Prunier and McCarthy Taylor in Q4/19, Thomas Miller in Q1/20 and Patersons in Q3/20.

Interest expense increased by \$8.2 million or 32.3% compared to the year ended March 31, 2019, partially as a result of the interest expense recorded in relation to the lease liabilities after adoption of IFRS 16. In addition, interest expense also increased in our UK & Europe wealth management operations in connection with the additional bank loan obtained to finance the acquisition of Thomas Miller.

General and administrative expense increased by \$12.8 million or 12.7% compared to the prior year. Our Canadian capital markets operations reported an increase of \$3.9 million or 22.4% compared to fiscal 2019 partially as a result of higher conference costs and professional fees. In the US, general and administrative expense also increased by \$4.1 million or 21.3% as a result of an increase in conference and other costs to support the growth in this region. In addition, general and administrative expense in our wealth management operations increased by \$8.9 million or 26.4% compared to fiscal 2019, partially due to expansion of our operations in Australia through the acquisition of Patersons as well as the continued growth in our UK & Europe operations. In addition, our UK & Europe wealth management operations also recorded higher reserves in connection with ongoing legal matters and our Canadian wealth management operations recorded higher provisions related to client margin accounts in Q4/20 as a result of the rapid decline in market prices in March 2020.

Development costs decreased by \$3.5 million or 22.3% compared to fiscal 2019, largely due to an adjustment in certain incentive-based costs in the UK & Europe wealth management operations to align with the current market environment.

Restructuring costs of \$1.1 million were recorded in fiscal 2020 in connection with our UK & Europe wealth management operations as a result of the integration activity in connection with our acquisition activity in the UK. In addition, there was \$0.8 million of restructuring costs related to certain integration and real estate costs in connection with the acquisition of Patersons in Q3/20. During the year ended March 31, 2019, there was \$13.1 million of restructuring costs recorded in connection with our UK capital markets operations.

There were acquisition related costs of \$4.1 million recorded during fiscal 2020 related to the acquisitions of Thomas Miller in Q1/20 and the acquisition of Patersons in October 2019 as well as other integration costs related to previous acquisitions. In addition, there was a recovery of \$4.2 million related to a partial reversal of the contingent consideration in connection with the acquisition of Thomas Miller due to revised estimates resulting from the recent market downturn.

INCOME TAX

During the year ended March 31, 2020, there was \$11.6 million of deferred tax assets recognized in connection with our US operations which, because of the historical losses in the US, had not been previously recognized. As a result of the recognition of the deferred tax assets during the current fiscal year, the effective tax rate for fiscal 2020 was 13.5% compared to an effective tax rate of 22.7% in the prior year. All deferred tax assets in respect of our US operations have been recognized as of March 31, 2020.

NET INCOME

Net income for fiscal 2020 was \$86.6 million compared to net income of \$71.6 million in fiscal 2019, an increase of \$15.0 million or 20.9%. Net income attributable to common shareholders was \$77.1 million for fiscal 2020 compared to \$61.1 million for fiscal 2019. Diluted earnings per common share was \$0.65 in fiscal 2020 compared to earnings per common share of \$0.48 in the prior fiscal year. Excluding significant items⁽¹⁾, net income for fiscal 2020 was \$106.3 million and net income attributable to common shareholders was \$96.5 million, compared to net income of \$107.4 million and net income attributable to common shareholders of \$96.9 million in fiscal 2019. Diluted earnings per share excluding significant items⁽¹⁾ was \$0.81 for fiscal 2020 compared to \$0.80 for the prior year.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Quarterly Financial Information⁽¹⁾⁽²⁾

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended March 31, 2020. This information is unaudited but reflects all adjustments of a recurring nature that 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 an indication of future performance.

(C\$ thousands, except per share amounts)	Fiscal 2020				Fiscal 2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Commissions and fees	\$ 165,576	\$ 147,191	\$ 132,325	\$ 141,792	\$ 137,578	\$ 143,115	\$ 139,402	\$ 136,380
Investment banking	48,619	51,550	51,992	84,801	60,316	98,978	67,426	67,521
Advisory fees	49,997	60,691	42,015	53,804	32,220	40,698	44,396	24,914
Principal trading	35,352	27,149	21,260	25,073	35,197	30,776	28,949	30,908
Interest	15,222	16,622	16,661	15,185	13,733	12,703	15,326	9,246
Other	4,882	4,811	6,444	4,853	5,764	5,330	4,537	5,154
Total revenue	319,648	308,014	270,697	325,508	284,808	331,600	300,036	274,123
Total expenses	289,430	285,731	254,527	294,156	279,265	290,991	275,414	252,241
Net income before income taxes	30,218	22,283	16,170	31,352	5,543	40,609	24,622	21,882
Net income	\$ 26,246	\$ 22,840	\$ 13,178	\$ 24,290	\$ 2,456	\$ 32,458	\$ 18,019	\$ 18,649
Earnings per share – basic⁽⁴⁾	\$ 0.25	\$ 0.21	\$ 0.11	\$ 0.22	\$ 0.00	\$ 0.31	\$ 0.11	\$ 0.16
Earnings per share – diluted⁽⁴⁾	\$ 0.21	\$ 0.17	\$ 0.10	\$ 0.18	\$ 0.00	\$ 0.25	\$ 0.09	\$ 0.14
Excluding significant items⁽³⁾								
Net income	\$ 21,451	\$ 30,458	\$ 23,760	\$ 30,654	\$ 16,610	\$ 36,843	\$ 28,867	\$ 25,035
Earnings per share – basic⁽⁴⁾	\$ 0.20	\$ 0.29	\$ 0.21	\$ 0.28	\$ 0.15	\$ 0.35	\$ 0.27	\$ 0.23
Earnings per share – diluted⁽⁴⁾	\$ 0.17	\$ 0.23	\$ 0.18	\$ 0.23	\$ 0.12	\$ 0.28	\$ 0.23	\$ 0.19

(1) Data is in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 14.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].

(3) Figures excluding significant items are non-IFRS measures. See the Quarterly Financial Information Excluding Significant Items table below.

(4) Due to rounding or calculation of 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 fiscal year earnings per share figure.

QUARTERLY FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS⁽¹⁾⁽²⁾

(C\$ thousands, except per share amounts)	Fiscal 2020				Fiscal 2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue per IFRS	\$ 319,648	\$ 308,014	\$ 270,697	\$ 325,508	\$ 284,808	\$ 331,600	\$ 300,036	\$ 274,123
Total expenses per IFRS	289,430	285,731	254,527	294,156	279,265	290,991	275,414	252,241
Expenses								
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>								
Amortization of intangible assets	1,773	2,458	2,465	2,471	639	639	639	579
Restructuring costs	—	—	—	—	11,754	—	—	1,316
Acquisition-related costs	—	—	1,629	177	803	—	—	1,173
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>								
Amortization of intangible assets	3,924	3,445	3,528	3,043	2,801	2,745	2,751	2,856
Restructuring costs	(427)	1,250	1,098	—	—	—	—	—
Acquisition-related costs	(4,238)	—	1,973	335	918	170	—	—
Development costs ⁽⁴⁾	—	—	—	—	—	245	—	—
Incentive payment related to acquisitions ⁽³⁾	(6,305)	1,574	1,709	1,152	(237)	1,490	1,498	1,543
<i>Significant items recorded in Corporate and Other</i>								
Loss on convertible debentures ⁽⁴⁾	—	—	—	—	—	—	8,608	—
Total significant items	(5,273)	8,727	12,402	7,178	16,678	5,289	13,496	7,467
Total expenses excluding significant items	294,703	277,004	242,125	286,978	262,587	285,702	261,918	244,774
Net income before income taxes – adjusted	\$ 24,945	\$ 31,010	\$ 28,572	\$ 38,530	\$ 22,221	\$ 45,898	\$ 38,118	\$ 29,349
Income tax expense – adjusted	3,494	552	4,812	7,876	5,611	9,055	9,251	4,314
Net income – adjusted	\$ 21,451	\$ 30,458	\$ 23,760	\$ 30,654	\$ 16,610	\$ 36,843	\$ 28,867	\$ 25,035
Net income attributable to common shareholders	\$ 19,142	\$ 27,619	\$ 21,512	\$ 28,218	\$ 14,466	\$ 34,491	\$ 26,291	\$ 21,651
Earnings per share – basic – adjusted ⁽⁶⁾	\$ 0.20	\$ 0.29	\$ 0.21	\$ 0.28	\$ 0.15	\$ 0.35	\$ 0.27	\$ 0.23
Earnings per share – diluted – adjusted ⁽⁶⁾	\$ 0.17	\$ 0.23	\$ 0.18	\$ 0.23	\$ 0.12	\$ 0.28	\$ 0.23	\$ 0.19

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].

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

(4) Related to costs directly attributable to internal development of software used in our UK wealth management operations.

(5) During Q2/19, there was an accounting loss of \$13.5 million related to the extinguishment of the \$60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity \$4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share.

(6) Due to rounding or calculation of 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 year to date 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 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 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.

With higher contribution from our global wealth management operations and increased capital raising and advisory activity in our core focus areas in Canada and the US, the Company continued to post strong revenue and pre-tax earnings. Revenue for five of the past eight quarters surpassed \$300.0 million, with Q3/19 being the highest at \$331.6 million. Revenue for Q4/20 increased by 3.8% over the previous quarter, and overall revenue in fiscal 2020 was \$1.2 billion, marking the third consecutive year that the Company crossed the \$1.0 billion revenue mark.

Our Canaccord Genuity Capital Markets operations generated annual revenue of \$689.5 million, a slight decrease of 2.1% from our record year in fiscal 2019. Revenue in our Canadian capital markets operations decreased overall compared to fiscal 2019, as a result of fewer transactions in the cannabis sector during the year ended March 31, 2020. Revenue for the last two quarters of fiscal 2020 was comparatively lower than the previous periods due mainly to lower investment banking activity. The Canadian operating region has been consistently profitable for the past eight quarters, with pre-tax profit margins excluding significant items⁽¹⁾ reaching a high of 32.5% in Q2/19.

The quarterly revenue earned in our US capital markets operations in the past eight quarters has been consistently strong, with revenue reaching \$105.6 million in Q4/20. The completion of the acquisition of Petsky Prunier in Q4/19 contributed in large part to the higher advisory fees revenue. Our International Equities Group continued to perform well, with the principal trading revenue reaching \$38.0 million in the last quarter of fiscal 2020. Our US operations have also been profitable over the last eight consecutive quarters, with pre-tax income excluding significant items⁽¹⁾ reaching \$14.8 million in Q4/20.

Our UK & Europe capital markets operations recorded an increase in advisory fees revenue in the second half of fiscal 2020. Profitability has also improved over the recent quarters, with pre-tax income of \$3.4 million recorded in Q3/20, the highest in the past eight quarters, partially due to cost reductions from the restructuring efforts at the end of fiscal 2019.

Revenue in our Australian capital markets operations increased during fiscal 2020, primarily due to an increase in investment banking activity. In particular, investment banking revenue reached \$9.3 million in Q3/20, a record over the past eight quarters.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by improved transaction activity and a growth in managed assets during the fiscal year, despite the decline in market values at the end of March due to the impact of the COVID-19 pandemic. Revenue increased by 5.8% during Q4/20 compared to the same period a year ago and was 23.3% higher than the previous quarter. Our fee-related revenue continued to grow, reaching 40.1% in Q4/20. Assets under management decreased in Q4/20 by 5.0% compared to Q4/19 to \$4.0 billion as a result of the decline in market values at the end of March 31, 2020 due to the impact of the COVID-19 pandemic. Assets under administration, including assets under management, decreased by 10.8% from \$20.7 billion at the end of fiscal 2019 to \$18.4 billion at the end of fiscal 2020.

The Canaccord Genuity Wealth Management UK & Europe operations were expanded during fiscal 2020 with the completion of the Thomas Miller acquisition. The quarterly revenue generated in this region increased by 7.7% in Q4/20 compared to the same period in the prior year. Although this region incurred higher operating expenses as a result of the expansion of this business and increased headcount, pre-tax profit margins continued to be strong at 19.1% in Q4/20 excluding significant items⁽¹⁾. At the end of Q4/20, fee-related revenue was at 68.6%, a decrease of 4.8 percentage points from Q4/19, due to increased transactional activity during the year. Assets under management for this group decreased by 9.8% as of the end of Q4/20 compared to Q4/19 due to the decline in market values. In local currency, AUM decreased by 10.8% to £22.7 billion at the end of March 31, 2020.

With the completion of the acquisition of Patersons in Q3/20, our Australian operations were expanded, with revenue reaching \$12.9 million in Q4/20. AUM at the end of March 31, 2020 was \$2.4 billion, a decrease of \$1.3 billion compared to the previous quarter.

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

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Fourth quarter 2020 performance

Revenue

Revenue for the fourth quarter was \$319.6 million, an increase of \$34.8 million or 12.2% compared to the same period in the previous year. Our global wealth management operations generated an increase in revenue of \$20.8 million compared to Q4/19, driven partially by contributions from the acquisition of Patersons completed in Q3/20.

Our Canaccord Genuity Capital Markets segment recorded an increase of \$16.5 million or 10.3% in revenue compared to Q4/19. Our US operations recorded an increase of \$32.2 million or 43.8% compared to Q4/19, driven mainly by higher advisory fees revenue, largely as a result of the acquisition of Petsky Prunier completed in February 2019. In Australia, revenue increased by \$5.6 million or 170.4% over Q4/19, primarily due to increased advisory fees and investment banking revenue. Partially offsetting the higher revenue in the US and Australia were decreases in Canada and the UK. The decrease in revenue recorded in our Canadian capital markets operations was largely driven by lower investment banking and commission and fees revenue compared to the same period in the prior year. A decrease of \$6.0 million or 20.7% in our UK operations was largely a result of a decline in principal trading revenue in that region.

On a consolidated basis, commissions and fees revenue increased by \$28.0 million or 20.4% to \$165.6 million compared to the same period in the previous year, predominantly attributable to our wealth management operations as discussed above. Investment banking revenue decreased by \$11.7 million or 19.4% to \$48.6 million in Q4/20 as our Canadian capital markets operations recorded a decline of \$18.4 million or 64.7% due to a reduction in financing activities, partially offset by increases in the US, the UK and Australia.

Advisory fees revenue increased by \$17.8 million or 55.2% to \$50.0 million in Q4/20 compared to the same period in the prior year as revenue increased in all our principal operating regions.

Principal trading revenue increased, slightly, by \$0.2 million during the three months ended March 31, 2020 compared to the same period last year, as the increase in US capital markets operations was mostly offset by decreases in our Canadian and UK operations.

Interest revenue for Q4/20 was \$15.2 million, an increase of \$1.5 million or 10.8% over Q4/19, mainly attributable to increased margin loan and stock loan activity in our Canadian capital markets and wealth management operations.

Other revenue for Q4/20 decreased by \$0.9 million or 15.3% compared to the three months ended March 31, 2019, as a result of a decrease in revenue in our Pinnacle Correspondent Services business.

Expenses

Expenses were \$289.4 million, up \$10.2 million or 3.6% from Q4/19. Total expenses excluding significant items⁽¹⁾ were \$294.7 million, an increase of \$32.1 million or 12.2% from the same period last year. Total expenses as a percentage of revenue excluding significant items⁽¹⁾ was 92.2%, unchanged from Q4/19.

Compensation expense increased by \$23.7 million or 13.5% compared to the same period in the prior year. Total compensation expense as a percentage of revenue was 62.2% in Q4/20, an increase of 0.7 percentage points compared to the three months ended March 31, 2019.

Excluding significant items⁽¹⁾, non-compensation overhead expenses as a percentage of revenue was 29.9%, a slight decrease from Q4/19. The largest variances in overhead expenses compared to the same period in the prior year were trading costs, interest expense, general and administrative expense, and amortization expense. As discussed earlier, the adoption of IFRS 16 resulted in a decline in premises and equipment expense of \$6.3 million compared to Q4/19 partially offset by an increase in right of use amortization expense of \$5.5 million.

Trading costs increased by \$4.9 million, mainly driven by higher trading activity in our US capital markets operations as well as by our expanded Australian wealth management operations, achieved through the acquisition of Patersons in Q3/20. Interest expense increased by \$3.0 million or 52.7% mainly due to interest on lease liabilities recorded under IFRS 16. Development costs decreased by \$5.7 million over the same period in the prior year largely due to an adjustment made in the incentive-based costs in our UK & Europe wealth management operations to align with market conditions.

A restructuring costs recovery of \$0.4 million was recorded, resulting from a small adjustment to the integration costs in connection with the acquisition of Patersons in Q3/20. During the same period in the prior year, there were restructuring costs of \$11.8 million comprised of termination benefits and real estate costs related to the restructuring in our UK capital markets operations announced in Q4/19.

In addition, there was a recovery of \$4.2 million related to a partial reversal of the contingent consideration in connection with the acquisition of Thomas Miller due to revised estimates resulting from the recent market downturn.

Income tax expense

Income tax expense was \$4.0 million in Q4/20 compared to income tax expense of \$3.1 million for the three months ended March 31, 2019. Excluding significant items⁽¹⁾, the effective tax rate for Q4/20 was 14.0% compared to 25.3% in Q4/19. The

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

decrease in the effective tax rate for the current quarter was due to the recognition of deferred tax assets of \$3.7 million in connection with our US operations as discussed above.

Net income

Net income for the fourth quarter of fiscal 2020 was \$26.2 million compared to net income of \$2.5 million in Q4/19. Net income attributable to common shareholders was \$23.9 million for Q4/20 compared to net income attributable to common shareholders of \$0.3 million in Q4/19. Diluted income per common share in the current quarter was \$0.21, compared to a diluted income per common share of \$0.00 in Q4/19. Excluding significant items⁽¹⁾, net income for Q4/20 was \$21.5 million compared to \$16.6 million in Q4/19, an increase of \$4.8 million or 29.1%, primarily due to the increase in revenue compared to the same period in the prior year. Net income attributable to common shareholders excluding significant items⁽¹⁾ was \$19.1 million compared to \$14.5 million in the same period of the prior year. Diluted EPS excluding significant items⁽¹⁾ was \$0.17 in Q4/20 compared to \$0.12 in Q4/19.

Business Segment Results⁽¹⁾⁽²⁾

(C\$ thousands, except number of employees)	For the years ended March 31							
	2020				2019			
	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenue								
Canada	\$ 204,636	\$ 206,455	\$ 22,963	\$ 434,054	\$ 260,665	\$ 204,420	\$ 24,430	\$ 489,515
UK & Europe	96,103	277,953	—	374,056	108,789	254,985	—	363,774
US	350,379	3,111	—	353,490	303,587	2,406	—	305,993
Australia	38,351	23,916	—	62,267	31,366	—	—	31,366
Other Foreign Locations	—	—	—	—	(81)	—	—	(81)
Total revenue	689,469	511,435	22,963	1,223,867	704,326	461,811	24,430	1,190,567
Expenses	623,663	430,518	69,663	1,123,844	622,760	388,741	86,410	1,097,911
Intersegment allocations	17,005	12,743	(29,748)	—	18,689	14,467	(33,156)	—
Income (loss) before income taxes	\$ 48,801	\$ 68,174	\$ (16,952)	\$ 100,023	\$ 62,877	\$ 58,603	\$ (28,824)	\$ 92,656
Excluding significant items⁽³⁾								
Revenue	689,469	511,435	22,963	1,223,867	704,326	461,811	24,430	1,190,567
Expenses	612,690	418,457	69,663	1,100,810	605,218	371,961	77,802	1,054,981
Intersegment allocations	17,005	12,743	(29,748)	—	18,689	14,467	(33,156)	—
Income (loss) before income taxes	\$ 59,774	\$ 80,235	\$ (16,952)	\$ 123,057	\$ 80,419	\$ 75,383	\$ (20,216)	\$ 135,586
Number of employees	789	1,180	339	2,308	832	972	308	2,112

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14. Detailed financial results for the business segments are shown in Note 25 of the audited consolidated financial statements on page 95.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].

(3) See the Selected Financial Information Excluding Significant Items table on page 21.

Canaccord Genuity Group's operations are divided into three segments: Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management are the main operating segments while Corporate and Other is mainly an administrative segment.

CANACCORD GENUITY CAPITAL MARKETS

Overview

Canaccord Genuity Capital Markets provides investment banking, advisory, equity research, and sales and trading services to corporate, institutional and government clients as well as conducting principal trading activities in Canada, the US, the UK & Europe and the Asia-Pacific region. Canaccord Genuity Capital Markets has offices in 21 cities in nine countries worldwide.

Our operating results demonstrate the strength of our global business and the success of our efforts to diversify our revenue streams and improve alignment across our businesses and regions. For fiscal 2020, 70.3% of total Canaccord Genuity Capital Markets revenue was earned outside of Canada.

Canaccord Genuity Capital Markets' global alignment efforts are helping to firmly position the Company as a leading global independent investment bank focused on the mid-market.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Outlook

Canaccord Genuity Capital Markets continues to be very well positioned in many of the Company's key markets. In the fiscal year ahead, management intends to focus on capturing operating efficiencies and improving profitability through further integration of its global capital markets platform and encouraging further cross-border coordination among our global offices.

We believe Canaccord Genuity Capital Markets' integrated global platform provides a competitive advantage for our business compared to many of the domestically focused firms we compete with. Smaller regional or local investment dealers are increasingly under pressure to diversify, and larger international competitors dedicate limited resources to servicing growth companies. We believe this competitive landscape provides a significant opportunity for Canaccord Genuity Capital Markets in the global mid-market, as this space is currently relatively underserved by other global investment banks. Canaccord Genuity Capital Markets' mid-market strategy and focus on key growth sectors differentiate the firm from its competition.

Canaccord Genuity Capital Markets remains committed to operating as efficiently as possible in order to sustain its global platform during periods of slower capital markets activity. A culture of cost containment continues to be reinforced throughout the Company, and strategies to lower operating costs over the long term continue to be explored.

While we are optimistic about our prospects for the future, the Company has made the prudent decision to balance investments in growth with our ability to generate profit in the current market environment. The dynamic nature of our operating environment 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 with the addition of small teams in specific sector verticals or key service offerings to further strengthen our operations in areas where we believe we can capture additional market share.

The management team believes the investments that the Company has made to improve Canaccord Genuity Capital Markets' global presence and refine its service offering have positioned the business very well for the future.

FINANCIAL PERFORMANCE⁽¹⁾⁽²⁾

(C\$ thousands, except number of employees)	For the years ended March 31											
	2020						2019					
	Canada	UK ⁽⁵⁾	US	Australia	Other Foreign Locations ⁽⁶⁾	Total	Canada	UK ⁽⁵⁾	US	Australia	Other Foreign Locations	Total
Revenue	204,636	96,103	350,379	38,351	—	689,469	\$ 260,665	\$ 108,789	\$ 303,587	\$ 31,366	\$ (81)	\$ 704,326
Expenses												
Compensation expense	110,163	60,830	205,929	25,149	—	402,071	134,562	78,278	170,618	19,981	808	404,247
Other overhead expenses	63,880	30,753	113,916	10,742	—	219,291	53,052	38,333	101,533	9,407	690	203,015
Development costs	31	—	464	—	—	495	72	96	284	—	—	452
Acquisition-related costs	—	—	177	1,629	—	1,806	1,173	—	803	—	—	1,976
Restructuring costs	—	—	—	—	—	—	—	13,070	—	—	—	13,070
Total expenses	174,074	91,583	320,486	37,520	—	623,663	188,859	129,777	273,238	29,388	1,498	622,760
Intersegment allocations ⁽³⁾	12,241	895	3,010	859	—	17,005	12,458	2,908	3,037	286	—	18,689
Income (loss) before income taxes (recovery) ⁽³⁾	\$ 18,321	\$ 3,625	\$ 26,883	\$ (28)	—	\$ 48,801	\$ 59,348	\$ (23,896)	\$ 27,312	\$ 1,692	\$ (1,579)	\$ 62,877
Excluding significant items⁽⁴⁾												
Total revenue	204,636	96,103	350,379	38,351	—	689,469	260,665	108,789	303,587	31,366	(81)	704,326
Total expenses	171,522	91,583	313,694	35,891	—	612,690	185,194	116,707	272,431	29,388	1,498	605,218
Intersegment allocations ⁽³⁾	12,241	895	3,010	859	—	17,005	12,458	2,908	3,037	286	—	18,689
Income (loss) before income taxes (recovery) ⁽³⁾	\$ 20,873	\$ 3,625	\$ 33,675	\$ 1,601	—	\$ 59,774	\$ 63,013	\$ (10,826)	\$ 28,119	\$ 1,692	\$ (1,579)	\$ 80,419
Number of employees	257	136	313	83	—	789	255	197	308	68	4	832

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].

(3) Income (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

(5) Includes our Dubai based operations.

(6) Starting in Q1/20, our Asian based operations, including Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units.

REVENUE

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

	For the years ended March 31		
	2020	2019	2020/2019 change
Revenue generated in:			
Canada	29.7%	37.0%	(7.3) p.p.
UK & Europe ⁽¹⁾	13.9%	15.4%	(1.5) p.p.
US	50.8%	43.1%	7.7 p.p.
Australia	5.6%	4.5%	1.1 p.p.
Other Foreign Locations	0.0%	0.0%	0.0 p.p.
	100.0%	100.0%	

p.p.: percentage points

⁽¹⁾ Includes our Dubai based operations

Canaccord Genuity Capital Markets generated revenue of \$689.5 million, a decrease of 2.1% or \$14.9 million compared to fiscal 2019. Revenue increased in the US and Australia by \$46.8 million or 15.4% and by \$7.0 million or 22.3%, respectively, compared to the prior year, largely driven by higher advisory fees revenue. In Canada, revenue decreased by \$56.0 million or 21.5% compared to the operation's exceptionally strong performance in fiscal 2019. Revenue in our UK operations decreased by \$12.7 million or 11.7% to \$96.1 million in fiscal 2020 due to reduced principal trading, commission and fees and financing revenue, partially offset by higher advisory fees earned during the year.

Investment banking activity

The Company's focus sector mix in fiscal 2020 showed continued diversity. While capital raising contributions from the Life Sciences sector includes revenues from cannabis-related businesses, we note that our US investment banking practice was a significant contributor to revenue growth from the Healthcare and Healthcare IT segments as well as the overall Life Sciences sector. Revenue from the Technology & Industrials sectors was led by our US and Canadian capital markets businesses and reflects our continued growth in the US Technology segment.

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

CANACCORD GENUITY CAPITAL MARKETS – OVERALL

Investment banking transactions and revenue by sector

Sectors	For the year ended March 31, 2020	
	as a % of investment banking transactions	as a % of investment banking revenue
Life Sciences	22.4%	28.9%
Technology	17.9%	26.4%
Industrials	5.9%	12.6%
Metals & Mining	19.2%	12.1%
Diversified	6.6%	7.1%
Financials	4.9%	5.8%
Consumer & Retail	4.0%	3.3%
Real Estate	5.9%	2.0%
Others	4.0%	0.9%
Structured Products & Sustainability	6.0%	0.5%
Energy	3.2%	0.4%
Total	100.0%	100.0%

CANACCORD GENUITY CAPITAL MARKETS – BY GEOGRAPHY**Investment banking transactions by sector (as a% of the number of investment banking transactions for each geographic region)**

Sectors	For the year ended March 31, 2020			
	Canada	US	UK	Australia
Life Sciences	20.6%	43.4%	5.4%	7.2%
Metals & Mining	23.8%	0.0%	5.4%	43.3%
Technology	6.4%	43.4%	25.7%	15.5%
Diversified	11.7%	0.0%	0.0%	2.1%
Structured Products & Sustainability	11.2%	0.0%	0.0%	0.0%
Real Estate	10.7%	0.0%	1.4%	0.0%
Industrials	1.0%	11.4%	25.6%	1.0%
Financials	5.6%	0.0%	13.5%	4.1%
Consumer & Retail	1.8%	1.8%	16.2%	7.2%
Others	4.1%	0.0%	0.0%	13.4%
Energy	3.1%	0.0%	6.8%	6.2%
Total	100.0%	100.0%	100.0%	100.0%

Investment banking revenue by sector (as a% of investment banking revenue for each geographic region)

Sectors	For the year ended March 31, 2020			
	Canada	US	UK	Australia
Life Sciences	39.3%	34.9%	1.9%	5.5%
Technology	6.7%	51.3%	14.3%	11.9%
Industrials	0.2%	12.2%	46.8%	5.4%
Metals & Mining	21.2%	0.0%	0.8%	51.5%
Diversified	18.7%	0.0%	0.0%	5.5%
Financials	6.0%	0.0%	23.8%	0.1%
Consumer & Retail	0.5%	1.6%	11.1%	9.2%
Real Estate	5.3%	0.0%	0.5%	0.0%
Others	0.3%	0.0%	0.0%	9.6%
Structured Products & Sustainability	1.3%	0.0%	0.0%	0.0%
Energy	0.5%	0.0%	0.8%	1.3%
Total	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 Life Sciences sector.

EXPENSES

Expenses for fiscal 2020 were \$623.7 million, an increase of \$0.9 million or 0.1% compared to the prior year. Excluding significant items⁽¹⁾, total expenses for fiscal 2020 were \$612.7 million, an increase of \$7.5 million or 1.2% compared to fiscal 2019. As a percentage of revenue, total expenses increased by 2.9 percentage points compared to the year ended March 31, 2019.

Compensation expense

Compensation expense for fiscal 2020 decreased by \$2.2 million or 0.5% compared to fiscal 2019. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue was 0.9 percentage points higher than in fiscal 2019, at 58.3% for the year ended March 31, 2020.

In Canada, total compensation as a percentage of revenue increased by 2.2 percentage points compared to fiscal 2019 due to a decrease in revenue relative to fixed staff costs. Our US operations recorded a compensation ratio of 58.8% in fiscal 2020, an increase of 2.6 percentage points compared to the prior year, as a result of adjustments to incentive compensation pools and fixed staff costs. In our UK operations, total compensation expense as a percentage of revenue decreased by 8.7 percentage points compared to fiscal 2019 as a result of the decline in fixed staff costs. Total compensation expense as a percentage of revenue in our Australian operations was 65.6%, an increase of 1.9 percentage points due to an increase in the non-variable nature of certain staff costs.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Canaccord Genuity Capital Markets compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue by geography

	For the years ended March 31		
	2020	2019	2020/2019 change
Canada	53.8%	51.6%	2.2 p.p.
UK & Europe	63.3%	72.0%	(8.7) p.p.
US	58.8%	56.2%	2.6 p.p.
Australia	65.6%	63.7%	1.9 p.p.
Other Foreign Locations	n.m.	n.m.	n.m.
Canaccord Genuity Capital Markets (total)	58.3%	57.4%	0.9 p.p.

p.p.: percentage points

n.m.: not meaningful

Other overhead expenses

Other overhead expenses were \$219.3 million for fiscal 2020 compared to \$203.0 million in fiscal 2019, an increase of \$16.3 million or 8.0%. The most significant increases in overhead costs compared to the prior year include general and administrative expense, amortization expense, and interest expense.

General and administrative expense increased by \$4.7 million or 8.8% compared to fiscal 2019, resulting from higher professional fees, promotion and travel expenses, and other office expenses to support and grow our business.

