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# Strength in Stability

2018 ANNUAL REPORT



# Financial Highlights

## Selected financial information<sup>(1)(2)(3)</sup>

For the years ended March 31

| (C\$ thousands, except per share and % amounts,<br>and number of employees) | 2018             | 2017             | 2016                | 2018/2017 change   |                |
|-----------------------------------------------------------------------------|------------------|------------------|---------------------|--------------------|----------------|
| Canaccord Genuity Group Inc. (CGGI)                                         |                  |                  |                     |                    |                |
| Revenue                                                                     |                  |                  |                     |                    |                |
| Commissions and fees                                                        | \$ 461,937       | \$ 396,741       | \$ 376,817          | \$ 65,196          | 16.4%          |
| Investment banking                                                          | 282,195          | 196,129          | 132,029             | 86,066             | 43.9%          |
| Advisory fees                                                               | 122,372          | 130,749          | 160,180             | (8,377)            | (6.4)%         |
| Principal trading                                                           | 113,921          | 119,040          | 85,559              | (5,119)            | (4.3)%         |
| Interest                                                                    | 27,875           | 16,847           | 16,830              | 11,028             | 65.5%          |
| Other                                                                       | 14,577           | 20,040           | 16,390              | (5,463)            | (27.3)%        |
| <b>Total revenue</b>                                                        | <b>1,022,877</b> | <b>879,546</b>   | <b>787,805</b>      | <b>143,331</b>     | <b>16.3%</b>   |
| Expenses                                                                    |                  |                  |                     |                    |                |
| Non-share based incentive compensation                                      | 480,369          | 414,676          | 382,851             | 65,693             | 15.8%          |
| Share-based incentive compensation                                          | 46,245           | 40,322           | 35,025              | 5,923              | 14.7%          |
| Salaries and benefits                                                       | 99,239           | 85,698           | 92,981              | 13,541             | 15.8%          |
| Other overhead expenses <sup>(4)</sup>                                      | 298,250          | 284,966          | 302,530             | 13,284             | 4.7%           |
| Restructuring costs <sup>(5)</sup>                                          | 7,643            | —                | 17,352              | 7,643              | n.m.           |
| Acquisition-related costs                                                   | 6,732            | —                | —                   | 6,732              | n.m.           |
| Acceleration of long-term incentive plan expense <sup>(6)</sup>             | 48,355           | —                | —                   | 48,355             | n.m.           |
| Share of loss of an associate <sup>(7)</sup>                                | 298              | —                | —                   | 298                | n.m.           |
| Impairment of goodwill and other assets <sup>(8)</sup>                      | —                | —                | 321,037             | —                  | —              |
| <b>Total expenses</b>                                                       | <b>987,131</b>   | <b>825,662</b>   | <b>1,151,776</b>    | <b>161,469</b>     | <b>19.6%</b>   |
| Income (loss) before income taxes                                           | 35,746           | 53,884           | (363,971)           | (18,138)           | (33.7)%        |
| <b>Net income (loss)</b>                                                    | <b>\$ 17,077</b> | <b>\$ 43,186</b> | <b>\$ (358,567)</b> | <b>\$ (26,109)</b> | <b>(60.5)%</b> |
| <b>Net income (loss) attributable to CGGI shareholders</b>                  | <b>\$ 13,024</b> | <b>\$ 38,103</b> | <b>\$ (358,471)</b> | <b>\$ (25,079)</b> | <b>(65.8)%</b> |
| Non-controlling interests                                                   | \$ 4,053         | \$ 5,083         | \$ (96)             | \$ (1,030)         | (20.3)%        |
| Earnings (loss) per common share (EPS) – basic                              | \$ 0.04          | \$ 0.29          | \$ (4.09)           | \$ (0.25)          | (86.2)%        |
| Earnings (loss) per common share – diluted                                  | \$ 0.03          | \$ 0.27          | \$ (4.09)           | \$ (0.24)          | (88.9)%        |
| Return on common equity (ROE)                                               | 0.9%             | 5.0%             | (50.4)%             | (4.1) p.p.         |                |
| Dividends per common share                                                  | \$ 0.15          | \$ 0.10          | \$ 0.10             | \$ 0.05            | 50.0%          |
| Dividends per Series A Preferred Share                                      | \$ 0.9712        | \$ 1.173         | \$ 1.375            | \$ (0.20)          | (17.2)%        |
| Dividends per Series C Preferred Share                                      | \$ 1.2482        | \$ 1.4375        | \$ 1.4375           | \$ (0.19)          | (13.2)%        |
| Book value per diluted common share <sup>(9)</sup>                          | \$ 5.71          | \$ 5.08          | \$ 4.99             | \$ 0.63            | 12.3%          |
| <b>Excluding significant items<sup>(10)</sup></b>                           |                  |                  |                     |                    |                |
| Total revenue                                                               | \$ 1,022,877     | \$ 878,353       | \$ 787,805          | \$ 144,524         | 16.5%          |
| Total expenses                                                              | \$ 912,270       | \$ 817,096       | \$ 793,862          | \$ 95,174          | 11.6%          |
| Income (loss) before income taxes                                           | \$ 110,607       | \$ 61,257        | \$ (6,057)          | \$ 49,350          | 80.6%          |
| Net income (loss)                                                           | \$ 81,657        | \$ 49,196        | \$ (5,995)          | \$ 32,461          | 66.0%          |
| Net income (loss) attributable to CGGI shareholders                         | \$ 77,604        | \$ 43,903        | \$ (6,620)          | \$ 33,701          | 76.8%          |
| Net income attributable to non-controlling interests                        | \$ 4,053         | \$ 5,293         | \$ 625              | \$ (1,240)         | (23.4)%        |
| Earnings (loss) per common share – diluted                                  | \$ 0.59          | \$ 0.32          | \$ (0.21)           | \$ 0.27            | 84.4%          |
| <b>Balance sheet data</b>                                                   |                  |                  |                     |                    |                |
| Total assets                                                                | \$ 4,020,736     | \$ 5,203,516     | \$ 3,424,546        | \$(1,182,780)      | (22.7)%        |
| Total liabilities                                                           | 3,165,813        | 4,426,873        | 2,665,895           | (1,261,060)        | (28.5)%        |
| Non-controlling interests                                                   | 13,571           | 11,858           | 8,722               | 1,713              | 14.4%          |
| Total shareholders' equity                                                  | 841,352          | 764,785          | 749,929             | 76,567             | 10.0%          |
| Number of employees                                                         | 1,956            | 1,700            | 1,795               | 256                | 15.1%          |

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, 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 42% non-controlling interest has been recognized for the year ended March 31, 2018 [year ended March 31, 2017 – 42% and March 31, 2016 – 40%].

(3) Data includes the results of Hargreave Hale since the closing date of September 18, 2017.

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

(5) Restructuring costs for the year ended March 31, 2018 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale. Restructuring costs for the year ended March 31, 2016 were related to staff reductions in our US capital markets operations and the closure of our Barbados office in Other Foreign Locations, as well as charges related to changes in our Corporate and Other segment.

(6) Effective as of March 31, 2018, the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will now be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$48.4 million.

(7) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Acquisition Corp. for the year ended March 31, 2018.

(8) Impairment of goodwill and other assets for the year ended March 31, 2016 is in connection with our capital markets operations in the UK, US, Canada, Australia, and Other Foreign Locations – Singapore operations.

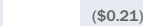
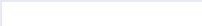
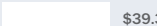
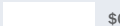
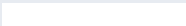
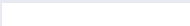
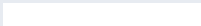
(9) Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants and convertible debentures, as applicable, and adjusted for shares 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.

(10) Net income (loss) and earnings (loss) per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on page 23.

p.p.: percentage points  
n.m.: not meaningful

# Strength in Stability

Fiscal 2018 was a pivotal year for our organization. We substantially increased scale in our global wealth management operations and extracted greater value from our global capital markets businesses. As we continue to advance our position as a dominant independent capital markets and wealth management firm in all of the regions where we operate, our efforts will always be centred on expanding our client relationships and increasing the value of our business for our shareholders.

| Revenue<br>(C\$ millions, fiscal years)                                                                 | Net Income (Loss) <sup>(1)</sup><br>(C\$ millions, excluding significant items, fiscal years)        | Diluted Earnings (Loss) per Share <sup>(1)</sup><br>(C\$, excluding significant items, fiscal years)   |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| 2018  <b>\$1,022.9</b> | 2018  <b>\$81.7</b> | 2018  <b>\$0.59</b> |
| 2017  \$879.5        | 2017  \$49.2      | 2017  \$0.32      |
| 2016  \$787.8        | 2016  (\$6.0)     | 2016  (\$0.21)    |
| 2015  \$880.8        | 2015  \$39.3      | 2015  \$0.25      |
| 2014  \$855.2        | 2014  \$68.8      | 2014  \$0.54      |

## ABOUT CANACCORD GENUITY GROUP INC.

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company) 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. The Company has wealth management offices located in Canada, the UK, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity, the international capital markets division, operates in North America, the UK & Europe, Asia, Australia and the Middle East. To us there are no foreign markets.<sup>TM</sup>

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX.

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

# Global Performance

Our efforts to increase stability across our business have helped us to deliver enhanced outcomes for our clients, making us a stronger competitor in everything that we do.

**\$1.0 billion**

Record revenue  
for fiscal 2018

**\$0.59 in fiscal  
2018 diluted  
earnings per  
share<sup>(1)</sup>**

Driving stronger returns  
for our shareholders

**66% pre-tax  
net income<sup>(1)</sup>  
improvement  
in fiscal 2018**

Improved business mix  
is driving earnings power

**60% of fiscal  
2018 EPS<sup>(1)</sup>  
from global  
wealth  
management**

Important contributor of  
stable, recurring revenue  
growth

**61% of  
fiscal 2018  
revenue  
from outside  
of Canada**

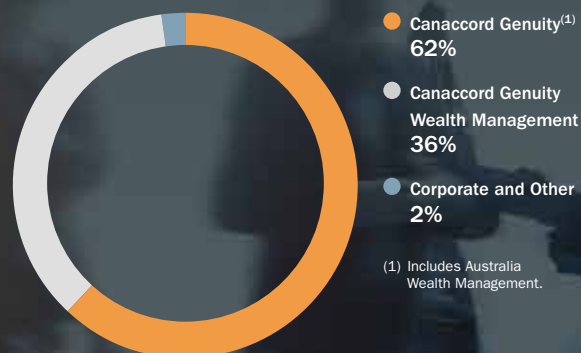
Global platform provides  
opportunities to benefit  
from activity in all our  
geographies

**\$575.6 million  
in working  
capital**

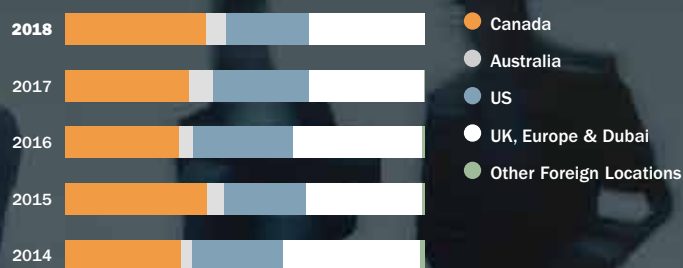
Well capitalized for  
continued investment  
in our key priorities

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

## Fiscal 2018 Revenue by Division



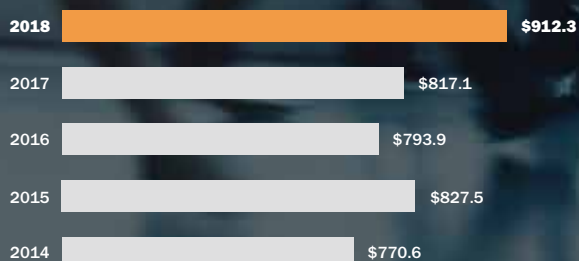
## Geographic Distribution of Revenue<sup>(2)</sup> (Percent of total fiscal year revenue)



(2) Commencing in Q3/17, the operating results of our Australian operations are disclosed separately as Canaccord Genuity – Australia, and the operating results of Canaccord Genuity (Dubai) are included as Canaccord Genuity UK, Europe & Dubai. In previous quarters, the operating results have been reported as Other Foreign Locations. Comparatives for all prior periods have been reclassified.

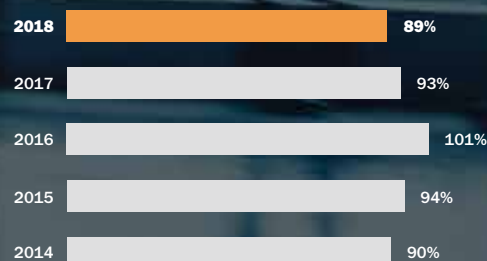
## Total Expenses

(C\$ millions, excluding significant items, non-IFRS and non-GAAP, fiscal years)



## Total Expenses as a Percent of Revenue

(Excluding significant items, non-IFRS and non-GAAP, fiscal years)



Driving earnings power by transforming our business mix and growing global wealth management

# Letter to Shareholders



Fellow Shareholders,

Fiscal 2018 was a good year for Canaccord Genuity Group Inc. Total firm-wide revenue surpassed \$1 billion for the first time in our Company's history. Excluding significant items<sup>(1)</sup>, we delivered earnings per share of \$0.59, an improvement of 84% compared to a year ago.

Throughout the year, we made excellent progress against our objectives: we achieved significant growth in our global wealth management operations and improved market share across our capital markets operations. Because of these efforts, we delivered solid financial results and set new benchmarks for our businesses.



**Our strategic shift to strengthening contributions from our global wealth management businesses has positioned this segment to deliver a significantly higher contribution to our overall profitability.**

Total client assets grew to \$61.3 billion, a year-over-year improvement of 59%. Excluding significant items, our global wealth management operations contributed 49% of the total pre-tax net income for our combined operating businesses for the fiscal year, in line with our stated goal. We have begun to break out our earnings per share<sup>(2)</sup> by business segment, and excluding significant items, we estimate that our global wealth management business contributed \$0.36 in fiscal 2018, with the remaining \$0.23 contributed by our global capital markets operation.

The most substantial contribution to this growth came from our expanded UK & Europe wealth management business, which contributed record revenue of \$201.4 million for the year. With the closing of our acquisition of Hargreave Hale in September, we have been privileged to welcome over 200 new employees and more than 14,000 new clients, and we are making excellent progress with our integration efforts. Now a top 10 wealth manager in the UK with £24.8 billion in client assets, our teams are leveraging synergies across their expanded platform to deliver impressive asset and related revenue growth, while strengthening our national footprint across the UK.

We also achieved significant growth in our Canadian wealth management business. With a platform that welcomes and embraces established and entrepreneurial financial advisors, we have added Investment Advisory teams and new clients representing over \$5.0 billion in assets since we began our recruiting efforts in 2016 and have meaningfully strengthened our competitive position as a leading independent wealth management business in Canada. Total assets under administration and management increased by 18% from a year ago, to \$15.6 billion. Excluding significant items, this business contributed pre-tax net income of \$20.2 million to our overall results.



**A supportive backdrop for growth stocks allowed us to reinforce our market position as a leading independent investment bank and advisory firm for mid-market growth companies.**

Our global capital markets division was a major contributor to our firm-wide revenue growth in fiscal 2018 with a record revenue result of \$637.5 million.

Despite the market being punctuated by periods of elevated volatility during fiscal 2018, our investment banking segment performed well. A healthy environment for capital raising activity in our core focus sectors – particularly during the second half of our fiscal year – led to a 39% year-over-year increase in revenues for this segment.

Our Canadian operation ended the fiscal year as the dominant independent investment bank in the country for both number of transactions and total amount raised. Revenue generated through investment banking activities in this business nearly doubled over the 12-month period to \$125.1 million.

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

<sup>(2)</sup> Based on management estimates including certain assumptions made in respect of allocations of taxes, non-direct costs and expenses.

An environment of growing earnings and elevated equity valuations led to a general trend of larger deal size across our advisory business, and we serviced increasing demand for independent advice that is free from conflict. We also experienced strong flows across our institutional equities business. Despite a softer trading environment, our US equities business continued to gain market share and the International Equities Group delivered continued growth. We anticipate that the acquisition of Jitneytrade and its related technology business, Finlogik Inc., will further strengthen our market share as the leading independent trader in Canada and provide access to new areas of growth through the development of fintech solutions for our capital markets and wealth management divisions.

Our efforts to intensify our focus on our core capabilities in our US capital markets division led to improved profitability in fiscal 2018. Excluding significant items, pre-tax net income in this business grew to \$5.4 million over the year, while the total revenue contribution was in line with prior periods. Our teams in the UK, Europe & Dubai have continued to be productive on several notable investment banking and advisory mandates, and, despite a slow start to the year, delivered positive results for the last three consecutive quarters.

And finally, our Australian capital markets business delivered another strong performance. Despite the brief loss of momentum for growth stocks early in the year, an improved market backdrop allowed this business to deliver a record revenue result in the second half of the fiscal year. I am also very pleased that our increased investment in this operation supports our objective of more closely aligning this business with our global platform and exploring opportunities to grow our wealth management business in the region. Since our initial investment in 2011, this operation has steadily increased its contributions to our overall group results, and we look forward to capturing a greater share of this growth for our shareholders. By increasing share ownership among our partners and employees in Australia, we more closely align their incentives with the performance of the organization.



**Our efforts to better focus and align our operations have allowed us to strengthen our operating leverage and extract greater value from our business in any market environment.**

Revenue per employee in our global capital markets business has improved by 38% since we began our realignment initiatives in fiscal 2016, a reflection of our efforts to capture greater efficiencies from our existing infrastructure while improving our execution capabilities. By strengthening collaboration across regions, we have been able to drive incremental revenue growth and harness opportunities to lead the market in emerging high growth sectors such as cannabis and blockchain.

We have continued to manage our fixed costs, leaving our business increasingly better positioned to generate meaningful

profits. Despite higher costs related to the expansion of our UK & Europe wealth management business and the increased activity across our capital markets operations, excluding significant items, our firm-wide expense ratio decreased by 3.8 percentage points over the fiscal year.

We have also improved our technological and operational infrastructure with a focus on strengthening the security and stability of our platform and ensuring compliance with an increasingly complex regulatory environment. Our enhanced back-office support capabilities provide us with the flexibility to continue adding scale across our wealth management operations while positioning our capital markets business to move swiftly into new areas of growth.

In keeping with our stated intention to review every aspect of our business with a view to improving long term value for our shareholders, we took steps to better align our compensation strategy with the performance of the business, shifting performance goals from a revenue basis to a longer term profitability basis. A significant portion of certain senior officers' compensation will be in the form of Performance Share Units (PSUs), whose future payout will be conditioned on achievement of predetermined multi-year, market-based and financial performance metrics.

With an effective date of March 31, 2018, we made certain non-substantive changes to the Company's long-term incentive plan, which governs our share-based awards program. These changes had the effect of causing a change in the method of expensing these awards so that they are now expensed in the period they are deemed to be earned rather than over the vesting period. With this accounting change, the cost of share-based awards granted in respect of fiscal 2018, as well as the unamortized expense as at March 31, 2018 of outstanding awards granted prior to fiscal 2018, was expensed in the fourth quarter of fiscal 2018. This change did not affect awards made in connection with new hires or for retention purposes, and the cost of those awards will continue to be recognized over the vesting period. The cost of awards granted prior to fiscal 2018 that was expensed in the current year was \$48.4 million. This amount has been treated as a significant item for purposes of determining our adjusted (i.e., excluding significant items) fourth quarter and fiscal 2018 results. Share-based awards are generally covered through shares held in employee benefit trusts, so this change in accounting treatment does not have an impact on cash, book value or capital.

Others within the industry treat their share-based awards on a similar basis, and we believe this treatment provides greater transparency of our financial results and more closely aligns our revenues and expenses in reporting periods. Going forward, the share-based award expense recognized in each period will reflect only the cost of awards earned in respect of that period as well as the amortized cost of new hire and retention-based awards applicable to that period.



The strong performance we achieved this year reflects hard work and diligence by all of our employees, who upheld our core values of entrepreneurialism, independence and partnership.

Our results for this fiscal year are indicative of the continued momentum in our business as we solidify our position as the dominant mid-market investment bank and wealth management firm in the regions where we operate. I believe that a significant market share opportunity exists across our businesses, and I am confident that Canaccord Genuity is best positioned versus our peers to capture this share.

We will continue to focus on key sectors of the global growth economy, because it's what we do best. At the same time, we continue to make disciplined investments in our business, broadening our technological capability and further developing our digital offerings.

Looking ahead, I believe that our business is appropriately scaled to take advantage of market opportunities while allowing us to exceed our clients' expectations in a range of market environments. The volatility that shocked the market toward the end of our fiscal year served as an important reminder that the markets are not always going to be predictable, and reinforced the value of maintaining liquidity in our business and being prepared for developments outside of our control.

I would like to thank our Board of Directors for their guidance throughout this pivotal year for our organization. And to you, our valued shareholders, I thank you for your continued support and would like to remind you that the values that drive our decisions are shared by all our employees, partners and directors. Getting here required hard work, and we know that continuing to advance our business will require ongoing discipline and commitment across the organization. As we begin a new fiscal year, we remain committed to operating a highly focused business that is thoughtful in the way it deploys capital and one where all employees are aligned with shareholders in their incentives.

Kind regards,

"Dan Daviau"

**Dan Daviau**  
President & CEO  
Canaccord Genuity Group Inc.



**Canaccord Genuity Group Inc. is committed to creating a workplace where diversity is encouraged and in which all employees have the opportunity to realize their potential for excellence.**

We know that many of our greatest opportunities arise when we bring together the diverse and differentiated perspectives from across our talent pool, and we strive to operate as an organization that celebrates partnership and is free from discrimination and bias.

With a firm belief that diverse teams create better business outcomes, representatives in all our businesses have been working together to advance diversity and parity across our organization. While the activities may vary across businesses and regions – from advancing our recruitment, retention and talent development practices to ensuring that our parental leave policies are competitive – the goal is shared. Our collective success depends on sharing this responsibility across our organization and harnessing opportunities to drive measurable improvement.

While we realize this will take some time for our business and our industry, we believe this coordinated global diversity effort is further positioning our business – and our people – for long term success.

**To learn more about our Diversity Policy, visit the Corporate Governance section of our website at [www.canaccordgenuitygroup.com](http://www.canaccordgenuitygroup.com).**

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## Letter from the Executive Chairman



Our fiscal 2018 performance reflects our extensive efforts to adjust our business mix and adopt a responsible growth model that is capable of delivering more consistent results for our shareholders.

With a newly expanded wealth management business and a refocused and aligned capital markets business, we have improved our operating leverage and achieved our goal of making our Company less susceptible to changes in our operating environment.

Excluding significant items<sup>(1)</sup>, we estimate that our global wealth management business contributed 60% of our diluted earnings per share for fiscal 2018, making the impact of periodic market-driven challenges in our capital markets less apparent in our overall results.

As we strive to increase the long term value of our business, we have taken a prudent approach to evaluating and implementing various strategies. The acquisition of Hargreave Hale – our most significant development of the year – was financed without diluting value for our shareholders or compromising our capital strength. In our Canadian wealth management business, we have been recruiting established Investment Advisory teams on a value-accretive basis. We also made a small investment to enhance our Canadian trading operation, which we expect will provide access to new areas of growth for our capital markets and wealth management businesses over the long term. And finally, we announced our intention to increase our investment in our Australian business, which serves to strengthen alignment of this operation with our global platform while we explore opportunities to expand our wealth management business in the region.

I am pleased with the steady progress we have made to adjust our business mix and strengthen our market position across our operations. The market has also responded favourably to our strategy, and the value of our common shares on the last trading day of fiscal 2018 increased by 36% compared to a year ago.

We have a capable and committed leadership team in place and a strong group of talented men and women to support our long term strategy. On behalf of the Board of Directors, I would like to thank the senior management team and all employees of Canaccord Genuity Group for their hard work and steadfast commitment.

Equity participation continues to be an important priority. Our strategy of increasingly aligning senior officers' compensation with the longer term performance of the business has delivered positive change across all our operations. With a fully accountable leadership team, we now have a stronger culture of partnership that permeates throughout the organization. This has helped to improve collaboration across regions and businesses and drive stronger outcomes for our clients. Consequently, we have been able to increase our productivity while simultaneously increasing our market share in many of our regions and verticals.

We are also committed to ensuring strong corporate governance as we continually strive to advance the best interests of our shareholders. We will be adding to the quality and diversity of our Board of Directors with Merri Jones, who will be nominated as an Independent Director at our upcoming Annual General Meeting of Shareholders. Merri is a highly accomplished senior corporate executive with more than four decades of multi-faceted leadership experience within the financial services industry. Additionally, Massimo Carello has decided not to stand for re-election to the Board of Directors at our upcoming Annual General Meeting of Shareholders. I would like to thank Massimo for providing valuable guidance, expertise and perspective to senior management on behalf of our shareholders over the last decade. His deep business background, his extensive network in the UK & Europe, and his courtly manner and strong engagement with the Company and its employees at all levels have served us very well.

We remain committed to representing your best interests as we continue to deliver on our business plan, with a disciplined approach to capital allocation and a steady focus on achieving sustainable growth in the areas where we know we can add the most compelling value for our clients.

“David Kassie”

**David Kassie**  
Executive Chairman  
Canaccord Genuity Group Inc.

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

# Canaccord Genuity Wealth Management

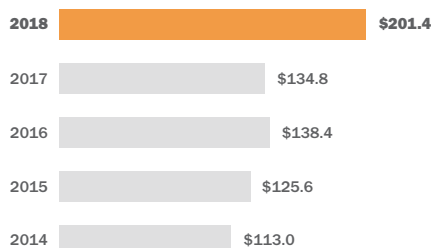
## UK & EUROPE

In the UK & Europe, Canaccord Genuity Wealth Management has 188 investment professionals and fund managers who provide highly tailored discretionary portfolio management, advisory and execution stockbroking, wealth planning, and fund management services to individual investors, institutions and charities. With almost 70% of revenue from recurring, fee-based business, this operation continues to serve as an excellent model for the growth and business mix that we hope to achieve in our other geographies.

In September 2017, we closed our acquisition of Hargreave Hale in a transaction that established a substantially larger wealth management business in the region. With this development, Canaccord Genuity Wealth Management advanced

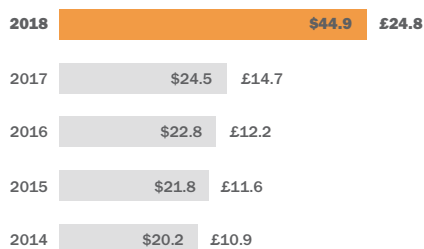
### UK & Europe Wealth Management Revenue

(C\$ millions, fiscal years)



### UK & Europe Client Assets<sup>(1)</sup>

(Fiscal years)



(1) Assets under administration, management and management contract in C\$ billions and £ billions.

to become a top 10 wealth management business in the UK by assets, with even stronger growth potential from a larger asset base and an expanded national footprint.

When measured in local currency, total client assets in this business reached £24.8 billion at the end of fiscal 2018, an increase of 69.0% from a year ago. Revenue for the year increased by 49.4% to \$201.4 million, and excluding significant items, this business recorded pre-tax net income of \$37.4 million.

As we move ahead with a carefully orchestrated integration process, we look forward to unlocking greater operational efficiencies and enhanced revenue opportunities for our combined businesses.

 **Top 10 wealth manager in the UK & Europe by assets**

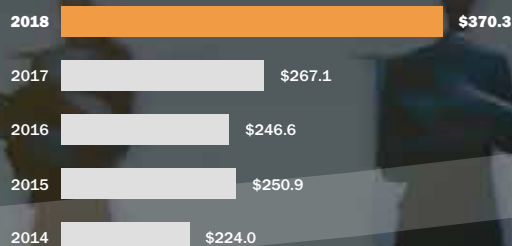
## GLOBAL WEALTH MANAGEMENT

Canaccord Genuity Wealth Management provides clients with the focused and personalized service they expect from a local investment manager with added benefits from the vast resources, expertise and support of a global financial institution.

In fiscal 2018, we added meaningful scale in our global wealth management operations, which has been an important driver of our stronger financial performance and a key element of the stability that we expect to deliver for our shareholders over the long term.

### Global Wealth Management Revenue

(C\$ millions, fiscal years)



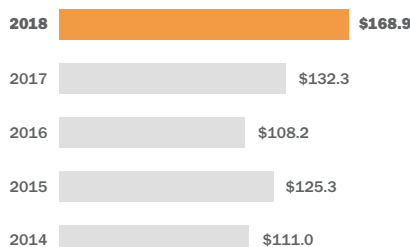
## CANADA

Our Canadian wealth management business has Investment Advisory teams operating from a network of offices across the country who provide a full range of investment advisory and wealth planning strategies, with an emphasis on bespoke services, to meet the unique needs of their respective clients.

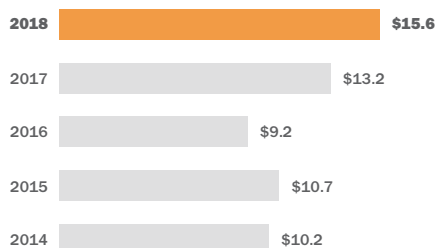
### On track to become leading independent Canadian wealth management business

Throughout fiscal 2018, we continued to advance our strategy of adding new Investment Advisory teams in this business. At the end of the fiscal year, total client assets increased by 17.7% to \$15.6 billion. Total revenue grew 27.7% year over year, driven by increased private client participation in new issue activity, strengthening valuations for small-cap equities and the addition of new advisors to our platform. This business also delivered a significant improvement in profitability and, excluding significant items, contributed pre-tax net income of \$20.2 million, up from \$2.0 million one year ago.

#### Canada Wealth Management Revenue (C\$ millions, fiscal years)



#### Canada Client Assets<sup>(1)</sup> (C\$ millions, fiscal years)



(1) Assets under administration and management.

We have steadily improved the quality of our offering to improve the client experience and help our Investment Advisory teams capture a greater share of wealth. As part of our development efforts, discretionary assets under

management in this business increased by 6.8% and the average book size per Investment Advisory teams grew by 16.9% when compared to a year ago.

Our culture of independence and a platform which encourages advisors to operate in ways that best fit their business and client needs have helped us to further advance our recruiting strategy in this business. Looking ahead, we remain focused on developing and supporting our existing teams while continuing to invest in bringing new ones to our platform.

## AUSTRALIA

Canaccord Genuity Wealth Management has offices in Melbourne and Sydney, and our team of seven advisors provides comprehensive wealth management solutions to growing numbers of clients in Australia and Southeast Asia. The exceptional performance of our capital markets business in the region has also been helpful for our wealth management brand. With our increased investment in our Australian operations, we look forward to exploring opportunities to expand our wealth management business in the region.

#### Global Client Assets<sup>(1)</sup> (C\$ billions, fiscal years)



(1) Assets under administration, management and management contract.

**\$61.3 billion**  
in total client  
assets<sup>(1)</sup>

Growth will drive earnings power

**\$370.3 million**  
in global wealth  
management  
revenue

Positioned for margin expansion  
and enhanced earnings

# Canaccord Genuity

Our global capital markets operations provide investment banking, advisory, sales and trading, equity research and fixed income services to corporate and institutional clients around the world. Independent advice and our globally integrated service model are the hallmarks of our ability to lead the market in key growth sectors of the global economy.

 Each of our capital markets businesses in Canada, the US, Australia, and the UK, Europe & Dubai has its own distinct regional advantages, but our global capabilities are an extraordinary differentiator and an important competitive advantage for Canaccord Genuity.

With a supportive backdrop for growth stocks, Canaccord Genuity has

reinforced its market position as a leading independent investment bank and advisory firm for mid-market growth companies during fiscal 2018. Revenues earned by our global capital markets businesses for the 12-month period improved by 6.9% to \$637.5 million – a record for this segment.

The performance that we delivered this year highlights the commitment and dedication of the many talented professionals who worked hard to generate ideas and solutions when markets were difficult, and seized every opportunity to deliver for their clients as soon as markets were receptive.

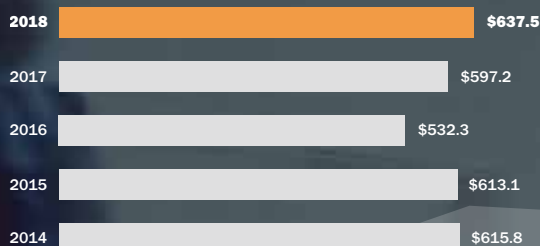
It's also important to consider our performance in the context of the strategic advancements that have taken place across our operations in recent years. Our alignment efforts have helped us to strengthen collaboration across regions, drive incremental revenue growth, and harness opportunities to lead the market in emerging high growth sectors

such as cannabis and blockchain. Because of these efforts, revenue per employee in our global capital markets business has improved by 38.4% since we began our realignment initiatives in fiscal 2016.

We ended the fiscal year as the dominant independent investment bank in Canada for both number of transactions and total amount raised. Total revenue in this business increased by 39.1% year over year to \$216.1 million. We also maintained our lead as the top independent trader in the country. With our recent acquisition of Jitneytrade, we expect that our margin of leadership will increase as we expand our client offering to include futures, options and low latency trading capabilities.

In the US, our capital markets business earned revenue of \$235.9 million for the fiscal year. Early in the year, we took steps to realign and strengthen our core capabilities in this region, which led to a significant improvement in profitability for

Canaccord Genuity Revenue  
(C\$ millions, fiscal years)



## C\$34.5 billion raised for global growth companies during fiscal 2018

Agility allows us to lead the market  
in fast growing sectors

## \$637.5 million in global revenue

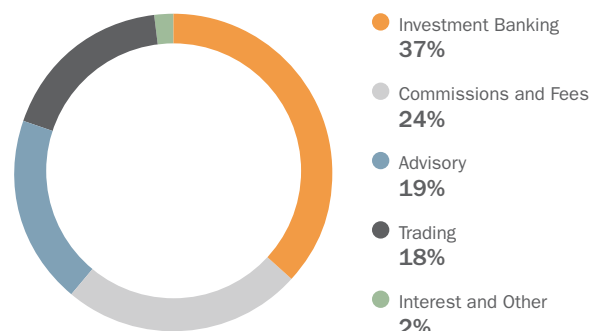
this business. By leveraging our proven strengths in the healthcare and technology sectors, our Advisory professionals delivered a 47.9% year-over-year increase in revenues for this segment. We also experienced strong flows during the year, as our institutional equities business continued to grow its market share in an otherwise difficult market backdrop.

Revenue earned by our UK, Europe & Dubai operation amounted to \$128.5 million for the fiscal year. Our teams in this business have leveraged our cross-border capabilities to help UK-based companies attract partnerships and investment from across Europe, and our Paris operation has been an important contributor to the positive momentum in this business.

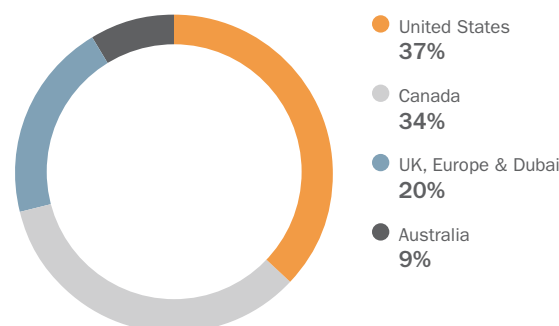
A return to robust activity levels for small-cap equities in our core focus sectors led our Australian business to deliver a record revenue result for the second half of the fiscal year. This business has delivered very promising growth in recent years, and with our increased investment, we look forward to continuing to support its development initiatives in the region.

Across the organization, we are guided by one fundamental truth: that our own success depends on our ability to continuously support our clients' success. We compete strongly on our ability to offer our clients highly relevant services and access to deep global expertise, which gives us a tremendous opportunity to lead the market in each of our businesses and geographies.

Fiscal 2018 Revenue by Activity



Total Capital Markets Revenue by Region



## Canaccord Genuity participated in 455 transactions<sup>(1)</sup> across the globe

(1) Transactions valued above C\$1.5 million.



We leverage our competitive strengths across businesses and geographies to drive stronger outcomes for our clients and our business.

# A Strong Culture to Drive Our Success



## We Are Partners.

How we interact with each other is critical to our culture. As a global investment bank, we differentiate ourselves every day by providing a truly global perspective, which by its very nature is a product of extensive collaboration and co-operation across borders and business units.



## We Are Entrepreneurial.

We are not a large bank and strive to be a flat organization, by eliminating bureaucratic thinking and fostering innovation.



## We Are Collegial.

We want to be the company where people feel empowered to satisfy their clients' expectations with the help of all their partners.



## We Work Hard.

As a mid-market investment bank, we do not have many of the advantages (or disadvantages) of our larger competition. We work harder and smarter, and we always make the extra effort to create successful outcomes for our clients and our business.



## We Operate with Integrity.

From the types of clients we represent to the quality of our research and the people we hire, we must always operate with strength of character and integrity.



## We Are Earnings Focused.

Many of us are shareholders and we know that the end result of all our efforts must be in a sustainably stronger share price. Achieving this is a function of higher revenue and, importantly, lower costs.

## 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, including business and economic 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 2019 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 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](http://www.sedar.com) as well as the factors discussed in the sections entitled “Risk Management” in this MD&A and “Risk Factors” in the AIF, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2019 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](http://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 2018 ended March 31, 2018 – this document is dated June 6, 2018.

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, 2018 compared to the preceding fiscal year, with an emphasis on the most recent year. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and its direct and indirect subsidiaries. "Canaccord Genuity" refers to the investment banking and capital markets segment of the Company. 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, 2018 and 2017, beginning on page 60 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, 2018 and 2017 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, return on common equity 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 and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares 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 for these purposes include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets, 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" or the "Plan") as recorded with effect on March 31, 2018, certain incentive-based payments related to the acquisition of Hargreave Hale, as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 23.

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. Canaccord Genuity, the Company's international capital markets division, operates in North America, the UK & Europe, Asia, Australia and the Middle East. To us there are no foreign markets™.

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

### ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

Canaccord Genuity Group Inc.'s operations are divided into two business segments: Canaccord Genuity (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

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

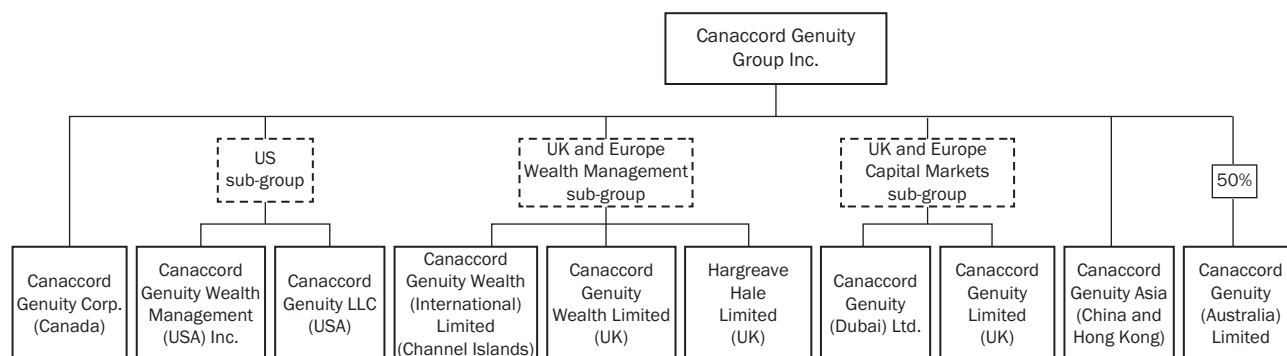
#### Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management operations provide comprehensive wealth management solutions 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 now 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 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 Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2018, the Company is considered to have a 58% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd [March 31, 2017 – 58%].

**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 not only its industry sector coverage but also 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 it 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 conservative capital strategy allows the Company to remain competitive in today's changing financial landscape.

During fiscal 2018, the Company's capital markets activities were focused on the following sectors: Metals & Mining, Energy, Technology, Real Estate, Sustainability, Healthcare & Life Sciences, Consumer & Retail, Infrastructure, Aerospace & Defense, Financials and Private Equity. 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.

## Key Developments During Fiscal 2018

### CORPORATE

- On June 1, 2017, the Company announced that the dividend rate on its Cumulative 5-Year Rate Reset First Preferred Shares, Series C (the "Series C Preferred Shares") for the period from July 1, 2017 to June 30, 2022 would be 4.993% per annum.
- On June 16, 2017, the Company announced that the number of Series C Preferred Shares tendered for conversion into Cumulative Floating Rate First Preferred Shares, Series D (the "Series D Preferred Shares") did not meet the minimum required and, accordingly, no Series D Preferred Shares were issued.
- On July 5, 2017, the Company announced that through its UK & Europe based wealth management business, Canaccord Genuity Wealth Management ("CGWM (UK)"), it had agreed to acquire Hargreave Hale Limited ("Hargreave Hale"), a leading independent UK-based investment and wealth management business. This transaction closed on September 18, 2017. In September 2017, the Company acquired 100% of Hargreave Hale for cash and deferred consideration of £52.1 million (C\$86.0 million) and additional contingent consideration of up to £27.5 million (C\$45.4 million). The contingent consideration is structured to be payable over a period of up to three years, subject to the achievement of certain performance targets related to the retention and growth of client assets and revenues and an amount determined with reference to the fund management business. The cash consideration was funded in part from a credit facility provided to CGWM (UK) by National Westminster Bank plc and HSBC Bank plc in the amount of £40.0 million (C\$72.5 million as of March 31, 2018). Additional contingent consideration, if paid, will be funded from the ongoing cash flow of the business.

The Company expensed \$6.7 million of acquisition-related costs and \$2.9 million of restructuring costs for the year ended March 31, 2018. In addition, the Company expensed \$1.5 million of incentive-based payments determined with reference to financial targets and other performance criteria that are included as part of development costs. The Company anticipates additional costs related to these incentive-based payments of approximately £13.0 million (C\$23.4 million) to be recorded as a significant item over a four-year measurement period.

- On August 1, 2017, Canaccord Genuity Acquisition Corp. ("CGAC"), a newly organized special purpose acquisition corporation formed for the purpose of effecting a qualifying acquisition of one or more businesses, announced the closing of its initial public offering of \$30.0 million of Class A Restricted Voting Units. The sponsor of CGAC is a wholly-owned subsidiary of the Company and owns an approximate 26.2% interest in CGAC.
- On August 11, 2017, the Company announced the filing of a normal course issuer bid (NCIB) to purchase common shares of the Company through the facilities of the TSX and on alternative trading systems during the period from August 15, 2017 to August 14, 2018. The purpose of any purchase under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be repurchased represented 5.0% of the Company's outstanding common shares at the time of filing the NCIB. There have been no shares purchased under this and the previous NCIB during the year ended March 31, 2018.
- On April 25, 2018, the Company announced that it has entered into an agreement to acquire Jitneytrade Inc. and Finlogik Inc. directly and through the purchase of Finlogik Capital Inc. Jitneytrade Inc. is a direct access broker and an active trader in futures and equity options in Canada. Finlogik Inc. is in the business of delivering value-added fintech solutions in the Canadian market. The acquisition closed on June 6, 2018.
- At its meeting on June 6, 2018, the Board of Directors approved the grant of 6,220,000 performance share options (PSOs) to senior management of the Company and its operating subsidiaries. The options will be granted under the terms of the Company's Performance Share Option (PSO) plan to be presented to the shareholders for their approval at the Company's annual general meeting to be held on August 2, 2018. The grant is subject to ratification at that meeting. The options will have an exercise price determined within the context of the market at the time of the grant, will have a term of five years and will time-vest rateably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of grant). PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a three times exercise price cap on payout value.

