SECOND QUARTER

Fiscal 2023 Report to Shareholders

Canaccord Genuity

Canaccord Genuity Group Inc. Reports Second Quarter Fiscal 2023 Results

Excluding significant items, quarterly earnings per common share of $0.25(1)
Second quarter dividend of $0.085 per common share

TORONTO, November 2, 2022 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the second fiscal quarter and six months ended September 30, 2022.

"In light of the very challenging conditions that continue to grip markets around the world, I am pleased with how our business has performed," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "Steps we have taken to reduce our reliance on underwriting activities and increase contributions from our wealth management and M&A advisory businesses have contributed to our resilience, and we are very well positioned to reclaim leadership in our core underwriting sectors when market conditions improve."

Second fiscal quarter and six-month fiscal year-to-date highlights:

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

- Second quarter revenue excluding significant items(1) of $381.8 million, a decrease of 19.6% over the same period in the prior year
- Second quarter net income before taxes excluding significant items(1) of $50.6 million, a decrease of 47.1% compared to Q2/22 ($39.0 million and a decrease of 55.2% on an IFRS basis)
- Diluted earnings per common share excluding significant items(1) for the second fiscal quarter of $0.25 per share (diluted earnings per common share of $0.14 on an IFRS basis), a decrease of 56.9% compared to the second quarter of fiscal 2022
- Diluted earnings per common share excluding significant items(1) for the first six months of fiscal 2023 of $0.36 ($0.02 on an IFRS basis)
- Capital markets advisory revenue increased by 22.2% compared to the previous quarter, reflecting quarter-over-quarter increases in both the US and in Canada
- Total client assets(1) in our global wealth management business were $88.6 billion at September 30, 2022, a year-over-year decrease of 9.7%, reflecting year-over-year decreases of 5.7% in Canada, 13.1% in the UK & Crown Dependencies and an increase of 1.3% in Australia. Decreases were primarily attributable to the decline in market values from September 30, 2021 partially offset by the addition of new assets in connection with the acquisitions of Punter Southall Wealth Limited (PSW) and Adam & Company
- Despite the reduction in client asset values, global wealth management revenue for the second fiscal quarter increased by 1.8% year-over-year reflecting increases in commissions & fees revenue of 1.3% year-over-year and interest revenue of 206.8% year-over-year partially offset by a decrease in new issue revenue
- On August 17, 2022, the Company, through its UK & Europe capital markets business completed its acquisition of the business of Results International Group LLP (Results), an independent advisory firm focused in the healthcare and technology sectors
- Second quarter common share dividend of $0.085 per share
- Fiscal year-to-date capital deployment initiatives including dividends and share buybacks totaled $22.0 million or 39.7% of adjusted net income for the six-month period.

(1) See Non-IFRS Measures on page 5

	Three months ended September 30		Year-over-year change	Three months ended June 30	Quarter-over-quarter change
	Q2/23	Q2/22		Q1/23	
Second fiscal quarter highlights – adjusted[1]					
Revenue excluding significant items[1]	**$ 381,793**	$ 475,161	(19.6)%	$ 328,817	16.1%
Expenses excluding significant items[1]	**$ 331,178**	$ 379,509	(12.7)%	$ 301,365	9.9%
Diluted earnings per common share excluding significant items[1]	**$ 0.25**	$ 0.58	(56.9)%	$ 0.11	127.3%
Net Income excluding significant items[1]	**$ 35,426**	$ 69,719	(49.2)%	$ 19,935	77.7%
Net Income attributable to common shareholders excluding significant items[1][3]	**$ 25,793**	$ 63,326	(59.3)%	$ 11,879	117.1%
Second fiscal quarter highlights – IFRS					
Revenue	**$ 380,522**	$ 475,161	(19.9)%	$ 317,370	19.9%
Expenses	**$ 341,490**	$ 388,124	(12.0)%	$ 315,476	8.2%
Diluted earnings (loss) per common share	**$ 0.14**	$ 0.49	(71.4)%	$ (0.14)	200.0%
Net Income (loss)[2]	**$ 26,564**	$ 61,785	(57.0)%	$ (3,004)	n.m.
Net income (loss) attributable to common shareholders[3]	**$ 14,779**	$ 54,232	(72.7)%	$ (12,564)	217.6%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5
(2) Before non-controlling interests and preferred share dividends paid on the Series A and Series C Preferred Shares
(3) Net 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 $169.3 million for the second fiscal quarter, a year-over-year increase of 1.8%. Net income before taxes excluding significant items[1] for this segment decreased by 12.6% year-over-year. When measured on a year-to-date basis, revenue amounted to $331.5 million, a decrease of 8.2% compared to the first six months of the prior fiscal year.

- Wealth management operations in the UK & Crown Dependencies generated second quarter revenue of $81.0 million, an increase of 10.4% compared to Q1/23 and an increase of 7.8% compared to the same period last year. Measured in local currency (GBP), revenue was £52.7 million in Q2/23 compared to £43.3 million in Q2/22, an increase of 21.7% compared to the same quarter last year. Net income before taxes excluding significant items[1] for this business was $18.1 million in Q2/23, down 8.2% year-over-year, partially due to higher interest expense on additional bank loans obtained to acquire PSW and Adam & Company.
- Canaccord Genuity Wealth Management (North America) generated $73.4 million in second quarter revenue, a year-over-year increase of 1.5% compared to Q2/22, Second quarter interest income in this business amounted to $11.1 million, an increase of 145.3% year-over-year due to the higher interest rate environment. Excluding significant items[1] net income before taxes for this business was $9.7 million in Q2/23, which represents a year-over-year decrease of 1.6%.
- Wealth management operations in Australia generated $14.9 million in second quarter revenue, a decrease of 20.6% compared to the second quarter of last year. Excluding significant items[1] net loss before taxes for this business was $0.1 million in Q2/23, down from net income of $2.1 million in Q2/22.

Total client assets in the Company's global wealth management businesses at the end of the second fiscal quarter amounted to $88.6 billion, a decrease of $9.5 billion or 9.7% from Q2/22.

- Client assets in the UK & Crown Dependencies were $50.0 billion (£32.3 billion) as at September 30, 2022, a decrease of 4.2% (decrease of 2.8% in local currency) from $52.2 billion (£33.3 billion) at the end of the previous quarter, and a decrease of 13.1% (decrease of 3.9% in local currency) from $57.5 billion (£33.6 billion) at September 30, 2021 primarily attributable to the decline in market values, partially offset by net inflows and new assets from our acquisitions of PSW and Adam & Company.
- Client assets in North America were $33.7 billion as at September 30, 2022, a decrease of 0.3% from $33.9 billion at the end of the previous quarter and a decrease of 5.7% from $35.8 billion at September 30, 2021 due to the decline in market values, partially offset by net new inflows and new assets from existing IAs and new recruits.
- Client assets[1] in Australia were $4.9 billion (AUD 5.5 billion) at September 30, 2022, an increase of 3.9% from $4.7 billion (AUD 5.3 billion) at the end of the previous quarter and an increase of 1.3% from $4.8 billion (AUD 5.3 billion) at September 30, 2021. In addition, client assets[1] totalling $13.3 billion (AUD 14.9 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 $205.7 million for the second fiscal quarter, a year-over-year decrease of 32.5%. The decrease primarily reflected substantially lower investment banking revenues in all geographies in connection with the significant decline in industry-wide new issue activity. Advisory revenue for the three-month period was $100.9 million, an increase of 22.2% sequentially and a year-over-year decrease of 27.4%. Net income before taxes excluding significant items[1] for this segment was $26.2 million for the quarter, a year-over-year decrease of 64.0%.

Canaccord Genuity Capital Markets participated in 157 investment banking transactions globally, including led or co-led, raising total proceeds of $9.0 billion fiscal year-to-date.

The Company's US capital markets business was the largest contributor of revenue for the three-month period, with revenue of $128.8 million, or 62.6% of total global capital markets revenue. This business contributed advisory fees revenue of $75.2 million for Q2/23, a decrease of

(1) See Non-IFRS Measures on page 5

27.5% from the same period in the prior year, and an increase of 18.7% compared to the previous quarter. Commissions and fees revenue for the three-month period increased by 6.8% year-over-year, to $21.9 million. Investment banking revenue for the three-month period decreased by 79.7% to $5.4 million when compared to the second quarter of the prior year because of reduced new issue activity. Principal trading revenue also decreased by 8.8% from the prior year to $25.5 million in the second quarter due to lower trading volume, volatility, and activity. Excluding significant items[(1)], the pre-tax net income contribution from this business amounted to $21.9 million for the three-month period.

Second quarter revenue of $32.3 million in our Canadian capital markets business decreased by 43.3% when compared to Q2/22. Second quarter investment banking, advisory, and commissions and fees revenue declined by 64.4%, 36.9% and 34.4% respectively when compared to the same period in the prior year. Notably, advisory revenue in this business increased by 231.8% compared to the previous fiscal quarter. Our Canadian capital markets operations generated a loss before income taxes of $4.5 million in Q2/23, a decrease of 131.8% from income before income taxes of $14.1 million generated in the same period in the prior year.

Revenue in our UK & Europe capital markets operations decreased by 32.9% for the three-month period driven mainly by lower investment banking revenue. Advisory revenue in this business decreased by 18.4% year-over-year to $15.2 million for the second quarter. Excluding significant items[(1)], our UK & Europe capital markets business earned pre-tax net income of $4.7 million for the second quarter, and $8.1 million fiscal-year-to-date, year-over-year improvements of 25.6% and 18.6% respectively.

Second quarter revenue earned by our Australian capital markets business decreased 36.8% year-over-year, reflecting a 37.0% decrease in investment banking revenue when compared to the same period a year ago. Net income before income taxes for the quarter was $4.2 million compared to net income before income taxes of $9.2 million in the second quarter of fiscal 2022.

Summary of Corporate Developments

- On August 5, 2022, at the Fiscal 2022 Annual General Meeting of Shareholders, Michael Auerbach was elected to the Company's Board of Directors. Mr. Auerbach is an entrepreneur, investor, business consultant, and private diplomat with deep experience in financial services, strategic intelligence, advisory and risk management.
- On August 17, 2022, the Company completed its asset purchase agreement to acquire the business of Results International Group LLP ("Results"). Results is an independent advisory firm headquartered in London, UK, 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.
- On August 18, 2022, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum 4,959,281 of its common shares during the period from August 21, 2022, to August 20, 2023, through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice.

Results for the second quarter of fiscal 2023 were impacted by the following significant items[(1)]:

- Reversal of fair value adjustments on certain warrants and illiquid or restricted marketable securities recorded for IFRS reporting purposes in prior periods net of adjustments recorded in the current period, but which are excluded for management reporting purposes and are not used by management to assess operating performance
- Amortization of intangible assets acquired in connection with business combinations
- Acquisition-related costs in connection with the acquisitions of PSW and Results
- Certain incentive-based costs related to acquisitions
- Certain development costs in Corporate & Other
- Certain components of the non-controlling interest expense associated with CGWM UK

(1) See Non-IFRS Measures on page 5

Summary of Results for Q2 and YTD Fiscal 2023 and Selected Financial Information Excluding Significant Items[1]:

(C$ thousands, except per share and % amounts)	Three months ended September 30 2022	Three months ended September 30 2021	Quarter-over-quarter change	Six months ended September 30 2022	Six months ended September 30 2021	YTD over YTD change
Revenue						
Revenue per IFRS	**$ 380,522**	$ 475,161	(19.9)%	**$ 697,892**	$ 993,992	(29.8)%
Significant items recorded in Corporate and Other						
Reversal of fair value adjustments on certain warrants and illiquid or restricted marketable securities[1]	**$ 1,271**	—	n.m.	**$ 12,718**	$ 5,000	154.4%
Total revenue excluding significant item	**$ 381,793**	$ 475,161	(19.6)%	**$ 710,610**	$ 998,992	(28.9)%
Expenses						
Expenses per IFRS	**$ 341,490**	$ 388,124	(12.0)%	**$ 656,966**	$ 807,254	(18.6)%
Significant items recorded in Canaccord Genuity Capital Markets						
Amortization of intangible assets	**$ 1,535**	$ 160	n.m.	**$ 2,799**	$ 453	n.m.
Acquisition- related costs	**$ 1,477**	—	n.m.	**$ 1,477**	—	n.m.
Incentive-based costs related to acquisitions[2]	**$ 437**	—	n.m.	**$ 804**	—	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**$ 5,944**	$ 3,178	87.0%	**$ 10,256**	$ 6,326	62.1%
Acquisition – related costs	**$ (1,656)**	$ 1,920	(186.3)%	**$ 5,926**	$ 1,920	208.6%
Incentive-based costs related to acquisitions[2]	**$ 1,265**	$ 2,095	(39.6)%	**$ 1,851**	$ 2,446	(24.3)%
Costs associated with reorganization of UK & Crown Dependencies	**—**	$ 794	(100.0)%	**—**	$ 794	(100.0)%
Significant items recorded in Corporate and Other						
Costs in connection with redemption of convertible debentures	**—**	$ 468	(100.0)%	**—**	$ 5,932	(100.0)%
Development costs	**$ 1,310**	—	n.m.	**$ 1,310**	—	n.m.
Total significant items – expenses	**$ 10,312**	$ 8,615	19.7%	**$ 24,423**	$ 17,871	36.7%
Total expenses excluding significant items	**$ 331,178**	$ 379,509	(12.7)%	**$ 632,543**	$ 789,383	(19.9)%
Net income before taxes excluding significant items[1]	**$ 50,615**	$ 95,652	(47.1)%	**$ 78,067**	$ 209,609	(62.8)%
Income taxes – adjusted	**$ 15,189**	$ 25,933	(41.4)%	**$ 22,706**	$ 55,236	(58.9)%
Net income excluding significant items	**$ 35,426**	$ 69,719	(49.2)%	**$ 55,361**	$ 154,373	(64.1)%
Significant items impacting net income attributable to common shareholders						
Non-controlling interests – IFRS	**$ 9,394**	$ 5,202	80.6%	**$ 16,563**	$ 6,254	164.8%
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustments	**$ 2,152**	$ 1,160	85.5%	**$ 3,755**	$ 1,160	223.7%
Non-controlling interests (adjusted)[1]	**$ 7,242**	$ 4,042	79.2%	**$ 12,808**	$ 5,094	151.4%
Net income attributable to common shareholders, excluding significant items	**$ 25,793**	$ 63,326	(59.3)%	**$ 37,771**	$ 144,577	(73.9)%
Earnings per common share excluding significant items – basic	**$ 0.30**	$ 0.66	(54.5)%	**$ 0.43**	$ 1.50	(71.3)%
Earnings per common share excluding significant items – diluted	**$ 0.25**	$ 0.58	(56.9)%	**$ 0.36**	$ 1.31	(72.5)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5.
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business, and in the US and UK capital markets.

Diluted earnings per common share ("diluted EPS") is computed using the treasury stock method, giving effect to the exercise of all dilutive elements. The Convertible Preferred Shares issued by Canaccord Genuity Wealth Management Holdings (Jersey) Limited are factored into the diluted EPS by adjusting net income attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK's earnings on an as converted basis if the calculation is dilutive. For the quarter and six months ended September 30, 2022, the effect of reflecting our proportionate share of CGWM UK's earnings is anti-dilutive for diluted EPS purposes under both IFRS and as determined excluding significant items[1]. When the calculation is anti-dilutive the non-controlling interest reflects dividends paid on the Convertible Preferred Shares rather than the as-converted proportionate share of CGWM UK's earnings.

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

- Cash and cash equivalents balance of $946.6 million, a decrease of $841.7 million from $1.8 billion
- Working capital of $693.5 million, a decrease of $100.9 million from $794.4 million
- Total shareholders' equity of $1.1 billion, a decrease of $98.2 million from $1.2 billion

Common and Preferred Share Dividends:

On November 2, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on December 15, 2022, with a record date of December 2, 2022.

On November 2, 2022, the Board approved a cash dividend of $0.25175 per Series A Preferred Share payable on January 3, 2023 to Series A Preferred shareholders of record as at December 23, 2022.

On November 2, 2022, the Board approved a cash dividend of $0.42731 per Series C Preferred Share payable on January 3, 2023 to Series C Preferred shareholders of record as at December 23, 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 warrants and illiquid or restricted marketable securities as recorded for IFRS reporting purposes but which are excluded for management reporting purposes and are not used by management to assess operating performance; (ii) expenses excluding significant items, which is composed of expenses per IFRS less any applicable amortization of intangible assets acquired in connection with a business combination, acquisition-related expense items, certain incentive-based costs related to the acquisitions and growth initiatives in CGWM UK, and the US and UK capital markets divisions 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 net income before income taxes excluding significant items less income taxes (adjusted); (vi) non-controlling interests (adjusted), which is non-controlling interests per IFRS less the amortization of the equity component of non-controlling interests in CGWM UK; and (vii) net income attributable to common shareholders excluding significant items, which is net income excluding significant items less non-controlling interests (adjusted) and preferred share dividends paid on the Series A and Series C Preferred Shares.

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the interim condensed consolidated financial statements for the second quarter of fiscal 2023 can be found above in the table entitled "Summary of results for Q2 fiscal 2023 and year-to-date fiscal 2023 and selected financial information excluding significant items".

Non-IFRS Ratios

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

Supplementary Financial Measures

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

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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 each section entitled "Outlook" contains forward-looking information.

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

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

PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three- and six-month periods ended September 30, 2022 (Second quarter 2023 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Second 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

Second quarter fiscal 2023 for the three- and six-month periods ended September 30, 2022 — this document is dated November 2, 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- and six- month periods ended September 30, 2022 compared to the corresponding periods in the preceding fiscal year. The three-month period ended September 30, 2022 is also referred to as second quarter fiscal 2023 and Q2/23. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three- and six- month period ended September 30, 2022, beginning on page 39 of this report; our Annual Information Form (AIF) dated June 24, 2022; and the 2022 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2022 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 2, 2022 (the fiscal 2022 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2022 except as disclosed in this MD&A. The Company's financial information is expressed in Canadian dollars unless otherwise specified.

Non-IFRS Measures

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

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

Non-IFRS Measures (Adjusted Figures)

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

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the unaudited interim condensed consolidated financial statements for the second quarter of fiscal 2023 can be found in the table entitled "Summary of results for Q2 and year-to-date fiscal 2023 selected financial information excluding significant items" on page 16.

