

FIRST QUARTER

Fiscal 2023 Report to Shareholders



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Canaccord Genuity Group Inc. Reports First Quarter Fiscal 2023 Results

Excluding significant items, quarterly earnings per common share of \$0.11⁽¹⁾

First quarter dividend of \$0.085 per common share

TORONTO, August 4, 2022 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the first fiscal quarter ended June 30, 2022.

“The abrupt deceleration in global markets impacted first fiscal quarter financial performance in all of our capital markets businesses and to a lesser degree, our wealth management businesses,” said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. “In addition to the more challenging backdrop, our quarterly results were impacted by markdowns of certain inventory positions held in connection with supporting our capital markets clients in Australia and Canada.”

“Looking forward, we expect that economic conditions will continue to tighten before they improve but we continue to be active globally and we feel good about our market position, the outlook for our wealth management businesses and a continuance of strong M&A activity in our capital markets businesses.”

First fiscal quarter highlights:

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

- First quarter revenue excluding significant items⁽¹⁾ of \$328.8 million, a decrease of 37.2% over the same period in the prior year
- First quarter net income before taxes excluding significant items⁽¹⁾ of \$27.5 million, a decrease of 75.9% (\$1.9 million and a quarter-over-quarter decrease of 98.1% on an IFRS basis)
- Diluted earnings per common share excluding significant items⁽¹⁾ for the first fiscal quarter of \$0.11 per share (diluted loss per common share of \$0.14 on an IFRS basis), a decrease of 84.9% compared to the first quarter of fiscal 2022
- Advisory revenue in the Company’s global capital markets division increased 8.7% year-over-year reflecting increased contributions from our US and UK & Europe businesses
- Capital markets revenues were impacted by sharp declines in the market value of certain inventory and warrant positions related to our investment banking activities in Canada and Australia as well as certain market value adjustments related to our facilitation activity in Canada
- On May 31, 2022, the Company completed its acquisition of Punter Southall Wealth Limited (PSW) to increase the long-term value and market position of its wealth management position in the UK & Crown Dependencies
- Total client assets⁽¹⁾ in our global wealth management business of \$90.7 billion, a decrease of 4.4% from Q1/22 reflecting year-over-year decreases of 2.1% in Canada and 6.2% in the UK & Crown Dependencies, primarily attributable to the decline in market values during the three-month period and the impact of changes in foreign exchange rates on the value of client assets recorded in GBP, partially offset by the addition of new client assets in connection with the acquisition of PSW
- Purchased 502,000 common shares for cancellation under the normal course issuer bid (NCIB) during the three months ended June 30, 2022
- First quarter common share dividend of \$0.085 per share

(1) See Non-IFRS Measures on page 4

	Three months ended June 30		Year-over-year change	Three months ended March 31		Quarter-over- quarter change
	Q1/23	Q1/22		Q4/22		
First fiscal quarter highlights – adjusted⁽¹⁾						
Revenue excluding significant items ⁽¹⁾	\$ 328,817	\$ 523,831	(37.2)%	\$ 490,793		(33.0)%
Expenses excluding significant items ⁽¹⁾	\$ 301,365	\$ 409,874	(26.5)%	\$ 396,268		(23.9)%
Diluted earnings per common share excluding significant items ⁽¹⁾	\$ 0.11	\$ 0.73	(84.9)%	\$ 0.52		(78.8)%
Net Income excluding significant items ⁽¹⁾	\$ 19,935	\$ 84,654	(76.5)%	\$ 66,822		(70.2)%
Net Income attributable to common shareholders excluding significant items ⁽¹⁾⁽³⁾	\$ 11,879	\$ 81,251	(85.4)%	\$ 54,678		(78.3)%
First fiscal quarter highlights- IFRS						
Revenue	\$ 317,370	\$ 518,831	(38.8)%	\$ 499,793		(36.5)%
Expenses	\$ 315,476	\$ 419,130	(24.7)%	\$ 403,245		(21.8)%
Diluted (loss) earnings per common share	\$ (0.14)	\$ 0.63	(122.2)%	\$ 0.53		(126.4)%
Net Income ⁽²⁾	\$ (3,004)	\$ 73,053	(104.1)%	\$ 68,995		(104.4)%
Net (Loss) income attributable to common shareholders ⁽³⁾	\$ (12,564)	\$ 69,650	(118.0)%	\$ 56,266		(122.3)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 4

(2) Before non-controlling interests and preferred share dividends paid on the Series A and Series C Preferred Shares

(3) Net income (loss) attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends

Core business performance highlights:

Canaccord Genuity Wealth Management

The Company's combined global wealth management operations earned revenue of \$162.2 million for the first fiscal quarter, a year-over-year decrease of 16.8%. Net income before taxes excluding significant items⁽¹⁾ for this segment decreased by 48.8% year-over-year.

- Wealth management operations in the UK & Crown Dependencies generated first quarter revenue of \$73.3 million, a decrease of 8.7% compared to Q4/22 and unchanged compared to the same period last year. Measured in local currency (GBP), revenue was £45.7 million in Q1/23 compared to £42.7 million in Q1/22, an increase of 7.0% compared to the same quarter last year. Because the acquisition of PSW closed mid-way through the quarter, revenue associated with PSW will be fully reflected in the results of our next fiscal quarter (Q2/23) compared to the current quarter (Q1/23). Net income before taxes excluding significant items⁽¹⁾ for this business was \$18.7 million in Q1/23, down 3.5% year-over-year.
- Canaccord Genuity Wealth Management (North America) generated \$73.0 million in first quarter revenue, a decrease of 4.2% compared to Q4/22, and because revenue in Q1/22 was at an elevated level with the significant investment banking revenue in that quarter, Q1/23 revenue represented a year-over-year decrease of 30.0% compared to Q1/22. Excluding significant items⁽¹⁾ net income before taxes for this business was \$6.5 million in Q1/23, which represents a year-over-year decrease of 75.2% because of the elevated investment banking activity in the comparable quarter and a sequential increase of 27.4%.
- Wealth management operations in Australia generated \$15.9 million in first quarter revenue, a decrease of 9.1% compared to the first quarter of last year. Excluding significant items⁽¹⁾ net loss before taxes for this business was \$0.5 million in Q1/23, down from net income of \$2.6 million in Q1/22.

Total client assets in the Company's global wealth management businesses at the end of the first fiscal quarter amounted to \$90.7 billion, a decrease of \$4.2 billion or 4.4% from Q1/22.

- Client assets in the UK & Crown Dependencies were \$52.2 billion (£33.3 billion) as at June 30, 2022, a decrease of 1.3% (increase of 3.5% in local currency) from \$52.8 billion (£32.1 billion) at the end of the previous quarter, and a decrease of 6.2% (increase of 2.6% in local currency) from \$55.6 billion (£32.4 billion) at June 30, 2021 primarily attributable to the decline in market values, offset by net inflows and new assets from our acquisition of PSW and, when measured in CAD, changes in GBP/CAD foreign exchange rates.
- Client assets in North America were \$33.9 billion as at June 30, 2022, a decrease of 10.6% from \$37.9 billion at the end of the previous quarter and a decrease of 2.1% from \$34.6 billion at June 30, 2021 due to the decline in market values, partially offset by net inflows and new assets from existing IAs and new recruits.
- Client assets⁽¹⁾ in Australia were \$4.7 billion (AUD 5.3 billion) at June 30, 2022, a decrease of 12.3% from \$5.4 billion (AUD 5.7 billion) at the end of the previous quarter, also reflecting the decline in market values. In addition, client assets⁽¹⁾ totalling \$13.3 billion (AUD 15.0 billion) are also held on record in less active and transactional accounts through our Australian platform.

Canaccord Genuity Capital Markets

Globally, Canaccord Genuity Capital Markets earned revenue of \$164.1 million for the first fiscal quarter, a year-over-year decrease of 49.4%. The decrease primarily reflected substantially lower investment banking revenues in all geographies in connection with the significant decline in industry-wide new issue volumes. In addition to the challenging backdrop of reduced levels of activity, another headwind for this quarter's results was the impact of sharp declines in the market value of certain inventory and warrant positions earned in respect of our investment banking activities. These valuation changes primarily impacted our Australian capital markets business, and to a lesser degree, our Canadian business. Net income before taxes excluding significant items⁽¹⁾ for this segment was \$4.1 million for the quarter, a year-over-year decrease of 95.1%.

- Canaccord Genuity Capital Markets participated in 80 investment banking transactions globally, including led or co-led, raising total proceeds of \$6.2 billion during Q1/23.

The Company's US capital markets business was the largest contributor of revenue for the three-month period, with revenue of \$124.1 million, or 75.6% of total global capital markets revenue. This business contributed advisory fees revenue of \$63.3 million for Q1/23, an increase of

(1) See Non-IFRS Measures on page 4

36.5% from the same period in the prior year. Commissions and fees revenue for the three-month period increased by 30.7% year-over-year, to \$26.3 million. Investment banking revenue for the three-month period decreased by 84.0% to \$6.3 million when compared to the first quarter of the prior year because of reduced new issue activity. Principal trading revenue also decreased by 40.9% from the prior year to \$26.6 million in the first quarter due to lower trading volume, volatility and activity. Excluding significant items⁽¹⁾, the pre-tax net income contribution from this business amounted to \$19.4 million for the three-month period.

Revenue in our UK & Europe capital markets operations decreased by 7.3% for the three-month period driven mainly by lower investment banking revenue. Advisory revenue in this business increased 59.2% year-over-year to \$16.1 million for the first quarter, and commissions and fees revenue increased by 8.4% to \$4.3 million. Excluding significant items⁽¹⁾, our UK & Europe capital markets business earned pre-tax net income of \$3.4 million for the first quarter, a year-over-year improvement of 10.2%. The pre-tax profit margin in this business was 13.1% for the first quarter, the strongest result in nine fiscal quarters.

First quarter revenue of \$14.3 million in our Canadian capital markets business decreased by 87.7% when compared to Q1/22. First quarter investment banking, advisory, and commissions and fees revenue declined by 92.6%, 83.7% and 91.8% respectively when compared to the same period in the prior year. The impact of market declines on our revenue in Canada gave rise to facilitation losses of about \$11 million offsetting our commission revenue leading to the significant decline compared to prior quarters. Declines in market values and net fee share inventory valuation adjustments of about \$7 million reduced investment banking revenue by that amount and combined with a significant decline in new issue offerings led to a substantial decrease in investment banking revenue compared to prior quarters. Notwithstanding the revenue declines, this business continues to be a top-ranked domestic underwriter in Canada. Our Canadian capital markets operations generated a loss before income taxes of \$17.3 million in Q1/23, a decrease of 138.7% from income before income taxes of \$44.6 million generated in the same period in the prior year.

First quarter revenue earned by our Australian capital markets business decreased 101.0% year-over-year, reflecting a 118.7% decrease in investment banking revenue when compared to the same period a year ago. In addition to lower new issue activity, investment banking revenue was negatively impacted by a net loss of approximately \$20 million as a result of market value declines related to fee share and warrant inventories. Net loss before income taxes for the first three months of fiscal 2023 was \$1.4 million compared to net income before income taxes of \$6.8 million in the first quarter of fiscal 2022.

Summary of Corporate Developments

On May 31, 2022, the Company, through CGWM UK completed its acquisition of the private client investment management business of Punter Southall Wealth Limited (PSW) for a total purchase price on closing of £168.0 million (\$267.8 million). In connection with the completion of the acquisition, CGWM UK modified its existing banking arrangements and increased its bank loan by an additional £100 million (C\$159.4 million as of the acquisition date of May 31, 2022). In addition, certain institutional investors made an additional investment in CGWM UK through the purchase of a new series of Convertible Preferred Shares in the amount of £65.3 million (\$104.1 million as of the acquisition date of May 31, 2022). With the issuance of the additional convertible preferred shares and ordinary shares by CGWM UK in connection with the transaction, the Company's equity equivalent interest in CGWM UK on an as-converted basis now stands at 66.9%.

On June 1, 2022, the Company announced the reset of the dividend rate on its Cumulative 5-year Rate Reset First Preferred Shares, Series C (the "Series C Preferred Shares"). Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 4.993% for the five years ended June 30, 2022. Commencing July 1, 2022 and ending on and including June 30, 2027, quarterly cumulative dividends, if declared, will be paid at an annual rate of 6.837%. The dividend rate will be reset every five years at a rate equal to the five-year Government of Canada yield plus 4.03%. The Company did not exercise its right to redeem all or any part of the outstanding Series C Preferred Shares on June 30, 2022.

Subsequent to the end of the quarter, on August 3, 2022, the Company announced that through its UK & Europe capital markets business, Canaccord Genuity Limited, it has entered into an asset purchase agreement to acquire the business of Results International Group LLP (Results). Results is an independent advisory firm headquartered in London, UK which provides M&A and corporate finance services to entrepreneurs, corporates, private equity firms and investors focused in the technology and healthcare sectors. This transaction complements recent investments by the Company to expand its global Advisory business with the acquisitions of Petsky Prunier (2019) and Sawaya Partners (2021) and expands its European domain expertise in the Healthcare and Technology sectors. The transaction is expected to close in the second quarter of the Company's current fiscal year, subject to customary closing conditions.