### CANACCORD GENUITY

- Canaccord Genuity generated revenue of \$637.6 million in fiscal 2018
- Net income before taxes excluding significant items<sup>(1)</sup> was \$62.5 million, an increase of \$16.2 million compared to the prior year
- Canaccord Genuity led 178 transactions globally, each over C\$1.5 million, to raise total proceeds of C\$6.1 billion during fiscal 2018. Of this:
  - Canada led 131 transactions, which raised C\$3.5 billion
  - The UK, Europe & Dubai led 14 transactions, which raised C\$1.8 billion
  - The US led 16 transactions, which raised C\$650 million
  - Australia led 17 transactions, which raised C\$149.1 million

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

- During fiscal 2018, including the 178 transactions led globally, Canaccord Genuity participated in a total of 455 transactions globally, each over C\$1.5 million, to raise gross proceeds of C\$34.5 billion. Of this:
  - Canada participated in 334 transactions, which raised C\$21.6 billion
  - The US participated in 67 transactions, which raised C\$8.8 billion
  - The UK, Europe & Dubai participated in 22 transactions, which raised C\$3.4 billion
  - Australia participated in 32 transactions, which raised C\$659.6 million
- Significant investment banking transactions for Canaccord Genuity during fiscal 2018 include:
  - £267.7 million for HICL Infrastructure Company on LSE
  - £200.0 million initial public offering of Triple Point Social Housing REIT plc on LSE
  - US\$312.5 million in two transactions for Atara Biotherapeutics on Nasdaq
  - £187.5 million for Aberdeen Standard European Logistics Income plc on LSE
  - US\$260.2 million for Xencor Inc. on Nasdaq
  - US\$210.7 million in four transactions for Helios + Matheson on Nasdaq
  - C\$243.6 million in three transactions for Hydropharmacy Corporation on TSXV
  - AUD \$250.5 in two transactions for Cooper Energy Limited on ASX
  - C\$200.0 million for Cobalt 27 Capital Corp. on TSXV
  - C\$125.0 million Initial Public Offering for Cannabis Strategies Acquisition Corp. on TSX
  - AUD\$151.0 million for Infigen Energy Limited on ASX
  - £173 million initial public offering for Baillie Gifford US Growth Trust plc on LSE
  - C\$489 million in four transactions for Aurora Cannabis Inc. on TSX
  - C\$92.4 million for Osisko Mining on TSX
  - £95 million for IQE plc on AIM
  - C\$140.0 million for DHX Media Ltd. on TSX
  - C\$132.8 million for MedReleaf on TSX
  - £58.8 million for accesso Technology Group plc on AIM
  - US\$63.6 million IPO for Zymeworks on NYSE & TSX
  - £90 million equity raise for Oxenwood Real Estate for its purchase of Ultrabox Logistics portfolio
  - C\$80.0 million for Brio Gold on TSX
  - C\$75.6 million for SolGold plc on TSX and LSE
  - £57.6 million for The Renewables Infrastructure Group Limited on LSE
  - US\$47.4 million for Savara Inc. on Nasdaq
  - US\$49.1 million for VBI Vaccines on Nasdaq
  - AUD\$60.0 million for CANN Group Limited on ASX
  - £52.2 million for Ediston Property Investment Company PLC on LSE
  - US\$65.3 million in two tranches for Neovasc Inc. on Nasdaq & TSX
  - US\$60.0 million initial public offering for BioXcel Therapeutics Inc
  - C\$43.9 million for Global Blockchain Technologies Corp. on TSX-V
- In Canada, Canaccord Genuity participated in raising \$838.9 million for government and corporate bond issuances during fiscal 2018
- During fiscal 2018, significant M&A and advisory transactions included:
  - Broken Coast Cannabis Inc. on its C\$273 million sale to Aphria
  - Cape plc on its £575 million sale to Altrad Investment Authority SAS
  - Nuuvera on its C\$787 million sale to Aphria Inc.
  - Polaris Materials on its sale to U.S. Concrete for C\$309 million
  - Sandvine Corporation on its C\$562 million sale to Francisco Partners and Procera Networks
  - Aurora Cannabis on its C\$1.2 billion acquisition of CanniMed Therapeutics Inc.
  - DCC plc on the £219.0 million sale of DCC Environmental
  - HLD/Dentressangle on its €1.5 billion acquisition of Kiloutou
  - Ardian on its €670 million disposal of Trescal to OMERS Private Equity
  - Thoma Bravo and Motus on Thoma Bravo's acquisition of the premier vehicle management platforms of Motus and Runzheimer
  - Rockspring Property Holdings Limited on its sale to PATRIZIA Immobilien AG
  - Outpatient Imaging Affiliates, LLC on its sale to ICV Partners
  - Monitise plc on its £75 million sale to Fiserv, Inc.
  - OSRAM Licht AG on its acquisition of Digital Lumens
  - Sientra Inc. on its acquisition of Miramar Labs
  - Gaming Nation on its C\$44 million sale to Orange Capital

- SignUpGenius Inc. on its majority recapitalization by Providence Equity Partners
- Halt Medical Inc. on its sale to Acesa AssetCo LLC pursuant to §363 of the U.S. bankruptcy code
- DHX Media on its US\$345 million acquisition of Peanuts and Strawberry Shortcake

#### WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated \$375.2 million in revenue during fiscal 2018
- Total assets under administration, management & management contract ("Client Assets") in Canada, the UK & Europe and Australia were \$61.3 billion at March 31, 2018<sup>(2)</sup>, an increase of \$22.7 billion or 58.7% compared to \$38.6 billion at the end of fiscal 2017<sup>(2)</sup>

#### WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated \$168.9 million in revenue during fiscal 2018 and, excluding significant items, recorded net income of \$20.2 million<sup>(1)</sup>
- Assets under administration were \$15.6 billion as of March 31, 2018, an increase of 17.7% from \$13.2 billion at the end of fiscal 2017<sup>(2)</sup>
- Assets under management (discretionary) were \$2.8 billion as of March 31, 2018, an increase from \$2.6 billion at the end of fiscal 2017<sup>(2)</sup>
- At March 31, 2018, Canaccord Genuity Wealth Management had 142 Advisory Teams in Canada<sup>(3)</sup>, an increase of one Advisory Team from March 31, 2017

#### WEALTH MANAGEMENT (UK & EUROPE)

*Contributions from Hargreave Hale from September 18, 2017 are included in the operating figures under Canaccord Genuity Wealth Management (UK & Europe) below.*

- Canaccord Genuity Wealth Management (UK & Europe) generated \$201.4 million in revenue and, excluding significant items, recorded net income of \$37.4 million before taxes in fiscal 2018<sup>(1)</sup>
- Assets under management (discretionary and non-discretionary) were \$44.9 billion (£24.8 billion) as at March 31, 2018, an increase of 83.0% from \$24.5 billion (£14.7 billion) at March 31, 2017<sup>(2)</sup>. In local currency (GBP), assets under management at March 31, 2018 increased 69.0% compared to March 31, 2017. The acquisition of Hargreave Hale Limited in Q2/18 largely contributed to the increase in AUM at March 31, 2018 compared to the prior year.

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

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

(3) Advisory teams are normally comprised of one or more IAs and their assistants and associates, who together manage a shared set of client accounts. Advisory teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our advisory team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

## Market Environment During Fiscal 2018:

### ECONOMIC BACKDROP:

During fiscal 2018, the global economy generally enjoyed positive and synchronized economic growth for the first time since 2007. In the US, the tax reform and infrastructure changes fuelled a long-awaited earnings and corporate capital expenditure recovery. The combination of a weak US dollar, higher commodity prices, a strong labour market and positive earnings/economic momentum pushed inflation and interest rates higher. Against this backdrop, the Federal Reserve and the Bank of Canada continued their monetary tightening. Elsewhere, the European Central Bank and the Bank of Japan maintained highly accommodative policies while low inflation in emerging markets (EMs) provided more headroom for EM central banks to cut policy rates further. Late in the fiscal year, global equity markets experienced the first correction since 2015 on the back of rapidly rising interest rates and fears that US trade tariffs could ignite global trade wars. Overall, despite rising bond yields and policy rates in North America, the recovery in corporate earnings worldwide has allowed world equities to deliver above-average returns to investors throughout fiscal 2018. On a total return basis, US (+14.0%), Canadian (+1.7%), EM (+22.3%) and world equities (+15.4%) all posted positive returns.

### INVESTMENT BANKING AND ADVISORY

Capital raising and advisory activity in our core focus areas improved markedly for most of the fourth fiscal quarter and in fiscal 2018. As indicated in the table below, the performance gap between global large cap equities and global small cap equities closed over the 12-month period. The continued strong performance of small cap equities remains an encouraging sign for capital raising and advisory activities in our business.

| Performance at End of Fiscal Quarter | Q4/17 |       | Q1/18 |       | Q2/18 |       | Q3/18 |       | Q4/18 |       |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                      | (Q/Q) | (Y/Y) | (Q/Q) | (Y/Y) | (Q/Q) | (Y/Y) | (Q/Q) | (Y/Y) | (Q/Q) | (Y/Y) |
| S&P IFCI Global Small Cap            | 12.1% | 14.9% | 1.9%  | 16.5% | 8.6%  | 18.4% | 8.4%  | 34.5% | 1.3%  | 21.5% |
| S&P IFCI Global Large Cap            | 11.3% | 16.1% | 5.7%  | 22.7% | 6.7%  | 20.5% | 7.2%  | 34.6% | 0.8%  | 22.0% |

Source: Thomson Reuters Datastream, Canaccord Genuity estimates

Our capital raising and advisory activities are primarily focused on small- and mid-capitalization companies in specific growth sectors of the global economy, as outlined on page 17. 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 or restructuring mandates. Weak economic and global financial market conditions and lack of access to capital can result in a challenging business environment for small and mid-market M&A activity, but may provide opportunities for our restructuring business.

### TRADING

Trading volumes for small- and mid-cap equities in many of the markets where we operate improved compared to the previous fiscal quarter, and the rebound in new issue activity in small- and mid-cap equities has translated into somewhat stronger trading activity. Heightened market volatility during the fiscal fourth quarter also supported our agency trading activities.

| Average Value<br>During Fiscal<br>Quarter/Year | Q4/17     |       | Q1/18     |       | Q2/18     |       | Q3/18     |       | Q4/18     |       | FY18  |           |       |
|------------------------------------------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-------|-----------|-------|
|                                                | 31-Mar-17 | (Y/Y) | 30-Jun-17 | (Y/Y) | 29-Sep-17 | (Y/Y) | 29-Dec-17 | (Y/Y) | 29-Mar-18 | (Y/Y) | (Q/Q) | 29-Mar-18 | (Y/Y) |
|                                                |           |       |           |       |           |       |           |       |           |       |       |           |       |
| Russell 2000                                   | 1374.8    | 32.0% | 1390.4    | 22.7% | 1416.1    | 15.8% | 1511.5    | 17.4% | 1554.4    | 13.1% | 2.8%  | 1467.8    | 17.0% |
| S&P 400 Mid Cap                                | 1706.4    | 27.6% | 1729.7    | 17.8% | 1745.6    | 12.8% | 1853.4    | 16.5% | 1914.6    | 12.2% | 3.3%  | 1810.4    | 14.7% |
| FTSE 100                                       | 7271.7    | 21.3% | 7388.2    | 19.1% | 7380.7    | 9.1%  | 7480.4    | 8.0%  | 7359.4    | 1.2%  | -1.6% | 7402.3    | 9.0%  |
| MSCI EU Mid Cap                                | 1003.9    | 14.1% | 1067.4    | 18.3% | 1071.5    | 15.5% | 1107.9    | 18.0% | 1105.0    | 10.1% | -0.3% | 1087.9    | 15.4% |
| S&P/TSX                                        | 15543.8   | 21.3% | 15472.3   | 11.7% | 15181.4   | 4.1%  | 15982.8   | 7.0%  | 15752.1   | 1.3%  | -1.4% | 15596.5   | 5.9%  |

Source: Thomson Reuters Datastream, Canaccord Genuity estimates

## GLOBAL WEALTH MANAGEMENT

The low-volatility environment that investors have enjoyed over the past few years ended in our fourth quarter of fiscal 2018, as heightened trade tensions between the US and their world trading counterparts and escalating geopolitical concerns in North Korea and Syria sent most world equity markets lower. Nevertheless, the strong returns enjoyed over the first three quarters of the fiscal year were such that world equities (+15.4%) and commodities (+13.8%) have boosted the performance of investors' portfolios in fiscal 2018.

|                                 | Q4/17<br>Change<br>(Q/Q) | Q1/18<br>Change<br>(Q/Q) | Q2/18<br>Change<br>(Q/Q) | Q3/18<br>Change<br>(Q/Q) | Q4/18<br>Change<br>(Q/Q) | Fiscal 2017<br>Change (Y/Y) | Fiscal 2018<br>Change (Y/Y) |
|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| Total Return (excl. currencies) |                          |                          |                          |                          |                          |                             |                             |
| S&P 500                         | 6.1%                     | 3.1%                     | 4.5%                     | 6.6%                     | -0.8%                    | 17.2%                       | 14.0%                       |
| S&P/TSX                         | 2.4%                     | -1.6%                    | 3.7%                     | 4.5%                     | -4.5%                    | 18.6%                       | 1.7%                        |
| MSCI EM ERGING MARKETS          | 7.8%                     | 6.7%                     | 7.7%                     | 5.7%                     | 0.6%                     | 15.5%                       | 22.3%                       |
| MSCI WORLD                      | 7.0%                     | 4.5%                     | 5.3%                     | 5.8%                     | -0.9%                    | 15.7%                       | 15.4%                       |
| S&P GS COMMODITY INDEX          | -5.1%                    | -5.5%                    | 7.2%                     | 9.9%                     | 2.2%                     | 8.4%                        | 13.8%                       |
| US 10-YEAR T-BONDS              | 0.8%                     | 0.9%                     | 0.6%                     | -0.2%                    | -2.5%                    | -3.0%                       | -1.2%                       |
| CAD/USD                         | 0.9%                     | 2.7%                     | 4.0%                     | -0.9%                    | -2.4%                    | -2.3%                       | 3.3%                        |
| CAD/EUR                         | -0.4%                    | -4.3%                    | 0.6%                     | -2.4%                    | -4.8%                    | 4.4%                        | -10.5%                      |

Source: Thomson Reuters DataStream, Canaccord Genuity estimates

## Fiscal 2019 Outlook

Recent economic data and leading economic indicators confirm that global economic growth is losing steam, albeit from a high level. However, the growth slowdown observed and projected appears to be spreading mainly over developed markets (DMs) where rising interest rates have begun to impact economic conditions. Our view is that this growth lull is temporary. We expect that fiscal reflation and weak currencies should act as shock absorbers in North America while monetary reflation should protect growth in Europe, Australia, Asia and Far East regions. Elsewhere, growth prospects remain upbeat in EM countries, which account for roughly 75% of global GDP growth and expected growth in calendar 2018 and 2019. We expect that disinflationary pressures and strong EM currencies will allow central banks to further cut short-term rates. This positive decoupling between EM/DM monetary policy, leading economic indicators and economic momentum is a key reason why we see no imminent risk of a marked deterioration in global growth into fiscal 2019. However, higher tariffs imposed by the US administration on imported goods increase the uncertainty on our longer-term global economic outlook. We will continue to monitor market trends and if we see a deterioration of the economic outlook we would expect to react quickly to any anticipated changes in market conditions.

US and Canadian equity market valuations remain elevated by historical standards, especially when accounting for debt on corporate balance sheets. However, we believe equity markets will continue to benefit from strong earnings growth within a low, but rising, interest rate and inflationary environment. These conditions should benefit our global wealth management operations. Also, we expect investors to rotate out of expensive growth sectors into cheaper value sectors such as resource cyclicals, supporting agency trading activities in the process. This rotation, however, could mark the late stages of a maturing bull market, hence increased market volatility. Nevertheless, assuming pro-business industry regulations, we expect that financing and advisory activities in the health-care and technology sectors should stay vigorous while higher commodity prices could prompt resource companies to raise capital for M&A or production-related growth objectives.

## Overview of Preceding Years – Fiscal 2017 vs. 2016

Total revenue for the year ended March 31, 2017 (fiscal 2017) was \$879.5 million, an increase of \$91.7 million or 11.6% compared to the year ended March 31, 2016 mainly because of an increase in investment banking and principal trading revenues. Revenue generated from investment banking activities increased by \$64.1 million to \$196.1 million in fiscal 2017, most notably in our Canadian and Australian capital markets operations. Revenue from principal trading revenue increased by \$33.5 million for the year ended March 31, 2017 compared to the prior year due to higher revenue earned across all regions.

Canaccord Genuity Group recorded net income of \$43.2 million during fiscal 2017, compared to a net loss of \$358.6 million in fiscal 2016 attributable to certain significant items which included goodwill and other asset impairment charges and restructuring costs recorded in fiscal 2016. Excluding significant items<sup>(1)</sup>, net income for fiscal 2017 was \$49.2 million compared to a net loss of \$6.0 million for fiscal 2016, largely due to the higher revenue earned as a result of increased capital raising activities as well as expansion of our wealth management operations during fiscal 2017.

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

## Financial Overview

### SELECTED FINANCIAL INFORMATION<sup>(1)(2)(3)</sup>

|                                                                          | For the years ended March 31 |                  |                     |                    |                |
|--------------------------------------------------------------------------|------------------------------|------------------|---------------------|--------------------|----------------|
| (C\$ thousands, except per share and % amounts, and number of employees) | 2018                         | 2017             | 2016                | 2018/2017 change   |                |
| <b>Canaccord Genuity Group Inc. (CGGI)</b>                               |                              |                  |                     |                    |                |
| Revenue                                                                  |                              |                  |                     |                    |                |
| Commissions and fees                                                     | \$ 461,937                   | \$ 396,741       | \$ 376,817          | \$ 65,196          | 16.4%          |
| Investment banking                                                       | 282,195                      | 196,129          | 132,029             | 86,066             | 43.9%          |
| Advisory fees                                                            | 122,372                      | 130,749          | 160,180             | (8,377)            | (6.4)%         |
| Principal trading                                                        | 113,921                      | 119,040          | 85,559              | (5,119)            | (4.3)%         |
| Interest                                                                 | 27,875                       | 16,847           | 16,830              | 11,028             | 65.5%          |
| Other                                                                    | 14,577                       | 20,040           | 16,390              | (5,463)            | (27.3)%        |
| <b>Total revenue</b>                                                     | <b>1,022,877</b>             | <b>879,546</b>   | <b>787,805</b>      | <b>143,331</b>     | <b>16.3%</b>   |
| Expenses                                                                 |                              |                  |                     |                    |                |
| Non-share based incentive compensation                                   | 480,369                      | 414,676          | 382,851             | 65,693             | 15.8%          |
| Share based incentive compensation                                       | 46,245                       | 40,322           | 35,025              | 5,923              | 14.7%          |
| Salaries and benefits                                                    | 99,239                       | 85,698           | 92,981              | 13,541             | 15.8%          |
| Other overhead expenses <sup>(4)</sup>                                   | 298,250                      | 284,966          | 302,530             | 13,284             | 4.7%           |
| Restructuring costs <sup>(5)</sup>                                       | 7,643                        | —                | 17,352              | 7,643              | n.m.           |
| Acquisition-related costs                                                | 6,732                        | —                | —                   | 6,732              | n.m.           |
| Acceleration of long-term incentive plan expense <sup>(6)</sup>          | 48,355                       | —                | —                   | 48,355             | n.m.           |
| Share of loss of an associate <sup>(7)</sup>                             | 298                          | —                | —                   | 298                | n.m.           |
| Impairment of goodwill and other assets <sup>(8)</sup>                   | —                            | —                | 321,037             | —                  | —              |
| <b>Total expenses</b>                                                    | <b>987,131</b>               | <b>825,662</b>   | <b>1,151,776</b>    | <b>161,469</b>     | <b>19.6%</b>   |
| Income (loss) before income taxes                                        | 35,746                       | 53,884           | (363,971)           | (18,138)           | (33.7)%        |
| <b>Net income (loss)</b>                                                 | <b>\$ 17,077</b>             | <b>\$ 43,186</b> | <b>\$ (358,567)</b> | <b>\$ (26,109)</b> | <b>(60.5)%</b> |
| <b>Net income (loss) attributable to CGGI shareholders</b>               | <b>\$ 13,024</b>             | <b>\$ 38,103</b> | <b>\$ (358,471)</b> | <b>\$ (25,079)</b> | <b>(65.8)%</b> |
| Non-controlling interests                                                | \$ 4,053                     | \$ 5,083         | \$ (96)             | \$ (1,030)         | (20.3)%        |
| Earnings (loss) per common share – basic                                 | \$ 0.04                      | \$ 0.29          | \$ (4.09)           | \$ (0.25)          | (86.2)%        |
| Earnings (loss) per common share – diluted                               | \$ 0.03                      | \$ 0.27          | \$ (4.09)           | \$ (0.24)          | (88.9)%        |
| Return on common equity (ROE)                                            | 0.9%                         | 5.0%             | (50.4)%             | (4.1) p.p.         |                |
| Dividends per common share                                               | \$ 0.15                      | \$ 0.10          | \$ 0.10             | \$ 0.05            | 50.0%          |
| Dividends per Series A Preferred Share                                   | \$ 0.9712                    | \$ 1.173         | \$ 1.375            | \$ (0.20)          | (17.2)%        |
| Dividends per Series C Preferred Share                                   | \$ 1.2482                    | \$ 1.4375        | \$ 1.4375           | \$ (0.19)          | (13.2)%        |
| Book value per diluted common share <sup>(9)</sup>                       | \$ 5.71                      | \$ 5.08          | \$ 4.99             | \$ 0.63            | 12.3%          |
| <b>Excluding significant items<sup>(10)</sup></b>                        |                              |                  |                     |                    |                |
| Total revenue                                                            | \$ 1,022,877                 | \$ 878,353       | \$ 787,805          | \$ 144,524         | 16.5%          |
| Total expenses                                                           | \$ 912,270                   | \$ 817,096       | \$ 793,862          | \$ 95,174          | 11.6%          |
| Income (loss) before income taxes                                        | \$ 110,607                   | \$ 61,257        | \$ (6,057)          | \$ 49,350          | 80.6%          |
| Net income (loss)                                                        | \$ 81,657                    | \$ 49,196        | \$ (5,995)          | \$ 32,461          | 66.0%          |
| Net income (loss) attributable to CGGI shareholders                      | \$ 77,604                    | \$ 43,903        | \$ (6,620)          | \$ 33,701          | 76.8%          |
| Net income attributable to non-controlling interests                     | \$ 4,053                     | \$ 5,293         | \$ 625              | \$ (1,240)         | (23.4)%        |
| Earnings (loss) per common share – diluted                               | \$ 0.59                      | \$ 0.32          | \$ (0.21)           | \$ 0.27            | 84.4%          |
| <b>Balance sheet data</b>                                                |                              |                  |                     |                    |                |
| Total assets                                                             | \$ 4,020,736                 | \$ 5,203,516     | \$ 3,424,546        | \$(1,182,780)      | (22.7)%        |
| Total liabilities                                                        | 3,165,813                    | 4,426,873        | 2,665,895           | (1,261,060)        | (28.5)%        |
| Non-controlling interests                                                | 13,571                       | 11,858           | 8,722               | 1,713              | 14.4%          |
| Total shareholders' equity                                               | 841,352                      | 764,785          | 749,929             | 76,567             | 10.0%          |
| Number of employees                                                      | 1,956                        | 1,700            | 1,795               | 256                | 15.1%          |

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, 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 42% non-controlling interest has been recognized for the year ended March 31, 2018 [year ended March 31, 2017 – 42% and March 31, 2016 – 40%].

(3) Data includes the results of Hargreave Hale since the closing date of September 18, 2017.

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

- (5) Restructuring costs for the year ended March 31, 2018 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale. Restructuring costs for the year ended March 31, 2016 were related to staff reductions in our US capital markets operations and the closure of our Barbados office in Other Foreign Locations, as well as charges related to changes in our Corporate and Other segment.
- (6) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will now be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$48.4 million.
- (7) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Acquisition Corp. for the year ended March 31, 2018.
- (8) Impairment of goodwill and other assets for the year ended March 31, 2016 is in connection with our capital markets operations in the UK, US, Canada, Australia, and Other Foreign Locations – Singapore operations.
- (9) Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants and convertible debentures, as applicable, and adjusted for shares 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.
- (10) Net income (loss) and earnings (loss) per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table below.
- p.p.: percentage points  
n.m.: not meaningful

## SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS<sup>(1)</sup>

| (C\$ thousands, except per share and % amounts)                          | For the years ended March 31 |            |              |                  |          |
|--------------------------------------------------------------------------|------------------------------|------------|--------------|------------------|----------|
|                                                                          | 2018                         | 2017       | 2016         | 2018/2017 change |          |
| Total revenue per IFRS                                                   | \$ 1,022,877                 | \$ 879,546 | \$ 787,805   | \$ 143,331       | 16.3%    |
| Total expenses per IFRS                                                  | \$ 987,131                   | \$ 825,662 | \$ 1,151,776 | \$ 161,469       | 19.6%    |
| <u>Revenue</u>                                                           |                              |            |              |                  |          |
| <i>Significant items recorded in Canaccord Genuity</i>                   |                              |            |              |                  |          |
| Realized translation gains on disposal of Singapore                      | —                            | 1,193      | —            | (1,193)          | (100.0)% |
| Total revenue excluding significant items                                | 1,022,877                    | 878,353    | 787,805      | 144,524          | 16.5%    |
| <u>Expenses</u>                                                          |                              |            |              |                  |          |
| <i>Significant items recorded in Canaccord Genuity</i>                   |                              |            |              |                  |          |
| Amortization of intangible assets                                        | 2,317                        | 3,304      | 5,409        | (987)            | (29.9)%  |
| Impairment of goodwill and other assets                                  | —                            | —          | 321,037      | —                | —        |
| Restructuring costs <sup>(2)</sup>                                       | 4,704                        | —          | 11,305       | 4,704            | n.m.     |
| Development costs                                                        | —                            | —          | 1,157        | —                | —        |
| Acceleration of long-term incentive plan expense <sup>(3)</sup>          | 42,399                       | —          | —            | 42,399           | n.m.     |
| <i>Significant items recorded in Canaccord Genuity Wealth Management</i> |                              |            |              |                  |          |
| Amortization of intangible assets                                        | 8,273                        | 5,262      | 6,055        | 3,011            | 57.2%    |
| Restructuring costs <sup>(2)</sup>                                       | 2,939                        | —          | 165          | 2,939            | n.m.     |
| Acquisition related costs                                                | 6,732                        | —          | —            | 6,732            | n.m.     |
| Acceleration of long-term incentive plan expense <sup>(3)</sup>          | 4,058                        | —          | —            | 4,058            | n.m.     |
| Incentive based payments related to acquisition <sup>(4)</sup>           | 1,541                        | —          | —            | 1,541            | n.m.     |
| <i>Significant items recorded in Corporate and Other</i>                 |                              |            |              |                  |          |
| Restructuring costs                                                      | —                            | —          | 5,882        | —                | —        |
| Development costs                                                        | —                            | —          | 6,904        | —                | —        |
| Acceleration of long-term incentive plan expense <sup>(3)</sup>          | 1,898                        | —          | —            | 1,898            | n.m.     |
| Total significant items                                                  | 74,861                       | 8,566      | 357,914      | 66,295           | n.m.     |
| Total expenses excluding significant items                               | 912,270                      | 817,096    | 793,862      | 95,174           | 11.6%    |
| Net income (loss) before income taxes – adjusted                         | \$ 110,607                   | \$ 61,257  | \$ (6,057)   | \$ 49,350        | 80.6%    |
| Income tax expense (recovery) – adjusted                                 | 28,950                       | 12,061     | (62)         | 16,889           | 140.0%   |
| Net income (loss) – adjusted                                             | \$ 81,657                    | \$ 49,196  | \$ (5,995)   | \$ 32,461        | 66.0%    |
| Net income attributable to common shareholders, adjusted                 | 68,011                       | 32,825     | (18,612)     | 35,186           | 107.2%   |
| Earnings (loss) per common share – basic, adjusted                       | \$ 0.73                      | \$ 0.36    | \$ (0.21)    | \$ 0.37          | 102.8%   |
| Earnings (loss) per common share – diluted, adjusted                     | \$ 0.59                      | \$ 0.32    | \$ (0.21)    | \$ 0.27          | 84.4%    |

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

(2) Restructuring costs for the year ended March 31, 2018 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale.

(3) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will now be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$48.4 million.

(4) Incentive-based payments related to the acquisition of Hargreave Hale determined with reference to financial targets and other performance criteria.

n.m.: not meaningful

## 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. The pound sterling depreciated slightly by 0.4% against the Canadian dollar and the US dollar depreciated by 2.2% against the Canadian dollar in fiscal 2018 when compared to fiscal 2017. This change in foreign exchange rates contributed to certain changes in revenue and expense items measured 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 and Canaccord Genuity Wealth Management UK & Europe.

## GEOGRAPHIES

Commencing in Q3/17, the operating results of our Australian operations were disclosed as a separate geography. Prior to Q3/17 Australia was included as part of Other Foreign Locations. Also, commencing in Q3/17, our Dubai operation, which was previously included in Other Foreign Locations, was included as part of Canaccord Genuity UK & Europe. The Other Foreign Locations geographic segment is now comprised of our Asian-based operations, including China and Hong Kong and prior to their sale or closure also included Singapore and Barbados. These reclassifications reflect the growing contributions from Australia and the working associations between the UK and Dubai. For purposes of the discussion provided herein the Canaccord Genuity operations in the UK, Europe and Dubai are referred to as the "UK".

Operating results of Hargreave Hale are included since the closing date of September 18, 2017 as part of Canaccord Genuity Wealth Management UK & Europe.

## GOODWILL

The Company has recorded on its balance sheet as at March 31, 2018 goodwill in the amount of \$258.0 million and included in intangible assets is an intangible asset with an indefinite life in the amount of \$44.9 million. In determining whether to perform an impairment test, the Company considers factors such as its market capitalization, market conditions generally and overall economic conditions as well as market conditions in the key sectors in which the Company operates and the impact that such conditions are expected to have on the Company's operations.

Utilizing management's estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models the Company determined that there was no impairment in the goodwill and indefinite life intangible assets associated with any of its wealth management business units in the UK & Europe or its remaining goodwill recorded in Canaccord Genuity Canada. Notwithstanding this determination as of March 31, 2018, 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 remaining goodwill recorded in Canaccord Genuity Canada. 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 2018 was \$1.02 billion, an increase of 16.3% or \$143.3 million from fiscal 2017, marking the first time our consolidated revenue has surpassed \$1.0 billion. The increase in revenue compared to the prior year was mainly related to an increase of \$86.1 million in investment banking revenue as well as an increase of \$65.2 million in commissions and fees revenue.

As a result of an improvement in capital raising activity in our core focus areas, particularly during the second half of fiscal 2018, revenue in our Canaccord Genuity segment increased by \$39.2 million or 6.6% compared to fiscal 2017. Our investment banking revenue experienced an increase of \$65.9 million compared to the past fiscal year, largely related to an increase of \$60.1 million recorded in our Canadian operations. Our Canadian business participated in numerous transactions in the blockchain and cannabis sectors leading to the higher investment banking revenue recorded during the year. Our Australian operations recorded a decrease of \$2.7 million from our record year in fiscal 2017, but overall revenue was still very strong at \$57.0 million for fiscal 2018. Revenue in our UK & Europe operations decreased by \$18.4 million or 12.5% as a result of a decrease in advisory mandates completed during the current fiscal year. Our US operations generated revenue of \$235.9 million in fiscal 2018, a slight increase of 0.7% from the prior year.

As part of our strategic focus to strengthening contributions from our global wealth management operations, the Company completed its acquisition of Hargreave Hale during the year ended March 31, 2018. Revenue in our wealth management operations in the UK & Europe increased by \$66.6 million or 49.4% compared to the year ended March 31, 2017, largely due to revenue generated from our newly acquired Hargreave Hale operations. Measured in local currency (GBP), revenue increased by £38.9 million or 49.2% compared to the year ended March 31, 2017. Our Canadian wealth management operations also generated \$168.9 million of revenue in fiscal 2018, representing an increase of \$36.6 million or 27.7% over the prior year.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by \$65.2 million or 16.4% from fiscal 2017 to \$461.9 million in fiscal 2018. As discussed above, the expansion of our wealth management operations was the primary reason for the increase in commissions and fees revenue. Offsetting the increase in our wealth management operations was a decrease of \$15.4 million in commissions and fees revenue from our capital markets operations, mainly due to lower revenue earned from our institutional customers in our Canadian and US operations.

As a result of improved market conditions, revenue generated from investment banking activities increased by \$86.1 million to \$282.2 million in fiscal 2018, compared to \$196.1 million in fiscal 2017, most notably in our Canadian wealth management and capital markets operations. As discussed above, the increase in Canada was largely due to increased participation in financing transactions particularly in the cannabis and blockchain sectors. Our UK & Europe and Australian capital markets operations also recorded an increase of \$6.9 million and \$0.9 million, respectively, in investment banking revenue compared to the prior year. Offsetting these increases was a decrease of \$1.7 million in investment banking revenue in our US capital markets operations compared to last year. In both Canada and Australia, investment banking revenue also reflects gains in our warrant and inventory positions earned in respect of investment banking activity in the current and prior periods.

Advisory fees revenue decreased by \$8.4 million, or 6.4% compared to the prior year to \$122.4 million for fiscal 2018. This was primarily due to a reduction in the number of completed advisory mandates in our capital markets operations in the UK & Europe and Australia. The largest decrease was in our UK & Europe capital markets operations, which experienced a decline of \$14.4 million, primarily because of a significant advisory transaction in our Dubai operations recorded in fiscal 2017. Offsetting these decreases were increases of \$10.7 million and \$1.3 million in our US and Canadian capital markets operations, respectively, compared to last year as a result of an increase in advisory mandates completed in these two operations.

Revenue derived from principal trading decreased by \$5.1 million to \$113.9 million for the year ended March 31, 2018. Small increases in Canada and the US were offset by lower revenue earned in our UK & Europe capital markets operation as a result of lower market volatility compared to the prior year which reduced opportunities for trading gains.

Interest revenue was \$27.9 million in fiscal 2018, an increase of 65.5%, or \$11.0 million, from last year due to higher revenue earned in our Canadian operations arising from increased margin loan and stock loan activity. Increased investment banking activity in Canada during the year gave rise to increased opportunities for lending activity and increased interest revenue. Other revenue was \$14.6 million, a decrease of \$5.5 million from the same period a year ago, partially due to lower foreign exchange gains as well as a realized translation gain recorded on the disposal of our Singapore operations during fiscal 2017.

## EXPENSES

### Expenses as a percentage of revenue

|                                                                    | For the years ended March 31 |              |                     |
|--------------------------------------------------------------------|------------------------------|--------------|---------------------|
|                                                                    | 2018                         | 2017         | 2018/2017<br>change |
| Non-share based incentive compensation                             | 47.0%                        | 47.5%        | (0.5) p.p.          |
| Share based incentive compensation                                 | 4.5%                         | 4.2%         | 0.3 p.p.            |
| Salaries and benefits                                              | 9.7%                         | 9.8%         | (0.1) p.p.          |
| Other overhead expenses <sup>(1)</sup>                             | 29.2%                        | 32.4%        | (3.2) p.p.          |
| Restructuring costs <sup>(2)(3)</sup>                              | 0.7%                         | —            | n.m.                |
| Acquisition-related costs <sup>(2)</sup>                           | 0.7%                         | —            | n.m.                |
| Acceleration of long-term incentive plan expense <sup>(2)(4)</sup> | 4.7%                         | —            | n.m.                |
| Share of loss of an associate <sup>(5)</sup>                       | 0.0%                         | —            | n.m.                |
| <b>Total</b>                                                       | <b>96.5%</b>                 | <b>93.9%</b> | <b>2.6 p.p.</b>     |

(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 23.

(3) Restructuring costs for the year ended March 31, 2018 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale. Restructuring costs for the year ended March 31, 2017 were related to staff reductions in our US, Canada and UK capital markets operations and the closure of our Barbados office in Other Foreign Locations, as well as charges related to staff reductions and certain executive changes in our Corporate and Other segment.

(4) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will now be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$48.4 million.

(5) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Acquisition Corp. for the year ended March 31, 2018.

p.p.: percentage points  
n.m.: not meaningful

Expenses for fiscal 2018 were \$987.1 million, an increase of 19.6% or \$161.5 million compared to the last fiscal year. Excluding significant items<sup>(1)</sup>, total expenses were \$912.3 million, up \$95.2 million or 11.6% from fiscal 2017. As a result of the increase in revenue during the year and the non-variable nature of certain infrastructure and overhead costs, total expenses excluding significant items<sup>(1)</sup> as a percentage of revenue decreased by 3.8 percentage points compared to the year ended March 31, 2017.

## Compensation expenses

### Long-term incentive plan

Employees (including senior executives) of the Company receive a component of their overall compensation in the form of share-based awards. Participating employees receive shares as they vest, typically over three years (the "RSUs"). This program is referred to as the Long-Term Incentive Plan (the "LTIP" or the "Plan"). Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards that were made as part of the normal course incentive compensation payment cycle. With the change, RSUs will 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, for accounting purposes, the RSUs granted as part of the normal course incentive compensation payment cycle will now be expensed in the period in which those awards are deemed to be earned, 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. Accordingly, a charge of \$48.4 million in respect of awards granted prior to fiscal 2018 including the acceleration of the remaining expense for certain awards which had not been fully amortized as of March 31, 2018 was recorded in fiscal 2018. This non-cash accounting charge was excluded from the calculation of the total compensation ratio as noted below and included as a significant item<sup>(1)</sup> as it represented a singular charge of a non-operating nature. The costs associated with LTIP awards granted for fiscal 2018 was included as part of incentive compensation expense. Refer to Note 21 of the audited consolidated financial statements for the year ended March 31, 2018 for further information on the share-based payment plans.

Incentive compensation expense was \$526.6 million (excluding the accelerated expense related to certain share-based awards referred to above), an increase of \$71.6 million or 15.7% from the prior year, in line with the increase in incentive-based revenue. Incentive compensation as a percentage of total revenue was 51.5% for fiscal 2018, a slight decrease of 0.2 percentage points from 51.7% in the prior year. Salaries and benefits expense of \$99.2 million for the year ended March 31, 2018 was \$13.5 million or 15.8% higher than the prior fiscal year. The increase was largely due to additional costs from our expansion in the UK & Europe wealth management operations including the acquisition of Hargreave Hale. Despite the increase in fixed staff costs, total compensation expense (incentive compensation expense excluding the accelerated expense related to certain share-based awards referred to above plus salaries and benefits) as a percentage of total revenue was 61.2% in fiscal 2018, relatively unchanged from the prior year representing a decrease of 0.4 percentage points.

## OTHER OVERHEAD EXPENSES

| (C\$ thousands, except % amounts) | For the years ended March 31 |            |                  |
|-----------------------------------|------------------------------|------------|------------------|
|                                   | 2018                         | 2017       | 2018/2017 change |
| Trading costs                     | \$ 68,209                    | \$ 65,211  | 4.6%             |
| Premises and equipment            | 39,605                       | 42,286     | (6.3)%           |
| Communication and technology      | 56,346                       | 52,381     | 7.6%             |
| Interest                          | 18,437                       | 12,744     | 44.7%            |
| General and administrative        | 83,982                       | 79,011     | 6.3%             |
| Amortization <sup>(1)</sup>       | 24,007                       | 21,124     | 13.6%            |
| Development costs                 | 7,664                        | 12,209     | (37.2)%          |
| Total other overhead expenses     | \$ 298,250                   | \$ 284,966 | 4.7%             |

(1) Includes amortization of intangible assets for the years ended March 31, 2018 and March 31, 2017, respectively. See the Selected Financial Information Excluding Significant Items table on page 23.

Other overhead expenses were \$298.3 million or 4.7% higher in fiscal 2018, which as a percentage of revenue was 29.2% compared to 32.4% in fiscal 2017. Most of our other overhead expenses increased as a result of business growth during fiscal 2018, partially offset by lower premises and equipment expense and development costs.

In order to support the higher headcount and expansion of our wealth management business resulting from the completion of the Hargreave Hale acquisition, many of our overhead expenses experienced increases compared to the year ended March 31, 2017. The expanded operations have contributed to increases in our trading costs and communication and technology expense of \$3.0 million or 4.6% and \$4.0 million or 7.6%, respectively, compared to the prior year. Trading costs also increased partially as a result of higher costs recorded in our UK capital markets operations of \$1.1 million compared to fiscal 2017.

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

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was up by \$5.0 million or 6.3%, largely due to the additional costs to support the expanded UK & Europe wealth management operations following the completion of the Hargreave Hale acquisition. In addition, our Canadian capital markets operations also experienced an increase of \$8.4 million compared to the prior year as a result of additional costs such as professional fees and promotion and travel expenses required to support the increased level of activity and headcount in this region during fiscal 2018. Our US and UK capital markets operations both recorded decreases in general and administrative expenses, in line with the reduced headcount and our continued focus on cost reductions.

Interest expense increased by \$5.7 million or 44.7% compared to fiscal 2017 because fiscal 2018 reflects a full year's worth of interest expense for the convertible debentures issued in Q3/17 as well as interest related to the bank loan obtained in Q2/18 in connection with the acquisition of Hargreave Hale.

Amortization expense was \$24.0 million, an increase of \$2.9 million or 13.6% from fiscal 2017, mainly as a result of the amortization of intangible assets in connection with our acquisition of Hargreave Hale recorded in our UK & Europe wealth management operations.

Offsetting the increases in expenses discussed above, premises and equipment expense decreased by \$2.7 million or 6.3% in fiscal 2018 because of the costs associated with the rationalization of our office space in Toronto recorded in our Corporate and Other segment in Q3/17. In addition, development costs decreased by \$4.5 million or 37.2% from fiscal 2017 partially because of lower recruitment costs in our US and UK capital markets operations, as well as an impairment charge of \$2.4 million related to an investment that was recorded in fiscal 2017 in our Corporate and Other segment. Offsetting these decreases in development costs was \$1.5 million of incentive-based payments related to the acquisition of Hargreave Hale determined with reference to financial targets and other performance criteria.

There were \$7.6 million of restructuring costs recorded in fiscal 2018 related to staff reductions in our US and Canadian capital markets operations, costs related to the closure of certain trading operations in Dublin, as well as costs associated with the rationalization of office space related to the acquisition of Hargreave Hale. No restructuring costs were recorded during the same period last year.

The Company also recorded \$6.7 million of acquisition-related costs in relation to the acquisition of Hargreave Hale for the year ended March 31, 2018. The acquisition-related costs included professional and consulting fees incurred during the year.

## NET INCOME

Net income for fiscal 2018 was \$17.1 million compared to net income of \$43.2 million in fiscal 2017, a decrease of \$26.1 million or 60.5%, largely due to the acceleration of LTIP expense related to the change in the Plan as discussed above, offset by the significant increase in revenue in both our capital markets and wealth management operations. Net income attributable to common shareholders was \$3.4 million for fiscal 2018 compared to \$27.0 million for fiscal 2017. Earnings per common share was \$0.03 in fiscal 2018 compared to earnings per common share of \$0.27 in the prior fiscal year. Excluding significant items<sup>(1)</sup>, net income for fiscal 2018 was \$81.7 million or net income attributable to common shareholders of \$68.0 million, compared to net income of \$49.2 million or net income attributable to common shareholders of \$32.8 million in fiscal 2017. Diluted earnings per share excluding significant items<sup>(1)</sup> was \$0.59 for fiscal 2018 compared to \$0.32 for the prior year.

Income tax expense was \$18.7 million for fiscal 2018, reflecting an effective tax rate of 52.2% compared to an effective tax rate of 19.9% in the prior year. Non-recognition of deferred tax assets in certain of our foreign operations contributed to a higher effective tax rate for the year ended March 31, 2018.

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

## Quarterly Financial Information<sup>(1)(2)</sup>

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended March 31, 2018. 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,<br>except per share amounts)       | Fiscal 2018 |            |            |            | Fiscal 2017 |            |           |           |
|----------------------------------------------------|-------------|------------|------------|------------|-------------|------------|-----------|-----------|
|                                                    | Q4          | Q3         | Q2         | Q1         | Q4          | Q3         | Q2        | Q1        |
| Revenue                                            |             |            |            |            |             |            |           |           |
| Commissions and fees                               | \$ 135,148  | \$ 125,709 | \$ 96,125  | \$ 104,955 | \$ 105,890  | \$ 102,637 | \$ 95,342 | \$ 92,872 |
| Investment banking                                 | 95,514      | 112,639    | 33,356     | 40,696     | 71,595      | 46,508     | 40,901    | 37,125    |
| Advisory fees                                      | 40,930      | 31,947     | 30,589     | 18,896     | 52,474      | 17,127     | 21,554    | 39,594    |
| Principal trading                                  | 36,047      | 29,138     | 22,849     | 25,887     | 31,066      | 33,569     | 26,859    | 27,546    |
| Interest                                           | 10,045      | 6,861      | 5,793      | 5,176      | 5,217       | 4,017      | 4,005     | 3,608     |
| Other                                              | 4,396       | 3,148      | 2,835      | 4,198      | 5,414       | 4,250      | 4,941     | 5,435     |
| Total revenue                                      | 322,080     | 309,442    | 191,547    | 199,808    | 271,656     | 208,108    | 193,602   | 206,180   |
| Total expenses                                     | 324,379     | 262,559    | 198,613    | 201,580    | 234,251     | 202,397    | 192,845   | 196,169   |
| Net (loss) income before income taxes              | (2,299)     | 46,883     | (7,066)    | (1,772)    | 37,405      | 5,711      | 757       | 10,011    |
| Net (loss) income                                  | \$ (9,703)  | \$ 36,598  | \$ (7,258) | \$ (2,560) | \$ 30,987   | \$ 4,544   | \$ 200    | \$ 7,455  |
| (Loss) earnings per share – basic <sup>(4)</sup>   | \$ (0.15)   | \$ 0.35    | \$ (0.11)  | \$ (0.05)  | \$ 0.29     | 0.01       | (0.05)    | 0.04      |
| (Loss) earnings per share – diluted <sup>(4)</sup> | \$ (0.15)   | \$ 0.29    | \$ (0.11)  | \$ (0.05)  | \$ 0.26     | 0.01       | (0.05)    | 0.04      |
| <b>Excluding significant items<sup>(3)</sup></b>   |             |            |            |            |             |            |           |           |
| Net income                                         | \$ 37,312   | \$ 39,182  | \$ 3,548   | \$ 1,615   | \$ 32,740   | \$ 6,309   | \$ 2,008  | \$ 8,139  |
| Earnings (loss) per share – basic <sup>(4)</sup>   | \$ 0.36     | \$ 0.38    | \$ 0.01    | \$ (0.01)  | \$ 0.31     | \$ 0.03    | \$ (0.03) | \$ 0.05   |
| Earnings (loss) per share – diluted <sup>(4)</sup> | \$ 0.28     | \$ 0.31    | \$ 0.01    | \$ (0.01)  | \$ 0.27     | \$ 0.03    | \$ (0.03) | \$ 0.05   |

(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 our Australian operations have been fully consolidated and a 42% non-controlling interest has been recognized during fiscal 2018 [fiscal 2017 – 42%].

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

(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 (loss) per common share figures may not equal the year to date earnings (loss) per share figure.