Non-IFRS Ratios

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

Supplementary Financial Measures

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

Business Overview

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

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

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

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

Canaccord Genuity Capital Markets

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

Canaccord Genuity Wealth Management

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

Corporate and Other

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

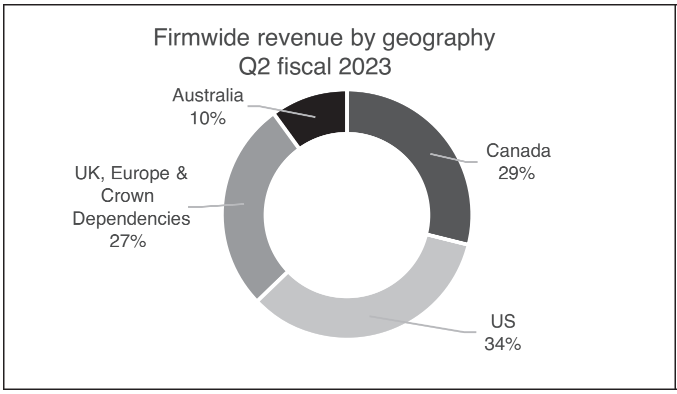
BUSINESS ACTIVITY

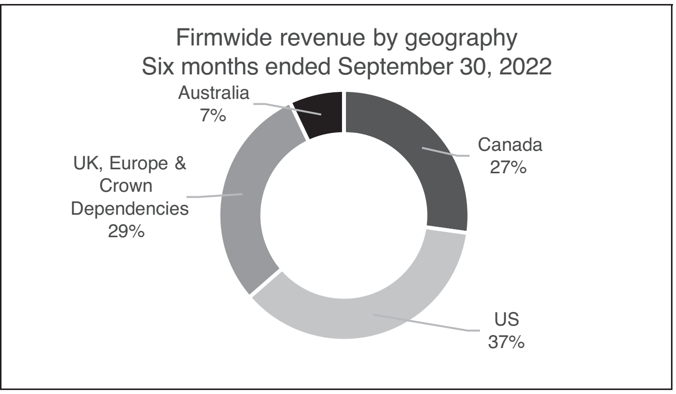
Our business is affected by the overall condition of the worldwide debt and equity markets.

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

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

The following chart depicts firmwide revenue contributions by geography for Q2 2023 and the six months ended September 30, 2022:



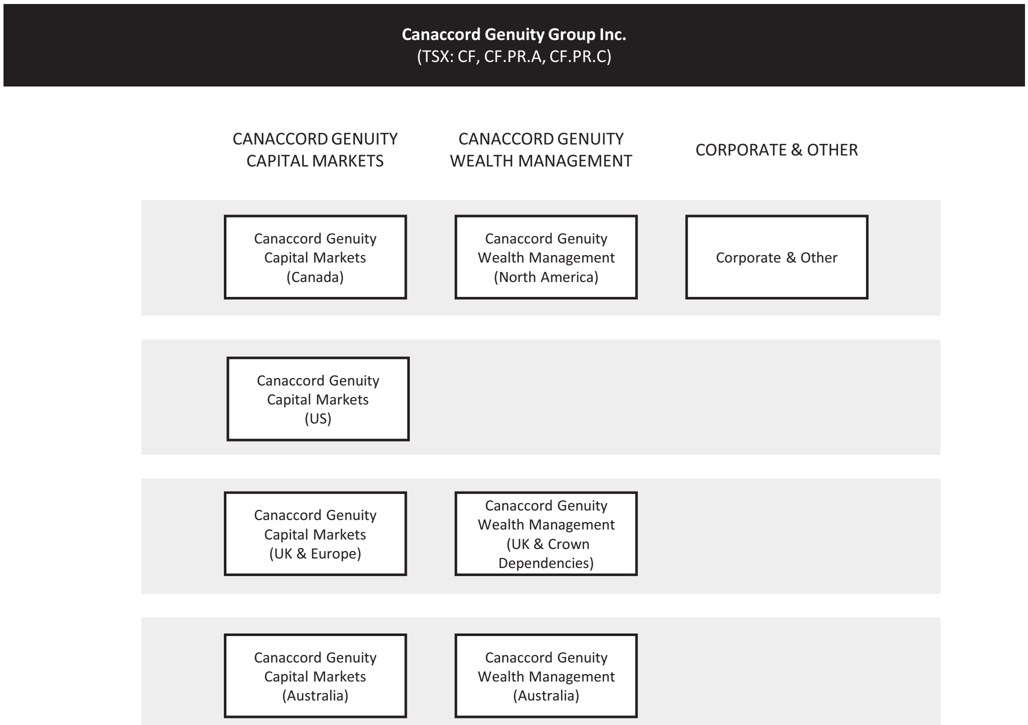


IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

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

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

BUSINESS SEGMENTS



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

Canaccord Genuity Capital Markets (Canada)

- Canaccord Genuity Corp. (capital markets division)
- JitneyTrade Inc.
- Canaccord Genuity Asia (Beijing) Limited
- Canaccord Genuity (Hong Kong) 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 & 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

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

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

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

Market Environment During Q2 Fiscal 2023

Economic backdrop

Early in the second quarter of fiscal 2023, equity markets rebounded strongly and included an upturn in risk assets starting from oversold conditions and short speculative positions although this rebound was not sustained through to the end of the quarter. The financial stress brought by the combined impact of falling equity prices, rising bond yields and a strong US dollar fueled hopes that central banks would moderate monetary tightening actions. Preliminary signs that inflation could be peaking prompted the Federal Reserve to declare that interest rates were back into neutral territory, setting expectations for pause, or at least a slowdown in rate hikes. However, strong labour market conditions and persistent inflation prompted the Federal Reserve to strike a hawkish tone at the Jackson Hole Symposium in August. This sudden shift in sentiment reset market expectations and from that point, bond yields and the US dollar started pricing a much higher Fed Funds rate, leading equity indexes globally to retest the June lows.

Against this backdrop, the S&P 500 (-4.9% q/q), the S&P/TSX (-1.4%) and the MSCI World index (-6.7%) ended the second quarter of fiscal 2023 near early summer lows. Commodities which declined 10.3% over the three-month period and US Treasury bonds (-5.8%) failed to provide a safe haven for investors during the quarter. The Canadian dollar depreciation against the US dollar (-6.9%) reflected a widening in US/Canadian bond yield spreads and appeared consistent with the correction in commodity prices and risk assets.

Investment banking and advisory

The abrupt deceleration in the market for new issues earlier in the year persisted through the second fiscal quarter, due to the tightening in financial conditions, heightened volatility in financial markets, and a worsening macroeconomic/geopolitical backdrop. According to company sources, new equity issuance in calendar 2022 is at its lowest level since 1995 and new issue activity is down 72% from 2021. Notwithstanding the reduced new issue activity to date, M&A activity is continuing to be strong. Strong cash positions on companies' balance sheets, increasingly attractive valuations, widespread labour shortages and opportunities for growth are factors supporting the M&A market in the current environment. The marked strengthening in the US and Canadian dollar versus the Euro and the British pound is also conducive to cross-border M&A activity.

Index Value at End of	Q2/22		Q3/22		Q4/22		Q1/23		Q2/23		
Fiscal Quarter	2021-09-30	(Y/Y)	2021-12-31	(Y/Y)	2022-03-31	(Y/Y)	2022-06-30	(Y/Y)	2022-09-30	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	340.0	31.6%	339.8	11.7%	311.7	-2.8%	266.7	-24.9%	242.7	-28.6%	-9.0%
S&P IFCI Global Large Cap	279.2	14.8%	274.8	-5.8%	254.9	-14.1%	223.7	-27.3%	196.9	-29.5%	-12.0%

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. 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 sequentially, consistent with historical seasonal patterns. Volatility in the financial markets year-to-date has also affected trading as higher volatility tends to increase trading activity.

Average Value During	Q2/22		Q3/22		Q4/22		Q1/23		Q2/23			FY22	
Fiscal Quarter/Year	30-Sep-21	(Y/Y)	31-Dec-21	(Y/Y)	31-Mar-22	(Y/Y)	30-Jun-22	(Y/Y)	30-Sep-22	(Y/Y)	(Q/Q)	31-Mar-22	(Y/Y)
Russell 2000	2232.6	47.8%	2276.9	28.9%	2056.8	-6.3%	1856.6	-18.0%	1833.3	-17.9%	-1.3%	2208.5	14.4%
S&P 400 Mid Cap	2695.9	44.1%	2792.7	31.9%	2670.8	6.9%	2474.5	-8.5%	2418.1	-10.3%	-2.3%	2716.6	18.4%
FTSE 100	7083.9	16.9%	7240.6	16.8%	7443.0	11.7%	7435.2	6.1%	7297.3	3.0%	-1.9%	7192.7	11.0%
MSCI EU Mid Cap	1405.4	30.3%	1398.1	21.6%	1314.8	4.5%	1217.0	-9.4%	1136.3	-19.2%	-6.6%	1365.7	13.2%
S&P/TSX	20381.7	25.6%	21050.8	24.9%	21308.0	16.7%	20563.0	5.0%	19328.7	-5.2%	-6.0%	20577.0	16.1%

Source: Refinitiv Datastream, Canaccord Genuity estimates

Global wealth management

The value of client assets in our wealth management business has been negatively impacted with both stocks and bonds declining in value and generating negative returns during the three-month period. This is a notable difference from previous bear markets, where bonds generally acted as a safe haven for investors. We also note that the S&P/TSX outperformed other equity indexes, given its higher exposure to commodity equities, making it less sensitive to growth sectors which have been heavily penalized by interest rate increases.

Total Return (excl. currencies)	Q2/22 Change (Q/Q)	Q3/22 Change (Q/Q)	Q4/22 Change (Q/Q)	Q1/23 Change (Q/Q)	Q2/23 Change (Q/Q)	Fiscal 2022 Change (Y/Y)
S&P 500	0.6%	11.0%	-4.6%	-16.1%	-4.9%	15.6%
S&P/TSX	0.2%	6.5%	3.8%	-13.2%	-1.4%	20.2%
MSCI EMERGING MARKETS	-6.6%	-0.8%	-6.1%	-8.0%	-8.0%	-9.6%
MSCI WORLD	-1.0%	6.8%	-5.3%	-15.5%	-6.7%	7.7%
S&P GS COMMODITY INDEX	5.2%	1.5%	33.1%	2.0%	-10.3%	64.6%
US 10-YEAR T-BONDS	-0.1%	0.9%	-7.0%	-5.5%	-5.8%	-2.8%
CAD/USD	-2.2%	0.3%	1.1%	-2.9%	-6.9%	0.5%
CAD/EUR	0.1%	2.2%	3.8%	2.5%	-0.4%	6.5%

Source: Refinitiv Datastream, Canaccord Genuity estimates

Outlook

Inflation, economic growth, and earnings fears together with increased interest rates are expected to continue until inflation targets are met.

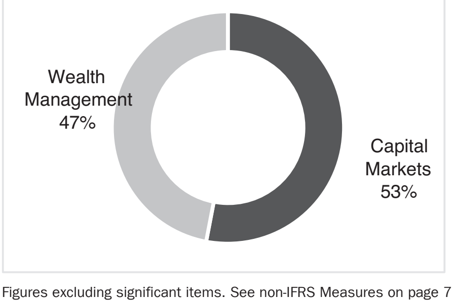
Many leading indicators on inflation suggest that current conditions could persist well into calendar 2023. Reduced earnings growth expectations with the related valuation adjustments are expected to occur during this period.

Heightened equity, bond, and currency market volatility could continue to affect activities in our capital markets and wealth management divisions. With valuations at depressed levels, trading volumes will reflect risk and sector rotation strategies. When monetary tightening begins in calendar 2023, risk appetites are expected to improve, which should stimulate new issue activities in our key growth sectors. Developments in the war in Ukraine and China's COVID-19 policies will also impact inflation and global markets. We believe each of our business segments are well positioned to benefit from an eventual upturn in investor sentiment.

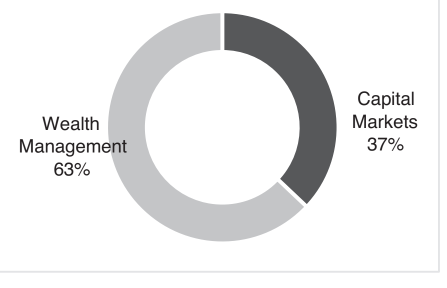
Core Business Performance Highlights: Second quarter and six-months fiscal year-to-date

The following charts depict revenue, pre-tax net income[(1)(2)] and earnings per share[(1)(2)] contributions from our primary business segments for the six months ended September 30, 2022:

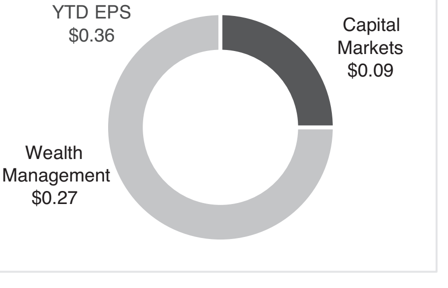
Revenue by business segment



Pre-tax net income contribution by business segment



Diluted earnings per share contribution by business segment



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

(2) Figures reflect an allocation of losses in Corporate and Other to the capital markets and wealth management divisions

CANACCORD GENUITY WEALTH MANAGEMENT

Globally, Canaccord Genuity Wealth Management generated revenue of $169.3 million during the second fiscal quarter of 2023 and, excluding significant items, recorded net income before taxes of $27.7 million[(1)]. Fiscal year-to-date, Canaccord Genuity Wealth Management generated revenue of $331.5 million and, excluding significant items, recorded net income before taxes of $52.4 million.

- Canaccord Genuity Wealth Management (North America) generated $73.4 million in revenue and, after intersegment allocations, recorded net income before taxes of $9.7 million in Q2/23. Fiscal year-to-date revenue in this business amounted to $146.4 million and net income before taxes and after intersegment allocations amounted to $16.2 million
- Wealth management operations in the UK & Crown Dependencies generated $81.0 million in revenue and, after intersegment allocations and excluding significant items, recorded net income before taxes of $18.1 million in the second quarter of fiscal 2023[(1).] Fiscal year-to-date revenue in this business amounted to $154.3 million and net income before taxes and after intersegment allocations amounted to $36.8 million
- Wealth management operations in Australia generated revenue of $14.9 million and, after intersegment allocations and excluding significant items, recorded a loss before taxes of $0.1 million in the second quarter of fiscal 2023[(1).] Fiscal year-to-date revenue in this business amounted to $30.8 million and loss before taxes and after intersegment allocations amounted to $0.7 million

Firmwide client assets were $88.6 billion at September 30, 2022 representing a decrease of $9.5 billion or 9.7% from $98.1 billion at September 30, 2021[(2)]. Client assets across the individual businesses as at September 30, 2022 were as follows:

- $33.7 billion in North America, a decrease of $2.0 billion or 5.7% from September 30, 2021[(2)]
- $50.0 billion (£32.3 billion) in the UK & Crown Dependencies, a decrease of $7.5 billion or 13.1% from $57.5 billion (£33.6 billion) at the end of second quarter of the previous fiscal year
- $4.9 billion in Australia held through our investment management platform, an increase of $0.1 million or 1.3% from September 30, 2021[(2)]

CANACCORD GENUITY CAPITAL MARKETS

Globally, Canaccord Genuity Capital Markets earned revenue of $205.7 million for the second fiscal quarter, and $369.8 million fiscal year-to-date, year-over-year decreases of 32.5% and 41.2% respectively. The decreases primarily reflected substantially lower investment banking revenues in all geographies in connection with the significant decline in industry-wide new issue volumes.

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

Net income before taxes excluding significant items[(1)] for this segment was $26.2 million for the quarter, and $30.4 million fiscal year-to-date, year-over-year decreases of 64.0% and 80.7% respectively.

- Canaccord Genuity Capital Markets participated in a total of 157 investment banking transactions globally, raising total proceeds of $9.0 billion in Q2/23

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

	For three months ended September 30			For six months ended September 30		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Commissions and fees	**17.9%**	13.8%	4.1 p.p.	**19.6%**	13.0%	6.6 p.p.
Investment Banking	**17.3%**	29.4%	(12.1) p.p.	**13.0%**	38.3%	(25.3) p.p.
Advisory Fees	**49.1%**	45.6%	3.5 p.p.	**49.6%**	34.2%	15.4 p.p.
Principal Trading	**13.1%**	10.0%	3.1 p.p.	**14.9%**	13.2%	1.7 p.p.
Interest	**2.2%**	0.7%	1.5 p.p.	**1.9%**	0.6%	1.3 p.p.
Other	**0.4%**	0.5%	(0.1) p.p.	**1.0%**	0.7%	0.3 p.p.
Canaccord Genuity Capital Markets (total)	**100.0%**	100.0%		**100.0%**	100.0%	

Further detail is provided in the Business Segment Results beginning on page 21.

SUMMARY OF CORPORATE DEVELOPMENTS DURING Q2/23

- On August 5, 2022, at the Fiscal 2022 Annual General Meeting of Shareholders, Michael Auerbach was elected to the Company's Board of Directors. Mr. Auerbach is an entrepreneur, investor, business consultant, and private diplomat with deep experience in financial services, strategic intelligence, advisory and risk management.
- On August 17, 2022, the Company completed its asset purchase agreement to acquire the business of Results International Group LLP ("Results"). Results is an independent advisory firm headquartered in London, UK, 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.

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

- On August 18, 2022, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum 4,959,281 of its common shares during the period of August 21, 2022, to August 20, 2023, through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice.

Financial Overview

Q2 AND YEAR-TO-DATE FISCAL 2023 SELECTED FINANCIAL INFORMATION(1)(2)(5)

	Three months ended September 30				Six months ended September 30			
(C$ thousands, except per share and % amounts, and number of employees)	2022	2021	2020	Q2/23 vs Q2/22	2022	2021	2020	YTD over YTD change
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	$ 182,770	$ 185,105	$ 167,575	(1.3)%	$ 363,693	$ 367,858	$ 336,577	(1.1)%
Investment banking	43,772	106,261	131,625	(58.8)%	62,488	301,899	242,193	(79.3)%
Advisory fees	101,294	139,413	37,281	(27.3)%	184,238	217,407	58,327	(15.3)%
Principal trading	26,973	30,390	42,746	(11.2)%	55,194	83,038	107,858	(33.5)%
Interest	22,395	8,458	6,005	164.8%	37,211	16,125	13,010	130.8%
Other	3,318	5,534	5,125	(40.0)%	(4,932)	7,665	10,120	(164.3)%
Total revenue	380,522	475,161	390,357	(19.9)%	697,892	993,992	768,085	(29.8)%
Expenses								
Compensation expense	222,059	290,234	250,796	(23.5)%	420,503	612,560	503,610	(31.4)%
Other overhead expenses(3)	119,598	95,384	93,689	25.4%	229,040	186,724	181,532	22.7%
Acquisition-related costs	(179)	1,920	—	(109.3)%	7,403	1,920	—	285.6%
Costs associated with redemption of convertible debentures	—	468	—	(100.0)%	—	5,932	—	(100.0)%
Share of loss of an associate	12	118	14	(89.8)%	20	118	31	(83.1)%
Total expenses	341,490	388,124	344,499	(12.0)%	656,966	807,254	685,173	(18.6)%
Income before income taxes	39,032	87,037	45,858	(55.2)%	40,926	186,738	82,912	(78.1)%
Net income	26,564	61,785	32,993	(57.0)%	23,560	134,838	61,957	(82.5)%
Net income attributable to:								
CGGI shareholders	17,170	56,583	31,435	(69.7)%	6,997	128,584	58,918	(94.6)%
Non-controlling interests	9,394	5,202	1,558	80.6%	16,563	6,254	3,039	164.8%
Earnings per common share – diluted	$ 0.14	$ 0.49	$ 0.25	(71.4)%	0.02	1.12	0.47	(98.2)%
Dividends per common share	$ 0.085	$ 0.075	$ 0.055	13.3%	0.17	0.15	0.11	13.3%
Total assets	$ 6,269,473	$ 7,886,293	$ 5,651,721	(20.5)%				
Total liabilities	$ 4,859,278	$ 6,526,656	$ 4,710,600	(25.6)%				
Non-controlling interests	$ 330,355	$ 208,208	$ 5,439	58.7%				
Total shareholders' equity	$ 1,079,840	$ 1,151,429	$ 935,682	(6.2)%				
Number of employees	2,845	2,430	2,285	17.1%				
Excluding significant items(4)								
Total revenue	381,793	475,161	390,357	(19.6)%	710,610	998,992	768,085	(28.9)%
Total expenses	331,178	379,509	339,843	(12.7)%	632,543	789,383	675,808	(19.9)%
Income before income taxes	50,615	95,652	50,514	(47.1)%	78,067	209,609	92,277	(62.8)%
Net income	35,426	69,719	36,891	(49.2)%	55,361	154,373	69,788	(64.1)%
Net income attributable to:								
CGGI shareholders	28,184	65,677	35,333	(57.1)%	42,553	149,279	66,749	(71.5)%
Non-controlling interests	7,242	4,042	1,558	79.2%	12,808	5,094	3,039	151.4%
Net income attributable to common shareholders, adjusted	25,793	63,326	32,982	(59.3)%	37,771	144,577	62,047	(73.9)%
Earnings per common share – diluted	$ 0.25	$ 0.58	$ 0.28	(56.9)%	$ 0.36	$ 1.31	$ 0.53	(72.5)%

(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 six months ended September 30, 2022 [six months ended September 30, 2021 – 15.0%]. The operating results of CGWM UK have been fully consolidated, and a 5.06% non-controlling interest in the outstanding ordinary shares of Canaccord Genuity Wealth Management Holdings (Jersey) Limited has been recognized for the six months ended September 30, 2022 [six months ended September 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 16.

