

# 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, 2023 and 2022, and the consolidated statements of operations, consolidated statements of comprehensive (loss) 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, 2023 and 2022, 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 merger and acquisition ["M&amp;A"] transactions</b></p> <p>As at March 31, 2023, the Group has \$364.6 million of advisory fee revenue related to corporate finance and M&amp;A transactions. The Group 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 Group completed delivery of its performance obligations and recognize revenue accordingly. The details of the Group'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 with 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 Group'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>

**Key audit matter****How our audit addressed the key audit matter****Impairment of goodwill in cash-generating units ["CGUs"]**

As at March 31, 2023, the Group has \$622.8 million of goodwill recognized within CGUs. Management assesses at least annually, or when indicators of impairment exist, whether there has been an impairment loss in the carrying value of these assets. When testing goodwill for impairment, management compares the carrying amount of a CGU to its recoverable amount, which is determined using the higher of value in use or fair value less costs to sell ["FVLCS"].

The impairment testing of CGUs relies on estimates of recoverable amounts based on five-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 judgment.

The Group recognized a \$101.7 million impairment charge in relation to the goodwill of the Canada Capital Markets CGU in the year ended March 31, 2023.

Due to the subjectivity involved in forecasting and discounting future cash flows and the significance of the CGUs' recognized goodwill as at March 31, 2023, this audit area is considered a key audit risk. The details of the Group's accounting policies for goodwill are disclosed in note 5, "Summary of significant accounting policies".

To test the estimated FVLCS of the CGUs, our audit procedures included, among others:

- With the assistance of our valuation specialists, we evaluated the appropriateness and mathematical accuracy of the impairment models for the CGUs. As part of this evaluation, we compared the carrying values used in models for each CGU to the financial records of the Group and compared the CGUs identified by the Group to the lowest level of operations monitored by management and others in the organization and assessed if the grouping of CGUs was appropriate for the purpose of the impairment test.
- With the assistance of our valuation specialists, we evaluated the assumptions and inputs into the Group's calculation of the recoverable amounts for the CGUs, including the revenue, incentive compensation costs, discount rate and terminal growth rate, by comparing those assumptions to historical results and third-party data.
- We performed sensitivity analyses on significant assumptions, including revenue growth rates, and expense growth rates to evaluate changes in the recoverable amount of the CGUs that would result from changes in the assumptions.
- We assessed the Group's disclosures in relation to this matter.

**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 and 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 auditor's 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 Sean Musselman.



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
June 16, 2023

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

As at (in thousands of Canadian dollars)	Notes	March 31, 2023 \$	March 31, 2022 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 1,008,432	\$ 1,788,261
Securities owned	6	715,078	1,051,229
Accounts receivable	9, 23	3,355,203	3,438,655
Income taxes receivable		34,209	1,967
<b>Total current assets</b>		<b>5,112,922</b>	<b>6,280,112</b>
Deferred tax assets	15	90,733	98,224
Investments	10	18,101	22,928
Equipment and leasehold improvements	12	48,180	34,643
Intangible assets	14	305,915	186,993
Goodwill	14	622,820	510,279
Right of use assets	13	103,729	117,066
<b>Total assets</b>		<b>6,302,400</b>	<b>7,250,245</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current</b>			
Securities sold short	6, 7	556,303	567,290
Accounts payable and accrued liabilities	9, 23	3,720,332	4,845,672
Provisions	27	19,660	8,222
Income taxes payable		2,177	15,952
Subordinated debt	16	7,500	7,500
Current portion of bank loan	17	13,342	6,574
Current portion of lease liabilities	18	26,712	23,928
Current portion of deferred and contingent consideration	7, 11	17,325	10,618
<b>Total current liabilities</b>		<b>4,363,351</b>	<b>5,485,756</b>
Deferred tax liabilities	15	55,728	24,875
Other liabilities	7, 11	98,378	75,758
Bank loan	17	293,780	145,467
Lease liabilities	18	92,526	101,620
<b>Total liabilities</b>		<b>4,903,763</b>	<b>5,833,476</b>
<b>Equity</b>			
Attributable to equity holders of CGGI		1,054,639	1,178,069
Attributable to non-controlling interests		343,998	238,700
<b>Total equity</b>		<b>1,398,637</b>	<b>1,416,769</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,302,400</b>	<b>7,250,245</b>

See accompanying notes

On behalf of the Board:

"Daniel Daviau"

"Terrence A. Lyons"

DANIEL DAVIAU

TERRENCE A. LYONS

## Canaccord Genuity Group Inc. Consolidated Statements of Operations

For the years ended (in thousands of Canadian dollars, except per share amounts)	Notes	March 31, 2023 \$	March 31, 2022 \$
<b>REVENUE</b>			
Commissions and fees		749,114	761,843
Investment banking		160,944	561,725
Advisory fees		364,554	493,057
Principal trading		117,238	158,978
Interest		115,245	36,028
Other		3,302	34,371
		<b>1,510,397</b>	<b>2,046,002</b>
<b>EXPENSES</b>			
Compensation expense		936,872	1,248,184
Trading costs		96,083	102,824
Premises and equipment		21,986	20,074
Communication and technology		85,482	73,873
Interest		54,539	23,598
General and administrative		138,461	101,431
Amortization	12, 14	41,634	27,593
Amortization of right of use assets	13	26,335	23,894
Development costs		36,058	22,422
Acquisition-related costs	11	7,403	9,197
Impairment of goodwill and intangible assets	14	102,571	—
Fair value adjustment of non-controlling interest derivative liability	8	11,629	8,519
Change in fair value of contingent consideration	7	(14,278)	—
Loss and other costs in connection with extinguishment of convertible debentures		—	5,932
Share of loss of an associate		55	192
		<b>1,544,830</b>	<b>1,667,733</b>
Net (loss) income before income taxes		(34,433)	378,269
Income tax expense (recovery)	15		
Current		20,173	122,072
Deferred		136	(14,368)
		<b>20,309</b>	<b>107,704</b>
<b>Net (loss) income for the year</b>		<b>(54,742)</b>	<b>270,565</b>
<b>Net (loss) income attributable to:</b>			
CGGI shareholders		(90,104)	246,314
Non-controlling interests	8	35,362	24,251
<b>Weighted average number of common shares outstanding (thousands)</b>			
Basic	20	87,382	94,871
Diluted	20	n/a	109,434
<b>(Loss) earnings per common share</b>			
Basic	20	\$ (1.16)	\$ 2.50
Diluted	20	\$ (1.16)	\$ 2.16
<b>Dividend per Series A Preferred Share</b>	21	\$ 1.00	\$ 1.00
<b>Dividend per Series C Preferred Share</b>	21	\$ 1.71	\$ 1.25
<b>Dividend per common share</b>	21	\$ 0.34	\$ 0.32

See accompanying notes

## Canaccord Genuity Group Inc. Consolidated Statements of Comprehensive (Loss) Income

For the years ended (in thousands of Canadian dollars)	March 31, 2023 \$	March 31, 2022 \$
Net (loss) income for the year	(54,742)	270,565
Other comprehensive income (loss)		
Net change in unrealized gains (losses) on translation of foreign operations, net of tax	38,832	(33,566)
<b>Comprehensive (loss) income for the year</b>	<b>(15,910)</b>	<b>236,999</b>
<b>Comprehensive (loss) income attributable to:</b>		
CGGI shareholders	(54,001)	\$ 211,433
Non-controlling interests	<b>8</b>	\$ 25,566

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, 2023 \$	March 31, 2022 \$
<b>Preferred shares, opening and closing</b>	<b>19</b>	<b>205,641</b>	205,641
Common shares, opening		576,166	662,366
Acquisition of common shares for long-term incentive plan (LTIP)		(69,416)	(60,824)
Release of vested common shares from employee benefit trusts		55,240	34,188
Change in shares committed to purchase under the normal course issuer bid		3,411	4,770
Shares issued in connection with acquisition of Sawaya Partners		2,883	—
Shares issued in connection with exercise of performance stock options (PSOs)		1,924	4,099
Shares purchased and cancelled under normal course issuer bid		(4,034)	(23,527)
Shares purchased and cancelled under substantial issuer bid		—	(44,801)
Net invested share purchase loans		171	(105)
<b>Common shares, closing</b>	<b>20</b>	<b>566,345</b>	576,166
Contributed surplus, opening		64,241	62,402
Share-based payments, net		(12,444)	45,983
Shares purchased and cancelled under normal course issuer bid		(2,597)	(21,787)
Shares purchased and cancelled under substantial issuer bid		—	(27,486)
Shares committed to purchase under the normal course issuer bid		2,537	(2,537)
Unvested share purchase loans		(171)	105
Change in current net income tax receivable and deferred tax asset relating to share-based payments		(2,166)	7,561
<b>Contributed surplus, closing</b>		<b>49,400</b>	64,241
Retained earnings, opening		251,540	73,220
Net (loss) income attributable to CGGI shareholders		(90,104)	246,314
Common share dividends	21	(30,936)	(30,797)
Preferred share dividends	21	(10,948)	(9,484)
Shares purchased and cancelled under substantial issuer bid		—	(27,713)
<b>Retained earnings, closing</b>		<b>119,552</b>	251,540
Deferred consideration, opening		11,378	—
Payment during the year		(2,883)	—
Deferred consideration in connection with acquisition of Sawaya Partners	11	—	11,378
<b>Deferred consideration, closing</b>		<b>8,495</b>	11,378
Accumulated other comprehensive income, opening		69,103	103,465
Reclassification of other comprehensive income to non-controlling interest		—	519
Other comprehensive income (loss) attributable to CGGI shareholders		36,103	(34,881)
<b>Accumulated other comprehensive income, closing</b>		<b>105,206</b>	69,103
<b>Total shareholders' equity</b>		<b>1,054,639</b>	1,178,069
Non-controlling interests, opening		238,700	8,190
<b>Non-controlling interests, closing</b>	<b>8</b>	<b>343,998</b>	238,700
<b>Total equity</b>		<b>1,398,637</b>	1,416,769

