

# Independent Auditor's Report

To the Shareholders of  
Canaccord Genuity Group Inc.

## Opinion

We have audited the consolidated financial statements of **Canaccord Genuity Group Inc.** and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020, and the consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

## Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p><b>Revenue Recognition on Corporate Finance and M&amp;A Transactions</b></p> <p>As at March 31, 2021, the Company recorded \$197.1 million of advisory revenue related to corporate finance and M&amp;A transactions. The Company recognizes advisory fee revenue when the performance obligation for the underlying transaction is complete under the terms of the agreement.</p> <p>As individual advisory fee transactions are often substantial in size and the number and timing of transactions can vary significantly from period to period depending on market activity, this audit area is considered a key audit risk. Where significant transactions close near the reporting date, an evaluation must be completed to determine in which period the Company completed delivery of its performance obligations and recognize revenue accordingly. The details of the Company's accounting policies for revenue recognition are disclosed in note 5, "Summary of Significant Accounting Policies".</p>	<p>To test the revenue recognized related to advisory fees, our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• We selected a sample of advisory fee transactions and reviewed executed contracts to assess whether the performance obligation was satisfied over time or at a point in time;</li> <li>• We tested a sample of open advisory transactions at the reporting date and evaluated if performance obligations associated advisory services provided over a period of time were recognized in accordance with IFRS 15 by obtaining evidence of delivery of services and comparing to the period of revenue being recognized;</li> <li>• We reviewed source documents, including the executed agreements and cash receipts to obtain evidence of completion of performance obligations for all advisory transactions that closed immediately before and after year-end and assessed whether revenue was recognized in the correct period;</li> <li>• We evaluated the Company's critical accounting policies and related disclosures in the consolidated financial statements to determine if they appropriately describe these transactions and whether they are in accordance with IFRS 15.</li> </ul>
<p><b>Impairment of Goodwill and Indefinite-lived Intangible Assets</b></p> <p>As at March 31, 2021, the Company has \$425.0 million of goodwill and indefinite life intangible assets. Management assesses at least</p>	<p>To test the estimated FVLCS of the CGU (or group of CGUs), our audit procedures included among others:</p>

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p>annually, or when indicators of impairment exist, whether there has been an impairment loss in the carrying value of these assets. When testing goodwill and indefinite lived intangible assets for impairment, Management compares the carrying amount of a cash generating unit (“CGU”) to its recoverable amount which is determined using the higher of value in use or fair value less costs to sell (“FVLCS”).</p> <p>The impairment testing of CGUs relies on estimates of recoverable amounts based on 5-year forecasts and a terminal value for the period thereafter. Given the subjective nature of the significant inputs to the impairment model, including the volatility of revenue, incentive compensation costs, discount rate and terminal growth rate, the results of the model are sensitive to inputs where management applies judgement.</p> <p>The Company acquired a Brand Name indefinite lived intangible asset and applies the relief of royalty method to calculate the recoverable amount of this asset. This method utilized a discounted cash flow calculation based on several assumptions, including the royalty rates as a percentage of revenues applied to the CGUs utilizing the Brand Name and the impact of maintenance costs to the recoverable amount.</p> <p>Due to the subjectivity involved in forecasting and discounting future cash flows and the significance of the Company’s recognized goodwill \$380.1 million and indefinite-lived intangible assets \$44.9 million as at March 31, 2021, this audit area is considered a key audit risk. The details of the Company’s accounting policies for goodwill and indefinite-lived intangible assets are disclosed in note 5, “Summary of Significant Accounting Policies”.</p>	<ul style="list-style-type: none"> <li>• With the assistance of our valuation specialists, we evaluated the appropriateness and mathematical accuracy of the impairment models for the CGUs which contained goodwill. As part of this evaluation, we compared the carrying values used in models for each CGU to the financial records of the Company and compared the CGUs identified by the Company to the lowest level of operations monitored by management and others in the organization.</li> <li>• With the assistance of our valuation specialists, we evaluated the assumptions and inputs into the Company’s calculation of the recoverable amount for each CGU containing goodwill, including the revenue, incentive compensation costs, discount rate and terminal growth rate, by comparing those assumptions to historical results and benchmark data.</li> <li>• With the assistance of our valuation specialists, we evaluated the assumptions and inputs into the Company’s calculation of the relief of royalty model for the brand name intangible, including the royalty rates and revenues applied to the CGUs for consistency with the historical results and expenses in the goodwill models associated with those CGUs.</li> <li>• We performed sensitivity analysis on significant assumptions, including revenue growth rates, expense growth rates, and forecast cash flows, to evaluate changes in the recoverable amount of the CGU (or group of CGUs) that would result from changes in the assumptions.</li> <li>• We assessed the Company’s disclosures included in note 13 of the accompanying financial statements in relation to this matter.</li> </ul>
<p><b>Fair value measurement of level 3 marketable securities</b></p> <p>The Company has level 3 investments consisting of \$46.6 million, recorded at fair value. These financial instruments are complex and illiquid and require valuation techniques that may include complex models and non-observable inputs, requiring management’s estimation and judgment.</p> <p>Auditing the valuation of these financial instruments required the application of significant auditor judgement and involvement of valuation specialists in assessing the complex models and non-observable inputs used, including any significant valuation adjustments. Given the subjectivity involved, this audit area is considered a key audit risk.</p> <p>The Company describes its significant accounting judgements, estimates, and assumptions in relation to the fair value measurement of financial instruments in note 5, “Summary of Significant Accounting Policies”, and in note 7, “Financial Instruments”.</p>	<p>To test the fair value of level 3 marketable securities, our audit procedures included, among others</p> <ul style="list-style-type: none"> <li>• With the assistance of our valuation specialists, we assessed the appropriateness and mechanical accuracy of models used in the valuation of these financial instruments.</li> <li>• With the assistance of our valuation specialists, we performed an independent valuation for a sample of warrants and illiquid securities to assess the modelling assumptions and significant inputs used to estimate the fair value.</li> <li>• We independently verified significant inputs using internal and external sources and performed a sensitivity analysis on any significant non-observable inputs to evaluate the overall reasonability of the fair value of the portfolio.</li> <li>• We evaluated the Company’s disclosures of the warrants and illiquid securities held by the Company and determined they were in accordance with IFRS 7 and IFRS 9.</li> </ul>

## Other Information

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

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

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

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

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

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

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

---

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

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

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

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

---

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

*Ernst + Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
June 1, 2021

## Canaccord Genuity Group Inc. Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	March 31, 2021 \$	March 31, 2020 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 1,883,292	\$ 997,111
Securities owned	6, 7	1,041,583	931,467
Accounts receivable	9, 23	3,973,442	3,275,841
Income taxes receivable		738	5,603
<b>Total current assets</b>		<b>6,899,055</b>	<b>5,210,022</b>
Deferred tax assets	14	81,229	39,487
Investments	10	12,193	10,105
Equipment and leasehold improvements	11	23,070	24,860
Intangible assets	13	150,923	170,170
Goodwill	13	380,115	395,417
Right of use assets	12	85,216	106,134
<b>Total assets</b>		<b>\$ 7,631,801</b>	<b>\$ 5,956,195</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current</b>			
Securities sold short	6, 7	889,607	875,017
Accounts payable and accrued liabilities	9, 23	5,160,600	3,673,451
Provisions	27	10,357	6,735
Income taxes payable		56,285	11,721
Subordinated debt	15	7,500	7,500
Current portion of bank loan	16	12,119	7,042
Current portion of lease liabilities	17	24,311	23,417
Current portion of contingent consideration	7	17,706	57,859
Convertible debentures	18	168,112	—
<b>Total current liabilities</b>		<b>6,346,597</b>	<b>4,662,742</b>
Deferred tax liabilities	14	13,552	9,903
Convertible debentures	18	—	128,322
Deferred consideration	7	8,087	8,966
Contingent consideration	7	11,490	47,614
Other long-term liability	22	—	1,760
Bank loan	16	66,200	79,192
Lease liabilities	17	70,591	88,922
<b>Total liabilities</b>		<b>6,516,517</b>	<b>5,027,421</b>
<b>Equity</b>			
Preferred shares	19	205,641	205,641
Common shares	20	662,366	663,553
Equity portion of convertible debentures	18	—	5,156
Contributed surplus		62,402	101,501
Deferred consideration		—	6,545
Retained earnings (deficit)		73,220	(193,131)
Accumulated other comprehensive income		103,465	139,353
<b>Total shareholders' equity</b>		<b>1,107,094</b>	<b>928,618</b>
Non-controlling interests	8	8,190	156
<b>Total equity</b>		<b>1,115,284</b>	<b>928,774</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 7,631,801</b>	<b>\$ 5,956,195</b>

See accompanying notes

On behalf of the Board:

"Daniel Daviau"

"Terrence A. Lyons"

DANIEL DAVIAU

TERRENCE A. LYONS

Director

Director

## Canaccord Genuity Group Inc. Consolidated Statements of Operations

For the years ended (in thousands of Canadian dollars, except per share amounts)	Notes	March 31, 2021 \$	March 31, 2020 \$
<b>REVENUE</b>			
Commissions and fees		735,239	586,884
Investment banking		761,551	236,962
Advisory fees		197,092	206,507
Principal trading		246,801	108,834
Interest		26,288	63,690
Other		40,717	20,990
		<b>2,007,688</b>	<b>1,223,867</b>
<b>EXPENSES</b>			
Compensation expense		1,227,895	738,313
Trading costs		122,154	83,964
Premises and equipment		19,948	18,094
Communication and technology		67,475	66,666
Interest		28,364	33,678
General and administrative		82,310	113,612
Amortization	11, 13	26,156	32,594
Amortization of right of use assets	12	25,040	22,866
Development costs		27,246	12,053
Restructuring costs	27	—	1,921
Acquisition-related costs		5,922	(124)
Loss and other costs in connection with extinguishment of convertible debentures	18	4,354	—
Share of loss of an associate		922	207
		<b>1,637,786</b>	<b>1,123,844</b>
Income before income taxes		369,902	100,023
Income tax expense (recovery)	14		
Current		133,252	29,344
Deferred		(33,152)	(15,875)
		<b>100,100</b>	<b>13,469</b>
<b>Net income for the year</b>		<b>269,802</b>	<b>86,554</b>
<b>Net income attributable to:</b>			
CGGI shareholders		263,786	\$ 86,490
Non-controlling interests	8	6,016	\$ 64
<b>Weighted average number of common shares outstanding (thousands)</b>			
Basic	20	96,659	98,449
Diluted	20	108,978	128,303
<b>Income per common share</b>			
Basic	20	\$ 2.30	\$ 0.78
Diluted	20	\$ 2.04	\$ 0.65
<b>Dividend per Series A Preferred Share</b>	21	\$ 0.97	\$ 0.97
<b>Dividend per Series C Preferred Share</b>	21	\$ 1.25	\$ 1.25
<b>Dividend per common share</b>	21	\$ 0.25	\$ 0.20

See accompanying notes

## Canaccord Genuity Group Inc. Consolidated Statements of Comprehensive Income

For the years ended (in thousands of Canadian dollars)	March 31, 2021 \$		March 31, 2020 \$
Net income for the year	269,802	\$	86,554
Other comprehensive income			
Net change in unrealized (losses) gains on translation of foreign operations, net of tax	(31,439)		36,745
<b>Comprehensive income for the year</b>	<b>238,363</b>	<b>\$</b>	<b>123,299</b>
<b>Comprehensive income attributable to:</b>			
CGGI shareholders	\$ 231,989	\$	122,088
Non-controlling interests	\$ 6,374	\$	1,211