Amortization expense increased by \$5.8 million to \$13.0 million compared to the prior year due to the amortization of intangible assets in connection with the acquisition of Petsky Prunier.

Interest expense increased by \$5.8 million or 59.6% compared to fiscal 2019 due to the recognition of interest expense related to lease liabilities as prescribed under IFRS 16. In addition, the accounting change also led to a decrease in premises and equipment expense of \$15.1 million, partially offset by an increase in amortization of right of use assets of \$13.2 million.

There were acquisition-related costs of \$1.8 million recorded during the year ended March 31, 2020 related to the acquisition of Patersons [the Australian wealth management business was recorded as part of the Australian capital markets operations prior to Q3/20].

INCOME BEFORE INCOME TAXES

Income before income taxes in fiscal 2020 was \$48.8 million, a decrease of \$14.1 million compared to fiscal 2019. Excluding significant items⁽¹⁾, income before income taxes, including allocated overhead expenses, decreased from \$80.4 million in fiscal 2019 to \$59.8 million in fiscal 2020. The decrease in income before income taxes excluding significant items⁽¹⁾ was attributable to lower revenue generated in our Canadian and UK operating segments combined with an increase in overhead expenses.

CANACCORD GENUITY WEALTH MANAGEMENT

Overview

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; client-related interest; and fees and commissions earned by Investment Advisors (IAs) in Canada from investment banking and venture capital transactions. The Company has wealth management operations in Canada, the UK & Europe, and Australia. In addition to the acquisition of Hargreave Hale in Q2/18, the Company acquired McCarthy Taylor in Q4/19 and Thomas Miller in Q1/20 further expanding its wealth management operations in the UK & Europe.

In the UK & Europe, Canaccord Genuity Wealth Management has 12 offices in the UK, Guernsey, Jersey and the Isle of Man. Revenue earned by this business is largely generated through fee-based accounts and portfolio management activities. The business offers services to both domestic (UK) and international and European clients and provides clients with investing options from both third party and proprietary financial products, including investment funds and model portfolios managed by Canaccord Genuity Wealth Management portfolio managers.

At March 31, 2020, Canaccord Genuity Wealth Management had 9 offices located across Canada. The Company is focused on actively recruiting established Advisory Teams to accelerate growth in this business.

Outlook

Our strategic shift to strengthening contributions from our global wealth management performance will continue to be a main focus for the Company. Management's priorities for Canaccord Genuity Wealth Management will be focused on growing assets

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

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 reduce our reliance on transaction-based revenue over the coming years, making our business less sensitive to changes in market conditions and trading activity.

With 72.9% of the division's revenue derived from recurring, fee-based activities, the revenue stream generated through Canaccord Genuity Wealth Management's UK & Europe wealth management business helps to improve the stability of its overall performance. Client holdings in our in-house investment management products exceed \$1 billion and are attracting growing interest from both domestic and international intermediaries. The Company will continue to pursue strategic opportunities to increase the scale of its UK wealth management business.

In Canada, the Company continues to focus on enhancing margins, managing costs, and growing the business through targeted recruitment and training. While the recruiting environment remains competitive, we expect the benefits of our independent global platform to help drive continued recruiting success in select markets. The Company also intends to invest further in training programs for new and existing Investment Advisors to continue developing and broadening the skills of our Advisory Teams and to support the growth of fee-based services offered through the Canadian business. We maintain a strong focus on attracting and retaining high quality advisors, investing in training programs and building a comprehensive suite of premium products targeted at attracting high net worth investors and helping advisors grow their businesses.

In Australia, the Company still has a relatively small wealth management operation; however, expansion is expected to occur through targeted recruiting, and through the build-out of wealth management services and products in this market.

FINANCIAL PERFORMANCE – NORTH AMERICA⁽¹⁾⁽²⁾

(C\$ thousands, except AUM and AUA (in C\$ millions), number of employees, Advisory Teams and % amounts)	For the years ended March 31			
	2020	2019	2020/2019 change	
Revenue	\$ 209,566	\$ 206,826	\$ 2,740	1.3%
Expenses				
Compensation expense	121,494	118,860	2,634	2.2%
Other overhead expenses	53,184	47,968	5,216	10.9%
Acceleration of long-term incentive plan expense	—	—	—	—
Total expenses	174,678	166,828	7,850	4.7%
Intersegment allocations ⁽³⁾	12,229	13,152	(923)	(7.0)%
Income before income taxes ⁽³⁾	\$ 22,659	\$ 26,846	\$ (4,187)	(15.6)%
AUM – Canada (discretionary) ⁽⁴⁾	4,009	4,221	(212)	(5.0)%
AUA – Canada ⁽⁵⁾	18,440	20,674	(2,234)	(10.8)%
Number of Advisory Teams – Canada	146	155	(9)	(5.8)%
Number of employees	432	430	2	0.5%
Excluding significant items⁽⁶⁾				
Total expenses	\$ 174,678	\$ 166,828	\$ 7,850	4.7%
Intersegment allocations ⁽³⁾	12,229	13,152	(923)	(7.0)%
Income before income taxes ⁽³⁾	22,659	26,846	(4,187)	(15.6)%

(1) Data is in accordance with IFRS except for figures excluding significant items, AUA, AUM, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 14.

(2) Includes Canaccord Genuity Wealth Management operations in Canada and the US.

(3) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.

(4) AUM represents assets managed on a discretionary basis under our programs generally described as or known as the Complete Canaccord Investment Counselling Program and the Complete Canaccord Private Investment Management Program.

(5) AUA is the market value of client assets administered by the Company, for which the Company earns commissions or fees. AUA includes AUM.

(6) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

Revenue from Canaccord Genuity Wealth Management North America was \$209.6 million, an increase of \$2.7 million or 1.3% from fiscal 2019, driven by higher commissions and fees revenue partially offset by lower investment banking revenue.

AUA in Canada decreased by 10.8% to \$18.4 billion at March 31, 2020 from \$20.7 billion at March 31, 2019, as a result of a decline in market values due to the impact of the COVID-19 pandemic. There were 146 Advisory Teams in Canada, a decrease of nine from a year ago. The fee-based revenue in our North American operations was 5.3 percentage points higher than in the prior year and accounted for 40.2% of the wealth management revenue earned in Canada during the year ended March 31, 2020.

Expenses for fiscal 2020 were \$174.7 million, an increase of \$7.9 million or 4.7% from fiscal 2019. Total expenses as a percentage of revenue increased by 2.7 percentage points compared to last year.

Compensation expense increased by \$2.6 million or 2.2% compared to the prior year, consistent with the increase in incentive-based revenue. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue increased slightly by 0.5 percentage points compared to last year to 58.0% in fiscal 2020.

Other overhead expenses as a percentage of revenue increased by 2.2% compared to fiscal 2019. Trading costs increased by \$2.3 million compared to the year ended March 31, 2019, in line with the increase in commission and fees revenue. General and administrative expense increased by \$2.0 million or 14.0% due to higher conference costs, as well as transfer fees associated

with new accounts and provisions for legal costs and settlements. Development costs increased by \$1.5 million as a result of the amortization of incentive-based payments to new recruits.

Premises and equipment expense decreased by \$2.2 million compared to fiscal 2019 as a result of the change to the lease accounting standard as discussed above, with a similar increase of \$2.4 million for the amortization of right of use assets recorded in fiscal 2020.

Income before income taxes decreased by \$4.2 million in fiscal 2020 to \$22.7 million due to increases in certain overhead expenses that do not vary directly with revenue.

FINANCIAL PERFORMANCE – UK & EUROPE⁽¹⁾⁽⁵⁾

(C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and% amounts)	For the years ended March 31			
	2020	2019	2020/2019 change	
Revenue	\$ 277,953	\$ 254,985	\$ 22,968	9.0%
Expenses				
Compensation expense	151,020	144,827	6,193	4.3%
Other overhead expenses	80,881	75,998	4,883	6.4%
Acceleration of long-term incentive plan expense	—	—	—	—
Restructuring costs	1,098	—	1,098	n.m.
Acquisition-related costs	(1,930)	1,088	(3,018)	(277.4)%
Total expenses	231,069	221,913	9,156	4.1%
Intersegment allocations ⁽²⁾	1,149	1,315	(166)	(12.6)%
Income before income taxes ⁽²⁾	\$ 45,735	\$ 31,757	\$ 13,978	44.0%
AUM – UK & Europe ⁽³⁾	39,879	44,195	(4,316)	(9.8)%
Number of investment professionals and fund managers – UK & Europe	210	190	20	10.5%
Number of employees	548	542	6	1.1%
Excluding significant items⁽⁴⁾				
Total expenses	\$ 220,274	\$ 205,133	\$ 15,141	7.4%
Intersegment allocations ⁽²⁾	1,149	1,315	(166)	(12.6)%
Income before income taxes ⁽²⁾	56,530	48,537	7,993	16.5%

(1) Data is in accordance with IFRS except for figures excluding significant items, AUM, number of investment professionals and fund managers, and number of employees. See Non-IFRS Measures on page 14.

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.

(3) AUM in the UK & Europe is the market value of client assets managed and administered by the Company, for which the Company earns commissions or fees. This measure includes both discretionary and non-discretionary accounts.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

(5) Includes the operating results of McCarthy Taylor which was acquired on January 29, 2019 and the operating results of Thomas Miller since the acquisition date of May 1, 2019.

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

Revenue generated by our UK & Europe operations is largely produced through fee-based accounts and portfolio management activities, and, as such, is less sensitive to changes in market conditions. Revenue for fiscal 2020 was \$278.0 million, an increase of \$23.0 million or 9.0% compared to fiscal 2019. Measured in local currency (GBP), revenue was £164.3 million during fiscal 2020, an increase of £16.2 million or 10.9% compared to the previous year.

AUM in the UK & Europe as of March 31, 2020 was \$39.9 billion, a decrease of 9.8% compared to \$44.2 billion as of March 31, 2019 due to decline in market values. Measured in local currency (GBP), AUM decreased by 10.8% compared to March 31, 2019. The fee-related revenue in our UK & European wealth management operations accounted for 72.9% of total revenue in this geography in fiscal 2020, an increase of 0.3 percentage points compared to last year.

Compensation expense was \$151.0 million, a \$6.2 million increase from \$144.8 million in fiscal 2019, in line with the increase in incentive-based commissions and fees revenue. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue decreased by 2.5 percentage points from 56.8% in fiscal 2019 to 54.3% in fiscal 2020.

Other overhead expenses for the year ended March 31, 2020 increased by \$4.9 million or 6.4% compared to the prior year.

General and administrative expense increased by \$4.4 million or 23.0% partially as a result of additional reserves recorded in respect of certain ongoing legal matters, as well as costs to support the expanded operations. The increase in amortization expense of \$2.5 million or 16.6% compared to fiscal 2019 was attributable to the amortization of intangible assets related to the acquisitions of McCarthy Taylor in Q4/19 and Thomas Miller in Q1/20. Interest expense increased by \$1.8 million or 70.0% as a result of additional bank loan obtained to complete the acquisition of Thomas Miller in Q1/20 as well as interest expense recorded on lease liabilities as a result of the adoption of IFRS 16. The increase in trading costs of \$2.6 million or 32.1% was mainly due to higher trading activity compared to the prior year. Development costs decreased by \$5.0 million compared to the prior year as a result of an adjustment to incentive-based costs related to the acquisitions and growth initiatives of the UK wealth management business to align with the current market conditions.

Restructuring costs of \$1.1 million were recorded in fiscal 2020 related to the integration costs of the recent acquisitions. There were no restructuring costs recorded in fiscal 2019.

The Company also recorded \$2.3 million of acquisition-related costs in connection with the acquisition of Thomas Miller in May 2019. The acquisition-related costs included professional and consulting fees incurred during the year. In addition, there was a recovery of \$4.2 million related to a partial reversal of the contingent consideration initially recorded in connection with the acquisition of Thomas Miller due to revised estimates resulting from the recent market downturn. The \$1.1 million of acquisition-related costs recorded in fiscal 2019 were related to the acquisitions of McCarthy Taylor and Thomas Miller.

Income before income taxes was \$45.7 million compared to \$31.8 million in the prior year as a result of higher revenue and adjustments to the incentive-based costs and contingent consideration discussed above. Excluding significant items⁽¹⁾, income before income taxes was \$56.5 million, an increase of \$8.0 million or 16.5% from the prior year, reflecting the net contribution from our expanded operations.

FINANCIAL PERFORMANCE – AUSTRALIA⁽¹⁾⁽⁵⁾

(C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and % amounts)	For the years ended March 31			
	2020	2019	2020/2019 change	
Revenue	\$ 23,916	—	\$ 23,916	n.m.
Expenses				
Compensation expense	15,268	—	15,268	n.m.
Other overhead expenses	8,680	—	8,680	n.m.
Acceleration of long-term incentive plan expense	—	—	—	n.m.
Restructuring costs	823	—	823	n.m.
Acquisition-related costs	—	—	—	n.m.
Total expenses	24,771	—	24,771	n.m.
Intersegment allocations ⁽²⁾	(635)	—	(635)	n.m.
Loss before income taxes ⁽²⁾	\$ (220)	—	\$ (220)	n.m.
AUM ⁽³⁾	2,400	—	2,400	n.m.
Number of investment professionals and fund managers	119	—	119	n.m.
Number of employees	200	—	200	n.m.
Excluding significant items⁽⁴⁾				
Total expenses	\$ 23,505	—	\$ 23,505	n.m.
Intersegment allocations ⁽²⁾	(635)	—	(635)	n.m.
Income before income taxes ⁽²⁾	1,046	—	1,046	n.m.

(1) Data is in accordance with IFRS except for figures excluding significant items, AUM, number of investment professionals and fund managers, and number of employees. See Non-IFRS Measures on page 14.

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.

(3) AUM is the market value of client assets managed and administered by the Company, for which the Company earns commissions or fees. This measure includes both discretionary and non-discretionary accounts.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

Commencing Q3/20, the Canaccord Genuity Australia wealth management segment includes the operating results of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) since the closing date of October 21, 2019, as well as the wealth management business previously included as part of Canaccord Genuity Australia capital markets.

During the year ended March 31, 2020, Canaccord Genuity Wealth Management Australia generated revenue of \$23.9 million. AUM in the Australian wealth management operations was \$2.4 billion at March 31, 2020 comprised of client assets held in its investment management platforms. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 23.1% of the wealth management revenue during fiscal 2020.

Total expenses for the fiscal 2020 were \$24.8 million, largely made up of compensation expense, trading costs and general and administrative expense. Compensation expense was \$15.3 million in fiscal 2020. Total compensation expense as a percentage of revenue was 63.8% for the year ended March 31, 2020.

Restructuring costs of \$0.8 million were recorded in fiscal 2020, related to integration costs incurred in connection with the acquisition of Patersons.

There was a loss before income taxes of \$0.2 million in the current fiscal year principally as a result of restructuring costs related to integration efforts and other real estate costs. Excluding significant items⁽¹⁾, pre-tax income was \$1.0 million for the year ended March 31, 2020.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

CORPORATE AND OTHER SEGMENT

Overview

The Corporate and Other segment includes Pinnacle Correspondent Services, interest, foreign exchange revenue, and expenses not specifically allocable to Canaccord Genuity Capital Markets or Canaccord Genuity Wealth Management.

Pinnacle Correspondent Services provides trade execution, clearing, settlement, custody, and other middle- and back-office services to other introducing brokerage firms, portfolio managers and other financial intermediaries. This business unit was developed as an extension and application of the Company's substantial investment in its information technology and operating infrastructure.

Also included in this segment are the Company's administrative, operational and support services departments, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and other administrative functions. The Company has 339 employees in the Corporate and Other segment. Most of the Company's corporate support functions are based in Vancouver and Toronto, Canada.

Our operations group is responsible for processing securities transactions, including the clearing and settlement of securities transactions, account administration and custody of client securities. The finance department is responsible for internal financial accounting and controls, and external financial and regulatory reporting, while the compliance department is responsible for client credit and account monitoring in relation to certain legal and financial regulatory requirements. The Company's risk management and compliance activities include procedures to identify, control, measure and monitor the Company's risk exposure at all times.

FINANCIAL PERFORMANCE⁽¹⁾

(C\$ thousands, except number of employees and % amounts)	For the years ended March 31			
	2020	2019	2020/2019 change	
Revenue	\$ 22,963	\$ 24,430	\$ (1,467)	(6.0)%
Expenses				
Compensation expense	48,460	48,691	(231)	(0.5)%
Other overhead expenses	20,996	28,807	(7,811)	(27.1)%
Acceleration of long-term incentive plan expense	—	—	—	—
Loss on convertible debentures	—	8,608	(8,608)	n.m.
Share of loss of an associate	207	304	(97)	(31.9)%
Total expenses	69,663	86,410	(16,747)	(19.4)%
Intersegment allocations ⁽²⁾	(29,748)	(33,156)	3,408	(10.3)%
Loss before income tax recovery ⁽²⁾	(16,952)	(28,824)	11,872	(41.2)%
Number of employees	339	308	31	10.1%
Excluding significant items⁽³⁾				
Total expenses	\$ 69,663	\$ 77,802	\$ (8,139)	(10.5)%
Intersegment allocations ⁽²⁾	(29,748)	(33,156)	3,408	(10.3)%
Loss before income taxes (recovery) ⁽²⁾	(16,952)	(20,216)	3,264	(16.1)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14.

(2) Loss before income tax recovery includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.

(3) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

Revenue for fiscal 2020 was \$23.0 million, a decrease of \$1.5 million or 6.0% from fiscal 2019 resulting from a decrease in interest revenue from cash balances held during the year.

Total expenses were \$69.7 million for the year ended March 31, 2020, a decrease of \$16.7 million or 19.4% compared to the prior year. Other overhead expenses decreased by \$7.8 million or 27.1% compared to the prior year, largely as a result of an increase in trading cost recoveries from the Canadian capital markets and wealth management operations.

Loss before income taxes was \$17.0 million for fiscal 2020 compared to a loss before income taxes of \$28.8 million for the prior year. Excluding significant items⁽¹⁾, loss before income taxes was \$17.0 million for the year ended March 31, 2020 compared to a loss before income taxes of \$20.2 million last year.

INTERSEGMENT ALLOCATED COSTS

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

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Financial Condition

Below are selected balance sheet items for the past five years:

(C\$ thousands)	Balance sheet summary as at March 31				
	2020	2019	2018	2017	2016
Assets					
Cash and cash equivalents	\$ 997,111	\$ 820,739	\$ 862,838	\$ 677,769	\$ 428,329
Securities owned	931,467	690,499	469,217	784,230	564,746
Accounts receivable	3,275,841	2,656,664	2,215,837	3,395,736	2,041,150
Income taxes recoverable	5,603	2,502	1,170	1,085	12,537
Deferred tax assets	39,487	22,117	19,941	15,323	11,221
Investments	10,105	6,224	2,035	2,829	5,578
Equipment and leasehold improvements	24,860	25,792	30,967	31,479	37,049
Goodwill and other intangible assets	565,587	524,757	418,731	295,065	323,936
Right of use assets	106,134	—	—	—	—
Total assets	\$ 5,956,195	\$ 4,749,294	\$ 4,020,736	\$ 5,203,516	\$ 3,424,546
Liabilities and shareholders' equity					
Bank indebtedness	\$ —	\$ 9,639	\$ —	\$ 25,280	\$ 14,910
Securities sold short	875,017	373,419	301,006	645,742	427,435
Accounts payable and accrued liabilities	3,673,451	3,123,765	2,638,954	3,669,883	2,185,047
Provisions	6,735	18,212	8,428	11,793	18,811
Income taxes payable	11,721	5,415	7,851	10,093	4,242
Current portion of bank loan	7,042	9,294	9,679	—	—
Current portion of lease liability	23,417	—	—	—	—
Current portion of contingent consideration	57,859	—	—	—	—
Deferred consideration	8,966	22,225	9,997	—	—
Contingent consideration	47,614	108,319	49,844	—	—
Promissory note	—	5,832	—	—	—
Lease liability	88,922	—	—	—	—
Other long-term liability	1,760	1,741	—	—	—
Bank loan	79,192	50,370	61,758	—	—
Deferred tax liabilities	9,903	7,978	13,715	140	450
Liability portion of convertible debenture	128,322	127,225	57,081	56,442	—
Subordinated debt	7,500	7,500	7,500	7,500	15,000
Shareholders' equity	928,618	876,363	841,352	764,785	749,929
Non-controlling interests	156	1,997	13,571	11,858	8,722
Total liabilities and shareholders' equity	\$ 5,956,195	\$ 4,749,294	\$ 4,020,736	\$ 5,203,516	\$ 3,424,546

ASSETS

Cash and cash equivalents were \$997.1 million at March 31, 2020 compared to \$820.7 million at March 31, 2019. Refer to the Liquidity and Capital Resources section for more details.

Securities owned were \$931.5 million at March 31, 2020 compared to \$690.5 million at March 31, 2019 mainly due to an increase in corporate and government debt owned.

Accounts receivable were \$3.3 billion at March 31, 2020 compared to \$2.7 billion at March 31, 2019, mainly due to an increase in receivables from brokers and investment dealers.

Goodwill was \$395.4 million and intangible assets were \$170.2 million at March 31, 2020. At March 31, 2019, goodwill was \$370.2 million and intangible assets were \$154.5 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier and Patersons.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments were \$80.1 million at March 31, 2020 compared to \$56.6 million at March 31, 2019, mainly due to an increase in income taxes receivable, deferred tax assets, and investments.

LIABILITIES AND SHAREHOLDERS' EQUITY

Securities sold short were \$875.0 million at March 31, 2020 compared to \$373.4 million at March 31, 2019, mostly due to an increase in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were \$3.7 billion, an increase from \$3.1 billion on March 31, 2019, mainly due to an increase in payables to clients and brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable, other long-term liability and deferred tax liabilities, were \$30.9 million at March 31, 2020 compared to \$22.6 million in the prior year. The increase was mostly due to an increase in income tax payable.

In connection with our acquisition of Hargreave Hale through a subsidiary of the Company, that subsidiary obtained a £40.0 million bank loan to finance a portion of the cash consideration. During the year ended March 31, 2020, the Company obtained additional financing on the loan of £17.0 million in connection with the acquisition of Thomas Miller. The balance outstanding as of March 31, 2020 net of principal repayments and unamortized financing fees was £49.0 million (\$86.2 million) [March 31, 2019 – £34.3 million (\$59.7 million)]. The loan is repayable in instalments of principal and interest over a period of four years and matures in September 2023. The interest rate on this loan is variable and is currently at 2.6584% per annum as at March 31, 2020 [March 31, 2019 – 2.9646% per annum].

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of \$653.7 million [March 1, 2019 – \$683.2 million]. Bank overdrafts and call loan facilities utilized by the Company may vary significantly on a day-to-day basis and depend on securities trading activity. These credit facilities are utilized by the Company to facilitate settlement activities and consist of call loans, letters of credit and daylight overdraft facilities, and are collateralized by unpaid client securities and/or securities owned by the Company. On March 31, 2020, there was no bank indebtedness outstanding [March 31, 2019 – \$9.6 million].

There were deferred and contingent considerations of \$9.0 million and \$105.5 million, respectively, recorded at March 31, 2020 in connection with the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor and Petsky Prunier. Refer to Notes 7 and 13 of the audited consolidated financial statements for the year ended March 31, 2020 for further information.

Non-controlling interests were \$0.2 million at March 31, 2020 compared to \$2.0 million at March 31, 2019, which represents 15% [March 31, 2019 – 15%] of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling \$3.3 million (US\$2.3 million) [March 31, 2019 – \$2.7 million (US\$2.0 million)] as rent guarantees for its leased premises in New York.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2020, the Company had no bank indebtedness outstanding [March 31, 2019 – \$9.6 million].

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

The following table summarizes Canaccord Genuity Group's long-term contractual obligations on March 31, 2020:

(C\$ thousands)	Total	Fiscal 2021	Fiscal 2022 – Fiscal 2023	Fiscal 2024 and thereafter
Premises and equipment operating leases	134,894	29,899	49,843	55,152
Bank loan ⁽¹⁾	94,183	9,503	33,851	50,829
Convertible debenture ⁽²⁾	165,906	8,295	16,591	141,020
Total contractual obligations	394,983	47,697	100,285	247,001

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale and £15,000,000 for the acquisition of Thomas Miller. The bank loan bears interest at 2.6584% per annum and is repayable in instalments of principal and interest over four years and matures in September of 2023. The current balance outstanding net of unamortized financing fees is £49.0 million.

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

Liquidity and Capital Resources

The Company has a capital structure comprised of the equity portion of the convertible debentures, preferred shares, common shares, contributed surplus, retained deficit and accumulated other comprehensive income. On March 31, 2020, cash and cash equivalents were \$997.1 million, an increase of \$176.4 million from \$820.7 million as of March 31, 2019. During the year ended March 31, 2020, financing activities used cash in the amount of \$143.9 million, mainly due to purchases of common shares for the LTIP (\$39.8 million), cash dividends paid on the preferred and common shares (\$41.9 million) and lease payments of \$31.7 million, partially offset by proceeds from the bank loan (\$26.3 million). Investing activities used cash in the amount of \$49.9 million mainly for the acquisitions of Thomas Miller, and Patersons during the year. Operating activities generated cash of \$365.2 million, which was largely due to changes in non-cash working capital. An increase in cash of \$5.0 million was attributable to the effect of foreign exchange translation on cash balances.

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

Preferred Shares

SERIES A PREFERRED SHARES

In fiscal 2012, the Company issued 4,540,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A (Series A Preferred Shares) at a purchase price of \$25.00 per share for gross proceeds of \$113.5 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of \$1.0 million, was \$110.8 million.

Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 5.5% for the initial five-year period ended on September 30, 2016. Commencing October 1, 2016 and ending on and including September 30, 2021, quarterly cumulative dividends, if declared, will be paid at an annual rate of 3.885%. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 3.21%.

Holders of Series A Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and have the option on September 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of September 15, 2016 was below the minimum required to proceed with the conversion and, accordingly, no Series B Preferred Shares were issued. Series B Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

The Company had the option to redeem the Series A Preferred Shares on September 30, 2016, and has the option to redeem on September 30 every five years thereafter, in whole or in part, at \$25.00 per share together with all declared and unpaid dividends.

SERIES C PREFERRED SHARES

In fiscal 2013, the Company issued 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series C (Series C Preferred Shares) at a purchase price of \$25.00 per share for gross proceeds of \$100.0 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of \$1.0 million, was \$97.5 million.

Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 5.75% for the initial five-year period ended on June 30, 2017. Commencing July 1, 2017 and ending on and including June 30, 2022, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.993%. Thereafter, 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 Shares), subject to certain conditions, on June 30, 2017 and have the option on June 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of June 30, 2017 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, 2017 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.

CONVERTIBLE DEBENTURES

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

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

Outstanding Share Data

	Outstanding shares as of March 31	
	2020	2019
Preferred shares		
Series A – issued shares outstanding	4,540,000	4,540,000
Series C – issued shares outstanding	4,000,000	4,000,000
Common shares		
Issued shares excluding unvested shares ⁽¹⁾	93,464,251	97,580,334
Issued shares outstanding ⁽²⁾	107,812,361	115,616,744
Issued shares outstanding – diluted ⁽³⁾	130,722,846	140,241,098
Average shares outstanding – basic	98,449,097	96,259,582
Average shares outstanding – diluted ⁽⁴⁾	128,302,744	130,943,743
Average shares outstanding – diluted, excluding significant items ⁽⁴⁾⁽⁵⁾	128,302,744	130,943,743

(1) Excludes 284,645 outstanding unvested shares related to share purchase loans for recruitment and 14,063,465 unvested shares purchased by the employee benefit trusts for the LTIP.

(2) Includes 284,645 unvested shares related to share purchase loans for recruitment and 14,063,465 unvested shares purchased by the employee benefit trusts for the LTIP.

(3) Includes 22,910,485 of share issuance commitments net of forfeitures.

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

(5) See Non-IFRS Measures on page 14. This is the diluted share number used to calculate diluted EPS on an excluding significant items basis.

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

On August 12, 2019, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the Notice. During the year ended March 31, 2020, there were 1,467,656 shares purchased and cancelled under the NCIB.

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

The ability to make purchases under the current NCIB commenced on August 15, 2019 and will continue for one year (to August 14, 2020) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 60,212 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2019 to July 2019).

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

ISSUANCE AND CANCELLATION OF COMMON SHARE CAPITAL

Balance, March 31, 2019	115,616,744
Shares issued in connection with share-based payment plans	54,236
Shares issued in connection with acquisition of Petsky Prunier	736,850
Shares issued in connection with exercise of private placement warrants	144,914
Shares purchased and cancelled under substantial issuer bid	(7,272,727)
Shares purchased and cancelled under the normal course issuer bid	(1,467,656)
Balance, March 31, 2020	107,813,361

Share-Based Payment Plans

LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP), eligible participants are awarded restricted share units (RSUs), which generally vest over three years. For employees in Canada, the United States, Channel Islands, Australia and the United Kingdom, employee benefit trusts (the Trusts) have been established. The Company or certain of its subsidiaries, as the case may be, fund the Trusts 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.

FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides loans to certain employees (other than directors or executive officers) for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers. No interest is charged in relation to the share purchase loans.

REPLACEMENT PLANS

As a result of the acquisition of Collins Stewart Hawkpoint plc (CSHP), the Company introduced the Replacement Annual Bonus Equity Deferral (ABED) plan, which replaced the ABED plans that existed at CSHP as of the acquisition date. Eligible employees who participated in the CSHP ABED plan were granted awards under the Replacement ABED plan. In addition, the Company introduced the Replacement Long-Term Incentive Plan, which replaced the existing LTIPs at CSHP as of the acquisition date for eligible employees.

DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share unit (DSU) plan for its independent directors. From August 7, 2020, half of the independent directors' annual fee was paid in the form of DSUs. Directors may elect annually to use more of their directors' fees for DSUs. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash with the amount equal to the number of DSUs held multiplied by the volume weighted average price of the Company's common shares for the ten trading days immediately preceding the first publication of interim financial statements and management's discussion and analysis for the fiscal quarter of the Company next ending following the director's leaving. Under the plan, the directors are not entitled to receive any common shares in the Company, and under no circumstances will DSUs confer on any participant any of the rights or privileges of a holder of common shares.

PERFORMANCE SHARE UNITS

Beginning March 31, 2018, 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 determined upon performance against certain pre-determined metrics. The PSUs cliff vest on the third anniversary of the date of the grant. The PSUs are settled in cash, based on the share price of the Company's shares at the time of vesting.

PERFORMANCE SHARE OPTIONS

On June 1, 2018, the Company created a performance share option ("PSO") plan that was approved at the Company's Annual General Meeting held on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The options have an exercise price of \$6.73 per share. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of \$7.067. On June 12, 2019, the Company granted 100,000 options on the same terms as the June 14, 2018 grant (including a five-year term from June 14, 2018). For accounting purposes under IFRS 2, the grant date of the initial PSOs is August 2, 2018, being the date the PSO plan was approved at the Annual General Meeting. The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). The PSOs will expire on June 14, 2023.