See accompanying notes

# Canaccord Genuity Group Inc.

## Consolidated Statements of Cash Flows

For the years ended (in thousands of Canadian dollars)	Notes	March 31, 2023 \$	March 31, 2022 \$
<b>OPERATING ACTIVITIES</b>			
Net (loss) income for the year		(54,742)	270,565
Items not affecting cash			
Amortization	12, 14	41,634	27,593
Amortization of right-of-use assets	13	26,335	23,894
Deferred income tax expense (recovery)		136	(14,368)
Share-based compensation expense	22	59,495	146,827
Fair value adjustment of non-controlling interests derivative liability	8	11,629	8,519
Impairment of goodwill and intangible assets	14	102,571	—
Share of loss of associate		55	192
Change in fair value of contingent consideration	7	(14,728)	—
Impairment of investments	10	4,750	—
Interest expense in connection with lease liabilities		7,603	6,518
Changes in non-cash working capital			
Decrease/(increase) in securities owned		336,152	(9,647)
Decrease in accounts receivable		83,452	539,655
Increase in income taxes receivable, net		(42,351)	(36,162)
Decrease in securities sold short		(10,987)	(322,316)
Decrease in accounts payable, accrued liabilities and provisions		(1,135,420)	(378,017)
<b>Cash (used in) provided by operating activities</b>		<b>(584,416)</b>	<b>263,253</b>
<b>FINANCING ACTIVITIES</b>			
Purchase of shares for cancellation under normal course issuer bid		(6,631)	(45,314)
Purchase of shares under substantial issuer bid		—	(100,000)
Acquisition of common shares for long-term incentive plan		(69,416)	(60,824)
Proceeds from issuance of convertible preferred shares and other equity instruments in UK & Crown Dependencies wealth management operations, net of acquisition related costs		102,223	224,963
Payment of cash dividends on convertible preferred shares issued in UK & Crown Dependencies wealth management operations		(20,368)	(7,141)
Payment of dividends to Australian non-controlling interests		(7,683)	—
Redemption of convertible debentures		—	(168,112)
Proceeds from bank loan		159,400	88,465
Proceeds from exercise of performance share options		1,924	4,099
Payment of bank loan		(13,041)	(8,432)
Cash dividends paid on common shares		(30,936)	(30,797)
Cash dividends paid on preferred shares		(10,948)	(9,484)
Lease payments		(33,301)	(30,282)
<b>Cash provided by (used in) financing activities</b>		<b>71,223</b>	<b>(142,859)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment and leasehold improvements, net of disposals		(24,348)	(12,122)
Purchase of intangibles		(4,006)	(2,541)
Acquisition of Punter Southall Wealth, net of cash acquired		(238,591)	—
Acquisition of Results International Group LLP		(8,211)	—
Acquisition of Adam & Company, net of cash acquired		—	(93,316)
Acquisition of Sawaya Partners, net of cash acquired		—	(45,513)
Investment in associate		—	(1,490)
Purchase of investments		—	(14,161)
Payment of deferred and contingent consideration		(12,955)	(32,852)
<b>Cash used in investing activities</b>		<b>(288,111)</b>	<b>(201,995)</b>
<b>Effect of foreign exchange on cash balances</b>		<b>21,475</b>	<b>(13,430)</b>
<b>Decrease in cash position</b>		<b>(779,829)</b>	<b>(95,031)</b>
Cash position, beginning of year		1,788,261	1,883,292
<b>Cash position, end of year</b>		<b>1,008,432</b>	<b>1,788,261</b>
<b>Supplemental cash flow information</b>			
Interest received		\$ 115,231	\$ 36,100
Interest paid		\$ 52,570	\$ 22,232
Income taxes paid		\$ 64,532	\$ 160,055

See accompanying notes



# Canaccord Genuity Group Inc.

## Notes to consolidated financial statements

As at March 31, 2023 and March 31, 2022  
and for the years ended March 31, 2023 and 2022  
(in thousands of Canadian dollars, except per share amounts)

### 1. Corporate information

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

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

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

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

### 2. Basis of preparation

#### STATEMENT OF COMPLIANCE

These audited 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 certain investments at fair value through profit or loss, securities owned, securities sold short, non-controlling interests derivative liability, 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 16, 2023.

#### 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.

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

The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair values of levels 2 and 3 financial instruments, provisions and the valuation of the non-controlling interests derivative liability. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the preliminary purchase price allocation, including the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Punter Southall Wealth and Results International Group LLP, as well as the valuation of the contingent consideration related to Results International Group LLP. For year ended March 31, 2022, estimates and assumptions were utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Adam & Company and Sawaya Partners.

The Company operates in various tax jurisdictions and is subject to tax policies and legislations that pertain to the Company's activities in Canada and in other foreign countries. As the tax laws and policies of various countries are subject to continual change and interpretations, the final outcome of certain tax transactions may be uncertain. The Company is affected by changes in tax laws and regulations, including the introduction of Pillar Two (15% global minimum tax) as proposed by the Organization for Economics Co-operation and Development.

During the year ended March 31, 2022, certain institutional investors acquired convertible preferred shares ("A Convertible Preferred Shares") in the amount of £125.0 million (C\$218.0 million) issued by CGWM UK. On May 31, 2022, certain institutional investors purchased a new series of Convertible Preferred Shares (B Convertible Preferred Shares) issued by CGWM UK for £65.3 million (\$104.1 million as of the issuance date). The two series of the Convertible Preferred Shares are collectively described as Convertible Preferred Shares in discussions below.

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

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

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

### Consolidation

The Company owns 65% [March 31, 2022 – 65%] of the voting shares of Canaccord Financial Group (Australia) Pty Ltd. (CFG) which owns 100% of Canaccord Genuity (Australia) Limited (CGAL) and Canaccord Genuity Financial Limited (CGF) as at March 31, 2023. The Company completed an evaluation of its contractual arrangements with the other shareholders of CFG 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, 2023 and 2022. Therefore, the financial position, financial performance and cash flows of CGAL and CGF have been consolidated.

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 and at each reporting date after the grant date in the case of cash-settled awards. 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 CGUs are disclosed in Note 14.

**Impairment of other long-lived assets**

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

**Allowance for credit losses**

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

**Fair value of financial instruments**

The Company measures a number of its financial instruments at fair value as discussed in Note 7. Fair value is determined based on market prices from independent sources, if available. If there is no available market price, then the fair value is determined by using valuation models. The inputs to these models, such as expected volatility and liquidity, 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.

## 3. Adoption of new and revised standards

There were no new accounting standards adopted for the year ended March 31, 2023.

## 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, 2023.

## 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), Patersons, Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, McCarthy Taylor, Petsky Prunier, Adam & Company, Sawaya, PSW and Results are customer relationships, non-competition agreements, brand name, trading licenses, fund management contracts, contract book, favorable lease, client books 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. Amortization is being recorded as follows:

- Brand name with definitive lives – up to a maximum of three years
- Customer relationships – up to a maximum of 14 years
- Technology – internally developed or acquired software up to a maximum of 10 years
- Fund management contracts – up to a maximum of 10 years
- Contract book – over the contract book period, usually up to a maximum of 2 years
- Client books – up to a maximum of 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.

#### **Indefinite life 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, treasury bills, 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*

Financial assets are classified as fair value through profit or loss (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 statements of operations. The net gain or loss recognized in the statements of operations includes any unpaid dividend or interest earned on the financial asset. Financial assets measured at FVTPL consist of securities owned and investments not subject to significant influence by the Company.

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*

A financial asset is classified as fair value through other comprehensive income (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. There are no financial assets classified as FVOCI.

##### *Financial assets classified as amortized cost*

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 twelve months from initial recognition; therefore, the allowance is limited to twelve 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, 2023. A financial asset or group of financial assets is deemed to be impaired if there is 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. Securities sold short, non-controlling interests derivative liability and contingent and deferred considerations are classified as held for trading and recognized at fair value.

*Financial liabilities classified as amortized cost*

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 cost include accounts payable and accrued liabilities, bank loans, 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 collateral for securities borrowed and securities loaned is 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 appropriately 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 a 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, 2023 were \$13.0 million [2022 – \$9.1 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 (M&As) activities, which is recognized at the point in time when the underlying transaction is substantially completed under the engagement terms and it is probable that a significant revenue reversal will not occur.

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

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

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

## EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

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

An item of property, plant and equipment, and any specific part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated



as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of operations when the asset is derecognized.

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

## INCOME TAXES

### Current income tax

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

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

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

### Deferred tax

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

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

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

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

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

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

### Sales tax

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

## TREASURY SHARES

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

## EARNINGS (LOSS) PER COMMON SHARE

Basic earnings 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 long-term incentive plan (LTIP) and other share-based payment plans 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. The Convertible Preferred Shares issued by CGWM UK are factored into the diluted EPS by adjusting net income (loss) attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK's earnings on an as-converted basis if the calculation is dilutive.

### 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 restricted share units, or "RSUs"). This program is referred to as the long-term incentive plan (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 well as DSUs under the senior executives DSU plan 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. 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 for independent directors 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 and DSUs were measured at fair value on the grant date. Changes in value of the PSUs and DSUs 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 (FCA) 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 (including Dubai), Australia, and the US. The Company's operations in Asia are allocated to the Canadian and Australian capital markets operations.

## 6. Securities Owned and Securities Sold Short

	March 31, 2023		March 31, 2022	
	Securities owned \$	Securities sold short \$	Securities owned \$	Securities sold short \$
Corporate and government debt	\$ 428,119	\$ 394,284	\$ 548,639	\$ 456,206
Equities and convertible debentures	286,959	162,019	502,590	111,084
	\$ 715,078	\$ 556,303	\$ 1,051,229	\$ 567,290

As at March 31, 2023, corporate and government debt maturities range from 2023 to 2080 [March 31, 2022 – 2022 to 2080] and bear interest ranging from 0.00% to 20.00% [March 31, 2022 – 0.00% to 16.00%].

## 7. Financial Instruments

### CATEGORIES OF FINANCIAL INSTRUMENTS

The categories of financial instruments, excluding cash and cash equivalents and bank indebtedness and investment accounted for under the equity method, held by the Company at March 31, 2023 and 2022 are as follows:

	Fair value through profit or loss		Amortized cost		Total	
	March 31, 2023 \$	March 31, 2022 \$	March 31, 2023 \$	March 31, 2022 \$	March 31, 2023 \$	March 31, 2022 \$
<b>Financial assets</b>						
Securities owned	\$ 715,078	\$ 1,051,229	\$ —	\$ —	\$ 715,078	\$ 1,051,229
Accounts receivable from brokers and investment dealers	—	—	1,939,685	1,693,579	1,939,685	1,693,579
Accounts receivable from clients	—	—	869,883	1,020,112	869,883	1,020,112
RRSP cash balances held in trust	—	—	332,055	512,147	332,055	512,147
Other accounts receivable	—	—	213,580	212,817	213,580	212,817
Investments at FVTPL	11,569	10,990	—	—	11,569	\$ 10,990
<b>Total financial assets</b>	\$ 726,647	\$ 1,062,219	\$ 3,355,203	3,438,655	\$ 4,081,850	\$ 4,500,874
<b>Financial liabilities</b>						
Securities sold short	\$ 556,303	\$ 567,290	\$ —	\$ —	\$ 556,303	\$ 567,290
Accounts payable to brokers and investment dealers	—	—	1,361,601	1,334,026	1,361,601	1,334,026
Accounts payable to clients	—	—	1,738,806	2,652,558	1,738,806	2,652,558
Other accounts payable and accrued liabilities	—	—	619,925	859,088	619,925	859,088