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

- Fair value adjustments on certain illiquid or restricted marketable securities recorded for IFRS reporting purposes, but which are excluded for management reporting purposes and are not used by management to assess operating performance
- Amortization of intangible assets acquired in connection with business combinations
- Acquisition-related costs in connection with the acquisition of Punter Southall Wealth Limited
- Certain incentive-based costs related to acquisitions
- Certain components of the non-controlling interest expense associated with CGWM UK

Summary of Results for Q1 Fiscal 2023 and Selected Financial Information Excluding Significant Items⁽¹⁾:

(C\$ thousands, except per share and % amounts)	Three months ended June 30		Quarter-over-quarter change
	2022	2021	
Revenue			
Revenue per IFRS	\$ 317,370	\$ 518,831	(38.8)%
Significant items recorded in Corporate and Other			
Fair value adjustments on certain illiquid and restricted marketable securities	11,447	\$ 5,000	128.9%
Total revenue excluding significant item	\$ 328,817	\$ 523,881	(37.2)%

(C\$ thousands, except per share and % amounts)	Three months ended June 30		Quarter-over-quarter change
	2022	2021	
Expenses			
Expenses per IFRS	\$ 315,476	\$ 419,130	(24.7)%
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>			
Amortization of intangible assets	\$ 1,264	\$ 293	n.m.
Incentive-based costs related to acquisitions ⁽²⁾	\$ 367	—	n.m.
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>			
Amortization of intangible assets	\$ 4,312	\$ 3,148	37.0%
Acquisition-related costs	\$ 7,582	—	n.m.
Incentive-based costs related to acquisitions ⁽²⁾	\$ 586	\$ 351	67.0%
<i>Significant items recorded in Corporate and Other</i>			
Costs in connection with redemption of convertible debentures	—	\$ 5,464	(100.0)%
Total significant items – expenses	\$ 14,111	\$ 9,256	52.5%
Total expenses excluding significant items	\$ 301,365	\$ 409,874	(26.5)%
Net income before taxes excluding significant items ⁽¹⁾	\$ 27,452	\$ 113,957	(75.9)%
Income taxes – adjusted	\$ 7,517	\$ 29,303	(74.3)%
Net income excluding significant items	\$ 19,935	\$ 84,654	(76.5)%
<i>Significant items impacting net income attributable to common shareholders</i>			
Non-controlling interests – IFRS	\$ 7,169	\$ 1,052	n.m.
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustment	\$ 1,504	—	n.m.
Non-controlling interests (adjusted) ⁽¹⁾	\$ 5,665	\$ 1,052	n.m.
Net income attributable to common shareholders, excluding significant items	\$ 11,879	\$ 81,251	(85.4)%
Earnings per common share excluding significant items – basic	\$ 0.13	\$ 0.84	(84.5)%
Earnings per common share excluding significant items – diluted	\$ 0.11	\$ 0.73	(84.9)%

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

(2) Incentive-based costs related to the acquisitions and growth initiatives in the US capital markets and UK & Crown Dependencies wealth management business.

Diluted earnings per common share (diluted EPS) is computed using the treasury stock method, giving effect to the exercise of all dilutive elements. The Convertible Preferred Shares issued by CGWM UK are factored into the diluted EPS by adjusting net income attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK's earnings on an as converted basis if the calculation is dilutive. For the quarter ended June 30, 2022, the effect of reflecting our proportionate share of CGWM UK's earnings is anti-dilutive for diluted EPS purposes under IFRS but dilutive for the purpose of determining diluted EPS excluding significant items⁽¹⁾. Accordingly, net income attributable to common shareholders excluding significant items⁽¹⁾ for the first quarter of fiscal 2023 reflects the Company's proportionate share of CGWM UK's net income on an as converted basis.

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

- Cash and cash equivalents balance of \$1.0 billion, a decrease of \$753.5 million from \$1.8 billion
- Working capital of \$730.6 million, a decrease of \$63.8 million from \$794.4 million
- Total shareholders' equity of \$1.1 billion, a decrease of \$88.1 million from \$1.2 billion

Common and Preferred Share Dividends:

On August 4, 2022, the Board of Directors approved a dividend of \$0.085 per common share, payable on September 15, 2022, with a record date of September 2, 2022.

On August 4, 2022, the Board approved a cash dividend of \$0.25175 per Series A Preferred Share payable on September 30, 2022 to Series A Preferred shareholders of record as at September 16, 2022.

On August 4, 2022, the Board approved a cash dividend of \$0.42731 per Series C Preferred Share payable on September 30, 2022 to Series C Preferred shareholders of record as at September 16, 2022.

Non-IFRS Measures

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

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

in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Non-IFRS Measures (Adjusted Figures)

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

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the interim condensed consolidated financial statements for the first quarter of fiscal 2023 can be found above in the table entitled "Summary of results for Q1 fiscal 2023 and selected financial information excluding significant items".

Non-IFRS Ratios

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

Supplementary Financial Measures

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

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain “forward-looking statements” (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management’s expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward looking statements include, but are not limited to, statements about the Company’s objectives, strategies, business prospects and opportunities; the execution of management’s plans and potential outcomes; the impacts of global events and economic conditions on the Company’s operations and business; and the outlook for the Company’s business and for the global economy. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, “target”, “intend”, “could” or the negative of these terms or other comparable terminology. Disclosure identified as an “Outlook” including the section entitled “Outlook” contains forward-looking information. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement.

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

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

PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2022 (First quarter 2023 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The First quarter 2023 Financial Statements have been prepared in accordance with International Accounting Standard 34, “*Interim Financial Reporting*” (IAS 34), and using accounting policies consistent with those applied in preparing the Company’s Audited Annual Consolidated Financial Statements for the year ended March 31, 2022.

Management's Discussion and Analysis

First quarter fiscal 2023 for the three months ended June 30, 2022 — this document is dated August 4, 2022

The following discussion of the financial condition and results of operations for Canaccord Genuity Group Inc. is provided to enable the reader to assess material changes in our financial condition and to assess results for the three-month period ended June 30, 2022 compared to the corresponding period in the preceding fiscal year. The three-month period ended June 30, 2022 is also referred to as first quarter 2023 and Q1/23. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2022, beginning on page 35 of this report; our Annual Information Form (AIF) dated June 24, 2022; and the 2022 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2022 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 2, 2022 (the 2022 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2022 except as disclosed in this MD&A. The Company's financial information is expressed in Canadian dollars unless otherwise specified.

Non-IFRS Measures

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

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

Non-IFRS Measures (Adjusted Figures)

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

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the unaudited interim condensed consolidated financial statements for the first quarter of fiscal 2023 can be found in the table entitled "Summary of results for Q1 fiscal 2023 and selected financial information excluding significant items" on page 14.

Non-IFRS Ratios

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

Supplementary Financial Measures

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

Business Overview

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

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX. Canaccord Genuity Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Genuity Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

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

Canaccord Genuity Capital Markets

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

Canaccord Genuity Wealth Management

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

Corporate and Other

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

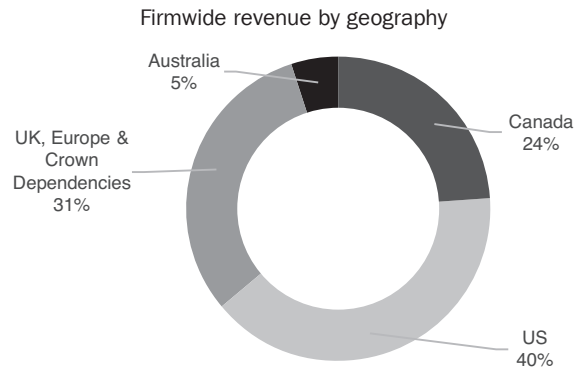
BUSINESS ACTIVITY

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

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

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

The following chart depicts firmwide revenue contributions by geography for Q1 2023:

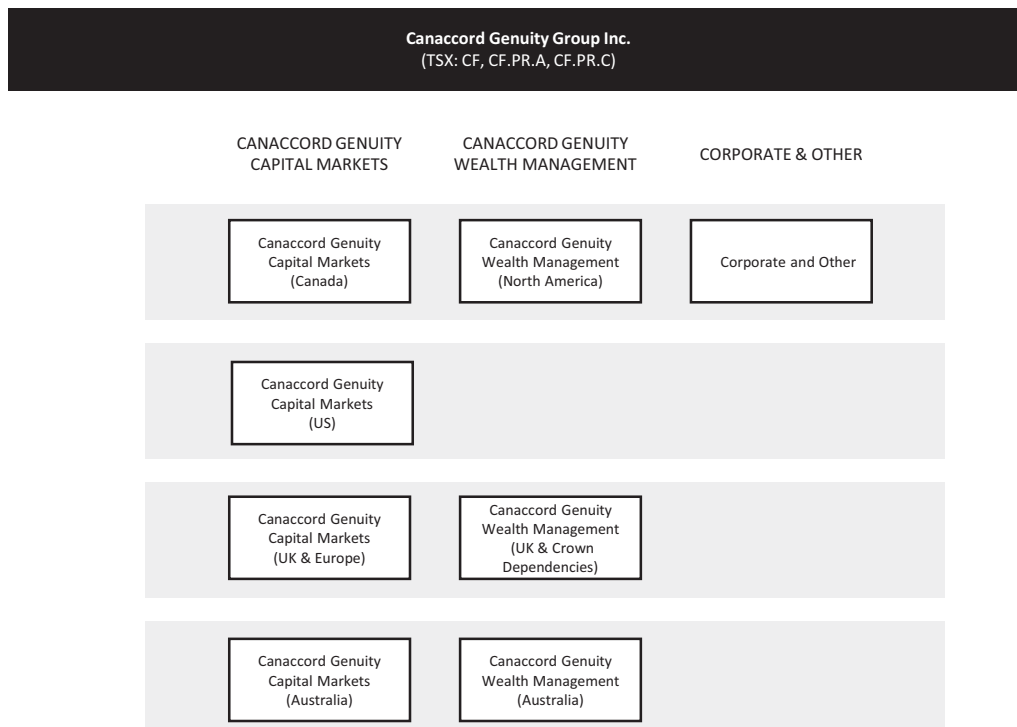


IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

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 Q1/23, the Company's capital markets activities were focused on the following sectors: Healthcare & Life Sciences (which includes cannabis-related companies), Technology, Metals & Mining, Consumer & Retail, and Other. 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. The value of client assets in the Company's wealth management businesses can be impacted by fluctuations in market values during reporting periods.

BUSINESS SEGMENTS



Operating entities included in the business units described above are:

Canaccord Genuity Capital Markets (Canada)

Canaccord Genuity Corp. (capital markets division)

JitneyTrade Inc.

Canaccord Genuity Asia (Beijing) Limited

Canaccord Genuity Emerging Markets Ltd.

Canaccord Genuity Wealth Management (North America)

Canaccord Genuity Corp. (wealth management division)

Canaccord Genuity Wealth Management (USA) Inc.

Canaccord Genuity Wealth & Estate Planning Services Ltd.

Corporate and Other

Canaccord Genuity Corp. (corporate and other division)

Canaccord Genuity Group Inc.

Finlogik Inc.

Canaccord Genuity Capital Markets (US)

Canaccord Genuity LLC

Canaccord Genuity Petsky Prunier LLC

CG Sawaya, LLC

Canaccord Genuity Capital Markets (UK & Europe)

Canaccord Genuity Limited

Canaccord Genuity Dubai Ltd.

Canaccord Genuity SAS

Canaccord Genuity Wealth Management (UK & Crown Dependencies)

Canaccord Genuity Wealth Limited

CG Wealth Planning Ltd.

Canaccord Genuity Financial Planning Limited

Adam & Company Investment Management Limited

Hargreave Hale Limited

Canaccord Genuity Wealth (International) Limited

Canaccord Genuity Wealth Group Holdings (Jersey) Limited

Punter Southall Wealth Limited

Canaccord Genuity Capital Markets (Australia)

Canaccord Genuity (Australia) Limited

Canaccord Genuity (Hong Kong) Limited

Canaccord Genuity Wealth Management (Australia)

Canaccord Genuity Financial Limited

During the period ended June 30, 2022, HPS Investment Partners, LLC, on behalf of certain investment accounts and funds it manages (collectively, "HPS"), completed the purchase of a new series of Convertible Preferred Shares issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited (CGWM UK), a subsidiary of the Company. This purchase was in connection with the recent acquisition by CGWM UK of Punter Southall Wealth (PSW). Except for the conversion ratio the new series of Convertible Preferred Shares bear the same terms as the Convertible Preferred Shares issued by CGWM UK in fiscal 2022. Neither series of Convertible Preferred Shares contains an obligation for the Company to deliver cash or other financial assets to the holders of the Convertible Preferred Shares. Judgment was used to conclude that the Convertible Preferred Shares are a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK. On an as converted basis the Company holds an approximate 66.9% equity equivalent interest in CGWM UK.

