

Financial Review

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS:

This document may contain "forward-looking statements" (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management's expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. These include business and economic conditions and the potential continued impacts of the coronavirus (COVID-19) pandemic on our business operations, financial results and financial condition and on the global economy and financial market conditions, and Canaccord Genuity Group's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. Disclosure identified as an "Outlook" including the section entitled "Fiscal 2022 Outlook" contains forward-looking information. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties and the potential continued impacts of the coronavirus (COVID-19) pandemic on our business operations, financial results and financial condition and on the global economy and financial market conditions discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and Annual Information Form (AIF) filed on www.sedar.com as well as the factors discussed in the sections entitled "Risk Management" in this Management's Discussion and Analysis (MD&A) and "Risk Factors" in the AIF, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the fiscal 2022 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are also cautioned that the preceding list of material factors or assumptions is not exhaustive.

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

Management's Discussion and Analysis

Fiscal year 2021 ended March 31, 2021 – this document is dated June 1, 2021.

The following discussion of Canaccord Genuity Group Inc.'s financial condition, financial performance and cash flows is provided to enable a reader to assess material changes in the financial condition, financial performance and cash flows for the year ended March 31, 2021 compared to the preceding fiscal year, with an emphasis on the most recent year. Unless otherwise indicated or the context otherwise requires, the "Company" or "Canaccord Genuity Group" refers to Canaccord Genuity Group Inc. and its direct and indirect subsidiaries. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements for the years ended March 31, 2021 and 2020, beginning on page 59 of this report. The Company's financial information is expressed in Canadian dollars unless otherwise specified. The Company's consolidated financial statements for the years ended March 31, 2021 and 2020 are prepared in accordance with International Financial Reporting Standards (IFRS).

Non-IFRS Measures

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

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

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

Financial statement items that exclude significant items are non-IFRS measures. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan (LTIP) as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business, loss and other costs related to the extinguishment of convertible debentures as recorded for accounting purposes, certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature, as well as certain fair value adjustments on certain illiquid or restricted marketable securities as recorded for IFRS reporting purposes but which are excluded for management reporting purposes and are not used by management to assess operating performance. See the Selected Financial Information Excluding Significant Items table on page 21.

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

Business Overview

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

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

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

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

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

Canaccord Genuity Capital Markets

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

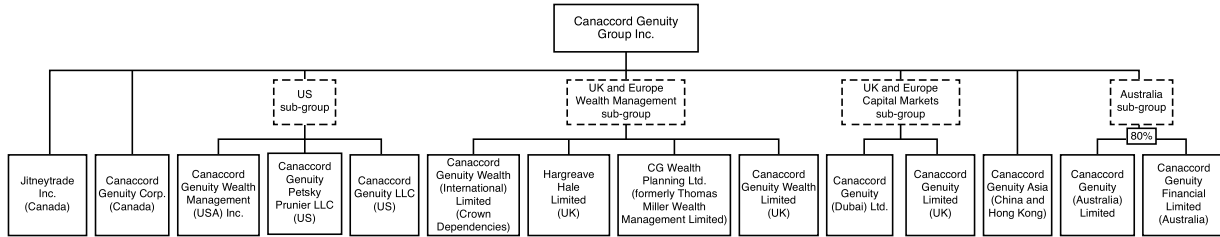
Canaccord Genuity Wealth Management

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

Corporate and Other

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

Corporate structure



The chart shows principal operating companies of Canaccord Genuity Group as of March 31, 2021.

At March 31, 2021, the Company owned 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership, an 80% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited [previously Patersons Securities Limited] [March 31, 2020 – 80%], but for accounting purposes, as of March 31, 2021, the Company is considered to have an 85% interest because of shares held in an employee trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2020 – 85%].

The operations of CG McCarthy Taylor Ltd. are now conducted through CG Wealth Planning Ltd.

BUSINESS ACTIVITY

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

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

The Company has taken steps to reduce its exposure to variances in the equity markets and local economies by diversifying its industry sector coverage and its international scope. To improve recurring revenue streams and offset the inherent volatility of the capital markets business, the Company has taken steps to increase the scale of its global wealth management operations. Historically, the Company’s diversification across major financial centres has allowed us to benefit from strong equity markets in certain regions and improve our capability for identifying and servicing opportunities in regional centres and across our core focus sectors.

IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

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

During fiscal 2021, the Company’s capital markets activities were focused on the following sectors: Healthcare & Life Sciences (which include cannabis-related companies), Technology, Transportation & Industrials, Financials, Metals & Mining, Energy, Diversified, Consumer & Retail, Real Estate and Sustainability. Coverage of these sectors included investment banking, mergers and acquisitions (M&A) and advisory services, and institutional equity activities, such as sales, trading and research.

Core Business Performance Highlights for Fiscal 2021

CANACCORD GENUITY WEALTH MANAGEMENT

Globally, Canaccord Genuity Wealth Management generated revenue of \$663.6 million during fiscal 2021 and, excluding significant items, recorded net income before taxes of \$135.3 million⁽¹⁾

- Canaccord Genuity Wealth Management (North America) generated \$324.0 million in revenue and, after intersegment allocations, recorded net income before taxes of \$62.6 million
- Wealth management operations in the UK & Europe generated \$277.3 million in revenue and, after intersegment allocations and excluding significant items, recorded net income before taxes of \$65.3 million in fiscal 2021⁽¹⁾
- Wealth management operations in Australia generated revenue of \$62.2 million and, after intersegment allocations and excluding significant items, recorded net income before taxes of \$7.4 million in fiscal 2021⁽¹⁾
- Firmwide client assets were \$88.8 billion at March 31, 2021 representing an increase of \$28.0 billion or 46.2% from \$60.7 billion at March 31, 2020.⁽²⁾ Client assets across the individual business units as at March 31, 2021 were as follows:
 - \$32.2 billion in North America, an increase of \$13.8 billion or 74.8% from March 31, 2020⁽²⁾
 - \$52.3 billion (£30.2 billion) in the UK & Europe, an increase of \$12.4 billion (£7.5 billion) or 31.1% from \$39.9 billion (£22.7 billion) at the end of the previous fiscal year.⁽²⁾
 - \$4.2 billion in Australia held in our investment management platform, an increase of \$1.8 billion or 76.2% from March 31, 2020⁽²⁾

CANACCORD GENUITY CAPITAL MARKETS

Globally, Canaccord Genuity Capital Markets generated revenue of \$1.3 billion during fiscal 2021 and, excluding significant items, recorded net income before taxes of \$324.9 million.⁽¹⁾

- Canaccord Genuity Capital Markets led 412 transactions globally, each over \$1.5 million, to raise total proceeds of \$18.1 billion for mid-market companies in our key focus sectors.
- Canaccord Genuity Capital Markets participated in a total of 713 investment banking transactions globally, raising total proceeds of \$86.1 billion.

SUMMARY OF CORPORATE DEVELOPMENTS

On August 18, 2020 the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,390,674 of its common shares during the period from August 21, 2020 to August 20, 2021 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the year ended March 31, 2021, there were 845,500 shares purchased and cancelled and an additional 70,000 shares purchased but not yet cancelled as of March 31, 2021.

On February 3, 2021 the Company announced that HPS Investment Partners, LLC, on behalf of investment accounts and funds it manages, had agreed to invest in the Company's wealth management division in the UK and Crown Dependencies. Subject to regulatory approval and other customary closing conditions, HPS will acquire convertible preferred shares in the amount of £125 million (C\$216 million) to be issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited, the parent company of the Company's wealth management operating subsidiaries in the UK, the Channel Islands and in the Isle of Man. The net proceeds will be distributed by Canaccord Genuity Wealth Group Holdings (Jersey) Limited to the Company and used by the Company for corporate purposes to optimize shareholder value. Completion of the transaction will occur following regulatory approval.

On March 18, 2021 the Company announced its intention to redeem the entire \$132,690,000 principal amount of its 6.25% convertible unsecured senior subordinated debentures due December 31, 2023 (the "Debentures"). The redemption price of the Debentures was \$1,266.95 for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$1,250 per \$1,000 principal amount of Debentures, and (ii) \$16.95 of accrued and unpaid interest per \$1,000 principal amount up to but excluding April 9, 2021. The redemption was completed on April 9, 2021. The total redemption price of \$168.1 million was fully accrued as of March 31, 2021. In order to fund the redemption in part, and pursuant to the terms of a previously announced commitment letter entered into with investment funds and accounts managed or advised by HPS Investment Partners, LLC ("HPS") on March 18, 2021, the Company entered into a credit agreement with the lenders, Lucid Agency Services Limited as administrative agent and Lucid Trustee Services Limited as security agent, for a senior secured first lien term loan facility in an aggregate principal amount of £69.0 million (C\$120.0 million). This facility is intended to be repaid out of the proceeds of the convertible preferred shares to be issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited to investment funds and accounts managed by HPS on completion of regulatory approval and other customary closing conditions.

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

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

On March 22, 2021 the Company announced that its common shares had been added to the S&P/TSX Composite Index.

Subsequent to the end of fiscal 2021, on April 14, 2021 the Company provided an update on its proposed and rejected offer to acquire 100% of the outstanding shares of RF Capital Group Inc (RCG). Despite the Company's offer to modify the terms of its proposal, including to increase the proposed offer price materially above the original proposal of \$2.30 per RCG common share and to provide enhanced escrow releases for investment advisors, RF Capital's Board of Directors refused to engage in a productive dialogue with respect to this proposed opportunity. The Company has made the decision to withdraw its proposal to acquire RF Capital Group Inc. and will continue to focus on its recruiting strategy and organic growth opportunities.

On April 15, 2021, the Company announced that through its wealth management business in the UK, it had entered into an agreement with The Royal Bank of Scotland plc, which is part of the NatWest Group plc, to acquire the private client investment management business of Adam & Company. The acquisition expands the Company's UK wealth management footprint into Scotland and is expected to increase client assets by approximately £1.7 billion (C\$2.9 million). Closing is subject to regulatory approval and is expected to take place at the end of the second quarter of the Company's 2022 fiscal year. Cash consideration of £54.0 million (C\$94.9 million) will be paid on closing. A retention plan will be implemented for key employees based on client assets and continued employment over a four-year period.

Market Environment During Fiscal 2021

Economic backdrop

The economic backdrop for our 2021 fiscal year was characterized by challenges resulting from persistent waves of COVID-19 infections and new variants, which led to recurrent lockdown measures by government authorities. Government programs to assist households and corporations, and easing financial conditions supported aggregate demand, while supply shortages and production bottlenecks in some sectors constrained economic growth. The global economy rebounded from the initial pandemic-induced shock, underpinning risk assets, and the vaccine rollout has fueled hopes that herd immunity is within reach, which would allow for broader lifting of restrictions and a return to some level of normalcy.

The extent to which the Company's business and financial condition will continue to be affected by the COVID-19 pandemic will depend on future developments including the spread of variants, efficacy of vaccines against new variants, vaccination progress and the impact of related controls and restrictions imposed by government authorities.

Over the 12-month period of fiscal 2021, the S&P 500, the S&P/TSX and the MSCI world index returned 56.4%, 44.2% and 53.5% respectively. Commodity prices (+50.2%) and the Canadian dollar (+12.0%) also advanced over the same period. US Treasury bonds declined 8.1% as investors embraced the economic recovery theme despite mounting deficit/debt concerns and rising inflation expectations.

Investment banking and advisory

The strong performance by commodities, growth, resource and small/mid-cap equities during the second half of fiscal 2021 provided a notably favorable market environment for investment banking and advisory activities in our core focus sectors.

Despite growing signs of accelerating inflation, central banks have committed to keeping an accommodative monetary stance, citing uncertainty tied to the pace of the recovery. Additional fiscal spending from governments worldwide, coupled with easy monetary conditions have prompted investors towards alternative assets and cryptocurrencies during the fiscal year.

Index Value at End of Fiscal Quarter	Q4/20		Q1/21		Q2/21		Q3/21		Q4/21		(Q/Q)
	2020-03-31	(Y/Y)	2020-06-30	(Y/Y)	2020-09-30	(Y/Y)	2020-12-31	(Y/Y)	2021-03-31	(Y/Y)	
S&P IFCI Global Small Cap	191.9	-26.9%	236.0	-8.8%	258.3	5.8%	304.3	13.9%	320.7	67.1%	5.4%
S&P IFCI Global Large Cap	194.0	-18.6%	225.8	-5.6%	243.2	7.0%	291.7	15.3%	296.7	52.9%	1.7%

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

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

Trading

Over the course of fiscal 2021, trading volumes increased in our core focus segments when compared to the previous twelve-month period. The rapidly changing economic landscape and shifts in sector leadership from growth to value-oriented groups prompted investors to adjust their asset, sector and company weightings. The outperformance of resource and small- and mid-cap equities in some of the markets in which we operate supported trading activities during the second half of the fiscal year. Looking ahead, we expect that the economy will re-open for service-related sectors, adding more momentum to global growth and value sectors. Additionally, a global re-stocking and capex cycle will continue to support commodity prices and trading activities for resource-centric small/mid-cap stocks.