	Fair value through profit or loss		Amortized cost		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	\$	\$	\$	\$	\$	\$
Subordinated debt	—	—	7,500	7,500	7,500	7,500
Deferred and Contingent consideration	53,998	45,286	—	—	53,998	45,286
Bank loan	—	—	307,122	152,041	307,122	152,041
Non-controlling interest-derivative	61,705	41,090	—	—	61,705	41,090
<b>Total financial liabilities</b>	<b>\$ 672,006</b>	<b>\$ 653,666</b>	<b>\$ 4,034,954</b>	<b>\$ 5,005,213</b>	<b>\$ 4,706,960</b>	<b>\$ 5,658,879</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, 2023 and 2022, the Company held the following classes of financial instruments measured at fair value:

	March 31, 2023	Estimated fair value		
		March 31, 2023		
	\$	Level 1	Level 2	Level 3
	\$	\$	\$	\$
<b>Securities owned</b>				
Corporate debt	13,462	—	13,462	—
Government debt	414,657	180,879	233,778	—
<b>Corporate and government debt</b>	<b>428,119</b>	<b>180,879</b>	<b>247,240</b>	<b>—</b>
Equities	285,474	208,253	60,568	16,653
Convertible debentures	1,485	—	1,485	—
<b>Equities and convertible debentures</b>	<b>286,959</b>	<b>208,253</b>	<b>62,053</b>	<b>16,653</b>
	715,078	389,132	309,293	16,653
<b>Investments</b>	<b>11,569</b>	<b>—</b>	<b>—</b>	<b>11,569</b>
	726,647	389,132	309,293	28,222
<b>Securities sold short</b>				
Corporate debt	(3,109)	—	(3,109)	—
Government debt	(391,175)	(182,213)	(208,962)	—
<b>Corporate and government debt</b>	<b>(394,284)</b>	<b>(182,213)</b>	<b>(212,071)</b>	<b>—</b>
Equities	(162,019)	(151,415)	(10,604)	—
<b>Equities</b>	<b>(162,019)</b>	<b>(151,415)</b>	<b>(10,604)</b>	<b>—</b>
	(556,303)	(333,628)	(222,675)	—
<b>Deferred and contingent consideration</b>	<b>(53,998)</b>	<b>—</b>	<b>—</b>	<b>(53,998)</b>
<b>Non-controlling interest - derivative liability</b>	<b>(61,705)</b>	<b>—</b>	<b>—</b>	<b>(61,705)</b>
	(672,006)	(333,628)	(222,675)	(115,703)

	March 31, 2022	Estimated fair value		
		March 31, 2022		
	\$	Level 1	Level 2	Level 3
	\$	\$	\$	\$
<b>Securities owned</b>				
Corporate debt	37,820	—	37,820	—
Government debt	510,819	353,857	156,962	—
<b>Corporate and government debt</b>	<b>548,639</b>	<b>353,857</b>	<b>194,782</b>	<b>—</b>
Equities	499,221	353,353	67,218	78,650
Convertible debentures	3,369	—	3,369	—
<b>Equities and convertible debentures</b>	<b>502,590</b>	<b>353,353</b>	<b>70,587</b>	<b>78,650</b>
	1,051,229	707,210	265,369	78,650
<b>Investments</b>	<b>10,990</b>	<b>—</b>	<b>—</b>	<b>10,990</b>
	1,062,219	707,210	265,369	89,640

	March 31, 2022	Estimated fair value		
		Level 1	Level 2	Level 3
	\$	\$	\$	\$
<b>Securities sold short</b>				
Corporate debt	(5,001)	—	(5,001)	—
Government debt	(451,205)	(265,669)	(185,536)	—
<b>Corporate and government debt</b>	<b>(456,206)</b>	<b>(265,669)</b>	<b>(190,537)</b>	<b>—</b>
Equities	(111,084)	(82,410)	(28,674)	—
	(567,290)	(348,079)	(219,211)	—
<b>Non-controlling interest – derivative liability</b>	<b>(41,090)</b>	<b>—</b>	<b>—</b>	<b>(41,090)</b>
<b>Deferred and contingent consideration</b>	<b>(45,286)</b>	<b>—</b>	<b>—</b>	<b>(45,286)</b>
	<b>(653,666)</b>	<b>(348,079)</b>	<b>(219,211)</b>	<b>(86,376)</b>

### Movement in net Level 3 financial assets (liability)

Balance, March 31, 2022	\$	3,264
Payment of contingent and deferred consideration in connection with acquisition of Thomas Miller and PSW		12,955
Adjustment to contingent consideration in connection with Sawaya [Note 11]		(1,519)
Addition of deferred and contingent consideration in connection with Results [Note 11]		(18,847)
Addition of deferred consideration in connection with PSW		(10,140)
Change in fair value of contingent consideration in connection with Sawaya [Note 11]		14,278
Movement in fair value of level 3 securities owned during the period		(61,997)
Non-controlling interest derivative liability component in connection with issuance of B Convertible Preferred Shares [Note 8]		(7,970)
Fair value adjustment of non-controlling interest derivative liability		(11,629)
Foreign exchange revaluation		(5,876)
<b>Balance, March 31, 2023</b>		<b>(87,481)</b>

### Fair value estimation

#### i. Level 2 financial instruments

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

#### ii. Level 3 financial instruments

##### *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 a 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, 2023 was \$14.9 million [March 31, 2022 – \$78.7 million].

As at March 31, 2023, the Company, either directly or through a wholly owned subsidiary, held investments in Capital Markets Gateway LLC, InvestX Capital Ltd. and Proactive Group Holdings Inc. which have been classified as Level 3 financial instruments given they do not have any observable inputs or market indicators [Note 10].

The Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK [Note 8] were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. During the year ended March 31, 2023, a fair value adjustment of \$11.6 million [March 31, 2022 – \$8.5 million] was recorded in the statement of operations. The derivative liability component of £37.0 million (C\$61.7 million) [March 31, 2022 – £25.0 million (C\$41.1 million)] is included in the statement of financial position as of March 31, 2023.

In connection with the acquisitions of Sawaya and Results, there are current and long-term portion of deferred and contingent considerations recorded of \$54.0 million as of March 31, 2023. During the year ended March 31, 2023, the Company recorded a reduction in the fair value of the contingent consideration in connection with the acquisition of Sawaya of \$14.3 million through the consolidated statements of operations.

The long-term portion of the deferred and contingent consideration and the non-controlling interests derivative liability are included as other liabilities in the statement of financial position as at March 31, 2023.

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, 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, 2023 and 2022.

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 \$3.1 million as at March 31, 2023 [March 31, 2022 – \$2.9 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, 2023 and 2022, 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 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, 2023 and March 31, 2022, respectively:

Financial liability	Carrying amount		Contractual term to maturity
	March 31, 2023	March 31, 2022	
Securities sold short	556,303	567,290	Due on demand
Subordinated debt <sup>(1)</sup>	7,500	7,500	Due on demand <sup>(1)</sup>
Accounts payable and accrued liabilities	3,720,332	4,845,672	Due within one year
Current portion of bank loan	13,342	6,574	Due within one year
Current portion of deferred and contingent consideration	17,325	10,618	Due within one year
Long term portion of bank loan	293,780	145,467	Fiscal 2025
Long term portion of deferred and contingent consideration	36,673	34,668	Fiscal 2025 to 2027
Non-controlling interests derivative liability	61,705	41,090	Fiscal 2027

(1) Subject to approval from Canadian Investment Regulatory Organization (formerly Investment Industry Regulatory Organization of Canada)

The fair values for cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values and will be paid within twelve 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, 2023 and March 31, 2022, 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, 2023			March 31, 2022		
	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	286,959	10,000	(10,000)	502,590	18,000	(18,000)
Equities and convertible debentures sold short	(162,019)	(6,000)	6,000	(111,084)	(4,000)	4,000

### 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 securities owned, net of 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, 2023 and 2022 if interest rates had increased or decreased by 100 basis points applied to balances as of March 31, 2023 and March 31, 2022, respectively. Fluctuations in interest rates do not have an effect on OCI. This sensitivity analysis assumes all other variables remain constant. The methodology used to calculate the interest rate sensitivity is consistent with the prior year.

	March 31, 2023			March 31, 2022		
	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	\$ 1,008,432	\$ 7,362	\$ (7,362)	\$ 1,788,261	\$ 13,054	\$ (13,054)
Securities owned, net of securities sold short	158,775	1,159	(1,159)	483,939	3,533	(3,533)
Clients' payable, net	(868,923)	(6,343)	6,343	(1,632,446)	(11,917)	11,917
RRSP cash balances held in trust	332,055	2,424	(2,424)	512,147	3,739	(3,739)
Brokers' and investment dealers' balance, net	578,084	4,220	(4,220)	359,553	2,625	(2,625)
Subordinated debt	(7,500)	(55)	55	(7,500)	(55)	55
Bank loan	(307,122)	(2,242)	2,242	(152,041)	(1,110)	1,110

(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, 2023:

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	\$ (1,407)	\$ 1,407	\$ 23,072	\$ (23,072)
Pound sterling	(393)	393	\$ 48,975	\$ (48,975)
Australian dollar	70	(70)	\$ 4,074	\$ (4,074)

As at March 31, 2022:

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	\$ (920)	\$ 920	\$ 22,670	\$ (22,670)
Pound sterling	(360)	360	30,365	(30,365)
Australian dollar	(93)	93	5,509	(5,509)

## 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, 2023:

	Notional amount (millions)	Average price	Maturity	Fair value
To sell US dollars	USD\$ 3.9	\$1.35 (CAD/USD)	April 3, 2023	—
To buy US dollars	USD\$ 1.8	\$1.35 (CAD/USD)	April 3, 2023	—

Forward contracts outstanding at March 31, 2022:

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

The Company's Canaccord Genuity Wealth Management segment in the UK & 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 63 days as at March 31, 2023 [March 31, 2022 – 68 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at March 31, 2023 and March 31, 2022, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	March 31, 2023			March 31, 2022		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	\$ 108	\$ 98	\$ 13,812	\$ 82	\$ 75	\$ 11,760

## FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond at a predetermined future date and price, and in accordance with terms specified by a regulated futures exchange; they 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, 2023, the notional amount of the bond futures contracts outstanding was short \$1.4 million [March 31, 2022 – long \$9.7 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, 2023 and March 31, 2022.

The fair value of all 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, 2023 and 2022, the floating rate was nil.