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 and operating results of Sawaya Partners ("Sawaya") since the closing date of December 31, 2021 are included as part of Canaccord Genuity Capital Markets US. Included as part of CGWM UK are the operating results of McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) ("McCarthy Taylor") since the closing date of January 29, 2019, the operating results of Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) ("Thomas Miller") since the closing date of May 1, 2019, and the private client investment management business of Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) since the closing date of October 1, 2021, and Punter Southall Wealth Limited ("PSW") as of May 31, 2022.

Market Environment During Q1 Fiscal 2023

Economic backdrop

The lagged impact of monetary and fiscal stimulus introduced during the pandemic, supply bottlenecks, sanctions associated with the Ukraine war and newly imposed COVID-19 lockdowns in China have all contributed to a worldwide increase in pricing activity over the past year. In response to the rapid increase in inflation, the US Federal Reserve and the Bank of Canada delivered aggressive rate hikes over the course of our first fiscal quarter. The US dollar has appreciated markedly against Developed Markets (DM) and Emerging Market (EM) currencies, further tightening financial conditions. Meanwhile, inflation is impacting households through negative real wage growth, rising borrowing rates and declines in wealth from falling equity and bond prices. For corporations, inventories are swelling as a result of accelerating orders last year, and the transition in consumer spending from goods to services. The net result is a global inventory glut that companies will need to clear over the next few quarters, which we expect will contribute to a net slowing in manufacturing activity in the second half of the calendar year. As a result of these factors, we believe odds of an economic recession over the next 12 to 18 months have increased materially.

Against this backdrop, the S&P 500, the S&P/TSX and EM equities declined 16.1%, 13.2% and 8.0% respectively during the first quarter of fiscal 2023. US Treasuries failed to provide an offset, registering a 5.5% loss over the three-month period. Commodities (+2.0%) benefitted from tight supply conditions but failed to underpin the Canadian dollar which declined 2.9%.

Investment banking and advisory

Heightened market volatility has curtailed new issue activity in all our geographies. In uncertain backdrops, investors typically have less appetite to add risk to their portfolios. However, M&A activity in our core focus sectors remains relatively healthy, underpinned by high levels of cash on corporate balance sheets and companies looking for growth opportunities at lower valuations. The stronger US and Canadian dollar vs. the Euro and the British pound is also conducive to cross-border M&A activity. Conversely, higher borrowing costs as well as macro and geopolitical uncertainties remain constraining factors.

Index Value at End of Fiscal Quarter	Q1/22		Q2/22		Q3/22		Q4/22		Q1/23	
	2021-06-30	(Y/Y)	2021-09-30	(Y/Y)	2021-12-31	(Y/Y)	2022-03-31	(Y/Y)	2022-06-30	(Y/Y) (Q/Q)
S&P IFCI Global Small Cap	355.0	50.4%	340.0	31.6%	339.8	11.7%	311.7	-2.8%	266.7	-24.9% -14.4%
S&P IFCI Global Large Cap	307.5	36.2%	279.2	14.8%	274.8	-5.8%	254.9	-14.1%	223.7	-27.3% -12.2%

Source: Refinitiv Datastream, Canaccord Genuity estimates

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

Trading

Trading volumes during the three-month period declined relative to the previous quarter and from last year's levels, as equity market activity levels declined. However trading in resource stocks, including the energy sector, accounted for a significant portion of the activity recorded during the first quarter.

Average Value During Fiscal Quarter/Year	Q1/22		Q2/22		Q3/22		Q4/22		Q1/23		FY22
	30-Jun-21	(Y/Y)	30-Sep-21	(Y/Y)	31-Dec-21	(Y/Y)	31-Mar-22	(Y/Y)	30-Jun-22	(Y/Y) (Q/Q)	31-Mar-22 (Y/Y)
Russell 2000	2263.9	71.6%	2232.6	47.8%	2276.9	28.9%	2056.8	-6.3%	1856.6	-18.0% -9.7%	2208.5 30.3%
S&P 400 Mid Cap	2705.3	62.6%	2695.9	44.1%	2792.7	31.9%	2670.8	6.9%	2474.5	-8.5% -7.3%	2716.6 33.5%
FTSE 100	7008.1	17.2%	7083.9	16.9%	7240.6	16.8%	7443.0	11.7%	7435.2	6.1% -0.1%	7192.7 15.6%
MSCI EU Mid Cap	1342.8	37.1%	1405.4	30.3%	1398.1	21.6%	1314.8	4.5%	1217.0	-9.4% -7.4%	1365.7 22.4%
S&P/TSX	19574.5	32.1%	20381.7	25.6%	21050.8	24.9%	21308.0	16.7%	20563.0	5.0% -3.5%	20577.0 24.5%

Source: Refinitiv Datastream, Canaccord Genuity estimates Economic backdrop

Global wealth management

The value of client assets in our wealth management business has been negatively impacted by heightened volatility and reduced values in equity and bond markets. Although Canadian equities outperformed most developed markets owing to higher weights of resource equities in the S&P/TSX.

	Q1/22 Change (Q/Q)	Q2/22 Change (Q/Q)	Q3/22 Change (Q/Q)	Q4/22 Change (Q/Q)	Q1/23 Change (Q/Q)	Fiscal 2022 Change (Y/Y)
Total Return (excl. currencies)						
S&P 500	8.5%	0.6%	11.0%	-4.6%	-16.1%	15.6%
S&P/TSX	8.5%	0.2%	6.5%	3.8%	-13.2%	20.2%
MSCI EMERGING MARKETS	3.9%	-6.6%	-0.8%	-6.1%	-8.0%	-9.6%
MSCI WORLD	7.5%	-1.0%	6.8%	-5.3%	-15.5%	7.7%
S&P GS COMMODITY INDEX	15.7%	5.2%	1.5%	33.1%	2.0%	64.6%
US 10-YEAR T-BONDS	3.8%	-0.1%	0.9%	-7.0%	-5.5%	-2.8%
CAD/USD	1.3%	-2.2%	0.3%	1.1%	-2.9%	0.5%
CAD/EUR	0.2%	0.1%	2.2%	3.8%	2.5%	6.5%

Source: Refinitiv Datastream, Canaccord Genuity estimates

Outlook

Looking ahead, with the possibility of a mild recession in the US and Canada household spending remains vulnerable to rising borrowing costs, a potential increase in unemployment, as well as the impacts of declines in wealth and real wages on consumption. A slowing in manufacturing activity can be expected as companies liquidate excess inventories. If the energy crisis persists, Europe may fall into a recession. China is also still impacted by COVID-19 and weak real estate market conditions.

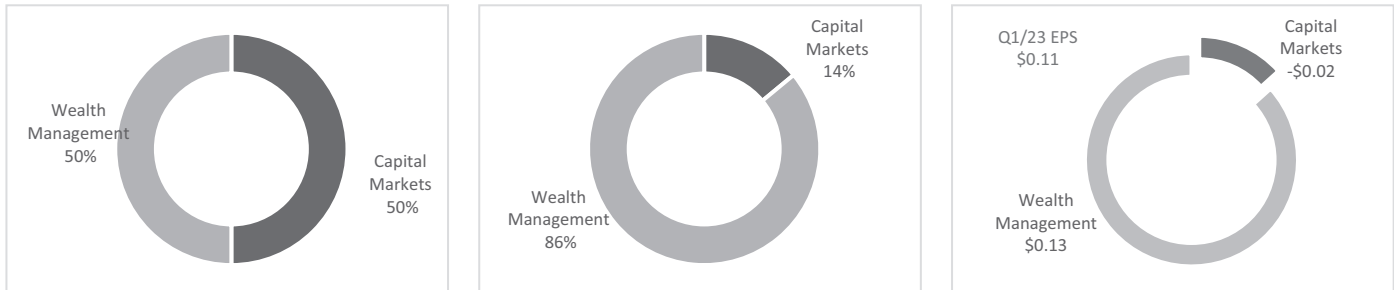
We believe the bear market in equities is maturing but likely incomplete. Equity market valuations adjusted to higher interest rates during the first quarter of fiscal 2023, but we believe investors have not yet fully priced in a possible recession. We anticipate that negative earnings guidance and EPS revisions could continue to weigh on equity values in the second half of calendar 2022.

Heightened market volatility and a more uncertain economic outlook have the potential to moderate capital raising activity levels in our capital markets and wealth management operations. Activity levels in our trading operations may also moderate through the summer months as investors

likely wait for more economic visibility before adding risk to their portfolios. We continue to enjoy healthy activity levels in our M&A practice, and we expect that tight labour markets, narrowing profit margins, and strong North American currencies will continue to lead companies to pursue strategic activities.

Core Business Performance Highlights for Q1 Fiscal 2023

The following charts depict revenue, pre-tax net income⁽¹⁾ and earnings per share⁽¹⁾ contributions from our primary business segments for Q1/23 ended June 30, 2022:



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

Canaccord Genuity Wealth Management

Globally, Canaccord Genuity Wealth Management generated revenue of \$162.2 million during the first fiscal quarter of 2023 and, excluding significant items, recorded net income before taxes of \$24.7 million⁽¹⁾.

- Canaccord Genuity Wealth Management (North America) generated \$73.0 million in revenue and, after intersegment allocations, recorded net income before taxes of \$6.5 million.
- Wealth management operations in the UK & Crown Dependencies generated \$73.3 million in revenue and, after intersegment allocations and excluding significant items, recorded net income before taxes of \$18.7 million in the first quarter of fiscal 2023⁽¹⁾.
- Wealth management operations in Australia generated revenue of \$15.9 million and, after intersegment allocations and excluding significant items, recorded a loss before taxes of \$0.5 million in the first quarter of fiscal 2023⁽¹⁾.

Firmwide client assets were \$90.7 billion at June 30, 2022 representing a decrease of \$4.2 billion or 4.4% from \$94.9 billion at June 30, 2021⁽¹⁾. Client assets across the individual businesses as at June 30, 2022 were as follows:

- \$33.9 billion in North America, a decrease of \$0.7 billion or 2.1% from June 30, 2021⁽¹⁾
- \$52.2 billion (£33.3 billion) in the UK & Crown Dependencies, a decrease of \$3.4 billion or 6.2% from \$55.6 billion (£32.4 billion) at the end of first quarter of the previous fiscal year
- \$4.7 billion in Australia held through our investment management platform, an increase of \$3.0 million or 0.1% from June 30, 2021⁽¹⁾

CANACCORD GENUITY CAPITAL MARKETS

Globally, Canaccord Genuity Capital Markets earned revenue of \$164.1 million for the first fiscal quarter, a year-over-year decrease of 49.4%. The decrease primarily reflected substantially lower investment banking revenues in all geographies in connection with the significant decline in industry-wide new issue volumes. In addition to the challenging backdrop of reduced levels of activity, another headwind for this quarter's results was the impact of sharp declines in the market value of certain inventory and warrant positions earned in respect of our investment banking activities. These valuation changes primarily impacted our Australian capital markets business, and to a lesser degree, our Canadian business. Market value adjustments also had a negative impact on our facilitation trading activity in Canada. Net income before taxes excluding significant items⁽¹⁾ for this segment was \$4.1 million for the quarter, a year-over-year decrease of 95.1%.

- Canaccord Genuity Capital Markets participated in a total of 80 investment banking transactions globally, raising total proceeds of \$6.2 billion.

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

	For three months ended June 30		Quarter-over-quarter change
	2022	2021	
Commissions and fees	21.8%	12.3%	9.5 p.p.
Investment Banking	7.6%	46.6%	(39.0) p.p.
Advisory Fees	50.3%	23.4%	26.9 p.p.
Principal Trading	17.3%	16.1%	1.2 p.p.
Interest	1.6%	0.6%	1.0 p.p.
Other	1.4%	1.0%	0.4 p.p.
Canaccord Genuity Capital Markets (total)	100.0%	100.0%	

Further detail is provided in the Business Segment results beginning on page 18.

(1) See Non-IFRS Measures on page 7

SUMMARY OF CORPORATE DEVELOPMENTS DURING Q1/23

Subsequent to the end of the quarter, on August 3, 2022, the Company announced that through its UK & Europe capital markets business, Canaccord Genuity Limited, it entered into an asset purchase agreement to acquire the business of Results International Group LLP (Results). Results is an independent advisory firm headquartered in London, UK which provides M&A and corporate finance services to entrepreneurs, corporates, private equity firms and investors focused in the technology and healthcare sectors. This transaction complements recent investments by the Company to expand its global Advisory business with the acquisitions of Petsky Prunier (2019) and Sawaya Partners (2021) and expands its European domain expertise in the Healthcare and Technology sectors. The transaction is expected to close in the second quarter of the Company's current fiscal year, subject to customary closing conditions.