See accompanying notes

## Canaccord Genuity Group Inc. Consolidated Statements of Changes in Equity

As at and for the years ended (in thousands of Canadian dollars)	Notes	March 31, 2021 \$	March 31, 2020 \$
<b>Preferred shares, opening and closing</b>	<b>19</b>	<b>205,641</b>	205,641
Common shares, opening		663,553	672,896
Shares issued in connection with share-based payments		10	489
Acquisition of common shares for long-term incentive plan (LTIP)		(37,822)	(39,846)
Release of vested common shares from employee benefit trusts		40,766	69,903
Private placement warrants exercise		—	732
Shares purchased under substantial issuer bid		—	(40,000)
Shares committed to purchase under the normal course issuer bid		(8,181)	—
Conversion of convertible debentures		22	—
Shares issued in connection with settlement of Jltneytrade contingent consideration		2,000	—
Shares issued in connection with acquisition of Petsky Prunier		6,545	7,094
Shares issued in connection with exercise of performance stock options (PSOs)		1,232	—
Shares cancelled		(5,585)	(10,136)
Net unvested share purchase loans		(174)	2,421
<b>Common shares, closing</b>	<b>20</b>	<b>662,366</b>	663,553
Warrants, opening		—	1,975
Reclassification to liability		—	(1,975)
<b>Warrants, closing</b>		<b>—</b>	<b>—</b>
Convertible debentures – equity, opening		5,156	5,156
Reclassification to retained earnings upon redemption of convertible debentures	18	(5,156)	—
<b>Convertible debentures – equity, closing</b>		<b>—</b>	5,156
Contributed surplus, opening		101,501	124,710
Share-based payments, net		15,882	(23,490)
Shares cancelled		(3,274)	2,935
Equity portion of redemption of convertible debentures		(58,747)	—
Unvested share purchase loans		174	(2,421)
Change in deferred tax asset relating to share-based payments		6,866	(233)
<b>Contributed surplus, closing</b>		<b>62,402</b>	101,501
Retained deficit, opening		(193,131)	(237,770)
Net income attributable to CGGI shareholders		263,786	86,490
Reclassification of realized gains on disposal of financial instruments measure at fair value through other comprehensive income		4,091	—
Common share dividends	21	(23,924)	(32,447)
Preferred share dividends	21	(9,404)	(9,404)
Reclassification of equity portion of convertible debentures	18	31,802	—
<b>Retained earnings (deficit), closing</b>		<b>73,220</b>	(193,131)
Deferred consideration, opening		6,545	—
Petsky Prunier		(6,545)	6,545
<b>Deferred consideration, closing</b>		<b>—</b>	6,545
Accumulated other comprehensive income, opening		139,353	103,755
Reclassification of realized gains on disposal of financial instruments measure at fair value through other comprehensive income		(4,091)	—
Other comprehensive (loss) income attributable to CGGI shareholders		(31,797)	35,598
<b>Accumulated other comprehensive income, closing</b>		<b>103,465</b>	139,353
<b>Total shareholders' equity</b>		<b>1,107,094</b>	\$ 928,618
Non-controlling interests, opening		156	1,997
Foreign exchange on non-controlling interests		1,660	(1,542)
Comprehensive income attributable to non-controlling interests		6,374	1,211
Dividends paid to non-controlling interests		—	(1,510)
<b>Non-controlling interests, closing</b>		<b>8,190</b>	156
<b>Total equity</b>		<b>1,115,284</b>	928,774

See accompanying notes

# Canaccord Genuity Group Inc.

## Consolidated Statements of Cash Flows

For the years ended (in thousands of Canadian dollars)	Notes	March 31, 2021 \$	March 31, 2020 \$
<b>OPERATING ACTIVITIES</b>			
Net income for the year		\$ 269,802	\$ 86,554
Items not affecting cash			
Amortization	11, 13	26,156	32,594
Amortization of right-of-use assets	12	25,040	22,866
Deferred income tax recovery		(33,152)	(15,875)
Share-based compensation expense	22	146,408	42,820
Loss and other costs in connection with extinguishment of convertible debentures	18	4,354	—
Non-cash portion of acquisition- related costs		2,000	—
Share of loss of associate		922	207
Impairment of investments		2,370	—
Interest expense in connection with lease liabilities		6,765	7,193
Changes in non-cash working capital			
Increase in securities owned		(110,116)	(240,968)
Increase in accounts receivable		(699,172)	(618,636)
Increase in income taxes payable, net		52,329	4,173
Increase in securities sold short		14,590	501,598
Increase in accounts payable, accrued liabilities and provisions		1,387,386	546,142
<b>Cash provided by operating activities</b>		<b>1,095,682</b>	<b>368,668</b>
<b>FINANCING ACTIVITIES</b>			
Decrease in bank indebtedness		—	(9,639)
Purchase of shares for cancellation under normal course issuer bid		(8,859)	(7,201)
Purchase of shares under substantial issuer bid		—	(40,000)
Acquisition of common shares for long-term incentive plan		(37,822)	(39,846)
Proceeds from bank loan		—	26,318
Proceeds from exercise of performance share options		1,232	—
Payment of bank loan		(6,925)	(3,421)
Payment of long-term liability		(1,721)	—
Payment of deferred and contingent consideration		(73,596)	—
Cash dividends paid on common shares		(23,924)	(32,447)
Cash dividends paid on preferred shares		(9,404)	(9,404)
Lease payments		(30,212)	(31,699)
<b>Cash used in financing activities</b>		<b>(191,231)</b>	<b>(147,339)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment and leasehold improvements		(4,857)	(6,353)
Purchase of intangibles		(2,260)	—
Acquisition of Thomas Miller, net of cash acquired		—	(27,634)
Acquisition of Patersons Securities Limited, net of cash acquired		—	(11,433)
Investment in associate		(2,414)	(4,000)
Purchase of investments		(3,000)	(498)
<b>Cash used in investing activities</b>		<b>(12,531)</b>	<b>(49,918)</b>
<b>Effect of foreign exchange on cash balances</b>		<b>(5,739)</b>	<b>4,961</b>
<b>Increase in cash position</b>		<b>886,181</b>	<b>176,372</b>
Cash position, beginning of year		997,111	820,739
<b>Cash position, end of year</b>		<b>1,883,292</b>	<b>997,111</b>
<b>Supplemental cash flow information</b>			
Interest received		\$ 25,423	\$ 63,439
Interest paid		\$ 27,418	\$ 32,055
Income taxes paid		\$ 83,886	\$ 27,685

See accompanying notes

## Notes to Consolidated Financial Statements

As at March 31, 2021 and March 31, 2020  
and for the years ended March 31, 2021 and 2020  
(in thousands of Canadian dollars, except per share amounts)

### NOTE 1. Corporate Information

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

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

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

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

### NOTE 2. Basis of Preparation

#### STATEMENT OF COMPLIANCE

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

These audited consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned, securities sold short, deferred and contingent consideration. 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 audited consolidated financial statements are presented in Canadian dollars and all values are in thousands of dollars, except when otherwise indicated.

These audited consolidated financial statements were authorized for issuance by the Company's Board of Directors on June 1, 2021.

#### PRINCIPLES OF CONSOLIDATION

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

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

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

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

## USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

### Consolidation

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

The Company has employee benefit trusts, which are considered SPEs [Note 22], to fulfill obligations to employees arising from the Company's share-based payment plans. The employee benefit trusts have been consolidated in accordance with IFRS 10 since their activities are conducted on behalf of the Company, and the Company retains the majority of the benefits and risks of the employee benefit trusts.

### Revenue recognition

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

### Share-based payments

The Company measures the cost of equity-settled and cash-settled transactions with employees and directors based on the fair value of the awards granted. The fair value is determined based on the observable share prices or by using an appropriate valuation model. The use of option pricing models to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected forfeitures, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates. The assumptions and models used for estimating the fair value of share-based payments, if and as applicable, are disclosed in Note 22.

### Income taxes and valuation of deferred taxes

Accruals for income tax liabilities require management to make estimates and judgments with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. The Company operates within different tax

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

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

#### **Impairment of goodwill and indefinite life intangible assets**

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

In determining the recoverable amount, which is the higher of fair value less costs to sell (FVLCS) and value-in-use, management uses valuation models that consider such factors as projected earnings, price-to-earnings multiples, relief of royalties related to brand names and discount rates. Management must apply judgment in the selection of the approach to determining the recoverable amount and in making any necessary assumptions. These judgments may affect the recoverable amount and any resulting impairment write-down. The key assumptions used to determine recoverable amounts for the different cash-generating units are disclosed in Note 13.

#### **Impairment of other long-lived assets**

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

#### **Allowance for credit losses**

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

#### **Fair value of financial instruments**

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

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

#### **Provisions**

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

### **NOTE 3.**

### **Adoption of New and Revised Standards**

There were no new accounting standards adopted for the period ended March 31, 2021.

### **NOTE 4.**

### **Future Changes in Accounting Policies**

#### **Standards issued but not yet effective**

There were no standards issued, which may reasonably be expected to materially impact the Company's financial statements, but which were not yet effective as of March 31, 2021.

## NOTE 5. Summary of Significant Accounting Policies

### TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES

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

#### Transactions and balances

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

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

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

#### Translation of foreign subsidiaries

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

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

### INTANGIBLE ASSETS

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

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

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

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

#### Internally developed or acquired software

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

### IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

Impairment losses are recognized in the consolidated statements of operations.

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

The following assets have specific characteristics for impairment testing:

#### **Goodwill**

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

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

#### **Intangible assets**

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

#### **CASH AND CASH EQUIVALENTS**

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

#### **FINANCIAL INSTRUMENTS**

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

#### **[i] Financial assets**

##### ***Initial recognition and measurement***

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

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

##### ***Classification and subsequent measurement***

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

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

The Company periodically evaluates the classification of its financial assets classified as FVTPL based on whether the intent to sell the financial assets in the near term is still appropriate. In rare circumstances, if the Company is unable to trade these financial

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

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

A financial asset is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Included in the FVOCI category was our investment in Euroclear which was disposed during the year ended March 31, 2021. There are no other financial assets classified as FVOCI.

*Financial assets classified as amortized costs*

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

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

**Impairment of financial assets**

The Company's accounts receivables are classified as financial assets measured at amortized cost and are subject to the ECL model. Accounts receivable includes trade receivables from clients and brokers and dealers. All our corporate finance and client receivables have a maturity of less than 12 months from initial recognition; therefore, the allowance is limited to 12-month ECLs. The Company established a valuation policy that is based on its historical credit loss experience, adjusted for forward-looking factors or other considerations as appropriate. The impact of the allowance is not considered to have a significant impact on our audited consolidated financial statements for the year ended March 31, 2021. A financial asset or group of financial assets was deemed to be impaired if there was objective evidence of impairment as a result of one or more events that occurred since the initial recognition of the asset.

**Derecognition**

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

**[ii] Financial liabilities**

***Initial recognition and measurement***

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

***Classification and subsequent measurement***

*Financial liabilities classified as fair value through profit or loss*

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

*Financial liabilities classified as amortized costs*

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

**[iii] Offsetting of financial instruments**

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

**[iv] Derivative financial instruments**

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

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

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

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

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

#### **FAIR VALUE MEASUREMENT**

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

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

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measured based on the lowest level input significant to the fair value measurement in its entirety [Note 7]. For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **SECURITIES OWNED AND SOLD SHORT**

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

#### **SECURITIES LENDING AND BORROWING**

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

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

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

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

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

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

## REVENUE RECOGNITION

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

Commissions and fees revenue consists of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded net of commission revenue. Facilitation losses for the year ended March 31, 2021 were \$8.4 million [2020 – \$14.8 million]. Commissions are recognized at a point in time (trade date) as the performance obligation is satisfied.

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

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

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

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

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

## EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

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

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

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

## INCOME TAXES

### Current income tax

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

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

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

### Deferred tax

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

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

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

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

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

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

#### **Sales tax**

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

#### **TREASURY SHARES**

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

#### **EARNINGS PER COMMON SHARE**

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

#### **SHARE-BASED PAYMENTS**

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

Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). Certain executives may also receive performance stock options (PSOs) as part of their remuneration which are equity-settled. In addition, certain senior executives receive performance share units (PSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions).

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

#### **Equity-settled transactions**

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

RSUs issued by the Plan continue to vest after termination of employment so long as the employee does not violate certain post-termination restrictions and is not engaged in certain competitive or soliciting activities as provided in the Plan. Because of this change, the Company determined that the awards do not meet the criteria for an in-substance service condition, as defined by IFRS 2. Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle are expensed in the period in which those awards are deemed to be earned, with a corresponding increase in contributed surplus, which is generally either

the fiscal period in which the awards are made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but determined and earned in respect of that fiscal year.