**QUARTERLY FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS<sup>(1)(2)</sup>**

| (C\$ thousands,<br>except per share amounts)                             | Fiscal 2018 |            |            |            | Fiscal 2017 |            |            |            |
|--------------------------------------------------------------------------|-------------|------------|------------|------------|-------------|------------|------------|------------|
|                                                                          | Q4          | Q3         | Q2         | Q1         | Q4          | Q3         | Q2         | Q1         |
| Total revenue per IFRS                                                   | \$ 322,080  | \$ 309,442 | \$ 191,547 | \$ 199,808 | \$ 271,656  | \$ 208,108 | \$ 193,602 | \$ 206,180 |
| Total expenses per IFRS                                                  | 324,379     | 262,559    | 198,613    | 201,580    | 234,251     | 202,397    | 192,845    | 196,169    |
| <b>Revenue</b>                                                           |             |            |            |            |             |            |            |            |
| <i>Significant items recorded in Canaccord Genuity</i>                   |             |            |            |            |             |            |            |            |
| Realized translation gains on disposal of Singapore                      | —           | —          | —          | —          | —           | —          | —          | 1,193      |
| Total revenue excluding significant items                                | 322,080     | 309,442    | 191,547    | 199,808    | 271,656     | 208,108    | 193,602    | 204,987    |
| <b>Expenses</b>                                                          |             |            |            |            |             |            |            |            |
| <i>Significant items recorded in Canaccord Genuity</i>                   |             |            |            |            |             |            |            |            |
| Amortization of intangible assets                                        | 579         | 579        | 579        | 580        | 830         | 829        | 827        | 818        |
| Restructuring costs <sup>(3)</sup>                                       | —           | —          | 4,256      | 448        | —           | —          | —          | —          |
| Acceleration of long-term incentive plan expense <sup>(4)</sup>          | 42,399      | —          | —          | —          | —           | —          | —          | —          |
| <i>Significant items recorded in Canaccord Genuity Wealth Management</i> |             |            |            |            |             |            |            |            |
| Amortization of intangible assets                                        | 2,867       | 2,820      | 1,262      | 1,324      | 1,260       | 1,274      | 1,323      | 1405       |
| Restructuring costs                                                      | 939         | —          | 2,000      | —          | —           | —          | —          | —          |
| Acquisition-related costs                                                | 184         | —          | 4,364      | 2,184      | —           | —          | —          | —          |
| Acceleration of long-term incentive plan expense <sup>(4)</sup>          | 4,058       | —          | —          | —          | —           | —          | —          | —          |
| Incentive payment related to acquisition <sup>(5)</sup>                  | 1,541       | —          | —          | —          | —           | —          | —          | —          |
| <i>Significant items recorded in Corporate and Other</i>                 |             |            |            |            |             |            |            |            |
| Acceleration of long-term incentive plan expense <sup>(4)</sup>          | 1,898       | —          | —          | —          | —           | —          | —          | —          |
| Total significant items                                                  | 54,465      | 3,399      | 12,461     | 4,536      | 2,090       | 2,103      | 2,150      | 2,223      |
| Total expenses excluding significant items                               | 269,914     | 259,160    | 186,152    | 197,044    | 232,161     | 200,294    | 190,695    | 193,946    |
| Net income before income taxes – adjusted                                | \$ 52,166   | \$ 50,282  | \$ 5,395   | \$ 2,764   | 39,495      | 7,814      | 2,907      | 11,041     |
| Income tax expense – adjusted                                            | 14,854      | 11,100     | 1,847      | 1,149      | 6,755       | 1,505      | 899        | 2,902      |
| Net income – adjusted                                                    | \$ 37,312   | \$ 39,182  | \$ 3,548   | \$ 1,615   | \$ 32,740   | \$ 6,309   | \$ 2,008   | \$ 8,139   |
| Net income (loss) attributable to common shareholders                    | \$ 33,003   | \$ 34,665  | \$ 970     | \$ (627)   | \$ 28,099   | \$ 2,907   | \$ (2,481) | \$ 4,300   |
| Earnings (loss) per share – basic – adjusted <sup>(6)</sup>              | \$ 0.36     | \$ 0.38    | \$ 0.01    | \$ (0.01)  | \$ 0.31     | \$ 0.03    | \$ (0.03)  | \$ 0.05    |
| Earnings (loss) per share – diluted – adjusted <sup>(6)</sup>            | \$ 0.28     | \$ 0.31    | \$ 0.01    | \$ (0.01)  | \$ 0.27     | \$ 0.03    | \$ (0.03)  | \$ 0.05    |

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

(2) The operating results of our Australian operations have been fully consolidated and a 42% non-controlling interest has been recognized during fiscal 2018 [fiscal 2017 – 42%].

(3) Restructuring costs recorded in Q2 fiscal 2018 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations and staff reductions in our Canadian and US capital markets operations. There were also real estate costs related to the acquisition of Hargreave Hale recorded in Q2 and Q4 of fiscal 2018.

(4) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during Q4/18 in respect of awards granted prior to fiscal 2018 was \$48.4 million.

(5) Incentive-based payments related to the acquisition of Hargreave Hale determined with reference to financial targets and other performance criteria.

(6) 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 (loss) per common share figures may not equal the year to date earnings (loss) per share figure.

### Quarterly trends and risks

Our quarterly results are generally not significantly affected by seasonal factors. However, the Company's revenue and income can experience considerable variations from quarter to quarter and 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 activity in our core focus sectors as well as growth company activity. 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 the increase in capital raising and advisory activity in our core focus areas over the recent quarters and higher contribution from our global wealth management operations, revenue and net income excluding significant items<sup>(1)</sup> generated in fiscal 2018 have shown marked improvements over the past fiscal year. Revenue for Q4/18 was \$322.1 million, an increase of 18.6% over the same quarter in the prior year and 4.1% over Q3/18. Our fiscal 2018 revenue was \$1.02 billion, marking the first time our consolidated revenue has surpassed \$1.0 billion. Over 61.7% of total revenue for fiscal 2018 was generated in the second half of fiscal 2018, which have historically been our stronger quarters.

The Canaccord Genuity division, which had been positively impacted by the increased market activity during the recent quarters, experienced an increase in revenue of 3.7% compared to Q4/17 and an increase of 2.3% from the prior quarter. Revenue in our Canadian capital markets operations increased significantly in the last two quarters of fiscal 2018 compared to the first six months of fiscal 2018 and the prior year. This increase was largely driven by an increase in investment banking and advisory fees, reflecting our active involvement with numerous transactions in the cannabis and blockchain sectors. The increase in investment banking revenue in Q3/18 and Q4/18 also reflects gains in our warrant and inventory positions earned from transactions in the current and prior year. As a result of the increase in revenue, commitment to our cost containment efforts and the fixed nature of certain expenses, overhead expenses as a percentage of revenue excluding significant items<sup>(1)</sup> have decreased in recent quarters, leading to higher pre-tax margins, with Q4/18 reaching 17.9% excluding significant items.<sup>(1)</sup>

Revenue in our US capital markets operations was \$68.2 million in Q4/18, an increase of 5.3% compared to Q4/17, and the highest revenue in this operating segment over the past eight quarters. Our International Equities Group continued to perform well, with principal trading revenue increasing by \$4.4 million in Q4/18 for this region compared to the prior year. This increase in principal trading revenue was driven by increased trading volumes in smaller emerging companies in new and developing industry sectors. Profitability in our US capital markets operations has strengthened from our efforts in the first half of fiscal 2018 to realign and strengthen our core capabilities in this region. Excluding significant items<sup>(1)</sup>, pre-tax income for this region was \$6.8 million in Q4/18, more than double the \$2.8 million pre-tax profit generated in Q4/17.

Our Australian operations generated higher revenue in the second half of fiscal 2018 and have recovered from weakened market conditions in that region in the first half of the current fiscal year, with revenue reaching a record high of \$22.1 million for Q3/18 and \$20.1 million for Q4/18. Contributing to the increase in revenue in this region were profits and gains recorded in certain inventory and warrant positions earned in respect of investment banking activity in the current and prior periods.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by stabilizing market conditions, improved transaction activity and a growth in managed assets. Revenue increased by 27.8% during Q4/18 compared to the same period a year ago and by 6.3% compared to Q3/18. In addition to an increase in commissions and fees revenue, revenue attributable to investment banking activity in this segment also increased significantly in the second half of fiscal 2018 compared to the early part of fiscal 2018 and fiscal 2017, reflecting the increased private client participation in new issue activity in our Canadian operations because of the increased activity by companies in new and developing industry sectors such as cannabis. Excluding significant items<sup>(1)</sup>, pre-tax income for Q4/18 was \$8.5 million, the highest in the past eight quarter, reflecting the growth in revenue discussed above. Assets under management increased in Q4/18 by 6.8% compared to Q4/17 to \$2.8 billion as a result of additional client assets with the hiring of new investment advisors as well as generally higher market values. Our fee related revenue continued to grow, but fee related revenue as a percentage of total revenue in Q4/18 decreased by 4.2 percentage points compared to Q4/17 primarily as a result of an increase in transactional-based revenue during the year which was led by an increase in investment banking revenue attributable to private client activity.

The Canaccord Genuity Wealth Management UK & Europe operations were expanded during fiscal 2018 with the completion of the Hargreave Hale acquisition at the end of Q2/18. Revenue generated in this region increased from \$37.5 million in Q2/18 to \$64.9 million in Q4/18, reflecting the immediate contribution of Hargreave Hale to our operating results. Although this region incurred higher operating expenses resulting from the expansion of this business and our increased headcounts, profit margins continued to be strong at 15.1% in Q4/18 on an excluding significant items basis<sup>(1)</sup>. At the end of Q4/18, fee-related revenue was at 67.3%, a 3.2 percentage point decrease from Q4/17 due to an increase in transaction activity during the year. Assets under management for this group increased by \$20.4 billion reaching \$44.9 billion as of the end of Q4/18, compared to \$24.5 billion at the end of Q4/17. While a significant portion of this growth is attributable to the addition of Hargreave Hale, net new assets and market gains also contributed to the overall increase in AUM.

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.

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

#### Fourth quarter 2018 performance

Revenue for the fourth quarter was \$322.1 million, an increase of \$50.4 million or 18.6% compared to the same period in the previous year. Our global wealth management operations generated an increase in revenue of \$43.0 million or 58.7% compared to Q4/17, largely due to the acquisition of Hargreave Hale in Q2/18. In addition to an increase in commissions and fees revenue, investment banking fees generated in our wealth management operations also increased by \$6.9 million or 70.4%, reflecting the increased private client participation in new issue activity in our Canadian operations.

Our Canaccord Genuity segment also recorded an increase of \$7.2 million or 3.7% compared to Q4/17, with the largest increase being generated by our Canadian capital markets division due to an increase in investment banking revenue and advisory fees, as a result of the completion of large transactions such as Nuvera Inc. and Aurora Cannabis. Our US operations also recorded an increase of \$3.4 million or 5.3% compared to Q4/17, driven mainly by higher principal trading revenue resulting from increased market volatility. These revenue increases were offset by a decrease in our UK capital markets operations of \$27.4 million or 44.0% compared to the same period in the previous year, of which \$12.8 million of the decrease was attributable to a large advisory transaction completed in our Dubai operations during Q4/17 which caused advisory fee revenue during that quarter to be substantially higher than a typical quarter. Revenue for the fourth quarter in our Australian operations was \$20.1 million, a slight decrease of \$0.2 million or 1.2% compared to Q4/17. In our Other Foreign Locations, now comprised of only our Asian-based operations, no significant changes were reported compared to the same quarter last year.

On a consolidated basis, commissions and fees revenue increased by \$29.3 million or 27.6% to \$135.1 million compared to the same period in the previous year, predominantly attributable to our expanded UK & Europe wealth management operations as discussed above. Investment banking revenue increased by \$23.9 million or 33.4% to \$95.5 million in Q4/18, largely attributable to our Canadian capital markets operations as a result of increased financing activity in this region. Principal trading revenue increased by \$5.0 million during the three months ended March 31, 2018 compared to the same period last year, mostly due to higher trading revenue generated in our International Equities Group in our US operations. Interest revenue for Q4/18 was \$10.0 million, an increase of \$4.8 million over Q4/17, mainly attributable to our Canadian capital markets operations arising from increased margin loan and stock loan activity. Advisory fees revenue decreased by \$11.5 million or 22.0% to \$40.9 million compared to the same period in the previous year, predominantly attributable to our UK & Europe capital markets operations as Q4/17 reflected the completion of a large advisory transaction as discussed above.

Expenses were \$324.4 million, up \$90.1 million or 38.5% from Q4/17. Total expenses excluding significant items<sup>(1)</sup> were \$269.9 million, an increase of \$37.8 million or 16.3% from the same period last year.

Effective March 31, 2018, the LTIP Plan was changed to remove certain employment-related conditions for the vesting of certain RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards which had not been fully amortized as of March 31, 2018, resulting in a charge of \$48.4 million recorded during Q4/18. The total charge recorded during Q4/18 in respect of awards granted prior to fiscal 2018 was \$48.4 million.

Incentive compensation expense excluding the accelerated expense related to certain share-based awards referred to above increased by \$24.0 million compared to the same period last year, in line with the increase in incentive-based revenue. Salaries and benefits expense was \$6.5 million higher compared to the same period in the prior year largely due to higher headcount from our Hargreave Hale acquisition. Total compensation expense (incentive compensation expense excluding the accelerated expense related to certain share-based awards referred to above plus salaries and benefits) as a percentage of revenue increased slightly by 0.3 percentage point to 58.7% in Q4/18 compared to Q4/17 as a result of higher fixed staff costs offset by the increase in revenue.

Other overhead expenses were \$87.0 million compared to \$75.8 million in Q4/17, an increase of 14.8% compared to Q4/17 largely due to the restructuring and acquisition related costs recorded during Q4/18. Excluding significant items<sup>(1)</sup>, overhead expenses as a percentage of revenue decreased by 2.0 percentage points, reflecting the increase in revenue and the fixed nature of certain expenses. As a result of our expanded operations and higher headcount, particularly in our global wealth management operations, most of our overhead expenses increased compared to Q4/17. The largest increases in overhead expenses compared to the same period in the prior year were general and administrative expense of \$4.9 million or 25.2%, trading costs of \$1.9 million or 10.0%, interest expense of \$2.2 million or 56.8%, communication and technology of \$1.7 million or 12.7%, as well as amortization of \$1.8 million or 36.1%.

General and administrative costs, which increased by \$4.9 million, were largely affected by higher costs to support the expanded UK & Europe wealth management operations following the completion of the Hargreave Hale acquisition. In addition, our Canadian capital markets operations also contributed to the increase as a result of higher costs in promotion and travel and professional fees to support the growth in business activity in this region. Trading costs increased across our capital markets operations as a result of increased trading activity. Communication and technology expense increased by \$1.7 million due to the higher headcount in our wealth management operations. There was also an increase of \$2.2 million in interest expense partially related to the bank

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

loan obtained in connection with the acquisition of Hargreave Hale during Q2/18. In addition, in connection with the acquisition of Hargreave Hale, amortization related to intangible assets led to an increase in amortization expense recorded in Q4/18 compared to the same period in the prior year.

Offsetting these increases was a decrease of \$2.2 million in development costs, due to a decline in hiring incentives in our US and UK operations, as well as an impairment charge related to an investment recorded in our Corporate and Other segment in Q4/17.

There were restructuring costs of \$0.9 million and acquisition related expenses of \$0.2 million recorded in Q4/18 in connection with the acquisition of Hargreave Hale. The restructuring costs related to rationalization of office space as part of our integration efforts of the Hargreave Hale operations into our existing UK wealth management operations. There were no restructuring or acquisition-related costs recorded in Q4/17.

Net loss for the fourth quarter of fiscal 2018 was \$9.7 million compared to net income of \$31.0 million in Q4/17, largely due to the acceleration of LTIP expense discussed above. Net loss attributable to common shareholders was \$14.0 million for Q4/18 compared to net income attributable to common shareholders of \$26.3 million in Q4/17. Loss per common share in the current quarter was \$0.15, compared to diluted EPS of \$0.26 in Q4/17. Excluding significant items<sup>(1)</sup>, net income for Q4/18 was \$37.3 million compared to \$32.7 million in Q4/17, an increase of \$4.6 million or 14.0%, primarily due to the increase in revenue. Net income attributable to common shareholders excluding significant items<sup>(1)</sup> was \$33.0 million compared to \$28.1 million in the same period of the prior year. Diluted EPS excluding significant items<sup>(1)</sup> was \$0.28 in Q4/18 compared to \$0.27 in Q4/17.

Income tax expense was \$7.4 million in Q4/18 compared to income tax expense of \$6.4 million for the three months ended March 31, 2017. The effective tax rate was 322.1% in Q4/18, largely driven by the non-recognition of deferred tax assets in certain of our foreign operations in Q4/18 compared to Q4/17. Excluding significant items<sup>(1)</sup>, the effective tax rate for Q4/18 was 28.5% compared to 17.1% in Q4/17.

## Business Segment Results<sup>(1)(2)</sup>

| (C\$ thousands,<br>except number of employees) | For the years ended March 31 |                                              |                        |            |                      |                                              |                        |            |
|------------------------------------------------|------------------------------|----------------------------------------------|------------------------|------------|----------------------|----------------------------------------------|------------------------|------------|
|                                                | 2018                         |                                              |                        |            | 2017                 |                                              |                        |            |
|                                                | Canaccord<br>Genuity         | Canaccord<br>Genuity<br>Wealth<br>Management | Corporate<br>and Other | Total      | Canaccord<br>Genuity | Canaccord<br>Genuity<br>Wealth<br>Management | Corporate<br>and Other | Total      |
| Revenue                                        |                              |                                              |                        |            |                      |                                              |                        |            |
| Canada                                         | \$ 216,106                   | \$ 165,891                                   | \$ 15,056              | \$ 397,053 | \$ 155,411           | \$ 129,361                                   | \$ 14,044              | \$ 298,816 |
| UK & Europe                                    | 128,458                      | 201,383                                      | —                      | 329,841    | 146,812              | 134,819                                      | —                      | 281,631    |
| US                                             | 235,942                      | 2,991                                        | —                      | 238,933    | 234,211              | 2,931                                        | —                      | 237,142    |
| Australia                                      | 57,022                       | —                                            | —                      | 57,022     | 59,693               | —                                            | —                      | 59,693     |
| Other Foreign Locations                        | 28                           | —                                            | —                      | 28         | 2,264                | —                                            | —                      | 2,264      |
| Total revenue                                  | 637,556                      | 370,265                                      | 15,056                 | 1,022,877  | 598,391              | 267,111                                      | 14,044                 | 879,546    |
| Expenses                                       | 607,906                      | 320,737                                      | 58,488                 | 987,131    | 535,913              | 226,048                                      | 63,701                 | 825,662    |
| Intersegment allocations                       | 16,524                       | 15,529                                       | (32,053)               | —          | 18,210               | 16,796                                       | (35,006)               | —          |
| Income (loss) before income taxes (recovery)   | \$ 13,126                    | \$ 33,999                                    | \$ (11,379)            | \$ 35,746  | \$ 44,268            | \$ 24,267                                    | \$ (14,651)            | \$ 53,884  |
| Excluding significant items <sup>(3)</sup>     |                              |                                              |                        |            |                      |                                              |                        |            |
| Revenue                                        | 637,556                      | 370,265                                      | 15,056                 | 1,022,877  | 597,198              | 267,111                                      | 14,044                 | 878,353    |
| Expenses                                       | 558,486                      | 297,194                                      | 56,590                 | 912,270    | 532,609              | 220,786                                      | 63,701                 | 817,096    |
| Intersegment allocations                       | 16,524                       | 15,529                                       | (32,053)               | —          | 18,210               | 16,796                                       | (35,006)               | —          |
| Income (loss) before income taxes (recovery)   | \$ 62,546                    | \$ 57,542                                    | \$ (9,481)             | \$ 110,607 | \$ 46,379            | \$ 29,529                                    | \$ (14,651)            | \$ 61,257  |
| Number of employees                            | 730                          | 938                                          | 288                    | 1,956      | 749                  | 672                                          | 279                    | 1,700      |

(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 23 of the Audited Consolidated Financial Statements on page 101.

(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 42% non-controlling interest has been recognized and included in the Canaccord Genuity business segment in fiscal 2018 [fiscal 2017 – 42%].

(3) See the Selected Financial Information Excluding Significant Items table on page 23.

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

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

## CANACCORD GENUITY

### Overview

Canaccord Genuity 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 and the Asia-Pacific region. Canaccord Genuity has offices in 21 cities in 9 countries worldwide.

Our operating results demonstrate the strength of our global business and the success of our efforts to diversify our revenue streams and improve alignment across our businesses and regions. For fiscal 2018, 66.1% of total Canaccord Genuity revenue was earned outside of Canada.

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

During fiscal 2018, Canaccord Genuity participated in 455 transactions to raise gross proceeds of \$34.5 billion<sup>(1)</sup>. Of these, Canaccord Genuity led 178 transactions globally, raising total proceeds of \$6.1 billion. Sector diversification remains a core component of the Company's strategy. Resource-related revenue accounted for 18.0% of Canaccord Genuity's total investment banking revenue in fiscal 2018, versus 30.5% in fiscal 2017. Resource-related transactions comprised 25.8% of the total number of Canaccord Genuity's investment banking transactions in fiscal 2018, down from 29.3% in fiscal 2017.

### Outlook

Canaccord Genuity continues to be very well positioned 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's integrated global platform provides a competitive advantage for our business compared to many of the domestically focused firms 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 this competitive landscape provides a significant opportunity for Canaccord Genuity in the global mid-market, as this space is currently relatively underserved by other global investment banks. Canaccord Genuity's mid-market strategy and focus on key growth sectors differentiate the firm from its competition.

The continued shift towards electronic trading, and trading on alternative platforms, is expected to move some trading market share away from the main stock exchanges. In response to this, Canaccord Genuity is active in offering trading services on many of the alternative exchanges (Chi-X, CX2, Alpha, Aequitas, Pure, CSE (Canadian Stock Exchange), Omega, Lynx, Triact). The Company has also developed a strong presence in the US with its American Depositary Receipts (ADR) and foreign equity trading capabilities from its International Equities Group. The Company continues to actively monitor shifts and trends in the capital markets and regulatory environment.

Canaccord Genuity remains committed to operating as efficiently as possible in order to sustain its global platform during periods of slower capital markets activity. 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.

While we are optimistic about our prospects for the future, the Company has made the prudent decision to balance investments in growth with our ability to generate profit in the current market environment. The dynamic nature of our operating environment 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 investments that the Company has made to improve Canaccord Genuity's global presence and refine its service offering have positioned the business very well for the future.

(1) Transactions over C\$1.5 million

**FINANCIAL PERFORMANCE<sup>(1)(2)</sup>**

| For the years ended March 31                                    |           |                   |             |           |                         |           |           |                   |           |           |                         |           |
|-----------------------------------------------------------------|-----------|-------------------|-------------|-----------|-------------------------|-----------|-----------|-------------------|-----------|-----------|-------------------------|-----------|
|                                                                 | 2018      |                   |             |           |                         |           | 2017      |                   |           |           |                         |           |
| (C\$ thousands, except number of employees)                     | Canada    | UK <sup>(5)</sup> | US          | Australia | Other Foreign Locations | Total     | Canada    | UK <sup>(5)</sup> | US        | Australia | Other Foreign Locations | Total     |
| Revenue                                                         | \$216,106 | \$128,458         | \$235,942   | \$57,022  | \$ 28                   | \$637,556 | \$155,411 | \$146,812         | \$234,211 | \$59,693  | \$ 2,264                | \$598,391 |
| Expenses                                                        |           |                   |             |           |                         |           |           |                   |           |           |                         |           |
| Non-share based incentive compensation                          | 96,653    | 72,081            | 115,049     | 29,452    | 3                       | 313,238   | 66,802    | 85,746            | 113,086   | 30,583    | 1,092                   | 297,309   |
| Share based incentive compensation                              | 16,002    | 7,942             | 12,974      | 1,302     | —                       | 38,220    | 13,227    | 4,792             | 13,882    | 1,102     | 0                       | 33,003    |
| Salaries and benefits                                           | 5,381     | 5,672             | 11,890      | 1,881     | 688                     | 25,512    | 5,381     | 5,520             | 12,551    | 1,649     | 997                     | 26,098    |
| Other overhead expenses                                         | 45,875    | 40,621            | 87,565      | 9,195     | 577                     | 183,833   | 35,721    | 43,165            | 89,811    | 9,232     | 1,574                   | 179,503   |
| Acceleration of long term incentive plan expense <sup>(6)</sup> | 11,657    | 12,870            | 17,872      | —         | —                       | 42,399    | —         | —                 | —         | —         | —                       | —         |
| Restructuring costs                                             | 2,366     | 448               | 1,890       | —         | —                       | 4,704     | —         | —                 | —         | —         | —                       | —         |
| Total expenses                                                  | 177,934   | 139,634           | 247,240     | 41,830    | 1,268                   | 607,906   | 121,131   | 139,223           | 229,330   | 42,566    | 3,663                   | 535,913   |
| Intersegment allocations <sup>(3)</sup>                         | 10,159    | 2,969             | 3,113       | 283       | —                       | 16,524    | 12,271    | 2,946             | 2,993     | —         | —                       | 18,210    |
| Income (loss) before income taxes (recovery) <sup>(3)</sup>     | \$ 28,013 | \$ (14,145)       | \$ (14,411) | \$14,909  | \$ (1,240)              | \$ 13,126 | \$ 22,009 | \$ 4,643          | \$ 1,888  | \$17,127  | \$ (1,399)              | \$ 44,268 |
| Excluding significant items <sup>(4)</sup>                      |           |                   |             |           |                         |           |           |                   |           |           |                         |           |
| Total revenue                                                   | 216,106   | 128,458           | 235,942     | 57,022    | 28                      | 637,556   | 155,411   | 146,812           | 234,211   | 59,693    | 1,071                   | 597,198   |
| Total expenses                                                  | 161,599   | 126,316           | 227,473     | 41,830    | 1,268                   | 558,486   | 118,818   | 139,223           | 229,328   | 41,577    | 3,663                   | 532,609   |
| Intersegment allocations <sup>(3)</sup>                         | 10,159    | 2,969             | 3,113       | 283       | —                       | 16,524    | 12,271    | 2,946             | 2,993     | —         | —                       | 18,210    |
| Income (loss) before income taxes (recovery) <sup>(3)</sup>     | \$ 44,348 | \$ (827)          | \$ 5,356    | \$14,909  | \$ (1,240)              | \$ 62,546 | \$ 24,322 | \$ 4,643          | \$ 1,890  | \$18,116  | \$ (2,592)              | \$ 46,379 |
| Number of employees                                             | 189       | 214               | 256         | 68        | 3                       | 730       | 178       | 225               | 275       | 69        | 2                       | 749       |

(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 Canaccord Genuity (Australia) Limited have been consolidated and a 42% non-controlling interest has been recognized and included in the Canaccord Genuity segment during fiscal 2018 [fiscal 2017 – 42%].

(3) Income (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 43.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 23.

(5) Includes our Dubai based operations

(6) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$42.4 million in the Canaccord Genuity segment.

**REVENUE****REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE**

| For the years ended March 31 |        |        |                  |
|------------------------------|--------|--------|------------------|
|                              | 2018   | 2017   | 2018/2017 change |
| Revenue generated in:        |        |        |                  |
| Canada                       | 33.9%  | 26.0%  | 7.9 p.p.         |
| UK & Europe <sup>(1)</sup>   | 20.2%  | 24.5%  | (4.3) p.p.       |
| US                           | 37.0%  | 39.1%  | (2.1) p.p.       |
| Australia                    | 8.9%   | 10.0%  | (1.1) p.p.       |
| Other Foreign Locations      | 0.0%   | 0.4%   | (0.4) p.p.       |
|                              | 100.0% | 100.0% |                  |

p.p.: percentage points

(1) Includes our Dubai based operations

Canaccord Genuity generated revenue of \$637.6 million, an increase of 6.6% or \$39.2 million compared to fiscal 2017 as a result of improved market activity. Revenue increased most notably in Canada, where revenue increased by \$60.7 million or 39.1% compared to the prior year. The increase in revenue in our Canadian capital markets operations was driven largely by higher investment banking revenue and advisory fees, partially as a result of our active involvement with numerous transactions in the cannabis and blockchain sectors. Revenue in our UK operations decreased by \$18.4 million to \$128.5 million in fiscal 2018 largely due to a decrease of \$12.8 million in our Dubai operations related to a large advisory transaction completed in fiscal 2017. Our Australian operations generated revenue of \$57.0 million, which represents a decrease of \$2.7 million or 4.5% from fiscal 2017. Our Australian operations was impacted by slower market activity in the first half of fiscal 2018. However, a return to strong activity levels for small cap equities in our focus sectors has largely improved our revenue performance in this region in the second half of the fiscal year. Revenue in our US operations remained the same as in prior year, a slight increase of 0.7 percentage points over fiscal 2017. In our Other Foreign Locations, now comprised of only our Asian-based operations, revenue decreased by 98.8% or \$2.2 million compared to the year ended March 31, 2017 due to the realized translation gain on disposal of our Singapore operations recorded in the prior year. In both our Canadian and Australian operations, investment banking revenue also reflect profits and gains recorded in certain warrant and inventory positions earned in respect of investment banking activity in the current and prior periods.

#### Investment banking activity

The Company's focus sector mix in fiscal 2018 showed increasing diversity, with 74.2% of total transactions occurring in sectors outside of Metals & Mining and Energy, which have traditionally been a higher component of the Company's revenue.

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

#### CANACCORD GENUITY – OVERALL

##### Investment banking transactions and revenue by sector

| Sectors                                       | For the year ended March 31, 2018         |                                      |
|-----------------------------------------------|-------------------------------------------|--------------------------------------|
|                                               | as a % of investment banking transactions | as a % of investment banking revenue |
| Healthcare & Life Sciences                    | 9.5%                                      | 44.9%                                |
| Technology                                    | 12.0%                                     | 16.9%                                |
| Metals & Mining                               | 19.1%                                     | 15.3%                                |
| Real Estate & Hospitality                     | 12.2%                                     | 7.2%                                 |
| Infrastructure                                | 0.9%                                      | 2.8%                                 |
| Energy                                        | 6.7%                                      | 2.7%                                 |
| Financials, Diversified and Investment Trusts | 27.0%                                     | 4.1%                                 |
| Other                                         | 5.7%                                      | 2.1%                                 |
| Media & Telecommunications                    | 0.2%                                      | 1.4%                                 |
| Sustainability                                | 0.9%                                      | 1.0%                                 |
| Consumer & Retail                             | 3.5%                                      | 1.0%                                 |
| Aerospace & Defense                           | 0.2%                                      | 0.3%                                 |
| Ag & Fertilizers                              | 2.1%                                      | 0.2%                                 |
| Structured Products                           | —                                         | 0.1%                                 |
| <b>Total</b>                                  | <b>100.0%</b>                             | <b>100.0%</b>                        |

**CANACCORD GENUITY – 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, 2018 |               |               |               |                         |
|-----------------------------------------------|-----------------------------------|---------------|---------------|---------------|-------------------------|
|                                               | Canada                            | UK            | US            | Australia     | Other Foreign Locations |
| Healthcare & Life Sciences                    | 3.3%                              | —             | 48.2%         | 11.4%         | —                       |
| Technology                                    | 7.9%                              | 18.8%         | 31.5%         | 17.1%         | —                       |
| Metals & Mining                               | 20.1%                             | 6.3%          | —             | 45.7%         | —                       |
| Real Estate & Hospitality                     | 13.1%                             | 31.3%         | 9.3%          | —             | —                       |
| Infrastructure                                | 0.9%                              | 6.3%          | —             | —             | —                       |
| Energy                                        | 5.8%                              | 12.3%         | —             | 22.9%         | —                       |
| Financials, Diversified and Investment Trusts | 34.4%                             | 25.0%         | —             | —             | —                       |
| Other                                         | 7.5%                              | —             | —             | —             | —                       |
| Media & Telecommunications                    | 0.3%                              | —             | —             | —             | —                       |
| Sustainability                                | —                                 | —             | 7.4%          | —             | —                       |
| Consumer & Retail                             | 4.0%                              | —             | 1.7%          | 2.9%          | —                       |
| Aerospace & Defense                           | —                                 | —             | 1.9%          | —             | —                       |
| Ag & Fertilizers                              | 2.7%                              | —             | —             | —             | —                       |
| <b>Total</b>                                  | <b>100.0%</b>                     | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>—</b>                |

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

| Sectors                                       | For the year ended March 31, 2018 |               |               |               |                         |
|-----------------------------------------------|-----------------------------------|---------------|---------------|---------------|-------------------------|
|                                               | Canada                            | UK            | US            | Australia     | Other Foreign Locations |
| Healthcare & Life Sciences                    | 59.4%                             | —             | 47.2%         | 31.1%         | —                       |
| Technology                                    | 11.0%                             | 16.7%         | 44.5%         | 3.8%          | —                       |
| Metals & Mining                               | 11.2%                             | 1.6%          | 0.1%          | 54.6%         | —                       |
| Real Estate & Hospitality                     | 5.2%                              | 34.1%         | 1.5%          | —             | —                       |
| Infrastructure                                | 0.6%                              | 19.8%         | —             | 0.1%          | —                       |
| Energy                                        | 2.1%                              | 2.8%          | 0.2%          | 7.4%          | —                       |
| Financials, Diversified and Investment Trusts | 1.8%                              | 25.0%         | —             | 0.3%          | —                       |
| Other                                         | 4.1%                              | —             | —             | 0.3%          | —                       |
| Media & Telecommunications                    | 2.7%                              | —             | —             | —             | —                       |
| Sustainability                                | —                                 | —             | 4.0%          | 1.4%          | —                       |
| Consumer & Retail                             | 1.3%                              | —             | 0.7%          | 1.0%          | —                       |
| Aerospace & Defense                           | —                                 | —             | 1.8%          | —             | —                       |
| Ag & Fertilizers                              | 0.3%                              | —             | —             | —             | —                       |
| Structured Products                           | 0.2%                              | —             | —             | —             | —                       |
| Transportation                                | 0.1%                              | —             | —             | —             | —                       |
| <b>Total</b>                                  | <b>100.0%</b>                     | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>—</b>                |

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

## EXPENSES

Expenses for fiscal 2018 were \$607.9 million, an increase of 13.4% or \$72.0 million compared year over year. Excluding significant items<sup>(1)</sup>, total expenses for fiscal 2018 were \$558.5 million, an increase of 4.9% or \$25.9 million compared to fiscal 2017, and decreased by 1.6 percentage points as a percentage of revenue.

### Incentive compensation and salaries and benefits

#### Long-term incentive plan

Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards that were made as part of the normal course incentive compensation payment cycle. With the change, RSUs will 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, for accounting purposes, the RSUs granted as part of the normal course incentive compensation payment cycle will now be expensed in the period in which those awards are deemed to be earned, 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. Accordingly, a charge of \$42.4 million was recorded for the Canaccord Genuity segment in respect of awards granted prior to fiscal 2018 including the acceleration of the remaining expense for certain awards which had not been fully amortized as of March 31, 2018. This charge was excluded from the calculation of the total compensation ratios noted below and included as a significant item<sup>(1)</sup> for purposes of our adjusted earnings (i.e. excluding significant items). The costs associated with LTIP awards granted for fiscal 2018 was included as part of incentive compensation expense.

Incentive compensation expense excluding the accelerated expense related to certain share-based awards referred to above for fiscal 2018 increased by \$21.1 million or 6.4% compared to fiscal 2017. Incentive compensation expense as a percentage of revenue was 55.1%, a slight decrease of 0.1 percentage point from fiscal 2017. Salaries and benefits expense for fiscal 2018 decreased by \$0.6 million or 2.3% compared to fiscal 2017. Total compensation expense (incentive compensation expense excluding the accelerated expense related to certain share-based awards referred to above plus salaries and benefits) as a percentage of revenue was 0.4 percentage points lower than fiscal 2017, at 59.1% for the year ended March 31, 2018.

Across all regions, total compensation expense as a percentage of revenue has remained fairly consistent with fiscal 2017, in line with our efforts to monitor all compensation costs closely. In Canada, total compensation as a percentage of revenue decreased slightly by 0.4 percentage point compared to fiscal 2017. Our US operations recorded a compensation ratio of 59.3% in fiscal 2018, also a slight decrease of 0.3 percentage points compared to the prior year. In our UK operations, total compensation expense as a percentage of revenue increased by 1.3 percentage points compared to fiscal 2017 as a result of the decline in revenue relative to fixed staff costs. Total compensation expense as a percentage of revenue in our Australian operations was 57.2%, an increase of 1.4 percentage points due to the decrease in revenue and the non-variable nature of certain staff costs.

### Canaccord Genuity total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue by geography

|                                  | For the years ended March 31 |              |                   |
|----------------------------------|------------------------------|--------------|-------------------|
|                                  | 2018                         | 2017         | 2018/2017 change  |
| Canada                           | 54.6%                        | 55.0%        | (0.4) p.p.        |
| UK & Europe                      | 66.7%                        | 65.4%        | 1.3 p.p.          |
| US                               | 59.3%                        | 59.6%        | (0.3) p.p.        |
| Australia                        | 57.2%                        | 55.8%        | 1.4 p.p.          |
| Other Foreign Locations          | n.m.                         | 92.3%        | n.m.              |
| <b>Canaccord Genuity (total)</b> | <b>59.1%</b>                 | <b>59.6%</b> | <b>(0.4) p.p.</b> |

p.p.: percentage points  
n.m.: not meaningful

### Other overhead expenses

Other overhead expenses were \$183.3 million for fiscal 2018 compared to \$179.5 million in fiscal 2017, an increase of \$3.8 million or 2.1%. As a percentage of revenue, other overhead expenses excluding significant items<sup>(1)</sup> was 1.0 percentage point lower compared to fiscal 2017, reflecting the increase in revenue as well as the fixed nature of certain overhead expenses. The most significant increases in overhead costs compared to the prior year include trading costs and general and administrative expense, offset by decreases in amortization expense and development costs.

The increase in trading costs was mainly due to higher execution and settlement charges in connection with our UK operations.

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

General and administrative expense increased by \$5.3 million compared to fiscal 2017. Our Canadian operations experienced an increase of \$8.4 million compared to fiscal 2017 as a result of additional professional and promotion and travel expenses to support the growth in business activity and higher headcount in this region. Offsetting this increase in Canada were decreases in both our US and UK capital markets operations, in line with the reduced headcount in these two regions and restructuring efforts undertaken during fiscal 2018.

Amortization expense decreased by \$1.2 million to \$9.5 million compared to the prior year due to a decrease in amortization of intangible assets in our Australian operations.

Communication and technology expense increased by \$0.7 million to \$36.5 million for the year ended March 31, 2018, primarily attributable to an increase in our Canadian operations due to higher headcount.

Development costs decreased by \$1.9 million from last year to \$0.7 million in fiscal 2018, partially due to lower hiring incentives and recruitment costs in all regions.

During the year ended March 31, 2018, there were restructuring costs incurred of \$4.7 million related to staff reductions in our US and Canadian capital markets operations, as well as costs related to certain trading operations in Dublin. No restructuring costs were recorded in the prior year.

### INCOME BEFORE INCOME TAXES

Income before income taxes in fiscal 2018 was \$13.1 million, a decrease of \$31.1 million or 70.3% compared to fiscal 2017. Excluding significant items<sup>(1)</sup>, income before income taxes, including allocated overhead expenses, increased from \$46.4 million to income before income taxes of \$62.5 million in fiscal 2018. The increase in income before income tax excluding significant items<sup>(1)</sup> was attributable to higher revenue generated in our Canadian and US operating segments combined with a reduction in overhead expenses.

### 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) from investment banking and venture capital transactions. The Company has wealth management operations in Canada, the UK & Europe, and Australia. During the year ended March 31, 2018, the Company completed its acquisition of Hargreave Hale, expanding its wealth management operations in the UK & Europe.

In the UK & Europe, Canaccord Genuity Wealth Management has 12 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. With 68.5% of its fiscal 2018 revenue generated from recurring fee-based activity, this geography has a significantly higher proportion of fee-based revenue than the Company's Canadian wealth management businesses. 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 18 funds managed by Canaccord Genuity Wealth Management portfolio managers.

At March 31, 2018 Canaccord Genuity Wealth Management had 15 offices located across Canada, including five Independent Wealth Management (IWM) locations. 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 performance 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.

With 68.5% of the division's revenue derived from recurring, fee-based activities, the revenue stream generated through Canaccord Genuity Wealth Management's UK & European 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 domestic intermediaries and international fund companies. The Company will continue to pursue strategic opportunities to increase the scale of its UK wealth management business.

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 the benefits of our independent global platform to help drive continued recruiting success in select markets. The Company also intends to invest further in training

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

programs for new and existing Investment Advisors to continue developing the skills of our Advisory Teams and to support the growth of fee-based services offered through the Canadian business. We maintain a strong focus on attracting and retaining high quality advisors, investing in 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 still has a relatively small wealth management operation; however, expansion is expected to occur through targeted recruiting, and through the build-out of wealth management services and products in this market.

## FINANCIAL PERFORMANCE – NORTH AMERICA<sup>(1)(2)</sup>

| (C\$ thousands, except AUM and AUA (in C\$ millions),<br>number of employees, Advisory Teams and % amounts) | For the years ended March 31 |            |                  |        |
|-------------------------------------------------------------------------------------------------------------|------------------------------|------------|------------------|--------|
|                                                                                                             | 2018                         | 2017       | 2018/2017 change |        |
| Revenue                                                                                                     | \$ 168,882                   | \$ 132,292 | \$ 36,590        | 27.7%  |
| Expenses                                                                                                    |                              |            |                  |        |
| Non-share based incentive compensation                                                                      | 85,430                       | 65,909     | 19,521           | 29.6%  |
| Share based incentive compensation                                                                          | 952                          | 824        | 128              | 15.5%  |
| Salaries and benefits                                                                                       | 11,315                       | 11,335     | (20)             | (0.2)% |
| Other overhead expenses                                                                                     | 36,795                       | 36,756     | 39               | (0.1)% |
| Acceleration of long term incentive plan expense <sup>(6)</sup>                                             | 668                          | —          | 668              | n.m.   |
| Restructuring costs                                                                                         | —                            | —          | —                | —      |
| Total expenses                                                                                              | 135,160                      | 114,824    | 20,336           | 17.7%  |
| Intersegment allocations <sup>(3)</sup>                                                                     | 14,200                       | 15,504     | (1,304)          | (8.4)% |
| Income before income taxes <sup>(3)</sup>                                                                   | \$ 19,522                    | \$ 1,964   | \$ 17,558        | n.m.   |
| AUM – Canada (discretionary) <sup>(4)</sup>                                                                 | 2,815                        | 2,637      | 178              | 6.8%   |
| AUA – Canada <sup>(5)</sup>                                                                                 | 15,567                       | 13,228     | 2,339            | 17.7%  |
| Number of Advisory Teams – Canada                                                                           | 142                          | 141        | 1                | 0.7%   |
| Number of employees                                                                                         | 379                          | 359        | 20               | 5.6%   |
| <b>Excluding significant items<sup>(7)</sup></b>                                                            |                              |            |                  |        |
| Total expenses                                                                                              | \$ 134,492                   | \$ 114,824 | \$ 19,668        | 17.1%  |
| Intersegment allocations <sup>(3)</sup>                                                                     | 14,200                       | 15,504     | (1,304)          | (8.4)% |
| Income before income taxes <sup>(3)</sup>                                                                   | 20,190                       | 1,964      | 18,226           | n.m.   |

(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 (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 43.

(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) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$0.7 million for the Canaccord Genuity Wealth Management North America segment.

(7) Refer to the Selected Financial Information Excluding Significant Items table on page 23.

n.m.: not meaningful

Revenue from Canaccord Genuity Wealth Management North America was \$168.9 million, an increase of \$36.6 million or 27.7% from fiscal 2017, as a result of stabilizing market conditions and improved client and corporate finance activities. We continue to focus on growth in our fee-based and proprietary asset management offerings. As a key distribution channel for our capital markets business, the increased investment banking activity contributed to the overall increases in revenue in fiscal 2018 compared to fiscal 2017 in our Canadian wealth management business.

AUA in Canada increased by 17.7% to \$15.6 billion at March 31, 2018 from \$13.2 billion at March 31, 2017, reflecting our development initiatives in this sector as well as higher market values over the year. There were 142 Advisory Teams in Canada, an increase of one from a year ago. The fee-based revenue in our North American operations was 1.2 percentage points lower than in the prior year and accounted for 33.5% of the wealth management revenue earned in Canada during the year ended March 31, 2018. The slight decrease in fee-based revenue as a percentage of revenue was primarily a result of strong transaction-based revenue during the year which was led by a 74.1% increase in investment banking revenue attributable to private client activity primarily in companies in new and developing industries.

Expenses for fiscal 2018 were \$135.2 million, an increase of \$20.3 million or 17.7% from fiscal 2017. As a result of the revenue increase in the current fiscal year compared to fiscal 2017 and the relatively fixed nature of expenses other than incentive compensation, total expenses as a percentage of revenue decreased by 6.8 percentage points compared to last year.

Effective as of March 31, 2018 the LTIP was changed to remove certain employment-related conditions for the vesting of RSU awards that were made as part of the normal course incentive compensation payment cycle. With the change, RSUs will 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, for accounting purposes, the RSUs granted as part of the normal course incentive compensation payment cycle will now be expensed in the period in which those awards are deemed to be earned, 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. Accordingly, a charge of \$0.7 million in respect of awards granted prior to fiscal 2018 including the acceleration of the remaining expense for certain awards which had not been fully amortized as of March 31, 2018 was recorded in fiscal 2018. This non-cash accounting charge was excluded from the calculation of the total compensation ratio as noted above below and included as a significant item<sup>(1)</sup> as it represented a singular charge of a non-operating nature. The costs associated with the LTIP awards granted for fiscal 2018 was included as part of incentive compensation expense.