Financial Overview

Q1 FISCAL 2023 SELECTED FINANCIAL INFORMATION⁽¹⁾⁽²⁾⁽⁵⁾

(C\$ thousands, except per share and % amounts, and number of employees)	Three months ended June 30			Q1/23 vs Q1/22
	2022	2021	2020	
Canaccord Genuity Group Inc. (CGGI)				
Revenue				
Commissions and fees	\$ 180,923	\$ 182,753	\$ 169,002	(1.0)%
Investment banking	18,716	195,638	110,568	(90.4)%
Advisory fees	82,944	77,994	21,046	6.3%
Principal trading	28,221	52,648	65,112	(46.4)%
Interest	14,816	7,667	7,005	93.2%
Other	(8,250)	2,131	4,995	n.m.
Total revenue	317,370	518,831	377,728	(38.8)%
Expenses				
Compensation expense	198,444	322,326	252,814	(38.4)%
Other overhead expenses ⁽³⁾	109,442	91,340	87,843	19.8%
Acquisition-related costs	7,582	—	—	n.m.
Costs associated with redemption of convertible debentures	—	5,464	—	(100.0)%
Share of loss of an associate	8	—	17	n.m.
Total expenses	315,476	419,130	340,674	(24.7)%
Income before income taxes	1,894	99,701	37,054	(98.1)%
Net (loss) income	(3,004)	73,053	28,964	(104.1)%
Net (loss) income attributable to:				
CGGI shareholders	(10,173)	72,001	27,483	(114.1)%
Non-controlling interests	7,169	1,052	1,481	n.m.
(Loss) earnings per common share – diluted	\$ (0.14)	\$ 0.63	\$ 0.22	(122.2)%
Dividends per common share	\$ 0.085	\$ 0.075	\$ 0.055	13.3%
Total assets	\$ 6,128,151	\$ 7,098,990	\$ 4,981,475	(13.7)%
Total liabilities	\$ 4,712,254	\$ 5,969,409	\$ 4,060,015	(21.1)%
Non-controlling interests	\$ 325,914	\$ 6,337	\$ 3,469	n.m.
Total shareholders' equity	\$ 1,089,983	\$ 1,123,244	\$ 917,991	(3.0)%
Number of employees	2,615	2,383	2,272	9.7%
Excluding significant items⁽⁴⁾				
Total revenue	328,817	523,831	377,728	(37.2)%
Total expenses	301,365	409,874	335,965	(26.5)%
Income before income taxes	27,452	113,957	41,763	(75.9)%
Net income	19,935	84,654	32,897	(76.5)%
Net income attributable to:				
CGGI shareholders	14,270	83,602	31,416	(82.9)%
Non-controlling interests	5,665	1,052	1,481	n.m.
Net income attributable to common shareholders, adjusted	11,879	81,251	29,065	(85.4)%
Earnings per common share – diluted	\$ 0.11	\$ 0.73	\$ 0.25	(84.9)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.

(2) The operating results of the Australian operations have been fully consolidated, and a 32.7% non-controlling interest has been recognized for the three months ended June 30, 2022 [three months ended June 30, 2021 – 15.0%]. The operating results of the CGWM UK have been fully consolidated, and a 5.06% non-controlling interests in the outstanding ordinary shares of CGWM UK has been recognized for the three months ended June 30, 2022 [three months ended June 30, 2021 – \$nil].

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

(4) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See Non-IFRS Measures on page 7 and the Selected Financial Information Excluding Significant Items table on page 14.

(5) Data includes the operating results of Thomas Miller since May 1, 2019, Patersons since October 21, 2019, Adam & Company since October 1, 2021, Sawaya Partners since December 31, 2021 and PSW since May 31, 2022.

n.m.: not meaningful

Q1 FISCAL 2023 SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS⁽¹⁾

(C\$ thousands, except per share and % amounts)	Three months ended June 30		Quarter-over-quarter change
	2022	2021	
Revenue			
Revenue per IFRS	\$ 317,370	\$ 518,831	(38.8)%
<i>Significant items recorded in Corporate and Other⁽¹⁾</i>			
Fair value adjustments on certain illiquid and restricted marketable securities	\$ 11,447	\$ 5,000	128.9%
Total revenue excluding significant items	\$ 328,817	\$ 523,831	(37.2)%
Expenses			
Expenses per IFRS	\$ 315,476	\$ 419,130	(24.7)%
<i>Significant items recorded in Canaccord Genuity Capital Markets⁽¹⁾</i>			
Amortization of intangible assets	\$ 1,264	\$ 293	n.m.
Incentive based costs related to acquisitions ⁽²⁾	\$ 367	—	n.m.
<i>Significant items recorded in Canaccord Genuity Wealth Management⁽¹⁾</i>			
Amortization of intangible assets	\$ 4,312	\$ 3,148	37.0%
Acquisition-related costs	\$ 7,582	—	n.m.
Incentive based costs related to acquisitions ⁽²⁾	\$ 586	\$ 351	67.0%
<i>Significant items recorded in Corporate and Other⁽¹⁾</i>			
Costs associated with redemption of convertible debentures	—	\$ 5,464	(100.0)%
Total significant items ⁽¹⁾	\$ 14,111	\$ 9,256	52.5%
Total expenses excluding significant items ⁽¹⁾	\$ 301,365	\$ 409,874	(26.5)%
Net income before taxes – adjusted ⁽¹⁾	\$ 27,452	\$ 113,957	(75.9)%
Income taxes – adjusted ⁽¹⁾	\$ 7,517	\$ 29,303	(74.3)%
Net income – adjusted ⁽¹⁾	\$ 19,935	\$ 84,654	(76.5)%
<i>Significant items impacting net income attributable to common shareholders⁽¹⁾</i>			
Non-controlling interests – IFRS	\$ 7,169	\$ 1,052	n.m.
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustment	\$ 1,504	—	n.m.
Non-controlling interests (adjusted) ⁽¹⁾	\$ 5,665	\$ 1,052	n.m.
Net income attributable to common shareholders excluding significant items ⁽¹⁾	\$ 11,879	\$ 81,251	(85.4)%
Earnings per common share excluding significant items ⁽¹⁾ – basic	\$ 0.13	\$ 0.84	(84.5)%
Diluted earnings per common share excluding significant items ⁽¹⁾ – diluted	\$ 0.11	\$ 0.73	(84.9)%

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

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

n.m.: not meaningful

Impact of Convertible Preferred Shares on EPS

Diluted earnings per common share (“diluted EPS”) is computed using the treasury stock method, giving effect to the exercise of all dilutive elements. The Convertible Preferred Shares issued by CGWM UK are factored into the diluted EPS by adjusting net income attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK’s earnings on an as converted basis if the calculation is dilutive. For the quarter ended June 30, 2022, the effect of reflecting our proportionate share of CGWM UK’s earnings is anti-dilutive under IFRS for diluted EPS purposes but dilutive for the purpose of determining diluted EPS excluding significant items⁽¹⁾. As such, the diluted EPS under IFRS is computed based on net income attributable to common shareholders less accrued dividends on the Convertible Preferred Shares issued by CGWM UK. Net income attributable to common shareholders excluding significant items⁽¹⁾ reflects the Company’s proportionate share of CGWM UK’s net income excluding significant items⁽¹⁾ on an as converted basis.

Foreign exchange

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

Geographies

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

(1) See Non-IFRS Measures on page 7

Goodwill

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

Utilizing management's preliminary estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models the Company determined that there was no impairment in the goodwill associated with any of its wealth management business units in the UK & Crown Dependencies and Australia or its goodwill or indefinite life intangible assets recorded in Canaccord Genuity Canada, or goodwill in Canaccord Genuity Capital Markets US. Notwithstanding this determination as of June 30, 2022, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors. In addition, notwithstanding that there may be no change in the performance estimates used by the Company for purposes of determining whether there has been any impairment in its indefinite life intangible asset related to the Genuity brand name, in the event that the Company changes the way in which it uses that asset the Company may be required to record an impairment charge.

Revenue

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

Revenue by activity as a percentage of firm-wide revenue

	For three months ended June 30		Quarter-over-quarter change
	2022	2021	
Commissions and fees	57.0%	35.2%	21.8 p.p.
Investment Banking	5.9%	37.7%	(31.8) p.p.
Advisory Fees	26.1%	15.0%	11.1 p.p.
Principal Trading	8.9%	10.1%	(1.2) p.p.
Interest	4.7%	1.5%	3.2 p.p.
Other	(2.6)%	0.5%	(3.1) p.p.
Canaccord Genuity Group Inc. (total)	100.0%	100.0%	

Firm-wide revenue for the three months ended June 30, 2022 was \$317.4 million, a decrease of 38.8% or \$201.5 million compared to the same period a year ago. The decrease was primarily driven by the broad market downturn which resulted in a significant decline in new issue activity compared to the same period a year ago, which was our third strongest quarter on record for investment banking revenue. This decline was partially offset by higher firm-wide advisory revenue, which increased by 6.3% year-over-year to \$82.9 million.

Consolidated revenue in the Canaccord Genuity Capital Markets segment decreased by \$160.1 million or 49.4% in Q1/23 compared to the same quarter in the prior year, primarily due to the aforementioned broad market decline in new issue activity. The decline in investment banking revenue was partially offset by an 8.7% year-over-year increase in advisory revenue, which amounted to \$82.6 million for the three-month period, and \$63.3 million of this amount was contributed by our US operation. The reduction in investment banking revenue reflects reduced new issue activity in addition to the decrease in the market value of certain inventory and warrant positions in Canada and Australia related to our investment banking activity as well as facilitation losses in Canada due to market value adjustments. Further contributing to the overall decrease in consolidated revenue was a decrease of \$32.8 million or 16.8% in our global Canaccord Genuity Wealth Management segment compared to Q1/22, also reflecting the impact of reduced new issue activity during the three-month period.

Revenue in our global wealth management operations amounted to \$162.2 million for the three-month period, a decrease of 16.8% compared to the same period a year ago. This decrease was primarily attributable to the reduction in new issue activity which impacted our Canadian and Australian wealth management operations. Revenue in our CGWM UK operations remained consistent compared to Q1/22 as lower commission and fees revenue was offset by higher interest revenue. Commissions and fees revenue for our combined global wealth management businesses increased by 1.3% to \$144.8 million and interest revenue grew by 140.3% to \$10.2 million.

Commissions and fees revenue is primarily generated from private client investment management trading activity and institutional sales and trading. Firm-wide revenue generated from commissions and fees decreased slightly by \$1.8 million or 1.0% to \$180.9 million in Q1/23, primarily reflecting lower contributions from our Canadian capital markets business which was impacted by facilitation losses in Canada due to market value adjustments. Commissions and fees revenue in our US, UK & Europe and Australian capital markets businesses increased by 30.7%, 8.4% and 11.2%, respectively, when compared to Q1/22. Our Canadian and Australian wealth management businesses recorded year-over-year increases 6.3% and 2.9% respectively.

Firm-wide investment banking revenue decreased by \$176.9 million or 90.4% to \$18.7 million in Q1/23, reflecting the broad-market reduction in new issue activity and declines in market value related to fee share and warrant inventories in Canada and Australia. The largest decreases were recorded in our Canadian and US capital markets operations, with declines of \$70.5 million or 92.6% and \$33.1 million or 84.0% respectively when compared to Q1/22. In addition, investment banking revenue in our Australian and UK & Europe operations also decreased by \$28.7 million

or 118.7% and \$6.4 million or 55.7%, respectively. Further contributing to the overall decrease in consolidated investment banking revenue was a decrease of \$38.3 million or 86.0% in our Canaccord Genuity Wealth Management segment compared to Q1/22, which also reflected the impact of reduced new issue activity in our Canadian and Australian wealth management businesses during the three-month period

Firm-wide advisory fee revenue increased by \$5.0 million or 6.3% from the same quarter a year ago, to \$82.9 million, representing the fourth-highest quarterly revenue on record for this segment. Our US operations contributed \$63.3 million of advisory revenue, representing an increase of \$16.9 million or 36.5% compared to the same period in the prior year. Our UK & Europe operations also generated an increase of \$6.0 million or 59.2% compared to the three months ended June 30, 2021. These increases were partially offset by a decline of \$16.3 million or 83.7% in advisory revenue from our Canadian capital markets operations.

Firm-wide principal trading revenue was \$28.2 million in Q1/23, representing a \$24.4 million or 46.4% decrease compared to Q1/22, mainly as a result of decreased market volatility, which led to reduced trading activity compared to the same period in the prior year.

Firm-wide interest revenue was \$14.8 million for the three months ended June 30, 2022, representing an increase of \$7.1 million or 93.2% from Q1/22, mostly attributable to our Canadian wealth management operations which contributed interest revenue of \$7.8 million for the three-month period.

Other revenue was negative \$8.3 million for Q1/23, a decrease of \$10.4 million from the same period a year ago. During the quarter, a fair value adjustment was recorded on certain illiquid or restricted marketable securities, resulting in a reduction in revenue of \$11.4 million in the Corporate & Other segment in Q1/23. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items⁽¹⁾. Future changes in the unrealized fair value of the marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations.