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

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

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

#### **Cash-settled transactions**

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair values of DSUs are expensed upon grant, as there are no vesting conditions [Note 22]. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations. The PSUs were measured at fair value on 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 as a result of certain employment-related conditions.

#### **PROVISIONS**

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

#### **Legal provisions**

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

#### **Restructuring provisions**

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

#### **LEASES**

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

#### **CLIENT MONEY**

The Company's UK & Europe operations hold money on behalf of their clients in accordance with the client money rules of the Financial Conduct Authority in the United Kingdom. Such money and the corresponding liabilities to clients are not included in the consolidated statements of financial position as the Company is not beneficially entitled thereto. The amounts held on behalf of clients at the reporting date are included in Note 26.

#### **SEGMENT REPORTING**

The Company's segment reporting is based on the following operating segments: Canaccord Genuity Capital Markets, Canaccord Genuity Wealth Management and Corporate and Other. The Company's business operations are grouped into the following geographic regions: Canada, the UK, Europe and Dubai, Australia, the US, and Other Foreign Locations, which is comprised of our Asian operations.

**NOTE 6. Securities Owned and Securities Sold Short**

	March 31, 2021		March 31, 2020	
	Securities owned \$	Securities sold short \$	Securities owned \$	Securities sold short \$
Corporate and government debt	\$ 770,455	\$ 777,996	\$ 724,444	\$ 688,400
Equities and convertible debentures	271,128	111,611	207,023	186,617
	\$ 1,041,583	\$ 889,607	\$ 931,467	\$ 875,017

As at March 31, 2021, corporate and government debt maturities range from 2021 to 2080 [March 31, 2020 – 2020 to 2098] and bear interest ranging from 0.00% to 31.50% [March 31, 2020 – 0.00% to 14.00%].

**NOTE 7. Financial Instruments****CATEGORIES OF FINANCIAL INSTRUMENTS**

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, as well as investment accounted for under the equity method, held by the Company at March 31, 2021 and 2020 are as follows:

	Fair value through profit or loss		Fair value through other comprehensive income		Amortized cost		Total	
	March 31, 2021 \$	March 31, 2020 \$	March 31, 2021 \$	March 31, 2020 \$	March 31, 2021 \$	March 31, 2020 \$	March 31, 2021 \$	March 31, 2020 \$
<b>Financial assets</b>								
Securities owned	\$ 1,041,583	\$ 924,594	\$ —	\$ 6,873	\$ —	\$ —	\$ 1,041,583	\$ 931,467
Accounts receivable from brokers and investment dealers	—	—	—	—	2,434,162	2,036,876	2,434,162	2,036,876
Accounts receivable from clients	—	—	—	—	848,549	696,644	848,549	696,644
RRSP cash balances held in trust	—	—	—	—	494,476	388,376	494,476	388,376
Other accounts receivable	—	—	—	—	196,255	153,945	196,255	153,945
Investments	6,882	6,287	—	—	—	—	6,882	6,287
<b>Total financial assets</b>	<b>\$ 1,048,465</b>	<b>\$ 930,881</b>	<b>\$ —</b>	<b>\$ 6,873</b>	<b>\$ 3,973,442</b>	<b>\$ 3,275,841</b>	<b>\$ 5,021,907</b>	<b>\$ 4,213,595</b>
<b>Financial liabilities</b>								
Securities sold short	\$ 889,607	\$ 875,017	\$ —	\$ —	\$ —	\$ —	\$ 889,607	\$ 875,017
Accounts payable to brokers and investment dealers	—	—	—	—	1,845,236	1,618,004	1,845,236	1,618,004
Accounts payable to clients	—	—	—	—	2,559,721	1,703,574	2,559,721	1,703,574
Other accounts payable and accrued liabilities	—	—	—	—	755,643	351,873	755,643	351,873
Subordinated debt	—	—	—	—	7,500	7,500	7,500	7,500
Convertible debentures	—	—	—	—	168,112	128,322	168,112	128,322
Deferred consideration	8,087	8,966	—	—	—	—	8,087	8,966
Contingent consideration	29,196	105,473	—	—	—	—	29,196	105,473
Other long-term liability	—	—	—	—	—	1,760	—	1,760
Bank loan	—	—	—	—	78,319	86,234	78,319	86,234
<b>Total financial liabilities</b>	<b>\$ 926,890</b>	<b>\$ 989,456</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 5,414,531</b>	<b>\$ 3,897,267</b>	<b>\$ 6,341,421</b>	<b>\$ 4,886,723</b>

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

**FAIR VALUE HIERARCHY**

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

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

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

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

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

As at March 31, 2021 and 2020, the Company held the following classes of financial instruments measured at fair value:

	Estimated fair value			
	March 31, 2021	March 31, 2021		
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
<b>Securities owned</b>				
Corporate debt	\$ 20,419	\$ —	\$ 20,419	\$ —
Government debt	750,036	336,494	413,542	—
<b>Corporate and government debt</b>	<b>770,455</b>	<b>336,494</b>	<b>433,961</b>	<b>—</b>
Equities	267,148	157,535	69,861	39,752
Convertible debentures	3,980	—	3,980	—
<b>Equities and convertible debentures</b>	<b>271,128</b>	<b>157,535</b>	<b>73,841</b>	<b>39,752</b>
	<b>1,041,583</b>	<b>494,029</b>	<b>507,802</b>	<b>39,752</b>
<b>Investments</b>	<b>6,882</b>	<b>—</b>	<b>—</b>	<b>6,882</b>
	<b>1,048,465</b>	<b>494,029</b>	<b>507,802</b>	<b>46,634</b>
<b>Securities sold short</b>				
Corporate debt	(10,834)	—	(10,834)	—
Government debt	(767,162)	(345,224)	(421,938)	—
<b>Corporate and government debt</b>	<b>(777,996)</b>	<b>(345,224)</b>	<b>(432,772)</b>	<b>—</b>
Equities	(111,611)	(98,141)	(13,470)	—
Convertible debentures	—	—	—	—
<b>Equities and convertible debentures</b>	<b>(111,611)</b>	<b>(98,141)</b>	<b>(13,470)</b>	<b>—</b>
	<b>(889,607)</b>	<b>(443,365)</b>	<b>(446,242)</b>	<b>—</b>
Deferred considerations	(8,087)	—	—	(8,087)
Contingent consideration	(29,196)	—	—	(29,196)
	<b>(926,890)</b>	<b>(443,365)</b>	<b>(446,242)</b>	<b>(37,283)</b>
	Estimated fair value			
	March 31, 2020	March 31, 2020		
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
<b>Securities owned</b>				
Corporate debt	\$ 26,428	\$ —	\$ 26,428	\$ —
Government debt	698,016	244,526	453,490	—
<b>Corporate and government debt</b>	<b>724,444</b>	<b>244,526</b>	<b>479,918</b>	<b>—</b>
Equities	206,043	139,916	63,130	2,997
Convertible debentures	980	—	980	—
<b>Equities and convertible debentures</b>	<b>207,023</b>	<b>139,916</b>	<b>64,110</b>	<b>2,997</b>
	<b>931,467</b>	<b>384,442</b>	<b>544,028</b>	<b>2,997</b>
<b>Investments</b>	<b>6,287</b>	<b>—</b>	<b>—</b>	<b>6,287</b>
	<b>937,754</b>	<b>384,442</b>	<b>544,028</b>	<b>9,284</b>
<b>Securities sold short</b>				
Corporate debt	(1,800)	—	(1,800)	—
Government debt	(686,600)	(277,653)	(408,947)	—
<b>Corporate and government debt</b>	<b>(688,400)</b>	<b>(277,653)</b>	<b>(410,747)</b>	<b>—</b>
Equities	(186,617)	(168,826)	(17,791)	—
Convertible debentures	—	—	—	—
<b>Equities and convertible debentures</b>	<b>(186,617)</b>	<b>(168,826)</b>	<b>(17,791)</b>	<b>—</b>
	<b>(875,017)</b>	<b>(446,479)</b>	<b>(428,538)</b>	<b>—</b>
Deferred considerations	(8,966)	—	—	(8,966)
Contingent consideration	(105,473)	—	—	(105,473)
	<b>(989,456)</b>	<b>(446,479)</b>	<b>(428,538)</b>	<b>(114,439)</b>

**Movement in net Level 3 financial liabilities**

Balance, March 31, 2020	\$	(105,155)
Payment of deferred and contingent consideration in connection with acquisition of Jitneytrade		4,586
Payment of contingent consideration in connection with acquisition of Thomas Miller		6,013
Payment of contingent consideration in connection with acquisition of Petsky Prunier		26,336
Payment of contingent consideration in connection with acquisition of Hargreave Hale		34,408
Investments in Katapult		3,000
Movement in fair value of level 3 securities owned during the year		36,659
Impairment charge of level 3 investments		(2,370)
Foreign exchange revaluation		5,874
Balance, March 31, 2021	\$	9,351

**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.

The Company disposed of its investment in Euroclear, previously classified as a Level 2 investment, during the year ended March 31, 2021. [March 31, 2020 – \$6.9 million (€4.4 million)]. Accordingly, the cumulative realized gains on Euroclear of \$4.1 million was reclassified from accumulated other comprehensive income to retained earnings.

**ii. Level 3 financial instruments***Held for trading*

The fair value for Level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the Level 3 held for trading investments as at March 31, 2021 was \$39.8 million [March 31, 2020 – \$3.0 million].

As at March 31, 2021, the Company, through a wholly owned subsidiary, held investments of \$3.9 million in Capital Markets Gateway, which has been classified as Level 3 financial instrument given the investment does not have any observable inputs or market indicators. During the year ended March 31, 2021, the Company recorded an impairment charge of \$2.4 million in connection with its investments in Family Office Network and Castle Ridge Asset Management Ltd. due to a decline in the fair values of these investments. In addition, during the year ended March 31, 2021, the Company also invested \$3.0 million in unsecured subordinated convertible debentures of Katapult Technology Corp. ("Katapult") which has been classified as Level 3 financial instrument [Note 10].

Level 3 financial liabilities also include the deferred and contingent considerations included as part of the total purchase consideration for the acquisitions of Hargreave Hale, McCarthy Taylor, Petsky Prunier and Thomas Miller. During the year ended March 31, 2021, the Company settled the deferred and contingent consideration related to the acquisition of Jitneytrade by way of cash settlement of \$6.6 million and share issuance of \$2.0 million. The excess of the settlement amount over the deferred and contingent considerations included as part of the purchase consideration of \$4.6 million was recorded as acquisition-related costs in the statement of operations for the year ended March 31, 2021.

In addition, there was a remeasurement of the contingent consideration related to the acquisition of Thomas Miller resulting in \$0.9 million of acquisition-related costs for the year ended March 31, 2021.

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

**RISK MANAGEMENT****Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, net receivables from clients and brokers and investment dealers, and other accounts receivable. The maximum exposure of the Company to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of financial assets as disclosed in the Company's audited consolidated financial statements as at March 31, 2021 and 2020.

The primary source of credit risk to the Company is in connection with trading activity by private clients and in private client margin accounts. To minimize its exposure, the Company applies certain credit standards, applies limits to transactions and requires settlement of securities transactions on a cash basis or delivery against payment. Margin transactions are collateralized by securities in the clients' accounts in accordance with limits established by the applicable regulatory authorities and are subject to the Company's credit review and daily monitoring procedures. Management monitors the collectability of receivables and estimates an allowance for doubtful accounts. The accounts receivable outstanding are expected to be collectible within one year. The Company has recorded an allowance for doubtful accounts of 6.8 million as at March 31, 2021 [March 31, 2020 – \$8.9 million] [Note 9].

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

As at March 31, 2021 and 2020, the Company's most significant counterparty concentrations were with financial institutions and institutional clients. Management believes that they are in the normal course of business and does not anticipate loss for non-performance.

### Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The Company's business requires capital for operating and regulatory purposes. The current assets reflected on the statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable and all are recorded at their fair value. Client receivables are generally collateralized by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal two-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts. Additional information regarding the Company's capital structure and capital management objectives is discussed in Note 25.