Incentive compensation expense excluding the accelerated expense related to certain share-based awards referred to above increased by \$19.6 million or 29.4% compared to prior year, consistent with the increase in incentive-based revenue. Salaries and benefits expense remained consistent with the prior year. Total compensation expense (incentive compensation expense excluding the accelerated expense related to certain share-based awards referred to above plus salaries and benefits) as a percentage of revenue decreased by 1.2 percentage points compared to last year to 57.8% in fiscal 2018, reflecting the increase in revenue in fiscal 2018.

Other overhead expenses remained consistent with the prior year despite the increase in revenue. Trading costs decreased by \$0.9 million as a result of a change in the re-allocation of certain trading, clearing and settlement charges from our Corporate and Other segment. Premise and equipment expense also decreased by \$0.6 million compared to fiscal 2017 as a result of the rationalization of office space. These decreases in overhead expenses were partially offset by higher development costs recorded in fiscal 2108 as a result of increased new-hire incentive payments.

Income before income taxes increased by \$17.6 million in fiscal 2018 to \$19.5 million as a result of the net increase in revenue after variable costs and continued expense containment efforts in this operating segment.

#### FINANCIAL PERFORMANCE – UK & EUROPE<sup>(1)(5)</sup>

| (C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and % amounts) | For the years ended March 31 |            |                  |         |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------|------------------|---------|
|                                                                                                                               | 2018                         | 2017       | 2018/2017 change |         |
| Revenue                                                                                                                       | \$ 201,383                   | \$ 134,819 | \$ 66,564        | 49.4%   |
| Expenses                                                                                                                      |                              |            |                  |         |
| Non-share based incentive compensation                                                                                        | 73,222                       | 45,755     | 27,467           | 60.0%   |
| Share based incentive compensation                                                                                            | 4,081                        | 1,884      | 2,197            | 116.6%  |
| Salaries and benefits                                                                                                         | 36,214                       | 21,711     | 14,503           | 66.8%   |
| Other overhead expenses                                                                                                       | 58,999                       | 41,874     | 17,125           | 40.9%   |
| Acceleration of long term incentive plan expense <sup>(6)</sup>                                                               | 3,390                        | —          | 3,390            | n.m.    |
| Restructuring costs                                                                                                           | 2,939                        | —          | 2,939            | n.m.    |
| Acquisition-related costs                                                                                                     | 6,732                        | —          | 6,732            | n.m.    |
| Total expenses                                                                                                                | 185,577                      | 111,224    | 74,353           | 66.8%   |
| Intersegment allocations <sup>(2)</sup>                                                                                       | 1,329                        | 1,292      | 37               | 2.9%    |
| Income before income taxes <sup>(2)</sup>                                                                                     | \$ 14,477                    | \$ 22,303  | \$ (7,826)       | (35.1)% |
| AUM – UK & Europe <sup>(3)</sup>                                                                                              | 44,877                       | 24,526     | 20,351           | 83.0%   |
| Number of investment professionals and fund managers – UK & Europe                                                            | 188                          | 118        | 70               | 59.3%   |
| Number of employees                                                                                                           | 559                          | 313        | 246              | 78.6%   |
| Excluding significant items <sup>(4)</sup>                                                                                    |                              |            |                  |         |
| Total expenses                                                                                                                | \$ 162,702                   | \$ 105,962 | \$ 56,740        | 53.5%   |
| Intersegment allocations <sup>(2)</sup>                                                                                       | 1,329                        | 1,292      | 37               | 2.9%    |
| Income before income taxes <sup>(2)</sup>                                                                                     | 37,352                       | 27,565     | 9,787            | 35.5%   |

(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 43.

(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 23.

(5) Includes the operating results of Hargreave Hale since the closing date of September 18, 2017.

(6) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$3.4 million in the Canaccord Genuity Wealth Management (UK & Europe) segment.

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

Operating results of Hargreave Hale are included under Canaccord Genuity Wealth Management (UK & Europe) since the closing date of September 18, 2017.

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 2018 was \$201.4 million, an increase of 49.4% compared to fiscal 2017. Measured in local currency (GBP), revenue was £118.0 million during fiscal 2018, an increase of £38.4 million or 49.2% compared to the previous year. Hargreave Hale contributed £30.8 million or 79.2% of the total increase in revenue compared to fiscal 2017.

AUM in the UK & Europe as of March 31, 2018 was \$44.9 billion, an increase of 83.0% compared to \$24.5 billion as of March 31, 2017. Measured in local currency (GBP), AUM increased by 69.0% when compared to March 31, 2017, with Hargreave Hale contributing 96.0 percentage points of this increase. The fee-related revenue in our UK & European wealth management operations accounted for 68.5% of total revenue in this geography in fiscal 2018, a decrease of 0.7 percentage points compared to last year as a result of the increase in transactional revenue.

As discussed above, effective as of March 31, 2018, the LTIP Plan was changed to remove certain employment-related conditions for the vesting of RUS awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of 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, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards which had not been fully amortized as of March 31, 2018. The total amount of LTIP expense in respect of awards granted prior to fiscal 2018 including the acceleration of the remaining expense for certain awards which had not been fully amortized as of March 31, 2018 was \$3.4 million for our UK & Europe wealth management operations. This non-cash accounting charge was excluded from the calculation of the total compensation ratio and included as a significant item<sup>(1)</sup> as it represented a singular charge of a non-operating nature. The costs associated with LTIP awards granted for fiscal 2018 was included as part of incentive compensation expense.

Incentive compensation expense (excluding the accelerated expense related to certain share-based awards referred to above) was \$77.3 million, a \$29.7 million increase from \$47.6 million in fiscal 2017, in line with the increase in incentive-based commissions and fees revenue. Salaries and benefits expense increased by \$14.5 million compared to fiscal 2017 to \$36.2 million primarily as a result of a larger team required to support the growth in the existing UK & Europe wealth management business as well as the newly acquired Hargreave Hale operations. Total compensation expense (incentive compensation expense excluding the accelerated expense related to certain share-based awards referred to above plus salaries and benefits) as a percentage of revenue increased by 4.9 percentage points from 51.4% in fiscal 2017 to 56.4% in fiscal 2018 mainly due to the increase in fixed staff costs as discussed above.

Other overhead expenses for the year ended March 31, 2018 increased by \$17.1 million or 40.9% compared to last year. The increased headcount and expanded operations resulting from the acquisition of Hargreave Hale in Q2/18 led to an increase in most of our overhead expenses, particularly in communication and technology as well as general and administrative expense. Amortization expense for fiscal 2018 also increased by \$3.5 million mainly as a result of the intangible assets amortization in connection with the acquisition of Hargreave Hale. Partially offsetting these increases was a \$0.4 million decrease in development costs compared to the prior year as a result of lower hiring incentives.

Included in development costs were \$1.5 million of incentive-based payments related to the acquisition of Hargreave Hale.

There were \$2.9 million of restructuring costs recorded in fiscal 2018 related to the rationalization of office space due to the acquisition of Hargreave Hale. No restructuring costs were recorded during the same period last year.

The Company also recorded \$6.7 million of acquisition-related costs in relation to the acquisition of Hargreave Hale for the year ended March 31, 2018. The acquisition-related costs included professional and consulting fees incurred during the year.

Income before income taxes was \$14.5 million compared to \$22.3 million in the same period a year ago mainly as a result of the restructuring and acquisition-related costs incurred during fiscal 2018, as well as the acceleration of LTIP expense, as discussed above. Excluding significant items<sup>(1)</sup>, income before income taxes was \$37.4 million, an increase of \$9.8 million or 35.5% 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 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.

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

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, and other administrative functions. The Company has 288 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<sup>(1)</sup>

| (C\$ thousands, except number of employees and % amounts)       | For the years ended March 31 |             |                  |         |
|-----------------------------------------------------------------|------------------------------|-------------|------------------|---------|
|                                                                 | 2018                         | 2017        | 2018/2017 change |         |
| Revenue                                                         | \$ 15,056                    | \$ 14,044   | \$ 1,012         | 7.2%    |
| Expenses                                                        |                              |             |                  |         |
| Non-share based incentive compensation                          | 8,479                        | 8,718       | (239)            | (2.7)%  |
| Share based incentive compensation                              | 2,992                        | 1,596       | 1,396            | 87.5%   |
| Salaries and benefits                                           | 26,198                       | 26,554      | (356)            | (1.3)%  |
| Other overhead expenses                                         | 18,623                       | 26,833      | (8,210)          | (30.6)% |
| Acceleration of long-term incentive plan expense <sup>(3)</sup> | 1,898                        | —           | 1,898            | n.m.    |
| Share of loss of an associate                                   | 298                          | —           | 298              | n.m.    |
| Total expenses                                                  | 58,488                       | 63,701      | (5,213)          | (8.2)%  |
| Intersegment allocations <sup>(2)</sup>                         | (32,053)                     | (35,006)    | 2,953            | 8.4%    |
| Loss before income tax recovery <sup>(2)</sup>                  | \$ (11,379)                  | \$ (14,651) | \$ 3,272         | 22.3%   |
| Number of employees                                             | 288                          | 279         | 9                | 3.2%    |
| Excluding significant items <sup>(4)</sup>                      |                              |             |                  |         |
| Total expenses                                                  | \$ 56,590                    | \$ 63,701   | \$ (7,111)       | (11.2)% |
| Intersegment allocations <sup>(2)</sup>                         | (32,053)                     | (35,006)    | 2,953            | 8.4%    |
| Loss before income taxes (recovery) <sup>(2)</sup>              | (9,481)                      | (14,651)    | 5,170            | 35.3%   |

(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.

(3) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$1.9 million for our Corporate and Other segment.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 23.

Revenue for fiscal 2018 was \$15.1 million, an increase of \$1.0 million or 7.2% from fiscal 2017 primarily related to an increase in foreign exchange gains.

Total expenses were \$58.5 million for the year ended March 31, 2018, a decrease of \$5.2 million or 8.2% compared to the prior year. Total compensation expense increased by \$0.8 million compared to the prior year.

The total amount of LTIP expense recorded in respect of awards granted prior to fiscal 2018 including the acceleration of the remaining expense for certain awards which had not been fully amortized as of March 31, 2018 was \$1.9 million. This non-cash accounting charge was included as a significant item<sup>(1)</sup> in our adjusted earnings (i.e. excluding significant items).

Other overhead expenses decreased by \$8.2 million or 30.6% compared to the prior year. The most significant decreases were premises and equipment expense, general and administrative expense and development costs. Premises and equipment expense decreased by \$4.4 million compared to the year ended March 31, 2017 as a result of costs associated with the rationalization of our office space in Toronto recorded in the prior year. General and administrative expense decreased by \$5.0 million as a result of higher professional fees incurred in the prior year as well as cost reduction efforts made during the year. There was an accounting impairment charge of \$2.4 million recorded in fiscal 2017 related an investment which was the primary reason for the decrease in development costs. Offsetting these decreases was a \$3.3 million increase in interest expense, partially related to the convertible debentures issued during the third quarter of fiscal 2017.

Loss before income taxes was \$11.3 million for fiscal 2018 compared to a loss before income taxes of \$14.7 million for the prior year. Excluding significant items<sup>(1)</sup>, loss before income taxes was \$9.5 million for the year ended March 31, 2018 compared to a loss before income taxes of \$14.7 million last year as a result of a reduction in overhead expenses.

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

## 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 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 UK & Europe to Canaccord Genuity Wealth Management UK & Europe and included in intersegment allocated costs for these business units.

## Financial Condition

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

|                                                   | Balance sheet summary as at March 31 |                     |                     |                     |                     |
|---------------------------------------------------|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| (C\$ thousands)                                   | 2018                                 | 2017                | 2016                | 2015                | 2014                |
| <b>Assets</b>                                     |                                      |                     |                     |                     |                     |
| Cash and cash equivalents                         | \$ 862,838                           | \$ 677,769          | \$ 428,329          | \$ 322,324          | \$ 364,296          |
| Securities owned                                  | 469,217                              | 784,230             | 564,746             | 848,128             | 1,143,201           |
| Accounts receivable                               | 2,215,837                            | 3,395,736           | 2,041,150           | 2,491,488           | 2,785,898           |
| Income taxes recoverable                          | 1,170                                | 1,085               | 12,537              | 5,295               | 3,983               |
| Deferred tax assets                               | 19,941                               | 15,323              | 11,221              | 10,148              | 9,735               |
| Investments                                       | 2,035                                | 2,829               | 5,578               | 8,693               | 9,977               |
| Equipment and leasehold improvements              | 30,967                               | 31,479              | 37,049              | 43,373              | 50,975              |
| Goodwill and other intangible assets              | 418,731                              | 295,065             | 323,936             | 640,456             | 646,557             |
| <b>Total assets</b>                               | <b>\$ 4,020,736</b>                  | <b>\$ 5,203,516</b> | <b>\$ 3,424,546</b> | <b>\$ 4,369,905</b> | <b>\$ 5,014,622</b> |
| <b>Liabilities and shareholders' equity</b>       |                                      |                     |                     |                     |                     |
| Bank indebtedness                                 | \$ —                                 | \$ 25,280           | \$ 14,910           | \$ 20,264           | \$ —                |
| Securities sold short                             | 301,006                              | 645,742             | 427,435             | 654,639             | 913,913             |
| Accounts payable and accrued liabilities          | 2,638,954                            | 3,669,883           | 2,185,047           | 2,527,636           | 2,877,933           |
| Provisions                                        | 8,428                                | 11,793              | 18,811              | 14,320              | 10,334              |
| Income taxes payable                              | 7,851                                | 10,093              | 4,242               | 8,172               | 10,822              |
| Current portion of bank loan                      | 9,679                                | —                   | —                   | —                   | —                   |
| Deferred consideration                            | 9,997                                | —                   | —                   | —                   | —                   |
| Contingent consideration                          | 49,844                               | —                   | —                   | —                   | —                   |
| Bank loan                                         | 61,758                               | —                   | —                   | —                   | —                   |
| Deferred tax liabilities                          | 13,715                               | 140                 | 450                 | 2,057               | 3,028               |
| Liability portion of Convertible Debenture        | 57,081                               | 56,442              | —                   | —                   | —                   |
| Subordinated debt                                 | 7,500                                | 7,500               | 15,000              | 15,000              | 15,000              |
| Shareholders' equity                              | 841,352                              | 764,785             | 749,929             | 1,117,542           | 1,168,680           |
| Non-controlling interests                         | 13,571                               | 11,858              | 8,722               | 10,275              | 14,912              |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 4,020,736</b>                  | <b>\$ 5,203,516</b> | <b>\$ 3,424,546</b> | <b>\$ 4,369,905</b> | <b>\$ 5,014,622</b> |

## ASSETS

Cash and cash equivalents were \$862.8 million at March 31, 2018 compared to \$677.8 million at March 31, 2017. Refer to the Liquidity and Capital Resources section for more details.

Securities owned were \$469.2 million at March 31, 2018 compared to \$784.2 million at March 31, 2017 mainly due to a decrease in corporate and government debt owned.

Accounts receivable were \$2.2 billion at March 31, 2018 compared to \$3.4 billion at March 31, 2017, mainly due to a decrease in receivables from brokers and investment dealers.

Goodwill was \$258.0 million and intangible assets were \$160.8 million at March 31, 2018. At March 31, 2017, goodwill was \$192.2 million and intangible assets were \$102.8 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., and as of September 18, 2017, Hargreave Hale.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment, investments and leasehold improvements were \$54.1 million at March 31, 2018 compared to \$50.7 million at March 31, 2017, mainly due to an increase in deferred tax assets. The Company, through a wholly-owned subsidiary, invested \$2.5 million in Canaccord Genuity Acquisition Corp. ("CGAC"), a

special purpose acquisition corporation formed for the purpose of effecting an acquisition of one or more businesses. The investment is accounted for using the equity method. The Company's equity portion of the net loss of CGAC for the year ended March 31, 2018 was \$0.3 million.

### LIABILITIES AND SHAREHOLDERS' EQUITY

Bank overdrafts and call loan facilities utilized by the Company may vary significantly on a day-to-day basis and depend on securities trading activity. On March 31, 2018, Canaccord Genuity Group had available credit facilities with banks in Canada and the UK & Europe in the aggregate amount of \$669.2 million [March 31, 2017 – \$602.6 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. On March 31, 2018, there was bank indebtedness of \$nil, compared to \$25.3 million on March 31, 2017.

Securities sold short were \$301.0 million at March 31, 2018 compared to \$645.7 million at March 31, 2017, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were \$2.6 billion, a decrease from \$3.7 billion on March 31, 2017, mainly due to a decrease in payables to clients and brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable and deferred tax liabilities, were \$29.1 million at March 31, 2018 compared to \$17.7 million in the prior year. The increase was mostly due to an increase in deferred tax liabilities recognized on intangible assets related to the acquisition of Hargreave Hale.

In connection with our acquisition of Hargreave Hale through a subsidiary of the Company, that subsidiary obtained a £40.0 million (C\$72.5 million as of March 31, 2018) bank loan to finance a portion of the cash consideration. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum. In connection with the acquisition, there was also deferred and contingent consideration of \$10.0 million and \$49.8 million, respectively, recorded as of March 31, 2018. Refer to Note 12 of the audited consolidated financial statements for the year ended March 31, 2018 for further information on the purchase consideration for Hargreave Hale.

Bank overdrafts and call loan facilities utilized by the Company may vary significantly on a day-to-day basis and depend on securities trading activity. At March 31, 2018, excluding the bank loan discussed above related to the Hargreave Hale acquisition, the Company had available other credit facilities with banks in Canada and the UK in the aggregate amount of \$669.2 million [March 31, 2017 – \$602.6 million]. These credit facilities, consisting of call loans, subordinated debt, letters of credit and daylight overdraft facilities, are collateralized by either unpaid client securities and/or securities owned by the Company. As of March 31, 2018, and 2017, there were no balances outstanding under these other credit facilities.

Non-controlling interests were \$13.6 million at March 31, 2018 compared to \$11.9 million at March 31, 2017, which represents 42% of the net assets of our operations in Australia.

### Off-Balance Sheet Arrangements

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A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling \$2.6 million (US\$2.0 million) [March 31, 2017 – \$2.7 million (US\$2.0 million)] as rent guarantees for its leased premises in New York.

### Bank Indebtedness and Other Credit Facilities

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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, 2018, the Company had \$nil of bank indebtedness outstanding [March 31, 2017 – \$25.3 million].

In connection with the acquisition of Hargreave Hale, a subsidiary of the Company obtained a £40.0 million (C\$72.5 million as of March 31, 2018) bank loan to finance a portion of the cash consideration. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum.

As discussed above, excluding the bank loan related to the acquisition, subsidiaries of the Company also have other credit facilities, such as call loans, letters of credit and overdraft facilities, with banks in Canada and the UK. The aggregate amount of other credit facilities available to the Company was \$669.2 million as of March 31, 2018 [March 31, 2017 – \$602.6 million]. As of March 31, 2018, there were no balances outstanding under these other credit facilities.

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

The following table summarizes Canaccord Genuity Group's long term contractual obligations on March 31, 2018:

| (C\$ thousands)                         | Total   | Fiscal 2019 | Fiscal 2020 –<br>Fiscal 2021 | Fiscal 2022 –<br>Fiscal 2023 | Thereafter |
|-----------------------------------------|---------|-------------|------------------------------|------------------------------|------------|
| Premises and equipment operating leases | 177,165 | 32,476      | 59,427                       | 44,517                       | 40,745     |
| Bank loan <sup>(1)</sup>                | 72,500  | 9,679       | 24,179                       | 38,642                       | —          |
| Convertible debentures <sup>(2)</sup>   | 75,600  | 3,900       | 7,800                        | 63,900                       | —          |
| Total contractual obligations           | 325,265 | 46,055      | 91,406                       | 147,059                      | 40,745     |

(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. The bank loan bears interest at LIBOR plus 3.375% per annum and is repayable in instalments of principal and interest over 4 years and matures in September of 2021.

(2) Convertible debentures consist of the unsecured senior subordinated convertible debentures (the "Debentures") issued in Q3/17. The Debentures bear interest at a rate of 6.50% per annum and mature on December 31, 2021. The Company, under certain circumstances, may redeem the Debentures on or after December 31, 2019.

## Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, contributed surplus, debentures, warrants, retained earnings and accumulated other comprehensive income. On March 31, 2018, cash and cash equivalents were \$862.8 million, an increase of \$185.1 million from \$677.8 million as of March 31, 2017. During the year ended March 31, 2018, financing activities used cash in the amount of \$10.3 million, mainly due to cash used in the acquisition of common shares for the Company's long-term incentive plan, payment of preferred and common share dividends, and a decrease in bank indebtedness, partially offset by the proceeds from the bank loan obtained in relation to the acquisition of Hargreave Hale. Investing activities used cash in the amount of \$63.7 million mainly for the acquisition of Hargreave Hale and the purchase of leasehold improvements. Operating activities generated cash of \$244.1 million, which was largely due to changes in non-cash working capital. An increase in cash of \$15.0 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 three-day settlement cycle (as of September 30, 2017, the North American markets moved to a 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 ending on June 30, 2017. Commencing July 1, 2017 and ending on and including June 30, 2022, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.993%. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 4.03%.

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

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

### CONVERTIBLE DEBENTURES

In fiscal 2017, the Company issued convertible unsecured senior subordinated debentures ("Debentures") in the aggregate principal amount of \$60.0 million. The Debentures bear interest at a rate of 6.50% per annum. The Debentures are convertible at the holder's option into common shares of the Company at a conversion price of \$6.50 per share. The Debentures will mature on December 31, 2021 and may be redeemed by the Company, in certain circumstances, on or after December 31, 2019.

### Outstanding Share Data

|                                                                                     | Outstanding shares as of March 31 |             |
|-------------------------------------------------------------------------------------|-----------------------------------|-------------|
|                                                                                     | 2018                              | 2017        |
| <b>Preferred shares</b>                                                             |                                   |             |
| Series A – issued shares outstanding                                                | 4,540,000                         | 4,540,000   |
| Series C – issued shares outstanding                                                | 4,000,000                         | 4,000,000   |
| <b>Common shares</b>                                                                |                                   |             |
| Issued shares excluding unvested shares <sup>(1)</sup>                              | 93,053,875                        | 92,779,817  |
| Issued shares outstanding <sup>(2)</sup>                                            | 113,522,629                       | 113,511,468 |
| Issued shares outstanding – diluted <sup>(3)</sup>                                  | 124,294,132                       | 124,479,390 |
| Average shares outstanding – basic                                                  | 92,587,216                        | 91,656,708  |
| Average shares outstanding – diluted <sup>(4)</sup>                                 | 110,862,087                       | 101,149,072 |
| Average shares outstanding – diluted, excluding significant items <sup>(4)(5)</sup> | 120,092,836                       | 101,149,072 |

(1) Excludes 654,322 outstanding unvested shares related to share purchase loans for recruitment and 19,814,432 unvested shares purchased by the employee benefit trusts for the LTIP.

(2) Includes 654,322 unvested shares related to share purchase loans for recruitment and 19,814,432 unvested shares purchased by the employee benefit trusts for the LTIP.

(3) Includes 10,771,503 of share issuance commitments net of forfeitures.

(4) This is the diluted share number used to calculate diluted EPS. For years with net losses attributable to common shareholders, all instruments involving potential common shares were excluded from the calculation of diluted earnings per share as they were anti-dilutive.

(5) See Non-IFRS Measures on page 14. This is the diluted share number used to calculate diluted EPS on an excluding significant items basis.

On August 11, 2017, 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 5,675,573 of its common shares during the period from August 15, 2017 to August 14, 2018 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. Shareholders may obtain a copy of the notice, without charge, by contacting the Company. 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 this and the previous NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were no shares purchased and cancelled through the NCIB between April 1, 2017 and March 31, 2018.

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 15, 2017, and will continue for one year (to August 14, 2018) 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 54,968 common shares

of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX in the six calendar months from February 2017 to July 2017.)

As of May 31, 2018, the Company has 113,531,412 common shares issued and outstanding.

## ISSUANCE AND CANCELLATION OF COMMON SHARE CAPITAL

|                                                                        | Fiscal 2018        |
|------------------------------------------------------------------------|--------------------|
| <b>Total common shares issued and outstanding as of March 31, 2017</b> | <b>113,511,468</b> |
| Shares issued in connection with replacement plans                     | 11,161             |
| <b>Total common shares issued and outstanding as of March 31, 2018</b> | <b>113,522,629</b> |

## 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. When made, these loans are forgiven over a vesting period. No interest is charged related to the share purchase loans.

### REPLACEMENT PLANS

As a result of the acquisition of 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.

### SHARE OPTIONS

The Company previously granted share options to purchase common shares of the Company to independent directors and senior management. As at March 31, 2018, all share options have expired.

### DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share unit (DSU) plan for its independent directors. The independent directors can elect to have fees payable to them paid in the form of DSUs or in cash. Directors must elect annually as to how they wish their directors' fees to be paid and can specify the allocation of their directors' fees between DSUs and cash. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash, with the amount equal to the number of DSUs granted multiplied by the closing share price as of the end of the fiscal quarter immediately following such terminations. 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

For the year ended March 31, 2018, 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 3-year vesting period, the number of PSUs which vest is determined upon performance against certain pre-determined metrics. The PSUs cliff vest on the 3rd anniversary of the date of the grant. The PSUs are settled in cash, based on the average share price of the Company's shares at the time of vesting.

### 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, 2018    | March 31, 2017 |
| Canaccord Genuity Corp.                                     | Canada                   | 100%              | 100%           |
| CG Investments Inc.                                         | Canada                   | 100%              | n/a            |
| 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%              | n/a            |
| Canaccord Genuity Limited                                   | United Kingdom           | 100%              | 100%           |
| Canaccord Genuity Wealth Group Holdings Ltd.                | Canada                   | 100%              | 100%           |
| Canaccord Genuity LLC                                       | United States            | 100%              | 100%           |
| Canaccord Genuity Wealth Management (USA) Inc.              | United States            | 100%              | 100%           |
| Canaccord Genuity Wealth & Estate Planning Services Ltd.    | Canada                   | 100%              | 100%           |
| Canaccord 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 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                | 50%               | 50%            |
| Canaccord Genuity (Australia) Limited*                      | Australia                | 50%               | 50%            |
| 加通贝祥（北京）投资顾问有限公司 (Canaccord Genuity Asia (Beijing) Limited) | 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%           |

\* The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2018 the Company is considered to have a 58% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd [March 31, 2017 – 58%].

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, PSU plan, and share options. Directors have also been granted share options and have the right to acquire DSUs.

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2018 and March 31, 2017.

| (in thousands)                                             | March 31,<br>2018 | March 31,<br>2017 |
|------------------------------------------------------------|-------------------|-------------------|
| Short term employee benefits                               | \$ 10,515         | \$ 7,053          |
| Post termination benefits                                  | —                 | 1,989             |
| Share-based payments                                       | 4,933             | 3,979             |
| <b>Total compensation paid to key management personnel</b> | <b>\$ 15,448</b>  | <b>\$ 13,021</b>  |

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

| (in thousands)                           | March 31,<br>2018 | March 31,<br>2017 |
|------------------------------------------|-------------------|-------------------|
| Accounts receivable                      | \$ 969            | \$ 211            |
| Accounts payable and accrued liabilities | \$ 1,527          | \$ 219            |

## 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, 2018. The Company's consolidated financial statements for the years ended March 31, 2018 and 2017 were also prepared in accordance with IFRS.

The preparation of the March 31, 2018 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, tax losses available for carryforward, impairment of goodwill and other assets, indefinite life intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of 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 acquisition of Hargreave Hale.

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, 2018.

## CONSOLIDATION

The Company owns 50% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2018. The Company also completed an evaluation of its contractual arrangement with the other shareholders 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, 2018 and 2017. Therefore, the financial position, financial performance, and cash flows of CGAL have been consolidated. Although the Company owns 50% of the issued shares of CGAL, for accounting purposes, as of March 31, 2018, the Company is considered to have a 58% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. and therefore has recognized a 42% non-controlling interest (March 31, 2017 – 42%), which represents the portion of CGAL's net identifiable assets not owned by the Company. At the date of acquisition, the non-controlling interest was determined using the proportionate method. Net income (loss) and each component of other comprehensive income (loss) 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 to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent.

Commissions and fees revenue consists of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded as a reduction of commission revenues.

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. Revenue from underwritings and other corporate finance activities is recorded when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Advisory fees consist of management and advisory fees that are recognized on an accrual basis. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Principal trading revenue consists of income earned in connection with principal trading operations and is recognized on a trade date basis.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash and cash equivalents balances, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest revenue is recognized on an effective interest rate basis. Dividend income is recognized when the right to receive payment is established.

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

## **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 "LTIP" (or the "Plan").

Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash. For the year ended March 31, 2018, 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.

Effective as of March 31, 2018 the Plan was changed so that the vesting of certain RSUs was no longer necessarily contingent upon continued employment. With the change, RSUs will 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 and PSUs 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.

**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

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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 Critical Accounting Policies and Estimates in this MD&A. For additional information regarding the Company's financial instruments, refer to Note 7 of the Audited Consolidated Financial Statements for the year ended March 31, 2018.

### 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, 2018, forward contracts outstanding to sell US dollars had a notional amount of US\$17.7 million, a decrease of US\$4.4 million compared to March 31, 2017. Forward contracts outstanding to buy US dollars had a notional amount of US\$2.1 million, a decrease of US\$0.8 million from March 31, 2017. 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, 2018, the notional amount of the Canadian bond futures contracts outstanding was long \$0.1 million [March 31, 2017 – long \$0.5 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, 2018 and March 31, 2017.

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.

## Future Changes in Accounting Policies and Estimates

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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

Standards issued, which may be reasonably expected to impact upon the Company's financial statements, but which are not yet effective are listed below.

#### IFRS 15, "REVENUE FROM CONTRACTS WITH CUSTOMERS"

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods on or after January 1, 2018, with early adoption permitted. Either a modified retrospective application or full retrospective application is permitted under IFRS 15. The Company will be adopting IFRS 15 for its fiscal year ending March 31, 2019 using the modified retrospective application approach.

The Company has evaluated the impact of IFRS 15 on its various revenue streams and the assessment is as follows:

- Commissions and fees – The Company concluded there is no material change in the amount or timing of revenue recognized under the new standard as the point of transfer of risk and reward for services and transfer of control occur at the same time.
- Investment banking – The Company concluded that investment banking will generally not be affected by IFRS 15 as revenue will be recognized upon completion of the performance obligation.
- Advisory fees – The Company concluded that advisory fees will generally not be affected by IFRS 15 as revenue will be recognized upon completion of the performance obligation. In certain cases, some fees are collected based on progress and do not correspond to the satisfaction of any discrete performance obligation. Under IFRS 15, such payments may need to be deferred until the performance obligation is satisfied. The impact of this change on the amount of revenue recognized in a fiscal year is insignificant.
- Principal trading, interest and other revenue are excluded from the scope of IFRS 15.

IFRS 15 contains presentation and disclosure requirements which are more detailed than the current standards. Upon adoption of IFRS 15, the Company will provide disclosures for each of the Company's revenue streams, to supplement the revenue data that are currently presented in the segmented information disclosure. New disclosures will be presented relating to the timing of completion of the Company's performance obligations.

### **IFRS 9, "FINANCIAL INSTRUMENTS"**

In July 2014, the IASB issued IFRS 9 – Financial Instruments ("IFRS 9"), which replaces the earlier versions of IFRS 9 (2009, 2010, and 2013) and completes the IASB's project to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with the exception of hedge accounting. The Company will adopt IFRS 9 for its fiscal year ending March 31, 2019.

The Company has evaluated the impact of IFRS 9 on its consolidated financial statements and the assessment is as follows:

#### **Classification – financial assets and liabilities**

IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The Company expects to continue to classify cash and cash equivalents and securities owned as financial assets classified as FVTPL and accounts receivable as financial assets measured at amortized costs. The Company's investment in Euroclear, which is classified as available for sale as of March 31, 2018, will be reclassified as FVOCI. The classification of financial liabilities is expected to remain consistent under IFRS 9.

#### **Impairment – financial assets**

IFRS 9 introduces the new "expected credit loss" impairment model which replaces the "incurred loss" model in IAS 39. Based on its assessment, the Company does not believe that new impairment requirements will have a material impact on its financial statements given the short-term nature of the Company's receivables.

#### **Hedge accounting requirement**

IFRS 9 offers greater flexibility to the types of transactions eligible for hedge accounting. The Company does not expect this change to have any material impact on its consolidated financial statements upon adoption.

### **IFRS 16, "LEASES"**

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"), which requires lessees to recognize assets and liabilities for most leases. The new standard will be effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16 using either a full retrospective or a modified retrospective approach. The Company plans to apply IFRS 16 for its year ending March 31, 2020 but has not yet selected a transition approach.

Upon adoption of IFRS 16, the Company anticipates it will result in an increase in assets and liabilities related to leases. Due to the recognition of additional lease assets and liabilities, a higher amount of depreciation expense and interest expense on lease liabilities will be recognized under IFRS 16 compared to the current standard. Lastly, the Company expects a reduction in operating cash outflows with a corresponding increase in financing cash outflows under IFRS 16. The Company is in the process of identifying and collecting data relating to existing agreements to determine the impact of adoption of IFRS 16.

Please see Note 4 of the Audited Consolidated Financial Statements for the year ended March 31, 2018 for further information.

## Disclosure Controls and Procedures and Internal Control over Financial Reporting

### DISCLOSURE CONTROLS AND PROCEDURES

As of March 31, 2018, 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, 2018.

### 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, 2018 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, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Risk Management

### OVERVIEW

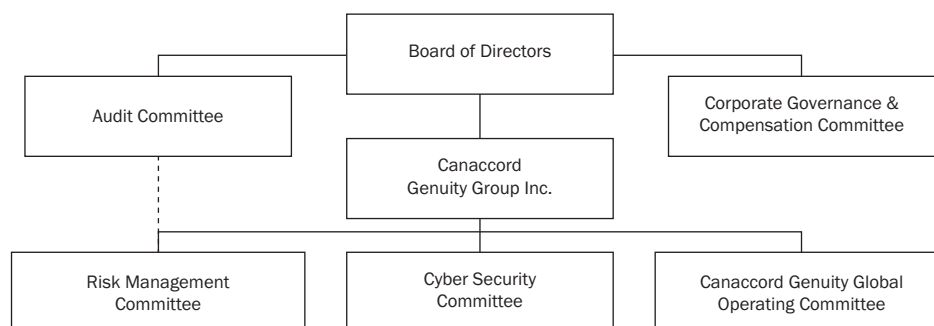
Uncertainty and risk are inherent when conducting operations within financial markets. As an active participant in the Canadian and international capital markets, the Company is exposed to risks that could result in financial losses. The Company has identified its principal risks as: market risk, credit 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.

In fiscal 2017, the Company formed a global Cyber Security Committee 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 Cyber Security Committee is focused on issues such as cyber security 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 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, and also by trading desk and by individual trader. Canaccord Genuity Group utilizes scenario analysis and a Value-at-Risk (VaR) risk measurement system for its equity and fixed income inventories. Management also regularly reviews and monitors inventory levels and positions, trading results, liquidity profile, position aging and concentration levels. 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 Canaccord Genuity Wealth Management business segment and private client margin accounts. In order to minimize financial exposure in this area, the Company applies certain 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.

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, fraud, 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 or credit 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 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 devotes considerable effort and resources to defend against and mitigate cybersecurity risk, including increasing awareness throughout the organization by implementing a firmwide 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 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 and an integrated program of marketing, branding, communications and investor relations to help manage and support the Company's reputation.

#### **CONTROL RISK**

As of March 31, 2018, senior officers and directors of the Company collectively owned approximately 9.3% of the issued and outstanding (13.7% 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

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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

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On June 6, 2018, the Board of Directors approved a dividend of \$0.12 per common share, payable on July 3, 2018, with a record date of June 22, 2018. This dividend is comprised of a \$0.01 base quarterly dividend and an \$0.11 supplemental dividend as outlined below.

The Company's dividend policy which became effective March 31, 2017 reflects its commitment to return a portion of earnings to shareholders, in balance with the inherent variability of its business, which is impacted by the overall condition of debt and equity markets, and the market for securities in specific growth sectors. In the context of its dividend policy, the Company expects to return 25% to 50% of net earnings attributable to common shareholders on an annual basis. The policy is to pay a quarterly dividend of \$0.01 per common share that will be declared and paid quarterly, which commenced with the fourth quarter of fiscal 2017. Following the end of each fiscal year, the Board will review the capital position of the Company in the context of the market environment in combination with capital allocation requirements for its strategic priorities, and determine whether a supplemental dividend should be paid. Supplemental dividends, if declared, may be highly variable from year to year, given the nature of the Company's operating environment and the potential need to conserve cash and for certain corporate growth opportunities. Although dividends are expected to be declared and paid on an ongoing basis, 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.

On June 6, 2018, the Board of Directors approved the following cash dividends: \$0.24281 per Series A Preferred Share payable on July 3, 2018 with a record date of June 22, 2018; and \$0.31206 per Series C Preferred Share payable on July 3, 2018 with a record date of June 22, 2018.

## Additional Information

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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](http://www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx) and on SEDAR at [www.sedar.com](http://www.sedar.com).

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## Independent Auditors' Report

To the Shareholders of  
Canaccord Genuity Group Inc.

We have audited the accompanying consolidated financial statements of Canaccord Genuity Group Inc., which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditors' Responsibility

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Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canaccord Genuity Group Inc. as at March 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

The signature of Ernst & Young LLP is written in a stylized, cursive script.

Toronto, Canada  
June 6, 2018

Chartered Professional Accountants  
Licensed Public Accountants

## Consolidated Statements of Financial Position

| As at (in thousands of Canadian dollars) | Notes | March 31,<br>2018   | March 31,<br>2017   |
|------------------------------------------|-------|---------------------|---------------------|
| <b>ASSETS</b>                            |       |                     |                     |
| <b>Current</b>                           |       |                     |                     |
| Cash and cash equivalents                |       | \$ 862,838          | \$ 677,769          |
| Securities owned                         | 6     | 469,217             | 784,230             |
| Accounts receivable                      | 9, 22 | 2,215,837           | 3,395,736           |
| Income taxes receivable                  |       | 1,170               | 1,085               |
| <b>Total current assets</b>              |       | <b>3,549,062</b>    | <b>4,858,820</b>    |
| Deferred tax assets                      | 14    | 19,941              | 15,323              |
| Investments                              | 10    | 2,035               | 2,829               |
| Equipment and leasehold improvements     | 11    | 30,967              | 31,479              |
| Intangible assets                        | 13    | 160,757             | 102,799             |
| Goodwill                                 | 13    | 257,974             | 192,266             |
|                                          |       | <b>\$ 4,020,736</b> | <b>\$ 5,203,516</b> |
| <b>LIABILITIES AND EQUITY</b>            |       |                     |                     |
| <b>Current</b>                           |       |                     |                     |
| Bank indebtedness                        | 7     | \$ —                | \$ 25,280           |
| Securities sold short                    | 6     | 301,006             | 645,742             |
| Accounts payable and accrued liabilities | 9, 22 | 2,638,954           | 3,669,883           |
| Provisions                               | 26    | 8,428               | 11,793              |
| Income taxes payable                     |       | 7,851               | 10,093              |
| Subordinated debt                        | 15    | 7,500               | 7,500               |
| Current portion of bank loan             | 16    | 9,679               | —                   |
| <b>Total current liabilities</b>         |       | <b>2,973,418</b>    | <b>4,370,291</b>    |
| Deferred tax liabilities                 | 14    | 13,715              | 140                 |
| Convertible debentures                   | 17    | 57,081              | 56,442              |
| Deferred consideration                   | 7, 12 | 9,997               | —                   |
| Contingent consideration                 | 7, 12 | 49,844              | —                   |
| Bank loan                                | 16    | 61,758              | —                   |
|                                          |       | <b>3,165,813</b>    | <b>4,426,873</b>    |
| <b>Equity</b>                            |       |                     |                     |
| Preferred shares                         | 18    | 205,641             | 205,641             |
| Common shares                            | 19    | 649,846             | 641,449             |
| Equity portion of convertible debentures | 17    | 2,604               | 2,604               |
| Warrants                                 | 19    | 1,975               | 1,975               |
| Contributed surplus                      |       | 145,426             | 85,405              |
| Retained deficit                         |       | (277,472)           | (267,559)           |
| Accumulated other comprehensive income   |       | 113,332             | 95,270              |
| <b>Total shareholders' equity</b>        |       | <b>841,352</b>      | <b>764,785</b>      |
| Non-controlling interests                | 8     | 13,571              | 11,858              |
| <b>Total equity</b>                      |       | <b>854,923</b>      | <b>776,643</b>      |
|                                          |       | <b>\$ 4,020,736</b> | <b>\$ 5,203,516</b> |

See accompanying notes

On behalf of the Board:

"Daniel Daviau"

**DANIEL DAVIAU**  
Director

"Terrence A. Lyons"

**TERRENCE A. LYONS**  
Director

## Consolidated Statements of Operations

| For the years ended (in thousands of Canadian dollars, except per share amounts) | Notes  | March 31,<br>2018 | March 31,<br>2017 |
|----------------------------------------------------------------------------------|--------|-------------------|-------------------|
| <b>REVENUE</b>                                                                   |        |                   |                   |
| Commissions and fees                                                             |        | \$ 461,937        | \$ 396,741        |
| Investment banking                                                               |        | 282,195           | 196,129           |
| Advisory fees                                                                    |        | 122,372           | 130,749           |
| Principal trading                                                                |        | 113,921           | 119,040           |
| Interest                                                                         |        | 27,875            | 16,847            |
| Other                                                                            |        | 14,577            | 20,040            |
|                                                                                  |        | <b>1,022,877</b>  | <b>879,546</b>    |
| <b>EXPENSES</b>                                                                  |        |                   |                   |
| Share-based incentive compensation                                               |        | 94,600            | 40,322            |
| Non share-based incentive compensation                                           |        | 480,369           | 414,676           |
| Salaries and benefits                                                            |        | 99,239            | 85,698            |
| Trading costs                                                                    |        | 68,209            | 65,211            |
| Premises and equipment                                                           |        | 39,605            | 42,286            |
| Communication and technology                                                     |        | 56,346            | 52,381            |
| Interest                                                                         |        | 18,437            | 12,744            |
| General and administrative                                                       |        | 83,982            | 79,011            |
| Amortization                                                                     | 11, 13 | 24,007            | 21,124            |
| Development costs                                                                |        | 7,664             | 12,209            |
| Restructuring costs                                                              | 26     | 7,643             | —                 |
| Acquisition-related costs                                                        |        | 6,732             | —                 |
| Share of loss of an associate                                                    |        | 298               | —                 |
|                                                                                  |        | <b>\$ 987,131</b> | <b>\$ 825,662</b> |
| Income before income taxes                                                       |        | 35,746            | 53,884            |
| Income tax expense (recovery)                                                    | 14     |                   |                   |
| Current                                                                          |        | 20,620            | 16,322            |
| Deferred                                                                         |        | (1,951)           | (5,624)           |
|                                                                                  |        | <b>18,669</b>     | <b>10,698</b>     |
| <b>Net income for the year</b>                                                   |        | <b>\$ 17,077</b>  | <b>\$ 43,186</b>  |
| <b>Net income attributable to:</b>                                               |        |                   |                   |
| CGI shareholders                                                                 |        | \$ 13,024         | \$ 38,103         |
| Non-controlling interests                                                        | 8      | \$ 4,053          | \$ 5,083          |
| <b>Weighted average number of common shares outstanding (thousands)</b>          |        |                   |                   |
| Basic                                                                            | 19     | 92,587            | 91,657            |
| Diluted                                                                          | 19     | 110,862           | 101,149           |
| <b>Income per common share</b>                                                   |        |                   |                   |
| Basic                                                                            | 19     | \$ 0.04           | \$ 0.29           |
| Diluted                                                                          | 19     | \$ 0.03           | \$ 0.27           |
| <b>Dividend per Series A Preferred Share</b>                                     | 20     | \$ 0.9712         | \$ 1.173          |
| <b>Dividend per Series C Preferred Share</b>                                     | 20     | \$ 1.2482         | \$ 1.4375         |
| <b>Dividend per common share</b>                                                 | 20     | \$ 0.15           | \$ 0.10           |

See accompanying notes

## Consolidated Statements of Comprehensive Income

| For the years ended (in thousands of Canadian dollars)                                   | March 31,<br>2018 | March 31,<br>2017 |
|------------------------------------------------------------------------------------------|-------------------|-------------------|
| Net income for the year                                                                  | \$ 17,077         | \$ 43,186         |
| Other comprehensive income                                                               |                   |                   |
| Realized translation gains related to foreign operations disposed of during the year     | —                 | (1,560)           |
| Net change in valuation of available for sale investments, net of tax                    | 2,993             | —                 |
| Net change in unrealized gains (losses) on translation of foreign operations, net of tax | 15,671            | (37,889)          |
| <b>Comprehensive income for the year</b>                                                 | <b>\$ 35,741</b>  | <b>\$ 3,737</b>   |
| <b>Comprehensive income (loss) attributable to:</b>                                      |                   |                   |
| CGI shareholders                                                                         | \$ 31,086         | \$ (1,510)        |
| Non-controlling interests                                                                | \$ 4,655          | \$ 5,247          |

See accompanying notes

## Consolidated Statements of Changes in Equity

| As at and for the years ended (in thousands of Canadian dollars)    | Notes     | March 31,<br>2018 | March 31,<br>2017 |
|---------------------------------------------------------------------|-----------|-------------------|-------------------|
| <b>Preferred shares, opening and closing</b>                        | <b>18</b> | <b>\$ 205,641</b> | <b>\$ 205,641</b> |
| Common shares, opening                                              |           | 641,449           | 617,756           |
| Shares issued in connection with share-based payments               |           | 101               | 17,898            |
| Acquisition of common shares for long-term incentive plan (LTIP)    |           | (28,093)          | (47,061)          |
| Shares issued in connection with private placement                  |           | —                 | 26,601            |
| Release of vested common shares from employee benefit trusts        |           | 32,121            | 21,878            |
| Shares cancelled                                                    |           | —                 | (1,356)           |
| Net unvested share purchase loans                                   |           | 4,268             | 5,733             |
| <b>Common shares, closing</b>                                       | <b>19</b> | <b>649,846</b>    | <b>641,449</b>    |
| <b>Warrants, opening and closing</b>                                |           | <b>1,975</b>      | <b>1,975</b>      |
| <b>Convertible debentures – equity, opening and closing</b>         |           | <b>2,604</b>      | <b>2,604</b>      |
| Contributed surplus, opening                                        |           | 85,405            | 86,235            |
| Share-based payments                                                |           | 60,460            | 3,139             |
| Shares cancelled                                                    |           | —                 | 324               |
| Unvested share purchase loans                                       |           | (1,427)           | (4,293)           |
| Change in deferred tax asset relating to share based payments       |           | 988               | —                 |
| <b>Contributed surplus, closing</b>                                 |           | <b>145,426</b>    | <b>85,405</b>     |
| Retained deficit, opening                                           |           | (267,559)         | (294,586)         |
| Net income attributable to CGGI shareholders                        |           | 13,024            | 38,103            |
| Common share dividends                                              | 20        | (13,344)          | —                 |
| Preferred share dividends                                           | 20        | (9,593)           | (11,076)          |
| <b>Retained deficit, closing</b>                                    |           | <b>(277,472)</b>  | <b>(267,559)</b>  |
| Accumulated other comprehensive income, opening                     |           | 95,270            | 134,883           |
| Other comprehensive income (loss) attributable to CGGI shareholders |           | 18,062            | (39,613)          |
| <b>Accumulated other comprehensive income, closing</b>              |           | <b>113,332</b>    | <b>95,270</b>     |
| <b>Total shareholders' equity</b>                                   |           | <b>841,352</b>    | <b>764,785</b>    |
| Non-controlling interests, opening                                  |           | 11,858            | 8,722             |
| Foreign exchange on non-controlling interests                       |           | 503               | 409               |
| Comprehensive income attributable to non-controlling interests      |           | 4,655             | 5,247             |
| Dividends paid to non-controlling interests                         |           | (3,445)           | (2,520)           |
| <b>Non-controlling interests, closing</b>                           |           | <b>13,571</b>     | <b>11,858</b>     |
| <b>Total equity</b>                                                 |           | <b>\$ 854,923</b> | <b>\$ 776,643</b> |

See accompanying notes

## Consolidated Statements of Cash Flows

| For the years ended (in thousands of Canadian dollars)                       | Notes  | March 31,<br>2018 | March 31,<br>2017 |
|------------------------------------------------------------------------------|--------|-------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>                                                  |        |                   |                   |
| Net income for the year                                                      |        | \$ 17,077         | \$ 43,186         |
| Items not affecting cash                                                     |        |                   |                   |
| Amortization                                                                 | 11, 13 | 24,007            | 21,124            |
| Deferred income tax recovery                                                 |        | (1,951)           | (5,624)           |
| Share-based compensation expense                                             | 21     | 95,357            | 40,322            |
| Impairment of investment in a private company                                | 7      | —                 | 2,390             |
| Share of loss of associate                                                   |        | 298               | —                 |
| Changes in non-cash working capital                                          |        |                   |                   |
| Decrease (increase) in securities owned                                      |        | 314,871           | (219,496)         |
| Decrease (increase) in accounts receivable                                   |        | 1,185,922         | (1,394,913)       |
| Increase in income taxes payable, net                                        |        | 8,582             | 18,514            |
| (Decrease) increase in securities sold short                                 |        | (344,736)         | 218,307           |
| (Decrease) increase in accounts payable, accrued liabilities, and provisions |        | (1,055,366)       | 1,513,070         |
| <b>Cash provided by operating activities</b>                                 |        | <b>244,061</b>    | <b>236,880</b>    |
| <b>FINANCING ACTIVITIES</b>                                                  |        |                   |                   |
| (Decrease) increase in bank indebtedness                                     |        | (25,280)          | 10,370            |
| Purchase of shares for cancellation                                          |        | —                 | (360)             |
| Acquisition of common shares for long-term incentive plan                    |        | (28,093)          | (47,061)          |
| Proceeds from Private Placement                                              |        | —                 | 28,321            |
| Repayment of subordinated debt                                               |        | —                 | (7,500)           |
| Proceeds from bank loan                                                      |        | 66,016            | —                 |
| Proceeds from convertible debentures                                         |        | —                 | 60,000            |
| Cash dividends paid on common shares                                         |        | (13,345)          | —                 |
| Cash dividends paid on preferred shares                                      |        | (9,592)           | (11,076)          |
| Cash paid related to CSH Inducement Plan                                     |        | —                 | (1,905)           |
| <b>Cash (used in) provided by financing activities</b>                       |        | <b>(10,294)</b>   | <b>30,789</b>     |
| <b>INVESTING ACTIVITIES</b>                                                  |        |                   |                   |
| Purchase of equipment and leasehold improvements                             |        | (6,311)           | (5,202)           |
| Acquisition of Hargreave Hale Limited, net of cash acquired                  |        | (54,051)          | —                 |
| Investment in associate                                                      |        | (2,500)           | —                 |
| Purchase of intangible assets                                                |        | (795)             | (440)             |
| <b>Cash used in investing activities</b>                                     |        | <b>(63,657)</b>   | <b>(5,642)</b>    |
| <b>Effect of foreign exchange on cash balances</b>                           |        | <b>14,959</b>     | <b>(12,587)</b>   |
| <b>Increase in cash position</b>                                             |        | <b>185,069</b>    | <b>249,440</b>    |
| Cash position, beginning of year                                             |        | 677,769           | 428,329           |
| <b>Cash position, end of year</b>                                            |        | <b>862,838</b>    | <b>677,769</b>    |
| <b>Supplemental cash flow information</b>                                    |        |                   |                   |
| Interest received                                                            |        | \$ 27,900         | \$ 12,571         |
| Interest paid                                                                |        | \$ 17,470         | \$ 11,009         |
| Income taxes paid                                                            |        | \$ 24,023         | \$ 10,385         |

See accompanying notes

## Notes to Consolidated Financial Statements

As at March 31, 2018 and March 31, 2017  
and for the years ended March 31, 2018 and 2017  
(in thousands of Canadian dollars, except per share amounts)

### NOTE 01

#### Corporate Information

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

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

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

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

### NOTE 02

#### Basis of Preparation

##### STATEMENT OF COMPLIANCE

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

These audited consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned, securities sold short and certain impaired non-current assets, which have been measured at fair value as set out in the relevant accounting policies.