OTHER SHARE-BASED PAYMENT PLAN

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

OTHER RETENTION AND INCENTIVE PLANS

There were other retention and incentive plans, including the employee stock purchase plan, with individual employees, for which the amount incurred was not significant in the aggregate.

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.

The Company's trading subsidiaries and intermediate holding companies are listed in the following table:

	Country of incorporation	% equity interest	
		March 31, 2020	March 31, 2019
Canaccord Genuity Corp.	Canada	100%	100%
CG Investments Inc.	Canada	100%	100%
CG Investments Inc. III	Canada	100%	100%
Jitneytrade Inc.	Canada	100%	100%
Finlogik Inc.	Canada	100%	100%
Finlogik Inc. Tunisia SARL	Tunisia	75%	75%
Canaccord Genuity SAS	France	100%	100%
Canaccord Genuity Wealth (International) Limited	Guernsey	100%	100%
Canaccord Genuity Financial Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth (International) Holdings Limited	Guernsey	100%	100%
Hargreave Hale Limited	United Kingdom	100%	100%
CG McCarthy Taylor Ltd.	United Kingdom	100%	100%
CG Wealth Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Holdings Ltd.	Canada	100%	100%
Canaccord Genuity LLC	United States	100%	100%
Canaccord Genuity Wealth Management (USA) Inc.	United States	100%	100%
Canaccord Genuity Wealth & Estate Planning Services Ltd.	Canada	100%	100%
Canaccord Genuity Petsky Prunier LLC	United States	100%	100%
Canaccord Asset Management Inc.	Canada	100%	100%
Canaccord Adams Financial Group Inc.	United States	100%	100%
Collins Stewart Inc.	United States	100%	100%
Canaccord Adams BC ULC	Canada	100%	100%
Canaccord Genuity Finance Corp.	Canada	100%	100%
Canaccord Adams Finance Company ULC	Canada	100%	100%
Canaccord Adams Finance Company LLC	United States	100%	100%
Canaccord Adams (Delaware) Inc.	United States	100%	100%
Canaccord Genuity Securities LLC	United States	100%	100%
Stockwave Equities Ltd.	Canada	100%	100%
CLD Financial Opportunities Limited	Canada	100%	100%
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Financial Group (Australia) Pty Ltd*	Australia	80%	80%
Canaccord Genuity (Australia) Limited*	Australia	80%	80%
Canaccord Genuity Financial Limited*	Australia	80%	80%
Canaccord Genuity Asia (Beijing) Limited	China	100%	100%
加通亚洲(北京)投资顾问有限公司			
The Balloch Group Limited	British Virgin Islands	100%	100%
Canaccord Genuity Asia (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Genuity (Dubai) Ltd.	United Arab Emirates	100%	100%
Canaccord Genuity SG Pte. Ltd.	Singapore	100%	100%
Canaccord Genuity Wealth Group Holdings (Jersey) Limited	Jersey	100%	100%
Canaccord Genuity Hawkpoint Limited	United Kingdom	100%	100%
Canaccord Genuity Management Company Limited	Ireland	100%	100%

* The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., Canaccord Genuity (Australia) Limited, and Canaccord Genuity Financial Limited, but for accounting purposes, as of March 31, 2020 the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2019 – 85%] [Note 8].

Security trades executed for employees, officers and directors of Canaccord Genuity Group Inc. 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 Canaccord Genuity Group Inc.

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans, a long-term incentive plan, a PSU plan and a PSO plan. Independent directors have also been granted DSUs.

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2020 and March 31, 2019.

(in thousands)	March 31, 2020	March 31, 2019
Short term employee benefits	\$ 12,877	\$ 10,167
Share-based payments	1,068	2,656
Total compensation paid to key management personnel	\$ 13,945	\$ 12,823

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

(in thousands)	March 31, 2020	March 31, 2019
Accounts receivable	\$ 2,328	\$ 837
Accounts payable and accrued liabilities	\$ 980	\$ 942

Critical Accounting Policies and Estimates

The following is a summary of Canaccord Genuity Group's critical accounting estimates. The Company's significant accounting policies are in accordance with IFRS and are described in Note 5 to the audited consolidated financial statements for the year ended March 31, 2020. The Company's consolidated financial statements for the years ended March 31, 2020 and 2019 were also prepared in accordance with IFRS.

The preparation of the March 31, 2020 audited consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Patersons Securities Limited and Thomas Miller Wealth Management and Thomas Miller Investment (Isle of Man) Limited.

The economic uncertainty related to the outbreak of COVID-19 and the declaration of a pandemic by the World Health Organization in March 2020 has cast additional uncertainty on the assumptions used by management in making its judgements and estimates. In response to the economic conditions caused by the pandemic, governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize the economy. The duration and impact of the COVID-19 outbreak and the efficacy of the government and central bank interventions is unknown at this time. Accordingly, it is not possible to reliably estimate the length and severity of these developments and the impact that the COVID-19 pandemic will have on the financial results and condition of the Company in future periods and the impact that such developments may have on the assumptions used by management in making its judgements and estimates.

Significant accounting policies used and policies requiring management's judgment and estimates are disclosed in Notes 2 and 5 of the audited consolidated financial statements for the year ended March 31, 2020.

CONSOLIDATION

The Company owns 80% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) and Canaccord Genuity Financial Limited as at March 31, 2020. The Company also completed an evaluation of its contractual arrangements with the other shareholders of CGAL and the control it has over the financial and operating policies of CGAL and determined it should consolidate under IFRS 10, "Consolidated Financial Statements" (IFRS 10), as at March 31, 2020 and 2019. Therefore, the financial position, financial performance and cash flows of CGAL have been consolidated. Although the Company owns 80% of the issued shares of CGAL as at March 31, 2020, for accounting purposes, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. Accordingly, the Company has consolidated the entity and recognized a 15% non-controlling interest, which represents the portion of CGAL's net identifiable assets not owned by the Company. Net income and each component of other comprehensive income are attributed to the non-controlling interest and to the owners of the parent.

The Company has established employee benefit trusts, which are considered special purpose entities (SPEs), to fulfill obligations to employees arising from the Company's share-based payment plans. The employee benefit trusts have been consolidated in accordance with IFRS 10 since their activities are conducted on behalf of the Company, and the Company retains the majority of the benefits and risks of the employee benefit trusts.

INTANGIBLE ASSETS

Identifiable intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to their fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of identifiable intangible assets are assessed to be either finite or indefinite. Identifiable intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the identifiable intangible asset may be impaired. The amortization period and the amortization method for an identifiable intangible asset are reviewed at least annually, at each financial year end. Identifiable intangible assets with indefinite useful lives are not amortized but are tested for impairment annually.

Technology development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate that the technical feasibility of the asset for use has been established. The asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, and the impairment is recognized in the consolidated statements of operations.

In assessing fair value less costs to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company bases its impairment calculation on annual budget calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budget calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statements of operations in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment at least annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at March 31 at the CGU level and when circumstances indicate that the carrying value may be impaired.

REVENUE RECOGNITION

Revenue is recognized either at a point in time when a single performance obligation is satisfied at once or over the period of time when a performance obligation is received and utilized by the customer over that period. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent. The main types of revenue contracts are as follows:

Commissions and fees revenue consist of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded net of

commission revenue. Facilitation losses for the year ended March 31, 2020 were \$14.8 million [2019 – \$6.4 million]. Commissions are recognized at a point in time (trade date) as the performance obligation is satisfied.

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. The act of underwriting the securities is the sole performance obligation and revenue is recognized at the point in time when the underwriting transaction is complete.

Advisory fees consist of ongoing management and advisory fees that are recognized over the period of time that this performance obligation is delivered. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized at the point in time when the underlying transaction is substantially completed under the engagement terms and it is probable that a significant revenue reversal will not occur.

Principal trading revenue consists of income earned in connection with principal trading operations and is outside the scope of IFRS 15.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest and dividend revenue is outside the scope of IFRS 15.

Other revenue includes foreign exchange gains or losses, revenue earned from correspondent brokerage services and administrative fee revenue.

INCOME TAXES

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of operations.

Deferred tax

Deferred taxes are accounted for using the liability method. This method requires that deferred taxes reflect the expected deferred tax effect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial statement purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and carryforward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the statements of operations except where it relates to items that may be credited directly to equity, in which case the deferred tax is recognized directly against equity.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except where the amount of sales tax incurred is not recoverable from the tax authority. In these circumstances, sales tax is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of accounts receivable or accounts payable in the consolidated statements of financial position.

SHARE-BASED PAYMENTS

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The participating employees

are eligible to receive shares that generally vest over three years (the RSUs). This program is referred to as the Long-Term Incentive Plan (the "LTIP" or the "Plan").

Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). Certain executives may also receive performance stock options (PSOs) as part of their remuneration, which are equity-settled. Beginning for the year ended March 31, 2018, certain senior executives receive performance share units (PSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions).

The dilutive effect, if any, of outstanding options and share-based payments is reflected as additional share dilution in the computation of diluted earnings (loss) per common share.

Equity-settled transactions

For equity-settled transactions, the Company measures the fair value of share-based awards as of the grant date.

RSUs used by the plan to vest 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. Because of this change, the Company determined that the awards do not meet the criteria for an in-substance service condition, as defined by IFRS 2. Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle are expensed in the period in which those awards are deemed to be earned with a corresponding increase in contributed surplus, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year.

For certain awards, typically new hire awards or retention awards, vesting is subject to continued employment and therefore these awards are subject to a continuing service requirement. Accordingly, the Company recognizes the cost as an expense on a graded basis over the applicable vesting period with a corresponding increase in contributed surplus. The Company estimates the number of equity instruments that will ultimately vest when calculating the expense attributable to equity-settled transactions. No expense is recognized for awards that do not ultimately vest.

When share-based awards vest, contributed surplus is reduced by the applicable amount and share capital is increased by the same amount.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair values of DSUs and PSUs are expensed upon grant, as there are no vesting conditions. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES

The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each subsidiary of the Company determines its own functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company and its subsidiaries at their respective functional currencies using exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at the exchange rate in effect at the reporting date. All differences upon translation are recognized in the consolidated statements of operations.

Non-monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at historical rates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates in effect at the date when the fair value is determined.

Translation of foreign subsidiaries

Assets and liabilities of foreign subsidiaries with a functional currency other than the Canadian dollar are translated into Canadian dollars at rates prevailing at the reporting date, and income and expenses are translated at average exchange rates prevailing during the period. Unrealized gains or losses arising as a result of the translation of the foreign subsidiaries are recorded in accumulated other comprehensive income (loss). On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statements of operations.

The Company also has monetary assets and liabilities that are receivable or payable from a foreign operation. If settlement of the receivable or payable is neither planned nor likely to occur in the foreseeable future, the differences upon translation are recognized in accumulated other comprehensive income (loss) as these receivables and payables form part of the net investment in the foreign operation.

PROVISIONS

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statements of operations net of any reimbursement. If the effect of the time value of money is significant, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Financial Instruments

A significant portion of the Company's assets and liabilities are composed of financial instruments. The Company uses financial instruments for both trading and non-trading activities. The Company engages in trading activities which include the purchase and sale of securities in the course of facilitating client trades and taking principal trading positions with the objective of earning a profit.

The use of financial instruments may either introduce or mitigate exposures to market, credit and/or liquidity risks. See Risk Management in this MD&A for details on how these risks are managed. For significant assumptions made in determining the valuation of financial and other instruments, refer to Critical Accounting Policies and Estimates in this MD&A. For additional information regarding the Company's financial instruments, refer to Note 7 of the audited consolidated financial statements for the year ended March 31, 2020.

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. On March 31, 2020, forward contracts outstanding to sell US dollars had a notional amount of US\$2.1 million, an increase of US\$1.9 million compared to March 31, 2019. Forward contracts outstanding to buy US dollars had a notional amount of US\$0.8 million, a decrease of US\$4.8 million from March 31, 2019. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

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

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

FUTURES

The Company's Canadian operations are involved in trading various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations have traditionally engaged in the trading of Canadian and US government bond futures contracts to mitigate its risk. At March 31, 2020, the notional amount of the bond futures contracts outstanding was long \$29.9 million [March 31, 2019 – long \$0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. There were no outstanding US Treasury futures contracts outstanding as at March 31, 2020 and March 31, 2019.

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

Adoption of New and Revised Standards

IFRS 16, LEASES

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

Where an arrangement meets the IFRS 16 definition of a lease, at the commencement a loan obligation for future lease payables will be recognized together with a non-current asset representing the right to use the underlying asset during the lease term. In place of the lease rental expense in the consolidated statement of operations, lease costs will be recognized in the form of

amortization of the right-of-use asset and interest on the lease liability. IFRS 16 also has the effect of skewing expenses towards the earlier years of a lease (when the outstanding lease liability, and thus interest expense, is higher), although both the total expense and cash flows during the life of a lease are identical under IFRS 16 and IAS 17.

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

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

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

As at April 1, 2019, the Company has recognized in its consolidated statement of financial position the right of use assets and corresponding lease liabilities of \$112.7 million and \$121.5 million, respectively. For the year ended March 31, 2020, the Company recorded amortization expense related to the ROU assets of \$22.9 million and interest expense related to the lease liabilities of \$7.2 million.

IFRIC 23 Interpretation 23 Uncertainty over Income Tax Treatment

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

- (1) Whether an entity considers uncertain tax treatments separately
- (2) The assumptions an entity makes about the examination of tax treatments by taxation authorities
- (3) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- (4) How an entity considers changes in facts and circumstances

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

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

Upon adoption of the Interpretation as of April 1, 2019, the Company considered whether it has any uncertain tax positions, and determined, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements for the year ended March 31, 2020.

Amendments to IAS 12 Income Taxes

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

The Company adopted the amendments to IAS 12 commencing on April 1, 2019. Since the Company's current practice is in line with these amendments, they had no impact on the consolidated financial statements for the year ended March 31, 2020.

Future Changes in Accounting Policies and Estimates

The Company monitors the potential changes proposed by the International Accounting Standards Board on an ongoing basis and analyzes the effect that changes in the standards may have on the Company's operations.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no standards issued, which may be reasonably expected to materially impact upon the Company's financial statements, but which are not yet effective as of March 31, 2020.

Please see Note 4 of the audited consolidated financial statements for the year ended March 31, 2020.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of March 31, 2020, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of and during the fiscal year ended March 31, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President & CEO and the Executive Vice President & Chief Financial Officer, has designed internal control over financial reporting as defined under *National Instrument 52-109* to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that the Company's internal control over financial reporting was designed and operating effectively as of and during the year ended March 31, 2020 and that there were no material weaknesses in our internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in internal control over financial reporting that occurred during the year ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risk Management

OVERVIEW

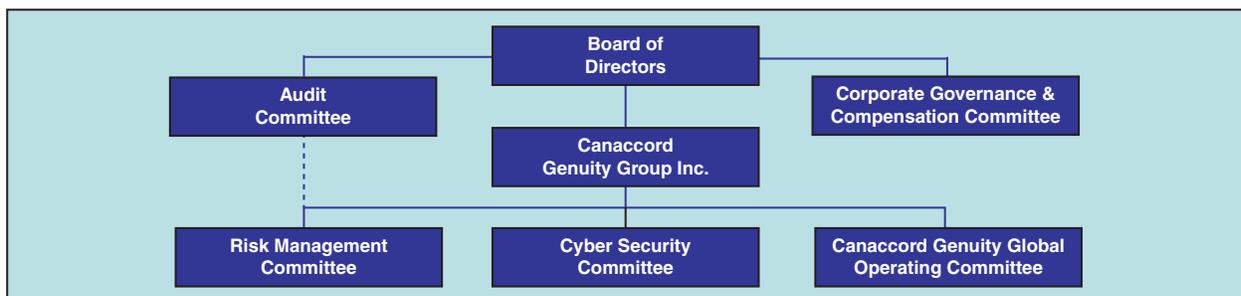
Uncertainty and risk are inherent when conducting operations within financial markets. As an active participant in the Canadian and international capital markets, the Company is exposed to risks that could result in financial losses. The Company has identified its principal risks as: market risk, credit risk, operational risk and other risks. Accordingly, risk management and control of the balance between risk and return are critical elements in maintaining the Company's financial stability and profitability. Therefore, an effective risk management framework is integral to the success of Canaccord Genuity Group Inc.

RISK MANAGEMENT STRUCTURE AND GOVERNANCE

The Company's disciplined risk management process encompasses a number of functional areas and requires frequent communication, judgment and knowledge of the business, products and markets. The Company's senior management is actively involved in the risk management process and has developed policies, procedures and reports that enable the Company to assess and control its risks. These policies and procedures are subject to ongoing review and modification as activities, markets and circumstances change.

As part of the Company's risk philosophy, the first line of responsibility for managing risk lies with branch managers, department heads and trading desk managers (within prescribed limits). The monitoring and control of the Company's risk exposure is conducted through a variety of separate, but complementary, financial, credit, operational, compliance and legal reporting systems.

The Company's governance structure includes the following elements:



The Board of Directors (the Board) has oversight of the company-wide risk management framework. These responsibilities are delegated to the Audit and Risk Management Committees. See the company's current Annual Information Form (AIF) for details of the Audit Committee's mandate as it relates to risk management.

The Audit Committee assists the Board in fulfilling its oversight responsibility by monitoring the effectiveness of internal controls and the control environment. It also receives and reviews various quarterly and annual updates, and reports on key risk metrics as well as the overall risk management program.

The Risk Management Committee assists the Board in fulfilling its responsibilities for monitoring risk exposures against the defined risk appetite and for general oversight of the risk management process. The Risk Management Committee is led by the firm's Chief Risk Officer and committee members include the CEO, the CFO and senior management representation from the key revenue-producing businesses and functional areas of the Company. The Risk Management Committee identifies, measures and monitors the principal risks facing the business through review and approval of the Company's risk appetite, policies, procedures and limits/thresholds.

The segregation of duties and management oversight are important aspects of the Company's risk management framework. The Company has a number of functions that are independent of the revenue-producing businesses that perform risk management activities, including the monitoring, evaluating and analyzing of risk. These functions include Enterprise Risk Management, Compliance, Operations, Internal Audit, Treasury, Finance, Information Technology and Legal.

The Company's global Cybersecurity Committee exists to help identify, monitor and manage risks specific to the company's information networks, data and internal systems. This committee is chaired by the firm's Chief Risk Officer and committee members include senior IT management from across the firm, as well as representation from Legal, Compliance, Internal Audit and Operations. The Cybersecurity Committee is focused on issues such as cybersecurity risk assessment, IT safeguards and controls, risks related to third-party service providers, employee training and awareness and incident response planning.

MARKET RISK

Market risk is the risk that a change in market prices and/or any of the underlying market factors will result in losses. Each business area is responsible for ensuring that their market risk exposure is prudent within a set of risk limits set by the Risk Management Committee and approved by the Audit Committee. In addition, the Company has established procedures to ensure that risks are measured, closely monitored, controlled and visible to senior levels of management.

The Company is exposed to equity price risk, liquidity risk and volatility risk as a result of its principal trading activities in listed options and equity securities. The Company is also exposed to specific interest rate risk, credit spread risk and liquidity risk in respect of its principal trading in fixed income securities. In addition to active supervision and review of trading activities by senior management, Canaccord Genuity Group mitigates its risk exposure through a variety of limits to control concentration, capital allocation and usage, as well as through trading policies and guidelines. The Company manages and monitors its risks in this area using both qualitative and quantitative measures, on a company-wide basis, as well as by trading desk. Management regularly reviews and monitors inventory levels and positions, trading results, liquidity profile, position aging and concentration levels. Canaccord Genuity Group also utilizes scenario analysis and a Value-at-Risk (VaR) risk measurement system for its equity and fixed income and derivative inventories. Consequently, the Company can ensure that it is adequately diversified with respect to market risk factors and that trading activity is within the risk tolerance levels established by senior management.

CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The primary source for credit risk to Canaccord Genuity Group is in connection with trading activity by clients in the Jitneytrade trade business acquired by the Company in fiscal 2019 (now rebranded as CG Direct) and Canaccord Genuity Wealth Management business segments, including client margin accounts. In order to minimize financial exposure in this area, the Company applies a set of credit standards and conducts financial reviews with respect to clients and new accounts.

The Company provides financing to clients by way of margin lending. In margin-based lending, the Company extends credit for a portion of the market value of the securities in a client's account, up to certain limits. The margin loans are collateralized by those securities in the client's account. In connection with this lending activity, the Company faces a risk of financial loss in the event that a client fails to meet a margin call if market prices for securities held as collateral decline and if the Company is unable to recover sufficient value from the collateral held. For margin lending purposes, the Company has established risk-based limits that are generally more restrictive than those required by applicable regulatory policies. In addition, the Company has established limits to how much it will lend against an individual security or group of securities in a single sector so as to limit credit concentration risk.

Trading strategies involving derivative products, such as exchange traded options and futures carry certain levels of risk to the Company. Due to the non-linear and intrinsically leveraged nature of derivative securities, the speed at which their value changes is exacerbated, thereby potentially triggering margin calls and client-related losses. Although the Company imposes strict limits on clients trading and monitors client exposure on a real-time basis there is no certainty that such procedures will be effective in eliminating or reducing the risk of losses to the Company.

The extension of credit via margin lending is overseen by the firm's Credit Committee. The Committee meets regularly to review and discuss the firm's credit risks, including large individual loans, collateral quality, loan coverage ratios and concentration risk. The Committee will also meet, as required, to discuss any new loan arrangements proposed by senior management.

The Company also faces a risk of financial loss with respect to trading activity by clients if such trading results in overdue or unpaid amounts in under-secured cash accounts. The Company has developed a number of controls within its automated trade order management system to ensure that trading by individual account and advisor is done in accordance with customized limits and risk parameters.

The Company is engaged in various trading and brokerage activities whose counterparties primarily include broker dealers, banks, clearing agents, exchanges, financial intermediaries and other financial institutions. These activities include agency and principal trading, securities borrowing and lending, and entering into repurchase agreements and reverse repurchase agreements. In the event that counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty and/or the issuer of the instrument. The Company manages this risk by imposing and monitoring individual and aggregate trading and position limits within each business segment, for each counterparty, conducting regular credit reviews of financial counterparties, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions, and conducting business through clearing organizations that guarantee performance.

The Company records a provision for bad debts in general and administrative expense. Any actual losses arising from or associated with client trading activity as described above are charged to this provision. Historically, this provision has been sufficient to cover actual losses.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events such as the occurrence of disasters or security threats. Operational risk exists in all of the Company's activities, including processes, systems and controls used to manage other risks. Failure to manage operational risk can result in financial loss, reputational damage, regulatory fines and failure to manage market, credit or other risks.

The Company operates in different markets and relies on its employees and systems to process a high number of transactions. In order to mitigate this risk, the Company has developed a system of internal controls and checks and balances at appropriate levels, which includes overnight trade reconciliation, control procedures related to clearing and settlement, transaction and daily value limits within all trading applications, cash controls, physical security, independent review procedures, documentation standards, billing and collection procedures, and authorization and processing controls for transactions and accounts. In addition, the Company has implemented an operational risk program that helps Canaccord Genuity Group measure, manage, report and monitor operational risk issues (see RCSA below). The Company also has disaster recovery procedures, business continuity plans and built-in redundancies in place in the event of a systems or technological failure. In addition, the Company utilizes third party service agreements and security audits where appropriate.

Risk and Control Self-Assessment (RCSA)

The purpose of RCSAs is to:

- Identify and assess key risks inherent to the business and categorize them based on severity and frequency of occurrence
- Rate the effectiveness of the control environment associated with the key risks
- Mitigate the risks through the identification of action plans to improve the control environment where appropriate
- Provide management with a consistent approach to articulate and communicate the risk profiles of their areas of responsibility
- Meet regulatory requirements and industry standards

The Company has established a process to determine what the strategic objectives of each group/unit/department are and identify, assess and quantify operational risks that hinder the Company's ability to achieve those objectives. The RCSA results are specifically used to calculate the operational risk regulatory capital requirements for operations in the UK and operational risk exposure in all geographies. The RCSAs are periodically updated and results are reported to the Risk Management and Audit Committees.

OTHER RISKS

Other risks encompass those risks that can have an adverse material impact on the business but do not belong to market, credit or operational risk categories.

Regulatory and legal risk

Regulatory risk results from non-compliance with regulatory requirements, which could lead to fines and/or sanctions. The Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements in each jurisdiction in which it operates. These procedures address issues such as regulatory capital requirements, disclosure requirements, internal controls over financial reporting, sales and trading practices, use of and safekeeping of client funds, use of and safekeeping of client data, credit granting, collection activity, anti-money laundering, insider trading, employee misconduct, conflicts of interest and recordkeeping.

Legal risk results from potential criminal, civil or regulatory litigation against the Company that could materially affect the Company's business, operations or financial condition. The Company has in-house legal counsel, as well as access to external legal counsel, to assist the Company in addressing legal matters related to operations and to defend the Company's interests in various legal actions.

Losses or costs associated with routine regulatory and legal matters are included in general and administrative expense in the Company's audited 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.

Cybersecurity risk

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

Reputational risk

Reputational risk is the risk that an activity undertaken, or alleged to have been undertaken, by an organization or its representatives will impair its image in the community or lower public confidence in it, resulting in a loss of revenue, legal action or increased regulatory oversight. Possible sources of reputational risk could come from operational failures, non-compliance with laws and regulations, disparaging traditional or online media coverage, or leading an unsuccessful financing. The Company could face reputational risk through its association with past or present corporate finance clients who are the subject of regulatory and/or legal scrutiny. Reputational risk can also be reflected within customer satisfaction and external ratings, such as equity analyst reports. In addition to its various risk management policies, controls and procedures, the Company has a formal Code of Business Conduct and Ethics, a Business Integrity Line for reporting incidents, and an integrated program of marketing, branding, communications and investor relations to help manage and support the Company's reputation.

Pandemic risk

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 move 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.

Control risk

As of March 31, 2020, senior officers and directors of the Company collectively owned approximately 13.1% of the issued and outstanding (17.9% fully diluted) common shares of Canaccord Genuity Group Inc. If a sufficient number of these shareholders act or vote together, they will have the power to exercise significant influence over all matters requiring shareholder approval, including the election of the Company's directors, amendments to its articles, amalgamations and plans of arrangement under Canadian law and mergers or sales of substantially all of its assets. This could prevent Canaccord Genuity Group from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a tender offer or takeover bid to acquire any or all of the outstanding common shares of the Company.

Any significant change in these shareholdings through sale or other disposition, or significant acquisitions by others of the common shares in the public market or by way of private transactions, could result in a change of control and changes in business focus or practices that could affect the profitability of the Company's business.

Restrictions on ownership and transfer of common shares

Restrictions on ownership and transfer of common shares in the articles of Canaccord Genuity Group Inc. to prevent unauthorized change in control without regulatory approval could, in certain cases, affect the marketability and liquidity of the common shares.

Risk factors

For a detailed list of the risk factors that are relevant to the Company's business and the industry in which it operates, see the Risk Factors section in the Company's current AIF. Risks include, but are not necessarily limited to, those listed in the AIF. Investors should carefully consider the information about risks, together with the other information in this document, before making investment decisions. It should be noted that this list is not exhaustive, but contains risks that the Company considers to be of particular relevance. Other risk factors may apply.

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

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 June 2, 2020, the Board of Directors approved a dividend of \$0.05 per common share, payable on June 30, 2020, with a record date of June 19, 2020.

On June 2, 2020, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on June 30, 2020 to Series A Preferred shareholders of record as at June 19, 2020.

On June 2, 2020, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on June 30, 2020 to Series C Preferred shareholders of record as at June 19, 2020.

Additional Information

Additional information relating to Canaccord Genuity Group Inc., including our Annual Information Form, is available on our website at www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx and on SEDAR at www.sedar.com.

Independent Auditors' Report

To the Shareholders of
Canaccord Genuity Group Inc.

Opinion

We have audited the consolidated financial statements of **Canaccord Genuity Group Inc.** and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Canaccord Genuity Group Inc.** as at March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andre de Haan.