The following table presents the contractual terms to maturity of the financial liabilities owed by the Company as at March 31, 2021 and March 31, 2020, respectively:

Financial liability	Carrying amount \$		Contractual term to maturity
	March 31, 2021	March 31, 2020	
Securities sold short	889,607	875,017	Due on demand
Subordinated debt <sup>(1)</sup>	7,500	7,500	Due on demand <sup>(1)</sup>
Accounts payable and accrued liabilities	5,160,600	3,673,451	Due within one year
Current portion of bank loan	12,119	7,042	Due within one year
Current portion of contingent consideration	17,706	57,859	Due within one year
Long term portion of bank loan	66,200	79,192	Fiscal 2023
Long term portion of contingent consideration	11,490	47,614	Fiscal 2023
Deferred consideration	8,087	8,966	Fiscal 2023
Other long-term liability	—	1,760	n/a
Convertible debentures	168,112	128,322	Due within one year

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

(2) Redemption of the convertible debentures completed on April 9, 2021.

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

### Market risk

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

### Fair value risk

When participating in underwriting activities, the Company may incur losses if it is unable to resell the securities it is committed to purchase or if it is forced to liquidate its commitment at less than the agreed upon purchase price. The Company is also exposed to fair value risk as a result of its principal trading activities in equity securities, fixed income securities, and derivative financial instruments. Securities at fair value are valued based on quoted market prices where available and, as such, changes in fair value affect earnings as they occur. Fair value risk also arises from the possibility that changes in market prices will affect the value of

the securities the Company holds as collateral for client margin accounts. The Company mitigates its fair value risk exposure through controls to limit concentration levels and capital usage within its inventory trading accounts, as well as through monitoring procedures of the margin accounts.

The following table summarizes the effect on earnings as a result of a fair value change in financial instruments as at March 31, 2021 and March 31, 2020, respectively. This analysis assumes all other variables remain constant. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

Financial instrument	March 31, 2021			March 31, 2020		
	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income
Equities and convertible debentures owned	\$ 271,128	\$ 10,000	\$ (10,000)	\$ 200,150	\$ 8,576	\$ (8,576)
Equities and convertible debentures sold short	(111,611)	\$ (4,000)	\$ 4,000	(186,617)	(7,997)	7,997

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

Financial instrument	March 31, 2021			March 31, 2020		
	Carrying value \$	Effect of a 10% increase in fair value on OCI \$	Effect of a 10% decrease in fair value on OCI \$	Carrying value \$	Effect of a 10% increase in fair value on OCI \$	Effect of a 10% decrease in fair value on OCI \$
Equities held within securities owned	—	—	—	6,873	0.3	(0.3)

### Interest rate risk

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

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

The following table provides the effect on net income for the years ended March 31, 2021 and 2020 if interest rates had increased or decreased by 100 basis points applied to balances as of March 31, 2021 and March 31, 2020, respectively. Fluctuations in interest rates do not have an effect on OCI. This sensitivity analysis assumes all other variables remain constant. The methodology used to calculate the interest rate sensitivity is consistent with the prior year.

Financial instrument	March 31, 2021			March 31, 2020		
	Carrying value Asset (Liability) \$	Net income effect of a 100 bps increase in interest rates \$	Net income effect of a 100 bps decreases in interest rates <sup>(1)</sup> \$	Carrying value Asset (Liability) \$	Net income effect of a 100 bps increase in interest rates \$	Net income effect of a 100 bps decreases in interest rates <sup>(1)</sup> \$
Cash and cash equivalents, net of bank indebtedness	\$ 1,883,292	\$ 13,842	\$ (13,842)	\$ 997,111	\$ 8,545	\$ (8,545)
Marketable securities owned, net of marketable securities sold short	151,976	1,117	(1,117)	56,450	484	(484)
Clients' payable, net	(1,711,172)	(12,577)	12,577	(1,006,930)	(8,629)	8,629
RRSP cash balances held in trust	494,476	3,634	(3,634)	388,376	3,328	(3,328)
Brokers' and investment dealers' balance, net	588,926	4,329	(4,329)	418,872	3,590	(3,590)
Subordinated debt	(7,500)	(55)	55	(7,500)	(64)	64
Bank loan	(78,319)	(576)	576	(86,234)	(739)	739

(1) Subject to a floor of zero.

### Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in foreign currency exchange rates will result in losses. The Company's primary foreign exchange risk results from its investment in its US, Australia and UK & Europe subsidiaries. These

subsidiaries are translated using the foreign exchange rate at the reporting date. Any fluctuation in the Canadian dollar against the US dollar, the pound sterling or the Australian dollar will result in a change in the unrealized gains (losses) on translation of foreign operations recognized in accumulated other comprehensive income (loss).

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

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

As at March 31, 2021:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income \$	Effect of a 5% depreciation in foreign exchange rate on net income \$	Effect of a 5% appreciation in foreign exchange rate on OCI \$	Effect of a 5% depreciation in foreign exchange rate on OCI \$
US dollar	\$ (1,067)	\$ 1,067	\$ 12,701	\$ (12,701)
Pound sterling	(172)	172	25,041	(25,041)
Australian dollar	(263)	263	4,638	(4,638)

As at March 31, 2020:

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

## DERIVATIVE FINANCIAL INSTRUMENTS

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

### Foreign exchange forward contracts

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

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

Forward contracts outstanding at March 31, 2021:

	Notional amount (millions)	Average price	Maturity	Fair value
To sell US dollars	USD\$ nil	—	—	\$ —
To buy US dollars	USD\$ 5.9	\$1.26(CAD/USD)	April, 1, 2021	\$ (0.01)

Forward contracts outstanding at March 31, 2020:

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

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar or the euro. The weighted average term to maturity is 54 days as at March 31, 2021 [March 31, 2020 – 60 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at March 31, 2021 and March 31, 2020, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	March 31, 2021			March 31, 2020		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	\$ 113	\$ 100	\$ 19,014	\$ 587	\$ 560	\$ 25,461

## FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2021, the notional amount of the bond futures contracts outstanding was short \$1.1 million [March 31, 2020 – long \$29.9 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. There were no outstanding US Treasury futures contracts outstanding as at March 31, 2021 and March 31, 2020.

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

## SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered, and interest being paid when cash is received. These transactions are fully collateralized and are subject to daily margin calls for any deficiency between the market value of the security given and the amount of collateral received. These transactions are collateralized by either cash or securities, including government treasury bills and government bonds, and are reflected within accounts receivable and accounts payable. Interest earned on cash collateral is based on a floating rate. At March 31, 2021, the floating rates ranged from 0% to 0% [March 31, 2020 – 0.00% to 0.19%].

	Cash		Securities	
	Loaned or delivered as collateral \$	Borrowed or received as collateral \$	Loaned or delivered as collateral \$	Borrowed or received as collateral \$
March 31, 2021	\$ 232,558	\$ 39,404	\$ 63,536	\$ 232,126
March 31, 2020	\$ 191,244	\$ 119,070	\$ 136,163	\$ 195,673

## BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As at March 31, 2021, the Company had nil balance outstanding [March 31, 2020 – \$nil (£ 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 and Thomas Miller. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.1288% per annum as at March 31, 2021 [March 31, 2020 – 2.6584% per annum].

## OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of \$637.1 million [March 31, 2020 – \$653.7 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2021, there was no bank indebtedness outstanding [March 31, 2020 – \$nil].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totalling \$2.9 million (US\$2.3 million) [March 31, 2020 – \$3.3 million (US\$2.3 million)] as rent guarantees for its leased premises in New York. As of March 31, 2021, and March 31, 2020, there were no outstanding balances under these standby letters of credit.

### NOTE 8. Interest in Other Entities

The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership an 80% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited as of March 31, 2021 [March 31, 2020 – 80%]. Canaccord Genuity (Australia) Limited (CGAL) operates in the capital markets segment, while the wealth management business is carried out by Canaccord Genuity Financial Limited (CGFL). As discussed in Note 25, CGAL and CGFL are both regulated by the Australian Securities and Investments Commission.

CGAL and CGFL reported total net income of \$39.8 million in fiscal 2020 [March 31, 2020 – net income of \$0.4 million]. As at March 31, 2021, accumulated non-controlling interest was \$8.2 million [March 31, 2020 – \$0.2 million]. Summarized financial information for the consolidated Australian group, including goodwill on acquisition and consolidation adjustments before inter-company eliminations, is presented.

Summarized statement of profit or loss for the years ended March 31, 2021 and 2020:

	For the years ended	
	March 31, 2021 \$	March 31, 2020 \$
Revenue	244,964	62,332
Expenses	188,090	62,084
Net income before taxes	56,874	248
Income tax (recovery) expense	17,104	(135)
<b>Net income</b>	<b>39,770</b>	<b>383</b>
Attributable to:		
CGGI shareholders	33,754	319
Non-controlling interests	6,016	64
<b>Total comprehensive income</b>	<b>42,157</b>	<b>8,070</b>
Attributable to:		
CGGI shareholders	35,783	6,859
Non-controlling interests	6,374	1,211
Dividends paid to non-controlling interests	—	1,510

Summarized statement of financial position as at March 31, 2021 and 2020:

	March 31, 2021 \$	March 31, 2020 \$
Current assets	178,147	59,399
Non-current assets	27,006	29,223
Current liabilities	113,879	36,730
Non-current liabilities	7,493	9,628

Summarized cash flow information for the years ended March 31, 2021 and 2020:

	March 31, 2021 \$	March 31, 2020 \$
Cash provided by operating activities	83,324	28,508
Cash used by financing activities	(3,546)	(11,433)
Cash used by investing activities	(426)	(2,714)
Foreign exchange impact on cash balance	2,739	(3,118)
Net increase in cash and cash equivalents	82,091	11,243

**NOTE 9.****Accounts Receivable and Accounts Payable and Accrued Liabilities****ACCOUNTS RECEIVABLE**

	March 31, 2021 \$	March 31, 2020 \$
Brokers and investment dealers	2,434,162	2,036,876
Clients	848,549	696,644
RRSP cash balances held in trust	494,476	388,376
Other	196,255	153,945
	3,973,442	3,275,841

**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2021 \$	March 31, 2020 \$
Brokers and investment dealers	1,845,236	1,618,004
Clients	2,559,721	1,703,574
Other	755,643	351,873
	5,160,600	3,673,451

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the clients' accounts. Interest on margin loans and on amounts due to clients is based on a floating rate [March 31, 2021 – 5.45% to 6.25% and 0% to 0.05%, respectively; March 31, 2020 – 5.45% to 6.25% and 0.00% to 0.05%, respectively].

As at March 31, 2021, the allowance for doubtful accounts was \$6.8 million [March 31, 2020 – \$8.9 million]. See below for the movements in the allowance for doubtful accounts:

Balance, March 31, 2019	\$ 4,158
Charge for the year	8,676
Recoveries	(1,833)
Write-offs	(2,104)
Foreign exchange	(36)
Balance, March 31, 2020	\$ 8,861
Charge for the year	6,947
Recoveries	(8,985)
Foreign exchange	18
<b>Balance, March 31, 2021</b>	<b>\$ 6,841</b>

**NOTE 10. Investments**

	March 31, 2021 \$	March 31, 2020 \$
Investment accounted for under the equity method	5,311	3,818
Investments held as fair value through profit or loss	6,882	6,287
	<b>12,193</b>	10,105

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

The Company holds a 23.5% interest in CGGIIIC and is considered to exert significant influence over the operations of CGGIIIC. Accordingly, the investment in CGGIIIC is accounted for using the equity method. The Company's equity portion of the net loss of CGGIIIC for the year ended March 31, 2021 was \$0.3 million. The qualifying transaction closed in April 2021.

The Company, through a wholly owned subsidiary, invested \$1.8 million for 15,179 proportionate voting units and 141,375 Class B units in the capital of Subversive Real Estate Acquisition REIT LP (Subversive). The Company does not exert significant influence over the operations of Subversive, and the investment is accounted for under financial assets measured at FVTPL as of March 31, 2021.