(5) Data includes the operating results of Thomas Miller since May 1, 2019, Patersons since October 21, 2019, Adam & Company since October 1, 2021, Sawaya since December 31, 2021, PSW since May 31, 2022, and Results since August 17, 2022.

n.m.: not meaningful

Q2 AND YEAR-TO-DATE FISCAL 2023 SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS(1)

(C$ thousands, except per share and % amounts)	Three months ended September 30 2022	Three months ended September 30 2021	Quarter-over-quarter change	Six months ended September 30 2022	Six months ended September 30 2021	YTD-over-YTD change
Revenue						
Revenue per IFRS	**$ 380,522**	$ 475,161	(19.9)%	**$ 697,892**	$ 993,992	(29.8)%
Significant items recorded in Corporate and Other						
Reversal of fair value adjustments on certain warrants and illiquid or restricted marketable securities(1)	**$ 1,271**	—	n.m.	**$ 12,718**	$ 5,000	154.4%
Total revenue excluding significant items	**$ 381,793**	$ 475,161	(19.6)%	**$ 710,610**	$ 998,992	(28.9)%
Expenses						
Expenses per IFRS	**$ 341,490**	$ 388,124	(12.0)%	**$ 656,966**	$ 807,254	(18.6)%
Significant items recorded in Canaccord Genuity Capital Markets						
Amortization of intangible assets	**$ 1,535**	$ 160	n.m.	**$ 2,799**	$ 453	n.m.
Incentive based costs related to acquisitions(2)	**$ 437**	—	n.m.	**$ 804**	—	n.m.
Acquisition-related costs	**$ 1,477**	—	n.m.	**$ 1,477**	—	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**$ 5,944**	$ 3,178	87.0%	**$ 10,256**	$ 6,326	62.1%
Acquisition-related costs	**$ (1,656)**	$ 1,920	(186.3)%	**$ 5,926**	$ 1,920	208.6%
Incentive based costs related to acquisitions(2)	**$ 1,265**	$ 2,095	(39.6)%	**$ 1,851**	$ 2,446	(24.3)%
Costs associated with reorganization of UK & Crown Dependencies	**—**	$ 794	(100.0)%	**—**	$ 794	(100.0)%
Significant items recorded in Corporate and Other						
Costs associated with redemption of convertible debentures	**—**	$ 468	(100.0)%	**—**	$ 5,932	(100.0)%
Development costs	**$ 1,310**	—	n.m.	**$ 1,310**	—	n.m.
Total significant items	**$ 10,312**	$ 8,615	19.7%	**$ 24,423**	$ 17,871	36.7%
Total expenses excluding significant items	**$ 331,178**	$ 379,509	(12.7)%	**$ 632,543**	$ 789,383	(19.9)%
Net income before taxes – adjusted	**$ 50,615**	$ 95,652	(47.1)%	**$ 78,067**	$ 209,609	(62.8)%
Income taxes – adjusted	**$ 15,189**	$ 25,933	(41.4)%	**$ 22,706**	$ 55,236	(58.9)%
Net income – adjusted	**$ 35,426**	$ 69,719	(49.2)%	**$ 55,361**	$ 154,373	(64.1)%
Significant items impacting net income attributable to common shareholders						
Non-controlling interests – IFRS	**$ 9,394**	$ 5,202	80.6%	**$ 16,563**	$ 6,254	164.8%
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustment	**$ 2,152**	$ 1,160	85.5%	**$ 3,755**	$ 1,160	223.7%
Non-controlling interests (adjusted)(1)	**$ 7,242**	$ 4,042	79.2%	**$ 12,808**	$ 5,094	151.4%
Net income attributable to common shareholders excluding significant items(1)	**$ 25,793**	$ 63,326	(59.3)%	**$ 37,771**	$ 144,577	(73.9)%
Earnings per common share excluding significant items(1) – basic	**$ 0.30**	$ 0.66	(54.5)%	**$ 0.43**	$ 1.50	(71.3)%
Diluted earnings per common share excluding significant items(1) – diluted	**$ 0.25**	$ 0.58	(56.9)%	**$ 0.36**	$ 1.31	(72.5)%

(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 the US and UK capital markets.
n.m.: not meaningful

Impact of Convertible Preferred Shares on EPS

Diluted earnings per common share ("diluted EPS") is computed using the treasury stock method, giving effect to the exercise of all dilutive elements. The Convertible Preferred Shares issued by Canaccord Genuity Wealth Management Holdings (Jersey) Limited are factored into the diluted EPS by adjusting net income attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK's earnings on an as converted basis if the calculation is dilutive. For the quarter and six months ended September 30, 2022, the effect of reflecting our proportionate share of CGWM UK's earnings is anti-dilutive for diluted EPS purposes under both IFRS and as determined excluding significant items[1]. When the calculation is anti-dilutive the non-controlling interest reflects dividends paid on the Convertible Preferred Shares rather than the as-converted proportionate share of CGWM UK's earnings.

Foreign exchange

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

Geographies

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

Goodwill

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

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

Second quarter and year-to-date fiscal 2023 vs. second quarter and year-to-date fiscal 2022

Revenue

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

REVENUE BY ACTIVITY AS A PERCENTAGE OF FIRM-WIDE REVENUE

	For three months ended September 30			For six months ended September 30		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Commissions and fees	**48.0%**	39.0%	9.0 p.p.	**52.1%**	37.0%	15.1 p.p.
Investment Banking	**11.5%**	22.4%	(10.9) p.p.	**9.0%**	30.4%	(21.4) p.p.
Advisory Fees	**26.6%**	29.3%	(2.7) p.p.	**26.4%**	21.9%	4.5 p.p.
Principal Trading	**7.1%**	6.4%	0.7 p.p.	**7.9%**	8.4%	(0.5) p.p.
Interest	**5.9%**	1.8%	4.1 p.p.	**5.3%**	1.6%	3.7 p.p.
Other	**0.9%**	1.1%	(0.2) p.p.	**(0.7)%**	0.7%	(1.4) p.p.
Canaccord Genuity Group Inc. (total)	**100.0%**	100.0%		**100.0%**	100.0%	

Firm-wide revenue for the three months ended September 30, 2022 was $380.5 million, a decrease of 19.9% or $94.6 million compared to the same period a year ago. The decrease was primarily driven by the broad market downturn beginning at the start of our current fiscal year, which has resulted in a significant decline in new issue activity compared to the same period a year ago. This decline was partially offset by higher firm-wide interest revenue during the three-month period, which increased by 164.8% year-over-year to $22.4 million. Firmwide revenue for the six months ended September 30, 2022 was $697.9 million, a decrease of 29.8% year-over-year. The most notable decrease was investment banking, which decreased 79.3% year-over-year.

(1) See Non-IFRS Measures on page 7

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 $2.3 million or 1.3% to $182.8 million in Q2/23 compared to Q2/22. Fiscal year-to-date commissions and fees revenue was $363.7 million, a decrease of 1.1% or $4.2 million compared to the same period a year ago. The decrease in the six- month period primarily reflected lower contributions from our Canadian capital markets business which was impacted by facilitation losses in Canada due to market value adjustments in the first quarter. The decline was partially offset by an increase in commission and fees revenue in our global wealth management operations for the six-month period.

Firm-wide investment banking revenue decreased by $62.5 million or 58.8% to $43.8 million in Q2/23 compared to Q2/22, reflecting the continued broad-market reduction in new issue activity. The largest decreases were recorded in our Canadian and US capital markets operations, with declines of $16.3 million or 64.4% and $21.3 million or 79.7% respectively when compared to Q2/22. Further contributing to the overall decrease in consolidated investment banking revenue was a decrease of $8.4 million or 50.5% in our Canaccord Genuity Wealth Management segment compared to Q2/22, reflecting the impact of reduced new issue activity in our Canadian and Australian wealth management businesses during the three-month period. Firm-wide investment banking revenue for the six months ended September 30, 2022 amounted to $62.5 million, a year-over-year decrease of $239.4 million or 79.3% due to the significant reduction in new issue activity across all our core operations as discussed above.

Firm-wide advisory fee revenue decreased by $38.1 million or 27.3% from the same quarter a year ago, to $101.3 million for Q2/23. Our US operations contributed $75.2 million of firm-wide advisory revenue, representing a decrease of $28.4 million or 27.5% compared to the same period in the prior year. Firm-wide advisory revenue for the six months ended September 30, 2022 amounted to $184.2 million, a year-over-year decrease of 15.3% or $33.2 million, reflecting a reduction in activity in our US and Canadian capital markets operations, partially offset by a slight increase in our UK & Europe operations.

Firm-wide principal trading revenue was $27.0 million in Q2/23, representing a $3.4 million or 11.2% decrease compared to Q2/22, mainly as a result of reduced market-wide trading activity compared to the same period in the prior year. For the six months ended September 30, firm-wide trading revenue was $55.2 million, a decrease of 33.5% year-over-year.

Firm-wide interest revenue was $22.4 million for the three months ended September 30, 2022, representing an increase of $13.9 million or 164.8% from Q2/22, mostly attributable to our Canadian wealth management operations which contributed interest revenue of $11.1 million for the three-month period. Interest revenue for the first half of fiscal 2023 was $37.2 million, an increase of $21.1 million or 130.8%, also mainly attributable to our Canadian wealth management operations. The increase in interest revenue in both the three- month and six- month periods in fiscal 2023 is attributable to the increase in market rates compared to the same periods in fiscal 2022.

Other revenue was $3.3 million for Q2/23, a decrease of $2.2 million or 40.0% from the same period a year ago. During the quarter, a fair value adjustment was recorded on certain warrants, illiquid and restricted marketable securities, resulting in a reduction in revenue for IFRS purposes of $1.3 million in the Corporate & Other segment in Q2/23. For the six months ended September 30, 2022, this fair value adjustment on certain warrants, illiquid or restricted marketable securities resulted in a reduction in revenue of $12.7 million, which largely contributed to the overall firm-wide decrease of $12.6 million or 164.3% compared to the first six months of fiscal 2022. The fair value adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items(1). Future changes in the fair value of certain marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations.

Expenses

Second quarter and year-to-date fiscal 2023 vs. second quarter and year-to-date fiscal 2022

Firm-wide expenses for the three months ended September 30, 2022 were $341.5 million, a decrease of 12.0% or $46.6 million from Q2/22. Total expenses excluding significant items(1) as a percentage of revenue amounted to 86.7%, an increase 6.9 percentage points compared to the three months ended September 30, 2021.

For the six months ended September 30, 2022, expenses were $657.0 million compared to $807.3 million for the same period in the prior year, a decrease of 18.6%. Total expenses excluding significant items(1) as a percentage of revenue increased by 10.0 percentage points compared to the six months ended September 30, 2021.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended September 30			Six months ended September 30		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Compensation expense	**58.4%**	61.1%	(2.7) p.p.	**60.3%**	61.6%	(1.3) p.p.
Other overhead expenses(1)	**31.3%**	20.1%	11.2 p.p.	**32.8%**	18.8%	14.0 p.p.
Acquisition-related costs	**0.0%**	0.4%	(0.4) p.p.	**1.0%**	0.2%	0.8 p.p.
Costs associated with redemption of convertible debentures	**0.0%**	0.1%	(0.1) p.p.	**0.0%**	0.6%	(0.6) p.p.
Total	**89.7%**	81.7%	8.0 p.p.	**94.1%**	81.2%	12.9 p.p.

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

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

p.p.: percentage points

Compensation expense

Firm-wide compensation expense in Q2/23 was $222.1 million, a decrease of $68.2 million or 23.5% compared to Q2/22. Total compensation expense as a percentage of revenue decreased from 61.1% in Q2/22 to 58.4% in Q2/23, partially due to a reduction in the fair value of awards granted in previous periods related to share-based payment plans.

Compensation expense for the six months ended September 30, 2022 was $420.5 million, a decrease of $192.1 million or 31.4% compared to the same period in the prior year. Compensation expense as a percentage of revenue decreased by 1.3 percentage points to 60.3% for the six months ended September 30, 2022, also partially due to the reduction in the fair value of share-based payment awards made in previous periods.

OTHER OVERHEAD EXPENSES

	Three months ended September 30			Six months ended September 30		
(C$ thousands, except % amounts)	**2022**	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Trading costs	**$ 23,809**	$ 25,451	(6.5)%	**$ 48,557**	$ 53,835	(9.8)%
Premises and equipment	**5,400**	5,195	3.9%	**10,223**	9,358	9.2%
Communication and technology	**20,545**	18,958	8.4%	**39,900**	35,489	12.4%
Interest	**10,519**	5,353	96.5%	**18,343**	10,101	81.6%
General and administrative	**31,536**	21,782	44.8%	**62,292**	43,339	43.7%
Amortization(1)	**11,068**	5,987	84.9%	**19,263**	11,856	62.5%
Amortization of right of use assets	**6,388**	5,715	11.8%	**13,203**	11,733	12.5%
Development costs	**10,333**	6,943	48.8%	**17,259**	11,013	56.7%
Total other overhead expenses	**$ 119,598**	$ 95,384	25.4%	**229,040**	186,724	22.7%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 16.

Other overhead expenses were $119.6 million, an increase of 25.4% in Q2/23 compared to Q2/22. As a percentage of revenue, other overhead expenses were 31.4% in Q2/23 compared to 20.1% in Q2/22, an increase of 11.3 percentage points.

General and administrative expense increased by $9.8 million or 44.8% for the quarter ended September 30, 2022 compared to the same period in the prior year due to higher promotion and travel expenses as activity levels in connection with conferences, meetings and events increased following the easing of COVID-19 restrictions in late fiscal 2022 and the beginning of fiscal 2023.

Interest expense also increased by $5.2 million or 96.5% compared to Q2/22, primarily as a result of higher interest expense in our CGWM UK operations associated with additional bank loans obtained in connection with the acquisitions of Adam & Company completed on October 1, 2021 and PSW completed on May 31, 2022 and an increase in market rates.

Amortization expense increased by $5.1 million or 84.9% compared to Q2 fiscal 2022 largely as a result of amortization of intangible assets acquired in connection with PSW. Development costs increased by $3.4 million or 48.8% compared to the three months ended September 30, 2022 due to higher costs in our Corporate and Other segment to support the growth of the Company.

There was a small recovery of $0.2 million of acquisition-related costs recorded during the three months ended September 30, 2022. These costs included legal and other professional fees related to the acquisition of Results on August 17, 2022 offset by a reversal of certain accruals related to the acquisition of PSW.

Other overhead expenses for the six months ended September 30, 2022 increased by $42.3 million to $229.0 million, an increase of 22.7% from the same period a year ago. As a percentage of revenue, other overhead expenses increased by 14.0 percentage points compared to the six months ended September 30, 2021. The most significant increases in overhead expenses include general and administrative, interest and amortization expense for the reasons discussed above. For the first six months of fiscal 2023, development costs were $17.3 million compared to $11.0 million for the same period in the prior year due to an increase in incentive-based costs related to the acquisitions and growth initiatives in our US capital markets operations, as well as higher costs in our Corporate & Other segment related to certain growth initiatives.

Acquisition-related costs of $7.4 million were recorded for the first half of fiscal 2023 related to the acquisitions of PSW and Results.

Income Tax

Tax expense for the three months ended September 30, 2022 was $12.5 million on income before income taxes of $39.0 million compared to tax expense of $25.3 million on income before income taxes of $87.0 million in Q2/22. The effective tax rate for Q3/22 was 31.9% compared to 29.0% in Q2/22. The tax expense in the current quarter was affected by the remeasurement of deferred tax assets related to share-based payment plans as the value of stock-based awards decreased while the effective tax rate for Q2/22 was impacted by non-deductibility of certain expenses for tax purposes.

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

For the six months ended September 30, 2022, the effective tax rate was 42.4%, an increase of 14.6 percentage points from the same period last year. The increase in the effective tax rate was due to 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 as the value of stock-based awards decreased.

Net Income

Net income for Q2/23 was $26.6 million compared to net income of $61.8 million in the same period a year ago. Net income attributable to common shareholders was $14.8 million compared to net income attributable to common shareholders of $54.2 million for the three months ended September 30, 2021. Diluted earnings per common share was $0.14 in Q2/23 compared to diluted earnings per common share of $0.49 in Q2/22.

Net income for the six months ended September 30, 2022 was $23.6 million compared to net income of $134.8 million in the same period a year ago. Net income attributable to common shareholders was $2.2 million compared to net income attributable to common shareholders of $123.9 million for the six months ended September 30, 2021. Diluted earnings per common share were $0.02 in the current period compared to diluted earnings per common share of $1.12 in the same period in the prior year.

Excluding significant items(1), net income for Q2/23 was $35.4 million compared to net income of $69.7 million in Q2/22. Net income attributable to common shareholders excluding significant items(1) was $25.8 million compared to $63.3 million for same period in the prior year. Diluted earnings per common share excluding significant items(1) was $0.25 in Q2/23 compared to diluted earnings per common share excluding significant items(1) of $0.58 in Q2/22.

Excluding significant items(1) and before non-controlling interests and preferred share dividends, year to date net income for fiscal 2023 was $55.4 million compared to net income of $154.4 million for the same period in fiscal 2022. Diluted earnings per common share, excluding significant items(1), were $0.36 for the six-month period compared to diluted earnings per common share excluding significant items(1) of $1.31 for the same period in the prior year.