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 2, 2020

Canaccord Genuity Group Inc. Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	March 31, 2020 \$	March 31, 2019 \$
ASSETS			
Current			
Cash and cash equivalents		\$ 997,111	\$ 820,739
Securities owned	6, 7	931,467	690,499
Accounts receivable	9, 24	3,275,841	2,656,664
Income taxes receivable		5,603	2,502
Total current assets		5,210,022	4,170,404
Deferred tax assets	15	39,487	22,117
Investments	10	10,105	6,224
Equipment and leasehold improvements	11	24,860	25,792
Intangible assets	14	170,170	154,521
Goodwill	14	395,417	370,236
Right of use assets	12	106,134	—
Total assets		\$ 5,956,195	\$ 4,749,294
LIABILITIES AND EQUITY			
Current			
Bank indebtedness	7	\$ —	\$ 9,639
Securities sold short	6, 7	875,017	373,419
Accounts payable and accrued liabilities	9, 24	3,673,451	3,123,765
Provisions	28	6,735	18,212
Income taxes payable		11,721	5,415
Subordinated debt	16	7,500	7,500
Current portion of bank loan	17	7,042	9,294
Current portion of lease liabilities	18	23,417	—
Current portion of contingent consideration		57,859	—
Total current liabilities		4,662,742	3,547,244
Deferred tax liabilities	15	9,903	7,978
Convertible debentures	19	128,322	127,225
Deferred consideration	7, 13	8,966	22,225
Contingent consideration	7, 13	47,614	108,319
Promissory note	7, 8	—	5,832
Other long-term liability	23	1,760	1,741
Bank loan	17	79,192	50,370
Lease liabilities	18	88,922	—
Total liabilities		5,027,421	3,870,934
Equity			
Preferred shares	20	205,641	205,641
Common shares	21	663,553	672,896
Equity portion of convertible debentures	19	5,156	5,156
Warrants	21	—	1,975
Contributed surplus		101,501	124,710
Deferred consideration		6,545	—
Retained deficit		(193,131)	(237,770)
Accumulated other comprehensive income		139,353	103,755
Total shareholders' equity		928,618	876,363
Non-controlling interests	8	156	1,997
Total equity		928,774	878,360
Total liabilities and shareholders' equity		\$ 5,956,195	\$ 4,749,294

See accompanying notes

On behalf of the Board:

"Daniel Daviau"

"Terrence A. Lyons"

DANIEL DAVIAU

TERRENCE A. LYONS

Director

Director

Canaccord Genuity Group Inc. Consolidated Statements of Operations

For the years ended (in thousands of Canadian dollars, except per share amounts)	Notes	March 31, 2020 \$	March 31, 2019 \$
REVENUE			
Commissions and fees		586,884	556,475
Investment banking		236,962	294,241
Advisory fees		206,507	142,228
Principal trading		108,834	125,830
Interest		63,690	51,008
Other		20,990	20,785
		1,223,867	1,190,567
EXPENSES			
Compensation expense		738,313	716,625
Trading costs		83,964	83,577
Premises and equipment		18,094	41,719
Communication and technology		66,666	64,930
Interest		33,678	25,453
General and administrative		113,612	100,768
Amortization	11, 14	32,594	24,280
Amortization of right of use assets	12	22,866	—
Development costs		12,053	15,513
Restructuring costs	28	1,921	13,070
Acquisition-related costs		(124)	3,064
Loss on extinguishment of convertible debentures	19	—	8,608
Share of loss of an associate		207	304
		1,123,844	1,097,911
Income before income taxes		100,023	92,656
Income tax expense (recovery)	15		
Current		29,344	31,611
Deferred		(15,875)	(10,537)
		13,469	21,074
Net income for the year		86,554	71,582
Net income attributable to:			
CGGI shareholders		\$ 86,490	\$ 70,530
Non-controlling interests	8	\$ 64	\$ 1,052
Weighted average number of common shares outstanding (thousands)			
Basic	21	98,449	96,260
Diluted	21	128,303	130,944
Income per common share			
Basic	21	\$ 0.78	\$ 0.58
Diluted	21	\$ 0.65	\$ 0.48
Dividend per Series A Preferred Share	22	\$ 0.97	\$ 0.97
Dividend per Series C Preferred Share	22	\$ 1.25	\$ 1.25
Dividend per common share	22	\$ 0.20	\$ 0.20

See accompanying notes

Canaccord Genuity Group Inc. Consolidated Statements of Comprehensive Income

For the years ended (in thousands of Canadian dollars)	March 31, 2020 \$	March 31, 2019 \$
Net income for the year	\$ 86,554	\$ 71,582
Other comprehensive income		
Net change in valuation of available for sale investments, net of tax	—	443
Net change in unrealized gains (losses) on translation of foreign operations, net of tax	36,745	(9,448)
Comprehensive income for the year	\$ 123,299	\$ 62,577
Comprehensive income attributable to:		
CGI shareholders	\$ 122,088	\$ 60,953
Non-controlling interests	\$ 1,211	\$ 1,624

See accompanying notes

Canaccord Genuity Group Inc. Consolidated Statements of Changes in Equity

As at and for the years ended (in thousands of Canadian dollars)	Notes	March 31, 2020 \$	March 31, 2019 \$
Preferred shares, opening and closing	20	205,641	205,641
Common shares, opening		672,896	649,846
Shares issued in connection with share-based payments		489	331
Acquisition of common shares for long-term incentive plan (LTIP)		(39,846)	(32,073)
Release of vested common shares from employee benefit trusts		69,903	39,322
Private placement warrants exercise		732	—
Shares purchased under substantial issuer bid		(40,000)	—
Shares issued in connection with purchase of non-controlling interests	8	—	16,807
Shares issued in connection with acquisition of Petsky Prunier	13	7,094	6,631
Shares cancelled		(10,136)	(9,419)
Net unvested share purchase loans		2,421	1,451
Common shares, closing	21	663,553	672,896
Warrants, opening		1,975	1,975
Reclassification to liability		(1,975)	—
Warrants, closing		—	1,975
Convertible debentures – equity, opening		5,156	2,604
Equity portion of convertible debentures issued during the period, net of tax		—	2,552
Convertible debentures – equity, closing		5,156	5,156
Contributed surplus, opening		124,710	145,426
Share-based payments, net		(23,490)	7,306
Shares cancelled		2,935	827
Purchase of non-controlling interests		—	(27,315)
Unvested share purchase loans		(2,421)	(1,058)
Change in deferred tax asset relating to share-based payments		(233)	(476)
Contributed surplus, closing		101,501	124,710
Retained deficit, opening		(237,770)	(277,472)
Net income attributable to CGGI shareholders		86,490	70,530
Common share dividends	22	(32,447)	(16,534)
Preferred share dividends	22	(9,404)	(9,402)
Equity portion of loss on extinguishment of convertible debentures	19	—	(4,892)
Retained deficit, closing		(193,131)	(237,770)
Deferred consideration, opening		—	—
Petsky Prunier		6,545	—
Deferred consideration, closing		6,545	—
Accumulated other comprehensive income, opening		103,755	113,332
Other comprehensive income (loss) attributable to CGGI shareholders		35,598	(9,577)
Accumulated other comprehensive income, closing		139,353	103,755
Total shareholders' equity		\$ 928,618	\$ 876,363
Non-controlling interests, opening		1,997	13,571
Foreign exchange on non-controlling interests		(1,542)	(777)
Comprehensive income attributable to non-controlling interests		1,211	1,624
Purchase of non-controlling interests		—	(9,697)
Dividends paid to non-controlling interests		(1,510)	(2,724)
Non-controlling interests, closing		156	1,997
Total equity		928,774	878,360

See accompanying notes

Canaccord Genuity Group Inc. Consolidated Statements of Cash Flows

For the years ended (in thousands of Canadian dollars)	Notes	March 31, 2020 \$	March 31, 2019 \$
OPERATING ACTIVITIES			
Net income for the year		\$ 86,554	\$ 71,582
Items not affecting cash			
Amortization	11, 14	32,594	24,280
Amortization of right-of-use assets	12	22,866	—
Deferred income tax recovery		(15,875)	10,537
Share-based compensation expense	23	42,820	49,500
Loss on extinguishment of convertible debentures	19	—	8,608
Share of loss of associate		207	304
Interest expense in connection with lease liabilities		7,193	—
Changes in non-cash working capital			
Increase in securities owned		(240,968)	(221,282)
Increase in accounts receivable		(618,636)	(446,453)
Decrease (increase) in income taxes payable, net		4,173	(10,227)
Increase in securities sold short		501,598	72,413
Increase in accounts payable, accrued liabilities and provisions		542,721	482,886
Cash provided by operating activities		365,247	42,148
FINANCING ACTIVITIES			
(Decrease) increase in bank indebtedness		(9,639)	9,639
Purchase of shares for cancellation under normal course issuer bid		(7,201)	(8,592)
Purchase of shares under substantial issuer bid		(40,000)	—
Acquisition of common shares for long-term incentive plan		(39,846)	(32,073)
Proceeds from convertible debentures		—	56,699
Proceeds from bank loan		26,318	—
Cash dividends paid on common shares		(32,447)	(16,534)
Cash dividends paid on preferred shares		(9,404)	(9,402)
Lease payments		(31,699)	—
Cash used in financing activities		(143,918)	(263)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(6,353)	(4,382)
Acquisition of Thomas Miller, net of cash acquired		(27,634)	—
Acquisition of Patersons Securities Limited, net of cash acquired		(11,433)	—
Investment in associate		(4,000)	(2,500)
Acquisition of Jitneytrade Inc. and Finlogik Inc., net of cash acquired		—	(7,545)
Purchase of non-controlling interests		—	(14,431)
Purchase of investments		(498)	(4,063)
Acquisition of McCarthy Taylor Limited, net of cash acquired		—	(3,611)
Acquisition of Petsky Prunier LLC, net of cash acquired		—	(39,783)
Cash used in investing activities		(49,918)	(76,315)
Effect of foreign exchange on cash balances		4,961	(7,669)
Increase (decrease) in cash position		176,372	(42,099)
Cash position, beginning of year		820,739	862,838
Cash position, end of year		997,111	820,739
Supplemental cash flow information			
Interest received		\$ 63,439	\$ 51,429
Interest paid		\$ 32,055	\$ 23,396
Income taxes paid		\$ 27,685	\$ 38,464

See accompanying notes

Notes to Consolidated Financial Statements

As at March 31, 2020 and March 31, 2019
and for the years ended March 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

NOTE 01 Corporate Information

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

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

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

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

NOTE 02 Basis of Preparation

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These audited consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned, securities sold short, deferred and contingent consideration, and certain impaired non-current assets, which have been measured at fair value as set out in the relevant accounting policies.

These audited consolidated financial statements are presented in Canadian dollars and all values are in thousands of dollars, except when otherwise indicated.

These audited consolidated financial statements were authorized for issuance by the Company's Board of Directors on June 2, 2020.

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Company, its subsidiaries and controlled special purpose entities (SPEs).

The financial results of a subsidiary or controlled SPE are consolidated if the Company acquires control. Control is achieved when an entity has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the statements of operations from the effective date of the acquisition or up to the effective date of the disposal, as appropriate.

All inter-company transactions and balances have been eliminated. In cases where an accounting policy of a subsidiary differs from the Company's accounting policies, the Company has made the appropriate adjustments to ensure conformity for purposes of the preparation of these consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Consolidation

The Company owns 80% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) and Canaccord Genuity Financial Limited (CGF) as at March 31, 2020. The Company also completed an evaluation of its contractual arrangements with the other shareholders of CGAL and CGF and the control it has over the financial and operating policies of the two subsidiaries and determined it should consolidate under IFRS 10, "*Consolidated Financial Statements*" (IFRS 10), as at March 31, 2020 and 2019. Therefore, the financial position, financial performance and cash flows of CGAL and CGF have been consolidated. Although the Company owns 80% of the issued shares of CGAL and CGF as at March 31, 2020, for accounting purposes, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. Accordingly, the Company has consolidated the entity and recognized a 15% non-controlling interest, which represents the portion of net identifiable assets of CGAL and CGF not owned by the Company. Net income and each component of other comprehensive income are attributed to the non-controlling interest and to the owners of the parent.

The Company has employee benefit trusts, which are considered SPEs [Note 23], to fulfill obligations to employees arising from the Company's share-based payment plans. The employee benefit trusts have been consolidated in accordance with IFRS 10 since their activities are conducted on behalf of the Company, and the Company retains the majority of the benefits and risks of the employee benefit trusts.

Revenue recognition

Revenue is recognized to the extent that it is probable that the Company has an enforceable right to payment for performance completed to date and that a transaction price can be reliably measured. Estimation may be required to determine the amount of revenue that can be recognized and also the timing of the substantial completion of the performance obligations of the underlying investment banking or advisory transactions.

Share-based payments

The Company measures the cost of equity-settled and cash-settled transactions with employees and directors based on the fair value of the awards granted. The fair value is determined based on the observable share prices or by using an appropriate valuation model. The use of option pricing models to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected forfeitures, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates. The assumptions and models used for estimating the fair value of share-based payments, if and as applicable, are disclosed in Note 23.

Income taxes and valuation of deferred taxes

Accruals for income tax liabilities require management to make estimates and judgments with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. The Company operates within different tax jurisdictions and is subject to individual assessments by these jurisdictions. Tax filings can involve complex issues, which may

require an extended period of time to resolve in the event of a dispute or re-assessment by tax authorities. Deferred taxes are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profit.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. The Company establishes tax provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the Company's experience of previous tax audits.

Impairment of goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are tested for impairment at least annually, or whenever an event or change in circumstance may indicate potential impairment, to ensure that the recoverable amount of the cash-generating unit (CGU) to which goodwill and indefinite life intangible assets are attributed is greater than or equal to their carrying values.

In determining the recoverable amount, which is the higher of fair value less costs to sell (FVLCS) and value-in-use, management uses valuation models that consider such factors as projected earnings, price-to-earnings multiples, relief of royalties related to brand names and discount rates. Management must apply judgment in the selection of the approach to determining the recoverable amount and in making any necessary assumptions. These judgments may affect the recoverable amount and any resulting impairment write-down. The key assumptions used to determine recoverable amounts for the different cash-generating units are disclosed in Note 14.

Impairment of other long-lived assets

The Company assesses its amortizable long-lived assets at each reporting date to determine whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the recoverable amount of the asset or the CGU containing the asset using management's best estimates and available information.

Allowance for credit losses

The Company records allowances for credit losses associated with clients' receivables, loans, advances and other receivables based on a forward-looking, expected credit loss (ECL) approach. The Company establishes an allowance for credit losses in accordance with management's valuation policy based on its historical credit loss experience adjusted for forward-looking factors or other considerations as appropriate. Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required specific allowance, taking into consideration counterparty creditworthiness, current economic trends and past experience. Clients' receivable balances are generally collateralized by securities; therefore, any provision is generally measured after considering the market value of the collateral, if any.

Fair value of financial instruments

The Company measures a number of its financial instruments at fair value as discussed in Note 7. Fair value is determined based on market prices from independent sources, if available. If there is no available market price, then the fair value is determined by using valuation models. The inputs to these models, such as expected volatility and liquidity discounts, are derived from observable market data where possible; but where observable data is not available, judgment is required to select or determine inputs to a fair value model.

There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect the reported fair values.

Provisions

The Company records provisions related to pending or outstanding legal matters and regulatory investigations. Provisions in connection with legal matters are determined on the basis of management's judgment in consultation with legal counsel, considering such factors as the amount of the claim, the possibility of wrongdoing by an employee of the Company and precedents. Contingent litigation loss provisions are recorded by the Company when it is probable that the Company will incur a loss as a result of a past event and the amount of the loss can be reliably estimated. The Company also records provisions related to restructuring costs when the recognition criteria for provisions as they apply to restructuring costs are fulfilled.

NOTE 03

Adoption of New and Revised Standards

IFRS 16, "Leases"

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

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

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

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

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

As at April 1, 2019, the Company has recognized in its consolidated statement of financial position the ROU assets and corresponding lease liabilities of \$112.7 million and \$121.5 million, respectively. For the year ended March 31, 2020, the Company recorded amortization expense related to the ROU assets of \$22.9 million and interest expense related to the lease liabilities of \$7.2 million [Notes 12 and 18].

IFRIC Interpretation 23, “Uncertainty over Income Tax Treatments”

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

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

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

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

Upon adoption of the Interpretation as of April 1, 2019, the Company considered whether it has any uncertain tax positions, and determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements for the year ended March 31, 2020.

Amendments to IAS 12, “Income Taxes”

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

The Company adopted the amendments to IAS 12 commencing on April 1, 2019. Since the Company’s current practice is in line with these amendments, they had no impact on the consolidated financial statements for the year ended March 31, 2020.

NOTE 04

Future Changes in Accounting Policies

Standards issued but not yet effective

There are no standards issued, but which are not yet effective as of March 31, 2020, which may reasonably be expected to materially impact the Company’s financial statements, but which are not yet effective as of March 31, 2020.

NOTE 05**Summary of Significant Accounting Policies****TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES**

The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each subsidiary of the Company determines its own functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company and its subsidiaries at their respective functional currencies using exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at the exchange rate in effect at the reporting date. All differences upon translation are recognized in the consolidated statements of operations.

Non-monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at historical rates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates in effect at the date when the fair value is determined.

Translation of foreign subsidiaries

Assets and liabilities of foreign subsidiaries with a functional currency other than the Canadian dollar are translated into Canadian dollars at rates prevailing at the reporting date, and income and expenses are translated at average exchange rates prevailing during the period. Unrealized gains or losses arising as a result of the translation of the foreign subsidiaries are recorded in accumulated other comprehensive income (loss). On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statements of operations.

The Company also has monetary assets and liabilities that are receivable or payable from a foreign operation. If settlement of the receivable or payable is neither planned nor likely to occur in the foreseeable future, the differences upon translation are recognized in accumulated other comprehensive income (loss) as these receivables and payables form part of the net investment in the foreign operation.

INTANGIBLE ASSETS

Identifiable intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to their fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization of intangible assets is recognized in the consolidated statements of operations as part of amortization expense.

The useful lives of identifiable intangible assets are assessed to be either finite or indefinite. Identifiable intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the identifiable intangible asset may be impaired. The amortization period and the amortization method for an identifiable intangible asset are reviewed at least annually, at each financial year end.

Identifiable intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 80% interest in Canaccord Genuity (Australia) Limited and Patersons Securities Limited, Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, McCarthy Taylor and Petsky Prunier are customer relationships, non-competition agreements, trading licences, fund management contracts and technology, 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 it will provide benefit to the Company over a continuous period. Software under development or acquired is amortized over its useful life once the asset is available for use. Brand names with definite lives are amortized over three years. Customer relationships are amortized over five to 24 years. Internally developed or acquired software is amortized over 10 years.

Internally developed or acquired software

Expenditures towards the development or acquisition of projects are recognized as intangible assets when the Company can demonstrate that the technical feasibility of the assets for use has been established. The assets are carried at cost less any accumulated amortization and accumulated impairment losses in accordance with IAS 38, "Intangible Assets". Capitalized costs are expenditures directly attributable to the software development, such as employment, consulting or professional fees. Amortization of the assets begins when development is complete, and the assets are available for use. The assets are amortized over the period of expected future benefit.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An

asset's recoverable amount is the higher of the FVLCS and the value-in-use of a particular asset or CGU. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, and the impairment is recognized in the consolidated statements of operations.

In assessing FVLCS, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company bases its impairment calculation on annual budget calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budget calculations generally cover a period of five years. A long-term growth rate is then calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statements of operations.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of operations.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually, as at March 31, at the CGU level and when circumstances indicate that the carrying value may be impaired.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit, commercial paper and bankers' acceptances with a term to maturity of less than three months from the date of purchase, which are subject to an insignificant risk of changes in value.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

[i] Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as instruments measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification is based on two criteria: the Company's business approach for managing the financial assets; and whether the instruments' contractual cash flows result in cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criteria).

The business approach considers whether the Company's objective is to receive cash flows from holding the financial assets, from selling the assets or a combination of both.

Classification and subsequent measurement

Financial assets classified as fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL when they either fail the contractual cash flow test or are held in a business model in which the aim is to realize the asset's value through a short-term sale. Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognized in the statement of operations. The net gain or loss recognized in the statement of operations includes any dividend or interest earned on the financial asset. Financial assets measured at FVTPL consist of marketable securities owned and sold short.

The Company periodically evaluates the classification of its financial assets classified as FVTPL based on whether the intent to sell the financial assets in the near term is still appropriate. If the Company is unable to trade these financial assets due to inactive

markets or if management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances.

Financial assets classified as fair value through other comprehensive income (FVOCI)

A financial asset is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Included in the FVOCI category is our investment in Euroclear, which was previously classified as available for sale under IAS 39. There are no other financial assets classified as FVOCI.

Financial assets classified as amortized costs

A financial asset is measured at amortized cost if it is held within a business model that has an objective to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Items included in this category include cash and cash equivalents and accounts receivable.

The Company reclassifies financial assets only when its business approach for managing those assets changes.

Impairment of financial assets

The Company's accounts receivables are classified as financial assets measured at amortized cost and are subject to the ECL model. Accounts receivable includes trade receivables from clients and brokers and dealers. All our corporate finance and client receivables have a maturity of less than 12 months from initial recognition; therefore, the allowance is limited to 12-month ECLs. The Company established a valuation policy that is based on its historical credit loss experience, adjusted for forward-looking factors or other considerations as appropriate. The impact of the allowance is not considered to have a significant impact on our audited consolidated financial statements for the year ended March 31, 2020. A financial asset or group of financial assets was deemed to be impaired if there was objective evidence of impairment as a result of one or more events that occurred since the initial recognition of the asset.

Derecognition

A financial asset is derecognized primarily when the rights to receive cash flows from the asset have expired, or the Company has transferred its right to receive cash flows from the asset.

[ii] Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and classified as either FVTPL or other financial liabilities.

Classification and subsequent measurement

Financial liabilities classified as fair value through profit or loss

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the statements of operations. The Company has not designated any financial liabilities as FVTPL that would not otherwise meet the definition of FVTPL upon initial recognition. Bank indebtedness; securities sold short, including derivative financial instruments; and contingent and deferred considerations are classified as held for trading and recognized at fair value.

Financial liabilities classified as amortized costs

After initial recognition, financial liabilities classified as other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statements of operations. Financial liabilities classified as amortized costs include accounts payable and accrued liabilities, bank loans, convertible debentures and subordinated debt. The carrying value of other financial liabilities approximates their fair value.

[iii] Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

[iv] Derivative financial instruments

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or currency exchange rates.

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.

The Company trades in futures contracts, which are agreements to buy or sell standardized amounts of a financial instrument at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and subject to daily cash margining. The Company trades in futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk.

The Company also trades in forward contracts, which are non-standardized contracts to buy or sell a financial instrument at a specified price on a future date. The Company trades in forward contracts in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies.

FAIR VALUE MEASUREMENT

The Company measures financial instruments at fair value at each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

When available, quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs, are used to determine fair value. For financial instruments not traded in an active market, the fair value is determined using appropriate and reliable valuation techniques. Such techniques may include recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Valuation techniques may require the use of estimates or management assumptions if observable market data is not available. When the fair value cannot be reliably measured using a valuation technique, then the financial instrument is measured at cost.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measured based on the lowest level input significant to the fair value measurement in its entirety [Note 7]. For assets and liabilities that are recognized in the consolidated financial statements 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.

The convertible unsecured senior subordinated debentures are classified as compound financial instruments. On initial recognition, the fair value of the liability was calculated based on the present value of future cash flows under the instruments, discounted at 7%, [March 31, 2019 – 7%], being equal to the rate of interest applied by the market at the time of issue to instruments of comparable credit status and future cash flows, without the conversion feature. The residual amount is recorded as a component of shareholders' equity.

SECURITIES OWNED AND SOLD SHORT

Securities owned and sold short are recorded at fair value based on quoted market prices in an active market or a valuation model if no market prices are available. Unrealized gains and losses are reflected in income. Certain securities owned have been pledged as collateral for securities borrowing transactions. Securities owned and sold short are classified as held for trading financial instruments.

SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing activities primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered, and interest being paid when cash is received. The value of collaterals for securities borrowed and securities loaned are carried at the amounts of cash collateral delivered and received in connection with the transactions.

Securities borrowed transactions require the Company to deposit cash, letters of credit or other collateral with the lender. For securities loaned, the Company receives collateral in the form of cash or other collateral in an amount generally in excess of the market value of the securities loaned. The Company monitors the fair value of the securities loaned and borrowed against the cash collateral on a daily basis and, when appropriate, the Company may require counterparties to deposit additional collateral or it may return collateral pledged to ensure such transactions are adequately collateralized.

Securities purchased under agreements to resell and securities sold under agreements to repurchase represent collateralized financing transactions. The Company receives securities purchased under agreements to resell, makes delivery of securities sold under agreements to repurchase, monitors the market value of these securities on a daily basis and delivers or obtains additional collateral as appropriate.

The Company manages its credit exposure by establishing and monitoring aggregate limits by customer for these transactions. Interest earned on cash collateral is based on a floating rate.

SECURITIES PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS AND OBLIGATIONS RELATED TO SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The Company recognizes these transactions on the trade date at amortized cost using the effective interest rate method. Securities sold and purchased under repurchase agreements remain on the consolidated statement of financial position. Reverse repurchase agreements and repurchase agreements are treated as collateralized lending and borrowing transactions.

REVENUE RECOGNITION

Revenue is recognized either at a point in time when a single performance obligation is satisfied at once or over the period of time when a performance obligation is received and utilized by the customer over that period. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent. The main types of revenue contracts are as follows:

Commissions and fees revenue consists of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded net of commission revenue. Facilitation losses for the year ended March 31, 2020 were \$14.8 million [2019 – \$6.4 million]. Commissions are recognized at a point in time (trade date) as the performance obligation is satisfied.

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. The act of underwriting the securities is the sole performance obligation, and revenue is recognized at the point in time when the underwriting transaction is complete.

Advisory fees consist of ongoing management and advisory fees that are recognized over the period of time that this performance obligation is delivered. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized at the point in time when the underlying transaction is substantially completed under the engagement terms and it is probable that a significant revenue reversal will not occur.

Principal trading revenue consists of income earned in connection with principal trading operations and is outside the scope of IFRS 15.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest and dividend revenue is outside the scope of IFRS 15.

Other revenue includes foreign exchange gains or losses, revenue earned from correspondent brokerage services and administrative fee revenue.

EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Computer equipment, furniture and equipment, and leasehold improvements are recorded at cost less accumulated amortization. Amortization is being recorded as follows:

Computer equipment	Straight-line over useful life
Furniture and equipment	Straight-line over useful life
Leasehold improvements	Straight-line over the shorter of useful life and respective term of the leases

An item of property, plant and equipment, and any specific part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of operations when the asset is derecognized.

The assets' residual values, useful lives and methods of amortization are reviewed at each financial year end, and are adjusted prospectively where appropriate.

INCOME TAXES

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the Company's tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of operations.

Deferred tax

Deferred taxes are accounted for using the liability method. This method requires that deferred taxes reflect the expected deferred tax effect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial statement purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and carryforward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

No deferred tax liability has been recognized for taxable temporary differences associated with investments in subsidiaries from undistributed profits and foreign exchange translation differences as the Company is able to control the timing of the reversal of these temporary differences. The Company has no plans or intention to perform any actions that will cause the temporary differences to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the statements of operations except where it relates to items that may be credited directly to equity, in which case the deferred tax is recognized directly against equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except where the amount of sales tax incurred is not recoverable from the tax authority. In these circumstances, sales tax is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of accounts receivable or accounts payable in the consolidated statements of financial position.

TREASURY SHARES

The Company's own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. This includes shares held in the employee benefit trusts and unvested share purchase loans and preferred shares held in treasury. No gain or loss is recognized in the statements of operations on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in contributed surplus. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

EARNINGS (LOSS) PER COMMON SHARE

Basic earnings (loss) per common share is computed by dividing the net income (loss) attributable to common shareholders for the period by the weighted average number of common shares outstanding. Diluted earnings per common share reflects the dilutive effect in connection with the LTIP, warrants, other share-based payment plans and the convertible debentures based on the treasury stock method. The treasury stock method determines the number of incremental common shares by assuming that the number of shares the Company has granted to employees has been issued.

SHARE-BASED PAYMENTS

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The participating employees are eligible to receive shares that generally vest over three years (the RSUs). This program is referred to as the long-term incentive plan (the LTIP or the Plan).

Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). Certain executives may also receive performance stock options (PSOs) as part of their remuneration which are equity-settled. Beginning for the year ended March 31, 2018, certain senior executives receive performance share units (PSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions).

The dilutive effect, if any, of outstanding options and share-based payments is reflected as additional share dilution in the computation of diluted earnings (loss) per common share.

Equity-settled transactions

For equity-settled transactions, the Company measures the fair value of share-based awards as of the grant date.

RSUs issued by the Plan will continue to vest 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. Because of this change, the Company determined that the awards do not meet the criteria for an in-substance service condition, as defined by IFRS 2. Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle 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.

The Company estimates the number of equity instruments that will ultimately vest when calculating the expense attributable to equity-settled transactions. No expense is recognized for awards that do not ultimately vest.

When share-based awards vest, contributed surplus is reduced by the applicable amount and share capital is increased by the same amount.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair values of DSUs and PSUs are expensed upon grant, as there are no vesting conditions [Note 23]. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations.

PROVISIONS

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statements of operations net of any reimbursement. If the effect of the time value of money is significant, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Legal provisions

Legal provisions are recognized when it is probable that the Company will be liable for the future obligation as a result of a past event related to legal matters and when they can be reasonably estimated.

Restructuring provisions

Restructuring provisions are only recognized when the recognition criteria for provisions are fulfilled. In order for the recognition criteria to be met, the Company needs to have in place a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of associated costs and an appropriate timeline. In addition, either the personnel affected must have a valid expectation that the restructuring is being carried out or the implementation must have been initiated. The restructuring provision recognized includes staff restructuring costs, reorganization expenses, onerous lease provisions and impairment of equipment and leasehold improvements.

LEASES

At the commencement of a lease, the liability to make lease payments and an asset representing the right to use the underlying asset during the lease term is recognized. The interest expense on the lease liability and the amortization expense on the right-of-use assets are charged to the statement of operations and separately recognized.

CLIENT MONEY

The Company's UK & Europe operations hold money on behalf of their clients in accordance with the client money rules of the Financial Conduct Authority in the United Kingdom. Such money and the corresponding liabilities to clients are not included in the consolidated statements of financial position as the Company is not beneficially entitled thereto. The amounts held on behalf of clients at the reporting date are included in Note 27.

SEGMENT REPORTING

The Company's segment reporting is based on the following operating segments: Canaccord Genuity Capital Markets, Canaccord Genuity Wealth Management and Corporate and Other. The Company's business operations are grouped into the following geographic regions: Canada, the UK, Europe and Dubai, Australia, the US, and Other Foreign Locations, which is comprised of our Asian operations. Commencing in the current fiscal year starting April 1, 2019, the Other Foreign Locations (OFL), comprised of our operations in Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations.

NOTE 06 Securities Owned and Securities Sold Short

	March 31, 2020		March 31, 2019	
	Securities owned \$	Securities sold short \$	Securities owned \$	Securities sold short \$
Corporate and government debt	\$ 724,444	\$ 688,400	\$ 364,546	\$ 262,720
Equities and convertible debentures	207,023	186,617	325,953	110,699
	\$ 931,467	\$ 875,017	\$ 690,499	\$ 373,419

As at March 31, 2020, corporate and government debt maturities range from 2020 to 2098 [March 31, 2019 – 2019 to 2098] and bear interest ranging from 0.00% to 14.00% [March 31, 2019 – 0.00% to 14.00%].