During the year ended March 31, 2021, the Company, through a wholly owned subsidiary, invested \$0.01 million to purchase 6,468,750 common shares of Sustainable Climate Opportunities Acquisition Corp. (Sustainable), at \$0.0001 par value per share. In addition, the Company, through a wholly owned subsidiary, invested \$0.01 million in 600,000 private placement warrants at \$0.01 per warrant and 1,552,500 Class B Founder shares at \$0.0001 par value of Environmental Impact Acquisition Corp. The company does not exert significant influence of over Environmental Impact Acquisition Corp. inclusive of all warrants, and the investment is accounted for under financial assets measured at FVTPL as of March 31, 2021. The Company, through a wholly owned subsidiary, also purchased 500,000 Class Y units in Velocity Sponsor LLC for \$0.6 million (USD 0.5 million), which is the sponsor company of Velocity Acquisition Corp during the year ended March 31, 2021. The Company currently owns 7.5% interest in Velocity Sponsor LLC and therefore does not exert significant influence. Accordingly, the investment is classified as financial asset measured at FVTPL as of March 31, 2021.

During the year ended March 31, 2021, the Company recorded an impairment charge of \$2.4 million in connection with its investment in Family Office Networks (FON) and Castle Ridge Asset Management Limited (CRAML) due to a decline in the fair values of these investments. As of March 31, 2021, the carrying value of the Company's investment in FON and CRAML were \$nil [March 31, 2020 – US\$1.0 million (\$1.4 million), \$0.5 million, respectively].

In addition, the Company, through a wholly owned subsidiary, held an investment in Capital Markets Gateway Inc. (CMG) for US\$3.1 million (\$3.9 million) [March 31, 2020 – US\$3.1 million (\$4.4 million)]. The Company is not considered to exert significant influence over the operations of CMG. Accordingly, the investments in CMG are accounted for as financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at March 31, 2021.

In addition, the Company made an investment of \$3.0 million during the year ended March 31, 2021 in convertible unsecured subordinated debentures of Katapult Technology Corp (Katapult). As part of the debenture financing, Katapult also granted the Company warrants to acquire 12.0 million common shares which are exercisable at any time prior to the maturity of the debentures. Under IAS 28 the Company is considered to exert significant influence over Katapult factoring in the potential voting rights that may arise from convertible debentures and warrants. Given the Company does not currently have any entitlement to a share of Katapult's net assets, the investment is measured at FVTPL as of March 31, 2021.

**NOTE 11. Equipment and Leasehold Improvements**

	Cost \$	Accumulated amortization \$	Net book value \$
<b>March 31, 2021</b>			
Computer equipment	24,024	21,906	2,118
Furniture and equipment	29,751	26,810	2,941
Leasehold improvements	90,871	72,860	18,011
	<b>144,646</b>	<b>121,576</b>	<b>23,070</b>
<b>March 31, 2020</b>			
Computer equipment	24,072	21,730	2,342
Furniture and equipment	29,672	26,256	3,416
Leasehold improvements	89,897	70,795	19,102
	<b>143,641</b>	<b>118,781</b>	<b>24,860</b>

	Computer equipment \$	Furniture and equipment \$	Leasehold improvements \$	Total \$
<b>Cost</b>				
Balance, March 31, 2019	19,068	26,918	86,492	132,478
Acquired upon acquisition	4,700	2,009	1,141	7,850
Additions	986	724	4,643	6,353
Disposals	(1,628)	(19)	—	(1,647)
Foreign exchange	946	40	(2,379)	(1,393)
Balance, March 31, 2020	24,072	29,672	89,897	143,641
Additions	438	198	4,221	4,857
Disposals	(4)	(2)	(2,540)	(2,546)
Foreign exchange	(482)	(117)	(707)	(1,306)
<b>Balance, March 31, 2021</b>	<b>24,024</b>	<b>29,751</b>	<b>90,871</b>	<b>144,646</b>

	Computer equipment \$	Furniture and equipment \$	Leasehold improvements \$	Total \$
<b>Accumulated amortization and impairment</b>				
Balance, March 31, 2019	15,789	21,407	69,490	106,686
Acquired upon acquisition	4,241	1,865	1,118	7,224
Amortization	2,314	1,413	3,187	6,914
Disposals	(930)	(19)	—	(949)
Foreign exchange	316	1,590	(3,000)	(1,094)
<b>Balance, March 31, 2020</b>	<b>21,730</b>	<b>26,256</b>	<b>70,795</b>	<b>118,781</b>
Amortization	620	567	4,761	5,948
Disposals	(4)	(1)	(2,540)	(2,545)
Foreign exchange	(440)	(12)	(156)	(608)
Balance, March 31, 2021	<b>21,906</b>	<b>26,810</b>	<b>72,860</b>	<b>121,576</b>

The carrying value of any temporarily idle property, plant and equipment is not considered material as at March 31, 2021 and March 31, 2020.

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

Cost	
Balance recognized on adoption of IFRS 16	112,744
Additions	4,927
Acquisition	8,329
Foreign exchange	3,000
Balance, March 31, 2020	129,000
<b>Additions</b>	<b>9,101</b>
<b>Reclassification</b>	<b>(1,601)</b>
<b>Foreign exchange</b>	<b>(3,378)</b>
<b>As at March 31, 2021</b>	<b>133,122</b>
Amortization	
Balance recognized on adoption of IFRS 16	—
Charge for the year	22,866
Balance, March 31, 2020	22,866
<b>Charge for the year</b>	<b>25,040</b>
<b>As at March 31, 2021</b>	<b>47,906</b>
Net book value as at March 31, 2020	\$106,134
Net book value as at March 31, 2021	\$ 85,216

**NOTE 13. Goodwill and Other Intangible Assets**

	Goodwill	Brand names (indefinite life)	Brand names	Customer relationships	Technology	Trading licences	Fund management	Contract book	Favourable lease	Total
	\$	\$	\$	\$	\$	\$	\$			\$
<b>Gross amount</b>										
Balance, March 31, 2019	692,868	44,930	578	125,303	35,298	196	38,985	6,252	561	252,103
Additions	19,026	—	—	38,762	2,250	404	—	252	—	41,668
Foreign exchange	8,580	—	36	875	345	(16)	442	380	33	2,095
Other	(2,425)	—	—	—	—	—	—	—	—	—
Balance, March 31, 2020	718,049	44,930	614	164,940	37,893	584	39,427	6,884	594	295,866
Additions	—	—	—	—	2,260	—	—	—	—	2,260
Foreign exchange	(15,302)	—	(70)	(1,394)	(521)	41	(646)	(734)	(68)	(3,392)
Other	—	—	—	—	—	—	—	—	—	—
<b>Balance, March 31, 2021</b>	<b>702,747</b>	<b>44,930</b>	<b>544</b>	<b>163,546</b>	<b>39,632</b>	<b>625</b>	<b>38,781</b>	<b>6,150</b>	<b>526</b>	<b>294,734</b>
<b>Accumulated amortization and impairment</b>										
Balance, March 31, 2019	(322,632)	—	—	(72,587)	(20,688)	(196)	(4,111)	—	—	(97,582)
Amortization	—	—	(223)	(13,861)	(2,791)	—	(2,130)	(6,452)	(223)	(25,680)
Foreign exchange	—	—	(15)	(1,562)	(308)	—	(134)	(400)	(15)	(2,434)
Balance, March 31, 2020	(322,632)	—	(238)	(88,010)	(23,787)	(196)	(6,375)	(6,852)	(238)	(125,696)
Amortization	—	—	(190)	(11,980)	(3,739)	(427)	(3,650)	—	(222)	(20,208)
Foreign exchange	—	—	32	814	332	(2)	145	734	38	2,093
Reclassification	—	—	32	2,931	—	—	(2,931)	(32)	—	—
<b>Balance, March 31, 2021</b>	<b>(322,632)</b>	<b>—</b>	<b>(364)</b>	<b>(96,245)</b>	<b>(27,194)</b>	<b>(625)</b>	<b>(12,811)</b>	<b>(6,150)</b>	<b>(422)</b>	<b>(143,811)</b>
<b>Net book value</b>										
March 31, 2020	395,417	44,930	376	76,930	14,106	388	33,052	32	356	170,170
<b>March 31, 2021</b>	<b>380,115</b>	<b>44,930</b>	<b>180</b>	<b>67,301</b>	<b>12,438</b>	<b>—</b>	<b>25,970</b>	<b>—</b>	<b>104</b>	<b>150,923</b>

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 80% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, Jitneytrade, Petsky Prunier, McCarthy Taylor, Thomas Miller and Patersons are customer relationships, non-competition agreements, trading licences, fund management contracts, technology and brand names acquired through the acquisition

of Petsky Prunier, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is considered to have an indefinite life as the Company has no plans to cease its use in the future.

#### IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS

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

	Intangible assets with indefinite lives		Goodwill		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	\$	\$	\$	\$	\$	\$
<b>Canaccord Genuity Capital Markets CGUs</b>						
Canada	44,930	44,930	101,732	101,732	146,662	146,662
US (Petsky Prunier)	—	—	97,441	110,031	97,441	110,031
<b>Canaccord Genuity Wealth Management CGUs</b>						
UK & Europe (Channel Islands)	—	—	93,374	94,944	93,374	94,944
UK & Europe (UK Wealth)	—	—	84,651	86,073	84,651	86,073
Australia	—	—	2,917	2,637	2,917	2,637
	44,930	44,930	380,115	395,417	425,045	440,347

The Canaccord Genuity Wealth Management CGU for the purpose of goodwill impairment testing consists of the goodwill acquired in connection with the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor and Thomas Miller given managements views its UK & Europe wealth management business as one operating unit.

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

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, or when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods.

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

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The CGUs which recorded goodwill in their carrying value as of March 31, 2020 were Canaccord Genuity Capital Markets Canada, Canaccord Genuity Capital Markets US (Petsky Prunier), Canaccord Genuity Wealth Management UK & Europe (Channel Islands), Canaccord Genuity Wealth Management UK & Europe (UK) and Canaccord Genuity Wealth Management (Australia). The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2020 – 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a compound annual revenue growth rate of 5.0% over the forecast period except for Canaccord Genuity Capital Markets Canada and Canaccord Genuity Capital Markets US which utilized a compound annual growth rate of 0.0% [March 31, 2020 – 5.0% for Canaccord Genuity Capital Markets Canada and 2.5% for Canaccord Genuity Capital Markets US] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity Capital Markets Canada, Canaccord Genuity Capital Markets US (Petsky Prunier), Canaccord Genuity Wealth Management UK & Europe (Channel Islands), Canaccord Genuity Wealth Management UK & Europe (UK), and Canaccord Genuity Wealth Management (Australia) was 2.5% [March 31, 2020 – 2.5%].