[1] See Non-IFRS Measures on page 7

Business Segment Results – Q2/23 and six months ended September 30, 2022 compared with Q2/22 and six months ended September 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. The Company has capital markets has offices and employees in more than 20 locations in Canada, the US, the UK & Europe, Australia, Asia and the Middle East.

Our capital markets division has approximately 1,000 employees who are organized into product, industry, geographic and support groups. Our industry coverage groups are focused in key growth sectors of the global economy and are primarily focused in the Technology, Healthcare and Life Sciences (which includes Cannabis), Metals and Mining, and Consumer sectors, with additional exposure to the Diversified, Transportation & Industrials, Energy, and Structured Products & Sustainability sectors. Our capabilities include private placements, equity and debt underwriting, initial public offerings, follow-on offerings, at-the-market offerings, debt finance and restructuring, advisory (which includes mergers, acquisitions, and private capital/financial sponsor advisory services), principal trading, block trades and market making.

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

Outlook

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

The Company expects continued benefits from its investments to grow contributions from higher-margin advisory activities. On August 17, 2022, the Company, through its UK & Europe capital markets business completed is acquisition of the business of Results, a UK-based advisory business focused in the Technology and Healthcare sectors. It is expected that this acquisition will contribute to further increasing contributions from advisory activities and increase Canaccord Genuity's UK domain expertise in the Technology and Healthcare sectors.This transaction complements recent investments by the Company to expand its global advisory business with the acquisitions of Petsky Prunier (2019) and Sawaya (2021) in the United States as it adds expertise in the Healthcare and Technology sectors to its platform in the UK.

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

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

FINANCIAL PERFORMANCE(1)(2)

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2022	2021	Quarter-over-quarter change	Six months ended September 30 2022	2021	YTD-over-YTD change
Revenue	**$205,697**	$304,919	(32.5)%	**$369,834**	$629,135	(41.2)%
Expenses						
Compensation expense	**115,803**	176,252	(34.3)%	**212,343**	360,127	(41.0)%
Other overhead expenses	**60,446**	51,463	17.5%	**120,598**	103,793	16.2%
Acquisition-related costs	**1,477**	—	n.m.	**1,477**	—	n.m.
Total expenses	**177,726**	227,715	(22.0)%	**334,418**	463,920	(27.9)%
Intersegment allocations(3)	**5,171**	4,359	18.6%	**10,139**	8,253	22.9%
Income before income taxes(3)	**$ 22,800**	$ 72,845	(68.7)%	**$ 25,277**	$156,962	(83.9)%
Non-controlling interest(2)	**947**	826	14.6%	**1,596**	1,600	(0.3)%
Number of employees	**957**	827	15.7%			
Excluding significant items(4)						
Total expenses	**$174,277**	$227,555	(23.4)%	**$329,338**	$463,467	(28.9)%
Intersegment allocations(3)	**5,171**	4,359	18.6%	**10,139**	8,253	22.9%
Income before income taxes(3)	**$ 26,249**	$ 73,005	(64.0)%	**$ 30,357**	$157,415	(80.7)%
Non-controlling interest(2)	**947**	826	14.6%	**1,596**	1,600	(0.3)%

(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 six months ended September 30, 2022 [six months ended September 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 32.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 16.
p.p.: percentage points

REVENUE — CANACCORD GENUITY CAPITAL MARKETS

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

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

	Three months ended September 30 2022	2021	Quarter-over-quarter change	Six months ended September 30 2022	2021	YTD-over-YTD change
Revenue generated in:						
Canada	**15.7%**	18.7%	(3.0) p.p	**12.6%**	27.6%	(15.0) p.p
UK & Europe	**11.1%**	11.2%	(0.1) p.p	**13.2%**	9.9%	3.3 p.p
US	**62.6%**	58.8%	3.8 p.p	**68.4%**	52.6%	15.8 p.p
Australia	**10.6%**	11.3%	(0.7) p.p	**5.8%**	9.9%	(4.1) p.p
Canaccord Genuity Capital Markets (total)	**100%**	100%		**100%**	100%	

p.p.: percentage points

Canaccord Genuity Capital Markets generated revenue of $205.7 million for the three months ended September 30, 2022, a decrease of 32.5% or $99.2 million from the same quarter a year ago. Our US capital markets business was the largest contributor of revenue for the three-month period, which amounted to $128.8 million or 62.6% of total capital markets revenue. Second quarter revenue in this business decreased by 28.2% year-over-year. Revenue in the UK & Europe decreased by 32.9% year-over-year and revenue in our Canadian capital markets business decreased by 43.3% year-over-year. In our Australian capital markets business, Q2/23 revenue decreased by 36.8% year-over-year to $21.7 million, compared to a loss of $0.3 million in Q1/23. The quarter-over-quarter increases in Canada and Australia reflect the impact of Q1/23 markdowns on certain inventory positions held in connection with supporting our clients in these regions. For the six months ended September 30, 2022, revenue was $369.8 million, a decrease of $259.3 million or 41.2% compared to the corresponding period in the prior year.

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

Investment banking

The substantial reduction in market-wide underwriting activities has persisted through the first half of fiscal 2023, and this has especially impacted smaller issuers in several of our key growth sectors. Revenue from the Metals & Mining sector, a historic area of strength for the Company, reflects contributions from Australia and Canada during the second fiscal quarter. Revenue from Healthcare 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 months ended September 30, 2022 was $35.5 million, a decrease of $54.1 million or 60.4%. Investment banking revenue for the six-month period was $48.0 million, a significant decrease of $192.7 million or 80.1% compared to the first six months of fiscal 2022. As discussed above, year-to-date investment banking revenue was impacted by significant decreases in the market value of certain inventory and warrant positions related to our investment banking activities in Canada and Australia as well as certain market value adjustments related to our facilitation activity in Canada.

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

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

	Fiscal year-to-date for the six months ended September 30, 2022				
Sectors	Global	Canada	US	UK	Australia
Healthcare	**23%**	29%	83%	0%	4%
Technology	**5%**	7%	7%	12%	1%
Metals & Mining	**49%**	31%	2%	45%	77%
Consumer & Retail	**2%**	0%	0%	0%	5%
Other	**21%**	33%	8%	43%	13%
Total	**100%**	100%	100%	100%	100%

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

Advisory

Increasing contributions from higher-margin advisory activities helps to offset the inherent volatility of our capital raising activities and continues to be an important strategic priority for the Company. Our specialized expertise in key sectors of the economy and track record of success in equity capital markets activities positions us well to unlock opportunities for our clients as they grow. We lead a wide variety of sell-side and buy-side strategic advisory mandates both domestically and cross border, and we have established leadership in alternative financing vehicles. Revenue earned for Q2/23 was $100.9 million, a decrease of $38.0 million or 27.4% largely due to a decline in our US operations. The first six months of fiscal 2023 revenue earned through capital markets advisory showed a decrease of 14.6% year-over-year to $183.5 million. Our US business was the largest contributor in this segment, with advisory revenue of $138.5 million, a year-over-year decrease of 7.7%. Our operations in Canada also recorded a decline in advisory fees revenue of $22.5 million or 62.2% compared to the first six months of fiscal 2022. Advisory fees revenue in UK & Europe in contrast increased by 8.9% year over year.

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

	Fiscal year-to-date for the six months ended September 30, 2022			
Sectors	**Global**	Canada	US	UK
Healthcare	**10%**	31%	10%	1%
Technology	**58%**	3%	74%	14%
Metals & Mining	**6%**	55%	0%	3%
Consumer & Retail	**13%**	0%	13%	20%
Other	**13%**	11%	3%	62%
Total	**100%**	100%	100%	100%

Principal trading

Principal trading revenue for the three months ended September 30, 2022 was $26.9 million, a decrease of $3.5 million or 11.5% compared to Q2/22 mainly resulting from a decline in revenue earned in our US operations. For the six months ended September 30, 2022, revenue earned from principal trading activity amounted to $55.3 million, a decrease of $27.5 million or 33.2% 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 $52.1 million of trading revenues for the six-month period largely attributable to the International Equities Group.

Commissions and Fees

Commissions and fees revenue was $36.8 million and $72.6 million for the three and six-month period ended September 30, 2022, a decrease of 12.4% and $11.3%, respectively, reflecting lower client trading activity and reduced new issue activity. Commissions and fees revenue in our US operations for the first six months of fiscal 2023 increased by $7.6 million or 18.6% year-over-year, offset by a decrease of $14.9 million or 63.8% in our Canadian operations due to facilitation losses largely recorded in Q1/23.

EXPENSES — CANACCORD GENUITY CAPITAL MARKETS

Expenses in our Canaccord Genuity Capital Markets division for the three months ended September 30, 2022 were $177.7 million, a decrease of 22.0% or $50.0 million compared to the same period a year ago. For the six-month period ended September 30, 2022, expenses decreased by

$129.5 million or 27.9% to $334.4 million. As a percentage of revenue, total expenses excluding significant items[1] increased by 10.1 percentage points and 15.4 percentage points, respectively, for the three and six-month period ended September 30, 2022 compared to the same period in the prior year due to the fixed nature of certain overhead expenses.

Compensation expense

In line with the reduction in incentive-based revenue, compensation expense in our capital markets division for the three and six months ended September 30, 2022 decreased by $60.4 million or 34.3% and $147.8 million or 41.0%, respectively, compared to the same period in the prior year. Total compensation expense as a percentage of revenue for the three months ended September 30, 2022 was 56.3%, a decrease of 1.5 percentage points compared to Q2/22. On a year-to-date basis, total compensation ratio was 57.4%, a slight increase of 0.2 percentage point from the same period in the prior year.

In the US capital markets operations, total compensation as a percentage of revenue for Q2/23 remained fairly consistent with the same period in the prior year. In the UK & Europe and Australia, compensation as a percentage of revenue decreased by 16.4 percentage points and 5.0 percentage points, respectively, due to changes in the composition of revenue and the associated variable compensation associated with the different revenue streams. In Canada, total compensation as a percentage of revenue increased by 3.9 percentage points as a result of fixed staff costs relative to the decrease in revenue during the period.

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

	Three months ended September 30			Six months ended September 30		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Canada	**54.0%**	50.1%	3.9 p.p	**65.2%**	48.7%	16.5 p.p
UK & Europe	**52.0%**	68.4%	(16.4) p.p	**57.9%**	66.8%	(8.9) p.p
US	**57.5%**	57.4%	0.1 p.p	**57.3%**	59.0%	(1.7) p.p
Australia	**56.9%**	61.9%	(5.0) p.p	**41.2%**	62.1%	(20.9) p.p
Canaccord Genuity Capital Markets (total)	**56.3%**	57.8%	(1.5) p.p	**57.4%**	57.2%	0.2 p.p

p.p.: percentage points

Other overhead expenses

Other overhead expenses in our global capital markets increased by 17.5% and 16.2% compared to the three and six- month period of fiscal 2022.

On a quarterly and year-to-date basis, the most significant increase was in general and administrative expense, reflecting an increase of 65.4% and 65.8% compared to the three and six-month period of fiscal 2022. Increased spending in promotion and travel as well as conference costs in our Canadian and US capital markets operations was the main reason for the increase in the general and administrative expense. These activities were targeted investments in our business development and talent retention efforts, which were concentrated in a short period following two years of COVID-19 restrictions. More normalized levels are expected going forward.

Amortization expense also increased by 140.1% and 105.6%, respectively, when compared to the three and six months ended September 30, 2022, largely due to the amortization of intangibles acquired in connection with the acquisition of Sawaya on December 31, 2021.

Partially offsetting the overall increase in overhead expenses for the six months ended September 30, 2022 was a decline in trading costs of $4.0 million or 9.4% compared to the same period in the prior year, mainly due to lower trading costs in our US operations in connection with reduced trading activity during the period.

Income before income taxes

Income before income taxes including allocated overhead expenses for the three months ended September 30, 2022 was $22.8 million for our combined capital markets business, compared to net income of $72.8 million in the same period a year ago. Excluding significant items[1] net income before taxes was $26.2 million in Q2/23 compared to $73.0 million in the same period of fiscal 2022.

For the six months ended September 30, 2022, income before income taxes including allocated overhead expenses was $25.3 million compared to $157.0 million for the first six months of fiscal 2022. Excluding significant items [1] net income before taxes declined by $127.1 million or 80.7% to $30.4 million.

The decline in our quarterly and year-to-date net income before taxes was largely attributable to a significant decline in revenue across our core operations as a result of the global market downturn.

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

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 September 30, 2022. Revenue earned by this business is largely generated through fee-based accounts, portfolio management, interest and financial planning activities. Fee-related revenue as a percentage of total revenue in this business was 79.5% for the six months ended September 30, 2022. The business offers services to domestic (UK) and international clients and provides investing options from both third party and proprietary financial products, including investment funds managed by Canaccord Genuity Wealth Management portfolio managers. This business had 256 Investment Professionals on September 30, 2022.

On September 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 47.8% for the six months ended September 30, 2022 compared to 35.4% for the six months of fiscal 2022. This business had 149 Advisor teams on September 30, 2022.

In Australia, Canaccord Genuity Wealth Management had 9 offices on September 30, 2022. This business had 113 Advisor teams on September 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 trading activity associated with transaction-based revenue.

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

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

In connection with the acquisition of PSW which was completed on May 31, 2022, CGWM UK added £100 million ($159.4 million as of May 31, 2022) to its existing bank facility. In addition, HPS on behalf of investment accounts and funds it manages 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 Canaccord Genuity Wealth Management Holdings (Jersey) Limited in the amount of £65.3 million (C$104.1 million as of May 31, 2022). With this investment, and with the small equity component issued in connection with the acquisition, the Company's effective as-converted interest in CGWM UK is approximately 66.9%.

In Canada, the Company continues to pursue opportunities for profitable growth with a focus on enhancing margins, managing costs, and growing the business through targeted recruitment and other initiatives aimed at increasing client assets. An important focus is the recruiting and retention of investment advisors. While the recruiting environment remains competitive, our ability to attract and retain high quality advisors is based on the benefits of our independent platform, which provides access to global resources and expertise, supported by investments to advance our technology and product offering, and a multi-year track record of revenue growth and profitability. We maintain a strong focus on investing in technology and training programs and building a comprehensive suite of products targeted at attracting high net worth investors and providing resources to advisors to help them grow their businesses.

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

FINANCIAL PERFORMANCE — CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA[1][2]

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended September 30 2022	Three months ended September 30 2021	Quarter-over-quarter change	Six months ended September 30 2022	Six months ended September 30 2021	YTD-over-YTD change
Revenue	**$ 73,429**	$ 72,367	1.5%	**$ 146,390**	$ 176,525	(17.1)%
Expenses						
Compensation expense	**40,918**	43,272	(5.4)%	**83,135**	101,328	(18.0)%
Other overhead expenses	**17,890**	14,583	22.7%	**36,322**	29,671	22.4%
Total expenses	**$ 58,808**	$ 57,855	1.6%	**$ 119,457**	$ 130,999	(8.8)%
Intersegment allocations[2]	**4,889**	4,620	5.8%	**10,704**	9,451	13.3%
Income before income taxes[2]	**$ 9,732**	$ 9,892	(1.6)%	**$ 16,229**	$ 36,075	(55.0)%
AUM (discretionary)[3]	**8,047**	7,637	5.4%			
AUA[4]	**33,739**	35,768	(5.7)%			
Number of Advisory Teams	**149**	146	2.1%			
Number of employees	**506**	463	9.3%			
Excluding significant items[5]						
Total expenses	**$ 58,808**	$ 57,855	1.6%	**$ 119,457**	$ 130,999	(8.8)%
Intersegment allocations[2]	**4,889**	4,620	5.8%	**10,704**	9,451	13.3%
Income before income taxes[2]	**$ 9,732**	$ 9,892	(1.6)%	**$ 16,229**	$ 36,075	(55.0)%

(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 32.
(3) AUM in Canada include all assets managed on a discretionary basis under programs that include CGWM's Managed Solutions Programs as well as its Private Investment Management Program. Services provided include the selection of investments and the provision of investment advice. See Non-IFRS Measures on page 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 16.

Revenue from Canaccord Genuity Wealth Management North America was $73.4 million, an increase of $1.1 million or 1.5% compared to the three months ended September 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 and higher interest revenue. The higher interest rate environment has benefitted interest income associated with our deposit and lending activities in this business. Interest income was up 145.3% to $11.1 million for the three-month period and 122.2% to $18.9 million fiscal year-to-date. For the six months ended September 30, 2022 revenue was $146.4 million, a reduction of $30.1 million or 17.1% due to the fact that the decline in investment banking revenue being more significant in the first three months of fiscal 2023.

AUA[1] in Canada decreased by 5.7% to $33.7 billion at September 30, 2022, compared to $35.8 billion at September 30, 2021, reflecting the reduction in market values which were partially offset by a net inflow of new client assets. At September 30, 2022 there were 149 Advisory Teams in Canada, an increase of three from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue increased by 12.4 percentage points compared to the six months in fiscal 2022 and accounted for 47.8% of the wealth management revenue in Canada during the first six months of fiscal 2023.

Total expenses in this business for the three months ended September 30, 2022 were $58.8 million, an increase of $1.0 million or 1.6% compared to the same period a year ago, and for the six months ended September 30, 2022 were $119.5 million, a reduction of $11.5 million or 8.8% compared to the previous year.

Compensation costs were down by $2.4 million or 5.4% and $18.2 million or 18.0% for Q2/23 and for the six months ended September 30, 2022, respectively, due to both a reduction in revenue and the decline in the fair value of certain share-based payment awards. The resulting compensation ratio was 55.7% for Q2/23 and 56.8% for the six months ended September 30, 2022.

Other overhead costs increased by $3.3 million or 22.7% compared to the three months ended September 30, 2021. General and administrative expenses increased by $0.7 million due to higher conference costs in the current fiscal year. Communication and technology expense increased by $0.6 million or 35.3% to support the continued growth and technology enhancements in our North American wealth management operations. Development costs also increased by $0.6 million or 17.3% as a result of the amortization of incentive-based payments to new recruits. For the six months ended September 30, 2022 other overheads reflected a similar profile to Q2/23 and, in aggregate, were $6.7 million or 22.4% higher than the previous year.

Income before taxes for the three months ended September 30, 2022 was $9.7 million, a decrease of $0.2 million or 1.6% on Q2/22. For the six months ended September 30, 2022 income before income taxes was $16.2 million, a reduction of $19.8 million or 55.0% compared to the six months ended September 30, 2021.