These audited consolidated financial statements are presented in Canadian dollars and all values are in thousands of dollars, except when otherwise indicated.

These audited consolidated financial statements were authorized for issuance by the Company's Board of Directors on June 6, 2018.

##### PRINCIPLES OF CONSOLIDATION

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

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

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

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

##### USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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 acquisition of Hargreave Hale [Note 12].

### **Consolidation**

The Company owns 50% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2018. 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, 2018 and 2017. Therefore, the financial position, financial performance, and cash flows of CGAL have been consolidated. Although the Company owns 50% of the issued shares of CGAL as at March 31, 2018, for accounting purposes, the Company is considered to have a 58% 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 42% non-controlling interest as at March 31, 2018 (March 31, 2017 – 42%), which represents the portion of CGAL's net identifiable assets not owned by the Company. At the date of acquisition, the non-controlling interest was determined using the proportionate method. Net income and each component of other comprehensive income are attributed to the non-controlling interest and to the owners of the parent.

The Company has employee benefit trusts, which are considered SPEs [Note 21], to fulfill obligations to employees arising from the Company's share-based payment plans. The employee benefit trusts have been consolidated in accordance with IFRS 10 since their activities are conducted on behalf of the Company, and the Company retains the majority of the benefits and risks of the employee benefit trusts.

### **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Estimation may be required to determine the amount of revenue that can be recognized and also the timing of the substantial completion of the underlying investment banking or advisory transactions.

### **Share-based payments**

The Company measures the cost of equity-settled and cash-settled transactions with employees and directors based on the fair value of the awards granted. The fair value is determined based on the observable share prices or by using an appropriate valuation model. The use of option pricing models to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected forfeitures, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates. The assumptions and models used for estimating the fair value of share-based payments, if and as applicable, are disclosed in Note 21.

### **Income taxes and valuation of deferred taxes**

Accruals for income tax liabilities require management to make estimates and judgments with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. The Company operates within different tax jurisdictions and is subject to individual assessments by these jurisdictions. Tax filings can involve complex issues, which may require an extended period of time to resolve in the event of a dispute or re-assessment by tax authorities. Deferred taxes are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profit.

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

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

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

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

**Impairment of other long-lived assets**

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

**Allowance for credit losses**

The Company records allowances for credit losses associated with clients' receivables, loans, advances and other receivables. The Company establishes an allowance for credit losses based on management's estimate of probable unrecoverable amounts. Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required specific allowance, taking into consideration counterparty creditworthiness, current economic trends and past experience. Clients' receivable balances are generally collateralized by securities; therefore, any provision is generally measured after considering the market value of the collateral, if any.

**Fair value of financial instruments**

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

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

**Provisions**

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

**NOTE 03****Adoption of New and Revised Standards**

There were no new or revised standards adopted by the Company during the fiscal year.

**NOTE 04****Future Changes in Accounting Policies****Standards issued but not yet effective**

Standards issued, which may be reasonably expected to impact upon the Company's financial statements, but which are not yet effective are listed below.

**IFRS 15, "Revenue from Contracts with Customers"**

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods on or after January 1, 2018, with early adoption permitted. Either a modified retrospective application or full retrospective application is permitted under IFRS 15. The Company will be adopting IFRS 15 for its fiscal year ending March 31, 2019 using the modified retrospective application approach.

The Company has evaluated the impact of IFRS 15 on its various revenue streams and the assessment is as follows:

- Commissions and fees – The Company concluded there is no material change in the amount or timing of revenue recognized under the new standard as the point of transfer of risk and reward for services and transfer of control occur at the same time.
- Investment banking – The Company concluded that investment banking will generally not be affected by IFRS 15 as revenue will be recognized upon completion of the performance obligation.
- Advisory fees – The Company concluded that advisory fees will generally not be affected by IFRS 15 as revenue will be recognized upon completion of the performance obligation. In certain cases, some fees are collected based on progress and do not correspond to the satisfaction of any discrete performance obligation. Under IFRS 15, such payments may need to be deferred until the performance obligation is satisfied. The impact of this change on the amount of revenue recognized in a fiscal year is insignificant.
- Principal trading, interest and other revenue are excluded from the scope of IFRS 15

IFRS 15 contains presentation and disclosure requirements which are more detailed than the current standards. Upon adoption of IFRS 15, the Company will provide disclosures for each of the Company's revenue streams, to supplement the revenue data that are currently presented in the segmented information disclosure. New disclosures will be presented relating to the timing of completion of the Company's performance obligations.

#### **IFRS 9, "Financial Instruments"**

In July 2014, the IASB issued IFRS 9 – Financial Instruments, which replaces the earlier versions of IFRS 9 (2009, 2010, and 2013) and completes the IASB's project to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with the exception of hedge accounting. The Company will adopt IFRS 9 for its fiscal year ending March 31, 2019.

The Company has evaluated the impact of IFRS 9 on its consolidated financial statements and the assessment is as follows:

##### **Classification – financial assets and liabilities**

IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The Company expects to continue to classify cash and cash equivalents and securities owned as financial assets classified as FVTPL and accounts receivable as financial assets measured at amortized costs. The Company's investment in Euroclear, which is classified as available for sale as of March 31, 2018, will be reclassified as FVOCI. The classification of financial liabilities is expected to remain consistent under IFRS 9.

##### **Impairment – financial assets**

IFRS 9 introduces the new "expected credit loss" impairment model which replaces the "incurred loss" model in IAS 39. Based on its assessment, the Company does not believe that new impairment requirements will have a material impact on its financial statements given the short-term nature of the Company's receivables.

##### **Hedge accounting requirement**

IFRS 9 offers greater flexibility to the types of transactions eligible for hedge accounting. The Company does not expect this change to have any material impact on its consolidated financial statements upon adoption.

#### **IFRS 16, "Leases"**

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"), which requires lessees to recognize assets and liabilities for most leases. The new standard will be effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16 using either a full retrospective or a modified retrospective approach. The Company plans to apply IFRS 16 for its year ending March 31, 2020 but has not yet selected a transition approach.

Upon adoption of IFRS 16, the Company anticipates it will result in an increase in assets and liabilities related to leases. Due to the recognition of additional lease assets and liabilities, a higher amount of depreciation expense and interest expense on lease liabilities will be recognized under IFRS 16 compared to the current standard. Lastly, the Company expects a reduction in operating cash outflows with a corresponding increase in financing cash outflows under IFRS 16. The Company is in the process of identifying and collecting data relating to existing agreements to determine the impact of adoption of IFRS 16.

#### **NOTE 05**

#### **Summary of Significant Accounting Policies**

##### **TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES**

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

##### **Transactions and balances**

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

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

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

#### Translation of foreign subsidiaries

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

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

#### INTANGIBLE ASSETS

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

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

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

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 50% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial and Hargreave Hale are customer relationships, non-competition agreements, trading licenses, fund management contract and technology, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is considered to have an indefinite life, as it will provide benefit to the Company over a continuous period. Software under development or acquired is amortized over its useful life once the asset is available for use. The estimated amortization periods of the amortizable intangible assets are as follows:

|                            | Acquired in business combinations |                             |               |                | Internally developed or acquired |          |
|----------------------------|-----------------------------------|-----------------------------|---------------|----------------|----------------------------------|----------|
|                            | Genuity                           | Canaccord Genuity Australia | CSHP          | Eden Financial | Hargreave Hale                   | Software |
| Brand names                | indefinite                        | n/a                         | n/a           | n/a            | n/a                              | n/a      |
| Customer relationships     | 11 years                          | 5 years                     | 8 to 24 years | 8 years        | 11.5 to 12.5 years               | n/a      |
| Non-competition agreements | 5 years                           | 4.5 years                   | n/a           | n/a            | n/a                              | n/a      |
| Technology                 | n/a                               | n/a                         | 3 years       | n/a            | n/a                              | 10 years |
| Fund management contract   | n/a                               | n/a                         | n/a           | n/a            | 10.5 years                       | n/a      |

#### Internally developed or acquired software

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

## IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

Impairment losses are recognized in the consolidated statements of operations.

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

The following assets have specific characteristics for impairment testing:

### Goodwill

Goodwill is tested for impairment annually as at March 31 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.

## CASH AND CASH EQUIVALENTS

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

## FINANCIAL INSTRUMENTS

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

### [i] Financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale financial assets, as applicable.

Financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is applied, the trade date being the date at which the Company commits itself to either the purchase or sale of the asset.

All financial assets are initially measured at fair value. Transaction costs related to financial instruments classified as fair value through profit or loss are recognized in the consolidated statements of operations when incurred. Transaction costs for all financial instruments other than those classified as fair value through profit or loss are included in the costs of the assets.

**Classification and subsequent measurement***Financial assets classified as fair value through profit or loss*

Financial assets classified as fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss. Financial assets purchased for trading activities are classified as held for trading and are measured at fair value, with unrealized gains (losses) recognized in the consolidated statements of operations. In addition, provided that the fair value can be reliably determined, IAS 39 permits an entity to designate any financial instrument as fair value through profit or loss on initial recognition or adoption of this standard even if that instrument would not otherwise meet the definition of fair value through profit or loss as specified in IAS 39. The Company did not designate any financial assets upon initial recognition as fair value through profit or loss. The Company's financial assets classified as held for trading include cash and cash equivalents, and securities owned, including derivative financial instruments.

The Company periodically evaluates the classification of its financial assets as held for trading based on whether the intent to sell the financial assets in the near term is still appropriate. If the Company is unable to trade these financial assets due to inactive markets or if management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances.

*Financial assets classified as available for sale*

Available for sale assets are measured at fair value, with subsequent changes in fair value recorded in other comprehensive income, net of tax, until the assets are sold or impaired, at which time the difference is recognized in net income for the year. Investments in equity instruments classified as available for sale that do not have a quoted market price in an active market are measured at fair value unless fair value is not reliably measurable. The Company's investments in Euroclear are classified as available for sale and measured at their estimated fair value.

*Financial assets classified as loans and receivables and held to maturity*

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account discounts or premiums on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included in the consolidated statements of operations. The Company classifies accounts receivable as loans and receivables. The Company did not have any held to maturity investments during the years ended March 31, 2018 and 2017.

**Impairment of financial assets**

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred since the initial recognition of the asset and those events have had a significant or prolonged impact on the estimated future cash flows of the asset that can be reliably estimated. The determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, the impairment is assessed based on the same criteria as financial assets carried at amortized cost.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is recognized in the consolidated statements of operations and is measured as the difference between the carrying value and the fair value.

**Derecognition**

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

**[ii] Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and borrowings. All financial liabilities are recognized initially at fair value less, in the case of other financial liabilities, directly attributable transaction costs.

**Classification and subsequent measurement***Financial liabilities classified as fair value through profit or loss*

Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the statements of operations. The Company has not designated any financial liabilities as fair value through profit or loss that would

not otherwise meet the definition of fair value through profit or loss upon initial recognition. Bank indebtedness, securities sold short, including derivative financial instruments, contingent and deferred considerations are classified as held for trading and recognized at fair value.

#### *Financial liabilities classified as loans and borrowings*

After initial recognition, financial liabilities classified as loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statements of operations through the EIR method of amortization. Loans and borrowings include accounts payable and accrued liabilities, bank loan, and subordinated debt. The carrying value of loans and borrowings approximates their fair value.

#### **[iii] Offsetting of financial instruments**

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

#### **[iv] Derivative financial instruments**

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

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

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

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

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

### **FAIR VALUE MEASUREMENT**

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

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

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

The convertible unsecured senior subordinated debentures are classified as compound financial instruments. On initial recognition, the fair value of the liability was calculated based on the present value of future cash flows under the instruments, discounted at 8%, being equal to the rate of interest applied by the market at the time of issue to instruments of comparable credit status and future cash flows, without the conversion feature. The residual amount is recorded as a component of shareholders' equity.

## SECURITIES OWNED AND SOLD SHORT

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

## SECURITIES LENDING AND BORROWING

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

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

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

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

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

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

## REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent.

Commissions and fees revenue consists of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded as a reduction of commission revenues. Facilitation losses for the year ended March 31, 2018 were \$8.4 million [March 31, 2017 – \$12.8 million].

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. Revenue from underwritings and other corporate finance activities is recorded when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Advisory fees consist of management and advisory fees that are recognized on an accrual basis. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Principal trading revenue consists of revenue earned in connection with principal trading operations and is recognized on a trade date basis.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash and cash equivalents balances, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest revenue is recognized on an effective interest rate basis. Dividend income is recognized when the right to receive payment is established.

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

## EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

|                         |                                                                                 |
|-------------------------|---------------------------------------------------------------------------------|
| Computer equipment      | 33% declining balance basis                                                     |
| Furniture and equipment | 10% to 20% declining balance basis                                              |
| Leasehold improvements  | Straight-line over the shorter of useful life and respective term of the leases |

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

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

## INCOME TAXES

### Current income tax

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

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

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

### Deferred tax

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

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

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

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

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

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

### Sales tax

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

## TREASURY SHARES

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

## EARNINGS (LOSS) PER COMMON SHARE

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

## SHARE-BASED PAYMENTS

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

Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). For the year ended March 31, 2018, 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 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.

Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. With the change, RSUs will 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 of such awards as an expense on a graded basis over the applicable vesting period with a corresponding increase in contributed surplus.

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

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

### Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair values of DSUs and PSUs are expensed upon grant [Note 21]. 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.

## PROVISIONS

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

**Legal provisions**

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

**Restructuring provisions**

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

**LEASES**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. The Company has assessed its lease arrangements and concluded that the Company only has leases that have the characteristics of an operating lease. An operating lease is a lease that does not transfer substantially all of the risks and benefits and ownership of an asset to the lessee. Operating lease payments are recognized as an expense in the statements of operations on a straight-line basis over the lease term.

**CLIENT MONEY**

The Company's UK and Europe operations hold money on behalf of their clients in accordance with the client money rules of the Financial Conduct Authority in the United Kingdom. Such money and the corresponding liabilities to clients are not included in the consolidated statements of financial position as the Company is not beneficially entitled thereto. The amounts held on behalf of clients at the reporting date are included in Note 25.

**SEGMENT REPORTING**

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

**NOTE 06****Securities Owned and Securities Sold Short**

|                                     | March 31, 2018    |                       | March 31, 2017    |                       |
|-------------------------------------|-------------------|-----------------------|-------------------|-----------------------|
|                                     | Securities owned  | Securities sold short | Securities owned  | Securities sold short |
| Corporate and government debt       | \$ 254,671        | \$ 220,792            | \$ 571,066        | \$ 541,827            |
| Equities and convertible debentures | 214,546           | 80,214                | 213,164           | 103,915               |
|                                     | <b>\$ 469,217</b> | <b>\$ 301,006</b>     | <b>\$ 784,230</b> | <b>\$ 645,742</b>     |

As at March 31, 2018, corporate and government debt maturities range from 2018 to 2098 [March 31, 2017 – 2017 to 2098] and bear interest ranging from 0.00% to 14.00% [March 31, 2017 – 0.00% to 14.00%].

## NOTE 07

## Financial Instruments

## CATEGORIES OF FINANCIAL INSTRUMENTS

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, held by the Company at March 31, 2018 and 2017 are as follows:

|                                                         | Held for trading  |                   | Available for sale |                 | Loans and receivables |                     | Loans and borrowings |                     | Total               |                     |
|---------------------------------------------------------|-------------------|-------------------|--------------------|-----------------|-----------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
|                                                         | March 31, 2018    | March 31, 2017    | March 31, 2018     | March 31, 2017  | March 31, 2018        | March 31, 2017      | March 31, 2018       | March 31, 2017      | March 31, 2018      | March 31, 2017      |
| <b>Financial assets</b>                                 |                   |                   |                    |                 |                       |                     |                      |                     |                     |                     |
| Securities owned                                        | \$ 469,217        | \$ 784,230        | \$ —               | \$ —            | \$ —                  | \$ —                | \$ —                 | \$ —                | \$ 469,217          | \$ 784,230          |
| Accounts receivable from brokers and investment dealers | —                 | —                 | —                  | —               | 1,405,380             | 2,625,939           | —                    | —                   | 1,405,380           | 2,625,939           |
| Accounts receivable from clients                        | —                 | —                 | —                  | —               | 333,434               | 373,300             | —                    | —                   | 333,434             | 373,300             |
| RRSP cash balances held in trust                        | —                 | —                 | —                  | —               | 330,369               | 302,532             | —                    | —                   | 330,369             | 302,532             |
| Other accounts receivable                               | —                 | —                 | —                  | —               | 146,654               | 93,965              | —                    | —                   | 146,654             | 93,965              |
| Investments                                             | —                 | —                 | —                  | 2,829           | —                     | —                   | —                    | —                   | —                   | 2,829               |
| <b>Total financial assets</b>                           | <b>\$ 469,217</b> | <b>\$ 784,230</b> | <b>\$ —</b>        | <b>\$ 2,829</b> | <b>\$ 2,215,837</b>   | <b>\$ 3,395,736</b> | <b>\$ —</b>          | <b>\$ —</b>         | <b>\$ 2,685,054</b> | <b>\$ 4,182,795</b> |
| <b>Financial liabilities</b>                            |                   |                   |                    |                 |                       |                     |                      |                     |                     |                     |
| Securities sold short                                   | \$ 301,006        | \$ 645,742        | \$ —               | \$ —            | \$ —                  | \$ —                | \$ —                 | \$ —                | \$ 301,006          | \$ 645,742          |
| Accounts payable to brokers and investment dealers      | —                 | —                 | —                  | —               | —                     | —                   | 1,051,546            | 1,913,177           | 1,051,546           | 1,913,177           |
| Accounts payable to clients                             | —                 | —                 | —                  | —               | —                     | —                   | 1,228,201            | 1,468,410           | 1,228,201           | 1,468,410           |
| Other accounts payable and accrued liabilities          | —                 | —                 | —                  | —               | —                     | —                   | 359,207              | 288,296             | 359,207             | 288,296             |
| Subordinated debt                                       | —                 | —                 | —                  | —               | —                     | —                   | 7,500                | 7,500               | 7,500               | 7,500               |
| Convertible debentures                                  | —                 | —                 | —                  | —               | —                     | —                   | 57,081               | 56,442              | 57,081              | 56,442              |
| Deferred consideration                                  | —                 | —                 | —                  | —               | —                     | —                   | 9,997                | —                   | 9,997               | —                   |
| Contingent consideration                                | —                 | —                 | —                  | —               | —                     | —                   | 49,844               | —                   | 49,844              | —                   |
| Bank loan                                               | —                 | —                 | —                  | —               | —                     | —                   | 71,437               | —                   | 71,437              | —                   |
| <b>Total financial liabilities</b>                      | <b>\$ 301,006</b> | <b>\$ 645,742</b> | <b>\$ —</b>        | <b>\$ —</b>     | <b>\$ —</b>           | <b>\$ —</b>         | <b>\$ 2,834,813</b>  | <b>\$ 3,733,825</b> | <b>\$ 3,135,819</b> | <b>\$ 4,379,567</b> |

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

## FAIR VALUE HIERARCHY

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

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

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

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

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

As at March 31, 2018 and 2017, the Company held the following classes of financial instruments measured at fair value:

|                                            | March 31, 2018   | Estimated fair value |                  |                 |
|--------------------------------------------|------------------|----------------------|------------------|-----------------|
|                                            |                  | March 31, 2018       |                  |                 |
|                                            |                  | Level 1              | Level 2          | Level 3         |
| <b>Securities owned</b>                    |                  |                      |                  |                 |
| Corporate debt                             | \$ 13,794        | \$ —                 | \$ 13,794        | \$ —            |
| Government debt                            | 240,877          | 30,593               | 210,284          | —               |
| <b>Corporate and government debt</b>       | <b>254,671</b>   | <b>30,593</b>        | <b>224,078</b>   | <b>—</b>        |
| Equities                                   | 214,086          | 165,546              | 48,404           | 136             |
| Convertible debentures                     | 460              | —                    | 460              | —               |
| <b>Equities and convertible debentures</b> | <b>214,546</b>   | <b>165,546</b>       | <b>48,864</b>    | <b>136</b>      |
|                                            | <b>469,217</b>   | <b>196,139</b>       | <b>272,942</b>   | <b>136</b>      |
| <b>Securities sold short</b>               |                  |                      |                  |                 |
| Corporate debt                             | (4,836)          | —                    | (4,836)          | —               |
| Government debt                            | (215,956)        | (34,388)             | (181,568)        | —               |
| <b>Corporate and government debt</b>       | <b>(220,792)</b> | <b>(34,388)</b>      | <b>(186,404)</b> | <b>—</b>        |
| Equities                                   | (79,011)         | (66,714)             | (12,297)         | —               |
| Convertible debentures                     | (1,203)          | —                    | (1,203)          | —               |
| <b>Equities and convertible debentures</b> | <b>(80,214)</b>  | <b>(66,714)</b>      | <b>(13,500)</b>  | <b>—</b>        |
|                                            | <b>(301,006)</b> | <b>(101,102)</b>     | <b>(199,904)</b> | <b>—</b>        |
| <b>Deferred considerations</b>             | <b>(9,997)</b>   | <b>—</b>             | <b>—</b>         | <b>(9,997)</b>  |
| <b>Contingent consideration</b>            | <b>(49,844)</b>  | <b>—</b>             | <b>—</b>         | <b>(49,844)</b> |
|                                            | <b>(360,847)</b> | <b>(101,102)</b>     | <b>(199,904)</b> | <b>(59,841)</b> |
|                                            |                  |                      |                  |                 |
|                                            | March 31, 2017   | Estimated fair value |                  |                 |
|                                            |                  | March 31, 2017       |                  |                 |
|                                            |                  | Level 1              | Level 2          | Level 3         |
| <b>Securities owned</b>                    |                  |                      |                  |                 |
| Corporate debt                             | \$ 15,071        | \$ —                 | \$ 15,071        | \$ —            |
| Government debt                            | 555,995          | 277,121              | 278,874          | —               |
| <b>Corporate and government debt</b>       | <b>571,066</b>   | <b>277,121</b>       | <b>293,945</b>   | <b>—</b>        |
| Equities                                   | 207,050          | 165,292              | 41,616           | 142             |
| Convertible debentures                     | 6,114            | —                    | 6,114            | —               |
| <b>Equities and convertible debentures</b> | <b>213,164</b>   | <b>165,292</b>       | <b>47,730</b>    | <b>142</b>      |
| <b>Available for sale investments</b>      | <b>2,829</b>     | <b>—</b>             | <b>2,829</b>     | <b>—</b>        |
|                                            | <b>787,059</b>   | <b>442,413</b>       | <b>344,504</b>   | <b>142</b>      |
| <b>Securities sold short</b>               |                  |                      |                  |                 |
| Corporate debt                             | (11,524)         | —                    | (11,524)         | —               |
| Government debt                            | (530,303)        | (313,077)            | (217,226)        | —               |
| <b>Corporate and government debt</b>       | <b>(541,827)</b> | <b>(313,077)</b>     | <b>(228,750)</b> | <b>—</b>        |
| Equities                                   | (103,915)        | (77,562)             | (26,353)         | —               |
|                                            | <b>(645,742)</b> | <b>(390,639)</b>     | <b>(255,103)</b> | <b>—</b>        |

**Movement in net Level 3 financial liabilities**

|                                      |           |                 |
|--------------------------------------|-----------|-----------------|
| Balance, March 31, 2016              | \$        | 2,593           |
| Purchase of Level 3 assets           |           | (2,390)         |
| Other                                |           | (61)            |
| Balance, March 31, 2017              | \$        | 142             |
| Other                                |           | (6)             |
| Addition of deferred consideration   |           | (9,997)         |
| Addition of contingent consideration |           | (49,844)        |
| <b>Balance, March 31, 2018</b>       | <b>\$</b> | <b>(59,705)</b> |

There were \$59.8 million of contingent and deferred consideration included as part of the total purchase consideration for the acquisition of Hargreave Hale Limited [Note 12]. The deferred and contingent considerations are settled in cash and are therefore classified as financial liability measured at fair value, with any subsequent gains or losses recognized in earnings.

During the year ended March 31, 2017, the Company recorded an unrealized loss of \$2.4 million related to the impairment of an investment in a private company.

**Fair value estimation****i. Level 2 financial instruments**

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

Level 2 financial instruments also include the Company's equity investment in Euroclear, which has an estimated fair value of \$6.4 million as at March 31, 2018 [March 31, 2017 – \$2.8 million]. The current fair value is determined using a market-based approach based on recent share buyback transactions.

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

The fair value for level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the held for trading investments as at March 31, 2018 was \$0.1 million [March 31, 2017 – \$0.1 million].

Level 3 financial liabilities also include the deferred and contingent considerations included as part of the total purchase consideration for the acquisition of Hargreave Hale [Note 12]. The fair value for these financial liabilities approximate their carrying value as of March 31, 2018.

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

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

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, net receivables from clients and brokers and investment dealers, and other accounts receivable. The maximum exposure of the Company to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of financial assets as disclosed in the consolidated financial statements as at March 31, 2018 and 2017.

The primary source of credit risk to the Company is in connection with trading activity by private clients and private client margin accounts. To minimize its exposure, the Company applies certain credit standards, applies limits to transactions and requires settlement of securities transactions on a cash basis or delivery against payment. Margin transactions are collateralized by securities in the clients' accounts in accordance with limits established by the applicable regulatory authorities and are subject to the Company's credit review and daily monitoring procedures. Management monitors the collectability of receivables and estimates an allowance for doubtful accounts. The accounts receivable outstanding are expected to be collectible within one year. The Company has recorded an allowance for doubtful accounts of \$3.4 million as at March 31, 2018 [March 31, 2017 – \$4.9 million] [Note 9].

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

As at March 31, 2018 and 2017, the Company's most significant counterparty concentrations were with financial institutions and institutional clients. Management believes that they are in the normal course of business and does not anticipate loss for non-performance.

### Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The Company's business requires capital for operating and regulatory purposes. The current assets reflected on the statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable and all are recorded at their fair value. Client receivables are generally collateralized by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal three-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts. Additional information regarding the Company's capital structure and capital management objectives is discussed in Note 24.

The following table presents the contractual terms to maturity of the financial liabilities owed by the Company as at March 31, 2018:

| Financial liability                      | Carrying amount |                | Contractual term to maturity |
|------------------------------------------|-----------------|----------------|------------------------------|
|                                          | March 31, 2018  | March 31, 2017 |                              |
| Bank indebtedness                        | \$ —            | \$ 25,280      | Due on demand                |
| Accounts payable and accrued liabilities | 2,638,954       | 3,669,883      | Due within one year          |
| Securities sold short                    | 301,006         | 645,742        | Due within one year          |
| Subordinated debt                        | 7,500           | 7,500          | Due on demand <sup>(1)</sup> |
| Convertible debentures                   | 57,081          | 56,442         | Due in December 2021         |
| Current portion of bank loan             | 9,679           | —              | Due within one year          |
| Bank loan                                | 61,758          | —              | 2019 to 2021                 |
| Deferred consideration                   | 9,997           | —              | September 2023               |

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

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

### Market risk

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

### Fair value risk

When participating in underwriting activities, the Company may incur losses if it is unable to resell the securities it is committed to purchase or if it is forced to liquidate its commitment at less than the agreed upon purchase price. The Company is also exposed to fair value risk as a result of its principal trading activities in equity securities, fixed income securities, and derivative financial instruments. Securities at fair value are valued based on quoted market prices where available and, as such, changes in fair value affect earnings as they occur. Fair value risk also arises from the possibility that changes in market prices will affect the value of the securities the Company holds as collateral for client margin accounts. The Company mitigates its fair value risk exposure through controls to limit concentration levels and capital usage within its inventory trading accounts, as well as through monitoring procedures of the margin accounts.

The following table summarizes the effect on earnings as a result of a fair value change in financial instruments as at March 31, 2018. This analysis assumes all other variables remain constant. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

| Financial instrument                           | March 31, 2018                      |                                                               |                                                               | March 31, 2017                      |                                                               |                                                               |
|------------------------------------------------|-------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
|                                                | Carrying value<br>Asset (Liability) | Effect of a<br>10% increase in<br>fair value on<br>net income | Effect of a<br>10% decrease in<br>fair value on<br>net income | Carrying value<br>Asset (Liability) | Effect of a<br>10% increase in<br>fair value on<br>net income | Effect of a<br>10% decrease in<br>fair value on<br>net income |
| Equities and convertible debentures owned      | 214,546                             | 8,850                                                         | (8,850)                                                       | 213,164                             | 8,793                                                         | (8,793)                                                       |
| Equities and convertible debentures sold short | (80,214)                            | (3,308)                                                       | 3,308                                                         | (103,915)                           | (4,286)                                                       | 4,286                                                         |

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

| Financial instrument | March 31, 2018 |                                                        |                                                        | March 31, 2017 |                                                        |                                                        |
|----------------------|----------------|--------------------------------------------------------|--------------------------------------------------------|----------------|--------------------------------------------------------|--------------------------------------------------------|
|                      | Carrying value | Effect of a<br>10% increase in<br>fair value<br>on OCI | Effect of a<br>10% decrease in<br>fair value<br>on OCI | Carrying value | Effect of a<br>10% increase in<br>fair value<br>on OCI | Effect of a<br>10% decrease in<br>fair value<br>on OCI |
| Investments          | \$ —           | \$ —                                                   | \$ —                                                   | \$ 2,829       | \$ 283                                                 | \$ (283)                                               |

### Interest rate risk

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

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

The following table provides the effect on net income for the years ended March 31, 2018 and 2017 if interest rates had increased or decreased by 100 basis points applied to balances as of March 31, 2018 and 2017. Fluctuations in interest rates do not have an effect on OCI. This sensitivity analysis assumes all other variables remain constant. The methodology used to calculate the interest rate sensitivity is consistent with the prior year.

|                                                                      | March 31, 2018                      |                                                                       |                                                                                       | March 31, 2017                      |                                                                       |                                                                                       |
|----------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                                                                      | Carrying value<br>Asset (Liability) | Net income<br>effect of a<br>100 bps<br>increase in<br>interest rates | Net income<br>effect of a<br>100 bps<br>decreases in<br>interest rates <sup>(1)</sup> | Carrying value<br>Asset (Liability) | Net income<br>effect of a<br>100 bps<br>increase in<br>interest rates | Net income<br>effect of a<br>100 bps<br>decreases in<br>interest rates <sup>(1)</sup> |
| Cash and cash equivalents, net of bank indebtedness                  | \$ 862,838                          | \$ 6,471                                                              | \$ (6,471)                                                                            | \$ 652,489                          | \$ 4,894                                                              | \$ (4,894)                                                                            |
| Marketable securities owned, net of marketable securities sold short | 168,211                             | (1,211)                                                               | 1,365                                                                                 | 138,488                             | (359)                                                                 | 225                                                                                   |
| Clients' payable, net                                                | (894,767)                           | (6,783)                                                               | (1,949)                                                                               | (1,095,110)                         | (8,215)                                                               | (2,249)                                                                               |
| RRSP cash balances held in trust                                     | 330,369                             | 2,478                                                                 | (2,478)                                                                               | 302,532                             | 2,269                                                                 | (2,269)                                                                               |
| Brokers' and investment dealers' balance, net                        | 353,834                             | 1,343                                                                 | (3,560)                                                                               | 712,762                             | (8,117)                                                               | 406                                                                                   |
| Subordinated debt                                                    | (7,500)                             | (56)                                                                  | 56                                                                                    | 7,500                               | (56)                                                                  | 56                                                                                    |
| Bank loan                                                            | (71,437)                            | (536)                                                                 | 536                                                                                   | —                                   | —                                                                     | —                                                                                     |

(1) Subject to a floor of zero

### Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in foreign currency exchange rates will result in losses. The Company's primary foreign exchange risk results from its investment in its US, Australia, and UK and Europe subsidiaries. These subsidiaries are translated using the foreign exchange rate at the reporting date. Any fluctuation in the Canadian dollar against the US dollar, the pound sterling, or the Australian dollar will result in a change in the unrealized gains (losses) on translation of foreign operations recognized in accumulated other comprehensive income (loss).

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

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

As at March 31, 2018:

| Currency          | Effect of a 5% appreciation in foreign exchange rate on net income | Effect of a 5% depreciation in foreign exchange rate on net income | Effect of a 5% appreciation in foreign exchange rate on OCI | Effect of a 5% depreciation in foreign exchange rate on OCI |
|-------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|
| US dollar         | \$ (1,074)                                                         | \$ 1,074                                                           | \$ 16,956                                                   | \$ (16,956)                                                 |
| Pound sterling    | (1,560)                                                            | 1,560                                                              | 74,619                                                      | (74,619)                                                    |
| Australian dollar | nil                                                                | nil                                                                | 1,724                                                       | (1,724)                                                     |

As at March 31, 2017:

| Currency          | Effect of a 5% appreciation in foreign exchange rate on net income | Effect of a 5% depreciation in foreign exchange rate on net income | Effect of a 5% appreciation in foreign exchange rate on OCI | Effect of a 5% depreciation in foreign exchange rate on OCI |
|-------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|
| US dollar         | \$ (395)                                                           | \$ 395                                                             | \$ 11,120                                                   | \$ (11,120)                                                 |
| Pound sterling    | (560)                                                              | 560                                                                | 27,578                                                      | (27,578)                                                    |
| Australian dollar | nil                                                                | nil                                                                | 1,407                                                       | (1,407)                                                     |

### DERIVATIVE FINANCIAL INSTRUMENTS

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

#### Foreign exchange forward contracts

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

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

Forward contracts outstanding at March 31, 2018:

|                    | Notional amount (millions) | Average price    | Maturity      | Fair value |
|--------------------|----------------------------|------------------|---------------|------------|
| To sell US dollars | USD \$ 17.7                | \$1.28 (CAD/USD) | April 2, 2018 | \$ (240)   |
| To buy US dollars  | USD \$ 2.1                 | \$1.29 (CAD/USD) | April 2, 2018 | \$ 3       |

Forward contracts outstanding at March 31, 2017:

|                    | Notional amount (millions) | Average price    | Maturity      | Fair value |
|--------------------|----------------------------|------------------|---------------|------------|
| To sell US dollars | USD \$ 22.1                | \$1.33 (CAD/USD) | April 3, 2017 | \$ 71      |
| To buy US dollars  | USD \$ 2.9                 | \$1.33 (CAD/USD) | April 3, 2017 | \$ (2)     |

The Company's Canaccord Genuity Wealth Management segment in the UK and Europe trades foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the euro. The weighted average term to maturity is 85 days as at March 31, 2018 [March 31, 2017 – 61 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at March 31, 2018. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

|                                    | March 31, 2018 |             |                 | March 31, 2017 |             |                 |
|------------------------------------|----------------|-------------|-----------------|----------------|-------------|-----------------|
|                                    | Assets         | Liabilities | Notional amount | Assets         | Liabilities | Notional amount |
| Foreign exchange forward contracts | \$ 847         | \$ 747      | \$ 141,662      | \$ 1,806       | \$ 1,640    | \$ 177,384      |

## FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2018, the notional amount of the bond futures contracts outstanding was long \$0.1 million [March 31, 2017 – \$0.5 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, 2018 and March 31, 2017.

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

## SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered, and interest being paid when cash is received. These transactions are fully collateralized and are subject to daily margin calls for any deficiency between the market value of the security given and the amount of collateral received. These transactions are collateralized by either cash or securities, including government treasury bills and government bonds, and are reflected within accounts receivable and accounts payable. Interest earned on cash collateral is based on a floating rate. At March 31, 2018, the floating rates ranged from 0.50% to 0.75% [March 31, 2017 – 0.00% to 0.25%].

|                | Cash                              |                                    | Securities                        |                                    |
|----------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|
|                | Loaned or delivered as collateral | Borrowed or received as collateral | Loaned or delivered as collateral | Borrowed or received as collateral |
| March 31, 2018 | \$ 185,042                        | \$ 36,359                          | \$ 52,685                         | \$ 227,677                         |
| March 31, 2017 | 182,474                           | 41,098                             | 43,252                            | 233,811                            |

## BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As at March 31, 2018 the Company had \$nil bank indebtedness outstanding [March 31, 2017 – \$25.3 million].

## BANK LOAN

A subsidiary of the Company entered a £40.0 million (C\$72.5 million as of March 31, 2018) senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale Limited [Notes 12 and 16]. The balance outstanding as of March 31, 2018 net of unamortized financing fees was \$71.4 million. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum.

## OTHER CREDIT FACILITIES

Subsidiaries of the Company have credit facilities with banks in Canada and the UK for an aggregate amount of \$669.2 million [March 31, 2017 – \$602.6 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, 2018 and 2017, there were no balances outstanding under these other credit facilities.

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling \$2.6 million (US\$2.0 million) [March 31, 2017 – \$2.7 million (US\$2.0 million)] as rent guarantees for its leased premises in New York. As of March 31, 2018 and 2017, there were no outstanding balances under these standby letters of credit.

## NOTE 08 Interest in Other Entities

The Company has a 58% controlling interest for accounting purposes in Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited as of March 31, 2018 [March 31, 2017 – 58%]. Together, these entities operate as Canaccord Genuity Australia and the operation's principal place of business is in Australia. As discussed in Note 24, Canaccord Genuity (Australia) Limited is regulated by the Australian Securities and Investments Commission.

Canaccord Genuity Australia reported total net income of \$9.6 million in fiscal 2018 [2017: net income of \$12.5 million]. As at March 31, 2018, accumulated non-controlling interest was \$13.6 million [March 31, 2017 – \$11.9 million]. Summarized financial information including goodwill on acquisition and consolidation adjustments before inter-company eliminations is presented.