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
	\$	\$	\$	\$
March 31, 2023	\$ 205,794	\$ 130,651	\$ 157,222	\$ 206,328
March 31, 2022	\$ 282,142	\$ 186,174	\$ 203,465	\$ 309,123

## 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, 2023, the Company had a nil balance outstanding [March 31, 2022 – \$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, Thomas Miller, Adam & Company and Punter Southall. The balance outstanding at March 31, 2023, net of unamortized financing fees, was \$307.1 million [March 31, 2022 – \$152.0 million] [Note 17]. The facility ends on September 30, 2024 and the then outstanding payments are immediately due for repayment.

## OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and Punter Southall as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of \$667.4 million [March 31, 2022 – \$657.0 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2023, there was no bank indebtedness outstanding [March 31, 2022 – \$nil].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling \$3.9 million (US\$2.9 million) [March 31, 2022 – \$3.7 million (US\$2.9 million)] as rent guarantees for its leased premises in New York. As of March 31, 2023, and March 31, 2022, there were no outstanding balances under these standby letters of credit.

## 8. NON-CONTROLLING INTERESTS

### UK & Crown Dependencies Wealth Management

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

On May 31, 2022, certain institutional investors purchased a new series of Convertible Preferred Shares (“B Convertible Preferred Shares”) issued by CGWM UK for £65.3 million (\$104.1 million as of the issuance date of May 31, 2022). The proceeds, net of discount of \$2.1 million, were used in connection with the acquisition of PSW [note 11]. The B Convertible Preferred Shares bear the same terms as the A Convertible Preferred Shares issued during the year ended March 31, 2022 except for differences in conversion ratios. The two series of the Convertible Preferred Shares are collectively described as Convertible Preferred Shares in discussions below.

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

In connection with the issuance of the A Convertible Preferred Shares, CGWM UK provided for the purchase of certain equity instruments in CGWM UK by management and employees of CGWM UK. £24.6 million (CAD\$42.7 million at the time of issuance) of such equity instruments in CGWM UK have been purchased in connection with this equity program. Included in these equity instruments of CGWM UK were preferred shares with the same economic attributes as the A Convertible Preferred Shares (the “Preference Shares”). Preference Shares in the amounts of £7.5 million (CAD\$13.0 million) were outstanding as of March 31, 2023. The other equity interests purchased by management and employees of CGWM UK are ordinary shares of CGWM UK with certain restrictions on transfer and limited governance rights. In connection with the purchase of the ordinary shares, a limited recourse loan of £4.0 million (CAD\$6.7 million as of March 31, 2023) as well as certain full recourse employee loans were made. A management incentive plan has been implemented which, subject to certain minimum threshold levels, will provide for certain payments if a liquidity event occurs within six years or after six years if a liquidity event has not occurred and the A Convertible Preferred Shares are no longer outstanding.

In connection with the acquisition of PSW [Note 11], the Company also issued £4.0 million (\$6.4 million as of the acquisition date of May 31, 2022) of ordinary shares of CGWM UK as part of the purchase consideration. In addition, a management incentive plan has been implemented. A total of £2.5 million of CGWM UK ordinary shares are expected to be issued in connection with this plan.

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

The Convertible Preferred Shares and Preference Shares do not give rise to any obligation for the Company to deliver cash or other financial assets to the holders thereof. The Convertible Preferred Shares and Preference Shares were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preference Shares are included in equity and the derivative liability component is included in other liabilities in the statement of financial position as of March 31, 2023.

The fair value of the Convertible Preferred Shares and Preference Shares at issuance was allocated to the respective equity and derivative liability components. The fair value of the non-controlling interests derivative liability was established first and the residual amount was recorded to the equity component. The derivative components will be remeasured at the end of each reporting

period using the Company's best estimate of its value. During the twelve months ended March 31, 2023, the Company recorded a derivative liability in connection with the issuance of the B Convertible Preferred Shares of £5.0 million (\$8.0 million as of May 31, 2022). During the year ended March 31, 2023, a fair value adjustment of \$11.6 million [March 31, 2022 – \$8.5 million] was recorded in the statement of operations. The carrying value of the derivative liability component of £37.0 million (C\$61.7 million) [March 31, 2022 – £25.0 million (C\$41.1 million)] is included in other liabilities in the statement of financial position as of March 31, 2023.

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

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

### Australia

The Company owns 65% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership a 65% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited as of March 31, 2023 [March 31, 2022 – 65%]. Because of shares held in an employee trust controlled by CFGA, the Company holds a 67% ownership for accounting purposes.

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, both CGAL and CGFL are regulated by the Australian Securities and Investments Commission.

Summarized statement of profit or loss for the years ended March 31, 2023 and 2022:

	Australia		UK & Crown Dependencies		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Revenue	127,838	248,721	343,728	310,495	471,566	559,216
Expenses	119,690	190,744	289,424	252,681	409,114	443,425
Net income before taxes	8,148	57,977	54,304	57,814	62,452	115,791
Income tax (recovery) expense	(462)	20,935	6,403	9,528	5,941	30,463
<b>Net income</b>	<b>8,610</b>	<b>37,042</b>	<b>47,901</b>	<b>48,286</b>	<b>56,511</b>	<b>85,328</b>

	Australia		UK & Crown Dependencies		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Attributable to:						
CGGI shareholders	5,899	29,670	15,250	31,407	21,149	61,077
Non-controlling interests	2,711	7,372	32,651	16,879	35,362	24,251
	<b>8,610</b>	<b>37,042</b>	<b>47,901</b>	<b>48,286</b>	<b>56,511</b>	<b>85,328</b>

Summarized statement of financial position as at March 31, 2023 and 2022:

	Australia		UK & Crown Dependencies		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Current assets	172,683	235,141	225,682	162,826	398,365	397,967
Non-current assets	38,523	33,473	1,622,049	1,041,733	1,660,572	1,075,206
Current liabilities	86,439	133,434	143,925	94,256	230,364	227,690
Non-current liabilities	16,313	18,238	364,915	182,515	381,228	200,753

Summarized cash flow information for the years ended March 31, 2023 and 2022:

	Australia		UK & Crown Dependencies		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Cash provided by operating activities	6,655	33,150	32,329	86,100	38,984	119,250
Cash (used in) provided by financing activities	(7,683)	(31,125)	231,549	70,034	223,866	38,909
Cash used by investing activities	(2,468)	(1,530)	(256,245)	(98,755)	(258,713)	(100,285)
Foreign exchange impact on cash balance	(4,134)	(2,291)	2,928	(8,274)	(1,206)	(10,565)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(7,630)</b>	<b>(1,796)</b>	<b>10,561</b>	<b>49,105</b>	<b>2,931</b>	<b>47,309</b>

The non-controlling interests as of March 31, 2023 and 2022 comprised of the following:

As at and for the period ended March 31	Australia		UK & Crown Dependencies		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Balance, opening	23,301	8,190	215,400	—	238,701	8,190
Comprehensive income attributable to non-controlling interests	5,440	8,687	32,651	16,879	38,091	25,566
Foreign exchange on non-controlling interests	(582)	329	(4,790)	(5,112)	(5,372)	(4,783)
Dividends paid to non-controlling interest	(7,683)	(5,853)	—	—	(7,683)	(5,853)
Issuance of convertible preferred shares, net of discount	—	—	102,017	212,449	102,017	212,449
Issuance of equity instruments to management and employees	—	—	206	35,722	206	35,722
Reclassification to derivative liability on issuance date	—	—	(7,970)	(34,682)	(7,970)	(34,682)
Issuance of equity instruments in connection with acquisition of PSW [Note 11]	—	—	6,376	—	6,376	—
Acquisition-related costs, net of deferred tax recovery	—	—	—	(2,834)	—	(2,834)
Share-based payment	—	—	—	1,740	—	1,740
Increase in non-controlling interests due to issuance of partly paid shares	—	10,843	—	—	—	10,843
Payment of dividends on convertible preferred shares	—	—	(20,368)	(7,139)	(20,368)	(7,139)
Reclassification of other comprehensive income on issuance date	—	1,105	—	(1,624)	—	(519)
Balance, ending	20,476	23,301	323,522	215,399	343,998	238,700

	March 31 2023 \$	March 31 2022 \$
Comprehensive income attributable to non-controlling interests		
Australia	5,440	8,687
UK & Crown Dependencies	32,651	16,879
Total	38,091	25,566

## 9.

### Accounts Receivable and Accounts Payable and Accrued Liabilities

#### ACCOUNTS RECEIVABLE

	March 31, 2023 \$	March 31, 2022 \$
Brokers and investment dealers	\$ 1,939,685	\$ 1,693,579
Clients	869,883	1,020,112
RRSP cash balances held in trust	332,055	512,147
Other	213,580	212,817
	\$ 3,355,203	\$ 3,438,655

#### ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2023 \$	March 31, 2022 \$
Brokers and investment dealers	\$ 1,361,601	\$ 1,334,026
Clients	1,738,806	2,652,558
Other	619,925	859,088
	\$ 3,720,332	\$ 4,845,672

Amounts due from and to brokers and investment dealers include balances from resale and repurchase agreements, securities loaned and borrowed, and 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 Canadian Investment Regulatory Organization ("CIRO") (formerly Investment Industry Regulatory Organization of Canada) 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, 2023 – 9.70% to 11.00% and 0.00% to 0.05%, respectively; March 31, 2022 – 5.7% to 6.5% and 0.00% to 0.05%, respectively].

As at March 31, 2023, the allowance for doubtful accounts was \$3.1 million [March 31, 2022 – \$2.9 million]. See below for the movements in the allowance for doubtful accounts:

<b>Balance, March 31, 2021</b>	<b>\$ 6,841</b>
Charge for the year	4,835
Recoveries	(8,625)
Foreign exchange	(106)
<b>Balance, March 31, 2022</b>	<b>\$ 2,945</b>
Charge for the year	3,888
Recoveries	(3,751)
Foreign exchange	—
<b>Balance, March 31, 2023</b>	<b>3,082</b>

## 10. Investments

	March 31, 2023 \$	March 31, 2022 \$
Investment accounted for under the equity method	6,532	11,938
Investments held as fair value through profit or loss	11,569	10,990
	<b>18,101</b>	<b>22,928</b>

Breakdown of investments is as follows:

### INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

	March 31, 2023	March 31, 2022
Canaccord Genuity G Ventures Corp.	1,243	1,298
Katapult Technology Corp.	500	3,000
Link Investment Management Inc.	250	2,500
International Deal Gateway Blockchain Inc.	4,500	4,500
Other	39	640
	<b>6,532</b>	<b>\$ 11,938</b>

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

	March 31, 2023	March 31, 2022
Capital Markets Gateway LLC	4,177	3,864
InvestX Capital Ltd	3,392	3,126
Proactive Group Holdings Inc.	4,000	4,000
	<b>11,569</b>	<b>\$ 10,990</b>

#### Investments accounted for under equity method

The Company recorded a net share of loss on associates of \$0.06 million during the year ended March 31, 2023 [March 31, 2022 – net loss of \$0.2 million]. Additionally, the Company recorded aggregate impairments during the year of \$4.75 million on certain of these investments, including \$2.5 million on Katapult Technology Corp (“Katapult”) and \$2.25 million on Link Investment Management Inc (“Link”).