Average Value During Fiscal Quarter/Year	Q4/20		Q1/21		Q2/21		Q3/21		Q4/21			FY21	
	31-Mar-20	(Y/Y)	30-Jun-20	(Y/Y)	30-Sep-20	(Y/Y)	31-Dec-20	(Y/Y)	31-Mar-21	(Y/Y)	(Q/Q)	31-Mar-21	(Y/Y)
Russell 2000	1508.0	-0.1%	1319.0	-14.9%	1511.1	-1.5%	1765.8	11.0%	2195.5	45.6%	24.3%	1695.4	9.7%
S&P 400 Mid Cap	1871.8	1.4%	1663.4	-13.2%	1871.2	-2.7%	2116.9	6.6%	2498.9	33.5%	18.0%	2035.5	5.8%
FTSE 100	6867.8	-2.7%	5980.8	-18.7%	6057.8	-17.7%	6201.6	-15.4%	6664.3	-3.0%	7.5%	6223.7	-13.9%
MSCI EU Mid Cap	1095.3	6.6%	979.6	-9.0%	1078.8	-0.4%	1149.8	1.0%	1257.7	14.8%	9.4%	1115.9	1.6%
S&P/TSX	16204.3	3.7%	14814.8	-9.5%	16231.1	-1.5%	16850.4	0.4%	18256.2	12.7%	8.3%	16531.6	0.4%

Global wealth management

Investors enjoyed strong and broad equity market gains during the twelve-month period, boosting the value of client assets in our wealth management businesses. The steady decline in market volatility during the fiscal year also generated positive equity fund flows for advisors.

	Q4/20 Change (Q/Q)	Q1/21 Change (Q/Q)	Q2/21 Change (Q/Q)	Q3/21 Change (Q/Q)	Q4/21 Change (Q/Q)	Fiscal 2021 Change (Y/Y)
Total Return (excl. currencies)						
S&P 500	-19.6%	20.5%	8.9%	12.1%	6.2%	56.4%
S&P/TSX	-20.9%	17.0%	4.7%	9.0%	8.1%	44.2%
MSCI EMERGING MARKETS	-19.0%	16.8%	8.8%	16.1%	4.0%	53.5%
MSCI WORLD	-21.3%	19.4%	8.3%	14.8%	4.7%	55.3%
S&P GS COMMODITY INDEX	-42.3%	10.5%	4.6%	14.5%	13.5%	50.2%
US 10-YEAR T-BONDS	14.3%	0.3%	0.1%	-1.9%	-6.7%	-8.1%
CAD/USD	-7.6%	3.6%	1.9%	4.6%	1.4%	12.0%
CAD/EUR	-6.1%	1.7%	-2.3%	0.4%	5.6%	5.3%

Fiscal 2022 Outlook

Looking ahead, we expect that a broadening in the rollout of vaccines should allow several countries to lift restrictions in the second half of calendar 2021. With this, we anticipate a phasing out of several income-support programs for households and companies during our 2022 fiscal year. That said, increased labour income should offset the decline in government transfers. It is our view that strong demand, rising wages, tight capacity and supply-chain bottlenecks will support commodity, manufacturing and service prices. We also expect heightened cost-push inflation during fiscal 2022, as manufacturers, wholesalers, retailers and service providers pass-on price hikes to their customers.

With the economy shifting from early to mid-cycle dynamics, it is possible that financial market volatility could increase. This would be particularly likely if growth in corporate earnings becomes challenged by lengthy supply shortages and production bottlenecks. There is also some risk that the ongoing increase in inflation will become less transitory than what central banks have projected.

We view commodities and other inflation-sensitive assets as main beneficiaries of the lagged impact of hyper-monetary and fiscal deflation. This will support our agency trading activities, as investors adjust asset mix, sector and company weights against a constantly changing economic landscape. In our wealth management businesses, we anticipate a focus on equities as fixed income alternatives become less popular in an environment of rising inflation.

Finally, we anticipate a favorable backdrop for investment banking and advisory activities in our core focus sectors, given continuing accommodative financial conditions, elevated company valuations, firm commodity prices and improved corporate profitability during fiscal 2022.

FINANCIAL OVERVIEW

SELECTED FINANCIAL INFORMATION⁽¹⁾⁽²⁾⁽⁸⁾

(C\$ thousands, except per share and % amounts, and number of employees)	For the years ended March 31				
	2021	2020	2019	2021/2020 change	
Canaccord Genuity Group Inc. (CGGI)					
Revenue					
Commissions and fees	\$ 735,239	\$ 586,884	\$ 556,475	\$ 148,355	25.3%
Investment banking	761,551	236,962	294,241	524,589	221.4%
Advisory fees	197,092	206,507	142,228	(9,415)	(4.6)%
Principal trading	246,801	108,834	125,830	137,967	126.8%
Interest	26,288	63,690	51,008	(37,402)	(58.7)%
Other	40,717	20,990	20,785	19,727	94.0%
Total revenue	2,007,688	1,223,867	1,190,567	783,821	64.0%
Expenses					
Compensation expense	1,227,895	738,313	716,625	489,582	66.3%
Other overhead expenses ⁽³⁾	398,693	383,527	356,240	15,166	4.0%
Restructuring costs ⁽⁴⁾	—	1,921	13,070	(1,921)	(100.0)%
Acquisition-related costs	5,922	(124)	3,064	6,046	n.m.
Loss and other costs in connection with extinguishment of convertible debentures ⁽⁵⁾	4,354	—	8,608	4,354	n.m.
Acceleration of long-term incentive plan expense	—	—	—	—	—
Share of loss of an associate ^{(6) (5)}	922	207	304	715	n.m.
Total expenses	1,637,786	1,123,844	1,097,911	513,942	45.7%
Income before income taxes	369,902	100,023	92,656	269,879	269.8%
Net income	\$ 269,802	\$ 86,554	\$ 71,582	\$ 183,248	211.7%
Net income attributable to CGGI shareholders	\$ 263,786	\$ 86,490	\$ 70,530	\$ 177,296	205.0%
Non-controlling interests	6,016	64	1,052	5,952	n.m.
Earnings per common share – basic	\$ 2.30	\$ 0.78	\$ 0.58	\$ 1.52	194.9%
Earnings per common share – diluted	\$ 2.04	\$ 0.65	\$ 0.48	\$ 1.39	213.8%
Dividends per common share	\$ 0.25	\$ 0.20	\$ 0.20	\$ 0.05	25.0%
Dividends per Series A Preferred Share	\$ 0.9712	\$ 0.9712	\$ 0.9712		
Dividends per Series C Preferred Share	\$ 1.2482	\$ 1.2482	\$ 1.2482		
Excluding significant items⁽⁷⁾					
Total revenue	\$ 1,993,488	\$ 1,223,867	\$ 1,190,567	\$ 769,621	62.9%
Total expenses	\$ 1,607,398	\$ 1,100,810	\$ 1,054,981	\$ 506,588	46.0%
Income before income taxes	\$ 386,090	\$ 123,057	\$ 135,586	\$ 263,033	213.7%
Net income	\$ 285,887	\$ 106,323	\$ 107,355	\$ 179,564	168.9%
Net income attributable to CGGI shareholders	\$ 279,871	\$ 105,895	\$ 106,303	\$ 173,976	164.3%
Net income attributable to non-controlling interests	\$ 6,016	\$ 428	\$ 1,052	\$ 5,588	n.m.
Earnings per common share – diluted	\$ 2.48	\$ 0.81	\$ 0.80	\$ 1.67	206.2%
Balance sheet data					
Total assets	\$ 7,631,801	\$ 5,956,195	\$ 4,749,294	1,675,606	28.1%
Total liabilities	6,516,517	5,027,421	3,870,934	1,489,096	29.6%
Non-controlling interests	8,190	156	1,997	8,034	n.m.
Total shareholders' equity	1,107,094	928,618	876,363	178,476	19.2%
Number of employees	2,356	2,308	2,112	48	2.1%

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

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2021 [March 31, 2020 – 15%].

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

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

(5) On March 18, 2021, the Company announced its intention to redeem the entire \$132.7 million principal amount of its 6.25% convertible unsecured senior subordinated debentures. The redemption was completed on April 9, 2021. The Company recorded \$4.4 million of loss and other costs in connection with extinguishment of the convertible debentures.

(6) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Growth II Corp. for the year ended March 31, 2021 and 2020, the Company's equity portion of the net loss of its investments in Canaccord Genuity Growth Corp. and Canaccord Genuity Acquisition Corp. for the year ended March 31, 2019.

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

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

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

Selected financial information excluding significant items⁽¹⁾

	For the years ended March 31				
(C\$ thousands, except per share and % amounts)	2021	2020	2019	2021/2020 change	
Total revenue per IFRS	\$ 2,007,688	\$ 1,223,867	\$ 1,190,567	\$ 783,821	64.0%
Total expenses per IFRS	\$ 1,637,786	\$ 1,123,844	\$ 1,097,911	\$ 513,942	45.7%
<i>Revenue</i>					
<i>Significant items recorded in Corporate and Other</i>					
Fair value adjustment on illiquid or restricted marketable securities	14,200	—	—	14,200	n.m.
Total revenue excluding significant item	1,993,488	1,223,867	1,190,567	769,621	62.9%
<i>Expenses</i>					
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>					
Amortization of intangible assets	2,970	9,167	2,496	(6,197)	(67.6)%
Acquisition-related costs	4,644	1,806	1,976	2,838	157.1%
Restructuring costs	—	—	13,070	—	—
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>					
Amortization of intangible assets	13,087	13,940	11,153	(853)	(6.1)%
Restructuring costs	—	1,921	—	(1,921)	(100.0)%
Acquisition-related costs	1,278	(1,930)	1,088	3,208	166.2%
Development costs	—	—	245	—	—
Incentive based payments related to acquisitions ⁽²⁾	4,055	(1,870)	4,294	5,925	n.m.
<i>Significant items recorded in Corporate and Other</i>					
Loss and other costs in connection with extinguishment of convertible debentures ⁽³⁾	4,354	—	8,608	4,354	n.m.
Total significant items – expenses	30,388	23,034	42,930	7,354	31.9%
Total expenses excluding significant items	1,607,398	1,100,810	1,054,981	506,588	46.0%
Net income before income taxes – adjusted	\$ 386,090	\$ 123,057	\$ 135,586	263,033	213.7%
Income tax expense – adjusted	100,203	16,734	28,231	83,469	n.m.
Net income – adjusted	\$ 285,887	\$ 106,323	\$ 107,355	179,564	168.9%
Net income attributable to common shareholders, adjusted	270,467	96,491	96,899	173,976	180.3%
Earnings per common share – basic, adjusted	\$ 2.80	\$ 0.98	\$ 1.01	1.82	185.7%
Earnings per common share – diluted, adjusted	\$ 2.48	\$ 0.81	\$ 0.80	1.67	206.2%

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

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

(3) On March 18, 2021, the Company announced its intention to redeem the entire \$132.7 million principal amount of its 6.25% convertible unsecured senior subordinated debentures. The redemption was completed on April 9, 2021. The Company recorded \$4.4 million of loss and other costs in connection with extinguishment of the convertible debentures.

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

FOREIGN EXCHANGE

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

GEOGRAPHIES

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

GOODWILL

Utilizing management's estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models, the Company determined that there was no impairment in the goodwill and indefinite life intangible assets associated with any of its wealth management business units in the UK & Europe or its goodwill recorded in Canaccord Genuity Capital Markets Canada, US and Australia. Notwithstanding this determination as of March 31, 2021, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes

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

REVENUE

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

Revenue for fiscal 2021 was \$2.0 billion, an increase of 64.0% or \$783.8 million from fiscal 2020, due to record revenue generated in both our capital markets and global wealth management segments.

Revenue in our Canaccord Genuity Capital Markets segment increased by \$622.8 million or 90.3% compared to fiscal 2020. Our US, Canadian and Australian operations all posted record revenue, driven largely by higher investment banking revenue across the different regions. In the US, revenue increased by 68.5% or \$240.2 million year over year. Both investment banking and principal trading revenue increased significantly from the prior year, with increases of 135.8% and 108.5%, respectively. In Canada, higher investment banking revenue was the main driver for the \$238.8 million or 116.7% increase in overall revenue compared to the prior year. Our Australian operations generated \$182.7 million in revenue compared to \$38.4 million in fiscal 2020 due to the significant increase in investment banking revenue. In the UK, total revenue amounted to \$95.5 million, in-line with the previous fiscal year.