## 14. Income Taxes

The major components of income tax expense are:

	March 31, 2021 \$	March 31, 2020 \$
<b>Consolidated statements of operations</b>		
Current income tax expense		
Current income tax expense	133,283	27,097
Adjustments in respect of prior years	(31)	2,247
	<b>133,252</b>	<b>29,344</b>
Deferred income tax recovery		
Origination and reversal of temporary differences	(30,284)	(16,139)
Impact of change in tax rates	12	264
Benefit arising from a previously unrecognized tax loss	(2,880)	—
	<b>(33,152)</b>	<b>(15,875)</b>
Income tax expense reported in the statements of operations	<b>100,100</b>	<b>13,469</b>

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

	March 31, 2021 \$	March 31, 2020 \$
Net income before income taxes	\$ 369,902	\$ 100,023
Income tax expense at the statutory rate of 27% (2020 – 27.0%)	99,874	26,996
Difference in tax rates in foreign jurisdictions	(1,810)	(3,895)
Non-deductible items affecting the determination of taxable income	5,266	3,651
Change in accounting and tax base estimate	2,193	797
Recognition of loss carry forwards and other deductible temporary differences previously not recognized	—	(11,640)
Utilization of tax losses and other temporary differences not recognized	(2,615)	(3,182)
Share-based payments	(4,456)	2,470
Other	1,648	(1,728)
Income tax expense reported in the statements of operations	<b>\$ 100,100</b>	<b>\$ 13,469</b>

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

	Consolidated statements of financial position		Consolidated statements of operations	
	March 31, 2021 \$	March 31, 2020 \$	March 31, 2021 \$	March 31, 2020 \$
Unrealized gain on securities owned	\$ (18,024)	\$ (783)	\$ 17,240	\$ (6,333)
Legal provisions	1,771	1,248	(522)	(331)
Unpaid remunerations	24,634	7,671	(17,004)	(3,296)
Unamortized capital cost of equipment and leasehold improvements over their net book value	3,637	5,771	2,134	(2,337)
Unamortized common share purchase loans	29,179	8,049	(21,131)	(5,100)
Loss carryforwards	10,445	12,473	2,028	(5,287)
Long-term incentive plan	41,837	21,927	(19,910)	4,081
Other intangible assets	(29,243)	(29,538)	400	3,485
Other	3,441	2,766	3,613	(757)
	<b>\$ 67,677</b>	<b>\$ 29,584</b>	<b>\$ (33,152)</b>	<b>\$ (15,875)</b>

Deferred tax assets and liabilities as reflected in the consolidated statements of financial position are as follows:

	March 31, 2021 \$	March 31, 2020 \$
Deferred tax assets	\$ 81,229	\$ 39,487
Deferred tax liabilities	(13,552)	(9,903)
	\$ 67,677	\$ 29,584

The movement for the year in the net deferred tax position was as follows:

	March 31, 2021 \$	March 31, 2020 \$
Opening balance	\$ 29,584	\$ 14,139
Tax recovery recognized in the consolidated statements of operations	33,152	15,875
Deferred taxes acquired in business combination	—	(662)
Tax benefit recognized in equity	6,866	(233)
Foreign exchange	(1,925)	465
Ending balance as of March 31	\$ 67,677	\$ 29,584

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

Tax loss carryforwards of \$4.8 million [2020 – \$5.0 million] in the UK and Europe, \$7.3 million [2020 – \$9.1 million] in the US and \$0.3 million [2020 – \$8.7 million] in Australia have been recognized as deferred tax assets. The losses in these jurisdictions can be carried forward indefinitely. Tax loss carryforwards of \$29.4 million [2020 – \$26.1 million] in Canada have been recognized as a deferred tax asset and can be carried forward 20 years.

At the balance sheet date, the Company has tax loss carryforwards of approximately \$22.8 million [2020 – \$35.5 million] and other temporary differences of \$nil [2020 – \$nil] for which a deferred tax asset has not been recognized. These relate to subsidiaries outside of Canada that have a history of losses and may also be subject to legislative limitations on use and may not be used to offset taxable income elsewhere in the consolidated group of companies. The subsidiaries have no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these deferred tax assets, as the likelihood of future economic benefit is not sufficiently assured. These losses begin expiring in 2029.

#### NOTE 15. Subordinated Debt

	March 31, 2021 \$	March 31, 2020 \$
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	7,500	7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the Investment Industry Regulatory Organization of Canada (IIROC). As at March 31, 2021 and 2020, the interest rates for the subordinated debt were 6.45% and 6.45%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

#### NOTE 16. Bank Loan

	March 31, 2021 \$	March 31, 2020
Loan	\$ 79,051	\$ 87,421
Less: Unamortized financing fees	(732)	(1,187)
	78,319	86,234
Current portion	12,119	7,042
Long-term portion	66,200	79,192

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 and Thomas Miller. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.1288% per annum as at March 31, 2021 [March 31, 2020 – 2.6584% per annum].

**NOTE 17. Lease Liabilities**

	March 31, 2021 \$	March 31, 2020 \$
Year one	29,642	29,899
Year two	24,587	27,215
Year three	21,550	22,627
Year four	16,456	20,107
Year five and thereafter	19,751	35,046
	111,986	134,894
Effect of discounting	(17,084)	(22,555)
Present value of minimum lease payments	94,902	112,339
Less: current portion	(24,311)	(23,417)
Non-current portion of lease liabilities	70,591	88,922

**NOTE 18. Convertible Debentures**

	March 31, 2021		March 31, 2020	
	Liability	Equity	Liability	Equity
Convertible debentures	\$ 168,112	—	\$ 128,322	\$ 5,156

On March 18, 2021, the Company announced its intention to redeem the entire \$132,690,000 principal amount of its 6.25% convertible unsecured senior subordinated debentures due on December 31, 2023 (the "Debentures"). The redemption price of the Debentures was \$1,266.95 for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$1,250 per \$1,000 principal amount of Debentures, and (ii) \$16.95 of accrued and unpaid interest per \$1,000 principal amount up to but excluding April 9, 2021. The total redemption price of \$168.1 million was fully accrued as of March 31, 2021. The redemption was completed on April 9, 2021 [Note 28].

The Debentures were considered extinguished for accounting purposes under IFRS 9, "Financial Instruments" as of March 31, 2021. As a result, the Company recorded a loss of \$36.2 million on the extinguishment of the Debentures during the year ended March 31, 2021, with \$4.1 million recorded through the consolidated statement of operations and \$32.1 million recorded directly against shareholders' equity. There were also \$0.3 million of professional fees incurred in relation to the extinguishment of the Debentures during the year ended March 31, 2021.

**NOTE 19. Preferred Shares**

	March 31, 2021		March 31, 2020	
	Amount \$	Number of shares	Amount \$	Number of shares
Series A Preferred Shares issued and outstanding	110,818	4,540,000	110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	205,641	8,433,206	205,641	8,433,206

**[i] SERIES A PREFERRED SHARES**

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

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

Holders of Series A Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and have the option on September 30 every five years thereafter. The number of shares tendered for conversion by the conversion

deadline of September 15, 2016 was below the minimum required to proceed with the conversion and, accordingly, no Series B Preferred Shares were issued. Series B Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

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

#### [ii] SERIES C PREFERRED SHARES

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

Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 5.75% for the initial five-year period ending on June 30, 2017. Commencing July 1, 2017 and ending on and including June 30, 2022, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.993%. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 4.03%.

Holders of Series C Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series D (Series D Preferred Shares), subject to certain conditions, on June 30, 2017 and have the option on June 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of June 30, 2017 was below the minimum required to proceed with the conversion and, accordingly, no Series D Preferred Shares were issued. Series D Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.03%.

The Company had the option to redeem the Series C Preferred Shares on June 30, 2017, and has the option to redeem on June 30 every five years thereafter, in whole or in part, at \$25.00 per share together with all declared and unpaid dividends.

	March 31, 2021		March 31, 2020	
	Amount \$	Number of shares	Amount \$	Number of shares
Issued and fully paid	749,500	108,191,331	\$ 745,275	107,812,361
Shares committed to repurchase under the normal course issuer bid	(8,181)	(689,500)	—	—
Held for share-based payment plans	(1,401)	(122,355)	(1,226)	(284,645)
Held for the LTIP	(77,552)	(11,588,393)	(80,496)	(14,063,465)
	662,366	95,791,083	\$ 663,553	93,464,251

#### [i] AUTHORIZED

Unlimited common shares without par value.

#### [ii] ISSUED AND FULLY PAID

	Number of shares	Amount \$
Balance, March 31, 2019	115,616,744	787,096
Shares issued in connection with share-based payment plans [Note 22]	54,236	489
Shares issued in connection with acquisition of Petsky Prunier	736,850	7,094
Shares issued in connection with exercise of private placement warrants	144,914	732
Shares purchased and cancelled under the substantial issuer bid	(7,272,727)	(40,000)
Shares purchased and cancelled under the normal course issuer bid	(1,467,656)	(10,136)
Balance, March 31, 2020	107,812,361	\$ 745,275
Shares issued in connection with share-based payment plans [Note 22]	1,121	10
Shares issued in connection with settlement of Petsky Prunier deferred consideration	736,850	6,545
Shares issued in connection with settlement of Jitneytrade contingent consideration	300,000	2,000
Shares issued in connection with exercise of PSO	182,999	1,232
Shares issued in connection with conversion of convertible debentures	3,500	23
Shares purchased and cancelled under the normal course issuer bid	(845,500)	(5,585)
Balance, March 31, 2021	108,191,331	749,500

On August 18, 2020, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,390,674 of its common shares during the period from August 21, 2020 to August 21,

2021 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the Notice. During the year ended March 31, 2021, there were 845,500 shares purchased and cancelled and an additional 70,000 shares purchased but not yet cancelled as of March 31, 2021.

### [iii] EARNINGS PER COMMON SHARE

	For the years ended	
	March 31, 2021 \$	March 31, 2020 \$
Earnings per common share		
Net income attributable to CGGI shareholders	\$ 263,786	\$ 86,490
Preferred share dividends	(9,404)	(9,404)
Equity portion of loss on extinguishment of convertible debentures	(32,100)	—
Net income attributable to common shareholders	222,282	77,086
Weighted average number of common shares (number)	96,658,863	98,449,097
Basic earnings per share	\$ 2.30	\$ 0.78
Diluted earnings per common share		
Net income attributable to common shareholders	222,282	77,086
Interest on convertible debentures, net of tax	—	6,856
Adjusted net earnings available to common shareholders	222,282	83,942
Weighted average number of common shares (number)	96,658,863	98,449,097
Dilutive effect in connection with LTIP (number)	11,212,531	12,296,639
Dilutive effect in connection with PSOs (number)	1,106,578	—
Dilutive effect in connection with other share-based payment plans (number)	—	2,810,808
Dilutive effect in connection with convertible debentures (number)	—	13,272,500
Dilutive effect in connection with acquisition of Petsky Prunier (number)	—	1,473,700
Adjusted weighted average number of common shares (number)	108,977,972	128,302,744
Diluted earnings per common share	\$ 2.04	\$ 0.65

## NOTE 21.

## Dividends

### COMMON SHARE DIVIDENDS

The Company declared the following common share dividends during the year ended March 31, 2021:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 19, 2020	June 30, 2020	\$ 0.05	\$ 5,390
August 28, 2020	September 10, 2020	\$ 0.055	\$ 5,930
November 27, 2020	December 10, 2020	\$ 0.055	\$ 5,918
February 26, 2021	March 10, 2021	\$ 0.065	\$ 7,072

On June 1, 2021, the Board of Directors approved a dividend of \$0.075 per common share, payable on June 30 2021, with a record date of June 18, 2021. [Note 28].

### PREFERRED SHARE DIVIDENDS

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 19, 2020	June 30, 2020	\$ 0.24281	\$ 0.31206	\$ 2,351
September 18, 2020	September 30, 2020	\$ 0.24281	\$ 0.31206	\$ 2,351
December 18, 2020	December 31, 2020	\$ 0.24281	\$ 0.31206	\$ 2,351
March 19, 2021	March 31, 2021	\$ 0.24281	\$ 0.31206	\$ 2,351

On June 1, 2021, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on June 30, 2021 to Series A Preferred shareholders of record as at June 18, 2021 [Note 28].

On June 1, 2021, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on June 30, 2021 to Series C Preferred shareholders of record as at June 18, 2021 [Note 28].

**NOTE 22. 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 5,872,783 RSUs [year ended March 31, 2020 – 6,262,102 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2021. The Trusts purchased 4,694,369 common shares [year ended March 31, 2020 – 7,052,033 common shares] during the year ended March 31, 2021.

The fair value of the RSUs at the measurement date is based on the fair value on the grant date. The weighted average fair value of RSUs granted during the year ended March 31, 2021 was \$5.92 [March 31, 2020 – \$5.42].

	Number
Awards outstanding, March 31, 2019	18,364,934
Grants	6,262,102
Vested	(11,474,622)
Forfeited	(47,439)
Awards outstanding, March 31, 2020	13,104,975
Grants	5,872,783
Vested	(7,156,597)
Forfeited	(157,352)
Awards outstanding, March 31, 2021	11,663,809
	Number
Common shares held by the Trusts, March 31, 2019	18,036,064
Acquired	7,502,033
Released on vesting	(11,474,632)
Common shares held by the Trusts, March 31, 2020	14,063,465
Acquired	4,694,369
Released on vesting	(7,169,441)
Common shares held by the Trusts, March 31, 2021	11,588,393

**[ii] FORGIVABLE COMMON SHARE PURCHASE LOANS**

The Company provides loans to certain employees (other than directors or executive officers) for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers.