Expenses

Firm-wide expenses for the three months ended June 30, 2022 were \$315.5 million, a decrease of 24.7% or \$103.7 million from Q1/22. Total expenses excluding significant items⁽¹⁾ as a percentage of revenue increased by 13.4 percentage points compared to the three months ended June 30, 2021.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended June 30		Quarter-over-quarter change
	2022	2021	
Compensation expense	62.5%	62.1%	0.4 p.p.
Other overhead expenses ⁽¹⁾	34.5%	17.6%	16.9 p.p.
Acquisition-related costs	2.4%	0.0%	2.4 p.p.
Change in derivative fair value	0.0%	0.0%	0.0 p.p.
Costs associated with redemption of convertible debentures	0.0%	1.1%	(1.1) p.p.
Total	99.4%	80.8%	18.6 p.p.

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

p.p.: percentage points

Compensation expense

First quarter 2023 vs. First quarter 2022

Firm-wide compensation expense in Q1/23 was \$198.4 million, a decrease of \$123.9 million or 38.4% compared to Q1/22. Total compensation expense as a percentage of revenue increased from 62.1% in Q1/22 to 62.5% in Q1/23.

OTHER OVERHEAD EXPENSES

(C\$ thousands, except % amounts)	Three months ended June 30		Quarter-over-quarter change
	2022	2021	
Trading costs	\$ 24,748	\$ 28,384	(12.8)%
Premises and equipment	4,823	4,163	15.9%
Communication and technology	19,355	16,531	17.1%
Interest	7,824	4,748	64.8%
General and administrative	30,756	21,557	42.7%
Amortization ⁽¹⁾	8,195	5,869	39.6%
Amortization of right of use assets	6,815	6,018	13.2%
Development costs	6,926	4,070	70.2%
Total other overhead expenses	\$ 109,442	\$ 91,340	19.8%

(1) See Non-IFRS Measures on page 7

Other overhead expenses were \$109.4 million, an increase of 19.8% in Q1/23 compared to Q1/22. As a percentage of revenue, other overhead expenses were 34.5% in Q1/23 compared to 17.6% in Q1/22, an increase of 16.9 percentage points.

General and administrative expense increased by \$9.2 million or 42.7% for the quarter ended June 30, 2022 compared to the same period in the prior year due to higher promotion and travel expense as activity levels increased following the easing of COVID-19 restrictions.

Communication and technology expense also increased by \$2.8 million or 17.1% to support the increased headcount and growth of the Company.

Partially offsetting these increases was a reduction in trading costs of \$3.6 million or 12.8% compared to Q1/22, primarily due to lower trading activity in our US operations.

Interest expense also increased by \$3.1 million or 64.8% compared to Q1/22, primarily as a result of higher interest expense in our CGWM UK operations associated with additional bank loans obtained in connection with the acquisitions of Adam & Company completed on October 1, 2021 and PSW completed on May 31, 2022.

An increase in incentive-based costs related to the acquisitions and growth initiatives in our CGWM UK operations and US capital markets operations partially contributed to the increase in development costs of \$2.9 million compared to the same period in the prior year.

There were \$7.6 million of acquisition-related costs recorded during the three months ended June 30, 2022. These costs comprised of legal and other professional fees related to the acquisition of PSW on May 31, 2022.

Income Tax

First quarter 2023 vs. First quarter 2022

Tax expense for the three months ended June 30, 2022 was \$4.9 million on pre-tax net income of \$1.9 million compared to tax expense of \$26.6 million on pre-tax income of \$99.7 million in Q1/22. The tax expense in the current quarter was affected by the impact of certain expenses and adjustments not deductible for tax purposes as well as the remeasurement of deferred tax assets related to share-based payment plans.

Net Income

First quarter 2023 vs. First quarter 2022

Net loss for Q1/23 was \$3.0 million compared to net income of \$73.1 million in the same period a year ago. Net loss attributable to common shareholders was \$12.6 million compared to net income attributable to common shareholders of \$69.7 million for the three months ended June 30, 2021. Diluted loss per common share were \$0.14 in Q1/23 compared to diluted earnings per common share of \$0.63 in Q1/22.

Net income excluding significant items⁽¹⁾ for Q1/23 was \$19.9 million compared to net income of \$84.7 million in Q1/22. Net income attributable to common shareholders excluding significant items⁽¹⁾ was \$11.9 million compared to \$81.3 million for same period in the prior year. Diluted earnings per common share excluding significant items⁽¹⁾ were \$0.11 in Q1/23 compared to diluted earnings per common share excluding significant items⁽¹⁾ of \$0.73 in Q1/22.

(1) See Non-IFRS Measures on page 7

Business Segment Results – Three months ended June 30, 2022 compared with three months ended June 30, 2021

CANACCORD GENUITY CAPITAL MARKETS

Overview

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

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

A disciplined mid-market focus with global alignment efforts help to firmly entrench Canaccord Genuity Capital Markets as a leading global independent investment bank in core focus sectors and geographies. Canaccord Genuity Capital Markets' integrated global platform and disciplined focus in key growth sectors of the global economy provides a competitive advantage. Canaccord Genuity Capital Markets is focused on providing differentiated expertise and execution capabilities in a segment that is relatively underserved by other global investment banks.

Outlook

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

The Company expects continued benefits from its investments to grow contributions from higher-margin advisory activities. The recent acquisition of US consumer focused M&A firm Sawaya Partners builds upon our existing consumer practice, while providing a strong intersection with the core focus sectors of technology/media, life sciences, and sustainability. Subsequent to the end of the quarter, the Company announced that it has entered into an agreement to acquire the business of Results International Group LLP, a UK-based advisory business focused in the Technology and Healthcare sectors. Upon closing, which is subject to customary closing conditions and is expected in the second quarter of the Company's 2023 fiscal year, it is expected that this acquisition will contribute to further increasing contributions from the advisory segment and increase Canaccord Genuity's European domain expertise in the Technology and Healthcare sectors.

The dynamic nature of the operating environment for global mid-market capital markets activities requires us to maintain a level of agility in our business mix that allows us to stay competitive and meet the evolving needs of our clients. For this reason, the Company will continue to make disciplined investments 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 Company continues to expand product capabilities and ancillary services aimed at enhancing its offering for its targeted midmarket client base and providing a deeper focus in its proven areas of strength. We strive to balance investments in growth with our ability to generate profit in various market environments.

The Company remains committed to operating our capital markets businesses as efficiently as possible in order to protect our capacity to deliver market-leading expertise and execution services during periods of market volatility and/or reduced activity levels in our core focus sectors and geographies. 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.

The prolonged remote working environment driven by the COVID-19 pandemic led to productivity enhancements with respect to conferences, deal/non-deal roadshows and cross-border collaboration, and we expect that certain efficiencies and cost savings will continue longer-term as in-person work and events resume.

The management team believes that the steps the Company has taken to improve the international presence of Canaccord Genuity Capital Markets and focus its service offering in key growth sectors of the global economy have positioned the business very well for the future.

FINANCIAL PERFORMANCE⁽¹⁾⁽²⁾

(C\$ thousands, except number of employees and % amounts)	Three months ended June 30		
	2022	2021	Quarter-over-quarter change
Revenue	\$ 164,137	\$ 324,216	(49.4)%
Expenses			
Compensation expense	96,540	183,875	(47.5)%
Other overhead expenses	60,152	52,330	14.9%
Total expenses	156,692	236,205	(33.7)%
Intersegment allocations ⁽³⁾	4,968	3,894	27.6%
Income before income taxes ⁽³⁾	\$ 2,477	\$ 84,117	(97.1)%
Non-controlling interest ⁽²⁾	649	774	(16.1)%
Number of employees	890	794	12.1%
Excluding significant items⁽⁴⁾			
Total expenses	\$ 155,061	\$ 235,912	(34.3)%
Intersegment allocations ⁽³⁾	4,968	3,894	27.6%
Income before income taxes ⁽³⁾	\$ 4,108	\$ 84,410	(95.1)%
Non-controlling interest ⁽²⁾	649	774	(16.1)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.

(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 32.7% non-controlling interest had been recognized and included in the Canaccord Genuity Capital Markets business segment for the three months ended June 30, 2022 (three months ended June 30, 2021 — 15%). The non-controlling interest is the portion of the net income after income taxes of Canaccord Genuity (Australia) Limited not attributable to the Company.

(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 28.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 14.

p.p.: percentage points

REVENUE — CANACCORD GENUITY CAPITAL MARKETS

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

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

Revenue generated in:	Three months ended June 30		
	2022	2021	Quarter-over-quarter change
Canada	8.8%	35.9%	(27.1) p.p
UK & Europe	15.8%	8.7%	7.1 p.p
US	75.6%	46.8%	28.8 p.p
Australia	(0.2)%	8.6%	(8.8) p.p
Canaccord Genuity Capital Markets (total)	100%	100%	

p.p.: percentage points

Canaccord Genuity Capital Markets generated revenue of \$164.1 million in Q1/23, a decrease of 49.4% or \$160.1 million from the same quarter a year ago. Our US capital markets business contributed 75.6%, or \$124.1 million, of global capital markets revenue for the three-month period. Consolidated US capital markets revenue decreased 18.3% year-over-year primarily due reduced contributions from investment banking (84.0 %) and trading (40.9%), which were partially offset by a 36.5% increase in advisory fees revenue.

In Canada, revenue decreased by \$102.0 million or 87.7% compared to the three months ended June 30, 2021, which reflected a 92.6% reduction in investment banking revenue. The impact of market declines on our Canadian revenue gave rise to facilitation losses of about \$11.0 million offsetting our commission revenue leading to the significant decline compared to prior quarter. Fee share inventory valuation adjustments of about \$7.0 million reduced investment banking revenue by that amount and combined with a significant decline in new issue offerings led to a substantial decrease in investment banking revenue compared to prior quarters.

Our UK & Europe operations reflected a revenue decrease of \$2.1 million or 7.3% due to lower investment banking and principal trading revenue, which was partially offset by a 59.2% increase in advisory revenue compared to Q1/22.

Revenue in our Australian operations decreased by \$28.3 million or 101.0% compared to Q1/22. In addition to lower new issue activity, investment banking revenue was negatively impacted by a loss of approximately \$20 million as a result of market declines related to fee share and warrant inventories

Investment banking

Revenue from the Metals & Mining sector, a historic area of strength for the Company, reflects contributions from Australia and Canada during the first fiscal quarter. Revenue from Life Sciences sectors was led by our US and Canadian capital markets businesses and includes transactions

with companies in the cannabis sector. Investment banking revenue for the three-month period was \$12.5 million, a significant decrease of \$138.7 million or 91.7% compared to the near record quarter posted in Q1/22. As discussed above, investment banking revenue was impacted by significant decreases in the market value of certain inventory and warrant positions related to our investment banking activities in Canada and Australia as well as certain market value adjustments related to our facilitation activity in Canada.

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

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

Sectors	For the quarter ended June 30, 2022				
	Global	Canada	US	UK	Australia
Life Sciences	27%	44%	88%	0%	3%
Technology	3%	4%	0%	19%	0%
Metals & Mining	41%	12%	3%	63%	65%
Consumer & Retail	4%	0%	0%	1%	8%
Other	25%	40%	9%	17%	24%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

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

Advisory

Increasing contributions from higher-margin advisory activities continues to be an important strategic priority for the Company. Our specialized expertise in key sectors of the economy and track record of success in equity capital markets activities positions us well to unlock opportunities for our clients as they grow. We lead a wide variety of sell-side and buy-side strategic advisory mandates both domestically and cross border, and we have established leadership in alternative financing vehicles. The first quarter of fiscal 2023 revenue earned through capital markets advisory showed an increase of 8.7% quarter-over-quarter to \$82.6 million. Our US business was the largest contributor in this segment, with advisory revenue of \$63.3 million, a quarter-over-quarter increase of 36.5%. Advisory fees revenue in UK & Europe also increased by 59.2% year over year. Partially offsetting these increases was a decline in advisory fees revenue earned in our Canadian operations during the three-month period.

Advisory fees revenue by sector (as a % of advisory fees revenue for each geographic region)

Sectors	For the quarter ended June 30, 2022			
	Global	Canada	US	UK
Life Sciences	11%	58%	10%	0%
Technology	54%	5%	69%	13%
Metals & Mining	2%	36%	0%	1%
Consumer & Retail	20%	0%	20%	23%
Other	13%	1%	1%	63%
Total	100.0%	100.0%	100.0%	100.0%

Principal trading

Revenue earned from principal trading activity amounted to \$28.4 million, a decrease of \$24.0 million or 45.8% compared to the same period in the prior fiscal year, primarily a reflection of lower market volatility which decreased market activity and revenue opportunities when compared to the record levels set in the prior year. Our US business contributed \$26.6 million of trading revenues largely attributable to the International Equities Group.

Commissions and Fees

Commissions and Fees revenue was \$35.8 million, a decrease of 10.1% compared to Q1/22, reflecting lower client trading activity and reduced new issue activity. Commissions and fees revenue in our US and UK & Europe operations increased by 30.7% and 8.4% year-over-year, offset by a decrease of \$11.0 million or 91.8% in our Canadian operations as a result of market value declines related to facilitation activity.

EXPENSES — CANACCORD GENUITY CAPITAL MARKETS

Expenses in our Capital Markets division for Q1/23 were \$156.7 million, a decrease of 33.7% or \$79.5 million compared to Q1/22. Excluding significant items⁽¹⁾ total expenses for Q1/23 were \$155.1 million, a decrease of 34.3%. As a percentage of revenue, total expenses excluding significant items⁽¹⁾ increased by 21.7 percentage points compared to the same quarter in the prior year.