[1] See Non-IFRS Measures on page 7

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 September 30 2022	Three months ended September 30 2021	Quarter-over-quarter change	Six months ended September 30 2022	Six months ended September 30 2021	YTD-over-YTD change
Revenue	$ 80,970	$ 75,109	7.8%	$ 154,307	$ 148,438	4.0%
Expenses						
Compensation expense	41,652	41,213	1.1%	80,145	81,599	(1.8)%
Other overhead expenses	28,027	19,843	41.2%	48,616	36,489	33.2%
Acquisition-related cost	(1,656)	1,920	(186.3)%	5,926	1,920	208.6%
Total expenses	68,023	62,976	8.0%	134,687	120,008	12.2%
Intersegment allocations(2)	298	306	(2.6)%	595	562	5.9%
Income before income taxes(2)	12,649	11,827	7.0%	19,025	27,868	(31.7)%
Non-controlling interest(6)	8,487	4,162	103.9%	15,108	4,162	263.0%
AUM(3)	49,992	57,508	(13.1)%			
Number of investment professionals and fund managers	256	204	25.5%			
Number of employees	730	545	33.9%			
Excluding significant items(4)						
Total expenses	$ 62,584	$ 55,107	13.6%	$ 116,885	$ 108,761	7.5%
Intersegment allocations(2)	298	306	(2.6)%	595	562	5.9%
Income before income taxes(2)	18,088	19,696	(8.2)%	36,827	39,115	(5.8)%
Non-controlling interest(6)	6,335	3,002	111.0%	11,452	3,002	281.5%

(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 32.
(3) AUM in the UK & Crown Dependencies is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts. See Non-IFRS Measures on page 7.
(4) Refer to Non-IFRS Measures on page 7 and the Selected Financial Information Excluding Significant Items table on page 16.
(5) Includes the operating results of Adam & Company since the acquisition date of October 1, 2021 and PSW as of May 31, 2022.
(6) The non-controlling interest is the portion of the net income after income taxes of CGWM UK not attributable to the Company.

Revenue generated by our UK & Crown Dependencies wealth management 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 Q2/23 was $81.0 million, an increase of $5.9 million or 7.8% from Q2/22, and the second highest quarterly revenue for this operation.

Revenue for the six months ended September 30, 2022 was $154.3 million, also an increase of $5.9 million or 4.0% from the same period in the prior year. The higher interest rate environment has also positively impacted interest income in this business, which has increased by 964.5% to $6.2 million for the first six months of fiscal 2023. Measured in local currency (GBP), revenue was £52.7 million in the three months ended September 30, 2022 compared to £43.3 million for the three months ended September 30, 2021, an increase of 21.7%. For the six months ended September 30, 2022, revenue was £98.4 million compared to £86.0 million for the six months ended September 30, 2021, an increase of 14.4%.

AUM(1) in the UK & Crown Dependencies as of September 30, 2022 was $50.0 billion, a decrease of 13.1% compared to $57.5 billion as of September 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) decreased by 3.9% from £33.6 billion at September 30, 2021 to £32.3 billion at September 30, 2022. Fee-related revenue in our UK & Crown Dependencies wealth management operations accounted for 79.0% of total revenue in the three months ended September 30, 2022, a slight decrease of 0.2 percentage points from the same period in the prior year.

Total compensation expense increased by $0.4 million or 1.1% in Q2/23 and reduced by $1.5 million or 1.8% for the six months ended September 30, 2022 compared to the prior year comparatives. This was due to the net impact of increased revenue and the decline in the fair value of certain share-based payment awards. Total compensation expense as a percentage of revenue decreased by 3.5 percentage points from 54.9% to 51.4% and 3.1 percentage points from 55.0% to 51.9% for Q2/23 for the six months ended September 30, 2022 respectively.

Other overhead expenses in this business were $28.0 million for the three months ended September 30, 2022 compared to $19.8 million in the same period in the prior year, an increase of $8.2 million or 41.2% year-over-year. The most significant increase related to interest expense, up $3.7 million, due to the additional bank loan obtained in connection of the acquisitions of Adam & Company and PSW. General and administrative expense increased by $1.4 million or 33.6% over the same period in the prior year due to increased costs to support the expanded operations. Amortization expense increased by $3.0 million or 75.7% compared to the three months ended September 30, 2021 as a result of the amortization of intangibles acquired in connection with the acquisition of PSW completed on May 31, 2022. Partially offsetting these increases was a reduction in development costs of $1.0 million or 33.0%. Other overhead expense of $48.6 million for the six months ended September 30, 2022 were up by $12.1 million or 33.2% from the prior year, with the increases in interest and amortization expenses more heavily weighted towards Q2/23 than Q1/23.

There was an acquisition-related costs recovery of $1.7 million recorded in Q2/23 which reflected the release of certain accrual in respect of the acquisition of PSW, with a resulting $5.9 million of acquisition related costs for the six months ended September 30, 2022.

Second quarter fiscal 2023 income before income taxes was $12.6 million compared to $11.8 million on a year-over-year basis and net income before taxes excluding significant items[1] was $18.1 million compared to $19.7 million for Q2/22. For the six months ended September 30, 2022 net income before income taxes was $19.0 million compared to $27.9 million in the first half of fiscal 2022 and net income before taxes excluding significant items[1] was $36.8 million compared to $39.1 million for the prior six months.

FINANCIAL PERFORMANCE — CANACCORD GENUITY WEALTH MANAGEMENT AUSTRALIA[1]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended September 30			Six months ended September 30		
	2022	2021	Quarter-over-quarter change	**2022**	2021	YTD-over-YTD change
Revenue	**$ 14,889**	$ 18,752	(20.6)%	**$ 30,810**	$ 36,269	(15.1)%
Expenses						
Compensation expense	**10,198**	12,482	(18.3)%	**21,882**	24,360	(10.2)%
Other overhead expenses	**4,947**	4,293	15.2%	**9,816**	7,439	32.0%
Total expenses	**15,145**	16,775	(9.7)%	**31,698**	31,799	(0.3)%
Intersegment allocations[2]	**—**	—	n.m.	**22**	—	n.m.
Income before income taxes[2]	**(256)**	1,977	(112.9)%	**(910)**	4,470	(120.4)%
Non-controlling interest[6]	**(40)**	214	(118.7)%	**(141)**	492	(128.7)%
AUM[4]	**4,876**	4,814	1.3%			
Number of investment professionals and fund managers	**113**	108	4.6%			
Number of employees	**230**	215	7.0%			
Excluding significant items[5]						
Total expenses	**$ 15,031**	$ 16,657	(9.8)%	**$ 31,467**	$ 31,560	(0.3)%
Intersegment allocations[3]	**—**	—	—	**22**	—	n.m.
Income before income taxes[3]	**(142)**	2,095	(106.8)%	**(679)**	4,709	(114.4)%
Non-controlling interest[6]	**(40)**	214	(118.7)%	**(141)**	492	(128.7)%

(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 32.
(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 16.
(5) The non-controlling interest is the portion of the net income after income taxes of Canaccord Genuity Wealth Management Australia not attributable to the Company.
n.m.: not meaningful

During the three months ended September 30, 2022, Canaccord Genuity Wealth Management Australia generated revenue of $14.9 million, a decrease of $3.9 million or 20.6% compared to the same period a year ago. On a year-to-date basis revenue was $30.8 million, a reduction of $5.5 million or 15.1% compared to the first six months of fiscal 2022.

AUM[1] in the Australian wealth management operations was $4.9 billion as of September 30, 2022, an increase of 1.3% from Q2/22 due to an increase in net assets partially offset by 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 $16.6 billion as of September 30, 2021. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 34.5% of the wealth management revenue during the three months of fiscal 2023, an increase of 7.4 percentage points from the three months ended September 30, 2021.

Total compensation expense decreased by $2.3 million or 18.3% and by $2.5 million and 10.2% for the three and six months ended September 30, 2022, respectively, compared to the same periods in the prior year. Total compensation expense for Q2/23 and year-to-date as a percentage of revenue was 68.5% and 71.0%, reflecting increases of 1.9 and 3.9 percentage points from the prior period comparatives, respectively.

Other overhead expenses of $4.9 million was 15.2% higher compared to Q2/22 mainly due to an increase in development costs of $1.4 million due to the amortization of incentive-based payments to new recruits and other recruiting costs being partially offset by a reduction in general and administrative expenses. For the six months ended September 30, 2022, other overhead expenses increased by $2.4 million or 32.0% compared to the same period in the prior year, principally driven by an increase in development costs of $2.1 million and communication costs of $0.5 million resulting from the operation's active recruitment efforts.

Second quarter fiscal 2023 loss before income taxes was $0.3 million compared to net income before taxes of $2.0 million on a year-over-year basis and net loss before taxes excluding significant items[1] was $0.1 million compared to net income before income taxes of $2.1 million for Q2/22. For the six months ended September 30, 2022 loss before income taxes was $0.9 million compared to income before income taxes of $4.5 million for the prior period and net loss before taxes excluding significant items[1] was $0.7 million compared to net income before income taxes of $4.7 million for the prior six months.

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2022	2021	Quarter-over-quarter change	Six months ended September 30 2022	2021	YTD-over-YTD change
Revenue	$ 5,537	$ 4,014	37.9%	$ (3,449)	$ 3,625	(195.1)%
Expenses						
Compensation expense	13,488	17,015	(20.7)%	22,998	45,146	(49.1)%
Other overhead expenses	8,288	5,202	59.3%	13,688	9,332	46.7%
Costs associated with redemption of convertible debentures	—	468	(100.0)%	—	5,932	(100.0)%
Share of loss of an associate	12	118	n.m.	20	118	(83.1)%
Total expenses	21,788	22,803	(4.5)%	36,706	60,528	(39.4)%
Intersegment allocations[2]	(10,358)	(9,285)	(11.6)%	(21,460)	(18,266)	(17.5)%
Loss before income taxes[2]	(5,893)	(9,504)	38.0%	(18,695)	(38,637)	51.6%
Number of employees	422	380	11.1%			
Excluding significant items[3]						
Revenue	$ 6,808	$ 4,014	69.6%	$ 9,269	$ 8,625	7.5%
Total expenses	20,478	22,335	(8.3)%	35,396	54,596	(35.2)%
Intersegment allocations[2]	(10,358)	(9,285)	(11.6)%	(21,460)	(18,266)	(17.5)%
Loss before income taxes[2]	(3,312)	(9,036)	63.3%	(4,667)	(27,705)	83.2%

(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 32.
(3) Refer to Non-IFRS Measures on page 7 and Selected Financial Information Excluding Significant Items table on page 16.
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.

Revenue in the Corporate and Other segment for the three months ended September 30, 2022 was $5.5 million compared to $4.0 million in the same quarter a year ago, and for the six months ended September 30, 2022, there was a revenue loss of $3.4 million compared to revenue of $3.6 million for the same period a year ago. During the three and six months ended September 30, 2022, there was a change to the fair value adjustment recorded on certain warrants, illiquid and restricted marketable securities, resulting in a decrease in revenue of $1.3 million and $12.7 million, respectively. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items[1]. Future changes in the unrealized fair value of marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations.

Expenses in this segment for the three months ended September 30, 2022 decreased by $1.0 million or 4.5% to $21.8 million compared to the three months ended September 30, 2021. On a year-to-date basis, total expenses decreased by $23.8 million or 39.4%.

Compensation expense decreased by $3.5 million or 20.7% compared to the three months ended September 30, 2021 and by $22.1 million and 49.1% year-to-date, partially driven by a decline in the fair value of certain share-based payment awards granted in prior periods.

The increase in other overhead expenses of $3.1 million in Q2/23 and $4.4 million for the first six months of fiscal 2023 over the same period a year ago was related to increases in general and administrative expense and development costs to support our growing operations.

Overall, the loss before income taxes was $5.9 million compared to a loss of $9.5 million for the three months ended September 30, 2021. The net loss before taxes excluding significant items[1] was $3.3 million for the three months ended September 30, 2022, compared to $9.0 million for the same period in the prior year.

[1] See Non-IFRS Measures on page 7

Quarterly Financial Information — Prior seven fiscal quarters to Q2/23[1]

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before September 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	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue								
Canaccord Genuity Capital Markets	**205,697**	164,137	312,046	361,893	304,919	324,216	486,951	348,875
Canaccord Genuity Wealth Management:								
North America	**73,429**	72,961	76,165	82,589	72,367	104,158	107,000	92,741
UK & Crown Dependencies	**80,970**	73,337	80,316	81,741	75,109	73,329	74,950	70,120
Australia	**14,889**	15,921	17,793	20,571	18,752	17,517	17,257	17,636
Corporate and Other	**5,537**	(8,986)	13,473	5,423	4,014	(389)	20,368	3,705
Total revenue	**380,522**	317,370	499,793	552,217	475,161	518,831	706,526	533,077
Net income	**26,564**	(3,004)	68,995	66,732	61,785	73,053	139,394	68,451
Earnings (loss) per common share – basic	**$ 0.17**	$ (0.14)	$ 0.62	$ 0.59	$ 0.56	$ 0.72	$ 1.07	$ 0.67
Diluted earnings (loss) per common share	**$ 0.14**	$ (0.14)	$ 0.53	$ 0.52	$ 0.49	$ 0.63	$ 0.93	$ 0.54
Net Income excluding significant items[1]	**$ 35,426**	$ 19,935	$ 66,822	$ 84,632	$ 69,719	$ 84,654	$ 137,128	$ 78,971
Earnings per common share, excluding significant items[1] – basic	**$ 0.30**	$ 0.13	$ 0.62	$ 0.80	$ 0.66	$ 0.84	$ 1.38	$ 0.78
Diluted earnings per common share, excluding significant items[1]	**$ 0.25**	$ 0.11	$ 0.52	$ 0.69	$ 0.58	$ 0.73	$ 1.20	$ 0.62

(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)(2)

	Fiscal 2023		Fiscal 2022				Fiscal 2021	
(C$ thousands, except per share amounts)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue per IFRS	**$ 380,522**	$ 317,370	$ 499,793	$ 552,217	$ 475,161	$ 518,831	$ 706,526	$ 533,077
Total expenses per IFRS	**341,490**	315,476	403,245	457,234	388,124	419,130	518,810	433,803
Revenue								
Significant items recorded in Corporate and Other								
Reversal of fair value adjustments on certain warrants and illiquid or restricted marketable securities(1)	**1,271**	11,447	(9,000)	(1,400)	—	5,000	(14,200)	—
Total revenue excluding significant items	**$ 381,793**	$ 328,817	$ 490,793	$ 550,817	$ 475,161	$ 523,831	$ 692,326	$ 533,077
Expenses								
Significant items recorded in Canaccord Genuity Capital Markets								
Amortization of intangible assets	**1,535**	1,264	1,283	107	160	293	738	741
Acquisition-related costs	**1,477**	—	—	537	—	—	—	4,644
Incentive based costs related to acquisitions	**437**	367	364	—	—	—	—	—
Significant items recorded in Canaccord Genuity Wealth Management								
Amortization of intangible assets	**5,944**	4,312	4,190	4,113	3,178	3,148	3,260	3,213
Acquisition-related costs	**(1,656)**	7,582	515	6,225	1,920	—	418	860
Incentive based costs related to acquisitions	**1,265**	586	625	348	2,095	351	953	1,842
Costs associated with reorganization of CGWM UK	**—**	—	—	—	794	—	—	—
Significant items recorded in Corporate and Other								
Costs associated with redemption of convertible debentures	**—**	—	—	—	468	5,464	4,354	—
Development costs	**1,310**	—	—	—	—	—	—	—
Change in derivative fair value	**—**	—	—	8,519	—	—	—	—
Total significant items – expenses	**10,312**	14,111	6,977	19,849	8,615	9,256	9,723	11,300
Total expenses excluding significant items	**331,178**	301,365	396,268	437,385	379,509	409,874	509,087	422,503
Net income before income taxes – adjusted	**$ 50,615**	$ 27,452	$ 94,525	$ 113,432	$ 95,652	$ 113,957	$ 183,239	$ 110,574
Income tax expense – adjusted	**15,189**	7,517	27,703	28,800	25,933	29,303	46,111	31,603
Net income – adjusted	**$ 35,426**	$ 19,935	$ 66,822	$ 84,632	$ 69,719	$ 84,654	$ 137,128	$ 78,971
Net income attributable to common shareholders	**$ 25,793**	$ 11,879	$ 54,678	$ 75,098	$ 63,326	$ 81,251	$ 133,260	$ 75,160
Earnings per common share adjusted – basic(2)	**$ 0.30**	$ 0.13	$ 0.62	$ 0.80	$ 0.66	$ 0.84	$ 1.38	$ 0.78
Diluted earnings per common share adjusted – diluted(2)	**$ 0.25**	$ 0.11	$ 0.52	$ 0.69	$ 0.58	$ 0.73	$ 1.20	$ 0.62

(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 the second quarter of fiscal 2022 and first quarter of fiscal 2023, rounding and the dilutive impact of share issuance commitments in the quarterly and year to date EPS figures, the sum of the quarterly earnings per common share figures may not equal the annual earnings per share figure.

Quarterly trends and risks

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

SECOND QUARTER FISCAL 2023 PERFORMANCE

REVENUE — SECOND QUARTER FISCAL 2022

Firmwide revenue was $380.5 million in Q2/23, which was approximately 25% lower than the average for the previous seven quarters. On a consolidated basis, investment banking revenue was the largest contributor to this decrease, declining from record level of $305.9 million in Q4/21 to $43.8 million in Q2/23, due to lower market-wide activity in all our geographies. Advisory fees revenue decreased by 27.3% year-over-year to $101.3 million, which is the fourth-highest quarterly result. Firmwide commissions and fees revenue declined by 1.3% year-over-year to $182.8 million, of which $145.0 million was contributed by our wealth management operations. Revenue from principal trading activities decreased by 11.2% year-over-year to $27.0 million. The higher interest rate environment led to a year-over-year increase in interest income of 164.8% to $22.4 million.

During the three-month period, a fair value adjustment was recorded on certain warrants, illiquid or restricted marketable securities, resulting in a reduction in revenue of $1.3 million in the Corporate & Other segment.

Global Capital Markets

Our Canaccord Genuity Capital Markets operations generated revenue of $205.7 million, a decrease of 37.5% from the average quarterly revenue for the past seven quarters due to the global market downturn, but an improvement of 25.3% from the previous quarter.

Our US capital markets operations was the biggest contributor to firm-wide revenue with $128.8 million for the quarter, a decline from the record quarters in fiscal 2022, but advisory fees revenue remained healthy at $75.2 million for Q2/23.

Revenue in our Canadian capital markets operations was $32.3 million in Q2/23, a decrease of 43.3% over Q2 fiscal 2022 but an increase of 125.4% on a sequential basis as new issues and advisory activity improved during the second quarter of fiscal 2023 and the impact of the facilitation losses recorded in the first quarter.

Revenue in our Australian capital markets operations decreased by 36.8% year over year but improved substantially from Q1/23 reflecting the losses on certain inventory and warrant positions as a result of declines in market values which had a much stronger impact on our first quarter results of fiscal 2023.

Our UK & Europe capital markets operations recorded revenue of $22.8 million for Q2/23, a decline of 12.2% over the previous quarter. Advisory fees revenue was sequentially down 5.3% but remained strong at $15.2 million for the quarter.

Global Wealth Management

Second quarter revenue in our Global wealth management businesses amounted to $169.3 million, an increase of 1.8% compared to Q2/22.

Revenue in our Canaccord Genuity North America wealth management operations has been consistent with a slight increase of 1.5% from Q2/22 and 0.6% sequentially. The decline in investment banking revenue resulting from the broad-market reduction in new issue activity was partially offset by higher interest revenue earned over the recent quarters. Assets under administration[(1)] were $33.7 billion, a decrease of 5.7% year over year and 0.3% over the prior quarter, reflecting a reduction in market values. Assets under management[(1)] which are included in assets under administration increased by 1.2% from the previous quarter.