Revenue from our global wealth management operations increased by \$152.2 million or 29.8% compared to fiscal 2020. Our Canadian wealth management operations generated \$324.0 million of revenue in fiscal 2021, representing an increase of \$114.5 million or 54.6% over the prior year. Revenue in our wealth management operations in the UK & Europe decreased slightly by \$0.6 million or 0.2% compared to the year ended March 31, 2020, due to lower interest revenue partially offset by higher commission and fees revenue during the fiscal year. In addition, \$62.2 million of revenue was generated by our Australian wealth management operations, an increase of \$38.3 million compared to fiscal 2020, reflecting the increased contributions from the acquisition of Patersons during Q3/20 (In periods prior to Q3/20, wealth management revenue in Australia was recorded under Australia capital markets).

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Firmwide revenue generated from commissions and fees increased by \$148.4 million or 25.3% from fiscal 2020 to \$735.2 million in fiscal 2021. The increase was mainly driven by higher commissions and fees revenue generated in our Canadian wealth management operations. There was also an increase of \$59.9 million or 39.3% in commissions and fees revenue generated in our capital markets operations compared to fiscal 2020.

Revenue generated from firmwide investment banking activities increased by \$524.6 million or 221.4% to \$761.6 million in fiscal 2021, compared to \$237.0 million in fiscal 2020, as a result of significant market activity in the equity capital markets. All of our core operating regions experienced increases in investment banking revenue, with the most significant increases recorded in our Canadian and Australian capital markets operations. The revenue growth in our capital markets operations resulted from increased activity in our focus sectors as well as unrealized gains in certain inventory and warrant positions earned in respect of investment banking activity. In Canada, our wealth management operations also recorded an increase in investment banking revenue of \$67.7 million or 171.6% to \$107.2 million in fiscal 2021.

Advisory fees revenue decreased by \$9.4 million or 4.6% compared to the prior year to \$197.1 million for fiscal 2021. Our UK operations recorded a decrease of \$22.4 million or 42.3% compared to fiscal 2020 due to fewer advisory transactions completed during the current fiscal year. Partially offsetting the decline in the UK were increases in our Canadian and US operations, with revenue growth of \$9.9 million or 18.5% and \$2.6 million or 2.7%, respectively.

Revenue derived from firmwide principal trading activities increased by \$138.0 million to \$246.8 million for the year ended March 31, 2021, mainly as a result of increased market and trading activity in our US international equities desk as well as our Canadian capital markets operations compared to the same period in the prior year. The active trading environment in terms of volume and volatility created favorable opportunities for trading profits.

Interest revenue was \$26.3 million in fiscal 2021, a decrease of \$37.4 million or 58.7% from the prior year, mainly due to lower revenue earned in our Canadian operations arising from decreased stock loan activity.

Other revenue was \$40.7 million, an increase of \$19.7 million from the prior year. Included in other revenue in our Corporate & Other segment was \$14.2 million of fair value adjustments on certain illiquid or restricted marketable securities recorded for IFRS

reporting purposes. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items⁽¹⁾. Future changes in the unrealized fair value of the marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations. In addition, to a lesser extent, the increase in other revenue was also due to an increase in revenue from our correspondent service business as well as higher foreign exchange gains.

EXPENSES

Expenses as a percentage of revenue

	For the years ended March 31		
	2021	2020	2021/2020 change
Compensation expense	61.2%	60.3%	0.9 p.p.
Other overhead expenses ⁽¹⁾	19.9%	31.3%	(11.4) p.p.
Restructuring costs ⁽²⁾⁽³⁾	0.0%	0.2%	(0.2) p.p.
Acquisition-related costs ⁽²⁾	0.3%	0.0%	0.3 p.p.
Loss and other costs in connection with extinguishment of convertible debentures ⁽⁴⁾	0.2%	0.0%	0.2 p.p.
Share of loss of an associate ⁽⁵⁾	0.0%	n.m.	n.m.
Total	81.6%	91.8%	(10.2) p.p.

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

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

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

(4) On March 18, 2021, the Company announced its intention to redeem the entire \$132.7 million principal amount of its 6.25% convertible unsecured senior subordinated debentures. The redemption was completed on April 9, 2021. The Company recorded \$4.4 million of loss and other costs in connection with extinguishment of the convertible debentures.

(5) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Growth II Corp. for the year ended March 31, 2021 and 2020.

p.p.: percentage points

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

Total firmwide expenses for fiscal 2021 were \$1.6 billion, an increase of \$513.9 million or 45.7% compared to the last fiscal year. Excluding significant items⁽¹⁾, total expenses were \$1.6 billion, up \$506.6 million or 46.0% from fiscal 2020. Total expenses excluding significant items⁽¹⁾ as a percentage of revenue decreased by 9.3 percentage points compared to the year ended March 31, 2020.

Compensation expenses

Compensation expense was \$1.2 billion, an increase of \$489.6 million or 66.3% from the prior year, principally in line with the increase in incentive-based revenue. Total compensation expense was 61.2% in fiscal 2021, an increase of 0.9 percentage points from the prior year.

The compensation ratio for the current year was affected by an increase in the fair value of performance share units (PSUs) granted in prior periods as a component of the Company's overall executive compensation program. The fair value of the PSUs is based upon performance against certain pre-determined three-year performance metrics, including share price, as measured at the time of vesting and, accordingly, the value will change with the share price as well as changes in performance against the pre-determined metrics. The PSUs are awarded annually and vest after three years and are paid in cash at the time of vesting in an amount calculated with reference to the share price at the time of vesting.

The PSUs were measured initially at fair value as at the end of the fiscal year for the applicable grant. Changes in value of the PSUs at each reporting period are amortized over the remaining vesting period and recorded as a compensation expense in the statement of operations. During fiscal 2021, the PSU plan was amended to include certain employment-related conditions to the vesting of the awards resulting in a change in the periodic expense recorded during the vesting period.

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at March 31, 2021 was \$85.9 million compared to \$22.7 million at March 31, 2020, and \$70.7 million as of December 31, 2020. Changes to the fair value of the PSU's as measured in future periods may increase or decrease from the fair value as recorded at March 31, 2021 and such changes will be recorded through compensation expense. The number of PSUs that ultimately vest is adjusted for dividends paid during the vesting period and is a multiple of the number of PSUs that were originally granted. The multiple will be in a range of 0x to 2x based upon performance against certain pre-determined metrics as measured at the time of vesting.

The compensation ratio was also affected by the significant increase in revenue relative to fixed staff costs.

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

NON-COMPENSATION EXPENSES

(C\$ thousands, except % amounts)	For the years ended March 31		
	2021	2020	2021/2020 change
Trading costs	\$ 122,154	\$ 83,964	45.5%
Premises and equipment	19,948	18,094	10.2%
Communication and technology	67,475	66,666	1.2%
Interest	28,364	33,678	(15.8)%
General and administrative	82,310	113,612	(27.6)%
Amortization ⁽¹⁾	26,156	32,594	(19.8)%
Amortization of right of use of assets	25,040	22,866	9.5%
Development costs	27,246	12,053	126.1%
Total non-compensation expenses	\$ 398,693	\$ 383,527	4.0%

(1) Includes amortization of intangible assets for the years ended March 31, 2021 and March 31, 2020, respectively. See the Selected Financial Information Excluding Significant Items table on page 21.

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

Non-compensation expenses were \$398.7 million or 4.0% higher in fiscal 2021, but as a percentage of revenue were 19.9%, a substantial reduction from 31.3% in fiscal 2020. The most significant increases in non-compensation expenses included trading costs and development costs, partially offset by lower interest expense, general and administrative expenses, and amortization expense.

Trading costs increased by \$38.2 million or 45.5% to \$122.2 million for the year ended March 31, 2021. The increase was mostly due to the significant increase in trading volumes in our US operations.

Development costs increased by \$15.2 million or 126.1% largely due to an adjustment in certain incentive-based costs in our UK & Europe wealth management operations recorded in fiscal 2020.

Partially offsetting the increases in trading and development costs was a decline in interest expense which decreased by \$5.3 million or 15.8% compared to the year ended March 31, 2020 mainly due to a reduction in stock borrowing activity and related costs in our Canadian capital markets operations.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was down by \$31.3 million or 27.6% across our Canadian, US and UK operations compared to fiscal 2020 mainly due to reduced promotion and travel and conference expenses resulting from restrictions imposed in response to the COVID-19 pandemic during the year. Our Australian capital markets operations recorded a slight increase of \$0.3 million of general and administrative expense to support the expanded business.

Amortization expense decreased by \$6.4 million or 19.8% mainly due to certain intangible assets in connection with the acquisition of Petsky Prunier being fully amortized resulting in lower amortization compared to the prior year.

On March 18, 2021 the Company announced its intention to redeem the entire \$132.7 principal amount of its outstanding Debentures. The total redemption price of \$168.1 million was fully accrued as of March 31, 2021. The redemption was completed on April 9, 2021. As a result of the redemption, the Company recorded a loss of \$36.2 million on the extinguishment of the Debentures during the year ended March 31, 2021, with \$4.1 million recorded through the consolidated statement of operations and \$32.1 million recorded directly against shareholders' equity. There were also \$0.3 million of professional fees incurred in relation to the extinguishment of the Debentures during the year ended March 31, 2021.

There were acquisition-related costs of \$5.5 million recorded for the year ended March 31, 2021 related to re-measurement of the contingent consideration for the acquisitions of Jitneytrade and Thomas Miller. In addition, during the last quarter of fiscal 2021, there were acquisition-related costs of \$0.4 million related to the proposed acquisition of Adam & Company announced on April 15, 2021. During fiscal 2020, there were acquisition related costs of \$4.1 million related to the acquisitions of Thomas Miller and Patersons as well as other integration costs related to previous acquisitions. There was also a recovery of \$4.2 million recorded in fiscal 2020 related to a partial reversal of the contingent consideration in connection with the acquisition of Thomas Miller due to revised estimates.

There were no restructuring costs recorded during fiscal 2021. Restructuring costs for the prior year ended March 31, 2020 were incurred in connection with our UK & Europe wealth management operations, as well as real estate and other integration costs related to the acquisition of Patersons in Australia.

INCOME TAX

The effective tax rate for fiscal 2021 was 27.1% compared to the effective tax rate of 13.5% in the prior year. The effective tax rate in fiscal 2020 was exceptionally low due to recognition of deferred tax assets in our US operations due to historical losses which had not been recognized in prior years. In addition, higher profits in higher tax rate jurisdictions such as the US and Australia in the current fiscal year and the impact of certain non-deductible expenses contributed to the increase in the effective tax rate, when compared to the year ended March 31, 2020.

NET INCOME

Net income for fiscal 2021 was \$269.8 million compared to net income of \$86.6 million in fiscal 2020, an increase of \$183.2 million or 211.7%. Net income attributable to common shareholders was \$254.4 million for fiscal 2021 compared to \$77.1 million for fiscal 2020. Diluted earnings per common share was \$2.04 in fiscal 2021 compared to earnings per common share of \$0.65 in the prior fiscal year. Excluding significant items⁽¹⁾, net income for fiscal 2021 was \$285.9 million and net income attributable to common shareholders was \$270.5 million, compared to net income of \$106.3 million and net income attributable to common shareholders of \$96.5 million in fiscal 2020. Diluted earnings per share excluding significant items⁽¹⁾ was \$2.48 for fiscal 2021 compared to \$0.81 for the prior year.