NOTE 07 Financial Instruments**CATEGORIES OF FINANCIAL INSTRUMENTS**

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, as well as investment accounted for under the equity method, held by the Company at March 31, 2020 and 2019 are as follows:

	Fair value through profit or loss		Fair value through other comprehensive income		Amortized costs		Total	
	March 31, 2020 \$	March 31, 2019 \$	March 31, 2020 \$	March 31, 2019 \$	March 31, 2020 \$	March 31, 2019 \$	March 31, 2020 \$	March 31, 2019 \$
Financial assets								
Securities owned	\$ 924,594	\$ 683,920	\$ 6,873	\$ 6,579	\$ —	\$ —	\$ 931,467	\$ 690,499
Accounts receivable from brokers and investment dealers	—	—	—	—	2,036,876	1,498,516	2,036,876	1,498,516
Accounts receivable from clients	—	—	—	—	696,644	530,933	696,644	530,933
RRSP cash balances held in trust	—	—	—	—	388,376	328,528	388,376	328,528
Other accounts receivable	—	—	—	—	153,945	298,687	153,945	298,687
Investments	6,287	3,993	—	—	—	—	6,287	3,993
Total financial assets	\$ 930,881	\$ 687,913	\$ 6,873	\$ 6,579	\$ 3,275,841	\$ 2,656,664	\$ 4,213,595	\$ 3,351,156
Financial liabilities								
Securities sold short	\$ 875,017	\$ 373,419	\$ —	\$ —	\$ —	\$ —	\$ 875,017	\$ 373,419
Accounts payable to brokers and investment dealers	—	—	—	—	1,618,004	1,166,550	1,618,004	1,166,550
Accounts payable to clients	—	—	—	—	1,703,574	1,499,390	1,703,574	1,499,390
Other accounts payable and accrued liabilities	—	—	—	—	351,873	457,825	351,873	457,825
Subordinated debt	—	—	—	—	7,500	7,500	7,500	7,500
Convertible debentures	—	—	—	—	128,322	127,225	128,322	127,225
Deferred consideration	8,966	22,225	—	—	—	—	8,966	22,225
Contingent consideration	105,473	108,319	—	—	—	—	105,473	108,319
Promissory note	—	—	—	—	—	5,832	—	5,832
Other long-term liability	—	—	—	—	1,760	1,741	1,760	1,741
Bank loan	—	—	—	—	86,234	59,664	86,234	59,664
Total financial liabilities	\$ 989,456	\$ 503,963	\$ —	\$ —	\$ 3,897,267	\$ 3,325,727	\$ 4,886,723	\$ 3,829,690

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

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognized or disclosed are categorized within a fair value hierarchy, described as follows, and 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 March 31, 2020 and 2019, the Company held the following classes of financial instruments measured at fair value:

	Estimated fair value			
	March 31, 2020	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Securities owned				
Corporate debt	\$ 26,428	\$ —	\$ 26,428	\$ —
Government debt	698,016	244,526	453,490	—
Corporate and government debt	724,444	244,526	479,918	—
Equities	206,043	139,916	63,130	2,997
Convertible debentures	980	—	980	—
Equities and convertible debentures	207,023	139,916	64,110	2,997
	931,467	384,442	544,028	2,997
Investments	6,287	—	—	6,287
	937,754	384,442	544,028	9,284
Securities sold short				
Corporate debt	(1,800)	—	(1,800)	—
Government debt	(686,600)	(277,653)	(408,947)	—
Corporate and government debt	(688,400)	(277,653)	(410,747)	—
Equities	(186,617)	(168,826)	(17,791)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(186,617)	(168,826)	(17,791)	—
	(875,017)	(446,479)	(428,538)	—
Deferred considerations	(8,966)	—	—	(8,966)
Contingent consideration	(105,473)	—	—	(105,473)
	(989,456)	(446,479)	(428,538)	(114,439)
	Estimated fair value			
	March 31, 2019	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Securities owned				
Corporate debt	\$ 79,642	\$ —	\$ 79,642	\$ —
Government debt	284,904	49,946	234,958	—
Corporate and government debt	364,546	49,946	314,600	—
Equities	325,683	262,641	62,991	51
Convertible debentures	270	—	270	—
Equities and convertible debentures	325,953	262,641	63,261	51
	690,499	312,587	377,861	51
Investments	3,993	—	—	3,993
	694,492	312,587	377,861	4,044
Securities sold short				
Corporate debt	(6,613)	—	(6,613)	—
Government debt	(256,107)	(54,852)	(201,255)	—
Corporate and government debt	(262,720)	(54,852)	(207,868)	—
Equities	(110,699)	(94,797)	(15,902)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(110,699)	(94,797)	(15,902)	—
	(373,419)	(149,649)	(223,770)	—
Deferred considerations	(22,225)	—	—	(22,225)
Contingent consideration	(108,319)	—	—	(108,319)
	(503,963)	(149,649)	(223,770)	(130,544)

Movement in net Level 3 financial liabilities

Balance, March 31, 2018	\$	(59,705)
Addition of contingent consideration in connection with acquisition of Jitneytrade Inc. and Finlogik Inc.		(4,000)
Addition of deferred consideration in connection with acquisition of Jitneytrade Inc. and Finlogik Inc.		(744)
Addition of contingent consideration in connection with acquisition of McCarthy Taylor		(3,052)
Addition of contingent consideration in connection with acquisition of Petsky Prunier		(53,044)
Addition of deferred consideration in connection with acquisition of Petsky Prunier		(13,261)
Partial settlement of deferred consideration in connection with acquisition of Hargreave Hale Limited		1,470
Purchase of investments		4,063
Foreign exchange revaluation		1,773
Balance, March 31, 2019	\$	(126,500)
Addition of contingent consideration in connection with the acquisition of Thomas Miller [Note 13]	\$	(14,769)
Change in contingent consideration in connection with the acquisition of Thomas Miller [Note 13]		4,332
Purchase of investments		488
Payment of deferred consideration in connection with acquisition of Hargreave Hale		12,775
Reclassification of deferred consideration in connection with acquisition of Petsky Prunier to equity		13,091
Change in contingent consideration in connection with acquisition of Petsky Prunier		1,880
Movement in fair value of level 3 securities owned during the year		2,985
Payment of contingent consideration in connection with acquisition of McCarthy Taylor		1,720
Foreign exchange revaluation		(1,157)
Balance, March 31, 2020	\$	(105,155)

During the year ended March 31, 2020, as a result of the completion of the valuation of the contingent consideration in connection with the acquisition of Petsky Prunier, the fair value of the contingent consideration was revised as of the acquisition date, which resulted in a reduction of the goodwill of \$2.4 million [Note 14].

In addition, an adjustment was made to the fair value of the contingent consideration in connection with the acquisition of Thomas Miller [Note 13] as a result of changes in market condition. The charge was recorded through the statement of operations for the year ended March 31, 2020.

Fair value estimation**i. Level 2 financial instruments**

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

Level 2 financial instruments also include the Company's investment in Euroclear, which has an estimated fair value of \$6.9 million (€4.4 million) as at March 31, 2020 [March 31, 2019 – \$6.6 million (€4.4 million)]. The current fair value is determined using a market-based approach based on recent share buyback transactions. This investment is classified as a financial asset measured at fair value through other comprehensive income.

ii. Level 3 financial instruments*Held for trading*

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 March 31, 2020 was \$3.0 million [March 31, 2019 – \$0.1 million].

As at March 31, 2020, the Company held investments of \$5.8 million [March 31, 2019 – \$4.0 million] in Family Office Network and Capital Markets Gateway, which have been classified as Level 3 financial instruments given the investments do not have any observable inputs or market indicators. During the year ended March 31, 2020, the Company also made an investment of \$0.5 million in Castle Ridge Asset Management Limited, which has also been classified as a Level 3 financial instrument [Note 10].

Level 3 financial liabilities also include the deferred and contingent consideration included as part of the total purchase consideration for the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier and Thomas Miller. The fair value for these financial liabilities approximate their carrying value as of March 31, 2020.

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.

RISK MANAGEMENT

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, net receivables from clients and brokers and investment dealers, and other accounts receivable. The maximum exposure of the Company to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of financial assets as disclosed in the Company's audited consolidated financial statements as at March 31, 2020 and 2019.

The primary source of credit risk to the Company is in connection with trading activity by private clients and in private client margin accounts. To minimize its exposure, the Company applies certain credit standards, applies limits to transactions and requires settlement of securities transactions on a cash basis or delivery against payment. Margin transactions are collateralized by securities in the clients' accounts in accordance with limits established by the applicable regulatory authorities and are subject to the Company's credit review and daily monitoring procedures. Management monitors the collectability of receivables and estimates an allowance for doubtful accounts. The accounts receivable outstanding are expected to be collectible within one year. The Company has recorded an allowance for doubtful accounts of \$8.9 million as at March 31, 2020 [March 31, 2019 – \$4.2 million] [Note 9].

The Company is also exposed to the risk that counterparties to transactions will not fulfill their obligations. Counterparties primarily include investment dealers, clearing agencies, banks and other financial institutions. The Company does not rely entirely on ratings assigned by credit rating agencies in evaluating counterparty risk. The Company mitigates credit risk by performing its own due diligence assessments on the counterparties, obtaining and analyzing information regarding the structure of the financial instruments, and keeping current with new innovations in the market. The Company also manages this risk by conducting regular credit reviews to assess creditworthiness, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions and conducting business through clearing organizations with performance guarantees.

As at March 31, 2020 and 2019, the Company's most significant counterparty concentrations were with financial institutions and institutional clients. Management believes that they are in the normal course of business and does not anticipate loss for non-performance.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The Company's business requires capital for operating and regulatory purposes. The current assets reflected on the statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable and all are recorded at their fair value. Client receivables are generally collateralized 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. Additional information regarding the Company's capital structure and capital management objectives is discussed in Note 26.

The following table presents the contractual terms to maturity of the financial liabilities owed by the Company as at March 31, 2020 and March 31, 2019, respectively:

Financial liability	Carrying amount \$		Contractual term to maturity
	March 31, 2020	March 31, 2019	
Promissory note	\$ —	\$ 5,832	February 2020
Bank indebtedness	—	9,639	Due on demand
Securities sold short	875,017	373,419	Due on demand
Subordinated debt ⁽¹⁾	7,500	7,500	Due on demand ⁽¹⁾
Accounts payable and accrued liabilities	3,673,451	3,123,765	Due within one year
Current portion of bank loan	7,042	9,294	Due within one year
Current portion of contingent consideration	57,859	—	Fiscal 2021
Long term portion of bank loan	79,192	50,370	Fiscal 2021 to 2023
Long term portion of contingent consideration	47,614	108,319	Fiscal 2021 to 2023
Deferred consideration	8,966	22,225	Fiscal 2021 to 2023
Other long-term liability	1,760	1,741	March 2023
Convertible debentures	128,322	127,225	Due in December 2023

(1) Subject to Investment Industry Regulatory Organization of Canada's approval.

The fair values for cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values and will be paid within 12 months.

Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The Company separates market risk into three categories: fair value risk, interest rate risk and foreign exchange risk.

Fair value risk

When participating in underwriting activities, the Company may incur losses if it is unable to resell the securities it is committed to purchase or if it is forced to liquidate its commitment at less than the agreed upon purchase price. The Company is also exposed to fair value risk as a result of its principal trading activities in equity securities, fixed income securities, and derivative financial instruments. Securities at fair value are valued based on quoted market prices where available and, as such, changes in fair value affect earnings as they occur. Fair value risk also arises from the possibility that changes in market prices will affect the value of the securities the Company holds as collateral for client margin accounts. The Company mitigates its fair value risk exposure through controls to limit concentration levels and capital usage within its inventory trading accounts, as well as through monitoring procedures of the margin accounts.

The following table summarizes the effect on earnings as a result of a fair value change in financial instruments as at March 31, 2020 and March 31, 2019, respectively. This analysis assumes all other variables remain constant. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

Financial instrument	March 31, 2020			March 31, 2019		
	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income
Equities and convertible debentures owned	\$ 200,150	\$ 8,576	\$ (8,576)	\$ 319,374	\$ 11,338	\$ (11,338)
Equities and convertible debentures sold short	(186,617)	(7,997)	7,997	(110,699)	(3,930)	3,930

The following table summarizes the effect on other comprehensive income (OCI) as a result of a fair value change in the financial instruments classified as fair value through other comprehensive income. This analysis assumes all other variables remain constant and there is no permanent impairment. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

Financial instrument	March 31, 2020			March 31, 2019		
	Carrying value \$	Effect of a 10% increase in fair value on OCI \$	Effect of a 10% decrease in fair value on OCI \$	Carrying value \$	Effect of a 10% increase in fair value on OCI \$	Effect of a 10% decrease in fair value on OCI \$
Equities held within securities owned	6,873	0.3	(0.3)	6,579	0.7	(0.7)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Company. The Company incurs interest rate risk on its cash and cash equivalent balances, bank indebtedness, fixed income portion of securities owned and securities sold short, net clients' balances, RRSP cash balances held in trust and net brokers' and investment dealers' balances, as well as its subordinated debt and bank loan. The Company attempts to minimize and monitor its exposure to interest rate risk through quantitative analysis of its net positions of fixed income securities, clients' balances, securities lending and borrowing activities, and short-term borrowings. The Company also trades in futures in an attempt to mitigate interest rate risk. Futures are included in marketable securities owned, net of marketable securities sold short, for the purpose of calculating interest rate sensitivity.

All cash and cash equivalents mature within three months. Net clients' receivable (payable) balances charge (incur) interest based on floating interest rates. Subordinated debt bears interest at a rate of prime plus 4.0%, payable monthly.

The following table provides the effect on net income for the years ended March 31, 2020 and 2019 if interest rates had increased or decreased by 100 basis points applied to balances as of March 31, 2020 and March 31, 2019, respectively. Fluctuations in interest rates do not have an effect on OCI. This sensitivity analysis assumes all other variables remain constant. The methodology used to calculate the interest rate sensitivity is consistent with the prior year.

	March 31, 2020			March 31, 2019		
	Carrying value Asset (Liability) \$	Net income effect of a 100 bps increase in interest rates \$	Net income effect of a 100 bps decreases in interest rates ⁽¹⁾ \$	Carrying value Asset (Liability) \$	Net income effect of a 100 bps increase in interest rates \$	Net income effect of a 100 bps decreases in interest rates ⁽¹⁾ \$
Cash and cash equivalents, net of bank indebtedness	\$ 997,111	\$ 8,545	\$ (8,545)	\$ 811,100	\$ 5,759	\$ (5,759)
Marketable securities owned, net of marketable securities sold short	56,450	484	(484)	317,080	2,251	(2,251)
Clients' payable, net	(1,006,930)	(8,629)	8,629	(968,457)	(6,876)	6,876
RRSP cash balances held in trust	388,376	3,328	(3,328)	328,528	2,333	(2,333)
Brokers' and investment dealers' balance, net	418,872	3,590	(3,590)	331,966	2,357	(2,357)
Subordinated debt	(7,500)	(64)	64	(7,500)	(53)	53
Promissory note	—	—	—	(5,832)	(41)	41
Bank loan	(86,234)	(739)	739	(59,664)	(424)	424

(1) Subject to a floor of zero.

Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in foreign currency exchange rates will result in losses. The Company's primary foreign exchange risk results from its investment in its US, Australia and UK & Europe subsidiaries. These subsidiaries are translated using the foreign exchange rate at the reporting date. Any fluctuation in the Canadian dollar against the US dollar, the pound sterling or the Australian dollar will result in a change in the unrealized gains (losses) on translation of foreign operations recognized in accumulated other comprehensive income (loss).

All of the subsidiaries may also hold financial instruments in currencies other than their functional currency; therefore, any fluctuations in foreign exchange rates will impact foreign exchange gains or losses in the statement of operations.

The following table summarizes the estimated effects on net income (loss) and OCI as a result of a 5% change in the value of the foreign currencies where there is significant exposure. The analysis assumes all other variables remain constant. The methodology used to calculate the foreign exchange rate sensitivity is consistent with the prior year.

As at March 31, 2020:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income \$	Effect of a 5% depreciation in foreign exchange rate on net income \$	Effect of a 5% appreciation in foreign exchange rate on OCI \$	Effect of a 5% depreciation in foreign exchange rate on OCI \$
US dollar	\$ (1,261)	\$ 1,261	\$ 13,100	\$ (13,100)
Pound sterling	(509)	509	27,998	(27,998)
Australian dollar	(104)	104	2,918	(2,918)

As at March 31, 2019:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income \$	Effect of a 5% depreciation in foreign exchange rate on net income \$	Effect of a 5% appreciation in foreign exchange rate on OCI \$	Effect of a 5% depreciation in foreign exchange rate on OCI \$
US dollar	\$ (1,101)	\$ 1,101	\$ 11,709	\$ (11,709)
Pound sterling	(1,221)	1,221	27,155	(27,155)
Australian dollar	nil	nil	1,767	(1,767)

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or currency exchange rates. All derivative financial instruments are expected to be settled within six months subsequent to fiscal year end.

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 March 31, 2020:

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

Forward contracts outstanding at March 31, 2019:

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

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar or the euro. The weighted average term to maturity is 60 days as at March 31, 2020 [March 31, 2019 – 77 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at March 31, 2020 and March 31, 2019, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	March 31, 2020			March 31, 2019		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	\$ 587	\$ 560	\$ 25,461	\$ 1,124	\$ 1,011	\$ 102,052

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2020, the notional amount of the bond futures contracts outstanding was long \$29.9 million [March 31, 2019 – \$0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. There were no outstanding US Treasury futures contracts outstanding as at March 31, 2020 and March 31, 2019.

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

The Company employs securities lending and borrowing primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered, and interest being paid when cash is received. These transactions are fully collateralized and are subject to daily margin calls for any deficiency between the market value of the security given and the amount of collateral received. These transactions are collateralized by either cash or securities, including government treasury bills and government bonds, and are reflected within accounts receivable and accounts payable. Interest earned on cash collateral is based on a floating rate. At March 31, 2020, the floating rates ranged from 0.00% to 0.19% [March 31, 2019 – 1.25% to 1.61%].

	Cash		Securities	
	Loaned or delivered as collateral \$	Borrowed or received as collateral \$	Loaned or delivered as collateral \$	Borrowed or received as collateral \$
March 31, 2020	\$ 191,244	\$ 119,070	\$ 136,163	\$ 195,673
March 31, 2019	314,448	45,328	66,239	407,561

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 unpaid client securities and/or securities owned by the Company. As at March 31, 2020, the Company had a balance of \$nil (£ nil) outstanding [March 31, 2019 – \$9.6 million (£5.5 million)].

BANK LOAN

A subsidiary of the Company entered into a £40.0 million senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale. During the year ended March 31, 2020, the Company obtained additional financing on the loan of £17.0 million in connection with the acquisition of Thomas Miller. The balance outstanding as of March 31, 2020, net of principal repayments and unamortized financing fees, was £49.0 million (\$86.2 million) [March 31, 2019 – £34.3 million (\$59.7 million)]. The loan is repayable in instalments of principal and interest over a period of four years and matures in September 2023. The interest rate on this loan is variable and is currently at 2.6584% per annum [March 31, 2019 – 2.9646% per annum].

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of \$653.7 million [March 31, 2019 – \$683.2 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2020, there was no bank indebtedness outstanding [March 31, 2019 – \$9.6 million].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totalling \$3.3 million (US\$2.3 million) [March 31, 2019 – \$2.8 million (US\$2.1 million)] as rent guarantees for its leased premises in New York. As of March 31, 2020, and March 31, 2019, there were no outstanding balances under these standby letters of credit.

NOTE 08

Interest in Other Entities

On October 21, 2019, the Company, through its 80% owned subsidiary, completed its previously announced acquisition of 100% of the issued share capital of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) [Note 13].

The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership an 80% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited as of March 31, 2020 [March 31, 2019 – 80%]. Canaccord Genuity (Australia) Limited (CGAL) operates in the capital markets segment, while the wealth management business is carried out by Canaccord Genuity Financial Limited (CGFL). As discussed in Note 26, CGAL and CGFL are both regulated by the Australian Securities and Investments Commission.

CGAL and CGFL reported total net income of \$0.4 million in fiscal 2020 [March 31, 2019 – net income of \$1.6 million]. As at March 31, 2020, accumulated non-controlling interest was \$0.2 million [March 31, 2019 – \$2 million]. Summarized financial information for the consolidated Australian group, including goodwill on acquisition and consolidation adjustments before inter-company eliminations, is presented.

Summarized statement of profit or loss for the years ended March 31, 2020 and 2019:

	For the years ended	
	March 31, 2020 \$	March 31, 2019 \$
Revenue	\$ 62,332	\$ 31,366
Expenses	62,084	29,674
Net income before taxes	248	1,692
Income tax (recovery) expense	(135)	117
Net income	383	1,575
Attributable to:		
CGGI shareholders	319	523
Non-controlling interests	64	1,052
Total comprehensive income	8,070	5,254
Attributable to:		
CGGI shareholders	6,859	3,630
Non-controlling interests	1,211	1,624
Dividends paid to non-controlling interests	1,510	2,724

Summarized statement of financial position as at March 31, 2020 and 2019:

	March 31, 2020 \$	March 31, 2019 \$
Current assets	\$ 59,399	\$ 48,047
Non-current assets	29,223	980
Current liabilities	36,730	16,922
Non-current liabilities	9,628	1,670

Summarized cash flow information for the years ended March 31, 2020 and 2019:

	March 31, 2020 \$	March 31, 2019 \$
Cash provided by operating activities	\$ 28,508	\$ 9,520
Cash used by financing activities	(11,433)	(2,359)
Cash used by investing activities	(2,714)	(144)
Foreign exchange impact on cash balance	(3,118)	(38)
Net increase in cash and cash equivalents	\$ 11,243	\$ 6,979

NOTE 09

Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	March 31, 2020 \$	March 31, 2019 \$
Brokers and investment dealers	\$ 2,036,876	\$ 1,498,516
Clients	696,644	530,933
RRSP cash balances held in trust	388,376	328,528
Other	153,945	298,687
	\$ 3,275,841	\$ 2,656,664

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020 \$	March 31, 2019 \$
Brokers and investment dealers	\$ 1,618,004	\$ 1,166,550
Clients	1,703,574	1,499,390
Other	351,873	457,825
	\$ 3,673,451	\$ 3,123,765

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

Client security purchases are entered into on either a cash or a margin basis. In the case of a margin account, the Company extends a loan to a client for the purchase of securities, using securities purchased and/or other securities in the client's account as collateral. Amounts loaned to any client are limited by the margin regulations of the 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 clients' accounts. Interest on margin loans and on amounts due to clients is based on a floating rate [March 31, 2020 – 5.45% to 6.25% and 0.00% to 0.05%, respectively; March 31, 2019 – 6.95% to 8.50% and 0.00% to 0.95%, respectively].

As at March 31, 2020, the allowance for doubtful accounts was \$8.9 million [March 31, 2019 – \$4.2 million]. See below for the movements in the allowance for doubtful accounts:

Balance, March 31, 2018	\$	3,363
Charge for the year		5,378
Recoveries		(4,264)
Write-offs		(149)
Foreign exchange		(170)
Balance, March 31, 2019	\$	4,158
Charge for the year		8,676
Recoveries		(1,833)
Write-offs		(2,104)
Foreign exchange		(36)
Balance, March 31, 2020	\$	8,861

NOTE 10**Investments**

	March 31, 2020 \$	March 31, 2019 \$
Investment accounted for under the equity method	\$ 3,818	\$ 2,231
Investments held as fair value through profit or loss	6,287	3,993
	\$ 10,105	\$ 6,224

During the year ended March 31, 2019, the Company, through a wholly-owned subsidiary, invested \$2.5 million for 833,333 Class B Units, at \$3.00 per unit, in Canaccord Genuity Growth Corp. (CGGC). CGGC was a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. On April 26, 2019, CGGC announced that it has completed its qualifying transaction with Columbia Care LLC and CGGC was renamed "Columbia Care Inc." The Company is no longer considered to exert significant influence over the operations of Columbia Care. Accordingly, the investment in Columbia Care is accounted for under financial assets measured at FVTPL and included in securities owned on the consolidated statement of financial position as at March 31, 2020.

During the year ended March 31, 2020, the Company, through a wholly owned subsidiary, invested \$4.0 million for 1,334,001 Class B Units, at \$3.00 per unit, in Canaccord Genuity Growth II Corp (CGGIIIC). CGGIIIC is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 23.5% interest in CGGIIIC and is considered to exert significant influence over the operations of CGGIIIC. Accordingly, the investment in CGGIIIC is accounted for using the equity method. The Company's equity portion of the net loss of CGGIIIC for the year ended March 31, 2020 was \$0.2 million.

During the year ended March 31, 2020, the Company, through a wholly owned subsidiary, invested \$0.01 for 15,180 proportionate voting units in the capital of Subversive Real Estate Acquisition REIT LP (Subversive). The Company does not exert significant influence over the operations of Subversive, and the investment is accounted for under financial assets measured at FVTPL as of March 31, 2020.

During the year ended March 31, 2020, the Company, through a wholly owned subsidiary, held an investment of 8,889 Series A Preferred Shares, at \$112.50 per share, in Family Office Networks (FON) for US\$1.0 million (\$1.4 million) [March 31, 2019 – US\$1.0 million (\$1.3 million)]. In addition, the Company, through a wholly owned subsidiary, held an investment in Capital Markets Gateway Inc. (CMG) for US\$3.1 million (\$4.4 million) [March 31, 2019 – US\$2.0 million (\$2.7 million)]. The Company is not considered to exert significant influence over the operations of FON or CMG. Accordingly, the investments in FON and CMG are accounted for as financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at March 31, 2020.

During the year ended March 31, 2020, the Company invested \$0.5 million for 37 Class C Preferred Shares in Castle Ridge Asset Management Limited (CRAML). The Company is not considered to exert significant influence over the operations of CRAML. Accordingly, the investment in CRAML is accounted for under financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at March 31, 2020.

NOTE 11 | Equipment and Leasehold Improvements

	Cost \$	Accumulated amortization \$	Net book value \$
March 31, 2020			
Computer equipment	\$ 24,072	\$ 21,730	\$ 2,342
Furniture and equipment	29,672	26,256	3,416
Leasehold improvements	89,897	70,795	19,102
	143,641	118,781	24,860
March 31, 2019			
Computer equipment	19,068	15,789	3,279
Furniture and equipment	26,918	21,407	5,511
Leasehold improvements	86,492	69,490	17,002
	132,478	106,686	25,792

	Computer equipment \$	Furniture and equipment \$	Leasehold improvements \$	Total \$
Cost				
Balance, March 31, 2018	\$ 19,929	\$ 26,265	\$ 86,533	\$ 132,727
Acquired upon acquisition	—	—	329	329
Additions	1,608	804	1,970	4,382
Disposals	(1,855)	—	(1,695)	(3,550)
Foreign exchange	(614)	(151)	(645)	(1,410)
Balance, March 31, 2019	\$ 19,068	\$ 26,918	\$ 86,492	\$ 132,478
Acquired upon acquisition [Note 13]	4,700	2,009	1,141	7,850
Additions	986	724	4,643	6,353
Disposals	(1,628)	(19)	—	(1,647)
Foreign exchange	946	40	(2,379)	(1,393)
Balance, March 31, 2020	\$ 24,072	\$ 29,672	\$ 89,897	\$ 143,641

	Computer equipment \$	Furniture and equipment \$	Leasehold improvements \$	Total \$
Accumulated amortization and impairment				
Balance, March 31, 2018	\$ 13,350	\$ 20,237	\$ 68,173	\$ 101,760
Amortization	3,523	1,297	2,683	7,503
Disposals	(699)	—	(1,676)	(2,375)
Foreign exchange	(385)	(127)	310	(202)
Balance, March 31, 2019	\$ 15,789	\$ 21,407	\$ 69,490	\$ 106,686
Acquired upon acquisition [Note 13]	4,241	1,865	1,118	7,224
Amortization	2,314	1,413	3,187	6,914
Disposals	(930)	(19)	—	(949)
Foreign exchange	316	1,590	(3,000)	(1,094)
Balance, March 31, 2020	\$ 21,730	\$ 26,256	\$ 70,795	\$ 118,781

The carrying value of any temporarily idle property, plant and equipment is not considered material as at March 31, 2020 and March 31, 2019.

NOTE 12 Right-of-Use Assets**Cost**

Balance recognized on adoption of IFRS 16	\$ 112,744
Additions	4,927
Acquisition [Note 13]	8,329
Foreign exchange	3,000
As at March 31, 2020	\$ 129,000
Amortization	
Balance recognized on adoption of IFRS 16	—
Charge for the year	22,866
As at March 31, 2020	22,866
Net book value as at March 31, 2020	\$ 106,134

NOTE 13 Business Combinations**i. Patersons Securities Limited**

On October 21, 2019, the Company, through its 80% owned subsidiary, completed the acquisition of Patersons Securities Limited (Patersons). Patersons (renamed as Canaccord Genuity Financial Limited) provides comprehensive investment management, financial planning, stockbroking advice and execution services for Australian mass-affluent investors. Cash consideration of AUD\$25.0 million (C\$22.6 million) was paid on closing.

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

Consideration paid	
Cash	\$ 22,551
Net assets acquired	
Cash	\$ 11,118
Accounts receivable	5,769
Securities owned	2,988
Deferred tax assets	5,152
Right-of-use assets	8,329
Other tangible assets	1,388
Liabilities	(19,511)
Identifiable intangible assets	6,529
Deferred tax liability related to identifiable intangible assets	(1,958)
Goodwill	2,747
	\$ 22,551

Identifiable intangible assets of \$6.5 million were recognized and relate to customer relationships and contract book. The goodwill of \$2.7 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

The above amounts included in the purchase price allocation are preliminary. The purchase price and the fair value of the net assets acquired from Patersons are estimates, which were made by management at the time of the preparation of these audited 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 year ended March 31, 2020 in connection with the acquisition of Patersons were \$1.6 million, which was comprised mainly of professional fees. In addition, there were restructuring costs of \$0.8 million recorded during the year ended March 31, 2020 related to certain real estate and integration costs.

Revenue and net loss generated by Patersons, including acquisition-related costs, were \$21.4 million and \$0.4 million, respectively, since the acquisition date.

Had Patersons been consolidated from April 1, 2019 as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately \$1.3 billion and \$87.0 million, respectively, for the year ended March 31, 2020. These figures represent historical results and are not necessarily indicative of future performance.

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

On May 1, 2019, the Company completed its acquisition of Thomas Miller Wealth Management Limited and the private client investment management business of Thomas Miller Investment (Isle of Man) Limited (collectively referred to as “Thomas Miller”). Thomas Miller provides financial planning and investment management services to private clients, trusts, charities and corporations in the UK. There was initial cash consideration of £18.5 million (C\$32.5 million), with additional contingent consideration of up to £9.5 million (C\$16.7 million) payable over a period of three years following completion, subject to achievement of performance targets related to revenue and client assets. There was also deferred consideration of £0.7 million (C\$1.2 million) that was paid during the year ended March 31, 2020. In connection with the acquisition, an additional £17.0 million (C\$29.9 million as of March 31, 2020) has been added to the Company’s existing bank loan facility.

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

Consideration paid	
Cash	\$ 32,458
Deferred consideration	1,211
Contingent consideration	14,769
	\$ 48,438
Net assets acquired	
Cash	\$ 4,824
Accounts receivable	2,764
Other tangible assets	1,052
Liabilities	(4,877)
Identifiable intangible assets	32,484
Deferred tax liability related to identifiable intangible assets	(4,088)
Goodwill	16,279
	\$ 48,438

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

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to £8.4 million. An adjustment was made to the fair value of the contingent consideration as of March 31, 2020 as a result of changes in market conditions. The change was recorded through the statement of operations for the year ended March 3, 2020 [Note 7] The contingent consideration will be payable over a period of up to three years, must be settled in cash and meets the definition of a financial liability. Any subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

The above amounts included in the purchase price allocation are preliminary. The purchase price and the fair value of the net assets acquired from Thomas Miller are estimates, which were made by management at the time of the preparation of these audited 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 year ended March 31, 2020 in connection with the acquisition of Thomas Miller are \$1.5 million. These expenses are mainly comprised of professional and employment costs.

Revenue and net loss generated by Thomas Miller, including acquisition-related costs, were \$8.5 million and \$1.7 million, respectively, since the acquisition date.

Had Thomas Miller been consolidated from April 1, 2019 as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately \$1.2 billion and \$87 million, respectively, for the year ended March 31, 2020. These figures represent historical results and are not necessarily indicative of future performance.

Jitneytrade Inc. and Finlogik Inc.

On June 6, 2018, the Company completed its acquisition of Jitneytrade Inc. and Finlogik Inc. directly and indirectly through the purchase of Finlogik Capital Inc. (collectively referred to as “Jitneytrade”). The preliminary purchase price allocation was disclosed in the audited consolidated financial statements for the year ended March 31, 2019. The Company completed its final analysis during the year ended March 31, 2020 and concluded that there were no changes to the purchase price allocation.