The CGWM UK operations have contributed consistently to our revenue and profitability levels. Revenue for Q2/23 was $81.0 million, the second highest quarterly revenue for this operation, supported by stronger commissions and fees and interest revenue. At the end of Q2/23, fee-related revenue was at 79.0%, largely consistent with the previous seven quarters. Assets under management[(1)] for this group decreased by 4.2% as of the end of Q2/23 to $50.0 billion compared to Q1/23 due to the decline in market values.

Revenue in our Australia wealth management operations reached $14.9 million in Q2/23, a decline of 6.5% over the previous quarter. Assets under management[(1)] as of September 30, 2022 were $4.9 billion, an increase of 1.3% compared to the corresponding period in fiscal 2022 and 3.9% on a sequential basis.

Corporate and Other

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

Intersegment allocated costs

Included in the Corporate and Other segment are certain support services and other expenses that have been incurred to support the activities within the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in Canada. 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 Q2/23 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $0.9 billion on September 30, 2022 compared to $1.8 billion on March 31, 2022. Refer to the Liquidity and Capital Resources section on page 34 for more details.

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

Securities owned were $0.7 billion on September 30, 2022 compared to $1.1 billion on March 31, 2022 mainly due to a decrease in equities and convertible debentures owned as of September 30, 2022.

Accounts receivable were $3.3 billion at September 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 $701.7 million and intangible assets were $298.9 million on September 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 as of September 30, 2022, also included PSW and Results.

Right-of-use assets at September 30, 2022 were $114.6 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 $194.2 million at September 30, 2022 compared to $157.8 million at March 31, 2022.

LIABILITIES AND NON-CONTROLLING INTERESTS

Securities sold short were $536.6 million at September 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 September 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 $63.1 million at September 30, 2022, an increase from $48.3 million at March 31, 2022. The increase was mostly due to the increase in deferred tax liabilities.

There were also lease liabilities of $127.4 million recorded as of September 30, 2022 [March 31, 2022 — $125.5 million].

At the end of September 30, 2022, there were deferred and contingent considerations of $75.9 million [March 31, 2022 — $45.3 million]. During the six months ended September 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 $10.1 million of deferred consideration related to the acquisition of PSW completed on May 31, 2022 and $17.0 million and $3.1 million of contingent and deferred consideration respectively arising from the Results acquisition.

On May 31, 2022, institutional investors acquired a new series of Convertible Preferred Shares in the amount of £65.3 million (C$104.1 million) issued by the Company's subsidiary, CGWM UK. Both series of the Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preferred Shares is included in the shareholders' equity and the derivative liability component of £30.0 million (C$46.4 million) is included in other liabilities in the statement of financial position as of September 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 5.69% per annum as at September 30, 2022 [March 31, 2022 — 3.375% per annum]. The total bank loans outstanding as of September 30, 2022 net of financing charges was $292.8 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 $647.9 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 September 30, 2022, there were no balances outstanding under these other credit facilities [March 31, 2022 — $nil].

Non-controlling interests were $330.4 million at September 30, 2022 compared to $238.7 million as at March 31, 2022, an increase of $91.7 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 $4.0 million (US$2.9 million) [March 31, 2022 — $3.7 million (US$2.9 million)] as rent guarantees for its leased premises in New York. As of September 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 September 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 September 30, 2022:

(C$ thousands)	Total	Fiscal 2024	Fiscal 2025 – Fiscal 2026	Fiscal 2027 – Fiscal 2028	Thereafter
Premises and equipment operating leases	130,911	30,772	42,916	21,166	36,057
Bank loan(1)	318,487	22,804	295,683	—	—
Total contractual obligations	**449,398**	**53,576**	**338,599**	**21,166**	**36,057**

(1) Bank loan obtained to finance a portion of the cash consideration for the acquisitions in CGWM UK. The bank loan bears interest at 5.69% [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 September 30, 2022, cash and cash equivalents were $946.6 million, a decrease of $841.7 million from $1.8 billion as of March 31, 2022. During the six months ended September 30, 2022, financing activities provided cash in the amount of $146.6 million, mainly due to proceeds from bank loan obtained in connection with the acquisition of PSW, issuance of Convertible Preferred Shares in CGWM UK, partially offset by purchases of common shares for the long-term incentive plan (LTIP), and cash dividends paid on common and preferred shares. Investing activities used cash in the amount of $264.4 million for the acquisitions of PSW and Results, purchase of equipment and leasehold improvements and intangible assets. Operating activities used cash in the amount of $724.8 million, which was largely due to changes in non-cash working capital. An increase in cash of $0.8 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the six months ended September 30, 2021, cash provided by financing activities increased by $140.6 million due to additional proceeds from bank loan, the redemption of convertible debentures in April 2020, as well as additional purchases of common shares under the NCIB in the first half of fiscal 2022, partially offset by increased purchases of common shares for LTIP in the current period. Cash used in investing activities increased by $222.1 million during the six months ended September 30, 2022 compared to the same period last year, mainly due to the acquisitions of PSW and Results during the current fiscal period. Changes in non-cash working capital balances led to a decrease in cash provided by operating activities of $608.8 million. In addition, cash balances increased by $6.7 million from the effects of foreign exchange translation on cash balances in Q2/23 compared to Q2/22. Overall, cash and cash equivalents decreased by $778.7 million from $1.7 billion at September 30, 2021 to $0.9 billion at September 30, 2022.

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

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

Outstanding Share Data

	Outstanding shares as of September 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)	**86,032,722**	94,688,860
Issued shares outstanding(2)	**99,185,630**	106,444,446
Issued shares outstanding – diluted(3)	**104,906,695**	110,765,418
Average shares outstanding – basic	**87,642,728**	96,598,506
Average shares outstanding – diluted(4)	**103,753,765**	110,379,734

(1) Excludes 13,030,553 unvested shares purchased by employee benefit trusts for the LTIP, and 122,355 outstanding shares related to share purchase loans
(2) Includes 13,030,553 unvested shares purchased by employee benefit trusts for the LTIP, and 122,355 outstanding shares related to share purchase loans
(3) Includes 5,721,065 share issuance commitments net of forfeitures.
(4) This is the diluted share number used to calculate diluted EPS.

On August 18, 2022, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 4,959,281 of its common shares during the period from August 21, 2022 to August 20, 2023 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the six-month period ended September 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 six months ended September 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, 2022 and will continue for one year (to August 20, 2023) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 76,881 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2021 to July 2022 (25% of the ADTV of 307,527)).

As of October 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 September 30, 2022. Commencing July 1, 2022 and ending on and including September 30, 2027, quarterly cumulative dividends, if declared, will be paid at an annual rate of 6.837%. The dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 4.03%.

Holders of Series C Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series D (Series D Preferred Series), subject to certain conditions, on September 30, 2022 and have the option on September 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 September 30, 2022 and has the option to redeem on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. The Company did not redeem any Series C Preferred Shares on September 30, 2022.

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

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2022 Annual Report. Refer to Note 17 in the unaudited interim condensed consolidated financial statements for the six months ended September 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. There were no forward contracts outstanding to buy US dollars at September 30, 2022 compared to $2.3 million on March 31, 2022. Forward contracts outstanding to sell US dollars had a notional amount of US $1.9 million, an increase of US $0.1 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 September 30, 2022, the notional amount of the Canadian bond futures contracts outstanding was long $14.3 million [March 31, 2022 — long $9.7 million].

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

Related Party Transactions

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

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

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

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

(C$ thousands)	**September 30, 2022**	March 31, 2022
Accounts receivable	**$17,096**	$12,009
Accounts payable and accrued liabilities	**483**	1,271

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended September 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, valuation of non-controlling interest derivative liability, valuation of contingent consideration, 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 Company has goodwill and indefinite life intangible assets recorded in Canaccord Genuity Capital Markets Canada, US and UK and Europe, as well as Canaccord Genuity Wealth Management UK & Crown Dependencies and Australia.

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

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

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the Second 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 Q2/23 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the 2022 Audited Annual Consolidated Financial Statements.

Future Changes in Accounting Polices and Estimates

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

Disclosure Controls and Procedures

As of September 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 September 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 September 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 November 2, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on December 15, 2022, with a record date of December 2, 2022.

On November 2, 2022, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on January 3, 2023 with a record date of December 23, 2022; and $0.42731 per Series C Preferred Share payable on January 3, 2023 with a record date of December 23, 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.cgf.com/investor-relations/investor-resources/financial-reports/ and on SEDAR at www.sedar.com.

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

As at (in thousands of Canadian dollars)	Notes	September 30, 2022 $	March 31, 2022 $
ASSETS			
Current			
Cash and cash equivalents		$ 946,567	$1,788,261
Securities owned	4,5	733,967	1,051,229
Accounts receivable	5,6,18	3,279,578	3,438,655
Income taxes receivable		55,840	1,967
Total current assets		5,015,952	6,280,112
Deferred tax assets		65,928	98,224
Investments	7	20,969	22,928
Equipment and leasehold improvements		51,467	34,643
Intangible assets	10	298,920	186,993
Goodwill	10	701,680	510,279
Right-of-use assets		114,557	117,066
Total assets		6,269,473	7,250,245
LIABILITIES AND EQUITY			
Current			
Securities sold short	4,5	536,647	567,290
Accounts payable and accrued liabilities	5,6,18	3,709,078	4,845,672
Provisions	20	7,957	8,222
Income taxes payable		1,638	15,952
Subordinated debt	5,12	7,500	7,500
Current portion of bank loan	5,13	6,182	6,574
Current portion of lease liabilities		25,679	23,928
Current portion of contingent consideration	5	27,779	10,618
Total current liabilities		4,322,460	5,485,756
Deferred tax liabilities		54,002	24,875
Bank loan	5,13	286,621	145,467
Lease liabilities		101,735	101,620
Other liabilities	5, 8	94,460	75,758
Total liabilities		4,859,278	5,833,476
Equity			
Attributable to equity holders of CGGI		1,079,840	1,178,069
Attributable to non-controlling interests	9	330,355	238,700
Total equity		1,410,195	1,416,769
Total liabilities and equity		6,269,473	7,250,245

See accompanying notes

"Daniel Daviau"

DANIEL DAVIAU

Director

"Francesca Shaw"

FRANCESCA SHAW

Director

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

		For the three months ended		For the six months ended	
(in thousands of Canadian dollars, except per share amounts)	Notes	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
REVENUE					
Commissions and fees		**$182,770**	$185,105	**$363,693**	$367,858
Investment banking		**43,772**	106,261	**62,488**	301,899
Advisory fees		**101,294**	139,413	**184,238**	217,407
Principal trading		**26,973**	30,390	**55,194**	83,038
Interest		**22,395**	8,458	**37,211**	16,125
Other		**3,318**	5,534	**(4,932)**	7,665
		380,522	475,161	**697,892**	993,992
EXPENSES					
Compensation expense		**222,059**	290,234	**420,503**	612,560
Trading costs		**23,809**	25,451	**48,557**	53,835
Premises and equipment		**5,400**	5,195	**10,223**	9,358
Communication and technology		**20,545**	18,958	**39,900**	35,489
Interest		**10,519**	5,353	**18,343**	10,101
General and administrative		**31,536**	21,782	**62,292**	43,339
Amortization		**11,068**	5,987	**19,263**	11,856
Amortization of right of use assets		**6,388**	5,715	**13,203**	11,733
Development costs		**10,333**	6,943	**17,259**	11,013
Acquisition related costs	8	**(179)**	1,920	**7,403**	1,920
Costs associated with redemption of convertible debentures		**—**	468	**—**	5,932
Share of loss of an associate	7	**12**	118	**20**	118
		341,490	388,124	**656,966**	807,254
Net income before income taxes		**39,032**	87,037	**40,926**	186,738
Income taxes (recovery)					
Current		**(219)**	32,646	**(11,768)**	47,391
Deferred		**12,687**	(7,394)	**29,134**	4,509
	11	**12,468**	25,252	**17,366**	51,900
Net income for the period		**$ 26,564**	$ 61,785	**$ 23,560**	$134,838
Net income attributable to:					
CGGI shareholders		**$ 17,170**	$ 56,583	**$ 6,997**	$128,584
Non-controlling interests		**$ 9,394**	$ 5,202	**$ 16,563**	$ 6,254
Weighted average number of common shares outstanding (thousands)					
Basic		**86,661**	96,138	**87,643**	96,599
Diluted		**102,198**	110,084	**103,754**	110,380
Net income per common share					
Basic	15	**$ 0.17**	$ 0.56	**$ 0.03**	$ 1.28
Diluted	15	**$ 0.14**	$ 0.49	**$ 0.02**	$ 1.12
Dividend per common share	16	**$ 0.085**	$ 0.075	**$ 0.17**	$ 0.15
Dividend per Series A Preferred Share	16	**$ 0.25**	$ 0.25	**$ 0.50**	$ 0.49
Dividend per Series C Preferred Share	16	**$ 0.43**	$ 0.31	**$ 0.86**	$ 0.62

See accompanying notes

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

	For the three months ended		For the six months ended	
(in thousands of Canadian dollars)	**September 30, 2022**	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**
Net income for the period	**26,564**	$61,785	**23,560**	$134,838
Other comprehensive income				
Net change in unrealized gains (losses) on translation of foreign operations	**552**	9,144	**(21,216)**	2,993
Comprehensive income for the period	**27,116**	70,929	**2,344**	137,831
Comprehensive income (loss) attributable to:				
CGGI shareholders	**17,325**	$65,080	**(11,227)**	$130,157
Non-controlling interests [Note 9]	**9,791**	$ 5,849	**13,571**	$ 7,674

See accompanying notes

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

(in thousands of Canadian dollars)	Notes	For the six months ended September 30, 2022	September 30, 2021
Preferred shares, opening and closing	14	$ 205,641	$ 205,641
Common shares, opening		576,166	662,366
Acquisition of common shares for long-term incentive plan (LTIP)		(69,531)	(56,002)
Release of vested common shares from employee benefit trusts		47,197	29,413
Shares issued through exercise of performance share options (PSOs)		492	2,903
Changes to shares committed to be purchased under normal course issuer bid		3,411	1,672
Shares purchased and cancelled under normal course issuer bid		(4,034)	(15,128)
Unvested share purchase loans		479	(297)
Common shares, closing	15	554,180	624,927
Contributed surplus, opening		64,241	62,402
Share-based payments, amortization net of vestings		(39,603)	(25,264)
Change in current and deferred taxes relating to share based payments		(4,307)	8,662
Shares purchased and cancelled under normal course issuer bid		(2,597)	(13,780)
Changes in shares committed to be purchased under normal course issuer bid		2,537	—
Unvested share purchase loans		(479)	297
Contributed surplus, closing		19,792	32,317
Retained earnings, opening		251,540	73,220
Net income attributable to CGGI shareholders		6,997	128,584
Preferred shares dividends	16	(5,243)	(4,702)
Common shares dividends	16	(15,324)	(15,220)
Retained earnings, closing		237,970	181,882
Deferred consideration, opening and closing		11,378	—
Accumulated other comprehensive income, opening		69,103	103,465
Reclassifcation of other comprehensive income to non-controlling interest		—	1,624
Other comprehensive (loss) income attributable to CGGI shareholders		(18,224)	1,573
Accumulated other comprehensive income, closing		50,879	106,662
Total shareholders' equity		1,079,840	1,151,429
Total non-controlling interest	9	330,355	208,208
Total equity		1,410,195	1,359,637

See accompanying notes

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

		For the six months ended	
(in thousands of Canadian dollars)	Notes	September 30, 2022 $	September 30, 2021 $
OPERATING ACTIVITIES			
Net income for the period		**23,560**	134,838
Items not affecting cash			
Amortization		**19,263**	11,856
Amortization of right of use assets		**13,203**	11,733
Deferred income tax expense		**29,134**	4,509
Share-based compensation expense	17	**(18,524)**	44,350
Share of loss of associate	7	**20**	118
Interest expense in connection with lease liabilities		**3,797**	2,941
Impairment of investments accounted for under equity method	7	**2,750**	—
Changes in non-cash working capital			
Decrease/Increase) in securities owned		**317,262**	(95,172)
Decrease/(increase) in accounts receivable		**159,076**	(318,138)
Decrease in net income taxes payable		**(63,868)**	(48,133)
(Decrease)/increase in securities sold short		**(31,186)**	329,645
Decrease in accounts payable, accrued liabilities and provisions		**(1,179,240)**	(194,480)
Cash used in operating activities		**(724,753)**	(115,933)
FINANCING ACTIVITIES			
Repayment of bank loan		**(3,091)**	(5,127)
Proceeds from bank loan obtained in connection with the acquisition of Punter Southall Wealth		**159,400**	—
Proceeds from bank loan obtained in connection with the acquisition of Adam & Company		—	88,465
Acquisition of common shares for long-term incentive plan		**(69,531)**	(56,002)
Proceeds from issuance of convertible preferred shares in UK & Crown Dependencies wealth management operations, net of acquisition related costs		**102,017**	207,981
Redemption of convertible debentures		—	(168,112)
Proceeds from exercise of performance share options		**492**	2,903
Purchase and cancellation of common shares under normal course issuer bid		**(6,631)**	(28,908)
Cash dividends paid on common shares		**(15,324)**	(15,220)
Cash dividends paid on preferred shares		**(5,243)**	(4,702)
Lease payments		**(15,486)**	(15,280)
Cash provided by financing activities		**146,603**	5,998
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		**(14,694)**	(1,253)
Acquisition of Punter Southall Wealth, net of cash acquired		**(238,591)**	—
Acquisition of Results International Group LLP		**(7,713)**	—
Purchase of investments		—	(9,109)
Purchase of intangibles		**(1,163)**	(2,664)
Payment of deferred and contingent consideration		**(2,207)**	(29,198)
Cash used in investing activities		**(264,368)**	(42,224)
Effect of foreign exchange on cash balances		**824**	(5,881)
Decrease in cash position		**(841,694)**	(158,040)
Cash position, beginning of period		**1,788,261**	1,883,292
Cash position, end of period		**946,567**	1,725,252
Supplemental cash flow information			
Interest received		**$ 37,286**	$ 16,198
Interest paid		**$ 17,212**	$ 9,359
Income taxes paid		**$ 59,288**	$ 98,304

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

1. Corporate Information

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

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

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

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

2. Basis of Preparation

STATEMENT OF COMPLIANCE

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2022 (March 31, 2022 consolidated financial statements) filed on SEDAR on June 2, 2022. All defined terms used herein are consistent with those terms defined in the March 31, 2022 consolidated financial statements.

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

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

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on November 2, 2022.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions.

Certain factors impact and cast additional uncertainty on the assumptions used by management in making its judgments and estimates. These factors include, but not limited to, the potential continued impacts of the COVID-19 pandemic, inflation, significant monetary and fiscal interventions by the government and central banks to stabilize economic conditions, including slowing economic growth, inflation and rising interest rates, as well as the impact of the war in Ukraine and the resulting humanitarian crisis on the global economy.