**[iii] REPLACEMENT PLANS**

As a result of the acquisition of Collins Stewart Hawkpoint plc (CSHP), the following share-based payment plans were introduced to replace the share-based payment plans that existed at CSHP at the acquisition date:

**Canaccord Genuity Group Inc. Collins Stewart Hawkpoint Replacement Annual Bonus Equity Deferral (ABED) Plan**

On March 21, 2012, the Company introduced the Replacement ABED Plan, which replaced the ABED plans that existed at CSHP as of the acquisition date. Eligible employees who participated in the CSHP ABED plans were granted options to purchase common shares of the Company under the Replacement ABED Plan. The exercise price of these options was \$nil. The options, which are now vested, vested between one and three years from the acquisition date of CSHP. In accordance with IFRS 3, "Business Combinations" (IFRS 3), a portion of the awards granted was included as part of the purchase consideration for the acquisition of

CSHP and a portion was deferred and amortized to incentive compensation expense over the vesting period. The awards were fully amortized as of March 31, 2015.

	Number
Balance, March 31, 2019	15,256
Exercised	(4,339)
Balance, March 31, 2020	10,917
Exercised	(1,121)
Expired	(9,796)
Balance, March 31, 2021	—

#### Canaccord Genuity Group Inc. Collins Stewart Hawkpoint Replacement Long-Term Incentive Plan Award

On March 21, 2012, the Company introduced the Replacement LTIP, which replaced the existing LTIPs at CSHP on the acquisition date. Eligible employees who participated in the CSHP LTIPs were granted options to purchase shares of the Company under the Replacement LTIP. The exercise price of these options was \$nil. The options, which are now vested, vested annually on a graded basis over a three-year period. In accordance with IFRS 3, a portion of awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion was deferred and amortized to incentive compensation expense over the vesting period. The awards were fully amortized as of March 31, 2015.

	Number
Balance, March 31, 2019	87,976
Exercised	(49,897)
Expired	(38,079)
Balance, March 31, 2020	—
Exercised	—
Expired	—
Balance, March 31, 2021	—

#### [iv] DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share unit (DSU) plan for its independent directors. From August 7, 2020, half of the independent directors' annual fee was paid in the form of DSUs. Directors may elect annually to use more of their directors' fees for DSUs. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash with the amount equal to the number of DSUs held multiplied by the volume weighted average price of the Company's common shares for the ten trading days immediately preceding a date elected in advance by the outgoing director as the valuation date at any time between their ceasing to be a director and December 1 of the following calendar year.

During the year ended March 31, 2021, the Company granted 91,603 DSUs [2020 – 125,134 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2021 was \$6.4 million [2020 – \$2.3 million].

#### [v] 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. During the year ended March 31, 2021, the PSU plan was amended to include certain employment-related conditions to the vesting of the awards resulting in a change 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 March 31, 2021 was \$85.9 million [March 31, 2020 – \$22.7 million].

#### [vi] 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). During the year ended March 31, 2021, the stock price performance vesting conditions had been met on a total of 6,237,001 outstanding options. A total of 1,923,667 options outstanding had met both stock price performance and time-based vesting conditions and are therefore fully vested and outstanding.

The following is a summary of the Company's PSOs as at March 31, 2021:

	Number of PSOs	Weighted average exercise price (\$)
Balance, March 31, 2020	6,320,000	\$ 6.76
Granted	100,000	\$ 8.3055
Exercised	(182,999)	\$ 6.73
<b>Balance, March 31, 2021</b>	<b>6,237,001</b>	<b>\$ 6.78</b>

Under IFRS 2, "Share-Based Payments", the impact of market conditions, such as a target share price upon which vesting is conditioned, should be considered when estimating the fair value of the PSOs. A Monte Carlo simulation is used to simulate a range of possible future stock prices for the Company over the period from the grant date to the expiry date of the PSOs. The purpose of this modelling is to use a probabilistic approach for estimating the fair value of the PSOs under IFRS 2. The following assumptions were used in the Monte Carlo model for grants made in the year ended March 31, 2021:

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

The weighted average fair value of the PSOs awarded is \$1.93 per option.

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

#### [vii] OTHER SHARE-BASED PAYMENT PLAN

During the year ended March 31, 2019, the Company granted a share-based award to a senior executive. The award was originally scheduled to vest on March 31, 2021. During the year ended March 31, 2021, the award was modified to a cash-settled award with the settlement value determined based on the measurement period ended December 31, 2020. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to this other share-based payment plan at March 31, 2021 was \$19.3 million.

#### [viii] SHARE-BASED COMPENSATION EXPENSE

	For the years ended	
	March 31, 2021	March 31, 2020
	\$	\$
Long-term incentive plan	\$ 72,654	\$ 41,438
Deferred share units (cash-settled)	3,327	(650)
PSO	2,766	3,896
PSU (cash-settled)	64,287	(4,576)
Other share-based payment plan	3,374	2,712
<b>Total share-based compensation expense</b>	<b>146,408</b>	<b>\$ 42,820</b>

**NOTE 23. Related Party Transactions**
**[i] Consolidated subsidiaries**

The consolidated financial statements include the financial statements of the Company and the Company's operating subsidiaries and intermediate holding companies listed in the following table:

	Country of incorporation	% equity interest	
		March 31, 2021	March 31, 2020
Canaccord Genuity Corp.	Canada	100%	100%
CG Investments Inc.	Canada	100%	100%
CG Investments Inc. III	Canada	100%	100%
CG Investments Inc. IV	Canada	100%	n/a
CG Investments Inc. V	Canada	100%	n/a
CG Investments. Inc. VI	Canada	100%	n/a
Jitneytrade Inc.	Canada	100%	100%
Finlogik Inc.	Canada	100%	100%
Finlogik Tunisie SARL	Tunisia	75%	75%
Canaccord Genuity SAS	France	100%	100%
Canaccord Genuity Wealth (International) Limited	Guernsey	100%	100%
Canaccord Genuity Financial Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth (International) Holdings Limited	Guernsey	100%	100%
Hargreave Hale Limited	United Kingdom	100%	100%
CG McCarthy Taylor Limited	United Kingdom	100%	100%
CG Wealth Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Holdings Ltd.	Canada	100%	100%
Canaccord Genuity LLC	United States	100%	100%
Canaccord Genuity Wealth Management (USA) Inc.	United States	100%	100%
Canaccord Genuity Wealth & Estate Planning Services Ltd.	Canada	100%	100%
Canaccord Genuity Petsky Prunier LLC	United States	100%	100%
Canaccord Asset Management Inc.	Canada	100%	100%
Canaccord Adams Financial Group Inc.	United States	100%	100%
Collins Stewart Inc.	United States	100%	100%
Canaccord Adams BC ULC	Canada	100%	100%
Canaccord Genuity Finance Corp.	Canada	100%	100%
Canaccord Adams Finance Company ULC	Canada	100%	100%
Canaccord Adams Finance Company LLC	United States	100%	100%
Canaccord Adams (Delaware) Inc.	United States	100%	100%
Canaccord Genuity Securities LLC	United States	100%	100%
Stockwave Equities Ltd.	Canada	100%	100%
CLD Financial Opportunities Limited	Canada	100%	100%
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Financial Group (Australia) Pty Ltd.	Australia	80%	80%
Canaccord Genuity (Australia) Limited*	Australia	80%	80%
Canaccord Genuity Financial Limited*	Australia	80%	80%
Canaccord Genuity Asia (Beijing) Limited	China	100%	100%
加通亚洲（北京）投资顾问有限公司			
The Balloch Group Limited	British Virgin Islands	100%	100%
Canaccord Genuity Asia (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Genuity (Dubai) Ltd.	United Arab Emirates	100%	100%
Canaccord Genuity SG Pte. Ltd. (in liquidation)	Singapore	100%	100%
Canaccord Genuity Wealth Group Holdings (Jersey) Limited	Jersey	100%	100%
Canaccord Genuity Hawkpoint Limited	United Kingdom	100%	100%
Canaccord Genuity Management Company Limited	Ireland	100%	100%

\* The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., Canaccord Genuity (Australia) Limited, and Canaccord Genuity Financial Limited, but for accounting purposes, as of March 31, 2021 the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2020 - 85%] [Note 8].

**[ii] COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY**

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2021 and 2020:

	March 31, 2021 \$	March 31, 2020 \$
Short-term employee benefits	10,663	12,877
Share-based payments	654	1,068
<b>Total compensation paid to key management personnel</b>	<b>11,317</b>	<b>13,945</b>

**[iii] OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

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

	March 31, 2021 \$	March 31, 2020 \$
Accounts receivable	4,686	2,328
Accounts payable and accrued liabilities	1,562	980

**[iv] TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES**

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

**NOTE 24.****Segmented Information**

The Company operates in two industry segments as follows:

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

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

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

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

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity Capital Markets Canada segment, as it relates to the acquisitions of Genuity and Jitneytrade. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in the UK & Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor and Thomas Miller is allocated to the Canaccord Genuity Wealth Management UK & Europe (UK Wealth) segment. Amortization of identifiable intangible assets acquired through the acquisition of Petsky Prunier is allocated to the Canaccord Genuity Capital Markets US segment. Amortization of identifiable intangible assets acquired through the acquisition of Patersons is allocated to Canaccord Genuity Wealth Management Australia. There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the years ended							
	March 31, 2021				March 31, 2020			
	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	\$ 212,431	\$ 522,638	\$ 170	\$ 735,239	\$ 152,482	\$ 434,402	\$ —	\$ 586,884
Investment banking	644,089	117,462	—	761,551	194,013	42,949	—	236,962
Advisory fees	193,464	3,572	56	197,092	205,614	893	—	206,507
Principal trading	245,662	1,139	—	246,801	108,788	46	—	108,834
Interest	6,605	13,808	5,875	26,288	24,584	28,857	10,249	63,690
Other	9,977	5,000	25,740	40,717	3,988	4,288	12,714	20,990
Expenses, excluding undernoted	933,076	478,995	107,711	1,519,782	579,505	386,940	54,204	1,020,649
Amortization	6,796	18,890	470	26,156	12,975	19,154	465	32,594
Amortization of right of use assets	14,536	7,626	2,878	25,040	13,228	6,304	3,334	22,866
Development costs	5,855	17,465	3,926	27,246	495	11,364	194	12,053
Interest expense	11,739	5,222	11,403	28,364	15,654	6,765	11,259	33,678
Restructuring costs	—	—	—	—	—	1,921	—	1,921
Acquisition-related costs	4,644	1,278	—	5,922	1,806	(1,930)	—	(124)
Loss on extinguishment of convertible debentures	—	—	4,354	4,354	—	—	—	—
Share of loss of an associate	—	—	922	922	—	—	207	207
Income (loss) before intersegment allocations and income taxes	335,582	134,143	(99,823)	369,902	65,806	80,917	(46,700)	100,023
Intersegment allocations	18,263	17,288	(35,551)	—	17,005	12,743	(29,748)	—
Income (loss) before income taxes	\$ 317,319	\$ 116,855	\$ (64,272)	\$ 369,902	\$ 48,801	\$ 68,174	\$ (16,952)	\$ 100,023

For geographic reporting purposes, the Company's business operations are grouped into Canada, the US, the UK & Europe (including Dubai), Australia and Other Foreign Locations (OFL), which is comprised of our Asian operations. Commencing in the fiscal year starting April 1, 2019, the OFL geography is allocated to our Canadian and Australian capital markets operations. The comparatives have not been restated. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of location of the underlying corporate operating results):

	For the years ended	
	March 31, 2021 \$	March 31, 2020 \$
Canada	\$ 789,814	\$ 434,054
UK & Europe	372,864	374,056
United States	600,046	353,490
Australia	244,964	62,267
	\$ 2,007,688	\$ 1,223,867

The following table presents selected figures pertaining to the financial position of each geographic location:

	Canada \$	UK & Europe \$	United States \$	Australia \$	Total \$
Equipment and leasehold improvements	\$ 6,197	\$ 6,873	\$ 6,165	\$ 3,835	\$ 23,070
Goodwill	101,729	178,026	97,443	2,917	380,115
Intangible assets	48,184	96,357	376	6,006	150,923
Non-current assets	\$ 156,110	\$ 281,256	\$ 103,984	\$ 12,758	\$ 554,108
<b>As at March 31, 2020</b>					
Equipment and leasehold improvements	\$ 7,064	\$ 8,626	\$ 6,009	\$ 3,161	\$ 24,860
Goodwill	101,729	181,021	110,030	2,637	395,417
Intangible assets	49,775	113,014	867	6,514	170,170
Non-current assets	\$ 158,568	\$ 302,661	\$ 116,906	\$ 12,312	\$ 590,447

## NOTE 25. Capital Management

The Company's business requires capital for operating and regulatory purposes, including funding current and future operations. The Company's capital structure is underpinned by shareholders' equity, which is comprised of preferred shares, common shares, contributed surplus, warrants, retained deficit and accumulated other comprehensive income (loss), and is further complemented by the subordinated debt, bank loans and convertible debentures. The following table summarizes our capital as at March 31, 2021 and 2020:

Type of capital	March 31, 2021 \$	March 31, 2020 \$
Preferred shares	\$ 205,641	\$ 205,641
Common shares	662,366	663,553
Convertible debentures – equity portion	—	5,156
Deferred consideration	—	6,545
Contributed surplus	62,402	101,501
Retained earnings (deficit)	73,220	(193,131)
Accumulated other comprehensive income	103,465	139,353
Shareholders' equity	1,107,094	928,618
Convertible debentures	168,112	128,322
Subordinated debt	7,500	7,500
Bank loan	78,319	86,234
	\$ 1,361,025	\$1,150,674

The Company's capital management framework is designed to maintain the level of capital that will:

- Meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators
- Fund current and future operations
- Ensure that the Company is able to meet its financial obligations as they become due
- Support the creation of shareholder value

The following subsidiaries are subject to regulatory capital requirements in the respective jurisdictions by the listed regulators:

- Canaccord Genuity Corp. and Jitneytrade Inc. are subject to regulation in Canada primarily by the Investment Industry Regulatory Organization of Canada (IIROC)
- Canaccord Genuity Limited, Canaccord Genuity Wealth Limited, Canaccord Genuity Financial Planning Limited, CG McCarthy Taylor Limited, CG Wealth Planning Limited and Hargreave Hale Limited are regulated in the UK by the Financial Conduct Authority (FCA)
- Canaccord Genuity Wealth (International) Limited is licensed and regulated by the Guernsey Financial Services Commission, the Isle of Man Financial Supervision Commission and the Jersey Financial Services Commission
- Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited are regulated by the Australian Securities and Investments Commission
- Canaccord Genuity (Hong Kong) Limited is regulated in Hong Kong by the Securities and Futures Commission
- Canaccord Genuity LLC is registered as a broker dealer in the US and is subject to regulation primarily by the Financial Industry Regulatory Authority, Inc. (FINRA)
- Canaccord Genuity Wealth Management (USA) Inc. is registered as a broker dealer in the US and is subject to regulation primarily by FINRA

- Canaccord Asset Management Inc. is subject to regulation in Canada by the Ontario Securities Commission
- Canaccord Genuity (Dubai) Ltd. is subject to regulation in the United Arab Emirates by the Dubai Financial Services Authority (DFSA)

Margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements cause regulatory capital requirements to fluctuate on a daily basis. Compliance with these requirements may require the Company to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of cash disbursements. Some of the subsidiaries are also subject to regulations relating to withdrawal of capital, including payment of dividends to the Company. There were no significant changes in the Company's capital management policy during the current year. The Company's subsidiaries were in compliance with all of the minimum regulatory capital requirements as at and during the year ended March 31, 2021.

## NOTE 26. Client Money

At March 31, 2021, the UK & Europe operations held client money in segregated accounts of \$2.770 billion (£1.600 billion) [2020 – \$3.451 billion (£1.960 billion)]. This is comprised of \$7.278 million (£4.204 million) [2020 – \$11.1 million (£6.3 million)] of balances held on behalf of clients to settle outstanding trades and \$2.756 million (£1.592 million) [2020 – \$3.440 million (£1.954 million)] of segregated deposits, held on behalf of clients, which are not reflected on the consolidated statements of financial position. Movement in settlement balances is reflected in operating cash flows.

## NOTE 27. Provisions And Contingencies

### PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the years ended March 31, 2021 and 2020:

	Legal provisions \$	Restructuring provisions \$	Total provisions \$
Balance, March 31, 2019	5,671	12,541	18,212
Additions	2,899	1,921	4,820
Utilized	(4,025)	(12,272)	(16,297)
<b>Balance, March 31, 2020</b>	<b>\$ 4,545</b>	<b>\$ 2,190</b>	<b>\$ 6,735</b>
Additions	6,711	—	6,711
Utilized	(2,705)	(384)	(3,089)
<b>Balance, March 31, 2021</b>	<b>8,551</b>	<b>\$ 1,806</b>	<b>\$ 10,357</b>

### Commitments, litigation proceedings and contingent liabilities

In the normal course of business, the Company is involved in litigation, and as of March 31, 2021, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of March 31, 2021, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

Litigation matters and asserted and unasserted claims against the Company may be in respect of certain subsidiaries of CGGI, CGGI directly or both CGGI and certain of its subsidiaries.

Proceedings have been brought against the Company in respect of the recommendation by a predecessor of certain wealth management tax advantaged film partnership products in the UK which could be material if such claims are successful, additional claims are made or the Company's assumptions used to evaluate the matter as neither probable nor estimable change in future periods.

The Company is either vigorously defending such proceedings or intends to in respect of any further claims that may be advanced. Notwithstanding that the Company considers that all such claims are, and would be, without merit, the Company may be required to record a provision for an adverse outcome, which could have a material adverse effect on the Company's financial position. The

aggregate investment by the Company's clients who have standstill agreements in place in respect of these products, and for whom such information is available, is estimated to be approximately \$10.0 million (£6.0 million). The aggregate initial tax deferral amount realized by the Company's clients who have standstill agreements in respect of these products when they were purchased during the period from 2006 to 2009, is estimated to be less than \$15.6 million (£9.0 million).

Enforcement by HMRC (the U.K. taxation authority), the outcome of litigation in respect of the taxation of other similar products sold by other financial advisors, and settlements reached with HMRC by some investors may result in tax liabilities to the purchasers of these products in excess of the initial tax deferral amount. As at the date of these audited annual consolidated financial statements, civil claims have been issued by current and former clients. All the claims (or potential claims) notified to the Company have been defended or denied. The potential tax liability for those clients engaged in pre-action correspondence and the issued civil claims, which is in addition to the initial tax deferral amount, is estimated to be less than \$18.7 million (£10.8 million), plus other potential costs (such as interest). For those clients not currently engaged in the issued civil claims and pre-action correspondence that could assert a tax liability against the Company the potential tax liability, which is in addition to the initial tax deferral amount, is estimated to be approximately \$5.2 million (£3.0 million).

The claims are currently proceeding with a trial scheduled for 2023 that will address certain key issues by way of a limited number of sample claimants. Further steps with regard to the wider group of claims will depend on the outcome of that hearing.

The probable outcome of the enforcement actions by HMRC in respect of this matter and the likelihood of a loss to, or the amount of any such loss suffered by, the Company in connection with any such claims made or asserted of the type set out above, or which may be further asserted are not determinable at the date of these audited annual consolidated financial statements.

An action has been commenced in Alberta by a former client and others claiming the return of losses in certain accounts, return of administration fees, interest and costs. The claim alleges breach of contract and negligence in the administration of the accounts. The damages claimed in this action are in excess of \$14 million. Although the Company has denied the allegations and intends to vigorously defend itself, the probable outcome of this action and a reliable estimate of the amount of damages in the event of an adverse outcome are not determinable at the date of these audited consolidated financial statements.

The Company provides financial advisory, underwriting and other services to, and trades the securities of issuers that are involved with new and emerging industries, including the US cannabis industry. Activities within such industries, including the US cannabis industry, typically have not had the benefit of a history of successful operating results. In addition to the economic uncertainties associated with new industries, new activities and new issuers, the laws applicable to such industries or activities, particularly the US cannabis industry and the activities of issuers in that industry, and the effect or enforcement of such laws are undetermined, conflicting and uncertain. With respect to the US cannabis industry, cannabis continues to be a controlled substance under the United States Controlled Substances Act and as such, there is a risk that certain issuers, while in compliance with applicable state law, may be prosecuted under federal law. Accordingly, the Company has adopted policies and procedures reasonably designed to ensure compliance with the United States Currency and Foreign Transactions Reporting Act of 1970 (the Bank Secrecy Act) and the guidance issued by the United States Department of the Treasury Financial Crimes Enforcement Network, FIN-2014-G001 (the FinCEN Guidance) relating to providing financial services to marijuana related businesses in the United States (as that term is used in the FinCEN Guidance).

While the Company takes steps to identify the risks associated with emerging industries, including the US cannabis industry, and only provides services to those issuers where it determines that there is no material risk to the Company or where any risk is unlikely to result in a material adverse consequence to the Company, there is a risk that the Company could be the subject of third party proceedings which may have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. Notwithstanding these procedures, the Company is currently a party to securities class action proceedings in Canada and the US relating to underwriting services provided to certain issuers in the cannabis and e-cigarette and vaping industries. Although the Company believes that these claims are without merit and intends to vigorously defend itself, the probable outcome of these class action proceedings cannot be predicted with certainty and a reliable estimate of the amount of losses, if any, in the event of adverse outcomes is not determinable as at the date of these financial statements and, accordingly, the Company has not recorded a provision in respect of these claims. The risk of any further actions against the Company is not known. As at the date of these audited consolidated financial statements, the Company has not recorded a provision in respect of any other such matters.

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

The Company has entered into leases for which the asset is still under construction, and therefore the right-of-use of assets and the lease liabilities related to these leases are not recorded, as at March 31, 2021, since the lease has not yet commenced. The Company's undiscounted lease commitments were as follows, as at:

	March 31, 2021
Less than 1 year	\$ —
From 1 to 3 years	5,562
Thereafter	37,306
	\$42,868

## NOTE 28. Subsequent Events

### REDEMPTION OF CONVERTIBLE DEBENTURES

On April 9, 2021, the Company redeemed the entire \$132,690,000 principal amount of its outstanding Debentures due December 31, 2023. The total redemption price including accrued interest was \$168,111,596 which was fully accrued at March 31, 2021. In order to fund the redemption in part, and pursuant to the terms of a previously announced commitment letter entered into with investment funds and accounts managed or advised by HPS Investment Partners, LLC ("HPS") on March 18, 2021, the Company entered into a credit agreement with the lenders, Lucid Agency Services Limited as administrative agent and Lucid Trustee Services Limited as security agent, for a senior secured first lien term loan facility in an aggregate principal amount of £69.0 million (C\$120.0 million). This facility is intended to be repaid out of the proceeds of the convertible preferred shares to be issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited to investment funds and accounts managed by HPS on completion of regulatory approvals and other customary closing conditions.

### BUSINESS COMBINATION

On April 15, 2021, the Company announced that through its wealth management business in the UK, it has entered into an agreement with The Royal Bank of Scotland plc, which is part of the NatWest Group plc, to acquire the private client investment management business of Adam & Company. Closing is subject to regulatory approval and is expected to take place at the end of the second quarter of the Company's fiscal 2022 fiscal year. Cash consideration of £54.0 million (C\$94.9 million) will be paid on closing. A retention plan will be implemented for key employees based on client assets and continued employment over a four year period.

### DIVIDENDS

On June 1, 2021, the Board of Directors approved a dividend of \$0.075 per common share, payable on June 30, 2021, with a record date of June 18, 2021 [Note 21].

On June 1, 2021, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on June 30, 2021 to Series A Preferred shareholders of record as at June 18, 2021 [Note 21].

On June 1, 2021, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on June 30, 2021 to Series C Preferred shareholders of record as at June 18, 2021 [Note 21].