Compensation expense

Compensation expense in our capital markets division for Q1/23 decreased by \$87.3 million or 47.5% compared to Q1/22. Total compensation expense as a percentage of revenue was 58.8%, 2.1 percentage points higher than in Q1/22.

In Canada capital markets, total compensation as a percentage of revenue increased by 42.4 percentage points compared to Q1/22, largely due to the significant drop in revenue and fixed staff costs relative to revenue changes. Compared to the same period last year, compensation as a percentage of revenue in our US and UK & Europe operations decreased by 3.9 and 1.8 percentage points, respectively due to changes in the composition of revenue and the associated variable compensation associated with the different revenue streams. In Australia, a reversal of

non-cash bonus accruals related to the significant unrealized losses in certain inventory and warrant positions led to a recovery of \$3.5 million of compensation expense in Q1/23.

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

	Three months ended June 30		Quarter-over-quarter change
	2022	2021	
Canada	90.3%	47.9%	42.4 p.p
UK & Europe	63.1%	64.9%	(1.8) p.p
US	57.0%	60.9%	(3.9) p.p
Australia	n.m.	62.4%	n.m.
Canaccord Genuity Capital Markets (total)	58.8%	56.7%	2.1 p.p

p.p.: percentage points

Other overhead expenses

Other overhead expenses in this division increased by 14.9% compared to Q1 fiscal 2022, to \$60.2 million.

General and administrative expense for Q1/23 increased by \$6.7 million or 66.2% over Q1/22, largely due to an increase in promotion and travel and conference expenses in our Canadian and US capital markets operations in connection with the easing of COVID-19 restrictions. Communication and technology expense also increased by \$1.6 million or 17.0% to support the expansion of our capital markets operations. Amortization expense increased by \$1.0 million or 73.5% compared to Q1/22 as a result of amortization of intangible assets in connection with the acquisition of Sawaya completed on December 31, 2021.

Partially offsetting these increases was a decline in trading costs of \$3.1 million or 13.5% compared to the three months ended June 30, 2021, mainly due to lower trading costs in our US operations in connection with reduced trading activity during the period.

INCOME BEFORE INCOME TAXES

Income before income taxes, including allocated overhead expenses for Q1/23, was \$2.5 million for our combined capital markets business, compared to net income of \$84.1 million in the same quarter a year ago. Excluding significant items⁽¹⁾ net income before taxes was \$4.1 million in Q1/23 compared to \$84.4 million in Q1/22. Excluding significant items⁽¹⁾ our US and UK & Europe capital markets contributed net income before taxes of \$19.4 million and \$3.4 million respectively and our Canadian and Australian businesses recorded losses of \$17.3 million and \$1.4 million for the three-month period.

CANACCORD GENUITY WEALTH MANAGEMENT

Overview

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

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

In the UK & Crown Dependencies, Canaccord Genuity Wealth Management had 16 offices in the UK, Guernsey, Jersey and the Isle of Man on June 30, 2022. Revenue earned by this business is largely generated through fee-based accounts, portfolio management, and financial planning activities. Fee-related revenue as a percentage of total revenue in this business was 80.0% for the quarter ended June 30, 2022. The business offers services to domestic (UK), international and European clients and provides investing options from both third party and proprietary financial products, including investment funds managed by Canaccord Genuity Wealth Management portfolio managers. This business had 221 Investment Professionals on June 30, 2022.

On June 30, 2022, Canaccord Genuity Wealth Management had 9 offices located across Canada, including Investment Advisors who are registered in the US. Fee-related revenue as a percentage of total revenue in this business increased to 48.6% for the first quarter ended June 30, 2022 compared to 28.6% for Q1 fiscal 2022. This business had 146 Advisor teams on June 30, 2022.

In Australia, Canaccord Genuity Wealth Management had 9 offices on June 30, 2022. This business had 114 Advisor teams on June 30, 2022.

Outlook

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

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

The Company will continue to pursue strategic opportunities to increase the scale of its wealth management business in the UK & Crown Dependencies.

(1) See non-IFRS Measures on page 7

On May 31, 2022, the Company, through CGWM UK, completed its acquisition of PSW. This acquisition represents an opportunity for CGWM UK to build upon its growth to date and advance its priority of becoming an integrated wealth manager of scale. At the time of closing, PSW had approximately £4.8 billion (C\$7.9 billion) in client assets. In connection with the closing of the acquisition, CGWM UK added £100 million (\$159.4 million as of May 31, 2022) to its existing bank facility. In addition, HPS on behalf of investment accounts and funds it manages has agreed to make an additional investment in CGWM UK on closing of the acquisition through the purchase of a new series of convertible preferred shares of CGWM UK in the amount of £65.3 million (C\$104.1 million as of May 31, 2022). With this investment, and with the small equity component to be issued in connection with the acquisition, the Company's effective as-converted interest in CGWM UK will be reduced from approximately 73.5% to approximately 66.9%.

In Canada, the Company continues to pursue opportunities for profitable growth with a focus on enhancing margins, managing costs, and growing the business through targeted recruitment and other initiatives aimed at increasing client assets. An important focus is the recruiting and retention of investment advisors. While the recruiting environment remains competitive, our ability to attract and retain high quality advisors is based on the benefits of our independent platform, which provides access to global resources and expertise, supported by investments to advance our technology and product offering, and a multi-year track record of revenue and profitability growth. Investment Advisors have found opportunities to grow their businesses faster and more sustainably on our platform. We offer Investment Advisors resources to help them grow their businesses and the opportunity to participate in conferences and industry events. We maintain a strong focus on investing in technology and 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 intends to continue to build upon the success of its expanded wealth management operations. Continued expansion is expected to occur through targeted recruiting and the build-out of wealth management services and products in this market, in addition to the leveraging of the benefits provided by its connection to Canaccord Genuity's capital markets business in the region. We will also endeavour to convert an additional \$13.3 billion held on this business trading platform to higher revenue-generating assets.

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

(C\$ thousands, except AUM and AUA (in C\$ millions), number of employees, Advisory Teams and % amounts)	Three months ended June 30		Quarter-over- quarter change
	2022	2021	
Revenue	\$ 72,961	\$ 104,158	(30.0)%
Expenses			
Compensation expense	42,217	58,056	(27.3)%
Other overhead expenses	18,432	15,088	22.2%
Total expenses	\$ 60,649	\$ 73,144	(17.1)%
Intersegment allocations ⁽²⁾	5,815	4,831	20.4%
Income before income taxes ⁽²⁾	\$ 6,497	\$ 26,183	(75.2)%
AUM (discretionary) ⁽³⁾	7,952	6,989	13.8%
AUA ⁽⁴⁾	33,857	34,588	(2.1)%
Number of Advisory Teams	146	145	0.7%
Number of employees	497	470	5.7%
Excluding significant items ⁽⁵⁾			
Total expenses	\$ 60,649	\$ 73,144	(17.1)%
Intersegment allocations ⁽²⁾	5,815	4,831	20.4%
Income before income taxes ⁽²⁾	\$ 6,497	\$ 26,183	(75.2)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 28.

(3) AUM in Canada include all assets managed on a discretionary basis under programs that include CGWM's Managed Solutions Programs as well as its Private Investment Management Program. Services provided include the selection of investments and the provision of investment advice. See Non-IFRS Measures on page 7.

(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees and includes AUM. See Non-IFRS Measures on page 7.

(5) Refer to Non-IFRS Measures on page 7 and the Selected Financial Information Excluding Significant Items table on page 14.

Revenue from Canaccord Genuity Wealth Management North America was \$73.0 million, a decrease of \$31.2 million or 30.0% compared to the three months ended June 30, 2021. The decrease was driven by a decline in investment banking revenue due to lower new issue activity, which was partially offset by higher commissions and fees revenue.

AUA⁽¹⁾ in Canada decreased by 2.1% to \$33.9 billion at June 30, 2022, compared to \$34.6 billion at June 30, 2021, reflecting the reduction in market values which were partially offset by a net inflow of new client assets. At June 30, there were 146 Advisory Teams in Canada, an increase of one from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue increased by 20.0 percentage points compared to Q1/22 and accounted for 48.6% of the wealth management revenue in Canada during the first quarter of fiscal 2023.

Total expenses in this business for Q1/23 were \$60.6 million, a decrease of \$12.5 million or 17.1% compared to Q1/22 primarily due to a decrease in compensation expense in connection with lower revenue. Total compensation expense as a percentage of revenue increased by 2.1 percentage points to 57.9% in Q1/23 compared to Q1/22.

Other overhead costs in this business increased by \$3.3 million compared to the three months ended June 30, 2021. General and administrative expense increased by \$1.0 million due to higher conference costs in the current quarter. Communication and technology expense also increased

(1) See Non-IFRS Measures on page 7

by \$0.9 million or 79.9% to support the continued growth and technology enhancements in our North American wealth management operations. Development costs also increased by \$0.7 million or 21.1% as a result of the amortization of incentive-based payments to new recruits.

Income before taxes for Q1 fiscal 2023 was \$6.5 million, a decrease of \$19.7 million or 75.2% as a result of the decline in revenue as described above.

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

(C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended June 30		Quarter-over-quarter change
	2022	2021	
Revenue	\$ 73,337	\$ 73,329	n.m.
Expenses			
Compensation expense	38,493	40,386	(4.7)%
Other overhead expenses	20,589	16,646	23.7%
Acquisition-related cost	7,582	—	n.m.
Total expenses	66,664	57,032	16.9%
Intersegment allocations ⁽²⁾	297	256	16.0%
Income before income taxes ⁽²⁾	6,376	16,041	(60.3)%
Non-controlling interest ⁽⁶⁾	6,621	—	n.m.
AUM ⁽³⁾	52,166	55,605	(6.2)%
Number of investment professionals and fund managers	221	202	9.4%
Number of employees	588	533	10.3%
Excluding significant items⁽⁴⁾			
Total expenses	\$ 54,301	\$ 53,654	1.2%
Intersegment allocations ⁽²⁾	297	256	16.0%
Income before income taxes ⁽²⁾	18,739	19,419	(3.5)%
Non-controlling interest ⁽⁶⁾	5,117	—	n.m.

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 28.

(3) AUM in the UK & Crown Dependencies is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts. See Non-IFRS Measures on page 7.

(4) Refer to Non-IFRS Measures on page 7 and the Selected Financial Information Excluding Significant Items table on page 14.

(5) Includes the operating results of Thomas Miller since the acquisition date of May 1, 2019, Adam & Company since the acquisition date of October 1, 2021 and PSW as of May 31, 2022.

(6) The non-controlling interest is the portion of the net income after income taxes of CGWM UK not attributable to the Company.

Revenue generated by our UK & Crown Dependencies wealth management operation is largely generated through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in levels of trading activity although more sensitive to changes in market values. Revenue for Q1/23 was \$73.3 million, unchanged from the same period in the prior year. Measured in local currency (GBP), revenue was £45.7 million in Q1/23 compared to £42.7 million in Q1/22, an increase of 7.0% compared to the same quarter last year.

AUM⁽¹⁾ in the UK & Crown Dependencies as of June 30, 2022 was \$52.2 billion, a decrease of 6.2% compared to \$55.6 billion as of June 30, 2021, driven by decreases in client asset values partially offset by new assets added to our platform following the completion of the acquisition of PSW on May 31, 2022. Measured in local currency (GBP), AUM⁽¹⁾ increased by 2.6% from £32.4 billion at June 30, 2021 to £33.3 billion at June 30, 2022. Fee-related revenue in our UK & Crown Dependencies wealth management operations accounted for 80.0% of total revenue in Q1/23, an increase of 3.9 percentage points from the same period in the prior year.

Total compensation expense in this business decreased by \$1.9 million or 4.7% in Q1/23 compared to the three months ended June 30, 2021. Total compensation expense as a percentage of revenue decreased by 2.6 percentage points from 55.1% in Q1/22 to 52.5% in Q1/23.

Other overhead expenses were \$20.6 million for Q1/23 compared to \$16.6 million in Q1/22, an increase of \$3.9 million or 23.7% year over year. The most significant increase related to interest expense from the additional bank loan obtained in connection of the acquisitions of Adam & Company and PSW. General and administrative expense increased by \$0.7 million or 20.9% over the same period in the prior year due to increased costs to support the expanded operations. Amortization expense increased by \$1.2 million or 31.1% compared to Q1/22 as a result of the amortization of intangibles acquired in connection with the acquisition of PSW completed on May 31, 2022. In addition, development costs increased by \$0.5 million or 152.7% compared to Q1/22 as a result of higher incentive-based costs related to acquisitions and growth initiatives.

There were acquisition-related costs of \$7.6 million recorded in Q1/23. These costs comprised of legal and other professional fees related to the acquisition of PSW.

Income before income taxes was \$6.4 million compared to \$16.0 million in Q1/22. Net income before taxes excluding significant items⁽¹⁾ was \$18.7 million, representing a \$0.7 million decrease from the same period in the prior year.