Quarterly Financial Information⁽¹⁾⁽²⁾

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended March 31, 2021. This information is unaudited but reflects all adjustments of a recurring nature that are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

(C\$ thousands, except per share amounts)	Fiscal 2021				Fiscal 2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Commissions and fees	\$ 214,476	\$ 184,186	\$ 167,575	\$ 169,002	\$ 165,576	\$ 147,191	\$ 132,325	\$ 141,792
Investment banking	305,939	213,419	131,625	110,568	48,619	51,550	51,992	84,801
Advisory fees	66,761	72,004	37,281	21,046	49,997	60,691	42,015	53,804
Principal trading	87,830	51,113	42,746	65,112	35,352	27,149	21,260	25,073
Interest	7,487	5,791	6,005	7,005	15,222	16,622	16,661	15,185
Other	24,033	6,564	5,125	4,995	4,882	4,811	6,444	4,853
Total revenue	706,526	533,077	390,357	377,728	319,648	308,014	270,697	325,508
Total expenses	518,810	433,803	344,499	340,674	289,430	285,731	254,527	294,156
Net income before income taxes	187,716	99,274	45,858	37,054	30,218	22,283	16,170	31,352
Net income	\$ 139,394	\$ 68,451	\$ 32,993	\$ 28,964	\$ 26,246	\$ 22,840	\$ 13,178	\$ 24,290
Earnings per share – basic ⁽⁴⁾	\$ 1.07	\$ 0.67	\$ 0.30	\$ 0.26	\$ 0.25	\$ 0.21	\$ 0.11	\$ 0.22
Earnings per share – diluted ⁽⁴⁾	\$ 0.93	\$ 0.54	\$ 0.25	\$ 0.22	\$ 0.21	\$ 0.17	\$ 0.10	\$ 0.18
Excluding significant items ⁽³⁾								
Net income	\$ 137,128	\$ 78,971	\$ 36,891	\$ 32,897	\$ 21,451	\$ 30,458	\$ 23,760	\$ 30,654
Earnings per share – basic ⁽⁴⁾	\$ 1.38	\$ 0.78	\$ 0.34	\$ 0.30	\$ 0.20	\$ 0.29	\$ 0.21	\$ 0.28
Earnings per share – diluted ⁽⁴⁾	\$ 1.20	\$ 0.62	\$ 0.28	\$ 0.25	\$ 0.17	\$ 0.23	\$ 0.18	\$ 0.23

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

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2021 [March 31, 2020 – 15%].

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

(4) Due to rounding or calculation of the dilutive impact of share issuance commitments in the quarterly and year to date EPS figures, the sum of the quarterly earnings per common share figures may not equal the fiscal year earnings per share figure.

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

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

(C\$ thousands, except per share amounts)	Fiscal 2021				Fiscal 2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue per IFRS	\$ 706,526	\$ 533,077	\$ 390,357	\$ 377,728	\$ 319,648	\$ 308,014	\$ 270,697	\$ 325,508
Total expenses per IFRS	518,810	433,803	344,499	340,674	289,430	285,731	254,527	294,156
<i>Revenue</i>								
<i>Significant items recorded in Corporate and Other</i>								
Fair value adjustment on certain illiquid or restricted marketable securities	14,200	—	—	—	—	—	—	—
Total revenue excluding significant item	692,326	533,077	390,357	377,728	319,648	308,014	270,697	325,508
<i>Expenses</i>								
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>								
Amortization of intangible assets	738	741	743	748	1,773	2,458	2,465	2,471
Acquisition-related costs	—	4,644	—	—	—	—	1,629	177
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>								
Amortization of intangible assets	3,260	3,213	3,288	3,326	3,924	3,445	3,528	3,043
Restructuring costs	—	—	—	—	(427)	1,250	1,098	—
Acquisition-related costs	418	860	—	—	(4,238)	—	1,973	335
Incentive-based payment related to acquisitions ⁽³⁾	953	1,842	625	635	(6,305)	1,574	1,709	1,152
<i>Significant items recorded in Corporate and Other</i>								
Loss and other costs in connection with extinguishment of convertible debentures ⁽⁴⁾	4,354	—	—	—	—	—	—	—
Total significant items – expenses	9,723	11,300	4,656	4,709	(5,273)	8,727	12,402	7,178
Total expenses excluding significant items	509,087	422,503	339,843	335,965	294,703	277,004	242,125	286,978
Net income before income taxes – adjusted	\$ 183,239	\$ 110,574	\$ 50,514	\$ 41,763	\$ 24,945	\$ 31,010	\$ 28,572	\$ 38,530
Income tax expense – adjusted	46,111	31,603	13,623	8,866	3,494	552	4,812	7,876
Net income – adjusted	\$ 137,128	\$ 78,971	\$ 36,891	\$ 32,897	\$ 21,451	\$ 30,458	\$ 23,760	\$ 30,654
Net income attributable to common shareholders	\$ 133,260	\$ 75,160	\$ 32,982	\$ 29,065	\$ 19,142	\$ 27,619	\$ 21,512	\$ 28,218
Earnings per share – basic – adjusted ⁽⁵⁾	\$ 1.38	\$ 0.78	\$ 0.34	\$ 0.30	\$ 0.20	\$ 0.29	\$ 0.21	\$ 0.28
Earnings per share – diluted – adjusted ⁽⁵⁾	\$ 1.20	\$ 0.62	\$ 0.28	\$ 0.25	\$ 0.17	\$ 0.23	\$ 0.18	\$ 0.23

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

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2021 [March 31, 2020 – 15%].

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

(4) On March 18, 2021, the Company announced its intention to redeem the entire \$132.7 million principal amount of its 6.25% convertible unsecured senior subordinated debentures. The redemption was completed on April 9, 2021. The Company recorded \$4.4 million of loss and other costs in connection with extinguishment of the convertible debentures.

(5) Due to the change in the number of fully diluted shares count resulting from the Debenture redemption in Q4 fiscal 2021, rounding and the dilutive impact of share issuance commitments in the quarterly and year to date EPS figures, the sum of the quarterly earnings per common share figures may not equal the year to date earnings per share figure.

As a result of the redemption of the Debentures discussed above, the weighted average number of common shares used for purposes of calculating diluted earnings per share no longer includes the dilutive effect of the Debentures and, as such, the number of fully diluted shares for the calculation of diluted EPS for Q4 fiscal 2021 and for the year ended March 31, 2021 was reduced by approximately 13.2 million shares. Due to the change in the number of fully diluted shares, the sum of the quarterly earnings per common share as reported in the first three quarters of our fiscal year added to our fourth quarter earnings per share does not equal the earnings per share figure of \$2.04 (\$2.48⁽¹⁾ excluding significant items) for the fiscal year. In addition to the change in number of fully diluted shares due to the redemption of the Debentures in Q4/21, due to rounding or the dilutive impact of share issuance commitments in the quarterly and year to date EPS figures, the sum of the quarterly earnings per common share figures does not equal the earnings per share figure for the year.

Quarterly trends and risks

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

With substantially increased capital raising and advisory activity in our core focus areas as well as continued contribution from our global wealth management operations, the Company posted record quarterly revenue of \$706.5 million in Q4 fiscal 2021, surpassing the record previously set in Q3 fiscal 2021 by 32.5%. Total revenue for fiscal 2021 was \$2.0 billion, an increase of 64.0% over the record revenue previously set in fiscal 2020.

Our global capital markets operations generated annual revenue of \$1.3 billion, an increase of 90.3% from fiscal 2020. Our Canadian capital markets operations experienced tremendous growth during the current fiscal year, with revenue increasing each quarter, reaching \$199.4 million in Q4/21, more than five times the revenue generated in the same quarter in the prior year. Profitability in this business has also increased significantly as a result of the revenue growth. Our pre-tax profit margin excluding significant items⁽¹⁾ in Canadian capital markets was 47.0%, compared to 34.7% in the previous quarter and 1.8% a year ago.

The quarterly revenue earned in our US capital markets operations in the past eight quarters has been consistently strong, with revenue reaching a new record of \$203.5 million in Q4/21. Our US operations earned record investment banking and principal trading revenue in the fourth quarter of fiscal 2021. Our International Equities Group performed very well in a volatile market, with principal trading revenue reaching a record \$75.3 million in the last quarter of fiscal 2021. Our US operations have also been profitable over the last eight consecutive quarters, with pre-tax income excluding significant items⁽¹⁾ reaching \$ 47.8 million in Q4/21, an increase of 24.4% compared to the previous quarter and of 222.1% on a year over year basis.

Our UK & Europe capital markets operations posted fourth quarter revenue of \$36.1 million, an increase of 57.7% over the same period last year, attributable to stronger investment banking and advisory fees revenue. This operation generated \$4.2 million of pre-tax income during the three months ended March 31, 2021, a significant improvement over the first three quarters of the current fiscal year. Although mid-market investment banking and advisory activities in this region remained below historical levels across the industry throughout most of fiscal 2021, this business achieved modest profitability for the full fiscal year, with pre-tax net income excluding significant items⁽¹⁾ of \$3.2 million.

Our Australian capital markets operations performed exceptionally well in fiscal 2021, with revenue surpassing \$40.0 million in each of the four fiscal quarters, exceeding the prior full fiscal year revenue of \$38.4 million. The average quarterly revenue for fiscal 2021 was almost five times higher than the average quarterly revenue in fiscal 2020. The increase in revenue was largely driven by increased investment banking activity in our focus sectors, including mining and resource companies, and includes unrealized gains on certain inventory and warrant positions earned in respect of investment banking activity.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by improved transaction activity and a growth in managed assets during the fiscal year. Combined revenue for the last two quarters of fiscal 2021 reached almost \$200.0 million, a significant improvement compared to the first half of fiscal 2020 and the same period in the prior year. While fee-related revenue in this business has continued to grow, fee-related revenue as a percentage of total revenue of 28.5% was lower given the substantial increase in revenue transactional activities.

Assets under management increased in Q4/21 by 57.3% compared to Q4/20 and by 10.1% on a sequential basis to \$6.3 billion. Assets under administration, including assets under management, increased by 74.8% from \$18.4 billion at the end of fiscal 2020 to \$32.2 billion at the end of fiscal 2021 due to increased market value as well as net inflow of new assets.

The Canaccord Genuity Wealth Management UK & Europe operations have consistently contributed to our revenue and profitability levels. The quarterly revenue generated in this region increased by 9.6% in Q4/21 compared to the same period in the prior year and by 6.9% compared to the previous quarter. Pre-tax profit margins continued to be strong at 25.6% in Q4/21 excluding significant items⁽¹⁾. At the end of Q4/21, fee-related revenue was at 71.0%, an increase of 2.4 percentage points from Q4/20, Assets under management for this group increased by 31.1% as of the end of Q4/21 compared to Q4/20 due to the increase in market values. In local currency, AUM increased by 33.3% to £30.2 billion at the end of fiscal 2021.

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

Our Australian wealth management operations earned revenue of \$17.3 million in Q4/21, an increase of 34.3% compared to the same quarter a year ago. With the completion of the acquisition of Patersons in Q3/20, this business has been a positive contributor to pre-tax net income in every quarter of fiscal 2021. AUM at the end of fiscal 2021 was \$4.2 billion, an increase of \$1.8 billion compared to the previous fiscal year.

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

Fourth quarter 2021 performance

Revenue

Revenue for the fourth quarter was \$706.5 million, an increase of \$386.9 million or 121.0% compared to the same period in the previous year driven by higher investment banking revenue across all our principal operations.

Our global capital markets segment recorded an increase of \$310.4 million or 175.8% in revenue compared to Q4/20. Revenue in our Canadian operations, mainly resulting from growth in investment banking revenue, increased by \$160.2 million compared to Q4/20 to \$199.4 million in Q4/21. Our US operations recorded an increase of \$97.9 million or 92.7% compared to Q4/20, driven by a 269.5% increase in investment banking and 97.8% increase in principal trading revenue. In Australia, revenue increased by \$39.0 million or 439.1% over Q4/20 as a result of increased investment banking activity as well as unrealized gains in certain inventory and warrant positions earned in respect of investment banking activity. An increase of \$13.2 million or 57.7% in our UK operations was largely a result of an increase in investment banking and principal trading revenue in that region.

Our global wealth management operations generated an increase in revenue of \$61.3 million compared to Q4/20, driven by higher commissions and fees and investment banking revenue from our Canadian operations as well as contributions from the acquisition of Patersons completed in Q3/20.

On a consolidated basis, commissions and fees revenue increased by \$48.9 million or 29.5% to \$214.5 million compared to the same period in the previous year, predominantly attributable to our wealth management operations as discussed above.

All our core operations posted significant increases in investment banking revenue in Q4/21, which led to an overall increase of \$257.3 million or 529.3% compared to the same period in the prior year.

Advisory fees revenue increased by \$16.8 million or 33.5% to \$66.8 million in Q4/21 mainly due to higher revenue generated in Canada.

Principal trading revenue increased by \$52.5 million during the three months ended March 31, 2021 compared to the same period last year. Our US operations generated the largest increase of \$37.2 million or 97.8% due to increased market and trading activity in that region. Our Canadian and UK operations also posted increases of \$11.5 million and \$3.4 million, respectively.

Interest revenue for Q4/21 was \$7.5 million, a decrease of \$7.7 million or 50.8% compared to Q4/20, mainly attributable to decreased margin loan and stock loan activity in our Canadian capital markets operations.

Other revenue for Q4/21 increased by \$19.2 million or 392.3% compared to the three months ended March 31, 2020. During the three months ended March 31, 2021, an IFRS fair value adjustment of \$14.2 million was recorded on certain illiquid or restricted marketable securities. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items⁽¹⁾. Future changes in the unrealized fair value of the marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations. In addition, to a lesser extent, other revenue increased over the three months ended March 31, 2020 as a result of higher foreign exchange gains as well as increased revenue from our correspondent brokerage services.