Summarized statement of profit or loss for the years ended March 31, 2018 and 2017:

|                                             | Canaccord Genuity Australia |                   |
|---------------------------------------------|-----------------------------|-------------------|
|                                             | March 31,<br>2018           | March 31,<br>2017 |
| For the years ended                         |                             |                   |
| Revenue                                     | \$ 57,022                   | \$ 59,693         |
| Expenses                                    | (42,113)                    | (42,088)          |
| Net income before taxes                     | 14,909                      | 17,605            |
| Income tax expense                          | 5,261                       | 5,153             |
| <b>Net income</b>                           | <b>9,648</b>                | <b>12,452</b>     |
| Attributable to:                            |                             |                   |
| CGGI shareholders                           | 5,595                       | 7,369             |
| Non-controlling interests                   | 4,053                       | 5,083             |
| <b>Total comprehensive income</b>           | <b>11,084</b>               | <b>12,844</b>     |
| Attributable to:                            |                             |                   |
| CGGI shareholders                           | 6,429                       | 7,597             |
| Non-controlling interests                   | 4,655                       | 5,247             |
| Dividends paid to non-controlling interests | 3,445                       | 2,520             |

Summarized statement of financial position as at March 31, 2018 and 2017:

|                         | Canaccord Genuity Australia |                   |
|-------------------------|-----------------------------|-------------------|
|                         | March 31,<br>2018           | March 31,<br>2017 |
| Current assets          | \$ 55,486                   | \$ 51,817         |
| Non-current assets      | 1,302                       | 5,460             |
| Current liabilities     | 21,974                      | 25,189            |
| Non-current liabilities | 3,525                       | —                 |

Summarized cash flow information for the years ended March 31, 2018 and 2017:

|                                                             | Canaccord Genuity Australia |                   |
|-------------------------------------------------------------|-----------------------------|-------------------|
|                                                             | March 31,<br>2018           | March 31,<br>2017 |
| Cash provided by operating activities                       | \$ 2,069                    | \$ 11,623         |
| Cash used by financing activities                           | (6,890)                     | (3,679)           |
| Cash used by investing activities                           | (120)                       | (201)             |
| Foreign exchange impact on cash balance                     | 10                          | 276               |
| <b>Net (decrease) increase in cash and cash equivalents</b> | <b>\$(4,931)</b>            | <b>\$ 8,019</b>   |

**NOTE 09****Accounts Receivable and Accounts Payable and Accrued Liabilities****ACCOUNTS RECEIVABLE**

|                                  | March 31,<br>2018   | March 31,<br>2017   |
|----------------------------------|---------------------|---------------------|
| Brokers and investment dealers   | \$ 1,405,380        | \$ 2,625,939        |
| Clients                          | 333,434             | 373,300             |
| RRSP cash balances held in trust | 330,369             | 302,532             |
| Other                            | 146,654             | 93,965              |
|                                  | <b>\$ 2,215,837</b> | <b>\$ 3,395,736</b> |

**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                                | March 31,<br>2018   | March 31,<br>2017   |
|--------------------------------|---------------------|---------------------|
| Brokers and investment dealers | \$ 1,051,546        | \$ 1,913,177        |
| Clients                        | 1,228,201           | 1,468,410           |
| Other                          | 359,207             | 288,296             |
|                                | <b>\$ 2,638,954</b> | <b>\$ 3,669,883</b> |

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the clients' accounts. Interest on margin loans and on amounts due to clients is based on a floating rate [March 31, 2018 – 6.45% to 7.50% and 0.00% to 0.45%, respectively; March 31, 2017 – 5.70% to 6.75% and 0.00% to 0.05%, respectively].

As at March 31, 2018, the allowance for doubtful accounts was \$3.4 million [March 31, 2017 – \$4.9 million]. See below for the movements in the allowance for doubtful accounts:

|                                |           |                |
|--------------------------------|-----------|----------------|
| Balance, March 31, 2016        | \$        | 10,763         |
| Charge for the year            |           | 4,153          |
| Recoveries                     |           | (4,601)        |
| Write-offs                     |           | (5,317)        |
| Foreign exchange               |           | (56)           |
| <b>Balance, March 31, 2017</b> | <b>\$</b> | <b>4,942</b>   |
| Charge for the year            |           | <b>4,831</b>   |
| Recoveries                     |           | <b>(4,168)</b> |
| Write-offs                     |           | <b>(2,235)</b> |
| Foreign exchange               |           | <b>(7)</b>     |
| <b>Balance, March 31, 2018</b> | <b>\$</b> | <b>3,363</b>   |

**NOTE 10 Investments**

|                    | March 31,<br>2018 | March 31,<br>2017 |
|--------------------|-------------------|-------------------|
| Available for sale | \$ 2,035          | \$ 2,829          |

During the year ended March 31, 2018, the Company reclassified its investment in Euroclear, one of the principal clearing houses for securities traded in the Euromarket, from investments to securities owned as a result of a change in the business model in which it is held. The investment is classified as level 2 available for sale financial instrument.

During the year ended March 31, 2018, the Company, through a wholly-owned subsidiary, invested \$2.5 million for 833,333 Class B Units, at \$3.00 per unit, in Canaccord Genuity Acquisition Corp. ("CGAC"). CGAC is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 26.2% interest in CGAC and is considered to exert significant influence over the operations of CGAC. Accordingly, the investment in CGAC is accounted for using the equity method.

The Company's equity portion of the net loss of CGAC for the year ended March 31, 2018 was \$0.3 million.

**NOTE 11 Equipment and Leasehold Improvements**

|                             | Cost |                    | Accumulated amortization |                         | Net book value |                        |
|-----------------------------|------|--------------------|--------------------------|-------------------------|----------------|------------------------|
| <b>March 31, 2018</b>       |      |                    |                          |                         |                |                        |
| Computer equipment          | \$   | 19,929             | \$                       | 13,350                  | \$             | 6,579                  |
| Furniture and equipment     |      | 26,265             |                          | 20,237                  |                | 6,028                  |
| Leasehold improvements      |      | 86,533             |                          | 68,173                  |                | 18,360                 |
|                             |      | 132,727            |                          | 101,760                 |                | 30,967                 |
| <b>March 31, 2017</b>       |      |                    |                          |                         |                |                        |
| Computer equipment          |      | 9,999              |                          | 4,476                   |                | 5,523                  |
| Furniture and equipment     |      | 21,953             |                          | 17,764                  |                | 4,189                  |
| Leasehold improvements      |      | 83,513             |                          | 61,746                  |                | 21,767                 |
|                             |      | 115,465            |                          | 83,986                  |                | 31,479                 |
|                             |      |                    |                          |                         |                |                        |
|                             |      | Computer equipment |                          | Furniture and equipment |                | Leasehold improvements |
|                             |      |                    |                          |                         |                | Total                  |
| <b>Cost</b>                 |      |                    |                          |                         |                |                        |
| Balance, March 31, 2016     | \$   | 10,825             | \$                       | 21,446                  | \$             | 82,734                 |
| Additions                   |      | 1,358              |                          | 915                     |                | 2,929                  |
| Disposals                   |      | (1,525)            |                          | (131)                   |                | (929)                  |
| Foreign exchange            |      | (659)              |                          | (277)                   |                | (1,221)                |
| Balance, March 31, 2017     | \$   | 9,999              | \$                       | 21,953                  | \$             | 83,513                 |
| Acquisition of a subsidiary |      | 6,523              |                          | 3,933                   |                | —                      |
| Additions                   |      | 2,656              |                          | 1,390                   |                | 2,265                  |
| Disposals                   |      | (501)              |                          | (1,567)                 |                | (239)                  |
| Foreign exchange            |      | 1,252              |                          | 556                     |                | 994                    |
| Balance, March 31, 2018     | \$   | 19,929             | \$                       | 26,265                  | \$             | 86,533                 |
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|                                                | Computer<br>equipment | Furniture and<br>equipment | Leasehold<br>improvements | Total             |
|------------------------------------------------|-----------------------|----------------------------|---------------------------|-------------------|
| <b>Accumulated amortization and impairment</b> |                       |                            |                           |                   |
| Balance, March 31, 2016                        | \$ 3,603              | \$ 16,555                  | \$ 57,798                 | \$ 77,956         |
| Amortization                                   | 2,474                 | 1,537                      | 5,314                     | 9,325             |
| Disposals                                      | (1,130)               | (130)                      | (918)                     | (2,178)           |
| Foreign exchange                               | (471)                 | (198)                      | (448)                     | (1,117)           |
| Balance, March 31, 2017                        | \$ 4,476              | \$ 17,764                  | \$ 61,746                 | \$ 83,986         |
| Acquisition of a subsidiary                    | 5,083                 | 2,608                      | —                         | 7,691             |
| Amortization                                   | 3,347                 | 934                        | 5,964                     | 10,245            |
| Disposals                                      | (501)                 | (1,474)                    | (238)                     | (2,213)           |
| Foreign exchange                               | 945                   | 405                        | 701                       | 2,051             |
| <b>Balance, March 31, 2018</b>                 | <b>\$ 13,350</b>      | <b>\$ 20,237</b>           | <b>\$ 68,173</b>          | <b>\$ 101,760</b> |

The carrying value of any temporarily idle property, plant and equipment is not considered material as at March 31, 2018 and March 31, 2017.

**NOTE 12****Business Combinations**

On July 5, 2017, the Company announced that it has agreed to acquire 100% of the outstanding shares of Hargreave Hale Limited ("Hargreave Hale"), a leading independent UK-based investment and wealth management business. This transaction closed on September 18, 2017. This acquisition is part of the Company's strategy of growing its global wealth management business and increasing its wealth management contribution to overall consolidated results. Total purchase consideration was \$131.4 million (£79.6 million), of which \$76.1 million (£46.1 million) was paid on closing. There is deferred consideration of \$9.9 million (£6.0 million) which has been withheld by the Company for a maximum period of six years from completion pending the outcome of a regulatory matter. In addition, there is contingent consideration of up to \$45.4 million (£27.5 million) which will be payable over a period of up to three years, subject to achievement of certain performance targets related to the retention and growth of client assets and revenues and an amount determined with reference to the fund management business.

Further payments of up to \$4.1 million (£2.5 million) will be paid to certain continuing Hargreave Hale employees subject to achievement of certain performance targets related to the retention and growth of client assets and revenues. This amount has been recognized as an expense during the year ended March 31, 2018 in connection with the acquisition.

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

**Consideration paid**

|                          |                   |
|--------------------------|-------------------|
| Cash                     | \$ 76,103         |
| Deferred consideration   | 9,902             |
| Contingent consideration | 45,386            |
|                          | <b>\$ 131,391</b> |

**Net assets acquired**

|                                                                  |                |
|------------------------------------------------------------------|----------------|
| Cash                                                             | \$ 22,052      |
| Accounts receivable                                              | 21,710         |
| Other tangible assets                                            | 1,408          |
| Liabilities                                                      | (16,793)       |
| Identifiable intangible assets                                   | 61,560         |
| Deferred tax liability related to identifiable intangible assets | (10,800)       |
| Goodwill                                                         | 52,254         |
|                                                                  | <b>131,391</b> |

Identifiable intangible assets of \$61.6 million were recognized and include customer relationships and a fund management contract. The goodwill of \$52.3 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to \$45.4 million (£27.5 million) as of the acquisition date and will be payable over a period of three years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance targets will be met.

The above amounts are estimates, which were made by management at the time of the preparation of these consolidated financial statements based on available information. Amendments may be made to these amounts as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of Hargreave Hale are \$6.7 million. These expenses are mainly comprised of professional and consulting fees. In addition, the Company also incurred restructuring expenses of \$2.9 million related to an onerous lease provision related to the acquisition.

Contributions to revenue and net loss by Hargreave Hale, including restructuring and acquisition-related costs, were \$52.9 million and \$4.8 million respectively since the acquisition date.

Had Hargreave Hale been consolidated from April 1, 2017, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately \$1.1 billion and \$21.4 million, respectively, for the year ended March 31, 2018. These figures represent historical results and are not necessarily indicative of future performance.

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

|                                                | Identifiable intangible assets |               |                        |                 |                            |                 |                  |                 |                 |
|------------------------------------------------|--------------------------------|---------------|------------------------|-----------------|----------------------------|-----------------|------------------|-----------------|-----------------|
|                                                | Goodwill                       | Brand names   | Customer relationships | Technology      | Software under development | Non-competition | Trading licenses | Fund management | Total           |
| <b>Gross amount</b>                            |                                |               |                        |                 |                            |                 |                  |                 |                 |
| Balance, March 31, 2016                        | \$ 526,364                     | \$ 44,930     | \$ 97,426              | \$ 30,512       | \$ 4,506                   | \$ 14,153       | \$ 196           | \$ —            | \$ 191,723      |
| Additions                                      | —                              | —             | —                      | 440             | —                          | —               | —                | —               | 440             |
| Transfer between categories                    | —                              | —             | —                      | 1,382           | (1,382)                    | —               | —                | —               | —               |
| Foreign exchange                               | (11,466)                       | —             | (6,303)                | (3,132)         | (79)                       | —               | —                | —               | (9,514)         |
| <b>Balance, March 31, 2017</b>                 | <b>514,898</b>                 | <b>44,930</b> | <b>91,123</b>          | <b>29,202</b>   | <b>3,045</b>               | <b>14,153</b>   | <b>196</b>       | <b>—</b>        | <b>182,649</b>  |
| Additions                                      | <b>52,254</b>                  | —             | <b>24,921</b>          | <b>795</b>      | —                          | —               | —                | <b>36,639</b>   | <b>62,355</b>   |
| Transfer between categories                    | —                              | —             | —                      | <b>3,045</b>    | <b>(3,045)</b>             | —               | —                | —               | —               |
| Foreign exchange                               | <b>13,454</b>                  | —             | <b>7,130</b>           | <b>2,359</b>    | —                          | —               | —                | <b>3,599</b>    | <b>13,088</b>   |
| <b>Balance, March 31, 2018</b>                 | <b>580,606</b>                 | <b>44,930</b> | <b>123,174</b>         | <b>35,401</b>   | —                          | <b>14,153</b>   | <b>196</b>       | <b>40,238</b>   | <b>258,092</b>  |
| <b>Accumulated amortization and impairment</b> |                                |               |                        |                 |                            |                 |                  |                 |                 |
| Balance, March 31, 2016                        | (322,632)                      | —             | (44,266)               | (10,554)        | (2,350)                    | (14,153)        | (196)            | —               | (71,519)        |
| Amortization                                   | —                              | —             | (8,617)                | (3,182)         | —                          | —               | —                | —               | (11,799)        |
| Foreign exchange                               | —                              | —             | 2,351                  | 1,117           | —                          | —               | —                | —               | 3,468           |
| <b>Balance, March 31, 2017</b>                 | <b>(322,632)</b>               | —             | <b>(50,532)</b>        | <b>(12,619)</b> | <b>(2,350)</b>             | <b>(14,153)</b> | <b>(196)</b>     | —               | <b>(79,850)</b> |
| Transfer between categories                    | —                              | —             | —                      | <b>(2,350)</b>  | <b>2,350</b>               | —               | —                | —               | —               |
| Amortization                                   | —                              | —             | <b>(8,700)</b>         | <b>(3,339)</b>  | —                          | —               | —                | <b>(1,723)</b>  | <b>(13,762)</b> |
| Foreign exchange                               | —                              | —             | <b>(2,546)</b>         | <b>(1,065)</b>  | —                          | —               | —                | <b>(112)</b>    | <b>(3,723)</b>  |
| <b>Balance, March 31, 2018</b>                 | <b>(322,632)</b>               | —             | <b>(61,778)</b>        | <b>(19,373)</b> | —                          | <b>(14,153)</b> | <b>(196)</b>     | <b>(1,835)</b>  | <b>(97,335)</b> |
| <b>Net book value</b>                          |                                |               |                        |                 |                            |                 |                  |                 |                 |
| March 31, 2017                                 | <b>192,266</b>                 | <b>44,930</b> | <b>40,591</b>          | <b>16,583</b>   | <b>695</b>                 | —               | —                | —               | <b>102,799</b>  |
| <b>March 31, 2018</b>                          | <b>257,974</b>                 | <b>44,930</b> | <b>61,396</b>          | <b>16,028</b>   | —                          | —               | —                | <b>38,403</b>   | <b>160,757</b>  |

## IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS

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

|                                                 | Intangible assets with indefinite lives |                | Goodwill       |                | Total          |                |
|-------------------------------------------------|-----------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                 | March 31, 2018                          | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| <b>Canaccord Genuity CGUs</b>                   |                                         |                |                |                |                |                |
| Canada                                          | \$ 44,930                               | \$ 44,930      | \$ 92,074      | \$ 92,074      | \$ 137,004     | \$ 137,004     |
| <b>Canaccord Genuity Wealth Management CGUs</b> |                                         |                |                |                |                |                |
| UK and Europe (Channel Islands)                 | —                                       | —              | 97,754         | 90,257         | 97,754         | 90,257         |
| UK and Europe (Eden Financial Ltd ("Eden"))     | —                                       | —              | 10,761         | 9,935          | 10,761         | 9,935          |
| UK and Europe (Hargreave Hale)                  | —                                       | —              | 57,385         | —              | 57,385         | —              |
|                                                 | \$ 44,930                               | \$ 44,930      | \$ 257,974     | \$ 192,266     | \$ 302,904     | \$ 237,196     |

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

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill and other assets impairment testing was carried out for all applicable CGUs at June 30, September 30 and December 31, 2017.

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

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The CGUs which recorded goodwill in their carrying value as of March 31, 2018 were Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden) and UK (Hargreave Hale). The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2017 – 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilize five-year compound annual revenue growth rates was 5.0% [March 31, 2017 – 5.0%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden) and UK (Hargreave Hale) was 2.5% [March 31, 2017 – 2.5%].

Sensitivity testing was conducted as part of the annual impairment test of goodwill and indefinite life intangible assets for the Canaccord Genuity – Canada CGU. The sensitivity testing includes assessing the impact that reasonably possible declines in revenue estimates for the 12-month period ending on March 31, 2019 and declines in growth rates after that period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant. An increase in the discount rate of 7.1 percentage points, a decrease in the estimated revenue for the year ending March 31, 2019 of \$40.1 million or a decrease in the five-year compound annual growth rate of 15.8 percentage points would result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge would be required. Any such impairment charge would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors.

**NOTE 14**   **Income Taxes**

The major components of income tax expense are:

|                                                             | March 31,<br>2018 | March 31,<br>2017 |
|-------------------------------------------------------------|-------------------|-------------------|
| <b>Consolidated statements of operations</b>                |                   |                   |
| Current income tax expense                                  |                   |                   |
| Current income tax expense                                  | \$ 23,630         | \$ 16,286         |
| Adjustments in respect of prior years                       | (3,010)           | 36                |
|                                                             | <b>20,620</b>     | <b>16,322</b>     |
| Deferred income tax recovery                                |                   |                   |
| Origination and reversal of temporary differences           | (1,807)           | (5,667)           |
| Impact of change in tax rates                               | (144)             | 43                |
|                                                             | <b>(1,951)</b>    | <b>(5,624)</b>    |
| Income tax expense reported in the statements of operations | <b>\$ 18,669</b>  | <b>\$ 10,698</b>  |

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

|                                                                                  | March 31,<br>2018 | March 31,<br>2017 |
|----------------------------------------------------------------------------------|-------------------|-------------------|
| Net income before income taxes                                                   | \$ 35,746         | \$ 53,884         |
| Income tax expense at the statutory rate of 26.25% (2017: 26.0%)                 | 9,381             | 13,999            |
| Difference in tax rates in foreign jurisdictions                                 | (1,631)           | (4,096)           |
| Non-deductible items affecting the determination of taxable income               | 2,555             | 3,051             |
| Change in accounting and tax base estimate                                       | 3,248             | (1,143)           |
| Change in deferred tax asset – reversal period of temporary difference and other | 6,759             | (2,292)           |
| Tax losses and other temporary differences not recognized                        | (5,409)           | 1,208             |
| Share based payments                                                             | 3,766             | (29)              |
| Income tax expense reported in the statements of operations                      | <b>\$ 18,669</b>  | <b>\$ 10,698</b>  |

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

|                                                                                               | Consolidated statements<br>of financial position |                   | Consolidated statements<br>of operations |                   |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------|------------------------------------------|-------------------|
|                                                                                               | March 31,<br>2018                                | March 31,<br>2017 | March 31,<br>2018                        | March 31,<br>2017 |
| Unrealized gain on securities owned                                                           | \$ (10,053)                                      | \$ (114)          | \$ 9,939                                 | \$ (992)          |
| Legal provisions                                                                              | 774                                              | 1,195             | 421                                      | (839)             |
| Unpaid remunerations                                                                          | 6,359                                            | 4,971             | (1,388)                                  | (2,713)           |
| Unamortized capital cost of equipment and leasehold improvements<br>over their net book value | 2,984                                            | 2,974             | (10)                                     | (287)             |
| Unamortized common share purchase loans                                                       | 2,434                                            | 1,792             | (641)                                    | (541)             |
| Loss carryforwards                                                                            | 5,224                                            | 6,491             | 1,267                                    | 2,145             |
| Long-term incentive plan                                                                      | 25,365                                           | 14,398            | (10,967)                                 | (541)             |
| Other intangible assets                                                                       | (28,066)                                         | (17,523)          | (1,318)                                  | (2,296)           |
| Other                                                                                         | 1,205                                            | 999               | 746                                      | 440               |
|                                                                                               | <b>\$ 6,226</b>                                  | <b>\$ 15,183</b>  | <b>\$ (1,951)</b>                        | <b>\$ (5,624)</b> |

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

|                          | March 31,<br>2018 | March 31,<br>2017 |
|--------------------------|-------------------|-------------------|
| Deferred tax assets      | \$ 19,941         | \$ 15,323         |
| Deferred tax liabilities | (13,715)          | (140)             |
|                          | \$ 6,226          | \$ 15,183         |

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

|                                                                      | 2018      | 2017      |
|----------------------------------------------------------------------|-----------|-----------|
| Opening balance as of April 1                                        | \$ 15,183 | \$ 10,771 |
| Tax recovery recognized in the consolidated statements of operations | 1,951     | 5,624     |
| Foreign exchange on deferred tax position                            | 1,111     | (810)     |
| Deferred tax liability on convertible debentures                     | —         | (990)     |
| Deferred taxes acquired in business combination                      | (11,308)  | —         |
| Other                                                                | (711)     | 588       |
| Ending balance as of March 31                                        | \$ 6,226  | \$ 15,183 |

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

At the balance sheet date, the Company has tax loss carryforwards of approximately \$35.5 million [2017 – \$37.9 million] for which a deferred tax asset has not been recognized. These losses relate to subsidiaries outside of Canada that have a history of losses and may also be subject to legislative limitations on use and may not be used to offset taxable income elsewhere in the consolidated group of companies. The subsidiaries have no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets, as the likelihood of future economic benefit is not sufficiently assured. These losses begin expiring in 2029.

Other temporary differences not recognized as deferred tax assets in relation to subsidiaries outside of Canada amount to \$38.8 million at March 31, 2018 [2017 – \$33.7 million]. Since the subsidiaries outside of Canada have a history of losses and the deductible temporary differences may not be used to offset taxable income elsewhere in the consolidated group of companies, no asset has been recognized as the likelihood of future economic benefit is not sufficiently assured.

**NOTE 15****Subordinated Debt**

|                                                                               | March 31,<br>2018 | March 31,<br>2017 |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| Loan payable, interest payable monthly at prime + 4% per annum, due on demand | \$ 7,500          | 7,500             |

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of IIROC. As at March 31, 2018 and 2017, the interest rates for the subordinated debt were 7.45% and 6.7%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

**NOTE 16****Bank Loan**

|                                  | March 31,<br>2018 | March 31,<br>2017 |
|----------------------------------|-------------------|-------------------|
| Loan                             | \$ 72,500         | \$ —              |
| Less: Unamortized financing fees | (1,063)           | —                 |
|                                  | 71,437            | —                 |
| Current portion                  | 9,679             | —                 |
| Long term portion                | 61,758            | —                 |

In connection with the acquisition of Hargreave Hale [Note 12], a subsidiary of the Company entered into a senior credit facility in the amount of £40.0 million (C\$72.5 million as of March 31, 2018) to finance a portion of the cash consideration. The balance outstanding as of March 31, 2018 net of unamortized financing fees was \$71.4 million. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum.

## NOTE 17 Convertible Debentures

On October 27, 2016, the Company closed a private placement of convertible unsecured senior subordinated debentures (the "Debentures") in the aggregate principal amount of \$60.0 million. The net amount recognized after deducting issue costs net of deferred tax liability was \$58.9 million. The Debentures were placed with funds managed by a large Canadian asset manager.

The Debentures bear interest at a rate of 6.50% per annum, payable semi-annually on the last day of June and December each year commencing December 31, 2016. The Debentures are convertible at the holder's option into common shares of the Company at a conversion price of \$6.50 per share. The Debentures will mature on December 31, 2021 and may be redeemed by the Company, in certain circumstances, on or after December 31, 2019.

The Debentures are classified as compound financial instruments. On initial recognition, the fair value of the liability was calculated based on the present value of future cash flows under the instruments, discounted at 8%, being equal to the rate of interest applied by the market at the time of issue to instruments of comparable credit status and future cash flows, without the conversion feature. The residual amount is recorded as a component of shareholders' equity.

|                        | March 31, 2018 |          | March 31, 2017 |          |
|------------------------|----------------|----------|----------------|----------|
|                        | Liability      | Equity   | Liability      | Equity   |
| Convertible debentures | \$ 57,081      | \$ 2,604 | \$ 56,442      | \$ 2,604 |

## NOTE 18 Preferred Shares

|                                                  | March 31, 2018 |                  | March 31, 2017 |                  |
|--------------------------------------------------|----------------|------------------|----------------|------------------|
|                                                  | Amount         | Number of shares | Amount         | Number of shares |
| Series A Preferred Shares issued and outstanding | \$ 110,818     | 4,540,000        | \$ 110,818     | 4,540,000        |
| Series C Preferred Shares issued and outstanding | 97,450         | 4,000,000        | 97,450         | 4,000,000        |
| Series C Preferred Shares held in treasury       | (2,627)        | (106,794)        | (2,627)        | (106,794)        |
|                                                  | 94,823         | 3,893,206        | 94,823         | 3,893,206        |
|                                                  | \$ 205,641     | 8,433,206        | \$ 205,641     | 8,433,206        |

### [i] SERIES A PREFERRED SHARES

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

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

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

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

### [ii] SERIES C PREFERRED SHARES

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

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

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

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

**NOTE 19****Common Shares and Warrants**

|                               | March 31, 2018    |                   | March 31, 2017    |                   |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
|                               | Amount            | Number of shares  | Amount            | Number of shares  |
| Issued and fully paid         | \$ 772,746        | 113,522,629       | \$ 772,645        | 113,511,468       |
| Unvested share purchase loans | (5,098)           | (654,322)         | (9,366)           | (1,590,146)       |
| Held for the LTIP             | (117,802)         | (19,814,432)      | (121,830)         | (19,141,505)      |
|                               | <b>\$ 649,846</b> | <b>93,053,875</b> | <b>\$ 641,449</b> | <b>92,779,817</b> |

|                                                      | March 31, 2018 |                    | March 31, 2017 |                    |
|------------------------------------------------------|----------------|--------------------|----------------|--------------------|
|                                                      | Amount         | Number of warrants | Amount         | Number of warrants |
| Warrants issued in connection with Private Placement | \$ 1,975       | 3,438,412          | \$ 1,975       | 3,438,412          |

**[i] AUTHORIZED**

Unlimited common shares without par value.

**[ii] ISSUED AND FULLY PAID**

|                                                                      | Number of shares   | Amount            |
|----------------------------------------------------------------------|--------------------|-------------------|
| Balance, March 31, 2016                                              | 103,812,814        | \$ 729,502        |
| Shares issued in connection with share-based payment plans [Note 21] | 2,433,285          | 14,840            |
| Shares issued in connection with replacement plans [Note 21]         | 76,088             | 685               |
| Shares issued for other stock-based award                            | 507,051            | 2,373             |
| Shares issued in connection with private placement                   | 6,876,824          | 26,601            |
| Shares cancelled                                                     | (194,594)          | (1,356)           |
| Balance, March 31, 2017                                              | 113,511,468        | 772,645           |
| Shares issued in connection with replacement plans [Note 21]         | 11,161             | 101               |
| <b>Balance, March 31, 2018</b>                                       | <b>113,522,629</b> | <b>\$ 772,746</b> |

On August 11, 2017, 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 5,675,573 of its common shares during the period from August 15, 2017 to August 14, 2018 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. There were no shares purchased through this and the previous NCIB between April 1, 2017 and March 31, 2018.

During the year ended March 31, 2017, the Company completed the closings of a non-brokered private placement (Private Placement) to employees of the Company. In aggregate, the Company issued 6,876,824 units at a price of \$4.17 per unit for aggregate proceeds to the Company of \$28.6 million. Each unit consists of one common share ("Common Share") of the Company and one-half of one Common Share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one Common Share at an exercise price of \$4.99 for the period from June 17, 2019 to December 17, 2019. Warrants are not listed and are not transferable.

The Warrants are classified as equity instruments. The fair value of the Warrants, calculated using an option pricing model, was determined to be \$1.975 million. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Volatility is based on the historical trend of the share prices of the Company. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Warrants.

### [iii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides forgivable common share purchase loans to certain employees (other than directors or executive officers) in order to purchase common shares of the Company. 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. The unvested balance of forgivable common share purchase loans is presented as a deduction from share capital. The forgivable common share purchase loans are amortized over the vesting period. The difference between the unvested and unamortized values is included in contributed surplus.

### [iv] EARNINGS PER COMMON SHARE

|                                                                             | For the years ended |                   |
|-----------------------------------------------------------------------------|---------------------|-------------------|
|                                                                             | March 31,<br>2018   | March 31,<br>2017 |
| <b>Earnings per common share</b>                                            |                     |                   |
| Net income attributable to CGGI shareholders                                | \$ 13,024           | \$ 38,103         |
| Preferred shares dividends                                                  | (9,593)             | (11,076)          |
| Net income attributable to common shareholders                              | 3,431               | 27,027            |
| Weighted average number of common shares (number)                           | 92,587,216          | 91,656,708        |
| Basic earnings per share                                                    | \$ 0.04             | \$ 0.29           |
| <b>Diluted earnings per common share</b>                                    |                     |                   |
| Net income attributable to common shareholders                              | 3,431               | 27,027            |
| Weighted average number of common shares (number)                           | 92,587,216          | 91,656,708        |
| Dilutive effect in connection with LTIP (number)                            | 17,089,575          | 8,248,790         |
| Dilutive effect in connection with other share-based payment plans (number) | 978,809             | 1,243,574         |
| Dilutive effect in connection with warrants (number)                        | 206,487             | —                 |
| Adjusted weighted average number of common shares (number)                  | 110,862,087         | 101,149,072       |
| Diluted earnings per common share                                           | \$ 0.03             | \$ 0.27           |

The convertible debentures were excluded from the diluted earnings per share calculation for the year ended March 31, 2018 and 2017 as they were anti-dilutive.

There have been no other transactions involving common shares or potential common shares between the reporting period and the date of authorization of these financial statements which would have a significant impact on earnings per common share.

## NOTE 20

## Dividends

### COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the year ended March 31, 2018:

| Record date       | Payment date       | Cash dividend per<br>common share | Total common<br>dividend amount |
|-------------------|--------------------|-----------------------------------|---------------------------------|
| March 2, 2018     | March 15, 2018     | \$ 0.01                           | \$ 1,135                        |
| December 1, 2017  | December 15, 2017  | \$ 0.01                           | \$ 1,135                        |
| September 1, 2017 | September 15, 2017 | \$ 0.01                           | \$ 1,135                        |
| June 16, 2017     | July 3, 2017       | \$ 0.10                           | \$ 11,351                       |

On June 6, 2018, the Board of Directors approved a dividend of \$0.12 per common share, payable on July 3, 2018, with a record date of June 22, 2018. This dividend is comprised of a \$0.01 base quarterly dividend and an \$0.11 variable supplemental dividend [Note 28].

**PREFERRED SHARE DIVIDENDS**

| Record date        | Payment date    | Cash dividend per Series A Preferred Share | Cash dividend per Series C Preferred Share | Total preferred dividend amount |
|--------------------|-----------------|--------------------------------------------|--------------------------------------------|---------------------------------|
| March 16, 2018     | April 2, 2018   | \$ 0.24281                                 | \$ 0.31206                                 | \$ 2,351                        |
| December 22, 2017  | January 2, 2018 | \$ 0.24281                                 | \$ 0.31206                                 | \$ 2,351                        |
| September 15, 2017 | October 2, 2017 | \$ 0.24281                                 | \$ 0.31206                                 | \$ 2,351                        |
| June 16, 2017      | June 30, 2017   | \$ 0.24281                                 | \$ 0.359375                                | \$ 2,540                        |

On June 6, 2018, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on July 3, 2018 to Series A Preferred shareholders of record as at June 22, 2018 [Note 28].

On June 6, 2018, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on July 3, 2018 to Series C Preferred shareholders of record as at June 22, 2018 [Note 28].

**NOTE 21****Share-Based Payment Plans****[i] LONG-TERM INCENTIVE PLAN**

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

Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. With the change, RSUs will 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 “Share based payments”. 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. With this change to the Plan, the Company recorded an expense of \$48.4 million during the year ended March 31, 2018 in respect of the unamortized portion of outstanding awards as of March 31, 2018 which would have otherwise been expensed in periods after March 31, 2018 if the Plan had not been changed.

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

There were 7,292,403 RSUs [year ended March 31, 2017 – 11,895,720 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2018. The Trusts purchased 5,681,240 common shares [year ended March 31, 2017 – 9,838,528 common shares] during the year ended March 31, 2018.

The fair value of the RSUs at the measurement date is based on the fair value on grant date. The weighted average fair value of RSUs granted during the year ended March 31, 2018 was \$5.00 [March 31, 2017 – \$4.75].

|                                           | Number            |
|-------------------------------------------|-------------------|
| Awards outstanding, March 31, 2016        | 11,962,855        |
| Grants                                    | 11,895,720        |
| Vested                                    | (4,598,904)       |
| Forfeited                                 | (1,079,926)       |
| Awards outstanding, March 31, 2017        | 18,179,745        |
| Grants                                    | 7,292,403         |
| Vested                                    | (4,906,479)       |
| Forfeited                                 | (435,281)         |
| <b>Awards outstanding, March 31, 2018</b> | <b>20,130,388</b> |

|                                                         | Number            |
|---------------------------------------------------------|-------------------|
| Common shares held by the Trusts, March 31, 2016        | 12,171,624        |
| Acquired                                                | 9,838,528         |
| Released on vesting                                     | (2,868,647)       |
| Common shares held by the Trusts, March 31, 2017        | 19,141,505        |
| Acquired                                                | 5,681,240         |
| Released on vesting                                     | (5,008,313)       |
| <b>Common shares held by the Trusts, March 31, 2018</b> | <b>19,814,432</b> |

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

The Company provides loans to certain employees (other than directors or executive officers) for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers. These loans are equity-settled transactions that are generally forgiven over a three- to five-year period from the initial advance of the loan or at the end of that three- to five-year period [Note 19 [iii]].

#### [iii] REPLACEMENT PLANS

As a result of the acquisition of CSHP, the following share-based payment plans were introduced to replace the share-based payment plans that existed at CSHP at the acquisition date:

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

On March 21, 2012, the Company introduced the Replacement ABED Plan, which replaced the ABED plans that existed at CSHP as of the acquisition date. Eligible employees who participated in the CSHP ABED plans were granted options to purchase common shares of the Company under the Replacement ABED Plan. The exercise price of these options was \$nil. The options, which are now vested, vested between one and three years from the acquisition date of CSHP. In accordance with IFRS 3, “*Business Combinations*” (IFRS 3), a portion of the awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion was deferred and amortized to incentive compensation expense over the vesting period. The awards were fully amortized as of March 31, 2015.

|                                | Number        |
|--------------------------------|---------------|
| Balance, March 31, 2016        | 25,637        |
| Exercised                      | (7,155)       |
| Balance, March 31, 2017        | 18,482        |
| Exercised                      | —             |
| <b>Balance, March 31, 2018</b> | <b>18,482</b> |

The following table summarizes the share options outstanding under the Replacement ABED Plan as at March 31, 2018:

| Range of exercise price | Options outstanding     |                                             |                                 | Options exercisable           |                                 |
|-------------------------|-------------------------|---------------------------------------------|---------------------------------|-------------------------------|---------------------------------|
|                         | Number of common shares | Weighted average remaining contractual life | Weighted average exercise price | Number of options exercisable | Weighted average exercise price |
| <b>\$nil</b>            | <b>18,482</b>           | <b>2.0</b>                                  | <b>Nil</b>                      | <b>18,482</b>                 | <b>\$ nil</b>                   |

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

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

|                                    | Number         |
|------------------------------------|----------------|
| Awards outstanding, March 31, 2016 | 201,552        |
| Exercised                          | (68,933)       |
| Balance, March 31, 2017            | 132,619        |
| Exercised                          | (11,161)       |
| Balance, March 31, 2018            | <b>121,458</b> |

The following table summarizes the share options outstanding under the Replacement LTIP as at March 31, 2018:

| Range of exercise price | Options outstanding     |                                             |                                 | Options exercisable           |                                 |
|-------------------------|-------------------------|---------------------------------------------|---------------------------------|-------------------------------|---------------------------------|
|                         | Number of common shares | Weighted average remaining contractual life | Weighted average exercise price | Number of options exercisable | Weighted average exercise price |
| <b>\$nil</b>            | <b>121,458</b>          | <b>2.0</b>                                  | <b>\$nil</b>                    | <b>121,458</b>                | <b>\$ nil</b>                   |

#### [iv] CSH Inducement Plan

In connection with the acquisition of CSHP, the Company agreed to establish a retention plan for key CSHP staff. The awards were fully vested and fully amortized as of March 31, 2017. As of March 31, 2018, the only CSH inducement Plan award outstanding, if exercised, would result in the issuance of 9,257 common shares. This is also the maximum number of common shares that may be issued from treasury under the CSH Inducement Plan. These shares are subject to resolution of a dispute about the status of a participant who was awarded this number of restricted share units.

#### [v] DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share units ("DSU") plan for its independent directors. Independent directors must elect annually as to how they wish their directors' fees to be paid and can specify the allocation of their directors' fees between DSUs and cash. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash, with the amount equal to the number of DSUs granted multiplied by the closing share price as of the end of the fiscal quarter immediately following such terminations. 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.

During the year ended March 31, 2018, the Company granted 77,720 DSUs [2017 – 84,990 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2018 was \$2.2 million [2017 – \$1.1 million].

#### [vi] PERFORMANCE SHARE UNITS

For the year ended March 31, 2018, 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 3-year vesting period, the number of PSUs which vest is determined upon performance against certain pre-determined metrics. The PSUs cliff vest on the 3<sup>rd</sup> anniversary of the date of the grant. The PSUs are settled in cash, based on the average share price of the Company's shares at the time of vesting.

The carrying amount of the liability relating to PSUs at March 31, 2018 was \$6.1 million.

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

|                                                                           | For the years ended |                   |
|---------------------------------------------------------------------------|---------------------|-------------------|
|                                                                           | March 31,<br>2018   | March 31,<br>2017 |
| Long-term incentive plan                                                  | \$ 93,673           | \$ 37,537         |
| Forgivable common share purchase loans                                    | 199                 | 1,699             |
| CSH Inducement Plan                                                       | —                   | 1,609             |
| Deferred share units (cash-settled)                                       | 661                 | (762)             |
| Other                                                                     | 67                  | 239               |
| Share-based incentive compensation expense                                | 94,600              | 40,322            |
| Accelerated share-based payment expense included as restructuring expense | 757                 | —                 |
| Total share-based compensation expense                                    | \$ 95,357           | \$ 40,322         |

With the change to the Plan discussed above, the Company recorded an expense of \$48.3 million during the year ended March 31, 2018 with a corresponding increase in contributed surplus in respect of the awards granted prior to fiscal 2018. The remainder of the LTIP expense relates to awards made in fiscal 2018 and the 2018 amortization expense associated with new hire and retention-based awards.

## NOTE 22

## Related Party Transactions

**[i] CONSOLIDATED SUBSIDIARIES**

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

|                                                             | Country of incorporation | % equity interest |                |
|-------------------------------------------------------------|--------------------------|-------------------|----------------|
|                                                             |                          | March 31, 2018    | March 31, 2017 |
| Canaccord Genuity Corp.                                     | Canada                   | 100%              | 100%           |
| CG Investments Inc.                                         | Canada                   | 100%              | n/a            |
| 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%              | n/a            |
| Canaccord Genuity Limited                                   | United Kingdom           | 100%              | 100%           |
| Canaccord Genuity Wealth Group Holdings Ltd.                | Canada                   | 100%              | 100%           |
| Canaccord Genuity LLC                                       | United States            | 100%              | 100%           |
| Canaccord Genuity Wealth Management (USA) Inc.              | United States            | 100%              | 100%           |
| Canaccord Genuity Wealth & Estate Planning Services Ltd.    | Canada                   | 100%              | 100%           |
| Canaccord 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 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                | 50%               | 50%            |
| Canaccord Genuity (Australia) Limited*                      | Australia                | 50%               | 50%            |
| 加通贝祥（北京）投资顾问有限公司 (Canaccord Genuity Asia (Beijing) Limited) | 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%           |

\* The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2018 the Company is considered to have a 58% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd [March 31, 2017 – 58%] [Note 8]

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

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2018 and 2017:

|                                                            | March 31, 2018   | March 31, 2017   |
|------------------------------------------------------------|------------------|------------------|
| Short term employee benefits                               | \$ 10,515        | \$ 7,053         |
| Post termination benefits                                  | —                | 1,989            |
| Share-based payments                                       | 4,933            | 3,979            |
| <b>Total compensation paid to key management personnel</b> | <b>\$ 15,448</b> | <b>\$ 13,021</b> |

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

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

|                                          | March 31,<br>2018 | March 31,<br>2017 |
|------------------------------------------|-------------------|-------------------|
| Accounts receivable                      | \$ 969            | \$ 211            |
| Accounts payable and accrued liabilities | 1,527             | 219               |

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

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

**NOTE 23****Segmented Information**

The Company operates in two industry segments as follows:

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

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

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

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

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity segment, as it relates to the acquisitions of Genuity and the 50% interest in Canaccord Genuity Australia. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to Canaccord Genuity and Canaccord Genuity Wealth Management segments in the UK and Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisition of Eden Financial Ltd. is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Eden Financial Ltd.). Amortization of identifiable intangible assets acquired through the acquisition of Hargreave Hale is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Hargreave Hale). There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

|                                                                | For the years ended  |                                              |                        |            |                      |                                              |                        |            |
|----------------------------------------------------------------|----------------------|----------------------------------------------|------------------------|------------|----------------------|----------------------------------------------|------------------------|------------|
|                                                                | March 31, 2018       |                                              |                        |            | March 31, 2017       |                                              |                        |            |
|                                                                | Canaccord<br>Genuity | Canaccord<br>Genuity<br>Wealth<br>Management | Corporate<br>and Other | Total      | Canaccord<br>Genuity | Canaccord<br>Genuity<br>Wealth<br>Management | Corporate<br>and Other | Total      |
| Revenues, excluding interest revenue                           | \$ 627,821           | \$ 358,193                                   | \$ 8,988               | \$ 995,002 | \$ 593,447           | \$ 258,230                                   | \$ 11,022              | \$ 862,699 |
| Interest revenue                                               | 9,735                | 12,072                                       | 6,068                  | 27,875     | 4,944                | 8,881                                        | 3,022                  | 16,847     |
| Expenses, excluding undernoted                                 | 583,577              | 288,400                                      | 50,373                 | 922,350    | 512,933              | 210,226                                      | 56,426                 | 779,585    |
| Amortization                                                   | 9,464                | 13,152                                       | 1,391                  | 24,007     | 10,651               | 9,102                                        | 1,371                  | 21,124     |
| Development costs                                              | 690                  | 6,773                                        | 201                    | 7,664      | 2,616                | 6,585                                        | 3,008                  | 12,209     |
| Interest expense                                               | 9,471                | 2,741                                        | 6,225                  | 18,437     | 9,713                | 135                                          | 2,896                  | 12,744     |
| Restructuring costs                                            | 4,704                | 2,939                                        | —                      | 7,643      | —                    | —                                            | —                      | —          |
| Acquisition-related costs                                      | —                    | 6,732                                        | —                      | 6,732      | —                    | —                                            | —                      | —          |
| Share of loss of an associate                                  | —                    | —                                            | 298                    | 298        | —                    | —                                            | —                      | —          |
| Income (loss) before income taxes and intersegment allocations | 29,650               | 49,528                                       | (43,432)               | 35,746     | 62,478               | 41,063                                       | (49,657)               | 53,884     |
| Less: Intersegment allocations                                 | 16,524               | 15,529                                       | (32,053)               | —          | 18,210               | 16,796                                       | (35,006)               | —          |
| Income (loss) before income taxes                              | \$ 13,126            | \$ 33,999                                    | \$ (11,379)            | \$ 35,746  | \$ 44,268            | \$ 24,267                                    | \$ (14,651)            | \$ 53,884  |

For geographic reporting purposes, the Company's business operations are grouped into Canada, the UK and Europe (including Dubai), the United States, Australia, and Other Foreign Locations which is comprised of our Asian operations. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of the location of the underlying corporate operating results):

|                               | For the years ended |                |
|-------------------------------|---------------------|----------------|
|                               | March 31, 2018      | March 31, 2017 |
| Canada                        | \$ 397,053          | \$ 298,816     |
| UK & Europe (including Dubai) | 329,841             | 281,631        |
| United States                 | 238,933             | 237,142        |
| Australia                     | 57,022              | 59,693         |
| Other Foreign Locations       | 28                  | 2,264          |
|                               | \$ 1,022,877        | \$ 879,546     |

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

|                                      | Canada     | UK, Europe<br>and Dubai | United<br>States | Other Foreign<br>Locations | Australia | Total      |
|--------------------------------------|------------|-------------------------|------------------|----------------------------|-----------|------------|
| <b>As at March 31, 2018</b>          |            |                         |                  |                            |           |            |
| Equipment and leasehold improvements | \$ 9,483   | \$ 13,156               | \$ 6,960         | \$ 66                      | \$ 1,302  | \$ 30,967  |
| Goodwill                             | 92,074     | 165,900                 | —                | —                          | —         | 257,974    |
| Intangible assets                    | 53,201     | 107,464                 | 92               | —                          | —         | 160,757    |
| Non-current assets                   | 154,758    | 286,520                 | 7,052            | 66                         | 1,302     | 449,698    |
| <b>As at March 31, 2017</b>          |            |                         |                  |                            |           |            |
| Equipment and leasehold improvements | 11,080     | 9,884                   | 8,757            | 31                         | 1,727     | 31,479     |
| Goodwill                             | 92,074     | 100,192                 | —                | —                          | —         | 192,266    |
| Intangible assets                    | 55,630     | 47,074                  | 95               | —                          | —         | 102,799    |
| Non-current assets                   | \$ 158,784 | \$ 157,150              | \$ 8,852         | \$ 31                      | \$ 1,727  | \$ 326,544 |

**NOTE 24 Capital Management**

The Company's business requires capital for operating and regulatory purposes, including funding current and future operations. The Company's capital structure is underpinned by shareholders' equity, which is comprised of preferred shares, common shares, contributed surplus, warrants, retained earnings and accumulated other comprehensive income (loss), and is further complemented by the subordinated debt and convertible debentures. The following table summarizes our capital as at March 31, 2018 and 2017:

| Type of capital                         | March 31,<br>2018 | March 31,<br>2017 |
|-----------------------------------------|-------------------|-------------------|
| Preferred shares                        | \$ 205,641        | \$ 205,641        |
| Common shares                           | 649,846           | 641,449           |
| Convertible debentures – equity portion | 2,604             | 2,604             |
| Warrants                                | 1,975             | 1,975             |
| Contributed surplus                     | 145,426           | 85,405            |
| Retained deficit                        | (277,472)         | (267,559)         |
| Accumulated other comprehensive income  | 113,332           | 95,270            |
| Shareholders' equity                    | 841,352           | 764,785           |
| Convertible debentures                  | 57,081            | 56,442            |
| Subordinated debt                       | 7,500             | 7,500             |
| Bank loan                               | 71,437            | —                 |
|                                         | <b>\$ 977,370</b> | <b>\$ 828,727</b> |

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

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

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

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

Margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements cause regulatory capital requirements to fluctuate on a daily basis. Compliance with these requirements may require the Company to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of cash disbursements. Some of the subsidiaries are also subject to regulations relating to withdrawal of capital, including payment of dividends to the Company. There were no significant changes in the Company's capital management policy during the current year. The Company's subsidiaries were in compliance with all of the minimum regulatory capital requirements as at and during the year ended March 31, 2018.