(1) See Non-IFRS Measures on page 7

FINANCIAL PERFORMANCE — CANACCORD GENUITY WEALTH MANAGEMENT AUSTRALIA⁽¹⁾

(C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended June 30		Quarter-over-quarter change
	2022	2021	
Revenue	\$ 15,921	\$ 17,517	(9.1)%
Expenses			
Compensation expense	11,684	11,878	(1.6)%
Other overhead expenses	4,869	3,146	54.8%
Total expenses	16,553	15,024	10.2%
Intersegment allocations ⁽²⁾	22	—	n.m.
(Loss) income before income taxes ⁽²⁾	(654)	2,493	(126.2)%
Non-controlling interest ⁽⁵⁾	(101)	278	(136.3)%
AUM ⁽³⁾	4,694	4,691	0.1%
Number of investment professionals and fund managers	114	109	4.6%
Number of employees	218	207	5.3%
Excluding significant items⁽⁴⁾			
Total expenses	\$ 16,436	\$ 14,903	10.3%
Intersegment allocations ⁽³⁾	22	—	n.m.
(Loss) income before income taxes ⁽³⁾	(537)	2,614	(120.5)%
Non-controlling interest ⁽⁵⁾	(101)	278	(136.3)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.

(2) (Loss) income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 28.

(3) AUM is the market value of client assets managed and administered by the Company. See Non-IFRS Measures on page 7.

(4) Refer to Non-IFRS Measures on page 7 and the Selected Financial Information Excluding Significant Items table on page 14.

(5) The non-controlling interest is the portion of the net income after income taxes of Canaccord Genuity Wealth Management Australia not attributable to the Company.

n.m.: not meaningful

First quarter 2023 vs. First quarter 2022

During the three months ended June 30, 2022, Canaccord Genuity Wealth Management Australia generated revenue of \$15.9 million, a decrease of \$1.6 million or 9.1% compared to Q1/22. AUM⁽¹⁾ in the Australian wealth management operations was \$4.7 billion as of June 30, 2022, materially unchanged from prior year as net new assets were offset by impact of foreign exchange movement. In addition, client assets⁽¹⁾ totalling \$13.3 billion are also held on record in other less active accounts on our Australian wealth management platforms compared to \$16.5 billion as of June 30, 2021. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 32.5% of the wealth management revenue during the first quarter of fiscal 2023, an increase of 5.9 percentage points from the three months ended June 30, 2021.

Total compensation expense decreased by \$0.2 million or 1.6% in Q1/23 compared to Q1/22. Total compensation expense as a percentage of revenue was 73.4% for Q1/23, an increase of 5.6 percentage points from the same period in the prior year.

Other overhead expenses increased by \$1.7 million or 54.8% compared to the three months ended June 30, 2021, mainly driven by an increase in development costs of \$0.7 million related to the amortization of incentive-based payments to new recruits and other recruiting costs. In addition, general and administrative expense also increased by \$0.5 million or 74.0% to support the growth in this operation.

Net loss before income taxes was \$0.7 million in Q1/23 compared to net income before income taxes of \$2.5 million in Q1/22. Excluding significant items⁽¹⁾ net loss before taxes was \$0.5 million for the three months ended June 30, 2022 compared to net income before taxes of \$2.6 million in the same period in the prior year, largely due to the decline in revenue as described above.

(1) See Non-IFRS Measures on page 7

CORPORATE AND OTHER⁽¹⁾

(C\$ thousands, except number of employees and % amounts)	Three months ended June 30		Quarter-over- quarter change
	2022	2021	
Revenue	\$ (8,986)	\$ (389)	n.m.
Expenses			
Compensation expense	9,510	28,131	(66.2)%
Other overhead expenses	5,400	4,130	30.8%
Costs associated with redemption of convertible debentures	—	5,464	(100.0)%
Share of loss of an associate	8	—	n.m.
Total expenses	14,918	37,725	(60.5)%
Intersegment allocations ⁽²⁾	(11,102)	(8,981)	(23.6)%
(Loss) before income taxes ⁽²⁾	(12,802)	(29,133)	56.1%
Number of employees	422	379	11.3%
Excluding significant items⁽³⁾			
Revenue	\$ 2,461	\$ 4,611	(46.6)%
Total expenses	14,918	32,261	(53.8)%
Intersegment allocations ⁽²⁾	(11,102)	(8,981)	(23.6)%
Loss before income taxes ⁽²⁾	(1,355)	(18,669)	(92.7)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.

(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 28.

(3) Refer to Non-IFRS Measures on page 7 and Selected Financial Information Excluding Significant Items table on page 14.

n.m.: not meaningful

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

First quarter 2023 vs. First quarter 2022

Revenue loss in the Corporate and Other segment for the three months ended June 30, 2022 was \$9.0 million compared to a loss of \$0.4 million in the same quarter a year ago. During Q1 fiscal 2023, there was a change to the fair value adjustment recorded on certain illiquid or restricted marketable securities, resulting in a decrease in revenue of \$11.4 million. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items⁽¹⁾. Future changes in the unrealized fair value of the marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations.

Expenses in this segment for Q1/23 decreased by \$22.8 million or 60.5% to \$14.9 million compared to the three months ended June 30, 2021. Total expenses excluding significant items⁽¹⁾ decreased by \$17.3 million or 53.8% from Q1 fiscal 2022.

Compensation expense decreased by \$18.6 million or 66.2% compared to the three months ended June 30, 2021, partially driven by a decline in the fair value of PSUs granted in prior periods.

The increase in other overhead expenses of \$1.3 million over Q1/22 was related to increases in general and administrative expense, development costs and premises and equipment expense incurred to support our growing operations.

Overall, the loss before income taxes was \$12.8 million in Q1/23 compared to a loss of \$29.1 million in Q1/22. The net loss before taxes excluding significant items⁽¹⁾ was \$1.4 million for the three months ended June 30, 2022, compared to \$18.7 million for the same period in the prior year.

(1) See Non-IFRS Measures on page 7

Quarterly Financial Information — Prior eight fiscal quarters to Q1/23⁽¹⁾

The following table provides selected quarterly financial information for the nine most recently completed financial quarters ended on or before June 30, 2022. This information is unaudited but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

(C\$ thousands, except number of employees and % amounts)	Fiscal 2023		Fiscal 2022				Fiscal 2021			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Revenue										
Canaccord Genuity Capital Markets	164,137	312,046	361,893	304,919	324,216	486,951	348,875	241,549	234,853	
Canaccord Genuity Wealth Management:										
North America	72,961	76,165	82,589	72,367	104,158	107,000	92,741	67,347	56,953	
UK & Europe	73,337	80,316	81,741	75,109	73,329	74,950	70,120	64,308	67,951	
Australia	15,921	17,793	20,571	18,752	17,517	17,257	17,636	14,322	13,034	
Corporate and Other	(8,986)	13,473	5,423	4,014	(389)	20,368	3,705	2,831	4,937	
Total revenue	317,370	499,793	552,217	475,161	518,831	706,526	533,077	390,357	377,728	
Net (loss) income	(3,004)	68,995	66,732	61,785	73,053	139,394	68,451	32,993	28,964	
(loss) earnings per common share – basic	\$ (0.14)	\$ 0.62	\$ 0.59	\$ 0.56	\$ 0.72	\$ 1.07	\$ 0.67	\$ 0.30	\$ 0.26	
Diluted (loss) earnings per common share	\$ (0.14)	\$ 0.53	\$ 0.52	\$ 0.49	\$ 0.63	\$ 0.93	\$ 0.54	\$ 0.25	\$ 0.22	
Net Income excluding significant items ⁽¹⁾	\$ 19,935	\$ 66,822	\$ 84,632	\$ 69,719	\$ 84,654	\$ 137,128	\$ 78,971	\$ 36,891	\$ 32,897	
Earnings per common share, excluding significant items ⁽¹⁾ – basic	\$ 0.13	\$ 0.62	\$ 0.80	\$ 0.66	\$ 0.84	\$ 1.38	\$ 0.78	\$ 0.34	\$ 0.30	
Diluted earnings per common share, excluding significant items ⁽¹⁾	\$ 0.11	\$ 0.52	\$ 0.69	\$ 0.58	\$ 0.73	\$ 1.20	\$ 0.62	\$ 0.28	\$ 0.25	

(1) Data is in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7

Quarterly financial information excluding significant items⁽¹⁾

(C\$ thousands, except per share amounts)	Fiscal 2023 Q1	Q4	Q3	Q2	Fiscal 2022 Q1	Q4	Q3	Q2	Fiscal 2021 Q1
Total revenue per IFRS	\$ 317,370	\$ 499,793	\$ 552,217	\$ 475,161	\$ 518,831	\$ 706,526	\$ 533,077	\$ 390,357	\$ 377,728
Total expenses per IFRS	315,476	403,245	457,234	388,124	419,130	518,810	433,803	344,499	340,674
Revenue									
Significant items recorded in Corporate and Other									
Fair value adjustments on certain illiquid and restricted marketable securities	11,447	(9,000)	(1,400)	—	5,000	(14,200)	—	—	—
Total revenue excluding significant items	\$ 328,817	\$ 490,793	\$ 550,817	\$ 475,161	\$ 523,831	\$ 692,326	\$ 533,077	\$ 390,357	\$ 377,728
Expenses									
Significant items recorded in Canaccord Genuity Capital Markets									
Amortization of intangible assets	1,264	1,283	107	160	293	738	741	743	748
Acquisition-related costs	—	—	537	—	—	—	4,644	—	—
Incentive based costs related to acquisitions ⁽³⁾	367	364	—	—	—	—	—	—	—
Significant items recorded in Canaccord Genuity Wealth Management									
Amortization of intangible assets	4,312	4,190	4,113	3,178	3,148	3,260	3,213	3,288	3,326
Restructuring costs	—	—	—	—	—	—	—	—	—
Acquisition-related costs	7,582	515	6,225	1,920	—	418	860	—	—
Incentive based costs related to acquisitions ⁽³⁾	586	625	348	2,095	351	953	1,842	625	635
Costs associated with reorganization of CGWM UK ⁽³⁾	—	—	—	794	—	—	—	—	—
Significant items recorded in Corporate and Other									
Costs associated with redemption of convertible debentures ⁽⁴⁾	—	—	—	468	5,464	4,354	—	—	—
Change in derivative fair value	—	—	8,519	—	—	—	—	—	—
Total significant items – expenses	14,111	6,977	19,849	8,615	9,256	9,723	11,300	4,656	4,709
Total expenses excluding significant items	301,365	396,268	437,385	379,509	409,874	509,087	422,503	339,843	335,965
Net income before income taxes – adjusted	\$ 27,452	\$ 94,525	\$ 113,432	\$ 95,652	\$ 113,957	\$ 183,239	\$ 110,574	\$ 50,514	\$ 41,763
Income tax expense – adjusted	7,517	27,703	28,800	25,933	29,303	46,111	31,603	13,623	8,866
Net income – adjusted	\$ 19,935	\$ 66,822	\$ 84,632	\$ 69,719	\$ 84,654	\$ 137,128	\$ 78,971	\$ 36,891	\$ 32,897
Net income attributable to common shareholders	\$ 11,879	\$ 54,678	\$ 75,098	\$ 63,326	\$ 81,251	\$ 133,260	\$ 75,160	\$ 32,982	\$ 29,065
Earnings per common share adjusted – basic ⁽⁵⁾	\$ 0.13	\$ 0.62	\$ 0.80	\$ 0.66	\$ 0.84	\$ 1.38	\$ 0.78	\$ 0.34	\$ 0.30
Diluted earnings per common share adjusted – diluted ⁽⁵⁾	\$ 0.11	\$ 0.52	\$ 0.69	\$ 0.58	\$ 0.73	\$ 1.20	\$ 0.62	\$ 0.28	\$ 0.25

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

(2) Due to the change in the number of fully diluted shares resulting from the convertible debenture redemption in Q4 fiscal 2021 as well as the impact of the Convertible Preferred Shares issued in Q2 fiscal 2022 and Q1 fiscal 2023, rounding and the dilutive impact of share issuance commitments in the quarterly and year to date EPS figures, the sum of the quarterly earnings per common share figures may not equal the annual earnings per share figure.

Quarterly trends and risks

Our quarterly results are generally not significantly affected by seasonal factors. However, the Company's revenue and income can experience considerable variations from quarter to quarter and from year to year due to factors beyond the Company's control. The business is affected by the overall condition of the global capital markets and by activity in our core focus sectors, as well as by changes in the market for growth companies and companies in emerging markets and sectors. The Company's revenue from an underwriting transaction is recorded only when a transaction has been substantially completed or closed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

The Company recorded revenue of \$317.4 million in Q1/23, the lowest quarterly firm wide revenue in the past eight quarters as a result of the global market downturn. The investment banking revenue in particular generated the most significant decrease, declining from record level of \$305.9 million in Q4/21 to \$18.7 million in Q1/23. Apart from a modest year-over-year increase of 6.3% in firm-wide advisory fees revenue compared to the same period in the prior year, revenue in our other core activities decreased on a year over year and sequential basis.