NOTE 14

Goodwill and Other Intangible Assets

	Identifiable intangible assets										
	Goodwill \$	Brand names (indefinite life) \$	Brand names \$	Customer relationships \$	Technology \$	Non- competition \$	Trading licences \$	Fund management \$	Contract book	Favourable lease	Total \$
Gross amount											
Balance, March 31, 2018	\$ 580,606	\$ 44,930	\$ —	\$ 123,174	\$ 35,401	\$ 14,153	\$ 196	\$ 40,238	\$ —	\$ —	\$ 258,092
Additions	118,291	—	574	5,647	1,150	—	—	—	6,209	556	14,136
Foreign exchange	(6,029)	—	4	(3,518)	(1,253)	—	—	(1,253)	43	5	(5,972)
Balance, March 31, 2019	692,868	44,930	578	125,303	35,298	14,153	196	38,985	6,252	561	266,256
Additions	19,026	—	—	38,762	2,250	—	404	—	252	—	41,668
Foreign exchange	8,580	—	36	875	345	—	(16)	442	380	33	2,095
Other	(2,425)	—	—	—	—	—	—	—	—	—	—
Balance, March 31, 2020	718,049	44,930	614	164,940	37,893	14,153	584	39,427	6,884	594	310,019
Accumulated amortization and impairment											
Balance, March 31, 2018	(322,632)	—	—	(61,778)	(19,373)	(14,153)	(196)	(1,835)	—	—	(97,335)
Amortization	—	—	—	(12,076)	(2,378)	—	—	(2,323)	—	—	(16,777)
Foreign exchange	—	—	—	1,267	1,063	—	—	47	—	—	2,377
Balance, March 31, 2019	(322,632)	—	—	(72,587)	(20,688)	(14,153)	(196)	(4,111)	—	—	(111,735)
Amortization	—	—	(223)	(13,861)	(2,791)	—	—	(2,130)	(6,452)	(223)	(25,680)
Foreign exchange	—	—	(15)	(1,562)	(308)	—	—	(134)	(400)	(15)	(2,434)
Balance, March 31, 2020	(322,632)	—	(238)	(88,010)	(23,787)	(14,153)	(196)	(6,375)	(6,852)	(238)	(139,849)
Net book value											
March 31, 2019	370,236	44,930	578	52,716	14,610	—	—	34,874	6,252	561	154,521
March 31, 2020	395,417	44,930	376	76,930	14,106	—	388	33,052	32	356	170,170

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

During the year ended March 31, 2020, there was a change in the contingent consideration in connection with the acquisition of Petsky Prunier LLC, which resulted in a reduction of the goodwill of \$2.4 million.

As a result of the acquisition of Thomas Miller, the Company recognized goodwill of \$16.3 million and identifiable intangible assets of \$32.5 million relating to customer relationships as of the acquisition date, which are being amortized over 14.6 years [Note 13].

Also, as a result of the acquisition of Patersons, the Company recognized goodwill of \$2.7 million and identifiable intangible assets of \$6.5 million relating to customer relationships and contract book as of the acquisition date [Note 13].

IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations are as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	March 31, 2020 \$	March 31, 2019 \$	March 31, 2020 \$	March 31, 2019 \$	March 31, 2020 \$	March 31, 2019 \$
Canaccord Genuity Capital Markets CGUs						
Canada	\$ 44,930	\$ 44,930	\$ 101,732	\$ 101,732	\$ 146,662	\$ 146,662
US (Petsky Prunier)	—	—	110,031	105,682	110,031	105,682
Canaccord Genuity Wealth Management CGUs						
UK & Europe (Channel Islands)	—	—	94,944	93,870	94,944	93,870
UK & Europe (UK Wealth)	—	—	86,073	68,952	86,073	68,952
Australia	—	—	2,637	—	2,637	—
	\$ 44,930	\$ 44,930	\$ 395,417	\$ 370,236	\$ 440,347	\$ 415,166

Goodwill that was previously allocated to the Canaccord Genuity Wealth Management UK & Europe (Eden Financial Ltd.) CGU, the UK & Europe (Hargreave Hale) CGU and the UK & Europe (McCarthy Taylor) CGU are now combined with the goodwill in connection with the acquisition of Thomas Miller [Note 13], to form the Canaccord Genuity Wealth Management UK & Europe (UK Wealth) CGU. This change in CGUs reflects changes in the way management monitors and reviews its UK & Europe wealth management businesses and the synergies of the various business activities which now comprise the entire UK & Europe wealth management group. Given the Company manages its UK & Europe wealth management business as one operating unit, it is appropriate to allocate the goodwill acquired in connection with the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor and Thomas Miller to one CGU for the purpose of goodwill impairment testing.

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

The Genuity brand name is considered to have an indefinite life as the Company has no plans to cease its use in the future.

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.

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

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The CGUs which recorded goodwill in their carrying value as of March 31, 2020 were Canaccord Genuity Capital Markets Canada, Canaccord Genuity Capital Markets US (Petsky Prunier), Canaccord Genuity Wealth Management UK & Europe (Channel Islands), Canaccord Genuity Wealth Management UK & Europe (UK) and Canaccord Genuity Wealth Management (Australia). The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2019 – 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a compound annual revenue growth rate of 5.0% over the forecast period except for Canaccord Genuity Capital Markets US which utilized a compound annual growth rate of 2.5% [March 31, 2019 – 5.0%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity Capital Markets Canada, Canaccord Genuity Capital Markets US (Petsky Prunier), Canaccord Genuity Wealth Management UK & Europe (Channel Islands), Canaccord Genuity Wealth Management UK & Europe (UK), and Canaccord Genuity Wealth Management (Australia) was 2.5% [March 31, 2019 – 2.5%].

Sensitivity testing was conducted as part of the annual impairment test of goodwill and indefinite life intangible assets for the Canaccord Genuity – Canada CGU and for the annual impairment test of goodwill for the Canaccord Genuity – US CGU. The sensitivity testing includes assessing the impact that reasonably possible declines in revenue estimates for the 12-month period ending on March 31, 2021, declines in the compound annual revenue growth rate over the forecast period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant. In respect of the Canaccord Genuity – Canada CGU an increase in the discount rate of 1.8 percentage points, a decrease in the estimated revenue for the year ending March 31, 2021 of \$11.4 million or a decrease in the five year compound annual growth rate of 5.0 percentage points would result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge would be required. In respect of the Canaccord Genuity – US CGU an increase in the discount rate of 1.3 percentage points, a decrease in the estimated revenue for the year ending March 31, 2021 of \$13.0 million or a decrease in the five year compound annual growth rate of 3.1 percentage points would result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge would be required. 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.

NOTE 15 | Income Taxes

The major components of income tax expense are:

	March 31, 2020 \$	March 31, 2019 \$
Consolidated statements of operations		
Current income tax expense		
Current income tax expense	\$ 27,097	\$ 34,897
Adjustments in respect of prior years	2,247	(3,286)
	29,344	31,611
Deferred income tax recovery		
Origination and reversal of temporary differences	(16,139)	(10,543)
Impact of change in tax rates	264	6
	(15,875)	(10,537)
Income tax expense reported in the statements of operations	\$ 13,469	\$ 21,074

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

	March 31, 2020 \$	March 31, 2019 \$
Net income before income taxes	\$ 100,023	\$ 92,656
Income tax expense at the statutory rate of 27.0% (2019 – 27.0%)	26,996	25,018
Difference in tax rates in foreign jurisdictions	(3,895)	(599)
Non-deductible items affecting the determination of taxable income	3,651	5,450
Change in accounting and tax base estimate	797	(5,140)
Recognition of loss carryforwards and other deductible temporary differences previously not recognized	(11,640)	—
Utilization of tax losses and other temporary differences not recognized	(3,182)	(1,106)
Impact of change in tax rates on temporary difference	—	(1,300)
Share-based payments	2,470	(297)
Other	(1,728)	(952)
Income tax expense reported in the statements of operations	\$ 13,469	\$ 21,074

The following were the deferred tax assets and liabilities recognized by the Company and movements thereon during the year:

	Consolidated statements of financial position		Consolidated statements of operations	
	March 31, 2020 \$	March 31, 2019 \$	March 31, 2020 \$	March 31, 2019 \$
Unrealized gain on securities owned	\$ (783)	\$ (7,116)	\$ (6,333)	\$ (3,385)
Legal provisions	1,248	917	(331)	(143)
Unpaid remunerations	7,671	4,375	(3,296)	(445)
Unamortized capital cost of equipment and leasehold improvements over their net book value	5,771	3,434	(2,337)	(449)
Unamortized common share purchase loans	8,049	2,949	(5,100)	(515)
Loss carryforwards	12,473	7,186	(5,287)	(1,962)
Long-term incentive plan	21,927	26,008	4,081	(643)
Other intangible assets	(29,538)	(26,053)	3,485	(2,734)
Other	2,766	2,439	(757)	(261)
	\$ 29,584	\$ 14,139	\$ (15,875)	\$ (10,537)

Deferred tax assets and liabilities as reflected in the consolidated statements of financial position are as follows:

	March 31, 2020 \$	March 31, 2019 \$
Deferred tax assets	\$ 39,487	\$ 22,117
Deferred tax liabilities	(9,903)	(7,978)
	\$ 29,584	\$ 14,139

The movement for the year in the net deferred tax position was as follows:

	2020 \$	2019 \$
Opening balance	\$ 14,139	\$ 6,226
Tax recovery recognized in the consolidated statements of operations	15,875	10,537
Deferred tax liability on convertible debentures	—	(944)
Deferred taxes acquired in business combination	(662)	(1,168)
Other	232	(512)
Ending balance as of March 31	\$ 29,584	\$ 14,139

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Tax loss carryforwards of \$5.0 million [2019 – \$4.2 million] in the UK and Europe, \$9.1 million [2019 – \$nil] in the US and \$8.7 million [2019 – \$nil] in Australia have been recognized as deferred tax assets. The losses in these jurisdictions can be carried forward indefinitely. Tax loss carryforwards of \$26.1 million [2019 – \$22.9 million] in Canada have been recognized as a deferred tax asset and can be carried forward 20 years.

At the balance sheet date, the Company has tax loss carryforwards of approximately \$35.5 million [2019 – \$33.9 million] and other temporary differences of \$nil million [2019 – \$35.0 million] for which a deferred tax asset has not been recognized. These relate to subsidiaries outside of Canada that have a history of losses and may also be subject to legislative limitations on use and may not be used to offset taxable income elsewhere in the consolidated group of companies. The subsidiaries have no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these deferred tax assets, as the likelihood of future economic benefit is not sufficiently assured. These losses begin expiring in 2029.

NOTE 16

Subordinated Debt

	March 31, 2020 \$	March 31, 2019 \$
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	7,500	7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the Investment Industry Regulatory Organization of Canada (IIROC). As at March 31, 2020 and 2019, the interest rates for the subordinated debt were 6.45% and 7.95%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 17 | **Bank Loan**

	March 31, 2020 \$	March 31, 2019 \$
Loan	\$ 87,421	\$ 60,326
Less: Unamortized financing fees	(1,187)	(662)
	86,234	59,664
Current portion	7,042	9,294
Long-term portion	79,192	50,370

A subsidiary of the Company entered into a £40.0 million senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale. During the year ended March 31, 2020, the Company obtained additional financing on the loan of £17.0 million in connection with the acquisition of Thomas Miller. The balance outstanding as of March 31, 2020, net of principal repayments and unamortized financing fees, was £49.0 million (\$86.2 million) [March 31, 2019 – £34.3 million (\$59.7 million)]. The loan is repayable in instalments of principal and interest over a period of four years and matures in September 2023. The interest rate on this loan is variable and is currently at 2.6584% per annum as at March 31, 2020 [March 31, 2019 – 2.9646% per annum].

NOTE 18 | **Lease Liabilities**

	March 31, 2020 \$	March 31, 2019 \$
Year one	29,899	—
Year two	27,215	—
Year three	22,627	—
Year four	20,107	—
Year five and thereafter	35,046	—
	134,894	—
Effect of discounting	(22,555)	—
Present value of minimum lease payments	112,339	—
Less: current portion	(23,417)	—
Non-current portion of lease liabilities	88,922	—

NOTE 19 | **Convertible Debentures**

	March 31, 2020		March 31, 2019	
	Liability	Equity	Liability	Equity
Convertible debentures	\$ 128,322	\$ 5,156	\$127,225	\$5,156

On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of \$59,225,000 (the Offered Debentures). The Company had also closed the concurrent non-brokered private placement with a large Canadian asset manager for gross proceeds of \$73,500,000, which, together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of \$132,725,000 (together with the Offered Debentures, the Convertible Debentures). The Company used the proceeds from the Convertible Debentures to redeem the \$60.0 million convertible unsecured subordinated debentures issued in 2016. The remainder of the proceeds will be used by the Company to finance growth in its wealth management business in Canada and the UK & Europe, and elsewhere as opportunities arise. The net amount recognized after deducting issue costs net of deferred tax liability was \$129.2 million.

The \$60.0 million convertible unsecured subordinated debentures issued in October 2016 were considered extinguished for accounting purposes under IFRS 9, “Financial Instruments” (IFRS 9). As a result, the liability associated with the extinguished debentures was derecognized on the statement of financial position as at March 31, 2019 and the Company recorded a loss of \$13.5 million on the extinguishment during the year ended March 31, 2019, with \$8.6 million recorded through the consolidated statement of operations and \$4.9 million recorded directly against shareholders’ equity.

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

The Convertible Debentures are classified as compound financial instruments. On initial recognition, the fair value of the liability is calculated based on the present value of future cash flows under the instruments, discounted at 7%, being equal to the rate of interest applied by the market at the time of issue to instruments of comparable credit status and future cash flows, without the conversion feature. The residual amount is recorded as a component of shareholders' equity until maturity or conversion.

NOTE 20 Preferred Shares

	March 31, 2020		March 31, 2019	
	Amount \$	Number of shares \$	Amount \$	Number of shares \$
Series A Preferred Shares issued and outstanding	110,818	4,540,000	110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	205,641	8,433,206	205,641	8,433,206

[i] SERIES A PREFERRED SHARES

The Company issued 4,540,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A (Series A Preferred Shares) at a purchase price of \$25.00 per share for gross proceeds of \$113.5 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of \$1.0 million, was \$110.8 million.

Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 5.5% for the initial five-year period ended on September 30, 2016. Commencing October 1, 2016 and ending on and including September 30, 2021, quarterly cumulative dividends, if declared, will be paid at an annual rate of 3.885%. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 3.21%.

Holders of Series A Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and have the option on September 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of September 15, 2016 was below the minimum required to proceed with the conversion and, accordingly, no Series B Preferred Shares were issued. Series B Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

The Company had the option to redeem the Series A Preferred Shares on September 30, 2016, and has the option to redeem on September 30 every five years thereafter, in whole or in part, at \$25.00 per share together with all declared and unpaid dividends.

[ii] SERIES C PREFERRED SHARES

The Company issued 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series C (Series C Preferred Shares) at a purchase price of \$25.00 per share for gross proceeds of \$100.0 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of \$1.0 million, was \$97.5 million.

Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 5.75% for the initial five-year period ending on June 30, 2017. Commencing July 1, 2017 and ending on and including June 30, 2022, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.993%. Thereafter, 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 Shares), subject to certain conditions, on June 30, 2017 and have the option on June 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of June 30, 2017 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, 2017, 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.

NOTE 21 Common Shares and Warrants

	March 31, 2020		March 31, 2019	
	Amount \$	Number of shares	Amount \$	Number of shares
Issued and fully paid	\$ 745,275	107,812,361	\$ 787,096	115,616,744
Held for share-based payment plans	(1,226)	(284,645)	(3,647)	(346)
Held for the LTIP	(80,496)	(14,063,465)	(110,553)	(18,036,064)
	\$ 663,553	93,464,251	\$ 672,896	97,580,334
Warrants	March 31, 2020		March 31, 2019	
	Amount \$	Number of shares \$	Amount \$	Number of shares \$
Warrants issued in connection with private placement	—	—	1,975	3,438,412

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

[i] AUTHORIZED

Unlimited common shares without par value.

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount \$
Balance, March 31, 2018	113,522,629	\$ 772,746
Shares issued in connection with share-based payment plans [Note 23]	36,708	331
Shares issued in connection with purchase of non-controlling interest	2,331,132	16,807
Shares issued in connection with acquisition of Petsky Prunier	1,105,275	6,631
Shares cancelled	(1,379,000)	(9,419)
Balance, March 31, 2019	115,616,744	787,096
Shares issued in connection with share-based payment plans [Note 23]	54,236	489
Shares issued in connection with acquisition of Petsky Prunier	736,850	7,094
Shares issued in connection with exercise of private placement warrants	144,914	732
Shares purchased and cancelled under the substantial issuer bid	(7,272,727)	(40,000)
Shares purchased and cancelled under the normal course issuer bid	(1,467,656)	(10,136)
Balance, March 31, 2020	107,812,361	\$ 745,275

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

On August 12, 2019, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the Notice. During the year ended March 31, 2020, there were 1,467,656 shares purchased and cancelled under the NCIB.

[iii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides forgivable common share purchase loans to certain employees (other than directors or executive officers) in order to purchase common shares of the Company. The unvested balance of forgivable common share purchase loans is presented as a deduction from share capital. The forgivable common share purchase loans are amortized over the vesting period. The difference between the unvested and unamortized values is included in contributed surplus.

[iv] EARNINGS PER COMMON SHARE

	For the years ended	
	March 31, 2020 \$	March 31, 2019 \$
Earnings per common share		
Net income attributable to CGGI shareholders	\$ 86,490	\$ 70,530
Preferred share dividends	(9,404)	(9,402)
Equity portion of loss on extinguishment of convertible debentures	—	(4,892)
Net income attributable to common shareholders	77,086	56,236
Weighted average number of common shares (number)	98,449,097	96,259,582
Basic earnings per share	\$ 0.78	\$ 0.58
Diluted earnings per common share		
Net income attributable to common shareholders	77,086	56,236
Interest on convertible debentures, net of tax	6,856	7,216
Adjusted net earnings available to common shareholders	83,942	63,452
Weighted average number of common shares (number)	98,449,097	96,259,582
Dilutive effect in connection with LTIP (number)	12,296,639	17,568,822
Dilutive effect in connection with warrants (number)	—	819,097
Dilutive effect in connection with a promissory note (number)	—	661,728
Dilutive effect in connection with other share-based payment plans (number)	2,810,808	151,464
Dilutive effect in connection with convertible debentures (number)	13,272,500	13,272,500
Dilutive effect in connection with acquisition of Petsky Prunier (number)	1,473,700	2,210,550
Adjusted weighted average number of common shares (number)	128,302,744	130,943,743
Diluted earnings per common share	\$ 0.65	\$ 0.48

NOTE 22**Dividends****COMMON SHARE DIVIDENDS**

The Company declared the following common share dividends during the year ended March 31, 2020:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
February 28, 2020	March 10, 2020	\$ 0.05	\$ 5,390
November 29, 2019	December 10, 2019	\$ 0.05	\$ 5,390
August 30, 2019	September 10, 2019	\$ 0.05	\$ 5,424
June 21, 2019	July 2, 2019	\$ 0.17	\$ 19,677

On June 2, 2020, the Board of Directors approved a dividend of \$0.05 per common share, payable on June 30, 2020, with a record date of June 19, 2020. [Note 29].

PREFERRED SHARE DIVIDENDS

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
March 20, 2020	March 31, 2020	\$ 0.24281	\$ 0.312060	\$ 2,351
December 20, 2019	December 31, 2019	\$ 0.24281	\$ 0.312060	\$ 2,351
September 13, 2019	September 30, 2019	\$ 0.24281	\$ 0.312060	\$ 2,351
June 21, 2019	July 2, 2019	\$ 0.24281	\$ 0.312060	\$ 2,351

On June 2, 2020, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on June 30, 2020 to Series A Preferred shareholders of record as at June 19, 2020 [Note 29].

On June 2, 2020, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on June 30, 2020 to Series C Preferred shareholders of record as at June 19, 2020 [Note 29].

NOTE 23 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 6,262,102 RSUs [year ended March 31, 2019 – 4,661,519 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2020. The Trusts purchased 7,502,033 common shares [year ended March 31, 2019 – 4,554,070 common shares] during the year ended March 31, 2020.

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 year ended March 31, 2020 was \$5.42 [March 31, 2019 – \$7.06].

	Number
Awards outstanding, March 31, 2018	20,130,388
Grants	4,661,519
Vested	(6,311,853)
Forfeited	(115,120)
Awards outstanding, March 31, 2019	18,364,934
Grants	6,262,102
Vested	(11,474,622)
Forfeited	(47,439)
Awards outstanding, March 31, 2020	13,104,975

	Number
Common shares held by the Trusts, March 31, 2018	19,814,432
Acquired	4,554,070
Released on vesting	(6,332,438)
Common shares held by the Trusts, March 31, 2019	18,036,064
Acquired	7,502,033
Released on vesting	(11,474,632)
Common shares held by the Trusts, March 31, 2020	14,063,465

[ii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides loans to certain employees (other than directors or executive officers) for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers.

[iii] REPLACEMENT PLANS

As a result of the acquisition of Collins Stewart Hawkpoint plc (CSHP), the following share-based payment plans were introduced to replace the share-based payment plans that existed at CSHP at the acquisition date:

Canaccord Genuity Group Inc. Collins Stewart Hawkpoint Replacement Annual Bonus Equity Deferral (ABED) Plan

On March 21, 2012, the Company introduced the Replacement ABED Plan, which replaced the ABED plans that existed at CSHP as of the acquisition date. Eligible employees who participated in the CSHP ABED plans were granted options to purchase common shares of the Company under the Replacement ABED Plan. The exercise price of these options was \$nil. The options, which are now vested, vested between one and three years from the acquisition date of CSHP. In accordance with IFRS 3, "Business Combinations" (IFRS 3), a portion of the awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion was deferred and amortized to incentive compensation expense over the vesting period. The awards were fully amortized as of March 31, 2015.

	Number
Balance, March 31, 2018	18,482
Exercised	(3,226)
Balance, March 31, 2019	15,256
Exercised	(4,339)
Expired	—
Balance, March 31, 2020	10,917

Canaccord Genuity Group Inc. Collins Stewart Hawkpoint Replacement Long-Term Incentive Plan Award

On March 21, 2012, the Company introduced the Replacement LTIP, which replaced the existing LTIPs at CSHP on the acquisition date. Eligible employees who participated in the CSHP LTIPs were granted options to purchase shares of the Company under the Replacement LTIP. The exercise price of these options was \$nil. The options, which are now vested, vested annually on a graded basis over a three-year period. In accordance with IFRS 3, a portion of awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion was deferred and amortized to incentive compensation expense over the vesting period. The awards were fully amortized as of March 31, 2015.

	Number
Balance, March 31, 2018	121,458
Exercised	(33,482)
Balance, March 31, 2019	87,976
Exercised	(49,897)
Expired	(38,079)
Balance, March 31, 2020	—

[iv] DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share unit (DSU) plan for its independent directors. From August 7, 2020, half of the independent director annual fee was paid in the form of DSUs. Directors may elect annually to use more of their directors' fees for DSUs. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash with the amount equal to the number of DSUs held multiplied by the volume weighted average price of the Company's common shares for the ten trading days immediately preceding the first publication of interim financial statements and management's discussion and analysis for the fiscal quarter of the Company next ending following the director's leaving. Under the plan, the directors are not entitled to receive any common shares in the Company, and under no circumstances will DSUs confer on any participant any of the rights or privileges of a holder of common shares.

During the year ended March 31, 2020, the Company granted 125,134 DSUs [2019 – 62,916 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2020 was \$2.3 million [2019 – \$2.7 million].

[v] PERFORMANCE SHARE UNITS

The Company adopted a performance share unit (PSU) plan for certain senior executives during the year ended March 31, 2019. On June 12, 2018, the Company granted 877,485 units under the PSU plan. The Company also granted an additional 1,844,497 PSUs on June 6, 2019. The PSUs are a notional equity-based instrument linked to the value of the Company's common shares. At the end of a three-year vesting period, the number of PSUs which vest is determined upon performance against certain metrics pre-determined for each annual grant. The PSUs cliff-vest on the third anniversary of the date of the grant. The PSUs are settled in cash, based on the market price of the Company's shares at the time of vesting.

The PSUs were measured at fair value on grant date. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at March 31, 2020 was \$22.7 million [March 31, 2019 – \$5.7 million].

[vi] PERFORMANCE STOCK OPTIONS

On June 1, 2018, the Company created a performance share option (PSO) plan that was approved at the Company's Annual General Meeting held on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The

options have an exercise price of \$6.73 per share. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of \$7.067. On June 12, 2019, the Company granted 100,000 options on the same terms as the June 14, 2018 grant (including a five-year term from June 14, 2018). For accounting purposes under IFRS 2, the grant date of the initial PSOs is August 2, 2018, being the date the PSO plan was approved at the Annual General Meeting. The PSOs have a term of five years and will time-vest ratably over four years (with one-third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, 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). The PSOs will expire on June 14, 2023.

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

	Number of PSOs	Weighted average exercise price (\$)
Balance, March 31, 2019	6,220,000	\$ 6.76
Granted	100,000	6.73
Exercised	—	—
Balance, March 31, 2020	6,320,000	\$ 6.76

Under IFRS 2, "Share-Based Payments", the impact of market conditions, such as a target share price upon which vesting is conditioned, should be considered when estimating the fair value of the PSOs. A Monte Carlo simulation is used to simulate a range of possible future stock prices for the Company over the period from the grant date to the expiry date of the PSOs. The purpose of this modelling is to use a probabilistic approach for estimating the fair value of the PSOs under IFRS 2. The following assumptions were used in the Monte Carlo model for grants made in the year ended March 31, 2020:

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

The weighted average fair value of the PSOs awarded is \$1.93 per option. Compensation expense of \$3.9 million was recognized for the year ended March 31, 2020.

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

[vii] OTHER SHARE-BASED PAYMENT PLAN

During the year ended March 31, 2019, the Company granted a share-based award to a senior executive. The award vests on March 31, 2021 or, at the holder's option, can be extended to March 31, 2022. Compensation expense of \$2.7 million was recorded for the year ended March 31, 2020 [2019 – \$0.1 million].

[viii] SHARE-BASED COMPENSATION EXPENSE

	For the years ended	
	March 31, 2020 \$	March 31, 2019 \$
Long-term incentive plan	\$ 41,438	\$ 45,184
Forgivable common share purchase loans	—	335
Deferred share units (cash-settled)	(650)	128
PSO	3,896	3,483
PSU (cash-settled)	(4,576)	(488)
Other share-based payment plan	2,712	—
Accelerated share-based payment expense included as restructuring expense	—	858
Total share-based compensation expense	\$ 42,820	\$ 49,500

NOTE 24**Related Party Transactions****[i] CONSOLIDATED SUBSIDIARIES**

The consolidated financial statements include the financial statements of the Company and the Company's operating subsidiaries and intermediate holding companies listed in the following table:

	Country of incorporation	% equity interest	
		March 31, 2020	March 31, 2019
Canaccord Genuity Corp.	Canada	100%	100%
CG Investments Inc.	Canada	100%	100%
CG Investments Inc. III	Canada	100%	100%
Jitneytrade Inc.	Canada	100%	100%
Finlogik Inc.	Canada	100%	100%
Finlogik Inc. Tunisia SARL	Tunisia	75%	75%
Canaccord Genuity SAS	France	100%	100%
Canaccord Genuity Wealth (International) Limited	Guernsey	100%	100%
Canaccord Genuity Financial Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth (International) Holdings Limited	Guernsey	100%	100%
Hargreave Hale Limited	United Kingdom	100%	100%
CG McCarthy Taylor Ltd.	United Kingdom	100%	100%
CG Wealth Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Holdings Ltd.	Canada	100%	100%
Canaccord Genuity LLC	United States	100%	100%
Canaccord Genuity Wealth Management (USA) Inc.	United States	100%	100%
Canaccord Genuity Wealth & Estate Planning Services Ltd.	Canada	100%	100%
Canaccord Genuity Petsky Prunier LLC	United States	100%	100%
Canaccord Asset Management Inc.	Canada	100%	100%
Canaccord Adams Financial Group Inc.	United States	100%	100%
Collins Stewart Inc.	United States	100%	100%
Canaccord Adams BC ULC	Canada	100%	100%
Canaccord Genuity Finance Corp.	Canada	100%	100%
Canaccord Adams Finance Company ULC	Canada	100%	100%
Canaccord Adams Finance Company LLC	United States	100%	100%
Canaccord Adams (Delaware) Inc.	United States	100%	100%
Canaccord Genuity Securities LLC	United States	100%	100%
Stockwave Equities Ltd.	Canada	100%	100%
CLD Financial Opportunities Limited	Canada	100%	100%
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Financial Group (Australia) Pty Ltd.*	Australia	80%	80%
Canaccord Genuity (Australia) Limited*	Australia	80%	80%
Canaccord Genuity Financial Limited*	Australia	80%	80%
Canaccord Genuity Asia (Beijing) Limited	China	100%	100%
加通亚洲（北京）投资顾问有限公司			
The Balloch Group Limited	British Virgin Islands	100%	100%
Canaccord Genuity Asia (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Genuity (Dubai) Ltd.	United Arab Emirates	100%	100%
Canaccord Genuity SG Pte. Ltd.	Singapore	100%	100%
Canaccord Genuity Wealth Group Holdings (Jersey) Limited	Jersey	100%	100%
Canaccord Genuity Hawkpoint Limited	United Kingdom	100%	100%
Canaccord Genuity Management Company Limited	Ireland	100%	100%

* The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., Canaccord Genuity (Australia) Limited, and Canaccord Genuity Financial Limited, but for accounting purposes, as of March 31, 2020 the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2019 – 85%] [Note 8].

[ii] COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2020 and 2019:

	March 31, 2020 \$	March 31, 2019 \$
Short-term employee benefits	\$ 12,877	\$ 10,167
Share-based payments	1,068	2,656
Total compensation paid to key management personnel	\$ 13,945	\$ 12,823

[iii] OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	March 31, 2020 \$	March 31, 2019 \$
Accounts receivable	\$ 2,328	\$ 837
Accounts payable and accrued liabilities	\$ 980	\$ 942

[iv] TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

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.