The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair values of level 2 and 3 financial instruments, capitalization of intangible assets related to software costs, provisions and the valuation of the non-controlling interests derivative liability. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the preliminary purchase price allocation, including the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Punter Southall Wealth and Results International Group LLP, as well as the valuation of the contingent consideration related to Results International Group LLP.

During the six months ended September 30, 2022, certain institutional investors completed the purchase of a new series of Convertible Preferred Shares issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited (CGWM UK), a subsidiary of the Company. The Convertible Preferred Shares issued contain no obligation for the Company to deliver cash or other financials assets. Judgment was used to conclude that the Convertible Preferred Shares are a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK.

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

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

3. Adoption of New and Revised Standards

There were no new accounting standards adopted for the six months ended September 30, 2022.

4. Securities Owned and Securities Sold Short

	September 30, 2022		March 31, 2022	
	Securities owned	**Securities sold short**	**Securities owned**	**Securities sold short**
Corporate and government debt	**$ 462,885**	**$ 436,465**	$ 548,639	$ 456,206
Equities and convertible debentures	**271,082**	**100,182**	502,590	111,084
	$ 733,967	**$ 536,647**	$ 1,051,229	$ 567,290

As at September 30, 2022, corporate and government debt maturities range from 2022 to 2080 [March 31, 2022 – 2022 to 2080] and bear interest ranging from 0.00% to 15.34% [March 31, 2022 – 0.00% to 16.00%].

5. Financial Instruments

The categories of financial instruments, other than cash and cash equivalents, investments accounted for under the equity method and lease liabilities held by the Company at September 30, 2022 and March 31, 2022 are as follows:

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized cost		Total	
	September 30, 2022 $	March 31, 2022 $	September 30, 2022 $	March 31, 2022 $	September 30, 2022 $	March 31, 2022 $	September 30, 2022 $	March 31, 2022 $
Financial assets								
Securities owned	$ 733,967	$ 1,051,229	$ —	$ —	$ —	$ —	$ 733,967	$ 1,051,229
Accounts receivable from brokers and investment dealers	—	—	—	—	1,521,261	1,693,579	1,521,261	1,693,579
Accounts receivable from clients	—	—	—	—	1,066,516	1,020,112	1,066,516	1,020,112
RRSP cash balances held in trust	—	—	—	—	476,148	512,147	476,148	512,147
Other accounts receivable	—	—	—	—	215,653	212,817	215,653	212,817
Investments	11,735	10,990	—	—	—	—	11,735	10,990
Total financial assets	$ 745,702	$ 1,062,219	$ —	$ —	$ 3,279,578	$ 3,438,655	$ 4,025,280	$ 4,500,874
Financial liabilities								
Securities sold short	$ 536,647	$ 567,290	$ —	$ —	$ —	$ —	$ 536,647	$ 567,290
Accounts payable to brokers and investment dealers	—	—	—	—	1,153,200	1,334,026	1,153,200	1,334,026
Accounts payable to clients	—	—	—	—	2,056,402	2,652,558	2,056,402	2,652,558
Other accounts payable and accrued liabilities	—	—	—	—	499,476	859,088	499,476	859,088
Subordinated debt	—	—	—	—	7,500	7,500	7,500	7,500
Deferred and contingent consideration	75,871	45,286	—	—	—	—	75,871	45,286
Other long-term liability	—	—	—	—	—	—	—	—
Bank loan	—	—	—	—	292,803	152,041	292,803	152,041
Non-controlling interest – derivative	46,368	41,090	—	—	—	—	46,368	41,090
Total financial liabilities	$ 658,886	$ 653,666	$ —	$ —	$ 4,009,381	$ 5,005,213	$ 4,668,267	$ 5,658,879

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

FAIR VALUE HIERARCHY

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

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

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

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

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

As at September 30, 2022, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		September 30, 2022		
	September 30, 2022	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	17,330	—	17,330	—
Government debt	445,555	159,426	286,129	—
Corporate and government debt	462,885	159,426	303,459	—
Equities	267,865	185,236	68,315	14,314
Convertible debentures	3,217	—	3,217	—
Equities and convertible debentures	271,082	185,236	71,532	14,314
	733,967	344,662	374,991	14,314
Investments	11,735	—	—	11,735
	745,702	344,662	374,991	26,049
Securities sold short				
Corporate debt	(51)	—	(51)	—
Government debt	(436,414)	(169,507)	(266,907)	—
Corporate and government debt	(436,465)	(169,507)	(266,958)	—
Equities and convertible debentures	(100,182)	(89,936)	(10,246)	—
	(536,647)	(259,443)	(277,204)	—
Deferred and contingent consideration	(75,871)	—	—	(75,871)
Non-controlling interest – derivative liability	(46,368)	—	—	(46,368)
	(658,886)	(259,443)	(277,204)	(122,239)

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

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

Movement in net Level 3 financial assets/ (liabilities)

Balance, March 31, 2022	**$ 3,264**
Payment of contingent consideration in connection with acquisition of Thomas Miller	2,815
Adjustment to contingent consideration in connection with Sawaya [Note 8]	(1,519)
Addition of deferred and contingent consideration in connection with Results [Note 8]	(20,085)
Addition of deferred consideration in connection with PSW [Note 8]	(10,140)
Movement in fair value of level 3 securities owned during the period	(64,336)
Addition of non-controlling interest derivative liability component [Note 9]	(5,278)
Foreign exchange revaluation	(911)
Balance, September 30, 2022	**(96,190)**

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

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

ii. Level 3 financial instruments

The fair value for Level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the level 3 held for trading investments as at September 30, 2022 was $14.3 million [March 31, 2022 – $78.7 million].

As at September 30, 2022, the Company, either directly or through a wholly owned subsidiary, held investments in Capital Markets Gateway LLC, InvestX Capital Ltd. and Proactive Group Holdings Inc. which have been classified as Level 3 financial instruments given they do not have any observable inputs or market indicators [Note 7].

The Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK [Note 9] were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The derivative liability component of £30.0 million (C$46.4 million) is included in the statement of financial position as of September 30, 2022.

The long-term portion of the contingent consideration and the non-controlling interests derivative liability are included as other liabilities in the unaudited interim condensed consolidated statement of financial position as at September 30, 2022.

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

FOREIGN EXCHANGE FORWARD CONTRACTS

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

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

Forward contracts outstanding at September 30, 2022:

	Notional amount (millions)	Average price	Maturity	Fair value
To sell US dollars	USD$ 1.9	$ 1.375 (CAD/USD)	October 3, 2022	—
To buy US dollars	USD$ —	$ — (CAD/USD)	—	—

Forward contracts outstanding at March 31, 2022:

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

The Company's Canaccord Genuity Wealth Management segment in the UK & Crown Dependencies trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 56 days as at September 30, 2022 [March 31, 2022 – 68 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at September 30, 2022 and March 31, 2022, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	September 30, 2022			March 31, 2022		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	**$3**	**$7**	**$14,376**	$82	$75	$11,760

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At September 30, 2022, the notional amount of the bond futures contracts outstanding was long $14.3 million [March 31, 2022 – long $9.7 million].

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

SECURITIES LENDING AND BORROWING

	Cash		Securities	
	Loaned or delivered as collateral	**Borrowed or received as collateral**	**Loaned or delivered as collateral**	**Borrowed or received as collateral**
September 30, 2022	**$212,774**	**$176,872**	**$214,182**	**$210,450**
March 31, 2022	$282,142	$186,174	$203,465	$309,123

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

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at September 30, 2022 the Company had $nil balance outstanding [March 31, 2022 – $nil].

BANK LOAN

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and Punter Southall. The balance outstanding at September 30, 2022, net of unamortized financing fees, was $292.8 million [March 31, 2022 – $152 million] [Note 13]

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and Punter Southall as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $647.9 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 September 30, 2022, there were no balances outstanding under these other credit facilities [March 31, 2022 – $nil].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $4.0 million (US $2.9 million) [March 31, 2022 – $3.7 million (US$2.9 million)] as rent guarantees for its leased premises in New York. As of September 30, 2022 and March 31, 2022, there were no outstanding balances under these standby letters of credit.

6. Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	September 30, 2022 $	March 31, 2022 $
Brokers and investment dealers	**1,521,261**	1,693,579
Clients	**1,066,516**	1,020,112
RRSP cash balances held in trust	**476,148**	512,147
Other	**215,653**	212,817
	3,279,578	3,438,655

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022 $	March 31, 2022 $
Brokers and investment dealers	**1,153,200**	1,334,026
Clients	**2,056,402**	2,652,558
Other	**499,476**	859,088
	3,709,078	4,845,672

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [September 30, 2022 – 8.45% to 9.25% and 0.00% to 0.05%]; [March 31, 2022 – 5.70% to 6.50% and 0.00% to 0.05%].

As at September 30, 2022, the allowance for doubtful accounts was $3.0 million [March 31, 2022 – $2.9 million].

7. Investments

	September 30, 2022 $	March 31, 2022 $
Investments accounted for under the equity method	**9,234**	11,938
Investments held as fair value through profit and loss	**11,735**	10,990
	20,969	22,928

Breakdown of investments as follow:

INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

	September 30, 2022 $	March 31, 2022 $
Canaccord Genuity G Ventures Corp.	**1,278**	1,298
Katipult Technology Corp.	**1,500**	3,000
Link Investment Management Inc.	**1,250**	2,500
International Deal Gateway Blockchain Inc.	**4,500**	4,500
Other	**706**	640
	9,234	$11,938

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

	September 30, 2022 $	March 31, 2022 $
Capital Markets Gateway LLC	**4,276**	3,864
InvestX Capital Ltd	**3,459**	3,126
Proactive Group Holdings Inc.	**4,000**	4,000
	11,735	$10,990

On September 30, 2022, the Company, through a wholly owned subsidiary, held an investment in Class B preferred share and warrants of Canaccord Genuity G Ventures Corp. (CGGV), a special purpose acquisition corporation. The Company's equity portion of the net loss of CGGV for the period ended September 30, 2022 was $0.02 million.

The Company, through a wholly owned subsidiary, held an investment in Capital Markets Gateway LLC (CMG) for US$3.1 million ($4.3 million) [March 31, 2022 – US$3.1 million ($3.9 million)]. The Company is not considered to exert significant influence over the operations of CMG. Accordingly, the investment in CMG are accounted for as financial assets measured at FVTPL and included as investments on the unaudited interim condensed consolidated statement of financial position as at September 30, 2022. In addition, the Company also invested US $2.5 million ($3.5 million) in Series A preferred shares of InvestX Capital Ltd (InvestX), as well as an investment of $4.0 million in the preferred shares of Proactive Group Holdings Inc. (Proactive). The Company does not exert significant influence over the operations of InvestX or Proactive. Accordingly, the investments in InvestX and Proactive are accounted for as financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at September 30, 2022.

The Company also held an investment in convertible unsecured subordinated debentures of Katipult Technology Corp (Katipult). During the period ended September 30, 2022, the Company recorded an impairment of $1.5 million in its investment held in Katipult.

The Company also held investments of $2.5 million in Series A units of Link Investment Management Inc. (Link) and $ 4.5 million in Series A units of International Deal Gateway Blockchain Inc. (IDG) during the period ended September 30, 2022. The Company is considered to exert significant influence over the operations of Link and IDG factoring in potential voting rights, even though the Company does not currently have any entitlement to a share of the net assets of these companies. Accordingly, these investments are treated as equity investments and included as investments in the consolidated statement of financial position as at September 30, 2022. During the six months ended September 30, 2022, the Company recorded an impairment of $1.3 million in its investment held in Link.

8. Business Combinations

RESULTS INTERNATIONAL GROUP LLP

On August 17, 2022, the Company, through its UK & Europe capital markets business, completed its acquisition of Results International Group LLP (Results). The initial cash consideration net of liabilities assumed was £5.0 milion ($7.7 million), with additional contingent consideration of up to £17.0 million ($26.3 million) payable over a period of four years following completion, subject to achievement of performance targets related to revenue. The contingent consideration was recorded at its fair value of £11.0 million ($17.0 million) as of the acquisition date. There was also deferred consideration of £2.0 million ($3.1 million), payable over a period of three years following completion, in cash or the Company's shares based on the Company's option.

The fair value of the contingent consideration is classified as Level 3 in the fair value hierarchy and was determined using on a Monte Carlo simulation using various assumptions including EBITDA forecast, risk-free rate of 2.0% and a volatility factor of 8.0%. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's contingent consideration.

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

CONSIDERATION

Cash net of liabilities assumed	$	7,713
Deferred consideration		3,090
Contingent consideration		16,995
	$	27,798

NET ASSETS ACQUIRED

Accounts receivable	$	1,144
Equipment and leasehold improvements		38
Right of use assets		3,470
Accounts payable and accrued liabilities		(5,203)
Lease liabilities		(4,096)
Identifiable intangible assets		3,090
Deferred tax liability related to identifiable intangible assets		(773)
Goodwill		30,128
	$	27,798

Identifiable intangible assets of $3.1 million were recognized and relate to the contract book. The goodwill of $30.1 million represents the value of expected synergies arising from the acquisition.

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

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

The aggregate acquisition-related expenses incurred by the Company during the six months ended September 30, 2022 in connection with the acquisition of Results were $1.5 million which comprised mainly of professional fees.

Revenue and net loss generated by Results including acquisition-related costs, were $0.3 million and $0.8 million, respectively, since the acquisition date.

Had Results been consolidated from April 1, 2022, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $698.7 million and $21.1 million, respectively, for the six months ended September 30, 2022. These figures represent historical results and are not necessarily indicative of future performance.

PUNTER SOUTHALL WEALTH LIMITED

On May 31, 2022, the Company, through CGWM UK completed its acquisition of the private client investment management business of Punter Southall Wealth Limited (PSW) for cash payment of £164.0 million ($261.4 million) and issuance of shares from CGWM UK of £4.0 million ($6.4 million). In addition, during the second quarter of the year ending March 31, 2023, there was a revision to the deferred consideration as disclosed in the unaudited interim consolidated financial statements for the first quarter of the year ending March 31, 2023 from £0.8 million (C$1.2 million) to £6.4 million (C$10.1 million) related to the purchase of excess regulatory capital. In connection with the completion of the acquisition, a subsidiary of the Company modified its existing banking arrangements and increased its bank loan by an additional £100 million (C$159.4 million as of acquisition date of May 31, 2022). In addition, certain institutional investors have made an additional investment in CGWM UK through the purchase of a new series of Convertible Preferred Shares in the amount of £65.3 million ($104.1 million as of the acquisition date of May 31, 2022). [Note 9]

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

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, are disclosed below. There was a revision to the valuation of the identifiable intangible assets as disclosed in the unaudited interim consolidated financial statements for the first quarter of the year ending March 31, 2023 due to a change in management assumptions.

CONSIDERATION

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

NET ASSETS ACQUIRED

Cash	$	22,825
Accounts receivable		7,963
Equipment and leasehold improvements		453
Right of use assets		3,073
Accounts payable and accrued liabilities		(11,022)
Lease liabilities		(3,479)
Identifiable intangible assets		134,056
Deferred tax liability related to identifiable intangible assets		(33,061)
Goodwill		157,124
		277,932

Identifiable intangible assets of $134.1 million were recognized and relate to customer relationships and brand name. The goodwill of $157.1 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

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

The aggregate acquisition-related expenses incurred by the Company during the period ended September 30, 2022 in connection with the acquisition of PSW were $5.9 million which comprised mainly of professional fees.

Revenue and net income generated by PSW including acquisition-related costs, were $11.2 million and $1.4 million, respectively, since the acquisition date.

Had PSW been consolidated from April 1, 2022, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $703.5 million and $24.3 million, respectively, for the six months ended September 30, 2022. These figures represent historical results and are not necessarily indicative of future performance.

ADAM & COMPANY

During the six months ended September 30, 2022, the Company finalized its purchase price accounting in connection with the acquisition of Adam & Company. There were no changes to the purchase price and fair value of net assets acquired on the date of the acquisition disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2022.

SAWAYA PARTNERS

On December 31, 2021, the Company completed its acquisition of Sawaya Partners (Sawaya), a leading independent M&A advisory firm to the consumer sector based in the US. During the six months ended September 30, 2022, the Company finalized its purchase price accounting. There was a remeasurement of the contingent consideration which resulted in an increase of $1.5 million in both goodwill and contingent consideration as of and for the six months ended September 30, 2022.

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

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

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

9. Non-Controlling Interests

The non-controlling interests as of September 30, 2022 comprised of the following:

	Australia		UK & Crown Dependencies		Total	
As at and for the period ended September 30	**2022 $**	2021 $	**2022 $**	2021 $	**2022 $**	2021 $
Balance, opening	**23,301**	8,190	**215,400**	—	**238,701**	8,190
Comprehensive income (loss) attributable to non-controlling interests	**(1,537)**	2,935	**15,108**	4,739	**13,571**	7,674
Foreign exchange on non-controlling interests	**(614)**	440	**(11,212)**	—	**(11,826)**	440
Dividends paid to non-controlling interest	**(10,514)**	(4,118)		—	**(10,514)**	(4,118)
Issuance of convertible preferred shares, net of discount	**—**	—	**102,017**	212,449	**102,017**	212,449
Issuance of equity instrument to management	**—**	—	**—**	20,809	**—**	20,809
Acquisition-related costs, net of deferred tax	**—**	—	**—**	(2,670)	**—**	(2,670)
Share-based payment			**—**	1,740	**—**	1,740
Issuance of equity instruments in connection with acquisition of PSW [note 8]	**—**	—	**6,376**	—	**6,376**	—
Reclassification to derivative liability on issuance date	**—**	—	**(7,970)**	(34,682)	**(7,970)**	(34,682)
Reclassification of other comprehensive income on issuance date	**—**	—	**—**	(1,624)	**—**	(1,624)
Balance, ending	**10,636**	7,447	**319,719**	200,761	**330,355**	208,208

	For the three months ended		For the six months ended	
Comprehensive income (loss) attributable to non-controlling interests	**September 30, 2022 $**	September 30, 2021 $	**September 30, 2022 $**	September 30, 2021 $
Australia	**1,304**	1,110	**(1,537)**	2,935
UK & Crown Dependencies	**8,487**	4,739	**15,108**	4,739
Total	**9,791**	5,849	**13,571**	7,674

UK & Crown Dependencies Wealth Management

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

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

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

In connection with the issuance of the A Convertible Preferred Shares, CGWM UK provided for the purchase of certain equity instruments in CGWM UK by management and employees of CGWM UK. £24.6 million (CAD$38.6 million) of such equity instruments in CGWM UK have been purchased in connection with this equity program. Included in these equity instruments of CGWM UK were preferred shares with the same economic attributes as the A Convertible Preferred Shares (the "Preference Shares"). Preference Shares in the amounts of £7.5 million (CAD$11.8 million) were outstanding as of September 30, 2022. The other equity interests purchased by management and employees of CGWM UK are ordinary shares of CGWM UK with certain restrictions on transfer and limited governance rights. A management incentive plan has been implemented which, subject to certain minimum threshold levels, will provide for certain payments if a liquidity event occurs within six years or after six years if a liquidity event has not occurred and the A Convertible Preferred Shares are no longer outstanding.