The Company is considered to exert significant influence over the operations of Katapult, Link and International Deal Gateway Blockchain Inc. factoring in potential voting rights, even though the Company does not currently have any entitlement to a share of the net assets of these companies. Accordingly, these investments are treated as equity investments and included as investments in the consolidated statement of financial position as at March 31, 2023.

#### Investments held as FVTPL

The Company holds certain investments classified as FVTPL as the Company does not exert significant influence over the operations of these investments.

## 11. Business Combinations

### RESULTS INTERNATIONAL GROUP LLP

On August 17, 2022, the Company, through its UK & Europe capital markets business, completed its acquisition of Results International Group LLP (Results). The initial cash consideration net of liabilities assumed was £5.3 million (\$8.2 million), with

additional contingent consideration of up to £14.45 million (\$22.5 million) payable over a period of four years following completion, subject to the achievement of performance targets related to revenue. The contingent consideration was recorded at its fair value of £10.1 million (\$15.7 million) as of the acquisition date. There was also deferred consideration of £2.0 million (\$3.1 million), payable over a period of three years following completion, in cash or the Company's shares based on the Company's option.

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

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

#### CONSIDERATION

Cash net of liabilities assumed	\$	8,211
Deferred consideration		3,112
Contingent consideration		15,735
	\$	27,058

#### NET ASSETS ACQUIRED

Accounts receivable	1,307
Equipment and leasehold improvements	38
Right of use assets	3,667
Accounts payable and accrued liabilities	(5,079)
Lease liabilities	(4,171)
Identifiable intangible assets	2,728
Deferred tax liability related to identifiable intangible assets	(641)
Goodwill	29,209
	\$ 27,058

Identifiable intangible assets of \$2.7 million were recognized and relate to the contract book, brand name and customer relationships. The goodwill of \$29.2 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

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

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

The aggregate acquisition-related expenses incurred by the Company during the year ended March 31, 2023 in connection with the acquisition of Results were \$1.5 million which comprised mainly of professional fees.

Revenue and net loss generated by Results including acquisition-related costs, were \$3.8 million and \$3.7 million, respectively, since the acquisition date.

Had Results been consolidated from April 1, 2022, as part of the consolidated statement of operations, the consolidated revenue and net loss would have been approximately \$1.5 billion and \$53.0 million, respectively, for the twelve months ended March 31, 2023. These figures represent historical results and are not necessarily indicative of future performance.

#### PUNTER SOUTHALL WEALTH LIMITED

On May 31, 2022, the Company, through CGWM UK completed its acquisition of the private client investment management business of Punter Southall Wealth Limited (PSW) for cash payment of £164.0 million (\$261.4 million), issuance of shares from CGWM UK of £4.0 million (\$6.4 million) and deferred consideration of £6.4 million (C\$10.1 million) related to the purchase of excess regulatory capital. The deferred consideration was paid in October 2022.

In connection with the completion of the acquisition, a subsidiary of the Company modified its existing banking arrangements and increased its bank loan by an additional £100 million (C\$159.4 million as of the issuance date of May 31, 2022). In addition, certain institutional investors have made an additional investment in CGWM UK through the purchase of a new series of Convertible Preferred Shares in the amount of £65.3 million (\$104.1 million as of the acquisition date of May 31, 2022). [Note 8]

Also, in connection with the acquisition, the Company adopted a share-based payment plan for certain awards to be made to certain employees of PSW. [Note 22]

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, are disclosed below.

#### CONSIDERATION

Cash	\$	261,416
Issuance of CGWM UK ordinary shares [Note 8]		6,376
Deferred consideration		10,140
		277,932

#### NET ASSETS ACQUIRED

Cash	\$	22,832
Accounts receivable		6,653
Equipment and leasehold improvements		448
Right of use assets		3,073
Deferred tax assets		598
Accounts payable and accrued liabilities		(10,063)
Lease liabilities		(3,728)
Identifiable intangible assets		136,022
Deferred tax liability related to identifiable intangible assets		(33,547)
Goodwill		155,644
		277,932

Identifiable intangible assets of \$136.0 million were recognized and relate to customer relationships and brand name. The goodwill of \$155.6 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

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

The aggregate acquisition-related expenses incurred by the Company during the period ended March 31, 2023 in connection with the acquisition of PSW were \$5.9 million which comprised mainly of professional fees.

Revenue and net income generated by PSW including acquisition-related costs, were \$45.9 million and \$10.6 million, respectively, since the acquisition date.

Had PSW been consolidated from April 1, 2022, as part of the consolidated statement of operations, the consolidated revenue and net loss would have been approximately \$1.5 billion and \$48.6 million, respectively, for the twelve months ended March 31, 2023. These figures represent historical results and are not necessarily indicative of future performance.

#### ADAM & COMPANY

During the twelve months ended March 31, 2023, the Company finalized its purchase price accounting in connection with the acquisition of Adam & Company. There were no changes to the purchase price and fair value of net assets acquired on the date of the acquisition disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2022.

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

**CONSIDERATION PAID**

Cash	\$93,316
	<u>93,316</u>

**NET ASSETS ACQUIRED**

Accounts receivable	5,875
Deferred tax assets	673
Accounts payable and accrued liabilities	(2,334)
Identifiable intangible assets	52,930
Deferred tax liability related to identifiable intangible assets	(12,901)
Goodwill	49,073
	<u>\$ 93,316</u>

Identifiable intangible assets of \$52.9 million were recognized and relate to customer relationships and brand name. The goodwill of \$49.1 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

**SAWAYA PARTNERS**

On December 31, 2021, the Company completed its acquisition of Sawaya Partners (Sawaya), a leading independent M&A advisory firm to the Consumer & Retail sector based in the US. During the twelve months ended March 31, 2023, the Company finalized its purchase price accounting. There was a remeasurement of the contingent consideration which resulted in an increase of \$1.5 million in both goodwill and contingent consideration as of and for the twelve months ended March 31, 2023.

During the year ended March 31, 2023, the Company recorded a decline in the fair value of the contingent consideration of \$14.3 million through the consolidated statement of operations. [Note 7]

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

**CONSIDERATION**

Cash	\$ 45,513
Deferred consideration	11,378
Contingent consideration	44,626
	<u>\$ 101,517</u>

**NET ASSETS ACQUIRED**

Accounts receivable	78
Equipment and leasehold improvements	1,122
Right of use assets	4,070
Accounts payable and accrued liabilities	(77)
Lease liabilities	(4,070)
Identifiable intangible assets	5,155
Goodwill	95,239
	<u>\$ 101,517</u>

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



## 12. Equipment and Leasehold Improvements

	Cost \$	Accumulated amortization \$	Net book value \$
<b>March 31, 2023</b>			
Computer equipment	19,906	16,957	2,949
Furniture and equipment	34,957	26,884	8,073
Leasehold improvements	107,560	70,402	37,158
	162,423	114,243	48,180
<b>March 31, 2022</b>			
Computer equipment	21,197	17,522	3,675
Furniture and equipment	28,965	25,564	3,401
Leasehold improvements	91,779	64,212	27,567
	141,941	107,298	34,643

  

	Computer equipment \$	Furniture and equipment \$	Leasehold improvements \$	Total \$
<b>Cost</b>				
Balance, March 31, 2021	24,024	29,751	90,871	144,646
Reclassification	1,879	—	(2,038)	(159)
Additions	3,348	2,346	15,050	20,744
Disposals	(7,052)	(2,796)	(11,035)	(20,883)
Foreign exchange	(1,002)	(336)	(1,069)	(2,407)
<b>Balance, March 31, 2022</b>	21,197	28,965	91,779	141,941
Acquisitions of Results and PSW [Note 11]	10	110	366	486
Additions	2,875	6,874	15,860	25,609
Disposals	(4,620)	(1,177)	(1,245)	(7,042)
Foreign exchange	444	185	800	1,429
<b>Balance, March 31, 2023</b>	19,906	34,957	107,560	162,423

  

	Computer equipment \$	Furniture and equipment \$	Leasehold improvements \$	Total \$
<b>Accumulated amortization and impairment</b>				
<b>Balance, March 31, 2021</b>	21,906	26,810	72,860	121,576
Reclassification	1,478	—	(1,637)	(159)
Amortization	2,048	1,828	4,454	8,330
Disposals	(7,041)	(2,792)	(10,817)	(20,650)
Foreign exchange	(869)	(282)	(648)	(1,799)
<b>Balance, March 31, 2022</b>	17,522	25,564	64,212	107,298
Amortization	2,580	2,209	6,888	11,677
Disposals	(3,604)	(1,025)	(1,152)	(5,781)
Foreign exchange	459	136	454	1,049
<b>Balance, March 31, 2023</b>	16,957	26,884	70,402	114,243

The carrying value of any temporarily idle property, plant and equipment is not considered material as at March 31, 2023 and March 31, 2022.

### 13. Right-of-Use Assets

Cost		
Balance, March 31, 2021		\$ 133,122
Additions		61,424
Extinguishment		(4,020)
Foreign exchange		(1,660)
As at March 31, 2022		188,866
<b>Additions</b>		<b>19,430</b>
<b>Extinguishment</b>		<b>(7,813)</b>
<b>Foreign exchange</b>		<b>1,381</b>
<b>As at March 31, 2023</b>		<b>201,864</b>
<b>Amortization</b>		
Balance, March 31, 2021		47,906
Charge for the year		23,894
As at March 31, 2022		71,800
<b>Charge for the year</b>		<b>26,335</b>
<b>As at March 31, 2023</b>		<b>98,135</b>
Net book value as at March 31, 2022		\$ 117,066
<b>Net book value as at March 31, 2023</b>		<b>103,729</b>

The right of use assets comprise mostly of leases for office premises.

