

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1 Name and Address of Company

Canaccord Genuity Group Inc. (“**Canaccord**” or the “**Company**”)
609 Granville Street, Suite 2200
Vancouver, British Columbia V7Y 1H2

ITEM 2 Date of Material Change

February 27, 2023

ITEM 3 News Release

A news release announcing the material change referred to in this report was disseminated through the facilities of Canada Newswire Service on February 27, 2023 and is attached hereto as Schedule “A”. A copy of the news release was filed on the Company’s profile at www.sedar.com.

ITEM 4 Summary of Material Change

On February 27, 2023, 1373113 B.C. Ltd. (the “**Offeror**”), on behalf of itself and a management-led group consisting of officers and employees of Canaccord and its subsidiaries (the “**Management Group**”, and together with the Offeror, the “**Co-Offerors**”), formally commenced the previously announced all-cash offer (the “**Offer**”) to acquire all of the issued and outstanding common shares (other than certain common shares owned by the Co-Offerors or any of their affiliates or joint actors) of Canaccord at a price of \$11.25 per common share (the “**Common Shares**”).

ITEM 5 Full Description of Material Change

On February 27, 2023, the special committee (the “**Special Committee**”) of the board of directors of the Company (the “**Board**”) acknowledged that the Offeror, on behalf of itself and the Management Group, announced that it had formally commenced the Offer.

The Offeror is wholly owned by 1394025 B.C. Ltd., which is wholly owned by Daniel Daviau, the President and Chief Executive Officer of the Company. The Offer was formally commenced by way of advertisement published in *The Globe and Mail*, *La Presse* and *Le Devoir* and is open for acceptance until 11:59 p.m. (Eastern Standard Time) on June 13, 2023, unless extended, accelerated or withdrawn by the Offeror in accordance with its terms.

The Special Committee announced that it does not support the Offer at a price of \$11.25 and intends to recommend to the Board that the shareholders not tender to the Offer at that price. In making its recommendation, the Special Committee is relying in part on the independent valuation provided by RBC Capital Markets (“**RBC**”) that, as of February 15, 2023, and subject to the assumptions, limitations and qualifications set forth in RBC’s written valuation, the fair market value of the

Common Shares of the Company is in the range of \$12.75 to \$15.75 per Common Share, or between 13% and 40% more than the current Offer price.

The Management Group owns 21.3% of the issued and outstanding Common Shares as of the date of the material change. In addition, a significant shareholder of the Company holding approximately 8.8% of the outstanding Common Shares has entered into an irrevocable lock-up agreement in support of the Offer that requires it to, among other things, tender its Common Shares to the Offer and vote against any other transaction.

The Offer does not contemplate the acquisition of the Company's outstanding preferred shares and the Offer is not conditional on same. The Offer is not subject to any financing conditions, and the consideration payable pursuant to the Offer will be financed pursuant to the financing commitment from HPS Investment Partners, LLC for an interest-bearing senior secured first lien term loan facility in an aggregate principal amount up to \$825 million.

The full details of the Offer are set out in the advertisement, take-over bid circular and accompanying offering documents, which have all been filed and are publicly available on SEDAR at www.sedar.com.

ITEM 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

ITEM 7 Omitted Information

Not applicable.

ITEM 8 Executive Officer

For further information, please contact:

D'Arcy Doherty
Corporate Secretary
Canaccord Genuity Group Inc.
Tel 1 (800) 382-9280

ITEM 9 Date of Report

March 9, 2023.

Schedule “A”

See attached.



**CANACCORD GENUITY GROUP INC. SPECIAL COMMITTEE
DOES NOT SUPPORT MANAGEMENT BUYOUT OFFER**

Bid Undervalues the Company

Offer Expires June 13, 2023; Shareholders Need Not Take Any Action At this Time

TORONTO, February 27, 2023 – The Special Committee of the Board of Directors of Canaccord Genuity Group Inc. (TSX: CF) (the "Company") acknowledges the formal commencement this morning of the take-over bid from certain members of the Company's management team (the "Management Group") to acquire all the common shares of the Company not already owned by the Management Group (the "Offer") at a price of \$11.25 per share (the "Offer Price").

As stated in the Company's January 9, 2023 press release, the Special Committee does not support the Offer at a price of \$11.25 per share and intends to recommend to the Board that shareholders not tender to the Offer.

In making its recommendation, the Special Committee is relying in part on the independent valuation provided by RBC Capital Markets ("RBC") that, as of February 15, 2023, and subject to the assumptions, limitations and qualifications set forth in RBC's written valuation, the fair market value of the common shares of the Company is in the range of \$12.75 to \$15.75 per common share, or between 13% and 40% more than the current Offer Price. RBC has also delivered its opinion that, as of February 15, 2023, the consideration under the Offer is inadequate from a financial point of view to the holders of the common shares of the Company other than the Management Group. The Special Committee believes there is greater value in the Company than reflected in the Offer Price based on the RBC formal valuation.

Since January 9, 2023, the Special Committee has engaged in discussions with the Management Group in an attempt to negotiate an improvement to the Offer, however, the Special Committee and the Management Group have not come to an agreement. As a result, the Special Committee has engaged Barclays Capital Canada Inc. to commence an alternative transaction process (the "Alternative Transaction Process") to explore potential strategic alternatives to enhance shareholder value.

While the Special Committee will provide its formal recommendation to the Board and the Company will formally respond in detail regarding the reasons for the Special Committee's recommendation in its directors' circular (the "Directors' Circular") to be filed within the next 15 days, there are several points the Special Committee would like to bring to the attention of shareholders immediately.