Expenses

Expenses were \$518.8 million, up \$229.4 million or 79.3% from Q4/20. Total expenses excluding significant items⁽¹⁾ were \$509.1 million, an increase of \$214.4 million or 72.7% from the same period last year. Total expenses as a percentage of revenue excluding significant items⁽¹⁾ was 73.5%, a decrease of 18.7 percentage points from Q4/20 due to the significant increase in revenue and the non-variable nature of certain overhead costs.

Compensation expense increased by \$196.7 million or 98.8% compared to the same period in the prior year. Total compensation expense as a percentage of revenue was 56.0% in Q4/21, a decrease of 6.3 percentage points compared to the three months ended March 31, 2020 as a result of an increase in incentive-based revenue relative to fixed staff costs.

Excluding significant items⁽¹⁾, non-compensation overhead expenses as a percentage of revenue was 16.4%, a decrease of 13.6 percentage points from Q4/20. The largest increases in non-compensation expenses compared to the same period in the prior year were trading costs and development costs, partially offset by decline in general and administrative expense and amortization expense.

Trading costs increased by \$16.5 million or 72.0%, mainly driven by higher trading activity in our Canadian and US capital markets operations as well as higher trading activity in our Canadian and UK wealth management operations. Development costs

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

increased by \$13.6 million over the same period in the prior year largely due to an adjustment made in the incentive-based costs in our UK & Europe wealth management operations during fiscal 2020. Partially offsetting the increases in trading and development costs was a decline in general and administrative expense of \$6.9 million or 22.7% largely due to lower reserves on client margin accounts in our Canadian wealth management business. Amortization decreased by \$1.7 million due to reduced intangible assets amortization recorded in our US operations.

As discussed above, the Company completed its previously announced redemption of the entire \$132.7 million principal amount of its outstanding Debentures in April 2021. As a result of the planned redemption, the Company recorded a loss of \$36.2 million on the extinguishment of the Debentures during the year ended March 31, 2021, with \$4.1 million recorded through the consolidated statement of operations and \$32.1 million recorded directly against shareholders' equity. There were also \$0.3 million of professional fees incurred in relation to the extinguishment of the Debentures during the year ended March 31, 2021.

There were acquisition-related costs of \$0.4 million recorded during Q4 fiscal 2021 related to the proposed acquisition of Adam & Company in our UK wealth management operation announced on April 15, 2021. During Q4 fiscal 2020, there was a recovery of \$4.2 million related to a partial reversal of the contingent consideration in connection with the acquisition of Thomas Miller due to revised estimates.

Income tax expense

Income tax expense was \$48.3 million in Q4/21 compared to \$4.0 million for the three months ended March 31, 2020. Excluding significant items⁽¹⁾, the effective tax rate for Q4/21 was 25.2% compared to 14.0% in Q4/20. The increase in the effective tax rate for the current quarter was due to the recognition of deferred tax assets related to previously unrecognized losses in our US operations in the three months ended March 31, 2020, as well as certain non-deductible expenses.

Net income

Net income for the fourth quarter of fiscal 2021 was \$139.4 million compared to net income of \$26.2 million in Q4/20. Net income attributable to common shareholders was \$135.5 million for Q4/21 compared \$23.9 million in Q4/20. Diluted income per common share in the current quarter was \$0.93, compared to a diluted income per common share of \$0.21 in Q4/20. Excluding significant items⁽¹⁾, net income for Q4/21 was \$137.1 million compared to \$21.5 million in Q4/20, an increase of \$115.7 million or 539.3%, primarily due to the increase in revenue compared to the same period in the prior year. Net income attributable to common shareholders excluding significant items⁽¹⁾ was \$133.3 million compared to \$19.1 million in the same period of the prior year. Diluted EPS excluding significant items⁽¹⁾ was \$1.20 in Q4/21 compared to \$0.17 in Q4/20.

Business Segment Results⁽¹⁾⁽²⁾

(C\$ thousands, except number of employees)	For the years ended March 31							
	2021				2020			
	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenue								
Canada	\$ 443,444	\$ 314,529	\$ 31,841	\$ 789,814	\$ 204,636	\$ 206,455	\$ 22,963	\$ 434,054
UK & Europe	95,535	277,329	—	372,864	96,103	277,953	—	374,056
US	590,534	9,512	—	600,046	350,379	3,111	—	353,490
Australia	182,715	62,249	—	244,964	38,351	23,916	—	62,267
Total revenue	1,312,228	663,619	31,841	2,007,688	689,469	511,435	22,963	1,223,867
Expenses	976,646	529,476	131,664	1,637,786	623,663	430,518	69,663	1,123,844
Intersegment allocations	18,263	17,288	(35,551)	—	17,005	12,743	(29,748)	—
Income (loss) before income taxes	\$ 317,319	\$ 116,855	\$ (64,272)	\$ 369,902	\$ 48,801	\$ 68,174	\$ (16,952)	\$ 100,023
Excluding significant items ⁽³⁾								
Revenue	1,312,228	663,619	17,641	1,993,488	689,469	511,435	22,963	1,223,867
Expenses	969,032	511,056	127,310	1,607,398	612,690	418,457	69,663	1,100,810
Intersegment allocations	18,263	17,288	(35,551)	—	17,005	12,743	(29,748)	—
Income (loss) before income taxes	324,933	135,275	(74,118)	386,090	59,774	80,235	(16,952)	123,057
Number of employees	808	1,186	362	2,356	789	1,180	339	2,308

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14. Detailed financial results for the business segments are shown in Note 24 of the audited consolidated financial statements on page 96.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2021 [March 31, 2020 – 15%].

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

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

CANACCORD GENUITY CAPITAL MARKETS

Overview

Canaccord Genuity Capital Markets provides investment banking, advisory, equity research, and sales and trading services to corporate, institutional and government clients as well as conducting principal trading activities in Canada, the US, the UK & Europe, Australia, Asia and the Middle East. The Company has capital markets offices in 19 cities over five continents worldwide.

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

Our operating results demonstrate the strength of our global mid-market capabilities and the success of our efforts to diversify our revenue streams and improve alignment across our businesses and regions. For fiscal 2021, 66.2% of total Canaccord Genuity Capital Markets revenue was earned outside of Canada.

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

Outlook

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

We believe Canaccord Genuity Capital Markets' integrated global platform and disciplined focus in key growth sectors of the global economy provide a competitive advantage for our business compared to many of the domestically focused firms that we compete with. Smaller regional or local investment dealers are increasingly under pressure to diversify, and larger international competitors dedicate limited resources to servicing growth companies. We believe Canaccord Genuity Capital Markets provides differentiated expertise and execution capabilities in a segment that is relatively underserved by other global investment banks.

Canaccord Genuity remains committed to operating our capital markets businesses as efficiently as possible in order to protect our capacity to deliver market-leading expertise and execution services during periods of market volatility and/or reduced activity levels in our core focus sectors and geographies. A culture of cost containment continues to be reinforced throughout the Company, and strategies to lower operating costs over the long term continue to be explored. The remote working environment driven by the COVID-19 pandemic has led to productivity enhancements with respect to conferences, deal/ non-deal roadshows and cross-border collaboration, and we expect that certain efficiencies and cost savings will continue longer-term.

The Company strives to balance investments in growth with our ability to generate profit in various market environments. The dynamic nature of the operating environment for global mid-market capital markets activities requires us to maintain a level of agility in our business mix that allows us to stay competitive and meet the evolving needs of our clients. For this reason, the Company will continue to make disciplined investments with the addition of small teams in specific sector verticals or key service offerings, to further strengthen our operations in areas where we believe we can capture additional market share.

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

FINANCIAL PERFORMANCE⁽¹⁾⁽²⁾⁽⁶⁾

(C\$ thousands, except number of employees)	Year ended March 31, 2021					Year ended March 31, 2020				
	Canada	UK ⁽⁵⁾	US	Australia	Total	Canada	UK ⁽⁵⁾	US	Australia	Total
Revenue	443,444	95,535	590,534	182,715	1,312,228	204,636	96,103	350,379	38,351	689,469
Expenses										
Compensation expense	224,429	63,467	335,907	119,194	742,997	110,163	60,830	205,929	25,149	402,071
Other overhead expenses	50,514	27,874	131,890	12,872	223,150	63,880	30,753	113,916	10,742	219,291
Development costs	(393)	—	5,206	1,042	5,855	31	—	464	—	495
Acquisition-related costs	4,644	—	—	—	4,644	—	—	177	1,629	1,806
Total expenses	279,194	91,341	473,003	133,108	976,646	174,074	91,583	320,486	37,520	623,663
Intersegment allocations ⁽³⁾	12,449	1,027	4,392	395	18,263	12,241	895	3,010	859	17,005
Income (loss) before income taxes (recovery) ⁽³⁾	\$ 151,801	\$ 3,167	\$ 113,139	\$ 49,212	\$ 317,319	\$ 18,321	\$ 3,625	\$ 26,883	\$ (28)	\$ 48,801
Excluding significant items ⁽⁴⁾										
Total revenue	443,444	95,535	590,534	182,715	1,312,228	204,636	96,103	350,379	38,351	689,469
Total expenses	271,998	91,341	472,585	133,108	969,032	171,522	91,583	313,694	35,891	612,690
Intersegment allocations ⁽³⁾	12,449	1,027	4,392	395	18,263	12,241	895	3,010	859	17,005
Income (loss) before income taxes (recovery) ⁽³⁾	\$ 158,997	\$ 3,167	\$ 113,557	\$ 49,212	\$ 324,933	\$ 20,873	\$ 3,625	\$ 33,675	\$ 1,601	\$ 59,774
Number of employees	274	131	319	84	808	257	136	313	83	789

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

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2021 [March 31, 2020 – 15%].

(3) Income (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 38.

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

(5) Includes our Dubai based operations.

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

REVENUE

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

	For the years ended March 31		
	2021	2020	2021/2020 change
Revenue generated in:			
Canada	33.8%	29.7%	4.1 p.p.
UK & Europe ⁽¹⁾	7.3%	13.9%	(6.6) p.p.
US	45.0%	50.8%	(5.8) p.p.
Australia	13.9%	5.6%	8.3 p.p.
	100.0%	100.0%	

p.p.: percentage points

(1) Includes our Dubai based operations

Canaccord Genuity Capital Markets generated revenue of \$1.3 billion, an increase of 90.3% or \$622.8 million compared to fiscal 2020. Revenue increased in the US and Australia by \$240.2 million or 68.5% and by \$144.4 million or 376.4%, respectively, compared to the prior year, largely driven by higher investment banking revenue as well as higher principal trading revenue in the US. In Canada, a significant increase in investment banking revenue led to an increase in overall revenue of \$238.8 million or 116.7%. Revenue in our UK operations decreased slightly by \$0.6 million or 0.6% to \$95.5 million in fiscal 2021 as lower advisory fees were partially offset by higher investment banking revenue.

Investment banking activity

The Company's focus sector mix in fiscal 2021 showed continued diversity. Revenue from the Metals & Mining sector, a historic area of strength for the Company, reflects contributions from Australia, Canada. Revenue from the Technology and Industrials sectors was led by our US and Canadian capital markets businesses. The Company has also continued to lead in Canadian Special Purpose Acquisition Company (SPAC) issuances, both as a sponsor and an underwriter, which is reflected in our Financials sector activity.

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

CANACCORD GENUITY CAPITAL MARKETS – OVERALL**Investment banking transactions and revenue by sector**

Sectors	For the year ended March 31, 2021	
	as a % of investment banking transactions	as a % of investment banking revenue
Life Sciences	24.6%	29.3%
Technology	18.8%	25.5%
Industrials	5.4%	9.6%
Metals & Mining	27.5%	19.0%
Diversified	6.2%	4.3%
Financials	4.0%	2.3%
Consumer & Retail	2.4%	3.6%
Real Estate	2.3%	0.6%
Others	1.2%	1.5%
Structured Products & Sustainability	4.1%	1.3%
Energy	3.5%	3.0%
Total	100.0%	100.0%

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

Sectors	For the year ended March 31, 2021			
	Canada	US	UK	Australia
Life Sciences	24.1%	46.7%	4.3%	4.5%
Metals & Mining	30.6%	0.0%	10.0%	60.3%
Technology	11.4%	38.9%	20.0%	19.0%
Diversified	10.6%	0.0%	0.0%	0.0%
Structured Products & Sustainability	7.1%	0.0%	0.0%	0.0%
Real Estate	3.8%	0.0%	0.0%	0.6%
Industrials	0.3%	11.9%	38.6%	2.8%
Financials	5.5%	0.4%	11.4%	0.6%
Consumer & Retail	1.6%	2.0%	0.0%	6.7%
Others	1.9%	0.1%	0.0%	0.5%
Energy	3.1%	0.0%	15.7%	5.0%
Total	100.0%	100.0%	100.0%	100.0%

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

Sectors	For the year ended March 31, 2021			
	Canada	US	UK	Australia
Life Sciences	34.7%	41.7%	2.2%	2.9%
Technology	17.7%	40.4%	18.4%	17.7%
Industrials	0.7%	15.2%	52.0%	0.9%
Metals & Mining	21.6%	0.0%	6.2%	57.5%
Diversified	10.2%	0.0%	0.0%	0.0%
Financials	3.0%	0.1%	13.1%	0.0%
Consumer & Retail	1.9%	2.6%	0.0%	11.5%
Real Estate	1.4%	0.0%	0.0%	0.3%
Others	3.5%	0.0%	0.0%	1.0%
Structured Products & Sustainability	3.0%	0.0%	0.0%	0.0%
Energy	2.3%	0.0%	8.1%	8.2%
Total	100.0%	100.0%	100.0%	100.0%

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

EXPENSES

Expenses for fiscal 2021 were \$976.6 million, an increase of \$353.0 million or 56.6% compared to the prior year. Excluding significant items⁽¹⁾, total expenses for fiscal 2021 were \$969.0 million, an increase of \$356.3 million or 58.2% compared to fiscal 2020. As a percentage of revenue, total expenses decreased by 15.0 percentage points compared to the year ended March 31, 2020.