### 14. Goodwill and Other Intangible Assets

	Goodwill	Brand names (indefinite life)	Brand names	Customer relationships	Technology	Trading licenses	Fund management contracts	Contract book	Favorable lease	Client books	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross amount</b>											
Balance, March 31, 2021	702,747	44,930	544	163,546	39,632	625	38,781	6,150	526	—	294,734
Additions	142,821	—	1,382	52,116	2,541	—	—	4,308	—	1,931	62,278
Foreign exchange	(12,657)	—	(42)	(8,345)	(1,704)	(8)	(1,947)	(80)	(3)	—	(12,129)
Reclassification	—	—	—	184	(184)	—	—	—	—	—	—
Balance, March 31, 2022	832,911	44,930	1,884	207,501	40,285	617	36,834	10,378	523	1,931	344,883
Additions	184,853	—	274	137,795	4,006	—	—	682	—	—	142,757
Foreign exchange	27,823	—	120	8,599	470	(14)	535	859	42	(66)	10,545
Adjustments	1,594	—	—	—	—	—	—	—	—	—	—
<b>Balance, March 31, 2023</b>	<b>1,047,181</b>	<b>44,930</b>	<b>2,278</b>	<b>353,895</b>	<b>44,761</b>	<b>603</b>	<b>37,369</b>	<b>11,919</b>	<b>565</b>	<b>1,865</b>	<b>498,185</b>
<b>Accumulated amortization and impairment</b>											
Balance, March 31, 2021	(322,632)	—	(364)	(96,245)	(27,194)	(625)	(12,811)	(6,150)	(422)	—	(143,811)
Amortization	—	—	(335)	(11,297)	(3,002)	—	(3,620)	(1,112)	(103)	(206)	(19,675)
Foreign exchange	—	—	6	3,461	1,290	8	795	36	2	(2)	5,596
Balance, March 31, 2022	(322,632)	—	(693)	(104,081)	(28,906)	(617)	(15,636)	(7,226)	(523)	(208)	(157,890)
Amortization	—	—	(805)	(19,040)	(3,127)	—	(3,369)	(3,626)	—	(183)	(30,150)
Impairment	(101,729)	—	—	(842)	—	—	—	—	—	—	(842)
Foreign exchange	—	—	(76)	(1,787)	(479)	14	(384)	(641)	(42)	7	(3,388)
<b>Balance, March 31, 2023</b>	<b>(424,361)</b>		<b>(1,574)</b>	<b>(125,750)</b>	<b>(32,512)</b>	<b>(603)</b>	<b>(19,389)</b>	<b>(11,493)</b>	<b>(565)</b>	<b>(384)</b>	<b>(192,270)</b>
<b>Net book value</b>											
March 31, 2022	510,279	44,930	1,191	103,420	11,379	—	21,198	3,152	—	1,723	186,993
<b>March 31, 2023</b>	<b>622,820</b>	<b>44,930</b>	<b>704</b>	<b>228,145</b>	<b>12,249</b>	<b>—</b>	<b>17,980</b>	<b>426</b>	<b>—</b>	<b>1,481</b>	<b>305,915</b>

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the initial 50% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, Jitneytrade, Petsky Prunier, McCarthy Taylor, Thomas Miller, Patersons, Adam & Company, Sawaya, PSW and Results are customer relationships, trading licences, fund management contracts, contract book, technology and brand names

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

#### IMPAIRMENT TESTING OF GOODWILL AND 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, 2023 \$	March 31, 2022 \$	March 31, 2023 \$	March 31, 2022 \$	March 31, 2023 \$	March 31, 2022 \$
<b>Canaccord Genuity Capital Markets CGUs</b>						
Canada	\$ 44,930	\$ 44,930	—	\$ 101,732	\$ 44,930	\$ 146,662
US	—	—	\$ 206,664	189,608	206,664	189,608
UK & Europe	—	—	31,304	—	31,304	—
<b>Canaccord Genuity Wealth Management CGUs</b>						
UK & Crown Dependencies (Channel Islands)	—	—	89,944	88,644	89,944	88,644
UK & Crown Dependencies (UK wealth)	—	—	292,145	127,434	292,145	127,434
Australia	—	—	2,763	2,861	2,763	2,861
	<b>\$ 44,930</b>	<b>\$ 44,930</b>	<b>\$ 622,820</b>	<b>\$ 510,279</b>	<b>667,750</b>	<b>\$ 555,209</b>

Goodwill acquired in connection with PSW [Note 11] is included in the Canaccord Genuity Wealth Management (UK Wealth) CGU and goodwill acquired in connection with Results is included in the Canaccord Genuity Capital Markets UK & Europe for the purpose of goodwill impairment testing. [Note 11]

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

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and whenever 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; then, if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment.

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.

Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a compounded annual growth rate and a terminal growth rate. The discount rates, compound annual growth rates and terminal growth rates for each CGU are summarized in the table below.

	Discount rate		Compound annual Growth rate		Terminal growth rate	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Canaccord Genuity Capital Markets CGUs</b>						
Canada	14.0%	12.5%	10.9%	5.0%	2.5%	2.5%
US	14.0%	12.5%	2.5%	0.0%	2.5%	2.5%
UK & Europe	14.0%	—	10.0%	—	2.5%	—
<b>Canaccord Genuity Wealth Management CGUs</b>						
UK & Crown Dependencies (Channel Islands)	12.5%	12.5%	5.0%	5.0%	2.5%	2.5%
UK & Crown Dependencies (UK wealth)	12.5%	12.5%	7.5%	5.0%	2.5%	2.5%
Australia	14.0%	12.5%	5.0%	5.0%	2.5%	2.5%

Due to the effect of weak equity market conditions globally and particularly in Canada, the Canadian capital markets operation experienced substantial declines in business activity and revenue and has incurred material losses on a year-to-date basis. With these adverse changes in the business environment, continued weakness in commodity prices and a challenging outlook as negative economic conditions persist, it was determined that the carrying value of our Canadian capital markets CGU exceeded its fair value during an interim test as at December 31, 2022. As a result, the Company recorded an impairment charge in respect of goodwill of \$101.7 million during the three months ended December 31, 2022. In addition, the Company recorded an impairment charge related to the unamortized intangible assets of \$0.8 million allocated to the Canadian capital markets CGU.

Sensitivity testing was conducted as part of the impairment test of goodwill and indefinite life intangible assets for the Canaccord Genuity Capital Markets – UK & Europe CGU. The sensitivity testing included assessing the impact that reasonably possible declines in revenue estimates for the twelve month period ending on March 31, 2024, declines in growth rates after that period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant. An increase of the discount rate of 1.8 percentage points, a decrease in the estimated revenue for the twelve month period ending March 31, 2024 of \$2.6 million, a decrease in the five year compound annual growth of 2.1 percentage points or a decrease in the terminal growth rate of 2.4% may result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge may be required. Any such impairment charge would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors.

## 15. Income Taxes

The major components of income tax expense are as follows:

	March 31, 2023	March 31, 2022
	\$	\$
<b>Consolidated statements of operations</b>		
Current income tax expense		
Current income tax expense	\$ 22,125	\$ 122,348
Adjustments in respect of prior years	(1,952)	(276)
	20,173	122,072
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	138	(14,301)
Impact of change in tax rates	(2)	(67)
	136	(14,368)
Income tax expense reported in the statements of operations	20,309	\$ 107,704

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, 2023 \$	March 31, 2022 \$
Net (loss) income before income taxes	(34,433)	378,269
Income tax (recovery) expense at the statutory rate of 27.0% (2022 – 27.0%)	(9,370)	102,129
Difference in tax rates in foreign jurisdictions	(5,443)	(1,978)
Permanent differences	8,815	7,441
Impairment of goodwill and intangible assets	26,414	—
Change in accounting and tax base estimate	835	2,074
Impact of change in tax rate	(1,671)	1,957
Share-based payments	1,446	(1,470)
Other	(717)	(2,449)
Income tax expense reported in the statements of operations	<b>\$ 20,309</b>	<b>\$107,704</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, 2023 \$	March 31, 2022 \$	March 31, 2023 \$	March 31, 2022 \$
Unrealized (loss) gain on securities owned	\$ (5,778)	\$ (33,770)	\$(27,992)	\$ 17,398
Legal provisions	1,103	1,273	170	498
Unpaid remunerations	16,978	36,250	19,492	(11,337)
Unamortized capital cost of equipment and leasehold improvements over their net book value	2,551	3,085	534	553
Unamortized common share purchase loans	34,968	39,368	4,400	(10,189)
Loss carryforwards	9,025	10,195	1,170	250
Long-term incentive plan	53,221	54,139	918	(12,302)
Other intangible assets	(82,348)	(42,087)	5,530	12,845
Other	5,285	4,896	(4,086)	(12,084)
	<b>\$ 35,005</b>	<b>\$ 73,349</b>	<b>\$ 136</b>	<b>\$ (14,368)</b>

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

	March 31, 2023 \$	March 31, 2022 \$
Deferred tax assets	<b>\$ 90,733</b>	<b>\$ 98,224</b>
Deferred tax liabilities	<b>(55,728)</b>	<b>(24,875)</b>
	<b>\$ 35,005</b>	<b>\$ 73,349</b>

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

	March 31, 2023 \$	March 31, 2022 \$
Opening balance	73,349	67,677
Tax (expense) recovery recognized in the consolidated statements of operations	(136)	14,368
Deferred taxes acquired in business combination	(34,191)	(12,255)
Tax benefit recognized in equity	(5,722)	742
Foreign exchange and other	1,705	2,817
Ending balance as of March 31	<b>\$ 35,005</b>	<b>\$ 73,349</b>

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 \$6.3 million [2022 – \$2.8 million] in the UK & Europe and \$6.3 million [2022 – \$6.5 million] in the US have been recognized as deferred tax assets. The losses in these jurisdictions can be carried forward indefinitely. Tax loss carryforwards of \$24.1 million [2022 – \$30.8 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 \$23.8 million [2022 – \$22.4 million] and other temporary differences of \$nil [2022 – \$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 are to carry forward indefinitely.

## 16. Subordinated Debt

	March 31, 2023 \$	March 31, 2022 \$
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	7,500	7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the CIRO. As at March 31, 2023 and 2022, the interest rates for the subordinated debt were 10.7% and 6.7%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

## 17. Bank Loan

	March 31, 2023 \$	March 31, 2022 \$
Loan	310,192	154,498
Less: Unamortized financing fees	(3,070)	(2,457)
	<b>307,122</b>	<b>152,041</b>
Current portion	13,342	6,574
Long-term portion	293,780	145,467

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW. During the year ended March 31, 2023, the Company obtained an additional bank loan of £100.0 million (C\$166.8 million as of March 31, 2023) [Note 11]. The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 7.177% per annum as at March 31, 2023 [March 31, 2022 – 3.375% per annum].

## 18. Lease Liabilities

	March 31, 2023 \$	March 31, 2022 \$
Year one	34,148	30,351
Year two	28,674	29,919
Year three	19,134	24,732
Year four	12,000	16,340
Year five and thereafter	48,579	55,635
	<b>142,535</b>	<b>156,977</b>
Effect of discounting	(23,297)	(31,429)
Present value of minimum lease payments	<b>119,238</b>	<b>125,548</b>
Less: current portion	(26,712)	(23,928)
Non-current portion of lease liabilities	<b>92,526</b>	<b>101,620</b>

## 19. Preferred Shares

	March 31, 2023		March 31, 2022	
	Amount \$	Number of shares	Amount \$	Number of shares
Series A Preferred Shares issued and outstanding	110,818	4,540,000	110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	205,641	8,433,206	205,641	8,433,206

### [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.

On September 1, 2021, the Company announced the reset of the dividend rate on its Cumulative 5-year Rate Reset First Preferred Shares, Series A ("Series A Preferred Shares"). Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 3.885% for the five years ended September 30, 2021. Commencing October 1, 2021 and ending on and including September 30, 2026, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.028%. The dividend rate will be reset every five years at a rate equal to the five-year Government of Canada yield plus 3.21%.