**NOTE 25****Client Money**

At March 31, 2018, the UK and Europe operations held client money in segregated accounts of \$2.978 billion (£1.643 billion) [2017 – \$2.120 billion; £1.267 billion]. This is comprised of \$11.1 million (£6.1 million) [2017 – \$11.2 million; £6.7 million] of balances held on behalf of clients to settle outstanding trades and \$2.967 billion (£1.637 billion) [2017 – \$2.109 billion; £1.260 billion] of segregated deposits, held on behalf of clients, which are not reflected on the consolidated statements of financial position. Movement in settlement balances is reflected in operating cash flows.

**NOTE 26****Provisions and Contingencies****PROVISIONS**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the years ended March 31, 2018 and 2017:

|                         |    | Legal<br>provisions | Restructuring<br>provisions | Total<br>provisions |
|-------------------------|----|---------------------|-----------------------------|---------------------|
| Balance, March 31, 2016 | \$ | 3,600               | \$ 15,211                   | \$ 18,811           |
| Additions               |    | 5,870               | —                           | 5,870               |
| Utilized                |    | (2,530)             | (10,358)                    | (12,888)            |
| Balance, March 31, 2017 | \$ | 6,940               | \$ 4,853                    | \$ 11,793           |
| Additions               |    | 2,704               | 7,643                       | 10,347              |
| Utilized                |    | (5,991)             | (7,321)                     | (13,312)            |
| Recoveries              |    | (400)               | —                           | (400)               |
| Balance, March 31, 2018 | \$ | 3,253               | \$ 5,175                    | \$ 8,428            |

The restructuring provision recorded during the period ended March 31, 2018 related to termination benefits incurred as a result of the closing of certain trading operations in our UK and Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as an onerous lease provision related to the acquisition of Hargreave Hale.

**Commitments, litigation proceedings and contingent liabilities**

In the normal course of business, the Company is involved in litigation, and as of March 31, 2018, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of March 31, 2018, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

Certain claims have been asserted against the Company in respect of the sale of certain conventional wealth management tax advantaged film partnership products in the UK by a predecessor which could be material if such claims are advanced, additional claims are made and the Company's assumptions used to evaluate the matter as neither probable nor estimable change in future periods. In that event, the Company may be required to record a provision for an adverse outcome which could have a material adverse effect on the Company's financial position. The aggregate investment by the Company's clients in respect of these products is estimated to be \$10.4 million (£5.8 million). The aggregate initial tax deferral realized by the Company's clients in respect of these products when they were purchased by those clients during the period from 2006 to 2009 is estimated to be \$14.4 million (£8.0 million). Enforcement in accordance with announcements from the UK taxation authority, the outcome of certain litigation proceedings in respect of the taxation of other similar products sold by other financial advisors and certain settlements reached with the UK taxation authority by some investors will likely result in tax liabilities to the purchasers of those products in excess of the initial tax deferral amount. The potential tax liability for the Company's clients that is in excess of the initial tax deferral amount is estimated to be \$14.8 million (£8.3 million). The probable outcome of the enforcement actions by the UK taxation authority in respect of this matter and the likelihood of a loss or the amount of any such loss to the Company in connection with any claims asserted against the Company, or which may be asserted against the Company, are not determinable at the date of these audited consolidated financial statements.

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

The Company has been joined as a defendant in three actions commenced in British Columbia and Manitoba by another investment dealer against a number of its former employees who are now employed in those provinces by the Company. The claims seek damages for intentional interference with economic relations and inducing breach of contract, among other things, in connection with the transfer of significant books of wealth management business from the plaintiff to the Company. The claims do not quantify the amount claimed in damages. Although the Company and the employee defendants have denied the allegations and intend to vigorously defend themselves, the outcome of these actions cannot be predicted with certainty and an estimate of the amount of damages in the event of adverse outcomes are not determinable at the date of these audited annual consolidated financial statements.

An action has been commenced in the Dubai International Financial Centre (DIFC) against the Company and one other claiming US\$10 million in damages against the defendants in connection with a takeover bid made by a third party in the United States and the use of the plaintiff's name by that third party. Although the Company has denied the allegations and intends to vigorously defend itself, the outcome of this action cannot be predicted with certainty and an estimate of the amount of damages in the event of an adverse outcome is not determinable at the date of these audited consolidated financial statements.

The Company 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.

**NOTE 27****Commitments**

Subsidiaries of the Company are committed to approximate minimum lease payments for premises and equipment over the next five years and thereafter as follows:

|            |    |         |
|------------|----|---------|
| 2019       | \$ | 32,476  |
| 2020       |    | 30,304  |
| 2021       |    | 29,123  |
| 2022       |    | 25,343  |
| 2023       |    | 19,174  |
| Thereafter |    | 40,745  |
|            | \$ | 177,165 |

Some leases include extension options and provide for stepped rents, which mainly relate to lease of office space.

Certain subsidiaries of the Company have agreed to sublease agreements and the approximate minimum lease receipts for premises and equipment over the next five years and thereafter as follows:

|            |    |       |
|------------|----|-------|
| 2019       | \$ | 2,155 |
| 2020       |    | 2,121 |
| 2021       |    | 2,107 |
| 2022       |    | 2,080 |
| 2023       |    | 867   |
| Thereafter |    | —     |
|            | \$ | 9,330 |

The Company is committed to principal and interest payments under the convertible debentures as follows:

|      |    |        |
|------|----|--------|
| 2019 | \$ | 3,900  |
| 2020 |    | 3,900  |
| 2021 |    | 3,900  |
| 2022 |    | 63,900 |
|      | \$ | 75,600 |

The Company is committed to principal and interest payments under the bank loan as follows:

|      |    |        |
|------|----|--------|
| 2019 | \$ | 9,679  |
| 2020 |    | 9,679  |
| 2021 |    | 14,500 |
| 2022 |    | 38,642 |
|      | \$ | 72,500 |

**NOTE 28****Subsequent Events****(i) ACQUISITION**

On April 25, 2018, the Company announced that it entered into an agreement to acquire Jitneytrade Inc. and Finlogik Inc. directly and through the purchase of Finlogik Capital Inc. Jitneytrade Inc. is a direct access broker and an active trader in futures and equity options in Canada. Finlogik Inc. is in the business of delivering value-added fintech solutions in the Canadian market. The acquisition closed on June 6, 2018.

**(ii) STOCK OPTIONS**

At its meeting on June 6, 2018, the Board of Directors approved the grant of 6,220,000 performance share options (PSOs) to senior management of the Company and its operating subsidiaries. The options will be granted under the terms of the Company's Performance Share Option (PSO) plan to be presented to the shareholders for their approval at the Company's annual general meeting to be held on August 2, 2018. The grant is subject to ratification at that meeting. The options will have an exercise price determined within the context of the market at the time of the grant, will have a term of five years and will time-vest rateably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of grant). PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a three times exercise price cap on payout value.

**(iii) DIVIDENDS**

On June 6, 2018, the Board of Directors approved a dividend of \$0.12 per common share, payable on July 3, 2018, with a record date of June 22, 2018 [Note 20]. This dividend is comprised of a \$0.01 base quarterly dividend and an \$0.11 supplemental dividend.

On June 6, 2018, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on July 3, 2018 to Series A Preferred shareholders of record as at June 22, 2018 [Note 20].

On June 6, 2018, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on July 3, 2018 to Series C Preferred shareholders of record as at June 22, 2018 [Note 20].

## Supplemental Information

*Advisory note:* This supplemental information is not audited and should be read in conjunction with the audited financial statements contained herein.

### Financial Highlights<sup>(1)</sup>

| (C\$ thousands, except for AUM, AUA, common and preferred share information, financial measures and percentages) | For the years ended and as at March 31 |          |           |          |         |
|------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------|-----------|----------|---------|
|                                                                                                                  | 2018                                   | 2017     | 2016      | 2015     | 2014    |
| <b>Financial results</b>                                                                                         |                                        |          |           |          |         |
| Revenue                                                                                                          | 1,022,877                              | 879,546  | 787,805   | 880,763  | 855,244 |
| Expenses                                                                                                         | 987,131                                | 825,662  | 1,151,776 | 886,420  | 790,656 |
| Income taxes expense (recovery)                                                                                  | 18,669                                 | 10,698   | (5,404)   | 5,661    | 12,531  |
| Net income (loss)                                                                                                | 17,077                                 | 43,186   | (358,567) | (11,318) | 52,057  |
| Net income (loss) attributable to CGGI shareholders                                                              | 13,024                                 | 38,103   | (358,471) | (13,184) | 51,413  |
| Net income (loss) attributable to common shareholders                                                            | 3,431                                  | 27,025   | (370,463) | (25,061) | 39,651  |
| <b>Business segment</b>                                                                                          |                                        |          |           |          |         |
| Income (loss) before income taxes                                                                                |                                        |          |           |          |         |
| Canaccord Genuity <sup>(2)</sup>                                                                                 | 13,126                                 | 44,268   | (349,110) | 1,932    | 74,391  |
| Canaccord Genuity Wealth Management <sup>(3)</sup>                                                               | 33,999                                 | 24,267   | 10,171    | 6,097    | (7,389) |
| Corporate and Other                                                                                              | (11,379)                               | (14,651) | (25,032)  | (13,686) | (2,414) |
| <b>Geographic segment</b>                                                                                        |                                        |          |           |          |         |
| Income (loss) before income taxes                                                                                |                                        |          |           |          |         |
| Canada <sup>(4)</sup>                                                                                            | 36,156                                 | 8,604    | (179,586) | 16,487   | (8,572) |
| UK and Europe <sup>(5)</sup>                                                                                     | 332                                    | 26,946   | (104,685) | (3,216)  | 47,431  |
| US <sup>(6)</sup>                                                                                                | (14,411)                               | 2,606    | (24,606)  | (6,658)  | 27,320  |
| Australia                                                                                                        | 14,909                                 | 17,127   | (23,889)  | 6,686    | 1,761   |
| Other Foreign Locations <sup>(7)</sup>                                                                           | (1,240)                                | (1,399)  | (31,205)  | (18,956) | (3,352) |
| <b>Client assets information (\$ millions)</b>                                                                   |                                        |          |           |          |         |
| AUM – Canada (discretionary)                                                                                     | 2,815                                  | 2,637    | 1,257     | 1,561    | 1,204   |
| AUA – Canada                                                                                                     | 15,567                                 | 13,228   | 9,192     | 10,729   | 10,160  |
| AUM – UK and Europe                                                                                              | 44,877                                 | 24,526   | 22,791    | 21,763   | 20,156  |
| AUM – Australia                                                                                                  | 830                                    | 862      | 731       | 836      | 555     |
| Total                                                                                                            | 61,274                                 | 38,616   | 32,714    | 33,328   | 30,871  |
| <b>Common share information</b>                                                                                  |                                        |          |           |          |         |
| Per common share (\$)                                                                                            |                                        |          |           |          |         |
| Basic (loss) earnings                                                                                            | 0.04                                   | 0.29     | (4.09)    | (0.27)   | 0.42    |
| Diluted (loss) earnings                                                                                          | 0.03                                   | 0.27     | (4.09)    | (0.27)   | 0.39    |
| Book value per diluted common share <sup>(8)</sup>                                                               | 5.71                                   | 5.08     | 4.99      | 8.71     | 9.05    |
| Common share price (\$)                                                                                          |                                        |          |           |          |         |
| High                                                                                                             | 7.49                                   | 5.70     | 8.58      | 13.49    | 8.45    |
| Low                                                                                                              | 4.08                                   | 3.53     | 3.50      | 5.98     | 5.05    |
| Close                                                                                                            | 6.93                                   | 5.09     | 4.01      | 6.52     | 8.20    |
| Common shares outstanding (thousands)                                                                            |                                        |          |           |          |         |
| Issued shares excluding unvested shares                                                                          | 93,054                                 | 92,780   | 89,084    | 91,795   | 93,115  |
| Issued and outstanding                                                                                           | 113,523                                | 113,511  | 103,812   | 102,608  | 101,471 |
| Diluted shares                                                                                                   | 124,294                                | 124,479  | 109,072   | 104,704  | 107,937 |
| Average basic                                                                                                    | 92,587                                 | 91,657   | 90,553    | 91,693   | 94,125  |
| Average diluted                                                                                                  | 110,862                                | 101,149  | n/a       | n/a      | 101,993 |
| Market capitalization (thousands)                                                                                | 861,357                                | 633,598  | 437,379   | 682,673  | 885,087 |
| <b>Preferred share information (thousands)</b>                                                                   |                                        |          |           |          |         |
| Shares issued and outstanding                                                                                    | 8,540                                  | 8,540    | 8,540     | 8,540    | 8,540   |
| <b>Financial measures</b>                                                                                        |                                        |          |           |          |         |
| Dividends per common share                                                                                       | 0.15                                   | 0.10     | 0.10      | 0.25     | 0.20    |
| Common dividend yield (closing common share price)                                                               | 2.2%                                   | 2.0%     | 2.5%      | 3.8%     | 2.4%    |
| Common dividend payout ratio                                                                                     | 496.3%                                 | 42.0%    | (2.8)%    | (101.9)% | 51.6%   |
| Total shareholder return <sup>(9)</sup>                                                                          | 39.1%                                  | 26.9%    | (37.0)%   | (17.4)%  | 23.2%   |
| ROE <sup>(10)</sup>                                                                                              | 0.9%                                   | 5.0%     | (50.4)%   | (2.9)%   | 4.4%    |
| Price to earnings multiple <sup>(11)</sup>                                                                       | (346.5)                                | 19.6     | (1.0)     | (21.0)   | 21.0    |
| Price to book ratio <sup>(12)</sup>                                                                              | 1.2                                    | 0.9      | 0.8       | 0.7      | 0.9     |

- (1) 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 included are: return on average common equity (ROE), book value per diluted common share, common dividend yield, common dividend payout ratio, total shareholder return, price to earnings multiple (P/E), price to book ratio (P/B), assets under management (AUM) and assets under administration (AUA).
- (2) Includes the global capital markets division in Canada, the UK and Europe, the US, Australia, China, Dubai and Singapore. The Company disposed 100% of its shares in Canaccord Genuity Singapore Pte Ltd. as of June 30, 2016. Commencing in Q3/17, the operating results of Canaccord Genuity (Dubai) are included as Canaccord Genuity UK, Europe, and Dubai.
- (3) Operating results of Hargreave Hale are included under Canaccord Genuity Wealth Management (UK & Europe) since the closing date of September 18, 2017.
- (4) The Company's Canada geographic segment includes operations for Canaccord Genuity, Canaccord Genuity Wealth Management and Corporate and Other business segments.
- (5) The Company's UK and Europe geographic segment engages in capital markets and wealth management activities. Results of former CSHP entities located in the UK and Europe since March 22, 2012 and the wealth management operations of Eden Financial Ltd. since October 1, 2012 are also included. Commencing in Q3/17, the operating results of Canaccord Genuity (Dubai) are included as Canaccord Genuity UK, Europe, and Dubai. The operating results of Hargreave Hale are included since the closing date of September 18, 2017.
- (6) The Company's US geographic segment includes US capital markets and wealth management operations. Results of former CSHP entities located in the US are included since March 22, 2012. Commencing in Q3/17, the operating results of our Australian operations are disclosed as a separate geography. Prior to Q3/17 Australia was included as part of Other Foreign Locations. Also, commencing in Q3/17, our Dubai operation, which was previously included in Other Foreign Locations, is now included as part of Canaccord Genuity UK & Europe. The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including China and Hong Kong and prior to their sale of closure also included Singapore and Barbados.
- (7) Book value per diluted common share, a non-IFRS measure, is calculated as total common shareholders' equity adjusted for assumed proceeds from exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares 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.
- (8) Total shareholder return is calculated as the change in share price plus dividends paid to common shares and special distributions paid in the current period as a percentage of the prior period's closing common share price, assuming reinvestment of all dividends.
- (9) ROE is calculated by dividing the annual net income attributable to common shareholders over the average common shareholders' equity.
- (10) The price to earnings multiple is calculated based on the end of period share price and 12-month trailing diluted EPS.
- (11) The price to book ratio is calculated based on the end of period common share price and book value per diluted common share.

## Condensed Consolidated Statements of Operations and Retained Earnings<sup>(1)(2)(3)</sup>

| (C\$ thousands, except<br>per share amounts and percentages)    | For the years ended March 31 |                  |                  |                 |                |
|-----------------------------------------------------------------|------------------------------|------------------|------------------|-----------------|----------------|
|                                                                 | 2018                         | 2017             | 2016             | 2015            | 2014           |
| <b>Revenue</b>                                                  |                              |                  |                  |                 |                |
| Commissions and fees                                            | 461,937                      | 396,741          | 376,817          | 374,058         | 361,647        |
| Investment banking                                              | 282,195                      | 196,129          | 132,029          | 236,551         | 219,718        |
| Advisory fees                                                   | 122,372                      | 130,749          | 160,180          | 153,302         | 140,834        |
| Principal trading                                               | 113,921                      | 119,040          | 85,559           | 75,217          | 91,313         |
| Interest                                                        | 27,875                       | 16,847           | 16,830           | 22,212          | 24,549         |
| Other                                                           | 14,577                       | 20,040           | 16,390           | 19,423          | 17,183         |
|                                                                 | <b>1,022,877</b>             | <b>879,546</b>   | <b>787,805</b>   | <b>880,763</b>  | <b>855,244</b> |
| <b>Expenses</b>                                                 |                              |                  |                  |                 |                |
| Non share based incentive compensation <sup>(4)</sup>           | 480,369                      | 414,676          | 382,851          | 414,680         | 375,807        |
| Share based incentive compensation                              | 46,245                       | 40,322           | 35,025           | 40,800          | 37,482         |
| Salaries and benefits                                           | 99,239                       | 85,698           | 92,981           | 85,770          | 91,135         |
| Trading costs                                                   | 68,209                       | 65,211           | 56,998           | 52,795          | 47,872         |
| Premises and equipment                                          | 39,605                       | 42,286           | 40,863           | 40,281          | 38,461         |
| Communication and technology                                    | 56,346                       | 52,381           | 55,975           | 51,758          | 46,065         |
| Interest                                                        | 18,437                       | 12,744           | 10,222           | 13,424          | 16,359         |
| General and administrative                                      | 83,982                       | 79,011           | 87,004           | 94,688          | 83,834         |
| Amortization                                                    | 24,007                       | 21,124           | 25,339           | 28,428          | 26,786         |
| Development costs                                               | 7,664                        | 12,209           | 26,129           | 24,448          | 21,369         |
| Restructuring costs <sup>(5)</sup>                              | 7,643                        | —                | 17,352           | 24,813          | 5,486          |
| Acceleration of long-term incentive plan expense <sup>(6)</sup> | 48,355                       | —                | —                | —               | —              |
| Impairment of goodwill                                          | —                            | —                | 321,037          | 14,535          | —              |
| Share of loss from associate <sup>(7)</sup>                     | 298                          | —                | —                | —               | —              |
| Acquisition-related costs                                       | 6,732                        | —                | —                | —               | —              |
|                                                                 | <b>987,131</b>               | <b>825,662</b>   | <b>1,151,776</b> | <b>886,420</b>  | <b>790,656</b> |
| Income (loss) before income taxes                               | 35,746                       | 53,884           | (363,971)        | (5,657)         | 64,588         |
| Income taxes expense (recovery)                                 | 18,669                       | 10,698           | (5,404)          | 5,661           | 12,531         |
| <b>Net income (loss) for the year</b>                           | <b>17,077</b>                | <b>43,186</b>    | <b>(358,567)</b> | <b>(11,318)</b> | <b>52,057</b>  |
| Non-controlling interests                                       | 4,053                        | 5,083            | (96)             | 1,866           | 644            |
| Net income (loss) attributable to CGGI shareholders             | 13,024                       | 38,103           | (358,471)        | (13,184)        | 51,413         |
| Retained earnings, beginning of year                            | (267,559)                    | (294,586)        | 92,815           | 144,799         | 126,203        |
| Common shares dividends                                         | (13,344)                     | —                | (16,938)         | (26,806)        | (21,055)       |
| Preferred shares dividends                                      | (9,593)                      | (11,076)         | (11,992)         | (11,994)        | (11,762)       |
| <b>Retained earnings, end of year</b>                           | <b>(277,742)</b>             | <b>(267,559)</b> | <b>(294,586)</b> | <b>92,815</b>   | <b>144,799</b> |
| Incentive compensation expenses as a % of revenue               | 51.5%                        | 51.7%            | 53.0%            | 51.7%           | 48.3%          |
| Total compensation expenses as a % of revenue <sup>(8)</sup>    | 61.2%                        | 61.5%            | 64.8%            | 61.5%           | 59.0%          |
| Non-compensation expenses as a % of revenue                     | 30.6%                        | 32.4%            | 81.4%            | 39.2%           | 33.5%          |
| Total expenses as a % of revenue                                | 96.5%                        | 93.9%            | 146.2%           | 100.6%          | 92.4%          |
| Pre-tax profit margin                                           | 3.5%                         | 6.1%             | (46.2)%          | (0.6)%          | 7.6%           |
| Effective tax rate                                              | 52.2%                        | 19.9%            | 1.5%             | (100.1)%        | 19.4%          |
| Net profit margin                                               | 1.7%                         | 4.9%             | (45.5)%          | (1.3)%          | 6.1%           |
| Basic earnings (loss) per share                                 | 0.04                         | 0.29             | (4.09)           | (0.27)          | 0.42           |
| Diluted earnings (loss) per share                               | 0.03                         | 0.27             | (4.09)           | (0.27)          | 0.39           |
| Book value per diluted common share <sup>(9)</sup>              | 5.71                         | 5.08             | 4.99             | 8.71            | 9.05           |
| <b>Supplemental segmented revenue information</b>               |                              |                  |                  |                 |                |
| Canaccord Genuity                                               | 637,556                      | 598,391          | 532,270          | 613,105         | 615,790        |
| Canaccord Genuity Wealth Management                             | 370,265                      | 267,111          | 246,567          | 250,890         | 224,036        |
| Corporate and Other                                             | 15,056                       | 14,044           | 8,968            | 16,768          | 15,418         |
|                                                                 | <b>1,022,877</b>             | <b>879,546</b>   | <b>787,805</b>   | <b>880,763</b>  | <b>855,244</b> |

(1) 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 included are: incentive compensation expenses as a % of revenue, total compensation expenses as a % of revenue, non-compensation expenses as a % of revenue, total expenses as a % of revenue, and book value per diluted common share.

(2) The operating results of the Australian operations have been fully consolidated, and a 42% non-controlling interest has been recognized for the year ended March 31, 2018 [year ended March 31, 2017 — 42% and March 31, 2016 — 40%].

(3) Data includes the results of Hargreave Hale since the closing date of September 18, 2017.

(4) Incentive compensation expenses include the National Insurance Tax applicable to the UK.

(5) Restructuring costs for the year ended March 31, 2018 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale. Restructuring costs for the year ended March 31, 2016 were related to staff reductions in our US capital markets operations and the closure of our Barbados office in Other Foreign Locations, as well as charges related to changes in our Corporate and Other segment.

(6) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will now be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$48.4 million.

(7) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Acquisition Corp. for the year ended March 31, 2018.

(8) Total compensation expenses include incentive compensation and salaries and benefits, but exclude hiring incentives, which are included in development costs.

(9) Book value per diluted common share, a non-IFRS measure, is calculated as total common shareholders' equity adjusted for assumed proceeds from exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares 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.

## Condensed Consolidated Statements of Financial Position

| As at March 31 (C\$ thousands)                  | 2018      | 2017      | 2016      | 2015      | 2014      |
|-------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Assets</b>                                   |           |           |           |           |           |
| Cash and cash equivalents                       | 862,838   | 677,769   | 428,329   | 322,324   | 364,296   |
| Securities owned, at market                     | 469,217   | 784,230   | 564,746   | 848,128   | 1,143,201 |
| Accounts receivable                             | 2,215,837 | 3,395,736 | 2,041,150 | 2,491,488 | 2,785,898 |
| Income taxes recoverable                        | 1,170     | 1,085     | 12,537    | 5,295     | 3,983     |
| Deferred tax assets                             | 19,941    | 15,323    | 11,221    | 10,148    | 9,735     |
| Investments                                     | 2,035     | 2,829     | 5,578     | 8,693     | 9,977     |
| Equipment and leasehold improvements            | 30,967    | 31,479    | 37,049    | 43,373    | 50,975    |
| Goodwill and other intangibles                  | 418,731   | 295,065   | 323,936   | 640,456   | 646,557   |
|                                                 | 4,020,736 | 5,203,516 | 3,424,546 | 4,369,905 | 5,014,622 |
| <b>Liabilities and shareholders' equity</b>     |           |           |           |           |           |
| Bank indebtedness                               | —         | 25,280    | 14,910    | 20,264    | —         |
| Short term credit facility                      | —         | —         | —         | —         | —         |
| Securities sold short                           | 301,006   | 645,742   | 427,435   | 654,639   | 913,913   |
| Accounts payable, accrued liabilities and other | 2,647,382 | 3,681,676 | 2,203,858 | 2,541,956 | 2,888,267 |
| Income taxes payable                            | 7,851     | 10,093    | 4,242     | 8,172     | 10,822    |
| Current portion of bank loan                    | 9,679     | —         | —         | —         | —         |
| Deferred consideration                          | 9,997     | —         | —         | —         | —         |
| Contingent consideration                        | 49,844    | —         | —         | —         | —         |
| Bank loan                                       | 61,758    | —         | —         | —         | —         |
| Deferred tax liabilities                        | 13,715    | 140       | 450       | 2,057     | 3,028     |
| Subordinated debt                               | 7,500     | 7,500     | 15,000    | 15,000    | 15,000    |
| Convertible debentures                          | 57,081    | 56,442    | —         | —         | —         |
| Non-controlling interests                       | 13,571    | 11,858    | 8,722     | 10,275    | 14,912    |
| Shareholders' equity                            | 841,352   | 764,785   | 749,929   | 1,117,542 | 1,168,680 |
|                                                 | 4,020,736 | 5,203,516 | 3,424,546 | 4,369,905 | 5,014,622 |

## Miscellaneous Operational Statistics<sup>(1)</sup>

| As at March 31                                                                           | 2018   | 2017   | 2016   | 2015   | 2014   |
|------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
| <b>Number of employees in Canada</b>                                                     |        |        |        |        |        |
| Number in Canaccord Genuity                                                              | 189    | 178    | 180    | 201    | 215    |
| Number in Canaccord Genuity Wealth Management                                            | 379    | 359    | 354    | 400    | 420    |
| Number in Corporate and Other                                                            | 288    | 279    | 288    | 324    | 316    |
| Total Canada                                                                             | 856    | 816    | 822    | 925    | 951    |
| <b>Number of employees in the UK and Europe</b>                                          |        |        |        |        |        |
| Number in Canaccord Genuity                                                              | 214    | 225    | 282    | 329    | 372    |
| Number in Canaccord Genuity Wealth Management                                            | 559    | 313    | 312    | 303    | 294    |
| <b>Number of employees in the US</b>                                                     |        |        |        |        |        |
| Number in Canaccord Genuity                                                              | 256    | 275    | 291    | 269    | 286    |
| <b>Number of employees in Australia</b>                                                  |        |        |        |        |        |
| Number in Canaccord Genuity                                                              | 57     | 58     | 55     | 56     | 51     |
| Number in Canaccord Genuity Wealth Management                                            | 11     | 11     | 10     | 13     | 12     |
| <b>Number of employees in Other Foreign Locations</b>                                    |        |        |        |        |        |
| Number in Canaccord Genuity                                                              | 3      | 2      | 23     | 33     | 38     |
| <b>Number of employees company-wide</b>                                                  | 1,956  | 1,700  | 1,795  | 1,928  | 2,004  |
| Number of Advisory Teams in Canada <sup>(2)</sup>                                        | 142    | 141    | 139    | 152    | 160    |
| Number of licensed professionals in Canada                                               | 374    | 367    | 392    | 437    | 436    |
| Number of investment professionals and fund managers in the UK and Europe <sup>(3)</sup> | 188    | 118    | 118    | 114    | 118    |
| Number of Advisors – Australia                                                           | 7      | 8      | 7      | 9      | 9      |
| AUM – Canada (discretionary) (C\$ millions)                                              | 2,815  | 2,637  | 1,257  | 1,561  | 1,204  |
| AUA – Canada (C\$ millions)                                                              | 15,567 | 13,228 | 9,192  | 10,729 | 10,160 |
| AUM – UK and Europe (C\$ millions)                                                       | 44,877 | 24,526 | 22,791 | 21,763 | 20,156 |
| AUM – Australia (C\$ millions)                                                           | 830    | 862    | 731    | 836    | 555    |
| Total (C\$ millions)                                                                     | 61,274 | 38,616 | 32,714 | 33,328 | 30,871 |
| <b>Number of companies with Canaccord Genuity</b>                                        |        |        |        |        |        |
| Limited as broker                                                                        |        |        |        |        |        |
| London Stock Exchange (LSE)                                                              | 48     | 51     | 67     | 53     | 52     |
| Alternative Investment Market (AIM)                                                      | 33     | 32     | 32     | 40     | 43     |
| Total broker                                                                             | 81     | 83     | 99     | 93     | 95     |
| <b>Number of companies with Canaccord Genuity</b>                                        |        |        |        |        |        |
| Limited as Nomad <sup>(4)</sup>                                                          |        |        |        |        |        |
| LSE                                                                                      | —      | —      | —      | 1      | —      |
| AIM                                                                                      | 33     | 32     | 32     | 30     | 33     |
| Total Nomad                                                                              | 33     | 32     | 32     | 31     | 33     |

(1) These miscellaneous operational statistics are non-IFRS measures.

(2) Advisory Teams in Canada are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book.

(3) Investment professionals include all staff with direct sales responsibilities, which includes brokers and assistants with direct client contacts. Fund managers include all staff who manage client assets.

(4) A company listed on AIM is required to retain a Nominated Adviser (commonly referred to as a Nomad) during the company's life on the market. Among other duties, Nomads are responsible for warranting that a company is appropriate for joining AIM. A Nomad is similar to a Financial Advisor on the LSE, but is specific to AIM.

## Quarterly Financial Highlights<sup>(1)</sup>

(C\$ thousands, except for AUM, AUA, common and preferred share information, financial measures and percentages)

|                                                       | Fiscal 2018 |         |         |         | Fiscal 2017 |         |         |         |
|-------------------------------------------------------|-------------|---------|---------|---------|-------------|---------|---------|---------|
|                                                       | Q4          | Q3      | Q2      | Q1      | Q4          | Q3      | Q2      | Q1      |
| <b>Financial results</b>                              |             |         |         |         |             |         |         |         |
| Revenue                                               | 322,080     | 309,442 | 191,547 | 199,808 | 271,656     | 208,108 | 193,602 | 206,180 |
| Expenses                                              | 324,379     | 262,559 | 198,613 | 201,580 | 234,251     | 202,397 | 192,845 | 196,169 |
| Income taxes expense (recovery)                       | 7,404       | 10,285  | 192     | 788     | 6,418       | 1,167   | 557     | 2,556   |
| Net income (loss)                                     | (9,703)     | 36,598  | (7,258) | (2,560) | 30,987      | 4,544   | 200     | 7,455   |
| Net income (loss) attributable to CGGI shareholders   | (11,661)    | 34,432  | (7,485) | (2,262) | 28,886      | 3,755   | (1,220) | 6,682   |
| Net income (loss) attributable to common shareholders | (14,012)    | 32,081  | (9,836) | (4,802) | 26,346      | 1,215   | (4,219) | 3,683   |
| <b>Business segment</b>                               |             |         |         |         |             |         |         |         |
| Income (loss) before income taxes                     |             |         |         |         |             |         |         |         |
| Canaccord Genuity <sup>(2)</sup>                      | (6,977)     | 34,266  | (6,773) | (7,390) | 36,027      | 4,938   | (4,049) | 7,352   |
| Canaccord Genuity Wealth Management <sup>(3)</sup>    | 8,642       | 16,322  | 919     | 8,116   | 5,723       | 6,346   | 6,894   | 5,304   |
| Corporate and Other                                   | (3,964)     | (3,705) | (1,212) | (2,498) | (4,345)     | (5,573) | (2,088) | (2,645) |
| <b>Geographic segment</b>                             |             |         |         |         |             |         |         |         |
| Income (loss) before income taxes                     |             |         |         |         |             |         |         |         |
| Canada <sup>(4)</sup>                                 | 12,282      | 24,740  | (4,139) | 3,273   | 6,443       | (4,262) | (3,672) | 10,095  |
| UK and Europe <sup>(5)</sup>                          | (10,073)    | 8,959   | 2,387   | (941)   | 21,370      | 7,481   | 553     | (2,458) |
| US <sup>(6)</sup>                                     | (11,032)    | 5,111   | (6,257) | (2,233) | 2,954       | 678     | (293)   | (733)   |
| Australia                                             | 6,786       | 8,379   | 1,059   | (1,315) | 7,078       | 2,615   | 4,876   | 2,558   |
| Other Foreign Locations <sup>(7)</sup>                | (262)       | (306)   | (116)   | (556)   | (440)       | (801)   | (707)   | 549     |
| <b>Client assets (\$ millions)</b>                    |             |         |         |         |             |         |         |         |
| AUM – Canada (discretionary)                          | 2,815       | 2,838   | 2,688   | 2,647   | 2,637       | 2,527   | 1,219   | 1,268   |
| AUA – Canada                                          | 15,567      | 14,451  | 12,801  | 12,669  | 13,228      | 11,969  | 10,334  | 9,817   |
| AUM – UK and Europe                                   | 44,877      | 43,791  | 40,797  | 25,755  | 24,526      | 23,383  | 23,208  | 22,410  |
| AUM – Australia                                       | 830         | 928     | 866     | 860     | 862         | 769     | 845     | 742     |
| Total                                                 | 61,274      | 59,170  | 54,464  | 39,284  | 38,616      | 36,121  | 34,387  | 32,969  |
| <b>Common share information</b>                       |             |         |         |         |             |         |         |         |
| Per common share (\$)                                 |             |         |         |         |             |         |         |         |
| Basic earnings (loss)                                 | (0.15)      | 0.35    | (0.11)  | (0.05)  | 0.29        | 0.01    | (0.05)  | 0.04    |
| Diluted earnings (loss)                               | (0.15)      | 0.29    | (0.11)  | (0.05)  | 0.26        | 0.01    | (0.05)  | 0.04    |
| Book value per diluted common share <sup>(8)</sup>    | 5.71        | 5.11    | 4.74    | 4.91    | 5.08        | 4.85    | 4.70    | 4.75    |
| Common share price (\$)                               |             |         |         |         |             |         |         |         |
| High                                                  | 7.49        | 5.91    | 6.68    | 5.42    | 5.70        | 4.81    | 5.11    | 5.11    |
| Low                                                   | 5.50        | 4.08    | 4.26    | 4.17    | 4.11        | 3.53    | 3.98    | 3.63    |
| Close                                                 | 6.93        | 5.80    | 4.29    | 5.33    | 5.09        | 4.77    | 4.71    | 4.92    |
| <b>Common shares outstanding (thousands)</b>          |             |         |         |         |             |         |         |         |
| Issued shares excluding unvested shares               | 93,054      | 92,281  | 91,602  | 92,904  | 92,780      | 91,780  | 91,163  | 96,657  |
| Issued and outstanding                                | 113,523     | 113,511 | 113,511 | 113,511 | 113,511     | 112,777 | 112,057 | 111,601 |
| Diluted shares                                        | 124,294     | 124,209 | 124,141 | 124,281 | 124,479     | 124,346 | 115,222 | 115,167 |
| Average basic                                         | 92,730      | 92,030  | 92,529  | 93,069  | 91,985      | 91,229  | 92,249  | 89,786  |
| Average diluted                                       | 112,187     | 113,613 | 104,741 | n/a     | 102,296     | 98,647  | n/a     | 92,849  |
| Market capitalization (thousands)                     | 861,357     | 720,412 | 532,565 | 662,418 | 633,598     | 593,130 | 542,696 | 566,622 |
| <b>Preferred shares outstanding (thousands)</b>       |             |         |         |         |             |         |         |         |
| Shares issued and outstanding                         | 8,540       | 8,540   | 8,540   | 8,540   | 8,540       | 8,540   | 8,540   | 8,540   |
| <b>Financial measures</b>                             |             |         |         |         |             |         |         |         |
| Dividends per common share                            | 0.12        | 0.01    | 0.01    | 0.01    | 0.10        | —       | —       | —       |
| Common dividend yield (closing share price)           | 1.7%        | 0.7%    | 0.9%    | 0.8%    | 2.0%        | —       | —       | —       |
| Common dividend payout ratio                          | (97.2)%     | 3.5%    | (11.5)% | (23.6)% | 43.1%       | —       | —       | —       |
| Total shareholder return <sup>(9)</sup>               | 21.6%       | 35.4%   | (19.3)% | 4.9%    | 6.7%        | 1.3%    | (4.3)%  | 22.7%   |
| Annualized ROE <sup>(10)</sup>                        | (9.5)%      | 23.7%   | (7.4)%  | (3.5)%  | 19.6%       | 0.9%    | (3.2)%  | 2.8%    |
| Price to earnings multiple <sup>(11)</sup>            | (346.5)     | 14.9    | 39.0    | 31.4    | 19.6        | (16.4)  | (1.1)   | (1.2)   |
| Price to book ratio <sup>(12)</sup>                   | 1.2         | 1.1     | 0.9     | 1.1     | 0.9         | 1.0     | 1.0     | 1.0     |

- (1) 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 included are: return on average common equity (ROE), book value per diluted common share, common dividend yield, common dividend payout ratio, total shareholder return, price to earnings multiple (P/E), price to book ratio (P/B), assets under management (AUM) and assets under administration (AUA).
- (2) Includes the global capital markets division in Canada, the UK and Europe, the US, Australia, China, Barbados and Singapore. The Company disposed 100% of its shares in Canaccord Genuity Singapore Pte Ltd. as of June 30, 2016. Commencing in Q3/17, the operating results of Canaccord Genuity (Dubai) are included as Canaccord Genuity UK, Europe, and Dubai.
- (3) Operating results of Hargreave Hale are included under Canaccord Genuity Wealth Management (UK & Europe) since the closing date of September 18, 2017.
- (4) The Company's Canada geographic segment includes operations for Canaccord Genuity, Canaccord Genuity Wealth Management and Corporate and Other business segments.
- (5) The Company's UK and Europe geographic segment engages in capital markets and wealth management activities. Results of former CSHP entities located in the UK and Europe since March 22, 2012 and the wealth management operations of Eden Financial Ltd. since October 1, 2012 are also included. Commencing in Q3/17, the operating results of Canaccord Genuity (Dubai) are included as Canaccord Genuity UK, Europe, and Dubai.
- (6) The Company's US geographic segment includes US capital markets and wealth management operations. Results of former CSHP entities located in the US are included since March 22, 2012.
- (7) Commencing in Q3/17, the operating results of our Australian operations are disclosed as a separate geography. Prior to Q3/17 Australia was included as part of Other Foreign Locations. Also, commencing in Q3/17, our Dubai operation, which was previously included in Other Foreign Locations, is now included as part of Canaccord Genuity UK & Europe. The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including China and Hong Kong and prior to their sale of closure also included Singapore and Barbados.
- (8) Book value per diluted common share, a non-IFRS measure, is calculated as total common shareholders' equity adjusted for assumed proceeds from exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares 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.
- (9) Total shareholder return is calculated as the change in share price plus dividends paid to common shares and special distributions paid in the current period as a percentage of the prior period's closing common share price, assuming reinvestment of all dividends.
- (10) ROE is presented on an annualized basis. Quarterly annualized ROE is calculated by dividing the annualized net income attributable to common shareholders for the three-month period over the average common shareholders' equity.
- (11) The price to earnings multiple is calculated based on the end of period share price and 12-month trailing diluted EPS.
- (12) The price to book ratio is calculated based on the end of period common share price and book value per diluted common share.