Compensation expense

Compensation expense for fiscal 2021 increased by \$340.9 million or 84.8% compared to fiscal 2020. Total compensation expense as a percentage of revenue was 1.7 percentage points lower than in fiscal 2020, at 56.6% for the year ended March 31, 2021.

In Canada, Australia and the US, total compensation as a percentage of revenue decreased compared to fiscal 2020 due to a significant increase in revenue relative to fixed staff costs. In our UK operations, total compensation expense as a percentage of revenue increased by 3.1 percentage points compared to fiscal 2020 as a result of the decline in revenue relative to fixed staff costs.

Canaccord Genuity Capital Markets compensation expense as a percentage of revenue by geography

	For the years ended March 31		
	2021	2020	2021/2020 change
Canada	50.6%	53.8%	(3.2) p.p.
UK & Europe	66.4%	63.3%	3.1 p.p.
US	56.9%	58.8%	(1.9) p.p.
Australia	65.2%	65.6%	(0.4) p.p.
Canaccord Genuity Capital Markets (total)	56.6%	58.3%	(1.7) p.p.

p.p.: percentage points

Other overhead expenses

Other overhead expenses were \$223.2 million for fiscal 2021 compared to \$219.3 million in fiscal 2020, an increase of \$3.9 million or 1.8%. The most significant increases in other overhead costs compared to the prior year include trading costs and development costs, partially offset by lower general and administrative, amortization and interest expense.

The increase in trading costs resulted from the increased trading activity in our US and Canadian operations. In the US, development costs increased by \$4.7 million mainly driven by higher expenditures in support of the significant revenue growth in this segment.

Partially offsetting the increase in trading and development costs was a decline in general and administrative expense of \$22.3 million or 38.1% compared to fiscal 2020 largely due to a reduction in promotion and travel and conference expenses due to COVID-19 restrictions imposed during the year.

Amortization expense decreased by \$6.2 million to \$6.8 million compared to the prior year mainly due to a reduction in the amortization of intangible assets acquired in connection with the acquisition of Petsky Prunier.

Interest expense decreased by \$3.9 million or 25.0% compared to fiscal 2020 due to lower stock borrowing activity and related costs in Canada.

There were \$4.6 million of acquisition-related costs in fiscal 2021 related to the remeasurement of contingent consideration in connection with the acquisition of Jitneytrade. The acquisition-related costs in connection with the acquisitions of Petsky Prunier and Patersons amounted to \$1.8 million in fiscal 2020 (Australian wealth management results were included as part of capital markets prior to Q3/20).

INCOME BEFORE INCOME TAXES

Income before income taxes in fiscal 2021 was \$317.3 million, an increase of \$268.5 million compared to fiscal 2020. Excluding significant items⁽¹⁾, income before income taxes, including allocated overhead expenses, increased from \$59.8 million in fiscal 2020 to \$324.9 million in fiscal 2021. The increase in income before income taxes excluding significant items⁽¹⁾ was attributable to higher revenue generated in our Canadian, US, and Australia operating segments.

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

CANACCORD GENUITY WEALTH MANAGEMENT

Overview

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

In the UK & Europe, Canaccord Genuity Wealth Management has 13 offices in the UK, Guernsey, Jersey and the Isle of Man. Revenue earned by this business is largely generated through fee-based accounts and portfolio management activities. The business offers services to both domestic (UK) and international and European clients and provides clients with investing options from both third party and proprietary financial products, including investment funds managed by Canaccord Genuity Wealth Management portfolio managers.

At March 31, 2021, Canaccord Genuity Wealth Management had 9 offices located across Canada. The Company is focused on actively recruiting established Advisory Teams to accelerate growth in this business.

Outlook

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

With 72.1% of the division's revenue derived from recurring, fee-based activities, the revenue stream generated through Canaccord Genuity Wealth Management's UK & Europe wealth management business helps to improve the stability of its overall performance. Client holdings in our in-house investment management products exceed \$1 billion and are attracting growing interest from both domestic and international intermediaries. The Company will continue to pursue strategic opportunities to increase the scale of its UK wealth management business. The substantial investment of \$219 million by HPS announced in February, 2021 provides a strategic and financial partner to the business on future acquisitions and growth opportunities. Subsequent to the end of the fiscal year, on April 15, 2021 the Company announced its acquisition of the investment management business of Adam & Company. The acquisition represents a unique opportunity for Canaccord Genuity Wealth Management to enter the Scottish market with a deeply established franchise and a strong brand. Closing is expected to occur in the second fiscal quarter of the Company's 2022 fiscal year.

In Canada, the Company continues to focus on enhancing margins, managing costs, and growing the business through targeted recruitment and training. While the recruiting environment remains competitive, we expect that the benefits of our independent global platform, investments to advance our technology and product offering, and multi-year track record of revenue and profitability growth help drive continued recruiting success as Investment Advisors see opportunities to grow their businesses faster and more sustainably on our platform. We maintain a strong focus on attracting and retaining high quality advisors, investing in technology and training programs and building a comprehensive suite of premium products targeted at attracting high net worth investors and helping advisors grow their businesses.

In Australia, the Company expects to continue to build upon the early success of its expanded wealth management operations. Continued expansion is expected to occur through targeted recruiting, and through the build-out of wealth management services and products in this market. The robust market for financing activities for small-cap companies over fiscal 2021 drove increased collaboration with our capital markets group in the region, and we expect this will drive future benefits as we advance our strategic priorities. We will also endeavour to convert additional \$15.8 billion held on Patersons' trading platform to higher revenue-generating assets.

FINANCIAL PERFORMANCE – NORTH AMERICA⁽¹⁾⁽²⁾

(C\$ thousands, except AUM and AUA (in C\$ millions), number of employees, Advisory Teams and % amounts)	For the years ended March 31			
	2021	2020	2021/2020 change	
Revenue	\$ 324,041	\$ 209,566	\$ 114,475	54.6%
Expenses				
Compensation expense	193,934	121,494	72,440	59.6%
Other overhead expenses	51,423	53,184	(1,761)	(3.3)%
Acceleration of long-term incentive plan expense	—	—	—	—
Total expenses	245,357	174,678	70,679	40.5%
Intersegment allocations ⁽³⁾	16,065	12,229	3,836	31.4%
Income before income taxes ⁽³⁾	\$ 62,619	\$ 22,659	\$ 39,960	176.4%
AUM – Canada (discretionary) ⁽⁴⁾	6,307	4,009	2,298	57.3%
AUA – Canada ⁽⁵⁾	32,240	18,440	13,800	74.8%
Number of Advisory Teams – Canada	145	146	(1)	(0.7)%
Number of employees	454	432	22	5.1%
Excluding significant items⁽⁶⁾				
Total expenses	\$ 245,357	\$ 174,678	\$ 70,679	40.5%
Intersegment allocations ⁽³⁾	16,065	12,229	3,836	31.4%
Income before income taxes ⁽³⁾	62,619	22,659	39,960	176.4%

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

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

(3) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 38.

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

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

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

Revenue from Canaccord Genuity Wealth Management North America was \$324.0 million, an increase of \$114.5 million or 54.6% from fiscal 2020, driven by higher commissions and fees revenue and investment banking revenue.

AUA in Canada increased by 74.8% to \$32.2 billion at March 31, 2021 from \$18.4 billion at March 31, 2020, as a result of a growth in market values as well as net inflow of new assets. There were 145 Advisory Teams in Canada, a decrease of one from a year ago. The fee-based revenue in our North American operations was 11.7 percentage points lower than in the prior year and accounted for 28.5% of the wealth management revenue earned in Canada during the year ended March 31, 2021 due to the significant increase in transactional revenue.

Expenses for fiscal 2021 were \$245.4 million, an increase of \$70.7 million or 40.5% from fiscal 2020. Total expenses as a percentage of revenue decreased by 7.6 percentage points compared to last year due to higher revenue and the non variable nature of certain overhead expenses.

Compensation expense increased by \$72.4 million or 59.6% compared to the prior year, in line with the increase in incentive-based revenue. Total compensation expense as a percentage of revenue increased by 1.8 percentage points compared to last year to 59.8% in fiscal 2021.

Other overhead expenses as a percentage of revenue decreased by 9.5% compared to fiscal 2020. Trading costs increased by \$4.0 million compared to the year ended March 31, 2020 as a result of an increase in commission and fees revenue. General and administrative expense decreased by \$7.7 million or 46.9% due to lower conference costs, as well as lower reserves on client account recorded in the current fiscal year. Development costs increased by \$1.8 million as a result of the amortization of incentive-based payments to new recruits.

Income before income taxes increased by \$40.0 million in fiscal 2021 to \$62.6 million due to the increase in revenue.

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

(C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and % amounts)	For the years ended March 31			
	2021	2020	2021/2020 change	
Revenue	\$ 277,329	\$ 277,953	\$ (624)	(0.2)%
Expenses				
Compensation expense	149,095	151,020	(1,925)	(1.3)%
Other overhead expenses	78,423	80,881	(2,458)	(3.0)%
Restructuring costs	—	1,098	(1,098)	(100.0)%
Acquisition-related costs	1,278	(1,930)	3,208	166.2%
Total expenses	228,796	231,069	(2,273)	(1.0)%
Intersegment allocations ⁽²⁾	1,208	1,149	59	5.1%
Income before income taxes ⁽²⁾	\$ 47,325	\$ 45,735	\$ 1,590	3.5%
AUM – UK & Europe ⁽³⁾	52,298	39,879	12,419	31.1%
Number of investment professionals and fund managers – UK & Europe	202	210	(8)	(3.8)%
Number of employees	528	548	(20)	(3.6)%
Excluding significant items⁽⁴⁾				
Total expenses	\$ 210,862	\$ 220,274	\$ (9,412)	(4.3)%
Intersegment allocations ⁽²⁾	1,208	1,149	59	5.1%
Income before income taxes ⁽²⁾	65,259	56,530	8,729	15.4%

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

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 38.

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

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

(5) Includes the operating results of Thomas Miller since the acquisition date of May 1, 2019.

Revenue generated by our UK & Europe operations is largely produced through fee-based accounts and portfolio management activities, and, as such, is less sensitive to changes in market conditions. Revenue for fiscal 2021 was \$277.3 million, a decrease of \$0.6 million or 0.2% compared to fiscal 2020. Measured in local currency (GBP), revenue was £160.5 million during fiscal 2021, a decrease of £3.8 million or 2.3% compared to the previous year.

AUM in the UK & Europe as of March 31, 2021 was \$52.3 billion, an increase of 31.1% compared to \$39.9 billion as of March 31, 2020 mainly due to an increase in market values. Measured in local currency (GBP), AUM increased by 33.3% compared to March 31, 2020. The fee-related revenue in our UK & European wealth management operations accounted for 72.1% of total revenue in this geography in fiscal 2021, a slight decrease of 0.8 percentage points compared to last year.

Compensation expense was \$149.1 million, a \$1.9 million decrease from \$151.0 million in fiscal 2020. Total compensation expense as a percentage of revenue decreased slightly by 0.5 percentage points from 54.3% in fiscal 2020 to 53.8% in fiscal 2021.

Other overhead expenses for the year ended March 31, 2021 decreased by \$2.5 million or 3.0% compared to the prior year.