In connection with the acquisition of PSW [Note 8], the Company also issued £4.0 million ($6.4 million as of the acquisition date of May 31, 2022) of ordinary shares of CGWM UK as part of the purchase consideration. In addition, a management incentive plan has been implemented, and £2.5 million (CAD $3.9 million) of CGWM UK ordinary shares are expected to be issued after September 30, 2022 in connection with this plan.

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

The Convertible Preferred Shares and Preference Shares do not give rise to any obligation for the Company to deliver cash or other financial assets to the holders thereof. The Convertible Preferred Shares and Preference Shares were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preference Shares are included in equity and the derivative liability component is included in other liabilities in the statement of financial position as of September 30, 2022.

The fair value of the Convertible Preferred Shares and Preference Shares at issuance was allocated to the respective equity and derivative liability components. The fair value of the non-controlling interests derivative liability was established first and the residual amount was recorded to the equity component. The derivative components will be remeasured at the end of each reporting period using the Company's best estimate of its value. During the six months ended September 30, 2022, the Company recorded a derivative liability in connection with the issuance of the B Convertible Preferred Shares of £5.0 million ($8.0 million as of May 31, 2022). The carrying value of the derivative liability at September 30, 2022 for both A and B Convertible Preferred Shares was $46.4 million and included in other liabilities in the interim condensed consolidated statements of financial position.

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

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

Australia

The Company owns 65% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership a 65% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited as of September 30, 2022 [March 31, 2022 – 65%]. Because of shares held in an employee trust controlled by CFGA, the Company holds a 67% ownership for accounting purposes.

10. Goodwill and Other Intangible Assets

	Goodwill $	Brand names (indefinite life) $	Brand names $	Customer relationships $	Technology $	Trading licenses $	Fund management $	Contract book $	Favourable lease $	Client Books $	Total $
Gross amount											
Balance, March 31, 2022	832,911	44,930	1,884	207,501	40,285	617	36,834	10,378	523	1,931	344,883
Additions	187,252	—	—	134,056	1,163	—	—	3,090	—	—	138,309
Foreign exchange	2,518	—	71	(14,211)	(1,983)	(23)	(2,176)	1,065	56	(104)	(17,305)
Adjustments	1,631	—	—	—	—	—	—	—	—	—	—
Balance, September 30, 2022	1,024,312	44,930	1,955	327,346	39,465	594	34,658	14,533	579	1,827	465,887
Accumulated amortization and impairment											
Balance, March 31, 2022	(322,632)	—	(693)	(104,081)	(28,906)	(617)	(15,636)	(7,226)	(523)	(208)	(157,890)
Amortization	—	—	(202)	(8,697)	(1,527)	—	(1,659)	(2,578)	—	(91)	(14,754)
Foreign exchange	—	—	(64)	4,184	1,508	23	958	(889)	(56)	13	5,677
Balance, September 30, 2022	(322,632)	—	(959)	(108,594)	(28,925)	(594)	(16,337)	(10,693)	(579)	(286)	(166,967)
Net book value											
March 31, 2022	510,279	44,930	1,191	103,420	11,379	—	21,198	3,152	—	1,723	186,993
September 30, 2022	**701,680**	**44,930**	**996**	**218,752**	**10,540**	**—**	**18,321**	**3,840**	**—**	**1,541**	**298,920**

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

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

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

	Intangible assets with indefinite lives		Goodwill		Total	
	September 30, 2022 $	March 31, 2022 $	**September 30, 2022 $**	March 31, 2022 $	**September 30, 2022 $**	March 31, 2022 $
Canaccord Genuity Capital Markets CGUs						
Canada	**44,930**	44,930	**101,732**	101,732	**146,662**	146,662
US	**—**	—	**211,557**	189,608	**211,557**	189,608
UK & Europe	**—**	—	**30,137**	—	**30,137**	—
Canaccord Genuity Wealth Management CGUs						
UK & Crown Dependencies (Channel Islands)	**—**	—	**83,359**	88,644	**83,359**	88,644
UK & Crown Dependencies (UK wealth)	**—**	—	**272,188**	127,434	**272,188**	127,434
Australia	**—**	—	**2,707**	2,861	**2,707**	2,861
	44,930	44,930	**701,680**	510,279	**746,610**	555,209

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

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill and other assets impairment testing was carried out for all applicable CGUs at September 30, 2022 except for UK and Europe given the acquisiton of Results was completed close to September 30, 2022.

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

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company.

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

	Discount rate		Compound annual Growth rate		Terminal growth rate	
	September 30, 2022	March 31, 2022	**September 30, 2022**	March 31, 2022	**September 30, 2022**	March 31, 2022
Canaccord Genuity Capital Markets CGUs						
Canada	**12.5%**	12.5%	**5.0%**	5.0%	**2.5%**	2.5%
US	**12.5%**	12.5%	**2.5%**	0.0%	**2.5%**	2.5%
Canaccord Genuity Wealth Management CGUs						
UK & Crown Dependencies (Channel Islands)	**12.5%**	12.5%	**5.0%**	5.0%	**2.5%**	2.5%
UK & Crown Dependencies (UK wealth)	**12.5%**	12.5%	**7.5%**	5.0%	**2.5%**	2.5%
Australia	**12.5%**	12.5%	**5.0%**	5.0%	**2.5%**	2.5%

Sensitivity testing was conducted as part of the impairment test of goodwill and indefinite life intangible assets for the Canaccord Genuity Capital Markets – Canada CGU. The sensitivity testing includes assessing the impact that reasonably possible declines in revenue estimates for the 12-month period ending on September 30, 2023 and declines in growth rates after that period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant. An increase of the discount rate of 1.3 percentage points, a decrease in the estimated revenue for the 12-month period ending September 30, 2023 of $8.6 million, a decrease in the five year compound annual growth of 1.6 percentage points or a decrease in the terminal growth rate of 1.8% may result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge may be required. Any such impairment charge would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors.

11. Income Taxes

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

	For the three months ended		For the six months ended	
	September 30, 2022 $	September 30, 2021 $	**September 30, 2022 $**	September 30, 2021 $
Net income before income taxes	**39,032**	87,037	**40,926**	186,738
Income taxes at the statutory rate of 27.0% (F2022: 27.0%)	**10,534**	23,501	**11,046**	50,422
Difference in tax rates in foreign jurisdictions	**(1,952)**	575	**(2,642)**	(374)
Permanent items	**(690)**	709	**164**	539
Share based payments	**5,340**	(86)	**10,931**	(2,758)
Change in accounting and tax base estimate	**(692)**	544	**(1,269)**	99
Impact of change in tax rate on deferred tax liabilities in connection with intangible assets acquired in respect of previous acquisitions	**—**	(1,484)	**—**	3,163
Other	**(72)**	1,493	**(864)**	809
Income tax expense – current and deferred	**12,468**	25,252	**17,366**	51,900

12. Subordinated Debt

	September 30, 2022 $	March 31, 2022 $
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	**7,500**	7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the Investment Industry Regulatory Organization of Canada (IIROC). As at September 30, 2022 and March 31, 2022, the interest rates for the subordinated debt were 9.45% and 6.7%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

13. Bank Loan

	September 30, 2022 $	March 31, 2022 $
Loan	**296,755**	154,498
Less: Unamortized financing fees	**(3,952)**	(2,457)
	292,803	152,041
Current portion	**6,182**	6,574
Long term portion	**286,621**	145,467

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW. During the six months ended September 30, 2022, the Company obtained an additional bank loan of £100.0 million (C$154.6 million as of September 30, 2022). The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 5.69% per annum as at September 30, 2022 [March 31, 2022 – 3.375% per annum].

14. Preferred Shares

	September 30, 2022		March 31, 2022	
	Amount $	**Number of shares**	Amount $	Number of shares
Series A Preferred Shares issued and outstanding	**110,818**	**4,540,000**	110,818	4,540,000
Series C Preferred Shares issued and outstanding	**97,450**	**4,000,000**	97,450	4,000,000
Series C Preferred Shares held in treasury	**(2,627)**	**(106,794)**	(2,627)	(106,794)
	94,823	**3,893,206**	94,823	3,893,206
	205,641	**8,433,206**	205,641	8,433,206

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

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

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

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

15. Common Shares

	September 30, 2022		March 31, 2022	
	Amount $	**Number of shares**	Amount $	Number of shares
Issued and fully paid	**681,728**	**99,185,630**	685,270	99,697,799
Shares committed to repurchase under the normal course issuer bid	**—**	**—**	(3,411)	(495,100)
Held for share-based payment plans	**(1,026)**	**(122,355)**	(1,505)	(122,355)
Held for the LTIP	**(126,522)**	**(13,030,553)**	(104,188)	(11,023,169)
	554,180	**86,032,722**	576,166	88,057,175

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount $
Balance, March 31, 2022	**99,697,799**	685,270
Shares cancelled under normal course issuer bid	**(585,300)**	(4,034)
Shares issued in connection with exercise of PSO [note 17]	**73,131**	492
Balance, September 30, 2022	**99,185,630**	**681,728**

On August 18, 2022, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 4,959,281 of its common shares during the period from August 21, 2022 to August 20, 2023 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the six months ended September 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 six months ended September 30, 2022.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended		For the six months ended	
	September 30, 2022 $	September 30, 2021 $	**September 30, 2022 $**	September 30, 2021 $
Basic earnings per common share				
Net income attributable to CGGI shareholders	**$ 17,170**	$ 56,583	**$ 6,997**	$ 128,584
Preferred shares dividends	**(2,391)**	(2,351)	**(4,782)**	(4,702)
Net income available to common shareholders	**14,779**	54,232	**2,215**	123,882
Weighted average number of common shares (number)	**86,660,661**	96,137,663	**87,642,728**	96,598,506
Basic earnings per share	**$ 0.17**	$ 0.56	**$ 0.03**	$ 1.28
Diluted earnings per common share				
Net income available to common shareholders	**14,779**	54,232	**2,215**	123,882
Weighted average number of common shares (number)	**86,660,661**	96,137,663	**87,642,728**	96,598,506
Dilutive effect in connection with LTIP (number)	**13,293,353**	10,930,018	**13,362,623**	10,914,972
Dilutive effect in connection with performance stock options (number)	**1,018,812**	3,016,214	**1,523,346**	2,866,256
Dilutive effect in connection with acquisition of Sawaya Partners (number)	**783,972**	—	**783,972**	—
Dilutive effect in connection with acquisition of Results (number)	**441,096**	—	**441,096**	—
Adjusted weighted average number of common shares (number)	**102,197,894**	110,083,895	**103,753,765**	110,379,734
Diluted earnings per common share	**$ 0.14**	$ 0.49	**$ 0.02**	$ 1.12

16. Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the six months ended September 30, 2022:

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

On November 2, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on December 15, 2022, with a record date of December 2, 2022 [Note 21].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the six months ended September 30, 2022:

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

On November 2, 2022, the Board approved a cash dividend of $0.25175 per Series A Preferred Share payable on January 3, 2023 to Series A Preferred shareholders of record as at December 23, 2022 [Note 21].

On November 2, 2022, the Board approved a cash dividend of $0.42731 per Series C Preferred Share payable on January 3, 2023 to Series C Preferred shareholders of record as at December 23, 2022 [Note 21].

17. Share-Based Payment Plans

[i] LONG-TERM INCENTIVE PLAN

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

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

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

There were 7,696,756 RSUs granted in lieu of cash compensation to employees during the six-month period ended September 30, 2022 [September 30, 2021 – 4,338,305 RSUs]. The Trusts purchased 6,920,097 common shares during the six-month period ended September 30, 2022 [September 30, 2021 – 4,203,776 common shares].

The fair value of the RSUs at the measurement date is based on the fair value on the grant date. The weighted average fair value of RSUs granted during the six-month period ended September 30, 2022 was $10.32 [September 30, 2021 – $13.35].

	Number
Awards outstanding, March 31, 2022	11,180,535
Grants	7,696,756
Vested	(4,914,711)
Forfeited	(46,451)
Awards outstanding, September 30, 2022	**13,916,129**

	Number
Common shares held by the Trusts, March 31, 2022	11,023,169
Acquired	6,920,097
Released on vesting	(4,912,713)
Common shares held by the Trusts, September 30, 2022	**13,030,553**

I. PERFORMANCE SHARE UNITS

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

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

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at September 30, 2022 was $68.7 million [March 31, 2022 – $140.2 million].

II. PERFORMANCE STOCK OPTIONS

The Company adopted a performance share option (PSO) plan for certain senior executives. The PSOs have a term of five years and will time-vest ratably over four years (with one-third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, and have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). A total of 5,411,288 options outstanding (net of options already exercised) had met both stock price performance and time-based vesting conditions and are therefore fully vested and outstanding as at September 30, 2022.

During the six months ended September 30, 2022, the Company granted 300,000 PSOs with an exercise price of $8.7749.

The following is a summary of the Company's PSOs as at September 30, 2022:

	Number of PSOs		Weighted average exercise price ($)
Balance, March 31, 2022	5,627,955	$	6.79
Granted	300,000	$	8.77
Exercised	(116,667)	$	6.73
Balance, September 30, 2022	5,811,288	$	6.90

iii. EXECUTIVE EMPLOYEE DEFERRED SHARE UNITS

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

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to DSUs at September 30, 2022 was $4.4 million [March 31, 2022 – $ 5.4 million].

iv. PSW CONDITIONAL SHARE PLAN

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

v. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the six months ended	
	September 30, 2022 $	September 30, 2021 $	**September 30, 2022 $**	September 30, 2021 $
Long-term incentive plan	**3,034**	3,130	**6,526**	4,822
Deferred share units (cash-settled)	**(967)**	175	**(3,152)**	1,208
Deferred share units (cash-settled) – senior executives	**(263)**	1,804	**(1,074)**	3,297
PSU (cash-settled)	**(10,133)**	14,569	**(22,559)**	32,352
PSO	**170**	408	**408**	931
Other share-based payment plan	**1,327**	1,740	**1,327**	1,740
Total share-based compensation (recovery)/expense	**(6,832)**	21,826	**(18,524)**	44,350

18. Related Party Transactions

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

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

	September 30, 2022	March 31, 2022
Accounts receivable	17,096	12,009
Accounts payable and accrued liabilities	483	1,271

19. Segmented Information

The Company operates in two industry segments as follows:

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

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

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

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

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

Management Australia. There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

For the three months ended

	September 30, 2022				September 30, 2021			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	36,765	144,961	1,044	182,770	41,966	143,136	3	185,105
Investment banking	35,489	8,283	—	43,772	89,544	16,717	—	106,261
Advisory fees	100,937	357	—	101,294	138,978	435	—	139,413
Principal trading	26,902	71	—	26,973	30,406	(16)	—	30,390
Interest	4,429	14,836	3,130	22,395	2,113	4,835	1,510	8,458
Other	1,175	780	1,363	3,318	1,912	1,121	2,501	5,534
Expenses, excluding undernoted	164,401	121,065	17,883	303,349	219,077	121,693	20,850	361,620
Amortization	2,934	7,903	231	11,068	1,222	4,563	202	5,987
Amortization of right of use assets	4,236	1,300	852	6,388	3,584	1,349	782	5,715
Development costs	994	7,553	1,786	10,333	292	6,624	27	6,943
Interest expense	3,684	5,811	1,024	10,519	3,540	1,457	356	5,353
Acquisition related costs	1,477	(1,656)	—	(179)	—	1,920	—	1,920
Costs associated with redemption of convertible debentures	—	—	—	—	—	—	468	468
Share of loss of an associate	—	—	12	12	—	—	118	118
Income (loss) before intersegment allocations and income taxes	27,971	27,312	(16,251)	39,032	77,204	28,622	(18,789)	87,037
Intersegment allocations	5,171	5,187	(10,358)	—	4,359	4,926	(9,285)	—
Income (loss) before income taxes	22,800	22,125	(5,893)	39,032	72,845	23,696	(9,504)	87,037

For the six months ended

	September 30, 2022				September 30, 2021			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	72,580	289,765	1,348	363,693	81,826	286,027	5	367,858
Investment banking	47,968	14,520	—	62,488	240,673	61,226	—	301,899
Advisory fees	183,530	708	—	184,238	214,984	2,423	—	217,407
Principal trading	55,283	(89)	—	55,194	82,751	287	—	83,038
Interest	7,096	25,055	5,060	37,211	4,038	9,087	3,000	16,125
Other	3,377	1,548	(9,857)	(4,932)	4,863	2,182	620	7,665
Expenses, excluding undernoted	310,068	241,095	30,312	581,475	447,349	255,393	51,839	754,581
Amortization	5,221	13,518	524	19,263	2,540	9,007	309	11,856
Amortization of right of use assets	8,535	2,694	1,974	13,203	7,170	3,042	1,521	11,733
Development costs	1,650	13,314	2,295	17,259	430	10,502	81	11,013
Interest expense	7,467	9,295	1,581	18,343	6,431	2,942	728	10,101
Acquisition related costs	1,477	5,926	—	7,403	—	1,920	—	1,920
Costs associated with redemption of convertible debentures	—	—	—	—	—	—	5,932	5,932
Share of loss of an associate	—	—	20	20	—	—	118	118
Income (loss) before intersegment allocations and income taxes	35,416	45,665	(40,155)	40,926	165,215	78,426	(56,903)	186,738
Intersegment allocations	10,139	11,321	(21,460)	—	8,253	10,013	(18,266)	—
Income (loss) before income taxes	25,277	34,344	(18,695)	40,926	156,962	68,413	(38,637)	186,738

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

	For the three months ended		For the six months ended	
	September 30, 2022 $	September 30, 2021 $	September 30, 2022 $	September 30, 2021 $
Canada	**110,290**	131,543	**187,395**	350,021
UK, Europe & Crown Dependencies	**103,812**	109,128	**203,163**	210,528
United States	**129,785**	181,329	**255,061**	334,779
Australia	**36,635**	53,161	**52,273**	98,664
	380,522	475,161	**697,892**	993,992

20. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the three months ended September 30, 2022:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2022	**$ 6,647**	**$ 1,575**	**$ 8,222**
Additions	1,636	—	1,636
Utilized	(1,874)	(27)	(1,901)
Balance, September 30, 2022	**6,409**	**1,548**	**7,957**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of September 30, 2022, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of September 30, 2022, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

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

21. Subsequent Events

i. DIVIDENDS

On November 2, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on December 15, 2022, with a record date of December 2, 2022 [Note 16].

On November 2, 2022, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on January 3, 2023 with a record date of December 23, 2022; and $0.42731 per Series C Preferred Share payable on January 3, 2023 with a record date of December 23, 2022 [Note 16].

Shareholder Information

Corporate Headquarters

STREET ADDRESS

Canaccord Genuity Group Inc.
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Vancouver, BC, Canada

MAILING ADDRESS

Pacific Centre
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Stock Exchange Listing

Common shares:
TSX: CF

Preferred shares:
Series A (TSX): CF.PR.A.
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
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
Q2/24	November 8, 2023	December 22, 2023	January 2, 2024	December 1, 2023	December 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 www.cgf.com

Auditor

Ernst & Young LLP
Chartered Professional Accountants
Vancouver, BC