Our Canaccord Genuity Capital Markets operations generated revenue of \$164.1 million, a decrease of 49.4% over Q1/22 and a decrease of 47.4% on a sequential basis. The quarterly revenue earned in our US capital markets operations in Q1/23, although a decline from the record quarters in fiscal 2022, remained healthy at \$124.1 million, largely due to strong advisory fees revenue.

Our Canadian capital markets operations were negatively impacted by reduced new issue activity in the current quarter as well as market value declines in fee share and facilitation inventories. Revenue in our Canadian capital markets operations was \$14.3 million, a significant decrease of 87.7% over Q1 fiscal 2022 and a decrease of 80.7% on a sequential basis, resulting in a pre-tax loss of \$17.3 million in Q1/23.

Revenue in our Australian capital markets operations decreased by 101.0% year over year and 100.5% on a sequential basis driven by reduced investment banking activity in our focus sectors as well as losses on certain inventory and warrant positions as a result of declines in market values.

Our UK & Europe capital markets operations recorded revenue of \$26.0 million for Q1/23, a decline of 11.0% over the previous quarter. Advisory fees revenue remained strong at \$16.1 million for the quarter, an improvement of 59.2% year over year but a decline of 25.9% from the exceptionally strong quarter in Q4/22.

Revenue in our Canaccord Genuity North America wealth management operations decreased by 30.0% from our record quarter in Q1/22 and 4.2% sequentially. The decline in revenue was largely due to lower investment banking revenue resulting from the broad-market reduction in new issue activity, which decreased from \$40.3 million in the record quarter in Q1/22 to \$4.0 million in the current quarter. Assets under administration⁽¹⁾ were \$33.9 billion, a decrease of 2.1% year over year and 10.6% over the prior quarter, reflecting a reduction in market values. Assets under management⁽¹⁾ which are included in assets under administration increased by 13.8% from \$7.0 billion in Q1/22 to \$8.0 billion in Q1/23 but decreased by 6.2% compared to the previous quarter.

The CGWM UK operations have contributed consistently to our revenue and profitability levels. Revenue for Q1/23 was \$73.3 million, consistent with the prior year and the average of the past eight quarters. Pre-tax profit margins continued to be strong at 25.6% in Q1/23 excluding significant items⁽¹⁾. At the end of Q1/23, fee-related revenue was at 80.0%, an increase of 3.9 percentage points from Q1/22 and highest in the past nine quarters. Assets under management⁽¹⁾ for this group decreased by 6.2% as of the end of Q1/23 to \$52.2 billion compared to Q1/22 due to the decline in market values, partially offset by new client assets acquired in connection with our acquisition of PSW completed on May 31, 2022.

Revenue in our Australia wealth management operations reached \$15.9 million in Q1/23, a decline of 9.1% over the previous quarter. Assets under management⁽¹⁾ as of June 30, 2022 were \$4.7 billion, a decrease of 12.3% compared to Q4/22 and an increase of 0.1% over Q1/22.

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

Intersegment allocated costs

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

Financial Condition

Below are specific changes in selected items on the Q1/23 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were \$1.0 billion on June 30, 2022 compared to \$1.8 billion on March 31, 2022. Refer to the Liquidity and Capital Resources section on page 30 for more details.

Securities owned were \$0.7 billion on June 30, 2022 compared to \$1.1 billion on March 31, 2022 mainly due to a decrease in corporate and government debt owned as of June 30, 2022.

(1) See Non-IFRS Measures on page 7.

Accounts receivable were \$3.2 billion at June 30, 2022 compared to \$3.4 billion at March 31, 2022, mainly due to a decrease in receivables with brokers and investment dealers and clients.

Goodwill was \$644.0 million and intangible assets were \$319.6 million on June 30, 2022. On March 31, 2022, goodwill was \$510.3 million and intangible assets were \$187.0 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc, Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier, Thomas Miller, Patersons, Adam & Company, Sawaya and PSW.

Right-of-use assets at June 30, 2022 were \$113.9 million compared to \$117.1 million at March 31, 2022, mainly due to amortization recorded during the period.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were \$174.7 million at June 30, 2022 compared to \$157.8 million at March 31, 2022.

LIABILITIES AND NON-CONTROLLING INTERESTS

Securities sold short were \$440.6 million at June 30, 2022 compared to \$567.3 million at March 31, 2022, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were \$3.7 billion at June 30, 2022, a decrease from \$4.9 billion at March 31, 2022, mainly due to decreases in payables to brokers and investment dealers and clients.

Subordinated debt, income taxes payable and deferred tax liabilities were \$70.8 million at June 30, 2022, an increase from \$48.3 million at March 31, 2022. The decrease was mostly due to the increase in deferred tax liabilities.

There were also lease liabilities of \$124.9 million recorded as of June 30, 2022 [March 31, 2022 — \$125.5 million].

During the three months ended June 30, 2022, there was an adjustment to the contingent consideration related to Sawaya of \$1.5 million with a corresponding increase to goodwill. In addition, there was \$1.2 million of deferred consideration related to the acquisition of PSW completed on May 31, 2022. At the end of June 30, 2022, there were deferred and contingent considerations of \$46.7 million [March 31, 2022—\$45.3 million].

On May 31, 2022, certain institutional investors acquired a new series of Convertible Preferred Shares in the amount of £65.3 million (C\$104.1 million) issued by the Company's subsidiary, CGWM UK.

Both series of the Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preferred Shares is included in the shareholders' equity and the derivative liability component of £30.0 million (C\$47.0 million) is included in other liabilities in the statement of financial position as of June 30, 2022.

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW. The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 3.438% per annum as at June 30, 2022 [March 31, 2022 — 3.375% per annum]. The total bank loans outstanding as of June 30, 2022 net of financing charges was \$299.5 million [March 31, 2022 — \$152.0 million].

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of \$654.4 million [March 31, 2022 — \$657.0 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of June 30, 2022, there were no balances outstanding under these other credit facilities [March 31, 2022 — \$nil].

Non-controlling interests were \$325.9 million at June 30, 2022 compared to \$238.7 million as at March 31, 2022, an increase of \$87.2 million, mainly related to the equity portion of the new Series of Convertible Preferred Shares component issued in CGWM UK, net of dividends received and foreign exchange movement. The non-controlling interests also represent 32.7% [March 31, 2022 — 32.7%] of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling \$3.8 million (US\$2.9 million) [March 31, 2022 — \$3.7 million (US\$2.9 million)] as rent guarantees for its leased premises in New York. As of June 30, 2022 and March 31, 2022, there were no outstanding balances under these standby letters of credit.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of June 30, 2022, and March 31, 2022, the Company had no bank indebtedness outstanding under these facilities.

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

The following table summarizes the Company's long-term contractual obligations on June 30, 2022:

(C\$ thousands)	Total	Fiscal 2024	Fiscal 2025 – Fiscal 2026	Fiscal 2027 – Fiscal 2028	Thereafter
Premises and equipment operating leases	130,970	30,784	42,941	21,185	36,060
Bank loan ⁽¹⁾	312,997	16,417	296,580	—	—
Total contractual obligations	443,967	47,201	339,521	21,185	36,060

(1) Bank loan obtained to finance a portion of the cash consideration for the acquisitions in CGWM UK. The bank loan bears interest at 3.438% [March 31, 2022 — 3.375%] per annum and is repayable in instalments of principal and interest and matures in September 2024.

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, retained earnings and accumulated other comprehensive income. On June 30, 2022, cash and cash equivalents were \$1.0 billion, a decrease of \$753.5 million from \$1.8 billion as of March 31, 2022. During the three months ended June 30, 2022, financing activities provided cash in the amount of \$186.0 million, mainly due to proceeds from the issuance of Convertible Preferred Shares in CGWM UK, proceeds from bank loan obtained in connection with the acquisition of PSW, partially offset by the purchase of shares under the normal course issuer bid (NCIB), purchases of common shares for the long-term incentive plan (LTIP), and cash dividends paid on common and preferred shares. Investing activities used cash in the amount of \$251.4 million for the acquisition of PSW, purchase of equipment and leasehold improvements and intangible assets. Operating activities used cash in the amount of \$676.2 million, which was largely due to changes in non-cash working capital. A decrease in cash of \$11.8 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 Company's working capital, including cash and cash equivalents, is fully deployed by the Company in its operations to support regulatory capital levels as required and counter-party requirements including cash deposit requirements needed to maintain current levels of activity. The majority of current assets reflected on the Company's unaudited interim condensed consolidated statement of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable, and all are recorded at their fair value. Securities sold short are highly liquid securities. The fair value of these securities fluctuates daily as factors such as changes in market conditions, economic conditions and investor outlook affect market prices. Client receivables are secured by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal two-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts.

Outstanding Share Data

	Outstanding shares as of June 30	
	2022	2021
Preferred shares		
Series A – issued shares outstanding	4,540,000	4,540,000
Series C – issued shares outstanding	4,000,000	4,000,000
Common shares		
Issued shares excluding unvested shares ⁽¹⁾	87,846,294	98,836,018
Issued shares outstanding ⁽²⁾	99,185,630	107,406,814
Issued shares outstanding – diluted ⁽³⁾	104,590,492	111,834,546
Average shares outstanding – basic	88,635,588	97,065,409
Average shares outstanding – diluted ⁽⁴⁾	104,981,355	110,810,360

(1) Excludes 11,216,981 unvested shares purchased by employee benefit trusts for the LTIP, and 122,355 outstanding shares related to share purchase loans

(2) Includes 11,216,981 unvested shares purchased by employee benefit trusts for the LTIP, and 122,355 outstanding shares related to share purchase loans

(3) Includes 5,404,682 share issuance commitments net of forfeitures.

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

On August 18, 2021, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,342,990 of its common shares during the period from August 21, 2021 to August 20, 2022 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the three months ended period ended June 30, 2022, there were 502,000 shares purchased under the NCIB. There were also 83,300 shares purchased under the NCIB during the year ended March 31, 2022 and cancelled during the three months ended June 30, 2022.

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

The ability to make purchases under the current NCIB commenced on August 21, 2021 and will continue for one year (to August 20, 2022) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply

with the trading rules of the TSX, the daily purchases are limited to 105,393 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2021 to July 2021 (25% of the ADTV of 421,574)). During the period of the substantial issuer bid, being December 22, 2021 through January 27, 2022, no purchases of common shares under the NCIB were effected.

As of July 31, 2022, the Company has 99,185,630 common shares issued and outstanding.

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

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

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

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

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2022 Annual Report except for the PSW Conditional Share Plan. Refer to Note 17 in the unaudited interim condensed consolidated financial statements for the three months ended June 30, 2022.

Financial Instruments

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. Forward contracts outstanding to buy US dollars had a notional amount of US \$5.8 million, an increase of US \$4.0 million from March 31, 2022. Forward contracts outstanding to sell US dollars had a notional amount of US \$0.4 million, a decrease of US \$1.9 million from March 31, 2022. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

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

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

FUTURES

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

At June 30, 2022, the notional amount of the Canadian bond futures contracts outstanding was short \$4.9 million [March 31, 2022 — long \$9.7 million].

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

Related Party Transactions

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

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

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

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

(C\$ thousands)	June 30, 2022 \$	March 31, 2022 \$
Accounts receivable	17,199	12,009
Accounts payable and accrued liabilities	2,160	1,271

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2022 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34), as issued by the International Accounting Standards Board (IASB).

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

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

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

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

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

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q1/23 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the 2022 Audited Annual Consolidated Financial Statements.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2022 Annual Report, during the three months ended June 30, 2022.

Disclosure Controls and Procedures

As of June 30, 2022, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2022.

Changes in Internal Control Over Financial Reporting

There were no changes made in our internal control over financial reporting that occurred during the quarter ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Dividend Policy

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

Dividend Declaration

On August 4, 2022, the Board of Directors approved a dividend of \$0.085 per common share, payable on September 15, 2022, with a record date of September 2, 2022.

On August 4, 2022, the Board of Directors approved the following cash dividends: \$0.25175 per Series A Preferred Share payable on September 30, 2022 with a record date of September 16, 2022; and \$0.42731 per Series C Preferred Share payable on September 30, 2022 with a record date of September 16, 2022.

Risks

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

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

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

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

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

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

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

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

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

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

Additional Information

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

Shareholder Information

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MAILING ADDRESS

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Stock Exchange Listing

Common shares:
TSX: CF

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

Corporate Website

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General Shareholder Inquiries and Information

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

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

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q2/23	November 2, 2022	December 23, 2022	January 3, 2023	December 2, 2022	December 15, 2022
Q3/23	February 8, 2023	March 17, 2023	March 31, 2023	February 24, 2023	March 10, 2023
Q4/23	June 8, 2023	June 23, 2023	July 4, 2023	June 23, 2023	July 4, 2023
Q1/24	August 2, 2023	September 15, 2023	October 2, 2023	September 1, 2023	September 15, 2023

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

Shareholder Administration

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

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

Financial Information

For present and archived financial information, please visit
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