General and administrative expense decreased by \$3.2 million or 13.8%, largely due to lower promotion and travel expense. Communication and technology expense decreased by \$1.8 million or 11.1% compared to fiscal 2020 mainly due to the replacement of certain communication systems. Interest expense decreased by \$0.7 million or 17.1% mainly due to a reduction in interest expense paid on the bank loan obtained in connection with the acquisitions of Hargreave Hale and Thomas Miller.

Offsetting the decreases in expenses discussed above was an increase in development costs of \$4.1 million compared to the prior year as a result of an adjustment recorded in fiscal 2020 in connection to incentive-based costs related to the acquisitions and growth initiatives of the UK wealth management business.

There were acquisition-related costs of \$1.3 million recorded during fiscal 2021 related to the proposed acquisition of Adam & Company in our UK wealth management operation announced on April 15, 2021. There were no restructuring costs recorded in fiscal 2021.

Restructuring costs of \$1.1 million were recorded in fiscal 2020 related to the integration costs of the recent acquisitions. During the year ended March 31, 2020, the Company also recorded \$2.3 million of acquisition-related costs in connection with the acquisition of Thomas Miller. In addition, there was a recovery of \$4.2 million related to a partial reversal of the contingent consideration in relation to the acquisition of Thomas Miller in the prior year.

Income before income taxes was \$47.3 million compared to \$45.7 million in the prior year as a result of reductions in the non-variable compensation and overhead expenses. Excluding significant items⁽¹⁾, income before income taxes was \$65.3 million, an increase of \$8.7 million or 15.4% from the prior year, reflecting the growth in net contribution from this region.

FINANCIAL PERFORMANCE – AUSTRALIA⁽¹⁾

(C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and % amounts)	For the years ended March 31			
	2021	2020	2021/2020 change	
Revenue	\$ 62,249	\$ 23,916	\$ 38,333	160.3%
Expenses				
Compensation expense	42,084	15,268	26,816	175.6%
Other overhead expenses	13,239	8,680	4,559	52.5%
Restructuring costs	—	823	(823)	(100.0)%
Total expenses	55,323	24,771	30,552	123.3%
Intersegment allocations ⁽²⁾	15	(635)	650	102.4%
Income (loss) before income taxes ⁽²⁾	\$ 6,911	\$ (220)	\$ 7,131	n.m.
AUM ⁽³⁾	4,228	2,400	1,828	76.2%
Number of investment professionals	110	119	(9)	(7.6)%
Number of employees	204	200	4	2.0%
Excluding significant items⁽⁴⁾				
Total expenses	\$ 54,837	\$ 23,505	\$ 31,332	133.3%
Intersegment allocations ⁽²⁾	15	(635)	650	102.4%
Income before income taxes ⁽²⁾	7,397	1,046	6,351	n.m.

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

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 38.

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

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

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

Commencing Q3/20, the Canaccord Genuity Australia wealth management segment includes the operating results of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) since the closing date of October 21, 2019, as well as the wealth management business previously included as part of Canaccord Genuity Australia capital markets. Comparatives have not been restated.

During the year ended March 31, 2021, Canaccord Genuity Wealth Management Australia generated revenue of \$62.2 million compared to \$23.9 million from the acquisition date of October 21, 2019 to March 31, 2020. AUM in the Australian wealth management operations was \$4.2 billion at March 31, 2021, an increase of \$1.8 billion or 76.2% compared to March 31, 2020. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 26.1% of the wealth management revenue during fiscal 2021, an increase of 3.0 percentage points compared to the prior year.

Due to the inclusion of operating results for a full fiscal year in fiscal 2021, total expenses increased by \$30.6 million compared to fiscal 2020 to \$55.3 million for the year ended March 31, 2021.

Compensation expense was \$42.1 million in fiscal 2021. Total compensation expense as a percentage of revenue was 67.6% for the year ended March 31, 2021, an increase of 3.8 percentage points compared to the prior year due to certain fixed staff costs.

There were no restructuring costs in fiscal 2021. Restructuring costs of \$0.8 million recorded in fiscal 2020 were in connection to the integration costs related to the acquisition of Patersons.

Income before income taxes was \$6.9 million compared to a loss of \$0.2 million in the prior year as a result of the inclusion of a full fiscal year of operations in fiscal 2021. Excluding significant items⁽¹⁾, income before income taxes was \$7.4 million, an increase of \$6.4 million from the prior year, reflecting the net contribution from our expanded operations.

CORPORATE AND OTHER SEGMENT**Overview**

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

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

Also included in this segment are the Company's administrative, operational and support services departments, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance,

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

and other administrative functions. The Company has 362 employees in the Corporate and Other segment. Most of the Company's corporate support functions are based in Vancouver and Toronto, Canada.

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

FINANCIAL PERFORMANCE⁽¹⁾

(C\$ thousands, except number of employees and % amounts)	For the years ended March 31			
	2021	2020	2021/2020 change	
Revenue	\$ 31,841	\$ 22,963	\$ 8,878	38.7%
Expenses				
Compensation expense	99,785	48,460	51,325	105.9%
Other overhead expenses	26,603	20,996	5,607	26.7%
Loss and other costs in connection with extinguishment of convertible debentures ⁽³⁾	4,354	—	4,354	n.m.
Share of loss of an associate	922	207	715	n.m.
Total expenses	131,664	69,663	62,001	89.0%
Intersegment allocations ⁽²⁾	(35,551)	(29,748)	(5,803)	(19.5)%
Loss before income taxes ⁽²⁾	(64,272)	(16,952)	(47,320)	(279.1)%
Number of employees	362	339	23	6.8%
Excluding significant items⁽⁴⁾				
Total revenue	\$ 17,641	\$ 22,963	\$ (5,322)	(23.2)%
Total expenses	127,310	69,663	57,647	82.8%
Intersegment allocations ⁽²⁾	(35,551)	(29,748)	(5,803)	(19.5)%
Loss before income taxes ⁽⁴⁾	(74,118)	(16,952)	(57,166)	n.m.

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

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

(3) On March 18, 2021, the Company announced its intention to redeem the entire \$132.7 million principal amount of its 6.25% convertible unsecured senior subordinated debentures. The redemption was completed on April 9, 2021. The Company recorded \$4.4 million of loss and other costs in connection with extinguishment of the convertible debentures.

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

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

Revenue for fiscal 2021 was \$31.8 million, an increase of \$8.9 million or 38.7% from fiscal 2020. During the year ended March 31, 2021, there was \$14.2 million of fair value adjustment recorded on certain illiquid or restricted marketable securities. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items⁽¹⁾. Future changes in the unrealized fair value of the marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations. In addition, there has been a decrease in increase in interest revenue resulting from lower interest rates and lower cash balances held during the year.

Total expenses were \$131.7 million for the year ended March 31, 2021, an increase of \$62.0 million or 89.0% compared to the prior year. The largest increase in expenses was compensation costs, which increased by \$51.3 million or 105.9%, largely driven by an increase in the fair value adjustment of the PSUs. General and administrative expense increased by \$1.2 million or 9.3% mainly due to a reserve recorded in respect of ongoing legal matters during the current fiscal year. Development costs increased by \$3.7 million due to accelerated amortization of certain technology intangibles.

As discussed above, as a result of the extinguishment of the convertible unsecured senior subordinated debentures, the Company recorded \$4.4 million of loss and other costs in connection with the extinguishment of the convertible debentures.

Loss before income taxes was \$64.3 million for fiscal 2021 compared to a loss before income taxes of \$17.0 million for the prior year. Excluding significant items⁽¹⁾, loss before income taxes was \$74.1 million for the year ended March 31, 2021 compared to a loss before income taxes of \$17.0 million last year.

INTERSEGMENT ALLOCATED COSTS

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

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

Financial Condition

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

(C\$ thousands)	Balance sheet summary as at March 31				
	2021	2020	2019	2018	2017
Assets					
Cash and cash equivalents	\$ 1,883,292	\$ 997,111	\$ 820,739	\$ 862,838	\$ 677,769
Securities owned	1,041,583	931,467	690,499	469,217	784,230
Accounts receivable	3,973,442	3,275,841	2,656,664	2,215,837	3,395,736
Income taxes recoverable	738	5,603	2,502	1,170	1,085
Deferred tax assets	81,229	39,487	22,117	19,941	15,323
Investments	12,193	10,105	6,224	2,035	2,829
Equipment and leasehold improvements	23,070	24,860	25,792	30,967	31,479
Goodwill and other intangible assets	531,038	565,587	524,757	418,731	295,065
Right of use assets	85,216	106,134	—	—	—
Total assets	\$ 7,631,801	\$ 5,956,195	\$ 4,749,294	\$ 4,020,736	\$ 5,203,516
Liabilities and shareholders' equity					
Bank indebtedness	\$ —	\$ —	\$ 9,639	\$ —	\$ 25,280
Securities sold short	889,607	875,017	373,419	301,006	645,742
Accounts payable and accrued liabilities	5,160,600	3,673,451	3,123,765	2,638,954	3,669,883
Provisions	10,357	6,735	18,212	8,428	11,793
Income taxes payable	56,285	11,721	5,415	7,851	10,093
Current portion of bank loan	12,119	7,042	9,294	9,679	—
Current portion of lease liability	24,311	23,417	—	—	—
Current portion of contingent consideration	17,706	57,859	—	—	—
Deferred consideration	8,087	8,966	22,225	9,997	—
Contingent consideration	11,490	47,614	108,319	49,844	—
Promissory note	—	—	5,832	—	—
Lease liability	70,591	88,922	—	—	—
Other long-term liability	—	1,760	1,741	—	—
Bank loan	66,200	79,192	50,370	61,758	—
Deferred tax liabilities	13,552	9,903	7,978	13,715	140
Liability portion of convertible debenture	168,112	128,322	127,225	57,081	56,442
Subordinated debt	7,500	7,500	7,500	7,500	7,500
Shareholders' equity	1,107,094	928,618	876,363	841,352	764,785
Non-controlling interests	8,190	156	1,997	13,571	11,858
Total liabilities and shareholders' equity	\$ 7,631,801	\$ 5,956,195	\$ 4,749,294	\$ 4,020,736	\$ 5,203,516

ASSETS

Cash and cash equivalents were \$1.9 billion at March 31, 2021 compared to \$997.1 million at March 31, 2020. Refer to the Liquidity and Capital Resources section for more details.

Securities owned were \$1.0 billion at March 31, 2021 compared to \$931.5 million at March 31, 2020 mainly due to an increase in corporate and government debt owned.

Accounts receivable were \$4.0 billion at March 31, 2021 compared to \$3.3 billion at March 31, 2020, mainly due to an increase in receivables from brokers and investment dealers.

Goodwill was \$380.1 million and intangible assets were \$150.9 million at March 31, 2021. At March 31, 2020, goodwill was \$395.4 million and intangible assets were \$170.2 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier and Patersons.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments were \$117.2 million at March 31, 2021 compared to \$80.1 million at March 31, 2020, mainly due to an increase in deferred tax assets, and investments.

LIABILITIES AND SHAREHOLDERS' EQUITY

Securities sold short were \$889.6 million at March 31, 2021 compared to \$875.0 million at March 31, 2020, mostly due to an increase in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were \$5.2 billion, an increase from \$3.7 billion on March 31, 2020, mainly due to an increase in payables to clients and brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable, other long-term liability and deferred tax liabilities, were \$77.3 million at March 31, 2021 compared to \$30.9 million in the prior year. The increase was mostly due to an increase in income tax payable.

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale and Thomas Miller. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.1288% per annum as at March 31, 2021 [March 31, 2020 – 2.6584% per annum].

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

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

There were deferred and contingent considerations of \$8.1 million and \$29.2 million, respectively, recorded at March 31, 2021 in connection with the acquisitions of Hargreave Hale, McCarthy Taylor and Petsky Prunier. Refer to Notes 7 of the audited consolidated financial statements for the year ended March 31, 2021 for further information.

Non-controlling interests were \$8.2 million at March 31, 2021 compared to \$0.2 million at March 31, 2020, which represents 15% [March 31, 2020 – 15%] of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling \$3.3 million (US\$2.3 million) [March 31, 2020 – \$2.7 million (US\$2.0 million)] as rent guarantees for its leased premises in New York.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2021, the Company had no bank indebtedness outstanding [March 31, 2020 – \$9.6 million].

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

The following table summarizes Canaccord Genuity Group's long-term contractual obligations on March 31, 2021:

(C\$ thousands)	Total	Fiscal 2022	Fiscal 2023 – Fiscal 2024	Fiscal 2025 and fiscal 2026	Thereafter
Premises and equipment operating leases	154,853	29,642	52,741	32,445	40,025
Bank loan ⁽¹⁾	83,280	14,271	69,009	—	—
Convertible debentures ⁽²⁾	168,112	168,112	—	—	—
Total contractual obligations	406,245	212,025	121,750	32,445	40,025

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale and £15,000,000 for the acquisition of Thomas Miller. The bank loan bears interest at 2.1288% per annum and is repayable in instalments of principal and interest over four years and matures in September of 2023. The current balance outstanding net of unamortized financing fees is £45.2 million.