NOTE 25**Segmented Information**

The Company operates in two industry segments as follows:

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

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

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

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

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity Capital Markets Canada segment, as it relates to the acquisitions of Genuity and Jitneytrade. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in the UK & Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor and Thomas Miller is allocated to the Canaccord Genuity Wealth Management UK & Europe (UK Wealth) segment. Amortization of identifiable intangible assets acquired through the acquisition of Petsky Prunier is allocated to the Canaccord Genuity Capital Markets US segment. Amortization of identifiable intangible assets acquired through the acquisition of Patersons is allocated to Canaccord Genuity Wealth Management Australia. There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the years ended							
	March 31, 2020				March 31, 2019			
	Canaccord Genuity Capital Markets \$	Canaccord Genuity Wealth Management \$	Corporate and Other \$	Total \$	Canaccord Genuity Capital Markets \$	Canaccord Genuity Wealth Management \$	Corporate and Other \$	Total \$
Commissions and fees	\$ 152,482	\$ 434,402	\$ —	\$ 586,884	\$ 175,511	\$ 380,964	\$ —	\$ 556,475
Investment banking	194,013	42,949	—	236,962	243,715	50,526	—	294,241
Advisory fees	205,614	893	—	206,507	140,744	1,484	—	142,228
Principal trading	108,788	46	—	108,834	125,753	100	(23)	125,830
Interest	24,584	28,857	10,249	63,690	13,882	24,136	12,990	51,008
Other	3,988	4,288	12,714	20,990	4,721	4,601	11,463	20,785
Expenses, excluding undernoted	579,505	386,940	54,204	1,020,649	590,253	351,929	65,437	1,007,619
Amortization	12,975	19,154	465	32,594	7,199	16,225	856	24,280
Amortization of right of use assets	13,228	6,304	3,334	22,866	—	—	—	—
Development costs	495	11,364	194	12,053	452	14,906	155	15,513
Interest expense	15,654	6,765	11,259	33,678	9,810	4,593	11,050	25,453
Restructuring costs	—	1,921	—	1,921	13,070	—	—	13,070
Acquisition-related costs	1,806	(1,930)	—	(124)	1,976	1,088	—	3,064
Loss on extinguishment of convertible debentures	—	—	—	—	—	—	8,608	8,608
Share of loss of an associate	—	—	207	207	—	—	304	304
Income (loss) before intersegment allocations and income taxes	65,806	80,917	(46,700)	100,023	81,566	73,070	(61,980)	92,656
Intersegment allocations	17,005	12,743	(29,748)	—	18,689	14,467	(33,156)	—
Income (loss) before income taxes	\$ 48,801	\$ 68,174	\$ (16,952)	\$ 100,023	\$ 62,877	\$ 58,603	\$ (28,824)	\$ 92,656

For geographic reporting purposes, the Company's business operations are grouped into Canada, the US, the UK & Europe (including Dubai), Australia and Other Foreign Locations (OFL), which is comprised of our Asian operations. Commencing in the fiscal year starting April 1, 2019, the OFL geography is allocated to our Canadian and Australian capital markets operations. The comparatives have not been restated. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of location of the underlying corporate operating results):

	For the years ended	
	March 31, 2020 \$	March 31, 2019 \$
Canada	\$ 434,054	\$ 489,515
UK & Europe	374,056	363,774
United States	353,490	305,993
Australia	62,267	31,366
Other Foreign Locations	—	(81)
	\$ 1,223,867	\$ 1,190,567

The following table presents selected figures pertaining to the financial position of each geographic location:

	Canada \$	UK & Europe \$	United States \$	Other Foreign Locations \$	Australia \$	Total \$
As at March 31, 2020						
Equipment and leasehold improvements	\$ 7,025	\$ 8,626	\$ 6,009	\$ 39	\$ 3,161	\$ 24,860
Goodwill	101,729	181,021	110,030	—	2,637	395,417
Intangible assets	49,775	113,014	867	—	6,514	170,170
Non-current assets	\$ 158,529	\$ 302,661	\$ 116,906	\$ 39	\$ 12,312	\$ 590,447
As at March 31, 2019						
Equipment and leasehold improvements	\$ 7,919	\$ 11,376	\$ 5,463	\$ 54	\$ 980	\$ 25,792
Goodwill	101,732	162,822	105,682	—	—	370,236
Intangible assets	52,484	94,553	7,484	—	—	154,521
Non-current assets	\$ 162,135	\$ 268,751	\$ 118,629	\$ 54	\$ 980	\$ 550,549

NOTE 26**Capital Management**

The Company's business requires capital for operating and regulatory purposes, including funding current and future operations. The Company's capital structure is underpinned by shareholders' equity, which is comprised of preferred shares, common shares, contributed surplus, warrants, retained deficit and accumulated other comprehensive income (loss), and is further complemented by the subordinated debt, bank loans and convertible debentures. The following table summarizes our capital as at March 31, 2020 and 2019:

Type of capital	March 31, 2020 \$	March 31, 2019 \$
Preferred shares	\$ 205,641	\$ 205,641
Common shares	663,553	672,896
Convertible debentures – equity portion	5,156	5,156
Deferred consideration	6,545	—
Warrants	—	1,975
Contributed surplus	101,501	124,710
Retained deficit	(193,131)	(237,770)
Accumulated other comprehensive income	139,353	103,755
Shareholders' equity	928,618	876,363
Convertible debentures	128,322	127,225
Subordinated debt	7,500	7,500
Bank loan	86,234	59,664
	\$ 1,150,674	\$ 1,070,752

The Company's capital management framework is designed to maintain the level of capital that will:

- Meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators
- Fund current and future operations
- Ensure that the Company is able to meet its financial obligations as they become due
- Support the creation of shareholder value

The following subsidiaries are subject to regulatory capital requirements in the respective jurisdictions by the listed regulators:

- Canaccord Genuity Corp. and Jitneytrade Inc. are subject to regulation in Canada primarily by the Investment Industry Regulatory Organization of Canada (IIROC)
- Canaccord Genuity Limited, Canaccord Genuity Wealth Limited, Canaccord Genuity Financial Planning Limited, McCarthy Taylor Ltd. and Hargreave Hale Limited are regulated in the UK by the Financial Conduct Authority (FCA)
- Canaccord Genuity Wealth (International) Limited is licensed and regulated by the Guernsey Financial Services Commission, the Isle of Man Financial Supervision Commission and the Jersey Financial Services Commission
- Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited are regulated by the Australian Securities and Investments Commission
- Canaccord Genuity (Hong Kong) Limited is regulated in Hong Kong by the Securities and Futures Commission
- Canaccord Genuity LLC is registered as a broker dealer in the US and is subject to regulation primarily by the Financial Industry Regulatory Authority, Inc. (FINRA)
- Canaccord Genuity Wealth Management (USA) Inc. is registered as a broker dealer in the US and is subject to regulation primarily by FINRA

- Canaccord Asset Management Inc. is subject to regulation in Canada by the Ontario Securities Commission
- Canaccord Genuity (Dubai) Ltd, is subject to regulation in the United Arab Emirates by the Dubai Financial Services Authority (DFSA)
- Canaccord Genuity SG Pte. Ltd. is subject to regulation by the Monetary Authority of Singapore

Margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements cause regulatory capital requirements to fluctuate on a daily basis. Compliance with these requirements may require the Company to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of cash disbursements. Some of the subsidiaries are also subject to regulations relating to withdrawal of capital, including payment of dividends to the Company. There were no significant changes in the Company's capital management policy during the current year. The Company's subsidiaries were in compliance with all of the minimum regulatory capital requirements as at and during the year ended March 31, 2020.

NOTE 27 Client Money

At March 31, 2020, the UK & Europe operations held client money in segregated accounts of \$3.451 billion (£1.960 billion) [2019 – \$3.042 billion (£1.748 billion)]. This is comprised of \$11.1 million (£6.3 million) [2019 – \$6.9 million (£4.0 million)] of balances held on behalf of clients to settle outstanding trades and \$3.440 billion (£1.954 billion) [2019 – \$3.035 billion (£1.744 billion)] of segregated deposits, held on behalf of clients, which are not reflected on the consolidated statements of financial position. Movement in settlement balances is reflected in operating cash flows.

NOTE 28 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when 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 years ended March 31, 2020 and 2019:

	Legal provisions \$	Restructuring provisions \$	Total provisions \$
Balance, March 31, 2018	\$ 3,253	\$ 5,175	\$ 8,428
Additions	4,078	13,070	17,148
Utilized	(1,660)	(5,704)	(7,364)
Balance, March 31, 2019	5,671	12,541	18,212
Additions	2,899	1,921	4,820
Utilized	(4,025)	(12,272)	(16,297)
Balance, March 31, 2020	\$ 4,545	\$ 2,190	\$ 6,735

Commitments, litigation proceedings and contingent liabilities

In the normal course of business, the Company is involved in litigation, and as of March 31, 2020, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of March 31, 2020, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

Litigation matters and asserted and unasserted claims against the Company may be in respect of certain subsidiaries of CGGI, CGGI directly or both CGGI and certain of its subsidiaries.

A final finding of liability has been made in an action against Collins Stewart (C.I.) Limited, now called Canaccord Genuity Wealth (International) Limited (CGWIL), arising out of a non-compete agreement with one of its clients entered into before CGWIL became a subsidiary of the Company in 2012. Proceedings to determine the quantum of damages are continuing and the Company intends to vigorously defend itself. As at the date of these audited annual consolidated financial statements the probable outcome of the current proceedings in respect of this matter cannot be determined and the amount of any damages award cannot be reasonably estimated.

Proceedings have been brought against the Company in respect of the recommendation by a predecessor of certain wealth management tax advantaged film partnership products in the UK which could be material if such claims are successful, additional claims are made or the Company's assumptions used to evaluate the matter as neither probable nor estimable change in future periods.

The Company is either vigorously defending such proceedings or intends to in respect of any further claims that may be advanced. Notwithstanding that the Company considers that all such claims are, and would be, without merit, the Company may be required to record a provision for an adverse outcome, which could have a material adverse effect on the Company's financial position. The aggregate investment by the Company's clients who have standstill agreements in place in respect of these products, and for whom such information is available, is estimated to be approximately \$10.0 million (£6.0 million). The aggregate initial tax deferral amount realized by the Company's clients, who have standstill agreements, in respect of these products when they were purchased during the period from 2006 to 2009, is estimated to be less than \$15.0 million (£9.0 million).

Enforcement by HMRC, (the U.K. taxation authority), the outcome of litigation in respect of the taxation of other similar products sold by other financial advisors, and settlements reached with HMRC by some investors may result in tax liabilities to the purchasers of these products in excess of the initial tax deferral amount. As at the date of these audited annual consolidated financial statements, civil claims have been issued by current and former clients, and one former client is involved in pre-action correspondence under the relevant pre-action protocol. All the claims (or potential claims) notified to the Company have been defended or denied. The potential tax liability for those clients engaged in pre-action correspondence and the issued civil claims, which is in addition to the initial tax deferral amount is estimated to be less than \$18.0 million (£10.8 million), plus other potential costs (such as interest). For those clients not currently engaged in the issued civil claims and pre-action correspondence that could assert a tax liability against the Company the potential tax liability which is in addition to the initial tax deferral amount is estimated to be approximately \$5.0 million (£3.0 million).

The probable outcome of the enforcement actions by HMRC in respect of this matter and the likelihood of a loss to, or the amount of any such loss suffered by the Company in connection with any such claims made or asserted of the type set out above, or which may be further asserted are not determinable at the date of these audited annual consolidated financial statements.

An action has been commenced in Alberta by a former client and others claiming the return of losses in certain accounts, return of administration fees, interest and costs. The claim alleges breach of contract and negligence in the administration of the accounts. The damages claimed in this action are in excess of \$14 million. Although the Company has denied the allegations and intends to vigorously defend itself, the probable outcome of this action and a reliable estimate of the amount of damages in the event of an adverse outcome are not determinable at the date of these audited consolidated financial statements.

The Company provides financial advisory, underwriting and other services to, and trades the securities of issuers that are involved with, new and emerging industries, including the US cannabis industry. Activities within such industries, including the US cannabis industry, typically have not had the benefit of a history of successful operating results. In addition to the economic uncertainties associated with new industries, new activities and new issuers, the laws applicable to such industries or activities, particularly the US cannabis industry and the activities of issuers in that industry, and the effect or enforcement of such laws are undetermined, conflicting and uncertain. With respect to the US cannabis industry, cannabis continues to be a controlled substance under the United States Controlled Substances Act and, as such, there is a risk that certain issuers, while in compliance with applicable state law, may be prosecuted under federal law. Accordingly, the Company has adopted policies and procedures reasonably designed to ensure compliance with the United States Currency and Foreign Transactions Reporting Act of 1970 (the Bank Secrecy Act) and the guidance issued by the United States Department of the Treasury Financial Crimes Enforcement Network, FIN-2014-G001 (the FinCEN Guidance) relating to providing financial services to marijuana-related businesses in the United States (as that term is used in the FinCEN Guidance). While the Company takes steps to identify the risks associated with emerging industries, including the US cannabis industry, and only provides services to those issuers where it determines that there is no material risk to the Company or where any risk is unlikely to result in a material adverse consequence to the Company, there is a risk that the Company could be the subject of third party proceedings which may have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. Notwithstanding these procedures, the Company is currently a party to securities class action proceedings in Canada and the US relating to underwriting services provided to certain issuers in the cannabis and e-cigarette and vaping industries. Although the Company believes that these claims are without merit and intends to vigorously defend itself, the probable outcome of these class action proceedings cannot be predicted with certainty and a reliable estimate of the amount of losses, if any, in the event of adverse outcomes is not determinable as at the date of these financial statements and, accordingly, the Company has not recorded a provision in respect of these claims. The risk of any further actions against the Company is not known. As at the date of these audited consolidated financial statements, the Company has not recorded a provision in respect of any other such matters.

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

NOTE 29

Subsequent Events

DIVIDENDS

On June 2, 2020, the Board of Directors approved a dividend of \$0.05 per common share, payable on June 30, 2020, with a record date of June 19, 2020. [Note 22].

On June 2, 2020, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on June 30, 2020 to Series A Preferred shareholders of record as at June 19, 2020 [Note 22].

On June 2, 2020, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on June 30, 2020 to Series C Preferred shareholders of record as at June 19, 2020 [Note 22].

Supplemental Information

Advisory note: This supplemental information is not audited and should be read in conjunction with the audited financial statements contained herein.

Financial Highlights⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

(C\$ thousands, except for AUM, AUA, common and preferred share information, financial measures and percentages)	For the years ended and as at March 31				
	2020	2019	2018	2017	2016
Financial results					
Revenue	1,223,867	1,190,567	1,022,877	879,546	787,805
Expenses	1,123,844	1,097,911	987,131	825,662	1,151,776
Income taxes expense (recovery)	13,469	21,074	18,669	10,698	(5,404)
Net income (loss)	86,554	71,582	17,077	43,186	(358,567)
Net income (loss) attributable to CGGI shareholders	86,490	70,530	13,024	38,103	(358,471)
Net income (loss) attributable to common shareholders	77,086	61,126	3,431	27,025	(370,463)
Business segment					
Income (loss) before income taxes					
Canaccord Genuity Capital Markets	48,801	62,877	13,126	44,268	(349,110)
Canaccord Genuity Wealth Management	68,174	58,603	33,999	24,267	10,171
Corporate and Other	(16,952)	(28,824)	(11,379)	(14,651)	(25,032)
Client assets information (\$ millions)					
AUM – Canada (discretionary)	4,009	4,221	2,815	2,637	1,257
AUA – Canada	18,440	20,674	15,567	13,228	9,192
AUM – UK & Europe	39,879	44,195	44,877	24,526	22,791
AUM – Australia	2,400	854	830	862	731
Total	60,719	65,723	61,274	38,616	32,714
Common share information					
Per common share (\$)					
Basic (loss) earnings	0.78	0.58	0.04	0.29	(4.09)
Diluted (loss) earnings	0.65	0.48	0.03	0.27	(4.09)
Common share price (\$)					
High	6.00	7.47	7.49	5.70	8.58
Low	3.29	5.54	4.08	3.53	3.50
Close	4.33	5.84	6.93	5.09	4.01
Common shares outstanding (thousands)					
Issued shares excluding unvested shares	93,464	97,580	93,054	92,780	89,084
Issued and outstanding	107,812	115,617	113,523	113,511	103,812
Diluted shares	130,723	140,241	124,294	124,479	109,072
Average basic	98,449	96,260	92,587	91,657	90,553
Average diluted	128,303	130,944	110,862	101,149	n/a
Market capitalization (thousands)	566,031	819,007	861,357	633,598	437,379
Preferred share information (thousands)					
Shares issued and outstanding	8,540	8,540	8,540	8,540	8,540
Financial measures					
Dividends per common share	0.20	0.20	0.15	0.10	0.10
Common dividend yield (closing common share price)	4.6%	3.4%	2.2%	2.0%	2.5%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14 of the MD&A.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 - 15%].

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

(4) Commencing Q1/20, our Asian based operations, including Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units. Also, commencing in Q3/20, our Australian wealth management business, comprised of the operating results of Patersons since October 21, 2019 and the wealth management business of Australia previously included as part of Canaccord Genuity Capital Markets Australia, is disclosed as a separate operating segment in the discussions below. Comparatives have not been restated.

Condensed Consolidated Statements of Operations and Retained Earnings⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

(C\$ thousands, except per share amounts and percentages)	For the years ended March 31				
	2020	2019	2018	2017	2016
Revenue					
Commissions and fees	586,884	556,475	461,937	396,741	376,817
Investment banking	236,962	294,241	282,195	196,129	132,029
Advisory fees	206,507	142,228	122,372	130,749	160,180
Principal trading	108,834	125,830	113,921	119,040	85,559
Interest	63,690	51,008	27,875	16,847	16,830
Other	20,990	20,785	14,577	20,040	16,390
	1,223,867	1,190,567	1,022,877	879,546	787,805
Expenses					
Compensation expense	738,313	716,625	625,853	540,696	510,857
Trading costs	83,964	83,577	68,209	65,211	56,998
Premises and equipment	18,094	41,719	39,605	42,286	40,863
Communication and technology	66,666	64,930	56,346	52,381	55,975
Interest	33,678	25,453	18,437	12,744	10,222
General and administrative	113,612	100,768	83,982	79,011	87,004
Amortization	32,594	24,280	24,007	21,124	25,339
Development costs	12,053	15,513	7,664	12,209	26,129
Amortization of right-of-use assets	22,866	—	—	—	—
Restructuring costs	1,921	13,070	7,643	—	17,352
Acceleration of long-term incentive plan expense	—	—	48,355	—	—
Impairment of goodwill	—	—	—	—	321,037
Share of loss from associate	207	304	298	—	—
Loss on extinguishment of convertible debentures	—	8,608	—	—	—
Acquisition-related costs	(124)	3,064	6,732	—	—
	1,123,844	1,097,911	987,131	825,662	1,151,776
Income (loss) before income taxes	100,023	92,656	35,746	53,884	(363,971)
Income taxes expense (recovery)	13,469	21,074	18,669	10,698	(5,404)
Net income (loss) for the year	86,554	71,582	17,077	43,186	(358,567)
Non-controlling interests	64	1,052	4,053	5,083	(96)
Net income (loss) attributable to CGGI shareholders	86,490	70,530	13,024	38,103	(358,471)
Retained earnings, beginning of year	(237,770)	(277,472)	(267,559)	(294,586)	92,815
Common shares dividends	(32,447)	(16,534)	(13,344)	—	(16,938)
Preferred shares dividends	(9,404)	(9,402)	(9,593)	(11,076)	(11,992)
Equity portion of loss on extinguishment of convertible debentures	—	(4,892)	—	—	—
Retained earnings, end of year	(193,131)	(237,770)	(277,742)	(267,559)	(294,586)
Total compensation expenses as a % of revenue	60.3%	60.2%	61.2%	61.5%	64.8%
Non-compensation expenses as a % of revenue	31.5%	32.0%	30.6%	32.4%	81.4%
Total expenses as a % of revenue	91.8%	92.2%	96.5%	93.9%	146.2%
Pre-tax profit margin	8.2%	7.8%	3.5%	6.1%	(46.2)%
Effective tax rate	13.5%	22.7%	52.2%	19.9%	1.5%
Net profit margin	7.1%	6.0%	1.7%	4.9%	(45.5)%
Basic earnings (loss) per share	0.78	0.58	0.04	0.29	(4.09)
Diluted earnings (loss) per share	0.65	0.48	0.03	0.27	(4.09)
Canaccord Genuity Capital Markets	689,469	704,326	637,556	598,391	532,270
Canaccord Genuity Wealth Management	511,435	461,811	370,265	267,111	246,567
Corporate and Other	22,963	24,430	15,056	14,044	8,968
	1,223,867	1,190,567	1,022,877	879,546	787,805

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14 of the MD&A.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 - 15%].

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

(4) Commencing Q1/20, our Asian based operations, including Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units. Also, commencing in Q3/20, our Australian wealth management business, comprised of the operating results of Patersons since October 21, 2019 and the wealth management business of Australia previously included as part of Canaccord Genuity Capital Markets Australia, is disclosed as a separate operating segment in the discussions below. Comparatives have not been restated.

Condensed Consolidated Statements of Financial Position

As at March 31 (C\$ thousands)	2020	2019	2018	2017	2016
Assets					
Cash and cash equivalents	997,111	820,739	862,838	677,769	428,329
Securities owned, at market	931,467	690,499	469,217	784,230	564,746
Accounts receivable	3,275,841	2,656,664	2,215,837	3,395,736	2,041,150
Income taxes recoverable	5,603	2,502	1,170	1,085	12,537
Deferred tax assets	39,487	22,117	19,941	15,323	11,221
Investments	10,105	6,224	2,035	2,829	5,578
Equipment and leasehold improvements	24,860	25,792	30,967	31,479	37,049
Goodwill and other intangibles	565,587	524,757	418,731	295,065	323,936
Right-of-use assets	106,134	—	—	—	—
	5,956,195	4,749,294	4,020,736	5,203,516	3,424,546
Liabilities and shareholders' equity					
Bank indebtedness	—	9,639	—	25,280	14,910
Securities sold short	875,017	373,419	301,006	645,742	427,435
Accounts payable, accrued liabilities and other	3,680,186	3,141,977	2,647,382	3,681,676	2,203,858
Income taxes payable	11,721	5,415	7,851	10,093	4,242
Current portion of bank loan	7,042	9,294	9,679	—	—
Current portion of lease liabilities	23,417	—	—	—	—
Current portion of contingent consideration	57,859	—	—	—	—
Deferred consideration	8,966	22,225	9,997	—	—
Contingent consideration	47,614	108,319	49,844	—	—
Promissory note	—	5,832	—	—	—
Lease liability	88,922	—	—	—	—
Other long-term liabilities	1,760	1,741	—	—	—
Bank loan	79,192	50,370	61,758	—	—
Deferred tax liabilities	9,903	7,978	13,715	140	450
Subordinated debt	7,500	7,500	7,500	7,500	15,000
Convertible debentures	128,322	127,225	57,081	56,442	—
Non-controlling interests	156	1,997	13,571	11,858	8,722
Shareholders' equity	928,618	876,363	841,352	764,785	749,929
	5,956,195	4,749,294	4,020,736	5,203,516	3,424,546

Miscellaneous Operational Statistics⁽¹⁾

As at March 31	2020	2019	2018	2017	2016
Number of employees in Canada					
Number in Canaccord Genuity Capital Markets	257	255	189	178	180
Number in Canaccord Genuity Wealth Management	432	430	379	359	354
Number in Corporate and Other	339	308	288	279	288
Total Canada	1,028	993	856	816	822
Number of employees in the UK & Europe					
Number in Canaccord Genuity Capital Markets	136	197	214	225	282
Number in Canaccord Genuity Wealth Management	548	542	559	313	312
Number of employees in the US					
Number in Canaccord Genuity Capital Markets	313	308	256	275	291
Number of employees in Australia					
Number in Canaccord Genuity Capital Markets	83	58	57	58	55
Number in Canaccord Genuity Wealth Management	200	10	11	11	10
Number of employees in Other Foreign Locations					
Number in Canaccord Genuity Capital Markets	0	4	3	2	23
Number of employees company-wide	2,308	2,112	1,956	1,700	1,795
Number of Advisory Teams in Canada ⁽²⁾	146	155	142	141	139
Number of licensed professionals in Canada	435	420	374	367	392
Number of investment professionals and fund managers in the UK & Europe ⁽³⁾	210	190	188	118	118
Number of Advisors – Australia	119	6	7	8	7
AUM – Canada (discretionary) (C\$ millions)	4,009	4,221	2,815	2,637	1,257
AUA – Canada (C\$ millions)	18,440	20,674	15,567	13,228	9,192
AUM – UK & Europe (C\$ millions)	39,879	44,195	44,877	24,526	22,791
AUM – Australia (C\$ millions)	2,400	854	830	862	731
Total (C\$ millions)	60,719	65,723	61,274	38,616	32,714

(1) These miscellaneous operational statistics are non-IFRS measures.

(2) Advisory Teams in Canada are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book.

(3) Investment professionals include all staff with direct sales responsibilities, which includes brokers and assistants with direct client contacts. Fund managers include all staff who manage client assets.

Quarterly Financial Highlights⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

(C\$ thousands, except for AUM, AUA, common and preferred share information, financial measures and percentages)	Fiscal 2020				Fiscal 2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial results								
Revenue	319,648	308,014	270,697	325,508	284,808	331,600	300,036	274,123
Expenses	289,430	285,731	254,527	294,156	279,265	290,991	275,414	252,241
Income taxes expense (recovery)	3,972	(557)	2,992	7,062	3,087	8,151	6,603	3,233
Net income	26,246	22,840	13,178	24,290	2,456	32,458	18,019	18,649
Net income attributable to CGGI shareholders	26,288	22,509	13,488	24,205	2,663	32,457	17,794	17,616
Net income attributable to common shareholders	23,937	20,158	11,137	21,854	312	30,106	15,443	15,265
Business segment								
Income (loss) before income taxes								
Canaccord Genuity	12,765	13,553	4,706	17,777	(2,529)	31,096	24,214	10,096
Canaccord Genuity Wealth Management	23,652	12,351	13,412	18,759	13,099	14,813	16,385	14,306
Corporate and Other	(6,199)	(3,621)	(1,948)	(5,184)	(5,027)	(5,300)	(15,977)	(2,520)
Client assets (\$ millions)								
AUM – Canada (discretionary)	4,009	4,584	4,423	4,346	4,221	3,954	4,158	3,721
AUA – Canada	18,440	20,989	20,408	21,223	20,674	18,260	19,746	18,921
AUM – UK & Europe	39,879	48,110	44,183	45,574	44,195	41,153	45,230	46,434
AUM – Australia	2,400	3,691	858	774	854	771	834	845
Total	60,719	72,790	65,449	67,571	65,723	60,184	65,810	66,200
Common share information								
Per common share (\$)								
Basic earnings (loss)	0.25	0.21	0.11	0.22	0.00	0.31	0.11	0.16
Diluted earnings (loss)	0.21	0.17	0.10	0.18	0.00	0.25	0.09	0.14
Common share price (\$)								
High	5.75	5.63	5.89	6.00	6.65	7.11	7.47	7.44
Low	3.29	4.63	4.90	4.98	5.65	5.54	6.83	5.76
Close	4.33	4.84	5.22	6.00	5.84	5.77	6.90	7.26
Common shares outstanding (thousands)								
Issued shares excluding unvested shares	93,464	94,415	98,308	106,540	97,580	96,259	97,055	96,502
Issued and outstanding	107,812	107,292	108,492	115,748	115,617	114,857	115,707	113,548
Diluted shares	130,723	129,040	132,682	132,759	140,241	136,659	137,741	124,646
Average basic	94,291	96,861	102,503	100,085	96,696	97,163	96,583	94,363
Average diluted	124,064	125,698	131,613	129,910	118,327	129,169	115,861	117,541
Preferred shares outstanding (thousands)								
Shares issued and outstanding	8,540	8,540	8,540	8,540	8,540	8,540	8,540	8,540
Financial measures								
Dividends per common share	0.05	0.05	0.05	0.05	0.17	0.01	0.01	0.01

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14 of the MD&A.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 - 15%].

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

(4) Commencing Q1/20, our Asian based operations, including Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units. Also, commencing in Q3/20, our Australian wealth management business, comprised of the operating results of Patersons since October 21, 2019 and the wealth management business of Australia previously included as part of Canaccord Genuity Capital Markets Australia, is disclosed as a separate operating segment in the discussions below. Comparatives have not been restated.

Condensed Consolidated Statements of Operations⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

(C\$ thousands, except per share amounts and percentages)	Fiscal 2020				Fiscal 2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Commissions and fees	165,576	147,191	132,325	141,792	137,578	143,115	139,402	136,380
Investment banking	48,619	51,550	51,992	84,801	60,316	98,978	67,426	67,521
Advisory fees	49,997	60,691	42,015	53,804	32,220	40,698	44,396	24,914
Principal trading	35,352	27,149	21,260	25,073	35,197	30,776	28,949	30,908
Interest	15,222	16,622	16,661	15,185	13,733	12,703	15,326	9,246
Other	4,882	4,811	6,444	4,853	5,764	5,330	4,537	5,154
	319,648	308,014	270,697	325,508	284,808	331,600	300,036	274,123
Expenses								
Compensation expense	198,976	186,649	157,780	194,908	175,262	195,939	179,091	166,333
Trading costs	22,925	19,836	21,083	20,120	18,040	24,575	22,462	18,500
Premises and equipment	4,585	4,501	4,224	4,784	10,895	10,647	10,230	9,947
Communication and technology	17,378	17,739	15,191	16,358	18,154	16,575	15,015	15,186
Interest	8,764	8,490	8,313	8,111	5,738	5,903	8,218	5,594
General and administrative	30,437	26,519	26,289	30,367	29,103	26,689	21,292	23,684
Amortization	8,194	8,415	8,049	7,936	5,769	5,675	6,198	6,638
Amortization of right-of-use of assets	5,513	5,832	5,939	5,582	—	—	—	—
Development costs	(2,710)	6,560	2,994	5,209	2,940	4,661	4,053	3,859
Restructuring costs	(427)	1,250	1,098	—	11,754	—	—	1,316
Acquisition-related costs	(4,238)	—	3,602	512	1,721	170	—	1,173
Acceleration of long-term Incentive plan expense	—	—	—	—	—	—	—	—
Share of loss from associate	33	(60)	(35)	269	(111)	157	247	11
Loss on extinguishment of convertible debentures	—	—	—	—	—	—	8,608	—
Impairment of goodwill	—	—	—	—	—	—	—	—
	289,430	285,731	254,527	294,156	279,265	290,991	275,414	252,241
Income before income taxes	30,218	22,283	16,170	31,352	5,543	40,609	24,622	21,882
Income tax (recovery) expense	3,972	(557)	2,992	7,062	3,087	8,151	6,603	3,233
Net income for the period	26,246	22,840	13,178	24,290	2,456	32,458	18,019	18,649
Non-controlling interests	(42)	331	(310)	85	(207)	1	225	1,033
Net income attributable to CGGI shareholders	26,288	22,509	13,488	24,205	2,663	32,457	17,794	17,616
Total compensation expenses as a % of revenue ⁽⁸⁾	62.2%	60.6%	58.3%	59.9%	61.5%	59.1%	59.7%	60.7%
Non-compensation expenses as a % of revenue	28.3%	32.2%	35.7%	30.5%	36.5%	28.7%	32.1%	31.3%
Total expenses as a % of revenue	90.5%	92.8%	94.0%	90.4%	98.1%	87.8%	91.8%	92.0%
Pre-tax profit margin	9.5%	7.2%	6.0%	9.6%	1.9%	12.2%	8.2%	8.0%
Effective tax rate	13.1%	(2.5)%	18.5%	22.5%	55.7%	20.1%	26.8%	14.8%
Net profit margin	8.2%	7.4%	4.9%	7.5%	0.9%	9.8%	6.0%	6.8%
Basic (loss) earnings per share	0.25	0.21	0.11	0.22	0.00	0.31	0.11	0.16
Diluted (loss) earnings per share	0.21	0.17	0.10	0.18	0.00	0.25	0.09	0.14
Canaccord Genuity Capital Markets	176,579	174,174	148,693	190,023	160,047	209,373	178,734	156,172
Canaccord Genuity Wealth Management	137,938	128,384	115,372	129,741	117,130	115,979	116,126	112,576
Corporate and Other	5,131	5,456	6,632	5,744	7,631	6,248	5,176	5,375
	319,648	308,014	270,697	325,508	284,808	331,600	300,036	274,123

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14 of the MD&A.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 - 15%].