## Condensed Consolidated Statements of Operations<sup>(1)(2)(3)</sup>

| (C\$ thousands, except per share amounts and percentages)    | Fiscal 2018     |                |                |                | Fiscal 2017    |                |                |                |
|--------------------------------------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                                              | Q4              | Q3             | Q2             | Q1             | Q4             | Q3             | Q2             | Q1             |
| <b>Revenue</b>                                               |                 |                |                |                |                |                |                |                |
| Commissions and fees                                         | 135,148         | 125,709        | 96,125         | 104,955        | 105,890        | 102,637        | 95,342         | 92,872         |
| Investment banking                                           | 95,514          | 112,639        | 33,356         | 40,696         | 71,595         | 46,508         | 40,901         | 37,125         |
| Advisory fees                                                | 40,930          | 31,947         | 30,589         | 18,896         | 52,474         | 17,127         | 21,554         | 39,594         |
| Principal trading                                            | 36,047          | 29,138         | 22,849         | 25,887         | 31,066         | 33,569         | 26,859         | 27,546         |
| Interest                                                     | 10,045          | 6,861          | 5,793          | 5,176          | 5,217          | 4,017          | 4,005          | 3,608          |
| Other                                                        | 4,396           | 3,148          | 2,835          | 4,198          | 5,414          | 4,250          | 4,941          | 5,435          |
|                                                              | <b>322,080</b>  | <b>309,442</b> | <b>191,547</b> | <b>199,808</b> | <b>271,656</b> | <b>208,108</b> | <b>193,602</b> | <b>206,180</b> |
| <b>Expenses</b>                                              |                 |                |                |                |                |                |                |                |
| Non share based incentive compensation <sup>(4)</sup>        | 149,255         | 146,324        | 90,725         | 94,065         | 124,839        | 96,737         | 94,206         | 98,894         |
| Share based incentive compensation                           | 11,154          | 12,307         | 10,545         | 12,239         | 11,563         | 10,204         | 9,874          | 8,681          |
| Salaries and benefits                                        | 28,631          | 26,537         | 21,664         | 22,407         | 22,092         | 21,064         | 20,633         | 21,909         |
| Trading costs                                                | 20,428          | 16,521         | 14,008         | 17,252         | 18,563         | 16,660         | 15,852         | 14,136         |
| Premises and equipment                                       | 10,138          | 10,511         | 8,847          | 10,109         | 10,301         | 12,723         | 9,514          | 9,748          |
| Communication and technology                                 | 14,967          | 14,558         | 14,163         | 12,658         | 13,279         | 12,359         | 14,409         | 12,334         |
| Interest                                                     | 6,090           | 4,171          | 3,731          | 4,445          | 3,884          | 2,834          | 2,584          | 3,442          |
| General and administrative                                   | 24,106          | 23,108         | 17,468         | 19,300         | 19,250         | 21,478         | 18,735         | 19,548         |
| Amortization                                                 | 6,949           | 6,916          | 5,148          | 4,994          | 5,105          | 5,454          | 5,180          | 5,385          |
| Development costs                                            | 3,187           | 1,512          | 1,486          | 1,479          | 5,375          | 2,884          | 1,858          | 2,092          |
| Restructuring costs <sup>(5)</sup>                           | 939             | —              | 6,256          | 448            | —              | —              | —              | —              |
| Acquisition-related costs                                    | 184             | —              | 4,364          | 2,184          | —              | —              | —              | —              |
| Acceleration of long-term Incentive plan <sup>(6)</sup>      | 48,355          | —              | —              | —              | —              | —              | —              | —              |
| Share of loss from associate <sup>(7)</sup>                  | (4)             | 94             | 208            | —              | —              | —              | —              | —              |
| Impairment of goodwill                                       | —               | —              | —              | —              | —              | —              | —              | —              |
|                                                              | <b>324,379</b>  | <b>262,559</b> | <b>198,613</b> | <b>201,580</b> | <b>234,251</b> | <b>202,397</b> | <b>192,845</b> | <b>196,169</b> |
| (Loss) income before income taxes                            | (2,299)         | 46,883         | (7,066)        | (1,772)        | 37,405         | 5,711          | 757            | 10,011         |
| Income tax (recovery) expense                                | 7,404           | 10,285         | 192            | 788            | 6,418          | 1,167          | 557            | 2,556          |
| <b>Net (loss) income for the period</b>                      | <b>(9,703)</b>  | <b>36,598</b>  | <b>(7,258)</b> | <b>(2,560)</b> | <b>30,987</b>  | <b>4,544</b>   | <b>200</b>     | <b>7,455</b>   |
| Non-controlling interests                                    | 1,958           | 2,166          | 227            | (298)          | 2,101          | 789            | 1,420          | 773            |
| <b>Net (loss) income attributable to CGGI shareholders</b>   | <b>(11,661)</b> | <b>34,432</b>  | <b>(7,485)</b> | <b>(2,262)</b> | <b>28,886</b>  | <b>3,755</b>   | <b>(1,220)</b> | <b>6,682</b>   |
| Incentive compensation expenses as a % of revenue            | 49.8%           | 51.3%          | 52.9%          | 53.2%          | 50.2%          | 51.4%          | 53.8%          | 52.2%          |
| Total compensation expenses as a % of revenue <sup>(8)</sup> | 58.7%           | 59.8%          | 64.2%          | 64.4%          | 58.3%          | 61.5%          | 64.4%          | 62.8%          |
| Non-compensation expenses as a % of revenue                  | 27.0%           | 25.0%          | 39.5%          | 36.5%          | 27.9%          | 35.7%          | 35.2%          | 32.3%          |
| Total expenses as a % of revenue                             | 100.7%          | 84.8%          | 103.7%         | 100.9%         | 86.2%          | 97.3%          | 99.6%          | 95.1%          |
| Pre-tax profit margin                                        | (0.7)%          | 15.2%          | (3.7)%         | (0.9)%         | 13.8%          | 2.7%           | 0.4%           | 4.9%           |
| Effective tax rate                                           | (322.1)%        | 21.9%          | (2.7)%         | (44.5)%        | 17.2%          | 20.4%          | 73.6%          | 25.5%          |
| Net profit margin                                            | (3.0)%          | 11.8%          | (3.8)%         | (1.3)%         | 11.4%          | 2.2%           | 0.1%           | 3.6%           |
| Basic (loss) earnings per share                              | (0.15)          | 0.35           | (0.11)         | (0.05)         | 0.29           | 0.01           | (0.05)         | 0.04           |
| Diluted (loss) earnings per share                            | (0.15)          | 0.29           | (0.11)         | (0.05)         | 0.26           | 0.01           | (0.05)         | 0.04           |
| Book value per diluted common share <sup>(9)</sup>           | 5.71            | 5.11           | 4.74           | 4.91           | 5.08           | 4.85           | 4.70           | 4.75           |
| Canaccord Genuity                                            | 200,687         | 196,203        | 118,880        | 121,786        | 193,520        | 137,268        | 127,005        | 140,598        |
| Canaccord Genuity Wealth Management                          | 116,378         | 109,373        | 69,563         | 74,951         | 73,333         | 67,368         | 63,690         | 62,720         |
| Corporate and Other                                          | 5,015           | 3,866          | 3,104          | 3,071          | 4,803          | 3,472          | 2,907          | 2,862          |
|                                                              | <b>322,080</b>  | <b>309,442</b> | <b>191,547</b> | <b>199,808</b> | <b>271,656</b> | <b>208,108</b> | <b>193,602</b> | <b>206,180</b> |

- (1) 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 included are: incentive compensation expenses as a % of revenue, total compensation expenses as a % of revenue, non-compensation expenses as a % of revenue, total expenses as a % of revenue, and book value per diluted common share.
- (2) The operating results of the Australian operations have been fully consolidated, and a 42% non-controlling interest has been recognized for the year ended March 31, 2018 [year ended March 31, 2017 — 42% and March 31, 2016 — 40%].
- (3) Data includes the results of Hargreave Hale since the closing date of September 18, 2017.
- (4) Incentive compensation expenses include the National Insurance Tax applicable to the UK.
- (5) Restructuring costs for the year ended March 31, 2018 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale. Restructuring costs for the year ended March 31, 2016 were related to staff reductions in our US capital markets operations and the closure of our Barbados office in Other Foreign Locations, as well as charges related to changes in our Corporate and Other segment.
- (6) Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. As a result of this change, the costs of RSUs granted as part of the normal course incentive compensation payment cycle will now be expensed in the period in which those awards are deemed to be earned, instead of recognizing the costs over the vesting period. This change led to the acceleration of the remaining expense for certain awards made under the LTIP which had not been fully amortized as of March 31, 2018. The total charge recorded during the year ended March 31, 2018 in respect of awards granted prior to fiscal 2018 was \$48.4 million.
- (7) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Acquisition Corp. for the year ended March 31, 2018.
- (8) Total compensation expenses include incentive compensation and salaries and benefits, but exclude hiring incentives, which are included in development costs.
- (9) Book value per diluted common share, a non-IFRS measure, is calculated as total common shareholders' equity adjusted for assumed proceeds from exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares 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.

## Condensed Consolidated Statements of Financial Position

| (C\$ thousands)                                 | Fiscal 2018 |           |           |           | Fiscal 2017 |           |           |           |
|-------------------------------------------------|-------------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|
|                                                 | Q4          | Q3        | Q2        | Q1        | Q4          | Q3        | Q2        | Q1        |
| <b>Assets</b>                                   |             |           |           |           |             |           |           |           |
| Cash and cash equivalents                       | 862,838     | 592,873   | 543,109   | 521,725   | 677,769     | 470,243   | 317,527   | 282,170   |
| Securities owned                                | 469,217     | 514,220   | 469,433   | 585,258   | 784,230     | 421,181   | 651,068   | 726,857   |
| Accounts receivable                             | 2,215,837   | 1,758,532 | 1,944,939 | 2,171,795 | 3,395,736   | 1,534,449 | 2,629,075 | 2,704,228 |
| Income taxes recoverable                        | 1,170       | 242       | 2,716     | 884       | 1,085       | 4,586     | 11,429    | 9,870     |
| Deferred tax assets                             | 19,941      | 12,412    | 15,006    | 16,231    | 15,323      | 11,442    | 9,950     | 9,790     |
| Investments                                     | 2,035       | 2,030     | 2,321     | 2,960     | 2,829       | 5,197     | 5,264     | 5,330     |
| Equipment and leasehold improvements            | 30,967      | 31,966    | 30,717    | 30,592    | 31,479      | 30,991    | 32,815    | 34,728    |
| Goodwill and other intangibles                  | 418,731     | 404,929   | 405,157   | 293,805   | 295,065     | 298,009   | 303,773   | 310,134   |
|                                                 | 4,020,736   | 3,317,204 | 3,413,398 | 3,623,250 | 5,203,516   | 2,776,098 | 3,960,901 | 4,083,107 |
| <b>Liabilities and shareholders' equity</b>     |             |           |           |           |             |           |           |           |
| Bank indebtedness                               | —           | 2,767     | 27,300    | —         | 25,280      | 11,577    | 49,069    | 89,878    |
| Short Term credit facility                      | —           | —         | —         | —         | —           | —         | —         | —         |
| Securities sold short                           | 301,006     | 342,754   | 316,003   | 410,303   | 645,742     | 299,508   | 491,483   | 580,665   |
| Accounts payable, accrued liabilities and other | 2,647,382   | 1,982,336 | 2,130,560 | 2,383,957 | 3,681,676   | 1,648,727 | 2,670,764 | 2,655,093 |
| Income taxes payable                            | 7,851       | 12,988    | 9,666     | 10,394    | 10,093      | 7,269     | 4,957     | 4,324     |
| Current portion of bank loan                    | 9,679       | 4,529     | 4,463     | —         | —           | —         | —         | —         |
| Deferred consideration                          | 9,997       | 9,958     | 10,030    | —         | —           | —         | —         | —         |
| Contingent consideration                        | 49,844      | 46,643    | 45,969    | —         | —           | —         | —         | —         |
| Bank loan                                       | 61,758      | 62,230    | 61,244    | —         | —           | —         | —         | —         |
| Deferred tax liabilities                        | 13,715      | 10,220    | 10,170    | 141       | 140         | —         | 208       | 77        |
| Subordinated debt                               | 7,500       | 7,500     | 7,500     | 7,500     | 7,500       | 7,500     | 7,500     | 7,500     |
| Convertible debentures                          | 57,081      | 56,916    | 56,755    | 56,597    | 56,442      | 56,263    | —         | —         |
| Non-controlling interests                       | 13,571      | 12,031    | 13,354    | 12,481    | 11,858      | 9,651     | 8,992     | 9,892     |
| Shareholders' equity                            | 841,352     | 766,332   | 720,384   | 741,877   | 764,785     | 735,603   | 727,928   | 735,678   |
|                                                 | 4,020,736   | 3,317,204 | 3,413,398 | 3,623,250 | 5,203,516   | 2,776,098 | 3,960,901 | 4,083,107 |

## Miscellaneous Operational Statistics<sup>(1)</sup>

|                                                                                          | Fiscal 2018 |        |        |        | Fiscal 2017 |        |        |        |
|------------------------------------------------------------------------------------------|-------------|--------|--------|--------|-------------|--------|--------|--------|
|                                                                                          | Q4          | Q3     | Q2     | Q1     | Q4          | Q3     | Q2     | Q1     |
| <b>Number of employees in Canada</b>                                                     |             |        |        |        |             |        |        |        |
| Number in Canaccord Genuity                                                              | 189         | 189    | 194    | 190    | 178         | 184    | 178    | 177    |
| Number in Canaccord Genuity Wealth Management                                            | 379         | 352    | 353    | 351    | 359         | 354    | 342    | 342    |
| Number in Corporate and Other                                                            | 288         | 282    | 276    | 274    | 279         | 281    | 274    | 277    |
| Total Canada                                                                             | 856         | 823    | 823    | 815    | 816         | 819    | 794    | 796    |
| <b>Number of employees in the UK and Europe</b>                                          |             |        |        |        |             |        |        |        |
| Number in Canaccord Genuity                                                              | 214         | 214    | 217    | 222    | 225         | 250    | 250    | 255    |
| Number in Canaccord Genuity Wealth Management                                            | 559         | 574    | 586    | 314    | 313         | 309    | 312    | 310    |
| <b>Number of employees in the US</b>                                                     |             |        |        |        |             |        |        |        |
| Number in Canaccord Genuity                                                              | 256         | 257    | 258    | 275    | 275         | 282    | 297    | 303    |
| <b>Number of employees in Australia</b>                                                  |             |        |        |        |             |        |        |        |
| Number in Canaccord Genuity                                                              | 57          | 56     | 55     | 58     | 58          | 59     | 60     | 56     |
| Number in Canaccord Genuity Wealth Management                                            | 11          | 12     | 12     | 11     | 11          | 11     | 11     | 11     |
| <b>Number of employees in Other Foreign Locations</b>                                    |             |        |        |        |             |        |        |        |
| Number in Canaccord Genuity                                                              | 3           | 3      | 2      | 2      | 2           | 3      | 3      | 6      |
| <b>Number of employees company-wide</b>                                                  | 1,956       | 1,939  | 1,953  | 1,697  | 1,700       | 1,733  | 1,727  | 1,737  |
| Number of Advisory Teams in Canada <sup>(2)</sup>                                        | 142         | 134    | 134    | 135    | 141         | 139    | 139    | 138    |
| Number of licensed professionals in Canada                                               | 374         | 353    | 356    | 355    | 367         | 367    | 356    | 392    |
| Number of investment professionals and fund managers in the UK and Europe <sup>(3)</sup> | 188         | 197    | 200    | 119    | 118         | 115    | 118    | 117    |
| Number of Advisors – Australia                                                           | 7           | 8      | 8      | 8      | 8           | 7      | 7      | 7      |
| AUM – Canada (discretionary) (C\$ millions)                                              | 2,815       | 2,838  | 2,688  | 2,647  | 2,637       | 2,527  | 1,219  | 1,268  |
| AUA – Canada (C\$ millions)                                                              | 15,567      | 14,451 | 12,801 | 12,669 | 13,228      | 11,969 | 10,334 | 9,817  |
| AUM – UK and Europe (C\$ millions)                                                       | 44,877      | 43,791 | 40,797 | 25,755 | 24,526      | 23,383 | 23,208 | 22,410 |
| AUM – Australia (C\$ millions)                                                           | 830         | 928    | 866    | 860    | 862         | 769    | 845    | 742    |
| Total (C\$ millions)                                                                     | 61,274      | 59,170 | 54,464 | 39,284 | 38,616      | 36,121 | 34,387 | 32,969 |
| <b>Number of companies with Canaccord Genuity Limited as broker</b>                      |             |        |        |        |             |        |        |        |
| London Stock Exchange (LSE)                                                              | 48          | 50     | 47     | 48     | 51          | 51     | 50     | 49     |
| Alternative Investment Market (AIM)                                                      | 33          | 32     | 31     | 35     | 32          | 31     | 28     | 29     |
| Total broker                                                                             | 81          | 82     | 78     | 83     | 83          | 82     | 78     | 78     |
| <b>Number of companies with Canaccord Genuity Limited as Nomad<sup>(4)</sup></b>         |             |        |        |        |             |        |        |        |
| LSE                                                                                      | —           | —      | —      | —      | —           | 1      | —      | —      |
| AIM                                                                                      | 33          | 32     | 31     | 35     | 32          | 22     | 28     | 29     |
| Total Nomad                                                                              | 33          | 32     | 31     | 35     | 32          | 23     | 28     | 29     |

(1) These miscellaneous operational statistics are non-IFRS measures.

(2) Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book.

(3) Investment professionals include all staff with direct sales responsibilities, which includes brokers and assistants with direct client contacts. Fund managers include all staff who manage client assets.

(4) A company listed on AIM is required to retain a Nominated Adviser (commonly referred to as a Nomad) during the company's life on the market. Among other duties, Nomads are responsible for warranting that a company is appropriate for joining AIM. A Nomad is similar to a Financial Advisor on the LSE, but is specific to AIM.

## Glossary

### Acquisition-related expense items

Acquisition-related expense items include costs incurred to acquire Genuity Capital Markets. The Balloch Group Limited, 50% interest in BGF Capital Pty Ltd, Collins Stewart Hawkpoint plc, certain assets and liabilities of Kenosis Capital Partners, Hargreave Hale Limited, and the wealth management business of Eden Financial Ltd., as well as the amortization of intangible assets related to these acquisitions. Acquisition-related expense items also include costs incurred for prospective acquisitions not pursued. Figures that exclude acquisition-related items are considered non-IFRS measures.

### Advisory fees

Revenue related to the fees the Company charges for corporate advisory, mergers and acquisitions or corporate restructuring services is recorded as Advisory fees.

### Advisory Teams (IA Teams)

Advisory Teams are normally comprised of one or more IAs and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book. As Independent Wealth Management branches are led by one advisor (with a team), each IWM branch is counted as a single Advisory Team.

### Alternative Investment Market (AIM)

The junior arm of the London Stock Exchange (LSE), AIM provides a global market for smaller, growing companies.

### Assets under administration (AUA) Canada

AUA is the market value of client assets administered by the Company, for which the Company earns commissions or fees. This measure includes funds held in client accounts, as well as the aggregate market value of long and short security positions. Management uses this measure to assess operational performance of the Canaccord Genuity Wealth Management business segment. This measure is non-IFRS.

### Assets under management (AUM) Canada

AUM consists of assets that are beneficially owned by clients and discretionarily managed by the Company as part of the *Complete Canaccord Investment Counselling Program* and *Complete Canaccord Private Investment Management*. Services provided include the selection of investments and the provision of investment advice. AUM is also administered by the Company and is therefore included in AUA. This measure is non-IFRS.

### Assets under management (AUM) UK and Europe

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. This measure is non-IFRS.

### Book value per diluted common share

A measure of common equity per share calculated as total common shareholders' equity adjusted for assumed proceeds from exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares 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.

### Canaccord Genuity

Canaccord Genuity refers to the Company's global capital markets division.

### Canaccord Genuity Asia

Canaccord Genuity Asia is the brand used for Canaccord Genuity's operations in the Asia-Pacific region.

### Canaccord Genuity Wealth Management (CGWM)

Canaccord Genuity Wealth Management refers to the Company's global wealth management operations.

### Collins Stewart Hawkpoint plc (CSHP)

Canaccord Genuity Group acquired Collins Stewart Hawkpoint plc (CSHP) on March 21, 2012. CSHP was a leading independent financial advisory group with operations in the UK, the US, Europe and Singapore. Subsequent to the acquisition, CSHP was rebranded Canaccord Genuity.

### Common equity

Also referred to as common shares, which are, as the name implies, the most usual and commonly held form of stock in a corporation. Dividends paid to the stockholders must be paid to preferred shares before being paid to common stock shareholders.

### Corporate and other

Corporate and other refers to the Company's administrative segment.

### Correspondent brokerage services

The provision of secure administrative, trade execution and research services to other brokerage firms through the Company's existing technology and operations infrastructure (Pinnacle Correspondent Services).

### Dilution

The change in earnings and book value per share resulting from the exercise of all warrants and options and conversion of convertible securities.

**Dividend yield**

A financial ratio that shows how much a company pays out in dividends each year relative to its share price. It is calculated as total annual dividends per share divided by the company share price.

**Earnings (loss) per share (EPS), diluted**

Net income (loss) attributable to common shareholders divided by the weighted average number of shares outstanding adjusted for the dilutive effects of stock options and other share-based compensation.

**Employee Stock Purchase Plan (ESPP)**

Voluntary plan that provides eligible employees with the ability to purchase shares in the Company through payroll deductions, with an additional contribution by the Company.

**Escrowed securities**

Common shares in the Company that are subject to specific terms of release.

**Fair value adjustment**

An estimate of the fair value of an asset (or liability) for which a market price cannot be determined, usually because there is no established market for the asset.

**Fixed income trading**

Trading in new issues, government and corporate bonds, treasury bills, commercial paper, strip bonds, high-yield debt and convertible debentures.

**Incentive-based revenue**

A percentage of incentive-based revenue earned is directly paid out as incentive compensation expense, including commission, investment banking, advisory fees, and principal trading revenue.

**Independent Wealth Management (IWM)**

An independent operating platform of Canaccord Genuity Wealth Management, under which Investment Advisors operate as independent agents of the Company. Each IWM branch is classified as one Advisory Team, which is comprised of one or more Investment Advisors and their assistants and associates, who together manage a shared set of client accounts.

**Institutional sales and trading**

A capital markets business segment providing market information and research, advice and trade execution to institutional clients.

**International Equities Group (IEG)**

The International Equities Group is a premium, low cost, order routing destination for both US listed securities and foreign listed ordinary shares for local market execution in the US operations.

**International trading**

Executing trades in Canadian securities on behalf of US brokerage firms.

**Investment banking**

Assisting public and private businesses and governments to obtain financing in the capital markets through the issuance of debt, equity and derivative securities on either an underwritten or an agency basis.

**Investment professionals and fund managers**

Investment professionals include all staff with direct sales responsibilities, which include brokers and assistants with direct contacts. Fund managers include all staff who manage client assets.

**Liquidity**

The total of cash and cash equivalents available to the Company as capital for operating and regulatory purposes.

**London Stock Exchange (LSE)**

One of the world's largest stock exchanges, the LSE has been in existence for more than 300 years and has over 3,000 listed companies. The exchange has four main sectors: the Main Market; the AIM Market; the Professional Securities Market; and the Specialist Fund Market.

**Long-term incentive plan (LTIP)**

A reward system designed to align employee and external shareholder interests. Under the Company's LTIP, a portion of an eligible employee's annual compensation is held back to purchase restricted share units (RSUs) of the Company. The RSUs are topped up by the firm and generally vest over three years.

**National Insurance (NI) tax**

Payroll tax applicable to UK employees based on a percentage of incentive compensation payout.

**Nominated Adviser (NOMAD)**

A company approved by the LSE to act as an adviser for companies who wish to be admitted to AIM. A Nomad warrants to the LSE that the company is appropriate for admission and assists the listed company on an ongoing basis with disclosure and other market-related matters.

**Non-cash charges**

Charges booked by a company that do not impact its cash balance or working capital.

**Non-IFRS Measures**

Non-IFRS Measures do not have any standardized meaning prescribed by International Financial Reporting Standards (IFRS) and are therefore unlikely to be comparable to similar measured presented by other companies. See page 14 of this Annual Report.

**Preferred shares**

A class of ownership in a corporation that has a higher claim on the assets and earnings than common stock. Preferred shares generally do not have voting rights; however, preferred shareholders receive a dividend that must be paid out before dividends are paid to common stockholders.

**Principal trading**

Trading in equity securities in principal and inventory accounts. Revenue is generated through inventory trading gains and losses.

**Registered trading**

Trading in equity securities in principal and inventory accounts by registered traders who operate by taking positions, trading and making markets in equity securities including securities of companies with small to medium-sized market capitalizations. Revenue is generated through inventory trading gains and losses.

**Return on average common equity (ROE)**

Net income expressed as a percentage of average common equity. This measure is non-IFRS.

**Risk**

Financial institutions face a number of risks that may expose them to losses, including market, credit, operational, regulatory and legal risk.

**Separately managed accounts (SMAs)**

Investment portfolios available to clients that are managed by a senior portfolio manager. In SMAs, clients own the individual securities within the portfolio, rather than a portion of a pooled fund.

**Significant items**

Financial statement items that exclude significant items are non-IFRS measures. Charges not considered to be recurring or indicative of operating earnings. Significant items for the Company includes 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, incentive-based payments related to the acquisition of Hargreave Hale, as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating.

**Syndicate participation**

A group of investment banking firms coordinating the marketing, distribution, pricing and stabilization of equity financing transactions.

**Trading services**

Quotation services, trade reconciliation, execution management, order book management and trade reporting.

**Underwriter – investment banking**

Purchases securities or other instruments from a corporate issuer for resale to investors.

**Value-at-Risk (VaR)**

VaR is a generally accepted risk measurement concept that is defined as the predicted minimum loss in market value of a portfolio at a specific confidence level (e.g., 95%) over a certain period of time (e.g., daily).

**Wrap accounts**

A type of brokerage account in which a single or flat fee covers all administrative, research, advisory and management expenses.

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## Corporate Governance

The Board of Directors (Board) assumes responsibility for the stewardship of the Company, acting as a whole and through its committees, and has approved a formal Board Governance Manual (Mandate) including terms of reference for the Board and setting forth the Board's stewardship responsibilities and other specific duties and responsibilities. The Board's responsibilities are also governed by:

- The *Business Corporations Act* (British Columbia)
- The Company's articles
- The charters of its committees
- Other corporate policies and applicable laws

### Communication with Independent Members of the Board

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Terrence Lyons has been appointed by the Board of Directors of Canaccord Genuity Group Inc. as its Lead Director. One of his responsibilities is to receive and determine appropriate action on any communications from interested parties that are addressed to the independent directors of the Board. Such communications can be sent to Mr. Lyons in writing by mail to 2039 West 35<sup>th</sup> Avenue, Vancouver, BC, Canada, V6M 1J1.

### Strategic Planning Process

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The Board's Mandate provides that the Board is responsible for ensuring that the Company has an effective strategic planning process. As such, the Board reviews, approves, monitors and provides guidance on the Company's strategic plan.

### Identification and Management of Risks

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The Board's Mandate includes:

- Assisting management to identify the principal business risks of the Company
- Taking reasonable steps to ensure the implementation of appropriate systems to manage and monitor those risks
- Reviewing plans for evaluating and testing the Company's internal financial controls
- Overseeing the external auditors, including the approval of the external auditors' terms of reference

### Succession Planning and Evaluation

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The Board's Mandate includes keeping in place adequate and effective succession plans for the Chief Executive Officer (CEO) and senior management.

- The Corporate Governance and Compensation Committee (CGCC) receives periodic updates on the Company's succession plan at the senior officer level and monitors the succession planning process
- The succession plan is reviewed, at least annually, by the CGCC
- On the recommendation of the Chairman & CEO, the Board appoints the senior officers of the Company

## Communications and Public Disclosure

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The Company's Disclosure Controls Policy (DCP) addresses the accurate and timely communication of all important information relating to the Company and its interaction with shareholders, investment analysts, other stakeholders and the public generally.

- The DCP is reviewed annually by the Board
- The DCP, public securities regulatory filings, press releases and investor presentations are posted on the Company's website
- The Board reviews all quarterly and annual consolidated financial statements and related management discussion and analysis, the Company's earnings releases, management information circulars, annual information forms (AIFs) and financing documents

## Internal Controls

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The Board requires management to maintain effective internal controls and information systems. The Board, with the assistance of the Audit Committee, oversees the integrity of the Company's internal control and information systems.

- The Audit Committee meets no less than four times a year with the Company's Chief Financial Officer (CFO) and senior finance staff to review internal controls over financial reporting and related information systems
- External auditors provide recommendations to the Audit Committee on an annual basis in relation to the Company's internal controls and information systems

As of March 31, 2018 an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & CFO, 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 & CFO concluded that the design and operation of these disclosure controls and procedures were effective as of March 31, 2018.

## Governance

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The Board is currently composed of eight directors, six of whom are independent of management as determined under applicable securities legislation. In order to facilitate the exercise of independent judgment by the Board of Directors, the Board has appointed a lead director and holds regular meetings without management directors present.

- The CGCC is responsible for periodically reviewing the composition of the Board and its committees
- A formal annual assessment process has been established to include feedback by all the directors to the full Board, including the completion of a confidential survey
- New directors are provided with substantial reference material on the Company's strategic focus, financial and operating history, corporate governance practices and corporate vision

## Summary of Charters and Committees

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The Board has delegated certain of its responsibilities to two committees, each of which has specific roles and responsibilities as defined by the Board. Both of these Board committees are made up of independent directors.

### AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by monitoring the Company's financial reporting practices and financial disclosure. It comprises four independent directors. All members of the Audit Committee are financially literate; that is, they are able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The current members of the Audit Committee are Messrs. Lyons (Chair), Bralver, Carello and Shah.

The Audit Committee has adopted a charter which specifically defines the roles and responsibilities of the Audit Committee. The Audit Committee Charter can be found in the Company's AIF filed on SEDAR. The Audit Committee has direct communication channels with the external auditors and CFO and senior finance staff and discusses and reviews issues with each of them on a regular basis. The Audit Committee's mandate was updated in Fiscal 2015 to better reflect the Audit Committee's oversight of the Company's risk management function.

The Audit Committee is responsible for ensuring management has designed and implemented an effective system of internal control. The external auditors are hired by and report directly to the Audit Committee. After consultation with management, the Audit Committee is responsible for setting the external auditors' compensation. The external auditors attend each meeting of the Audit Committee, and a portion of each meeting is held without the presence of management. The Audit Committee annually reviews and approves the external auditors' audit plan and must approve any audit and non-audit work performed by the external auditors. The CFO and senior finance staff attend each meeting of the Audit Committee other than the portion of the meeting which is held without management present to allow more open discussion. The Audit Committee annually reviews and approves the internal audit plan.

### CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE

The Corporate Governance and Compensation Committee is responsible for developing the Company's approach to governance issues, reviewing the Company's overall governance principles and recommending changes to those principles from time to time. It comprises four unrelated directors: Messrs. Harris (Chair), Bralver and Lyons, and Ms. Desai. The committee has full access to staff and resources. At all regular committee meetings during the year, a portion of each meeting is held without management present to allow more open discussion.

## Board of Directors

### Charles N. Bralver (2010)

#### *Audit Committee*

#### *Corporate Governance and Compensation Committee*

Charles N. Bralver, age 66, is a financial services executive with over thirty years of capital markets experience. For more than 23 years — from 1984 to 2007 — Mr. Bralver was a founder and Vice Chairman of management consultancy Oliver, Wyman & Co. where he specialized in strategy, risk and operational work for leading investment banks, asset managers, exchanges and other market utilities. He continues to serve as a member of the senior advisory board of Oliver Wyman and is also a Senior Advisor to the hedge fund Silverpoint Capital. Mr. Bralver served as Senior Associate Dean for International Business and Finance at the Fletcher School of Law and Diplomacy from 2007 to 2010, and from 2007 to 2009 as a strategic advisor to Warburg Pincus LLC. Mr. Bralver serves as a director of the Company, as a director and member of the risk committee of NewStar Financial, Inc. and on the Board of Visitors of the Fletcher School. Mr. Bralver started his career at Booz Allen Hamilton. He is a US citizen and a graduate of the Fletcher School of Law and Diplomacy and Dartmouth College.

In addition to Canaccord Genuity Group Inc., Mr. Bralver is a director of the following public company: the Co-operative Bank p.l.c.

**Massimo Carello**, is a corporate director and a private investor in public companies. Dr. Carello was the Chairman and Chief Executive Officer of Diners Club UK Ltd. from 2001 to 2004 and he was the Chairman and Chief Executive Officer of Fiat UK Ltd. from 1990 to 2001. He served as a member of the Confederation of British Industry (CBI) President's Committee from 1998 to 2003 and was a member of the CBI European Committee. From 1998 to 2005, he was Vice President of the Italian Chamber of Commerce in the UK. He is Honorary Vice-President of CLIC Sargent, a leading UK based cancer charity. From 1978 to 1990, prior to moving to the UK, Dr. Carello was CEO of Carello Lighting Group, one of the largest European manufacturers of lighting for the automotive industry.

In addition to Canaccord Genuity Group Inc., Dr. Carello is a director of the following public company: Canadian Overseas Petroleum Limited. Until 2010, he was a director and member of the Audit Committee of Uranium One Inc. and until 2016, he was a director of Orsu Metals Corporation.

### Daniel Daviau (2015)

Dan Daviau, age 53, was appointed President and Chief Executive Officer and a director of the Company and Chief Executive Officer of Canaccord Genuity Corp. effective on October 1, 2015. Mr. Daviau served as President of Canaccord Genuity's North American capital markets business from February 2015. From 2012 to 2015, he was President of the firm's US capital markets business, where he helped to structure the firm's investment banking, research, sales and trading operations in the region and improve cross-border capabilities. From 2010 to 2012, Mr. Daviau was Head of Investment Banking for Canaccord Genuity. Before the Canaccord/Genuity merger that was announced in 2010, Mr. Daviau was a Principal and Founder of Genuity Capital Markets, where he held a variety of senior roles since 2005.

Before 2005, Mr. Daviau was Co-Head of Investment Banking at CIBC World Markets, a firm he joined in 1991. While at CIBC World Markets, Mr. Daviau also served as the Head of the Media and Telecommunications Group since 2000 and Head of the Technology Investment Banking Group in Canada since 1997.

Having started his career as a securities lawyer with Goodman & Co., Mr. Daviau has extensive experience in a broad range of financing transactions and M&A assignments. Mr. Daviau is based in Toronto, Canada. He holds an MBA from York University, an LL.B. from Osgoode Hall/York University and a B.A. (Math and Statistics) from the University of Western Ontario.

Mr. Daviau is not currently a director of any other public companies.

### Kalpana Desai (2014)

#### *Corporate Governance and Compensation Committee*

Kalpana Desai, age 51, is a corporate director and advisor. She has over 25 years of international investment banking and advisory experience. She was Head of Macquarie Capital Asia, the investment banking division of Macquarie Group, an Executive Director and a member of the Global Macquarie Capital Operations Committee from 2010 to 2013. Before joining Macquarie Group in 2009, Ms. Desai was Head of the Asia-Pacific Mergers & Acquisitions Group and a Senior Managing Director in the investment banking division of Bank of America Merrill Lynch based in Hong Kong, having joined Merrill Lynch in 1998. Earlier, Ms. Desai worked in the investment banking divisions of Barclays de Zoete Wedd (now part of Credit Suisse) and J. Henry Schroder Wagg (now part of Citibank) in London, having started her career in the financial services consulting division of PricewaterhouseCoopers.

Ms. Desai was a member of the Takeovers and Mergers Panel of the Securities and Futures Commission in Hong Kong from 2007 to 2014.

Born in Kenya and educated in the United Kingdom, Ms. Desai lived in Hong Kong from 1997 to 2017 and now lives in the United Kingdom. Ms. Desai holds a B.Sc. (honours) from the London School of Economics and Political Science and is an Associate Member of the Institute of Chartered Accountants of England and Wales.

In addition to Canaccord Genuity Group Inc., Ms. Desai is a non-executive director of Janus Henderson Group plc which is listed on the New York Stock Exchange (NYSE), the London Stock Exchange and the Australian Securities Exchange (ASX).

### Michael D. Harris, ICD.D. (2004)

#### *Corporate Governance and Compensation Committee*

Michael Harris, ICD.D, age 73, is the President of his own consulting firm, Steane Consulting Ltd., and, in this capacity, acts as a consultant to various Canadian companies, including Fasken Martineau DuMoulin LLP. Before joining Fasken Martineau in September 2013, he was a senior business advisor with the law firm of Cassels Brock & Blackwell in Toronto.

Mr. Harris was born in Toronto in 1945 and was raised in Callander and North Bay, Ontario. Before his election to the Ontario Legislature in 1981, Mr. Harris was a schoolteacher, a school board trustee and chair and an entrepreneur in the Nipissing area. On June 8, 1995, Mr. Harris became the 22nd Premier of Ontario following a landslide election victory. In 1999,

he was re-elected — making him the first Ontario Premier in over 30 years to form a second consecutive majority government.

In addition to sitting on several boards of Canadian corporations, he has also served as a director of the Manning Centre for Building Democracy and as the Honorary Chair of the North Bay District Hospital Capital Campaign and the Nipissing University and Canadore College Capital Campaign. Mr. Harris is also a Senior Fellow of the Fraser Institute and a director of the New Haven Housing Centre. He has received his ICD.D certification from the Institute of Corporate Directors.

In addition to Canaccord Genuity Group Inc., Mr. Harris is a director of the following public companies: Chartwell Retirement Residences (Chair), Colliers International Group Inc. (CIGI) and Routel Inc. (Chair).

#### **David Kassie (2010)**

David Kassie, age 62, became Group Chairman and a director of the Company on the closing of the acquisition of Genuity Capital Markets, a Canadian investment bank, on April 23, 2010, and became Chairman on April 1, 2012. He was the Principal, Chairman and Chief Executive Officer of Genuity Capital Markets from 2004 until May 9, 2010, when the integration of the businesses of Genuity Capital Markets and Canaccord Financial Ltd. was completed under the name Canaccord Genuity. Before 2004, he was Chairman and Chief Executive Officer of CIBC World Markets and the Vice Chairman of CIBC. On the death of Paul Reynolds on April 1, 2015, Mr. Kassie was appointed as the Chief Executive Officer of the Company and on October 1, 2015, upon succession, Mr. Kassie became the Executive Chairman.

Mr. Kassie has extensive experience as an advisor, underwriter and principal. He sits on a number of corporate boards. Mr. Kassie is actively involved in community and charitable organizations and is the Chairman of the Board of Baycrest Health Sciences and is on the board of the Richard Ivey School of Business and was formerly on the boards of the Toronto International Film Festival Group and the Hospital for Sick Children.

Mr. Kassie holds a B.Comm. (Honours) in Economics from McGill University (1977), and an MBA from the University of Western Ontario (1979).

In addition to Canaccord Genuity Group Inc., Mr. Kassie is a director of the following public company: Reitmans (Canada) Limited.

#### **Terrence A. Lyons, ICD.D. (2004)**

##### *Audit Committee*

##### *Corporate Governance and Compensation Committee*

Terrence (Terry) Lyons, ICD.D, age 68, is a corporate director. He is a director of several public and private corporations including Sprott Resource Holdings Inc. (Chairman) and Martinrea International Inc. Mr. Lyons is a retired Managing Partner of Brookfield Asset Management, past Chairman of Northgate Minerals Corporation which was acquired by AuRico Gold Inc. (now Alamos Gold Inc.), past Chairman of Eacom Timber Corporation which was sold to a private equity firm, past

Chairman of Westmin Mining, past Vice-Chairman of Battle Mountain Gold and past Chairman of Polaris Materials Corporation.

Mr. Lyons is a Civil Engineer (UBC) with an MBA from the University of Western Ontario (1974). He sits on the Advisory Board of the Richard Ivey School of Business and is active in sports and charitable activities, is a past Governor of the Olympic Foundation of Canada, past Chairman of the Mining Association of B.C., past Governor and member of the Executive Committee of the B.C. Business Council and a past director of the Institute of Corporate Directors (B.C.). In 2007, Mr. Lyons was awarded the INCO Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry.

In addition to Canaccord Genuity Group Inc., Mr. Lyons is a director of the following public companies: Martinrea International Inc. and Sprott Resource Holdings Inc.

#### **Dipesh Shah (2012)**

##### *Audit Committee*

Dipesh Shah, OBE, FRSA, age 65, is Chairman of Notting Hill Genesis and Genesis Housing Association and a director on the boards of The Crown Estate and the two 2020 European Funds for Energy, Climate Change and Infrastructure (“EU Marguerite Fund I” and “EU Marguerite Fund II”, for each of which he is Chairman of the Investment Committee). He is also a Trustee of the British Youth Opera and a Governor of Merchant Taylors’ School.

Mr. Shah was formerly the Chief Executive of the UK Atomic Energy Authority and of various large businesses in BP Plc, where he was a member of the Group Leadership for more than a decade and latterly also the Global Head of Acquisitions and Divestitures. Mr. Shah was Chairman, inter alia, of Viridian Group plc, HgCapital Renewable Power Partners LLP and the European Photovoltaic Industry Association. He was the Senior Independent Director and Chair of the Remuneration Committee of JKC Oil & Gas Plc from 2008 to 2015, the Senior Independent Director and Chair of the Nominations Committee of Equus Petroleum Plc from 2013 to 2016 and a Director of Thames Water from 2007 to August 2017 and of Cavendish Fluor Partnership from 2014 to August 2017. In addition, he has been a Director of several major organizations, including Babcock International Group Plc and Lloyd’s of London, the insurance market. He was also a member of the UK Government’s Renewable Energy Advisory Committee from 1994 to 2002. Earlier, Mr. Shah was the Chief Economist for BP Oil UK.

Born in India, and brought up in Uganda, Mr. Shah is a graduate of the University of London, the University of Warwick and the Harvard Business School management program. He was appointed an Officer of the Order of the British Empire (OBE) in the 2007 New Year Honours and is a Life Fellow of the Royal Society of Arts (FRSA).

Mr. Shah is not currently a director of any other public companies.

# Locations

## Capital Markets

### CANACCORD GENUITY

#### Canada

##### *Toronto*

Brookfield Place  
161 Bay Street, Suite 3000  
P.O. Box 516  
Toronto, ON  
Canada M5J 2S1  
Telephone: 416.869.7368  
Toll free (Canada): 1.800.382.9280  
Toll free (US): 1.800.896.1058

##### *Vancouver*

Pacific Centre  
609 Granville Street, Suite 2200  
P.O. Box 10337  
Vancouver, BC  
Canada V7Y 1H2  
Telephone: 604.643.7300  
Toll free (Canada): 1.800.663.1899  
Toll free (US): 1.800.663.8061

##### *Calgary*

Centennial Place – East Tower  
Suite 2400, 520 3rd Ave. SW  
Calgary, AB  
Canada T2P 0R3  
Telephone: 403.508.3800

##### *Montréal*

1250 René-Lévesque Boulevard West  
Suite 2930  
Montréal, QC  
Canada H3B 4W8  
Telephone: 514.844.5443  
Toll free: 1.800.361.4805

#### United States

##### *New York*

535 Madison Avenue  
New York, NY  
USA 10022  
Telephone: 212.389.8000

##### *Boston*

99 High Street, Suite 1200  
Boston, MA  
USA 02110  
Telephone: 617.371.3900  
Toll free: 1.800.225.6104

##### *San Francisco*

101 Montgomery Street, Suite 2000  
San Francisco, CA  
USA 94104  
Telephone: 415.229.7171  
Toll free: 1.800.225.6104

##### *Nashville*

1033 Demonbreun Street, Suite 620  
Nashville, TN  
USA 37203  
Telephone: 615.490.8500

##### *Chicago*

1880 Oak Avenue, Suite 135  
Evanston, IL  
USA 60201  
Telephone: 847.864.1139

##### *Minneapolis*

45 South 7th Street, Suite 2640  
Minneapolis, MN  
USA 55402-1648  
Telephone: 805.205.0589

##### *Washington*

1200 G Street, NW  
Suite 725  
Washington, DC 20036  
USA  
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#### UK, Europe and Dubai

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## Wealth Management

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*Toronto*

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Telephone: 416.869.7368

## Shareholder Information

### Common Share Trading Information (Fiscal 2018)

| Stock exchange | Ticker | Diluted shares outstanding at March 31, 2018 | Year-end price March 31, 2018 | High    | Low     | Total volume of shares |
|----------------|--------|----------------------------------------------|-------------------------------|---------|---------|------------------------|
| Toronto TSX    | CF     | 113,522,629                                  | \$ 6.93                       | \$ 7.49 | \$ 5.50 | 50,465,674             |

### Fiscal 2018 Preferred Dividend Dates and Amounts

| Quarter end date   | Preferred dividend record date | Preferred dividend payment date | Series A preferred dividend | Series C preferred dividend | Total preferred dividend |
|--------------------|--------------------------------|---------------------------------|-----------------------------|-----------------------------|--------------------------|
| June 30, 2017      | September 15, 2017             | October 2, 2017                 | \$ 0.24281                  | \$ 0.31206                  | \$ 0.55487               |
| September 30, 2017 | December 22, 2017              | January 2, 2018                 | \$ 0.24281                  | \$ 0.31206                  | \$ 0.55487               |
| December 31, 2017  | March 16, 2018                 | April 2, 2018                   | \$ 0.24281                  | \$ 0.31206                  | \$ 0.55487               |
| March 31, 2018     | June 22, 2018                  | July 3, 2018                    | \$ 0.24281                  | \$ 0.31206                  | \$ 0.55487               |
|                    |                                |                                 | \$ 0.97124                  | \$ 1.295555                 | \$ 2.21948               |

### Fiscal 2018 Common Dividend Dates and Amounts

| Quarter end date   | Common dividend record date | Common dividend payment date | Common dividend |
|--------------------|-----------------------------|------------------------------|-----------------|
| June 30, 2017      | September 1, 2017           | September 15, 2017           | \$ 0.01         |
| September 30, 2017 | December 1, 2017            | December 15, 2017            | \$ 0.01         |
| December 31, 2017  | March 2, 2018               | March 15, 2018               | \$ 0.01         |
| March 31, 2018     | June 22, 2018               | July 3, 2018                 | \$ 0.12         |
|                    |                             |                              | \$ 0.15         |

### Fiscal 2019 Expected Dividend<sup>(1)</sup> and Earnings Release Dates

|       | Expected earnings release date | Preferred dividend record date | Preferred dividend payment date | Common dividend record date | Common dividend payment date |
|-------|--------------------------------|--------------------------------|---------------------------------|-----------------------------|------------------------------|
| Q1/19 | August 1, 2018                 | September 14, 2018             | October 1, 2018                 | August 31, 2018             | September 10, 2018           |
| Q2/19 | November 6, 2018               | December 14, 2018              | December 31, 2018               | November 30, 2018           | December 10, 2018            |
| Q3/19 | February 7, 2019               | March 15, 2019                 | April 1, 2019                   | March 1, 2019               | March 15, 2019               |
| Q4/19 | June 5, 2019                   | June 21, 2019                  | July 2, 2019                    | June 21, 2019               | July 2, 2019                 |

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

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# Shareholder Information

## STOCK EXCHANGE LISTING

TSX: CF

## FISCAL YEAR END

March 31

## WEBSITE AND FINANCIAL INFORMATION

For TSX required corporate governance disclosures and current financial information, please visit [www.canaccordgenuitygroup.com](http://www.canaccordgenuitygroup.com).

## REGULATORY FILINGS

To view Canaccord Genuity Group Inc.'s regulatory filings on SEDAR, please visit [www.sedar.com](http://www.sedar.com).

## MEDIA RELATIONS AND INQUIRIES FROM INSTITUTIONAL INVESTORS AND ANALYSTS

*Christina Marinoff*

Vice President, Investor Relations & Communications

Telephone: 416.687.5507

Email: [christina.marinoff@canaccord.com](mailto:christina.marinoff@canaccord.com)

## GENERAL SHAREHOLDER INQUIRIES

For all general shareholder info or to request a copy of this report.

## INVESTOR RELATIONS

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Email: [investor.relations@canaccordgenuitygroup.com](mailto:investor.relations@canaccordgenuitygroup.com)

## TRANSFER AGENT AND REGISTRAR

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

### COMPUTERSHARE INVESTOR SERVICES INC.

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Toronto, ON M5J 2Y1

Telephone toll free (North America): 1.800.564.6253

International: 514.982.7555

Fax: 1.866.249.7775

Toll free fax (North America) or International fax: 416.263.9524

Email: [service@computershare.com](mailto:service@computershare.com)

Website: [www.computershare.com](http://www.computershare.com)

## ELIGIBLE DIVIDEND DESIGNATION: INCOME TAX ACT (CANADA)

In Canada, the *Federal Income Tax Act* and most provincial income tax legislation provide lower levels of taxation for Canadian individuals who receive eligible dividends. All of the common share dividends paid by Canaccord Genuity Group Inc. since 2006 are eligible, as are common share dividends paid hereafter, unless otherwise indicated.

## CORPORATE HEADQUARTERS

### STREET ADDRESS

Canaccord Genuity Group Inc.  
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Vancouver, BC, Canada

### MAILING ADDRESS

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Vancouver, BC V7Y 1H2 Canada

## INDEPENDENT AUDITOR

Ernst & Young LLP

Chartered Professional Accountants  
Vancouver, BC

*For information about fees paid to shareholders' auditors, refer to our Annual Information Form.*

## QUALIFIED FOREIGN CORPORATION

Canaccord Genuity Group Inc. is a "qualified foreign corporation" for US tax purposes under the *Jobs & Growth Tax Reconciliation Act of 2003*.

## ANNUAL GENERAL MEETING

Thursday, August 2, 2018  
at 10:00 a.m. (Eastern time)

Bay Adelaide Centre  
333 Bay Street  
34th Floor  
Toronto, ON, Canada

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