(2) Convertible debentures consist of the unsecured senior subordinated convertible debentures (the Debentures) issued in Q2/19. On March 18, 2021, the Company announced its intention to redeem the entire \$132,690,000 principal amount plus accrued interest. The redemption was completed on April 9, 2021.

Liquidity and Capital Resources

The Company has a capital structure comprised of the equity portion of the convertible debentures, preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive income. On March 31, 2021, cash and cash equivalents were \$1.9 billion, an increase of \$886.2 million from \$997.1 million as of March 31, 2020. During the year ended March 31, 2021, financing activities used cash in the amount of \$191.2 million, mainly due to purchases of common shares for the LTIP (\$37.8 million), cash dividends paid on the preferred and common shares of \$33.3 million, payment of deferred and contingent consideration of \$73.6 million and lease payments of \$30.2 million. Investing activities used cash in the amount of \$12.5 million mainly for the acquisition of investments, as well as the purchase of fixed assets and intangibles. Operating activities generated cash of \$1.1 billion, which was largely due to changes in non-cash working capital. A decrease in cash of \$5.7 million was attributable to the effect of foreign exchange translation on cash balances.

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

Preferred Shares

SERIES A PREFERRED SHARES

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

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

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

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

SERIES C PREFERRED SHARES

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

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

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

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

CONVERTIBLE DEBENTURES

On March 18, 2021, the Company announced its intention to redeem the entire \$132,690,000 principal amount of its outstanding Debentures. The redemption price of the Debentures equal \$1,266.95 for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$1,250 per \$1,000 principal amount of Debentures, and (ii) \$16.95 of accrued and unpaid interest per \$1,000 principal amount up to but excluding April 9, 2021. The total redemption price of \$168.1 million was fully accrued as of March 31, 2021. The redemption was completed on April 9, 2021.

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

Outstanding Share Data

	Outstanding shares as of March 31	
	2021	2020
Preferred shares		
Series A – issued shares outstanding	4,540,000	4,540,000
Series C – issued shares outstanding	4,000,000	4,000,000
Common shares		
Issued shares excluding unvested shares ⁽¹⁾	95,791,083	93,464,251
Issued shares outstanding ⁽²⁾	108,191,331	107,812,361
Issued shares outstanding – diluted ⁽³⁾	112,567,757	130,722,846
Average shares outstanding – basic	96,658,863	98,449,097
Average shares outstanding – diluted ⁽⁴⁾	108,977,972	128,302,744

(1) Excludes 122,355 outstanding unvested shares related to share purchase loans for recruitment, 11,588,393 unvested shares purchased by the employee benefit trusts for the LTIP and 689,500 shares committed to repurchase under NCIB.

(2) Includes 122,355 unvested shares related to share purchase loans for recruitment, 11,588,393 unvested shares purchased by the employee benefit trusts for the LTIP and 689,500 shares committed to repurchase under the NCIB.

(3) Includes 4,376,426 of share issuance commitments net of forfeitures.

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

On August 18, 2020, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,390,674 of its common shares during the period from August 21, 2020 to August 21, 2021 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the Notice. During the year ended March 31, 2021, there were 845,500 shares purchased and cancelled and an additional 70,000 shares purchased but not yet cancelled as of March 31, 2021.

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

The ability to make purchases under the current NCIB commenced on August 21, 2020 and will continue for one year (to August 20, 2021) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 76,127 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2020 to July 2020 (25% of the ADTV of 304,508)).

As of May 31, 2021, the Company has 107,639,231 common shares issued and outstanding.

ISSUANCE AND CANCELLATION OF COMMON SHARE CAPITAL

Balance, March 31, 2020	107,812,361
Shares issued in connection with share-based payment plans	1,121
Shares issued in connection with acquisition of Petsky Prunier	736,850
Shares issued in connection with settlement of Jitneytrade contingent consideration	300,000
Shares issued in connection with exercise of performance share options	182,999
Shares issued in connection with conversion of convertible debentures	3,500
Shares purchased and cancelled under the normal course issuer bid	(845,500)
Balance, March 31, 2021	108,191,331

Share-Based Payment Plans

LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP), eligible participants are awarded restricted share units (RSUs), which generally vest over three years. For employees in Canada, the United States, Channel Islands, Australia and the United Kingdom, employee benefit trusts (the Trusts) have been established. The Company or certain of its subsidiaries, as the case may be, fund the Trusts with cash which is used by the trustees to purchase common shares on the open market that will be held in the Trusts until the RSUs vest.

FORGIVABLE COMMON SHARE PURCHASE LOANS

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

REPLACEMENT PLANS

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

DEFERRED SHARE UNITS

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

PERFORMANCE SHARE UNITS

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

The PSUs were measured at fair value on the grant date. Changes in value of the PSUs at each reporting period are amortized over the remaining vesting period and recorded as a compensation expense in the statement of operations. During the year ended March 31, 2021, the PSU plan was amended to include certain employment-related conditions to the vesting of the awards resulting in a change in the periodic expense recorded during the vesting period.

PERFORMANCE SHARE OPTIONS

The Company created a performance share option (PSO) plan for certain senior executives. The PSOs have a term of five years and will time-vest ratably over four years (with one-third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, and have a four times exercise

price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). During the year ended March 31, 2021, the stock price performance vesting conditions had been met on a total of 6,237,001 outstanding options. A total of 1,923,667 options outstanding had met both stock price performance and time-based vesting conditions and are therefore fully vested and outstanding.

OTHER SHARE-BASED PAYMENT PLAN

During the year ended March 31, 2019, the Company granted a share-based award to a senior executive. The award was originally scheduled to vest on March 31, 2021 or at the holder's opinion, extended to March 31, 2022. During the year ended March 31, 2021, the award was modified to a cash-settled award with the settlement value determined based on the measurement period ended December 31, 2020. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to this other share-based payment plan at March 31, 2021 was \$19.3 million.

OTHER RETENTION AND INCENTIVE PLANS

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

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by the Company, and (b) key management personnel, who are comprised of the directors of the Company, as well as executives involved in strategic decision-making for the Company.

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

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

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

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

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

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

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

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

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

Critical Accounting Policies and Estimates

The following is a summary of Canaccord Genuity Group's critical accounting estimates. The Company's significant accounting policies are in accordance with IFRS and are described in Note 5 to the audited consolidated financial statements for the year ended March 31, 2021. The Company's consolidated financial statements for the years ended March 31, 2021 and 2020 were also prepared in accordance with IFRS.

The preparation of the March 31, 2021 audited consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Patersons Securities Limited and Thomas Miller Wealth Management and Thomas Miller Investment (Isle of Man) Limited.

Significant accounting policies used and policies requiring management's judgment and estimates are disclosed in Notes 2 and 5 of the audited consolidated financial statements for the year ended March 31, 2021.

CONSOLIDATION

The Company owns 80% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) and Canaccord Genuity Financial Limited as at March 31, 2021. The Company also completed an evaluation of its contractual arrangements with the other shareholders of CGAL and the control it has over the financial and operating policies of CGAL and determined it should consolidate under IFRS 10, "Consolidated Financial Statements" (IFRS 10), as at March 31, 2021 and 2020. Therefore, the financial position, financial performance and cash flows of CGAL have been consolidated. Although the Company owns 80% of the issued shares of CGAL as at March 31, 2021, for accounting purposes, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. Accordingly, the Company has consolidated the entity and recognized a 15% non-controlling interest, which represents the portion of CGAL's net identifiable assets not owned by the Company. Net income and each component of other comprehensive income are attributed to the non-controlling interest and to the owners of the parent.

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

INTANGIBLE ASSETS

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

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

asset are reviewed at least annually, at each financial year end. Identifiable intangible assets with indefinite useful lives are not amortized but are tested for impairment annually.

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

The following assets have specific characteristics for impairment testing:

Goodwill

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

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

Intangible assets

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

REVENUE RECOGNITION

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

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

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

Advisory fees consist of ongoing management and advisory fees that are recognized over the period of time that this performance obligation is delivered. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized at

the point in time when the underlying transaction is substantially completed under the engagement terms and it is probable that a significant revenue reversal will not occur.

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

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

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

INCOME TAXES

Current income tax

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

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

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

Deferred tax

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

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

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

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

Sales tax

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

SHARE-BASED PAYMENTS

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

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

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

Equity-settled transactions

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

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

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

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

Cash-settled transactions

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

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES

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

Transactions and balances

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

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

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

Translation of foreign subsidiaries

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

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

PROVISIONS

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

Financial Instruments

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

The use of financial instruments may either introduce or mitigate exposures to market, credit and/or liquidity risks. See Risk Management in this MD&A for details on how these risks are managed. For significant assumptions made in determining the valuation of financial and other instruments, refer to Note 7 of the audited consolidated financial statements for the year ended March 31, 2021.

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. On March 31, 2021, there were no forward contracts outstanding to sell US dollars, compared to US\$2.1 million at March 31, 2020. Forward contracts outstanding to buy US dollars had a notional amount of US\$5.9 million, an increase of US\$5.1 million from March 31, 2020. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

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

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

FUTURES

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

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

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

Adoption of New and Revised Standards

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

Future Changes in Accounting Policies and Estimates

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

STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of March 31, 2021, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of and during the fiscal year ended March 31, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President & CEO and the Executive Vice President & Chief Financial Officer, has designed internal control over financial reporting as defined under *National Instrument 52-109* to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that the Company's internal control over financial reporting was designed and operating effectively as of and during the year ended March 31, 2021 and that there were no material weaknesses in our internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in internal control over financial reporting that occurred during the year ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risk Management

OVERVIEW

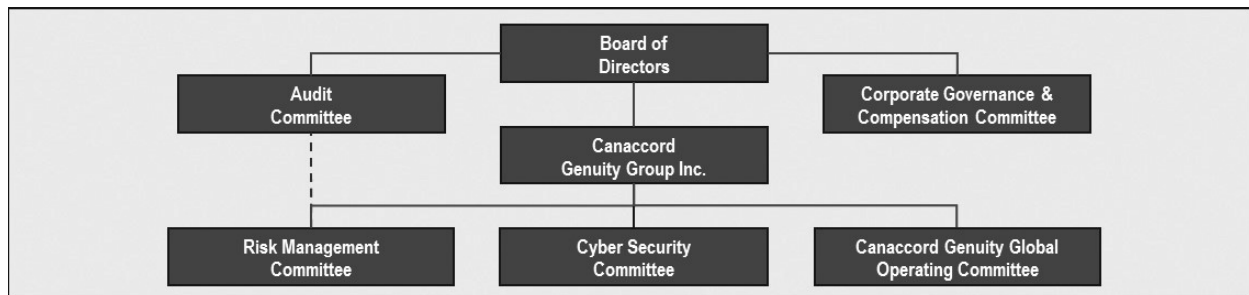
Uncertainty and risk are inherent when conducting operations within financial markets. As an active participant in the Canadian and international capital markets, the Company is exposed to risks that could result in financial losses. The Company has identified its principal risks as: market risk, credit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

RISK MANAGEMENT STRUCTURE AND GOVERNANCE

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

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

The Company's governance structure includes the following elements:



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

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

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

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

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

MARKET RISK

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

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

CREDIT RISK

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

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

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

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

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

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

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

OPERATIONAL RISK

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

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

Risk and Control Self-Assessment (RCSA)

The purpose of RCSAs is to:

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

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

OTHER RISKS

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

Regulatory and legal risk

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

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

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

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

material risk to the Company or where any risk is unlikely to result in a material adverse consequence to the Company, there is a risk that the Company could be the subject of third party proceedings which may have a material adverse effect on the Company business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. The Company has determined that any such proceedings are unlikely and, accordingly, has not recorded a provision in respect of such matters.

Cybersecurity risk

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

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

Reputational risk

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

Pandemic risk

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

Control risk

As of March 31, 2021, senior officers and directors of the Company collectively owned approximately 12.6% of the issued and outstanding (21.3% fully diluted) common shares of Canaccord Genuity Group Inc. If a sufficient number of these shareholders act or vote together, they will have the power to exercise significant influence over all matters requiring shareholder approval, including the election of the Company's directors, amendments to its articles, amalgamations and plans of arrangement under Canadian law and mergers or sales of substantially all of its assets. This could prevent Canaccord Genuity Group from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a tender offer or takeover bid to acquire any or all of the outstanding common shares of the Company.

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

Restrictions on ownership and transfer of common shares

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

Risk factors

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

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

Dividend Policy

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

Dividend Declaration

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

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

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

Additional Information

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