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

(4) Commencing Q1/20, our Asian based operations, including Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units. Also, commencing in Q3/20, our Australian wealth management business, comprised of the operating results of Patersons since October 21, 2019 and the wealth management business of Australia previously included as part of Canaccord Genuity Capital Markets Australia, is disclosed as a separate operating segment in the discussions below. Comparatives have not been restated.

Condensed Consolidated Statements of Financial Position

(C\$ thousands)	Fiscal 2020				Fiscal 2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Assets								
Cash and cash equivalents	997,111	548,674	459,158	585,502	820,739	930,912	897,276	739,311
Securities owned	931,467	923,455	758,130	1,416,525	690,499	709,037	654,784	625,799
Accounts receivable	3,275,841	2,246,922	2,688,154	2,636,928	2,656,664	1,888,600	2,209,995	2,388,761
Income taxes recoverable	5,603	12,793	14,877	7,473	2,502	9,789	5,697	5,362
Deferred tax assets	39,487	23,266	16,043	17,838	22,117	20,831	20,802	18,200
Investments	10,105	8,225	8,249	8,170	6,224	6,184	2,278	2,191
Equipment and leasehold improvements	24,860	24,555	23,754	24,685	25,792	25,941	26,014	28,467
Goodwill and other intangibles	565,587	560,164	539,118	551,288	524,757	406,789	403,285	413,745
Right-of-use assets	106,134	105,687	105,117	110,087	—	—	—	—
	5,956,195	4,453,741	4,612,600	5,358,496	4,749,294	3,998,083	4,220,131	4,221,836
Liabilities and shareholders' equity								
Bank indebtedness	—	—	4,379	—	9,639	5,903	40,635	14,526
Securities sold short	875,017	569,012	543,035	540,668	373,419	438,348	409,623	418,081
Accounts payable, accrued liabilities and other	3,680,186	2,560,810	2,758,400	3,490,204	3,141,977	2,426,381	2,691,837	2,742,571
Income taxes payable	11,721	7,360	3,753	5,492	5,415	6,527	4,344	3,739
Current portion of bank loan	7,042	6,843	6,510	3,324	9,294	9,238	8,982	9,233
Current portion of lease liabilities	23,417	23,055	20,893	22,326	—	—	—	—
Current portion of contingent consideration	57,859	23,426	29,301	29,729	—	—	—	—
Deferred consideration	8,966	8,733	8,344	9,653	22,225	9,553	9,743	10,117
Contingent consideration	47,614	82,274	81,104	83,139	108,319	51,572	50,258	51,550
Promissory note	—	5,457	5,363	5,516	5,832	5,733	5,594	—
Lease liability	88,922	90,825	92,759	97,675	—	—	—	—
Other long-term liabilities	1,760	1,725	1,628	1,662	1,741	—	—	—
Bank loan	79,192	76,844	76,200	81,070	50,370	54,596	53,003	59,009
Deferred tax liabilities	9,903	8,260	7,723	11,063	7,978	14,264	11,848	13,435
Subordinated debt	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Convertible debentures	128,322	128,040	127,763	127,492	127,225	126,964	126,707	57,249
Non-controlling interests	156	2,343	1,733	2,296	1,997	2,338	2,004	15,259
Shareholders' equity	928,618	851,234	836,212	839,687	876,363	839,166	798,053	819,567
	5,956,195	4,453,741	4,612,600	5,358,496	4,749,294	3,998,083	4,220,131	4,221,836

Miscellaneous Operational Statistics⁽¹⁾

	Fiscal 2020				Fiscal 2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of employees in Canada								
Number in Canaccord Genuity	257	260	256	258	255	248	248	244
Number in Canaccord Genuity Wealth Management	432	425	430	427	430	425	413	412
Number in Corporate and Other	339	337	328	315	308	303	294	291
Total Canada	1,028	1,022	1,014	1,000	993	976	955	947
Number of employees in the UK & Europe								
Number in Canaccord Genuity	136	137	141	154	197	192	192	197
Number in Canaccord Genuity Wealth Management	548	557	572	593	542	548	559	559
Number of employees in the US								
Number in Canaccord Genuity	313	322	322	306	308	260	260	263
Number of employees in Australia								
Number in Canaccord Genuity	83	77	58	60	58	58	56	57
Number in Canaccord Genuity Wealth Management	200	201	15	15	10	10	10	11
Number of employees in Other Foreign Locations								
Number in Canaccord Genuity	—	—	—	—	4	4	4	4
Number of employees company-wide	2,308	2,316	2,122	2,128	2,112	2,048	2,036	2,038
Number of Advisory Teams in Canada ⁽²⁾	146	147	151	153	155	150	150	148
Number of licensed professionals in Canada	435	429	426	421	420	416	410	407
Number of investment professionals and fund managers in the UK & Europe ⁽³⁾	210	214	215	218	190	188	193	190
Number of Advisors – Australia	119	115	11	11	6	6	6	7
AUM – Canada (discretionary) (C\$ millions)	4,009	4,584	4,423	4,346	4,221	3,954	4,158	3,721
AUA – Canada (C\$ millions)	18,440	20,989	20,408	21,223	20,674	18,260	19,746	18,921
AUM – UK & Europe (C\$ millions)	39,879	48,110	44,183	45,574	44,195	41,153	45,230	46,434
AUM – Australia (C\$ millions)	2,400	3,691	858	774	854	771	834	845
Total (C\$ millions)	60,719	72,790	65,449	67,571	65,723	60,184	65,810	66,200

(1) These miscellaneous operational statistics are non-IFRS measures.

(2) Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book.

(3) Investment professionals include all staff with direct sales responsibilities, which includes brokers and assistants with direct client contacts. Fund managers include all staff who manage client assets.

(4) A company listed on AIM is required to retain a Nominated Adviser (commonly referred to as a Nomad) during the company's life on the market. Among other duties, Nomads are responsible for warranting that a company is appropriate for joining AIM. A Nomad is similar to a Financial Advisor on the LSE, but is specific to AIM.

Glossary

Acquisition-related expense items

These expenses are mainly comprised of professional and employment costs in connection with acquisitions. Acquisition-related expense items also include costs incurred for prospective acquisitions not pursued. Figures that exclude acquisition-related items are considered non-IFRS measures.

Advisory fees

Revenue related to the fees the Company charges for corporate advisory, mergers and acquisitions or corporate restructuring services is recorded as Advisory fees.

Advisory Teams (IA Teams)

Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

Assets under administration (AUA) Canada

AUA is the market value of client assets administered by the Company, for which the Company earns commissions or fees. This measure includes funds held in client accounts, as well as the aggregate market value of long and short security positions. Management uses this measure to assess operational performance of the Canaccord Genuity Wealth Management business segment. This measure is non-IFRS.

Assets under management (AUM) Canada

AUM consists of assets that are beneficially owned by clients and discretionarily managed by the Company as part of the *Complete Canaccord Investment Counselling Program* and *Complete Canaccord Private Investment Management*. Services provided include the selection of investments and the provision of investment advice. AUM is also administered by the Company and is therefore included in AUA. This measure is non-IFRS.

Assets under management (AUM) UK and Europe

AUM is the market value of client assets managed and administered by the Company, for which the Company earns commissions or fees. This measure includes both discretionary and non-discretionary accounts. This measure is non-IFRS.

Book value per diluted common share

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

forfeitures in respect of unvested share awards under share-based payment plans.

Canaccord Genuity Capital Markets

Canaccord Genuity Capital Markets is the global capital markets division of Canaccord Genuity Group Inc., 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 (CGWM)

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

Corporate and Other

Canaccord Genuity Group's administrative segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, 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 all administrative functions of Canaccord Genuity Group Inc.

Commissions and fees

Commission and fees revenue consist of revenue generated through commission-based brokerage services and the sale of fee-based products and services.

Correspondent brokerage services

The provision of secure administrative, trade execution and research services to other brokerage firms through the Company's existing technology and operations infrastructure (Pinnacle Correspondent Services).

Earnings (loss) per share (EPS)

Basic earnings (loss) per common share is computed by dividing the net income (loss) attributable to common shareholders for the period by the weighted average number of common shares outstanding. Diluted earnings per common share reflects the dilutive effect in connection with the LTIP, warrants, other share-based payment plans as well as the convertible debentures based on the treasury stock method. The treasury stock method determines the number of incremental common shares by assuming that the number of shares the Company has granted to employees has been issued.

Fair value adjustment

An estimate of the fair value of an asset (or liability) for which a market price cannot be determined, usually because there is no established market for the asset.

Fixed income trading

Trading in new issues, government and corporate bonds, treasury bills, commercial paper, strip bonds, high-yield debt and convertible debentures.

Incentive-based revenue

A percentage of incentive-based revenue earned is directly paid out as incentive compensation expense, including commission, investment banking, advisory fees, and principal trading revenue.

Institutional sales and trading

A capital markets business segment providing market information and research, advice and trade execution to institutional clients.

International Equities Group (IEG)

The International Equities Group is a premium, low cost, order routing destination for both US listed securities and foreign listed ordinary shares for local market execution in the US operations.

Investment banking

Assisting public and private businesses and governments to obtain financing in the capital markets through the issuance of debt, equity and derivative securities on either an underwritten or an agency basis.

Investment professionals and fund managers

Investment professionals include all staff with direct sales responsibilities, which include brokers and assistants with direct contacts. Fund managers include all staff who manage client assets.

Liquidity

The total of cash and cash equivalents available to the Company as capital for operating and regulatory purposes.

Long-term incentive plan (LTIP)

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The participating employees are eligible to receive shares that generally vest over three years (the "RSUs"). This program is referred to as the Long-Term Incentive Plan (the "LTIP" or the "Plan").

National Insurance (NI) tax

Payroll tax applicable to UK employees based on a percentage of incentive compensation payout.

Non-cash charges

Charges booked by a company that do not impact its cash balance or working capital.

Non-IFRS Measures

Non-IFRS Measures do not have any standardized meaning prescribed by International Financial Reporting Standards (IFRS) and are therefore unlikely to be comparable to similar measured presented by other companies.

Performance stock options

The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). The PSOs will expire on June 14, 2023.

Performance share units

The Company adopted a performance share unit (PSU) plan for certain senior executives beginning the year ended March 31, 2018. 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 determined upon performance against certain pre-determined metrics. The PSUs cliff vest on the third anniversary of the date of the grant. The PSUs are settled in cash, based on the market price of the Company's shares at the time of vesting.

Preferred shares

A class of ownership in a corporation that has a higher claim on the assets and earnings than common stock. Preferred shares generally do not have voting rights; however, preferred shareholders receive a dividend that must be paid out before dividends are paid to common stockholders.

Principal trading

Trading in equity securities in principal and inventory accounts. Revenue is generated through inventory trading gains and losses.

Risk

Financial institutions face a number of risks that may expose them to losses, including market, credit, operational, regulatory and legal risk.

Separately managed accounts (SMAs)

Investment portfolios available to clients that are managed by a senior portfolio manager. In SMAs, clients own the individual securities within the portfolio, rather than a portion of a pooled fund.

Significant items

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

Corporate Governance

The Board of Directors (Board) assumes responsibility for the stewardship of the Company, acting as a whole and through its committees, and has approved a formal Board Governance Manual (Mandate) including terms of reference for the Board and setting forth the Board's stewardship responsibilities and other specific duties and responsibilities. The Board's responsibilities are also governed by:

- The *Business Corporations Act* (British Columbia)
- The Company's articles
- The charters of its committees
- Other corporate policies and applicable laws

Communication with Independent Members of the Board

Terrence Lyons has been appointed by the Board of Directors of Canaccord Genuity Group Inc. as its Lead Director. One of his responsibilities is to receive and determine appropriate action on any communications from interested parties that are addressed to the independent directors of the Board. Such communications can be sent to Mr. Lyons in writing by mail to 2039 West 35th Avenue, Vancouver, BC, Canada, V6M 1J1.

Strategic Planning Process

The Board's Mandate provides that the Board is responsible for ensuring that the Company has an effective strategic planning process. As such, the Board reviews, approves, monitors and provides guidance on the Company's strategic plan.

Identification and Management of Risks

The Board's Mandate includes:

- Assisting management to identify the principal business risks of the Company
- Taking reasonable steps to ensure the implementation of appropriate systems to manage and monitor those risks
- Reviewing plans for evaluating and testing the Company's internal financial controls
- Overseeing the external auditors, including the approval of the external auditors' terms of reference

Succession Planning and Evaluation

The Board's Mandate includes keeping in place adequate and effective succession plans for the Chief Executive Officer (CEO) and senior management.

- The Corporate Governance and Compensation Committee (CGCC) receives periodic updates on the Company's succession plan at the senior officer level and monitors the succession planning process
- The succession plan is reviewed, at least annually, by the CGCC
- On the recommendation of the Chairman & CEO, the Board appoints the senior officers of the Company

Communications and Public Disclosure

The Company's Disclosure Controls Policy (DCP) addresses the accurate and timely communication of all important information relating to the Company and its interaction with shareholders, investment analysts, other stakeholders and the public generally.

- The DCP is reviewed annually by the Board
- The DCP, public securities regulatory filings, press releases and investor presentations are posted on the Company's website
- The Board reviews all quarterly and annual consolidated financial statements and related management discussion and analysis, the Company's earnings releases, management information circulars, annual information forms (AIFs) and financing documents

Internal Controls

The Board requires management to maintain effective internal controls and information systems. The Board, with the assistance of the Audit Committee, oversees the integrity of the Company's internal control and information systems.

- The Audit Committee meets no less than four times a year with the Company's Chief Financial Officer (CFO) and senior finance staff to review internal controls over financial reporting and related information systems
- External auditors provide recommendations to the Audit Committee on an annual basis in relation to the Company's internal controls and information systems

As of March 31, 2020 an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & CFO, 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 & CFO concluded that the design and operation of these disclosure controls and procedures were effective as of March 31, 2020.

Governance

The Board is currently composed of eight directors, six of whom are independent of management as determined under applicable securities legislation. In order to facilitate the exercise of independent judgment by the Board of Directors, the Board has appointed a lead director and holds regular meetings without management directors present.

- The CGCC is responsible for periodically reviewing the composition of the Board and its committees
- A formal annual assessment process has been established to include feedback by all the directors to the full Board, including the completion of a confidential survey
- New directors are provided with substantial reference material on the Company's strategic focus, financial and operating history, corporate governance practices and corporate vision

Summary of Charters and Committees

The Board has delegated certain of its responsibilities to two committees, each of which has specific roles and responsibilities as defined by the Board. Both of these Board committees are made up of independent directors.

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by monitoring the Company's financial reporting practices and financial disclosure. It comprises four independent directors. All members of the Audit Committee are financially literate; that is, they are able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The current members of the Audit Committee are Messrs. Lyons (Chair), Bralver, Shah and Ms. Jones.

The Audit Committee has adopted a charter which specifically defines the roles and responsibilities of the Audit Committee. The Audit Committee Charter can be found in the Company's AIF filed on SEDAR. The Audit Committee has direct communication channels with the external auditors and CFO and senior finance staff and discusses and reviews issues with each of them on a regular basis.

The Audit Committee is responsible for ensuring management has designed and implemented an effective system of internal control. The external auditors are hired by and report directly to the Audit Committee. After consultation with management, the Audit Committee is responsible for setting the external auditors' compensation. The external auditors attend each meeting of the Audit Committee, and a portion of each meeting is held without the presence of management. The Audit Committee annually reviews and approves the external auditors' audit plan and must approve any audit and non-audit work performed by the external auditors. The CFO and senior finance staff attend each meeting of the Audit Committee other than the portion of the meeting which is held without management present to allow more open discussion. The Audit Committee annually reviews and approves the internal audit plan.

CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE

The Corporate Governance and Compensation Committee is responsible for developing the Company's approach to governance issues, reviewing the Company's overall governance principles and recommending changes to those principles from time to time. It comprises four unrelated directors: Messrs. Harris (Chair), Bralver and Lyons, and Ms. Tennant. The committee has full access to staff and resources. At all regular committee meetings during the year, a portion of each meeting is held without management present to allow more open discussion.

Board of Directors

Charles N. Bralver (2010)

Audit Committee

Corporate Governance and Compensation Committee

Charles N. Bralver, ICD.D, age 68, is a financial services executive with over 30 years of capital markets experience. For more than 23 years – from 1984 to 2007 – Mr. Bralver was a founder and Vice Chairman of management consultancy Oliver, Wyman & Co. where he specialized in strategy, risk and operational work for leading investment banks, asset managers, exchanges and other market utilities. He also served as Senior Associate Dean for International Business and Finance at the Fletcher School of Law and Diplomacy from 2007 to 2010, and from 2007 to 2009 as a strategic advisor to Warburg Pincus LLC. Mr. Bralver serves as a director of the Company and insurance risk exchange AkinovA Ltd., on the Leadership Council of AI solution developer r4, and on the Board of Visitors of the Fletcher School. Mr. Bralver started his career at Booz Allen Hamilton. He is a U.S. citizen and a graduate of the Fletcher School and Dartmouth College.

Mr. Bralver is not currently a director of any other public companies.

Daniel Daviau (2015)

Dan Daviau, age 55, was appointed President and Chief Executive Officer and a director of the Company and Chief Executive Officer of Canaccord Genuity Corp. effective on October 1, 2015. Mr. Daviau served as President of Canaccord Genuity's North American capital markets business from February 2015. From 2012 to 2015, he was President of the firm's US capital markets business, where he helped to structure the firm's investment banking, research, sales and trading operations in the region and improve cross-border capabilities. From 2010 to 2012, Mr. Daviau was Head of Investment Banking for Canaccord Genuity. Before the Canaccord/Genuity merger that was announced in 2010, Mr. Daviau was a Principal and Founder of Genuity Capital Markets, where he held a variety of senior roles since 2005.

Before 2005, Mr. Daviau was Co-Head of Investment Banking at CIBC World Markets, a firm he joined in 1991. While at CIBC World Markets, Mr. Daviau also served as the Head of the Media and Telecommunications Group since 2000 and Head of the Technology Investment Banking Group in Canada since 1997.

Having started his career as a securities lawyer with Goodman & Co., Mr. Daviau has extensive experience in a broad range of financing transactions and M&A assignments.

Mr. Daviau is based in Toronto, Canada. He holds an MBA from York University, an LL.B. from Osgoode Hall/York University and a B.A. (Math and Statistics) from the University of Western Ontario.

Mr. Daviau is not currently a director of any other public companies.

Michael D. Harris, ICD.D. (2004)

Corporate Governance and Compensation Committee

Michael Harris, ICD.D, age 75, is the President of his own consulting firm, Steane Consulting Ltd., and, in this capacity, acts as a consultant to various Canadian companies, including Fasken Martineau DuMoulin LLP. Before joining Fasken in September 2013, he was a senior business advisor with the law firm of Cassels Brock & Blackwell in Toronto.

Mr. Harris was born in Toronto in 1945 and was raised in Callander and North Bay, Ontario. Before his election to the Ontario Legislature in 1981, Mr. Harris was a schoolteacher, a school board trustee and chair and an entrepreneur in the Nipissing area. On June 8, 1995, Mr. Harris became the 22nd Premier of Ontario following a landslide election victory. In 1999, he was re-elected – making him the first Ontario Premier in over 30 years to form a second consecutive majority government.

In addition to sitting on several boards of Canadian corporations, he has also served as a director of the Manning Centre for Building

Democracy and as the Honorary Chair of the North Bay District Hospital Capital Campaign and the Nipissing University and Canadore College Capital Campaign. Mr. Harris is also a Senior Fellow of the Fraser Institute and a director of the New Haven Learning Centre. He has received his ICD.D certification from the Institute of Corporate Directors.

In addition to Canaccord Genuity Group Inc., Mr. Harris is a director of the following public companies: Chartwell Retirement Residences (Chair), Colliers International Group Inc. (CIGI) and Route1 Inc. (Chair).

Merri Jones ICD.D. (2019)

Audit Committee

Merri Jones, ICD.D, age 69, is a corporate director and advisor. She has over 40 years' experience within financial services with expertise across sales and marketing, finance, strategy and human resources. She was the first female to lead a Schedule II Bank in Canada. She was the Executive Vice President, Private Wealth, at Fiera Capital from 2010 to 2015; President of GBC Asset Management in 2008 and 2009; President and Chief Executive Officer of AGF Private Wealth Management from 2003 to 2007; President, Chief Operating Officer and Director of TAL Private Management from 1996 to 2003; and President and Chief Executive Officer of CIBC Trust in 1995 and 1996. Before joining CIBC in 1995, Ms. Jones had been President and Chief Executive Officer of First Interstate Bancorp from 1986 to 1990 and had worked at Chemical Bank and the Royal Bank of Canada, where she began her career.

Ms. Jones was educated at the University of Western Ontario, the Wharton School of Business and the University of Toronto. She has received her ICD.D certification from the Institute of Corporate Directors.

Ms. Jones is a director of the following public company: Data Communications Management Corp. She is also the chair of the Investment Review Committee of the Starlight Group of Funds.

David Kassie (2010)

David Kassie, age 64, became Group Chairman and a director of the Company on the closing of the acquisition of Genuity Capital Markets, a Canadian investment bank, on April 23, 2010, and became Chairman on April 1, 2012. He was the Principal, Chairman and Chief Executive Officer of Genuity Capital Markets from 2004 until May 9, 2010, when the integration of the businesses of Genuity Capital Markets and Canaccord Financial Ltd. was completed under the name Canaccord Genuity. Before 2004, he was Chairman and Chief Executive Officer of CIBC World Markets and the Vice Chairman of CIBC. On the death of Paul Reynolds on April 1, 2015, Mr. Kassie was appointed as the Chief Executive Officer of the Company and on October 1, 2015, upon succession, Mr. Kassie became the Executive Chairman.

Mr. Kassie has extensive experience as an advisor, underwriter and principal. He sits on a number of corporate boards. Mr. Kassie is actively involved in community and charitable organizations and is a director and former Chairman of the Board of Baycrest Health Sciences and was formerly on the boards of the Richard Ivey School of Business, the Toronto International Film Festival Group and the Hospital for Sick Children.

Mr. Kassie holds a B.Comm. (Honours) in Economics from McGill University (1977) and an MBA from the University of Western Ontario (1979).

In addition to Canaccord Genuity Group Inc., Mr. Kassie is a director of the following public company: Reitmans (Canada) Limited.

Terrence A. Lyons, ICD.D. (2004)

Audit Committee

Corporate Governance and Compensation Committee

Terrence (Terry) Lyons, ICD.D, age 70, is a corporate director. He is a director of several public and private corporations including

Sprott Resource Holdings Inc. (Chairman) and Martinrea International Inc. Mr. Lyons is a retired Managing Partner of Brookfield Asset Management, past Chairman of Northgate Minerals Corporation which was acquired by AuRico Gold Inc. (now Alamos Gold Inc.), past Chairman of Eacom Timber Corporation which was sold to a private equity firm, past Chairman of Westmin Mining, past Vice-Chairman of Battle Mountain Gold and past Chairman of Polaris Materials Corporation.

Mr. Lyons is a Civil Engineer (UBC) with an MBA from the University of Western Ontario (1974). He sits on the Advisory Board of the Richard Ivey School of Business and is active in sports and charitable activities, is a past Governor of the Olympic Foundation of Canada, past Chairman of the Mining Association of B.C., past Governor and member of the Executive Committee of the B.C. Business Council and a past director of the Institute of Corporate Directors (B.C.). In 2007, Mr. Lyons was awarded the INCO Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry.

In addition to Canaccord Genuity Group Inc., Mr. Lyons is a director of the following public companies: Martinrea International Inc., Mineral Mountain Resources Ltd. Inc. and Sprott Resource Holdings Inc.

Dipesh Shah (2012)

Audit Committee

Dipesh Shah, OBE, FRSA, age 67, is a Director and Chairman of the Investment Committee of the 2020 European Fund for Energy, Climate Change and Infrastructure and also of the EU Marguerite Fund. He is a Trustee of the British Youth Opera and a Governor of Merchant Taylors' School.

Mr. Shah was formerly the Chief Executive of the UK Atomic Energy Authority and of various large businesses in BP Plc, where he was a member of the Group Leadership for more than a decade and latterly also the Global Head of Acquisitions and Divestitures. Mr. Shah was Chairman, inter alia, of Notting Hill Genesis and Genesis Housing Association, Viridian Group plc, HgCapital Renewable Power Partners LLP and the European Photovoltaic Industry Association. He was the Senior Independent Director and Chair of the Remuneration Committee of JKN Oil & Gas Plc from 2008 to 2015, the Senior Independent Director and Chair of the Nominations Committee of Equus Petroleum Plc from 2013 to 2016 and a Director of The Crown Estate from 2011 to 2018, Thames Water

from 2007 to August 2017 and of Cavendish Fluor Partnership from 2014 to August 2017. In addition, he has been a Director of several major organizations, including Babcock International Group Plc and Lloyd's of London, the insurance market. He was also a member of the UK Government's Renewable Energy Advisory Committee from 1994 to 2002. Earlier, Mr. Shah was the Chief Economist for BP Oil UK.

Born in India, and brought up in Uganda, Mr. Shah is a graduate of the University of London, the University of Warwick and the Harvard Business School management program. He was appointed an Officer of the Order of the British Empire (OBE) in the 2007 New Year Honours and is a Life Fellow of the Royal Society of Arts (FRSA).

Mr. Shah is not currently a director of any other public companies.

Sally Tennant (2019)

Corporate Governance and Compensation Committee

Sally Tennant, OBE, age 64, has been CEO of three banks: Kleinwort Benson (2011-2014), Schroders Private Banking (2002-2006) and Lombard Odier (UK) Ltd. (2007-2010) and the Chair of a fourth, Duncan Lawrie Ltd. She additionally has extensive experience of asset and wealth management as a former main board director of Gartmore plc, where she successfully built the global institutional division. She has a total of 20 years running money at Gartmore, Morgan Grenfell and SG Warburg / Mercury Asset Management. Ms. Tennant also co-launched a hedge fund, Beaumont Capital, and has deep experience of dealing with multigenerational families and family businesses in a wide range of ways, from sitting on the board of a large family holding company, Waypoint Capital, to working for a multigenerational family owned bank, Lombard Odier; and advising numerous ultra high net worth families. She has extensive chair, non-executive and remuneration chair experience in the unquoted and private equity space. Ms. Tennant currently chairs Style Analytics, a portfolio analytics company, and sits on the board of a fashion label, Fiorucci.

Ms. Tennant was born and grew up in Switzerland. She has international experience in the Channel Islands, U.S., the Middle East and Continental and Eastern Europe. She holds a degree in politics from Durham University. She is a trustee of the Guy's & St. Thomas' Charity.

Ms. Tennant is not currently a director of any public companies.

Locations

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Telephone: 61.7.5409.6100

OTHER LOCATIONS

Pinnacle Correspondent Services

Vancouver

Pacific Centre
609 Granville Street, Suite 2200
P.O. Box 10337
Vancouver, BC
Canada V7Y 1H2
Telephone: 604.643.7300

Toronto

Brookfield Place
161 Bay Street, Suite 3000
P.O. Box 516
Toronto, ON
Canada M5J 2S1
Telephone: 416.869.7368

Shareholder Information

Common Share Trading Information (Fiscal 2020)

Stock exchange	Ticker	Diluted shares outstanding at March 31, 2020	Year-end price March 31, 2020	High	Low	Total volume of shares
Toronto TSX	CF	107,812,361	\$ 4.33	\$ 6.00	\$ 3.29	60,377,447

Fiscal 2020 Preferred Dividend Dates and Amounts

Quarter end date	Preferred dividend record date	Preferred dividend payment date	Series A preferred dividend	Series C preferred dividend	Total preferred dividend
June 30, 2019	September 13, 2019	September 30, 2019	\$ 0.24281	\$ 0.31206	\$ 0.55487
September 30, 2019	December 20, 2019	December 31, 2019	\$ 0.24281	\$ 0.31206	\$ 0.55487
December 31, 2019	March 20, 2020	March 31, 2020	\$ 0.24281	\$ 0.31206	\$ 0.55487
March 31, 2020	June 19, 2020	June 30, 2020	\$ 0.24281	\$ 0.31206	\$ 0.55487
			\$ 0.97124	\$ 1.24824	\$ 2.21948

Fiscal 2020 Common Dividend Dates and Amounts

Quarter end date	Common dividend record date	Common dividend payment date	Common dividend
June 30, 2019	August 30, 2019	September 10, 2019	\$ 0.05
September 30, 2019	November 29, 2019	December 10, 2019	\$ 0.05
December 31, 2019	February 28, 2020	March 10, 2020	\$ 0.05
March 31, 2020	June 19, 2020	June 30, 2020	\$ 0.05
			\$ 0.20

Fiscal 2021 Expected Dividend⁽¹⁾ and Earnings Release Dates

	Expected earnings release dates	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q1/21	August 5, 2020	September 18, 2020	September 30, 2020	August 28, 2020	September 10, 2020
Q2/21	November 4, 2020	December 18, 2020	December 31, 2020	November 27, 2020	December 10, 2020
Q3/21	February 3, 2021	March 19, 2021	March 31, 2021	February 26, 2021	March 10, 2021
Q4/21	June 2, 2021	June 18, 2021	June 30, 2021	June 18, 2021	June 30, 2021

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

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Shareholder Information

STOCK EXCHANGE LISTINGS

TSX: CF, CF.PR.A, CF.PR.C, CF.DB.A

WEBSITE AND FINANCIAL INFORMATION

For TSX required corporate governance disclosures and current financial information, please visit www.cgf.com/investor-relations.

FISCAL YEAR END

March 31

REGULATORY FILINGS

To view Canaccord Genuity Group Inc.'s regulatory filings on SEDAR, please visit www.sedar.com.

INSTITUTIONAL INVESTORS, ANALYSTS AND MEDIA CONTACT

Christina Marinoff

Vice President, Investor Relations & Communications

Telephone: 416.687.5507

Email: cmarinoff@cgf.com

GENERAL SHAREHOLDER INQUIRIES

Investor Relations

161 Bay Street, Suite 3000
Toronto, ON, Canada

Telephone: 416.869.7293

Fax: 416.947.8343

Email: investor.relations@cgf.com

TRANSFER AGENT AND REGISTRAR

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

Computershare Investor Services Inc.

100 University Avenue, 8th 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

ELIGIBLE DIVIDEND DESIGNATION:

Income Tax Act (Canada)

In Canada, the *Federal Income Tax Act* and most provincial income tax legislation provide lower levels of taxation for Canadian individuals who receive eligible dividends. All of the common share dividends paid by Canaccord Genuity Group Inc. since 2006 are eligible, as are common share dividends paid hereafter, unless otherwise indicated.

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

INDEPENDENT AUDITOR

Ernst & Young LLP
Chartered Professional Accountants
Vancouver, BC

For information about fees paid to shareholders' auditors, refer to our Fiscal 2020 Annual Information Form.

QUALIFIED FOREIGN CORPORATION

Canaccord Genuity Group Inc. is a "qualified foreign corporation" for US tax purposes under the *Jobs & Growth Tax Reconciliation Act of 2003*.

ANNUAL GENERAL MEETING

Thursday, August 6, 2020
at 10:00 a.m. (Eastern time)

Shareholders and duly appointed proxyholders can attend the virtual meeting online by going to <https://web.lumiagm.com/299326102>.

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