Holdes 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, 2021 and have the option on September 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of September 30, 2021 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, 2021 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.

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

Holdes 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, 2022 and have the option on June 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of June 15, 2022 was below the minimum required to proceed with the conversion and, accordingly, no Series D Preferred Shares were issued. Series D Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.03%.

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

## 20. Common Shares

	March 31, 2023		March 31, 2022	
	Amount \$	Number of shares	Amount \$	Number of shares
Issued and fully paid	686,043	99,594,391	685,270	99,697,799
Shares committed to repurchase under the normal course issuer bid	—	—	(3,411)	(495,100)
Held for share-based payment plans	(1,334)	(122,355)	(1,505)	(122,355)
Held for the LTIP	(118,364)	(11,994,885)	(104,188)	(11,023,169)
	566,345	87,477,151	576,166	88,057,175

### [i] AUTHORIZED

Unlimited common shares without par value.

### [ii] ISSUED AND FULLY PAID

	Number of shares	Amount \$
<b>Balance, March 31, 2021</b>	<b>108,191,331</b>	<b>749,500</b>
Shares issued in connection with settlement of Petsky Prunier deferred consideration	736,850	—
Shares issued in connection with exercise of PSOs (performance stock options)	609,046	4,098
Shares purchased and cancelled under the substantial course issuer bid	(6,451,612)	(44,801)
Shares purchased and cancelled under the normal course issuer bid	(3,387,816)	(23,527)
<b>Balance, March 31, 2022</b>	<b>99,697,799</b>	<b>685,270</b>
Shares issued in connection with settlement of Sawaya deferred consideration	195,993	2,883
Shares issued in connection with exercise of PSO	285,899	1,924
Shares purchased and cancelled under the normal course issuer bid	(585,300)	(4,034)
<b>Balance, March 31, 2023</b>	<b>99,594,391</b>	<b>686,043</b>

On August 18, 2022, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 4,959,281 of its common shares during the period from August 21, 2022 to August 20, 2023 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the year ended March 31, 2023, there were 502,000 shares purchased under the NCIB. There were also 83,300 shares purchased under the NCIB during the year ended March 31, 2022 and cancelled during the year ended March 31, 2023.

### [iii] (LOSS) EARNINGS PER COMMON SHARE

	For the years ended	
	March 31, 2023 \$	March 31, 2022 \$
<b>(Loss) earnings per common share</b>		
Net (loss) income attributable to CGGI shareholders	\$ (90,104)	\$ 246,314
Preferred share dividends	(10,948)	(9,484)
Net (loss) income attributable to common shareholders	(101,052)	236,830
Weighted average number of common shares (number)	87,381,995	94,871,398
Basic (loss) earnings per share	\$ (1.16)	\$ 2.50
<b>Diluted (loss) earnings per common share</b>		
Net (loss) income attributable to common shareholders	(101,052)	236,830
Weighted average number of common shares (number)	n/a	94,871,398
Dilutive effect in connection with LTIP (number)	n/a	10,922,398
Shares payable in connection with Results deferred consideration (number)	n/a	—
Dilutive effect in connection with acquisition of Sawaya (number)	n/a	783,972
Dilutive effect in connection with PSOs (number)	n/a	2,856,706
Adjusted weighted average number of common shares (number)	n/a	109,434,474
Diluted (loss) earnings per common share	\$ (1.16)	\$ 2.16

For the year ended March 31, 2023, the instruments involving potential common shares were excluded from the calculation of diluted loss per share as they were anti-dilutive.



## 21. Dividends

### COMMON SHARE DIVIDENDS

The Company declared the following common share dividends during the year ended March 31, 2023:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 17, 2022	June 30, 2022	\$ 0.085	\$ 8,429
September 2, 2022	September 15, 2022	\$ 0.085	\$ 8,431
December 2, 2022	December 15, 2022	\$ 0.085	\$ 8,431
February 24, 2023	March 10, 2023	\$ 0.085	\$ 8,461

On June 16, 2023, the Board of Directors approved a dividend of \$0.085 per common share, payable on July 4, 2023, with a record date of June 23, 2023. [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 17, 2022	June 30, 2022	\$ 0.251750	\$ 0.312060	\$ 2,391
September 16, 2022	September 30, 2022	\$ 0.251750	\$ 0.427310	\$ 2,852
December 23, 2022	January 3, 2023	\$ 0.251750	\$ 0.427310	\$ 2,852
March 17, 2023	March 31, 2023	\$ 0.251750	\$ 0.427310	\$ 2,852

On June 16, 2023, the Board approved a cash dividend of \$0.25175 per Series A Preferred Share payable on June 30, 2023 to Series A Preferred shareholders of record as at June 23, 2023. [Note 28]

On June 16, 2023, the Board approved a cash dividend of \$0.42731 per Series C Preferred Share payable on June 30, 2023 to Series C Preferred shareholders of record as at June 23, 2023. [Note 28]

## 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 8,198,677 RSUs [year ended March 31, 2022 – 4,825,572 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2023. The Trusts purchased 6,951,114 common shares [year ended March 31, 2022 – 4,531,020 common shares] during the year ended March 31, 2023.

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, 2023 was \$10.17. [March 31, 2022 – \$13.45].

	Number
Awards outstanding, March 31, 2021	11,663,809
Grants	4,825,572
Vested	(5,096,244)
Forfeited	(212,602)
Awards outstanding, March 31, 2022	11,180,535
Grants	8,198,677
Vested	(5,979,398)
Forfeited	(115,399)
<b>Awards outstanding, March 31, 2023</b>	<b>13,284,415</b>
	Number
Common shares held by the Trusts, March 31, 2021	11,588,393
Acquired	4,531,020
Released on vesting	(5,096,244)
Common shares held by the Trusts, March 31, 2022	11,023,169
Acquired	6,951,114
Released on vesting	(5,979,398)
<b>Common shares held by the Trusts, March 31, 2023</b>	<b>11,994,885</b>

#### **[ii] INDEPENDENT DIRECTOR 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, 2023, the Company granted 81,920 DSUs [2022 – 53,629 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2023 was \$3.9 million [2022 – \$7.7 million].

#### **[iii] EXECUTIVE EMPLOYEE DEFERRED SHARES UNITS**

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

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to DSUs at March 31, 2023 was \$9.6 million [March 31, 2022 – \$5.4 million].

#### **[iv] 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 the value of the PSUs at each reporting period are amortized over the remaining vesting period and recorded as a compensation expense in the statement of operations.

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at March 31, 2023 was \$106.9 million [March 31, 2022 – \$140.2 million].

#### **[v] 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 rateably 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, 2023, the stock price performance vesting conditions had been met on all the outstanding options. A total of 4,855,668 options outstanding (net of options already exercised) had met both stock price performance and time-based

vesting conditions and are therefore fully vested and outstanding as of March 31, 2023. A total of 4,122,335 PSOs expired on June 14, 2023. In addition, 600,000 PSOs will expire on August 16, 2023.

The following is a summary of the Company's PSOs as at March 31, 2023:

	Number of PSOs	Weighted average exercise price (\$)
Balance, March 31, 2021	6,237,001	\$ 6.78
Exercised	(609,046)	\$ 6.73
Balance, March 31, 2022	5,627,955	\$ 6.79
Grants	300,000	8.77
Exercised	(705,620)	6.73
<b>Balance, March 31, 2023</b>	<b>5,222,335</b>	<b>6.92</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, 2023:

Dividend yield	3.78%
Expected volatility	48.60%
Risk-free interest rate	3.39%
Expected life	4 years

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.

#### [vi] PSW CONDITIONAL SHARE PLAN

In connection with the acquisition of PSW [Note 11], the Company adopted a share-based payment plan in the amount of £2.5 million (CAD \$4.2 million) in respect of CGWM UK ordinary shares for certain key employees of PSW. The plan is subject to various vesting conditions and accordingly, the Company recognizes the cost of such awards as an expense over the applicable vesting period.

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

	For the years ended	
	March 31, 2023	March 31, 2022
	\$	\$
Long-term incentive plan	45,426	82,452
Deferred share units (cash-settled)	(561)	342
Deferred share units (cash-settled) – senior executives	4,029	5,435
PSO	635	1,393
PSU (cash-settled)	8,685	55,465
Other share-based payment plan	1,281	1,740
<b>Total share-based compensation expense</b>	<b>59,495</b>	<b>146,827</b>

## 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, 2023	March 31, 2022
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%	100%
CG Investments Inc. V	Canada	100%	100%
CG Investments Inc. VI	Canada	100%	100%
CG G Sponsors Inc. I	Canada	100%	100%
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 <sup>(1)</sup>	Guernsey	94.5%	96.7%
Canaccord Genuity Financial Planning Limited <sup>(1)(4)</sup>	United Kingdom	94.5%	96.7%
Canaccord Genuity Wealth Limited <sup>(1)</sup>	United Kingdom	94.5%	96.7%
Canaccord Genuity Wealth Group Limited <sup>(1)</sup>	United Kingdom	94.5%	96.7%
Canaccord Genuity Wealth (International) Holdings Limited <sup>(1)</sup>	Guernsey	94.5%	96.7%
Hargreave Hale Limited <sup>(1)</sup>	United Kingdom	94.5%	96.7%
CG Wealth Planning Limited <sup>(1)</sup>	United Kingdom	94.5%	96.7%
Adam & Company Investment Management Limited <sup>(1)(4)</sup>	United Kingdom	94.5%	96.7%
Punter Southall Wealth Limited <sup>(1)(4)</sup>	United Kingdom	94.5%	n/a
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 Genuity (2021) LLC	United States	100%	100%
Canaccord Genuity Finance Corp.	Canada	100%	100%
Canaccord Adams (Delaware) Inc.	United States	100%	100%
Canaccord Genuity Securities LLC	United States	100%	100%
CG Sawaya, LLC	United States	100%	100%
Canaccord Genuity (2021) Holdings ULC	Canada	100%	100%
Canaccord Genuity (2021) Limited Partnership	Canada	100%	100%
Canaccord Genuity (2021) GP ULC	Canada	100%	100%
Stockwave Equities Ltd.	Canada	100%	100%
Canaccord Genuity Group Finance Company Ltd.	Canada	100%	100%
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Genuity Emerging Markets Ltd.	Bahamas	100%	100%
Canaccord Financial Group (Australia) Pty Ltd <sup>(2)</sup>	Australia	65%	65%
Canaccord Genuity (Australia) Limited <sup>(2)</sup>	Australia	65%	65%
Canaccord Genuity Financial Limited <sup>(2)</sup>	Australia	65%	65%
Patersons Asset Management Limited <sup>(2)</sup>	Australia	65%	65%
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. <sup>(3)</sup>	United Arab Emirates	100%	100%
Canaccord Genuity Wealth Group Holdings (Jersey) Limited <sup>(1)</sup>	Jersey	94.5%	96.7%
Canaccord Genuity Hawkpoint Limited	United Kingdom	100%	100%
Canaccord Genuity Management Company Limited <sup>(4)</sup>	Ireland	100%	100%

(1) The company issued Convertible Preferred Shares to certain institutional investors and certain equity instruments in CGWM UK within the context of the transaction value and reflecting a 5.55% interest in the outstanding ordinary shares of CGWM UK. On an as converted basis, convertible preferred shares, preference shares and ordinary shares issued to management and employees of CGWM UK together represent a 33.1% equity equivalent interest. [Note 8]

(2) The Company owns 65% 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, 2023 the Company is considered to have a 67.3% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2022 – 67.3%] [Note 8].