- Exploring Alternative Transactions – The Special Committee believes that the immediate cash value offered to shareholders under the Offer is less favourable than the potential value that might otherwise result from other alternatives reasonably available to the Company in the circumstances, including remaining as a stand-alone entity and pursuing the Company's existing strategy, in each case taking into consideration the potential rewards, risks, timelines and uncertainties associated with those other alternatives.



- Management's Comments on the RBC Valuation – The Special Committee noted the Management Group's comments on the RBC formal valuation, many of which had been previously discussed with, and considered by, RBC in the preparation of its formal valuation.

RBC is a highly credible investment bank qualified to provide an independent valuation under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101").

After considering RBC's views, the Special Committee disagrees with the Management Group's comments regarding RBC's valuation. A detailed response to these comments will be provided in the Directors' Circular.

The Management Group states that the RBC valuation range of \$12.75 to \$15.75 should be adjusted downwards to \$6.17 to \$9.58 based, in part, on adjustments made by the Management Group to reflect what it believes would be realized on a liquidation of each of the Company's underlying businesses. However, RBC's valuation clearly states that it is based on a going concern sum-of the parts approach, not a liquidation of the Company through the sale of each of its underlying businesses.

In addition, in response to questions from the Special Committee, the Management Group stated that it does not believe that this lower range represents an accurate value range in respect of the Company. The Management Group states in its press release that the Offer Price represents senior management's view that the Company is worth more on an *en bloc* consolidated basis than a sum of the parts liquidation sale of each of the reported business segments of the Company. However, the Management Group does not specify its view on what an appropriate valuation range would be. The Special Committee has accordingly relied on the RBC formal valuation in formulating its recommendation.

Finally, the Special Committee notes that the share price has, within the last 12 months, significantly exceeded the Offer Price, as well as being within RBC's valuation range. .

- Raymond James Fairness Opinion – The Special Committee notes that the Management Group engaged Raymond James Ltd. to provide a fairness opinion in respect of the Offer. Shareholders should note that unlike RBC, Raymond James Ltd. was not engaged at the request of the Special Committee and is not independent from the Management Group and its fairness opinion is not independent financial advice, nor does it constitute a formal valuation by an independent valuator as required under MI 61-101. In addition, the Raymond James Ltd. report contains no financial analysis underlying the fairness opinion and is therefore of little to no value to shareholders in assessing the Offer compared to the detailed financial analysis contained in RBC's formal valuation and inadequacy opinion.

Other Information

The Management Group's Offer must remain open for acceptance for a minimum of 105 days from today, or June 13, 2023, so shareholders need not take any action at this time. Shareholders are cautioned that there can be no assurance that the Offer or any other transaction will be completed. In particular, the Special Committee acknowledges that the



Management Group has stated that it collectively owns approximately 21.3% of the outstanding common shares of the Company and is not interested in supporting any transaction that may emerge from the Alternative Transaction Process or any other alternative transaction. In addition, a significant shareholder of the Company holding approximately 8.8% of the outstanding common shares has entered into an irrevocable lock-up agreement in support of the Offer that requires it to, among other things, tender its common shares to the Offer and vote against any transaction that may emerge from the Alternative Transaction Process or any other alternative transaction. The Management Group's position and the irrevocable lock-up agreement may impact the Alternative Transaction Process, including the availability of any alternatives that may emerge from the Alternative Transaction Process.

The Offer does not contemplate the acquisition of the Company's outstanding preferred shares and the Offer is not conditional on same.

The Special Committee of independent directors is comprised of Gillian H. Denham (Chair of the Special Committee), Charles N. Bralver, Dipesh J. Shah and Sally J. Tennant. The Special Committee has retained Davies Ward Phillips & Vineberg LLP, as its independent legal counsel, and has engaged RBC Capital Markets, as its independent financial advisor to provide financial advice and a formal valuation of the Company's common shares as required under MI 61-101.

ABOUT CANACCORD GENUITY GROUP INC.

Through its principal subsidiaries, 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. The Company's international capital markets division operates in North America, UK & Europe, Asia, Australia, and the Middle East.

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

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This press release may contain "forward-looking information" as defined under applicable securities laws ("forward-looking statements"). 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; the Company's growth, results of operations, performance and business prospects and opportunities; the Company's value as a stand-alone entity pursuant to its existing strategy; the availability of alternative transactions that may emerge from the Alternative Transaction Process or otherwise; and the impact of the Management Group's position and the significant shareholder's irrevocable lock-up agreement on the Alternative Transaction Process. 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. 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, whether any alternative transaction to the Offer may emerge, pursuant to the Alternative Transaction Process or otherwise, and the Company's ability to consummate such alternatives; the possibility that the Management Group may not be able to obtain or satisfy, in a timely manner or otherwise, the minimum tender of common shares, or the required regulatory approval and other conditions necessary to complete the Offer; market and general economic conditions (including slowing economic growth, inflation and rising interest rates); the dynamic nature of the financial services industry; the potential continued impacts of the coronavirus (COVID-19) pandemic on the Company's business operations and on the global economy; the impact of the war in Ukraine and the resulting humanitarian crisis on the global economy, in particular its effect on global oil, agriculture and commodity markets; and the risks and uncertainties discussed from time to time in the Company's interim condensed and annual consolidated financial statements, its annual report and its annual information form ("AIF") filed on www.sedar.com as well as the factors discussed in the sections entitled "Risk Management" and "Risk Factors" in the AIF, which include market, liquidity, credit, operational, legal and regulatory risks.

Although the forward-looking statements contained in this press release are based upon assumptions that the Company believes are reasonable, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this press release are made as of the date of this press release and should not be relied upon as representing the Company's views as of any date subsequent to the date of this press release. 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 statements, whether as a result of new information, further developments or otherwise.

For more information:

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