(3) The Company sold its interest in Canaccord Genuity (Dubai) Ltd. subsequent to March 31, 2023.

(4) This company was wound-up as part of an internal restructuring subsequent to March 31, 2023.

### [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, 2023 and 2022:

	March 31, 2023 \$	March 31, 2022 \$
Short-term employee benefits	48,804	33,585
Share-based payments	892	736
<b>Total compensation paid to key management personnel</b>	<b>49,696</b>	<b>34,321</b>

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

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

	March 31, 2023 \$	March 31, 2022 \$
Accounts receivable	18,115	12,009
Accounts payable and accrued liabilities	600	1,271

### [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.

## 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 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 & Crown Dependencies.

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

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

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

	For the years ended							
	March 31, 2023				March 31, 2022			
	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	156,187	591,772	1,155	749,114	174,826	587,001	16	761,843
Investment banking	126,588	34,356	—	160,944	463,118	98,607	—	561,725
Advisory fees	362,549	2,005	—	364,554	488,579	4,478	—	493,057
Principal trading	116,900	338	—	117,238	158,232	744	2	158,978
Interest	25,067	76,593	13,585	115,245	8,985	21,580	5,463	36,028
Other	5,562	3,240	(5,500)	3,302	9,334	7,997	17,040	34,371
Expenses, excluding undernoted	698,759	490,833	89,292	1,278,884	924,199	512,719	109,468	1,546,386
Amortization	10,303	29,662	1,669	41,634	6,784	20,192	617	27,593
Amortization of right of use assets	15,756	7,133	3,446	26,335	15,278	5,444	3,172	23,894
Development costs	3,383	25,296	7,379	36,058	1,366	20,861	195	22,422
Interest expense	18,848	32,739	2,952	54,539	13,072	8,852	1,674	23,598
Acquisition related costs	1,477	5,926	—	7,403	537	8,660	—	9,197
Impairment of goodwill and intangible assets	102,571	—	—	102,571	—	—	—	—
Fair value adjustment of non-controlling interest derivative liability	—	—	11,629	11,629	—	—	8,519	8,519
Change in fair value of contingent consideration	(14,278)	—	—	(14,278)	—	—	—	—
Costs associated with redemption of convertible debentures	—	—	—	—	—	—	5,932	5,932
Share of loss of an associate	—	—	55	55	—	—	192	192
(Loss) Income before intersegment allocations and income taxes	(43,966)	116,715	(107,182)	(34,433)	341,838	143,679	(107,248)	378,269
Intersegment allocations	21,651	23,293	(44,944)	—	20,007	22,670	(42,677)	—
(Loss) income before income taxes	(65,617)	93,422	(62,238)	(34,433)	321,831	121,009	(64,571)	378,269

For geographic reporting purposes, the Company's business operations are grouped into Canada, the US, the UK & Europe (including Dubai) and Australia. The Asian operations are 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, 2023 \$	March 31, 2022 \$
Canada	\$ 454,741	\$ 692,432
UK, Europe & Crown Dependencies	440,003	430,850
United States	487,769	673,997
Australia	127,884	248,723
	\$ 1,510,397	\$ 2,046,002

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

	Canada \$	UK & Crown Dependencies \$	United States \$	Australia \$	Total \$
<b>As at March 31, 2023</b>					
Equipment and leasehold improvements	31,692	9,399	4,076	3,013	48,180
Goodwill	—	413,393	206,664	2,763	622,820
Intangible assets	47,903	251,564	186	6,262	305,915
Non-current assets	79,595	674,356	210,926	12,038	976,915
<b>As at March 31, 2022</b>					
Equipment and leasehold improvements	\$ 15,847	\$ 9,796	\$ 5,506	\$ 3,494	\$ 34,643
Goodwill	101,732	216,078	189,608	2,861	510,279
Intangible assets	48,932	127,117	3,746	7,198	186,993
Non-current assets	\$ 166,511	\$ 352,991	\$ 198,860	\$ 13,553	\$ 731,915

## 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, retained earnings and accumulated other comprehensive income, and is further complemented by the subordinated debt, non-controlling interests, bank loans and convertible debentures. The following table summarizes our capital as at March 31, 2023 and 2022:

Type of capital	March 31, 2023 \$	March 31, 2022 \$
Preferred shares	205,641	205,641
Common shares	566,345	576,166
Deferred consideration	8,495	11,378
Contributed surplus	49,400	64,241
Retained earnings	119,552	251,540
Accumulated other comprehensive income	105,206	69,103
Shareholders' equity	1,054,639	1,178,069
Non-controlling interests	343,998	238,700
Subordinated debt	7,500	7,500
Bank loan	307,122	152,041
	1,713,259	\$ 1,576,310

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 CIRO
- Canaccord Genuity Limited, Canaccord Genuity Wealth Limited, Canaccord Genuity Financial Planning Limited, CG McCarthy Taylor Limited, CG Wealth Planning Limited, Adam & Company Investment Management Limited, Punter Southwall 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 Genuity (Dubai) Ltd. is subject to regulation in the United Arab Emirates by the Dubai Financial Services Authority (DFSA). The Company sold its interest in Canaccord Genuity (Dubai) Ltd subsequent to March 31, 2023
- Canaccord Genuity Emerging Markets Ltd. is subject to regulation in the Bahamas by the Securities Commission of the Bahamas
- Canaccord Genuity Insurance Company Ltd is subject to regulation by the Financial Services Commission (Barbados)

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, 2023.

## 26. Client Money

At March 31, 2023, the UK & Europe operations held client money in segregated accounts of \$3.280 billion (£1.967 billion) [2022 – \$2.859 billion (£1.740 billion)]. This client money comprises of \$7.121 million (£4.270 million) [2022 – \$7.345 million (£4.469 million)] of cash to settle outstanding trades and \$3.272 billion (£1.962 billion) [2022 – \$2.852 billion (£1.735 billion)] of segregated deposits which are held on behalf of clients and which are not reflected on the consolidated statements of financial position. Movement in settlement balances is reflected in operating cash flows.

## 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, 2023 and 2022:

	Legal provisions \$	Restructuring provisions \$	Total provisions \$
Balance, March 31, 2021	8,551	1,806	10,357
Additions	2,515	—	2,515
Utilized	(4,419)	(231)	(4,650)
Balance, March 31, 2022	6,647	1,575	8,222
Additions	13,363	—	13,363
Utilized	(1,874)	(51)	(1,925)
<b>Balance, March 31, 2023</b>	<b>18,136</b>	<b>1,524</b>	<b>19,660</b>

### Commitments, litigation proceedings and contingent liabilities

In the normal course of business, the Company is involved in litigation, and as of March 31, 2023, 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, 2023, 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.

The Company is subject to certain rules, regulations, and other regulatory requirements specific to the broker-dealer business and, as such, the Company operates within a regulatory framework involving certain governmental agencies and organizations. As a regulated entity and in the normal course, the Company is subject to periodic reviews and examinations by those agencies and organizations. The Company maintains policies and procedures designed to ensure compliance with these rules, regulations and requirements, but, in the event that a regulatory authority determines that there was a failure by the Company to follow or comply with certain procedures or a regulatory requirement or there is a deficiency in the Company's records or reports or some other



compliance or financial failure then the Company may agree to pay a fine or penalty or agree to certain other sanctions, or, alternatively, a regulatory authority may impose a fine, penalty or other sanction. If such circumstances arise, the Company records a provision for any matter where a payment is considered probable and can be reasonably estimated.

In connection with this regulatory oversight, the Company is involved in an enforcement matter arising from a regulatory review of the Company's wholesale market making activities. Although the Company expects that the underlying enforcement matter will be resolved in the ordinary course and expects that the resolution of the enforcement matter will not have a material impact on its financial condition or results of operations, the Company may incur a significant penalty and additional costs related to its business or become subject to other terms or conditions that may adversely impact its business. An estimate for a settlement of the enforcement matter has been recorded as of March 31, 2023, based on management's judgment and based on the information currently available to the Company, but because the ultimate resolution of this matter is not known and the amount of the loss is uncertain, the Company may be required to make a payment that is more than the amount recorded. In determining the estimate, management referred to previous enforcement matters that were settled by other companies recognizing that facts and circumstances in such cases were significantly different than those in the Company's current matter. These other cases reflected a wide range of settlement payments, and it is reasonably possible that an actual settlement will exceed the estimate currently recorded as of March 31, 2023. An actual estimate of any such excess cannot be made at this time. Adjustments will be recorded in subsequent periods if further information becomes available that changes the estimate.

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 provides services only 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 favor of the Company. The Company has determined that any such proceedings are unlikely and, accordingly, has not recorded a provision in respect of such matters.

Risks associated with emerging industries such as the cannabis industry 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 Company may be unable to recover amounts in respect of any indemnity claims.

## 28.

## Subsequent Events

### 1. BUSINESS COMBINATION

On May 29, 2023, the Company, through its Canadian wealth management business, completed its previously announced acquisition of Mercer Global Investments Canada Limited's Canadian private wealth business for cash consideration of \$2.4 million and contingent consideration subject to achievement of certain performance targets.

### 2. DIVIDENDS

On June 16, 2023, the Board of Directors approved a dividend of \$0.085 per common share, payable on July 4, 2023, with a record date of June 23, 2023. [Note 21]

On June 16, 2023, the Board approved a cash dividend of \$0.25175 per Series A Preferred Share payable on June 30, 2023 to Series A Preferred shareholders of record as at June 23, 2023. [Note 21]

On June 16, 2023, the Board approved a cash dividend of \$0.42731 per Series C Preferred Share payable on June 30, 2023 to Series C Preferred shareholders of record as at June 23, 2023. [Note 21]