

Press Release

Guardian Capital Group Limited (TSX: GCG; GCG.A) Announces 2023 Annual Operating Results

Toronto, Ontario, February 22, 2024

All per share figures disclosed below are stated on a diluted basis.

For the years ended ended December 31, <i>(\$ in thousands, except per share amounts)</i>	2023	2022
Net revenue	\$ 241,182	\$ 200,996
Operating earnings	59,849	44,123
Net gains (losses)	57,787	(104,216)
Net earnings (loss) from continuing operations	102,162	(59,568)
Net earnings from discontinued operations	554,933	22,251
Net earnings	657,095	(37,317)
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EBITDA ⁽¹⁾	\$ 85,424	\$ 64,198
Adjusted cash flow from operations ⁽¹⁾	72,763	44,339
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Attributable to shareholders:		
Net earnings (loss) from continuing operations	\$ 100,250	\$ (61,503)
Net earnings (loss)	562,929	(43,078)
EBITDA ⁽¹⁾	82,247	59,854
Adjusted cash flow from operations ⁽¹⁾	69,581	39,827
Per share, diluted:		
Net earnings (loss) from continuing operations	\$ 3.99	\$ (2.52)
Net earnings (loss)	22.12	(1.76)
EBITDA ⁽¹⁾	3.29	2.45
Adjusted cash flow from operations ⁽¹⁾	2.79	2.34
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As at December 31, 2023		
<i>(\$ in millions, except per share amounts)</i>		
Assets under management	\$ 54,694	\$ 49,587
Assets under administration and advisement	4,080	3,716
Total client assets	58,774	53,303
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Shareholders' equity	\$ 1,241	\$ 768
Securities	1,318	660
Per share, diluted:		
Shareholders' equity ⁽¹⁾	\$ 49.39	\$ 29.43
Securities ⁽¹⁾	52.44	25.31

The Company is reporting Total Client Assets of \$58.8 billion as at December 31, 2023. This is a 10% increase from \$53.3 billion as at December 31, 2022.

The Operating earnings were \$59.8 million for the year ended December 31, 2023, a 36% increase from \$44.1 million in the prior year. EBITDA⁽¹⁾ was \$85.4 million for 2023, compared to \$64.2 million in the prior year.

Net revenue for the year was \$241.2 million, a 20% increase from \$201.0 million in the prior year. Increase was driven by higher interest income earned on the proceeds from the sale of the Worldsource businesses, along with an increase in net management and advisory fee revenue, consistent with the rise in Total Client Assets, including a full year's contribution from Rae & Lipskie which was acquired in the second half of 2022. Operating expenses were 16% higher in the current year at \$181.3 million, compared to \$156.9 million in the prior year.

The increase was largely the result of the full year's inclusion of expenses associated with Rae & Lipskie; an increase in interest expense due to rise in interest rates; increased technology expenditures associated with several system upgrades to infrastructure and applications; and planned increase in expenditures related to strategic initiatives to build meaningful new sources of revenue growth.

Net gains in 2023 were \$57.8 million, compared to Net losses of \$104.2 million in 2022, which largely reflect the changes in fair values of the Company's Securities portfolio, and are consistent with performance of the global financial markets.

Net earnings from discontinued operations were \$554.9 million in 2023, compared to \$22.3 million in 2022. The increase was primarily due to the gain recognized on the sale of the Worldsource businesses in the first quarter of 2023.

Net earnings attributable to shareholders were \$562.9 million in 2023, compared to a Net loss attributable to shareholders of \$43.1 million in 2022.

Adjusted cash flow from operations⁽¹⁾ for 2023 was \$72.8 million, compared to \$44.3 million in 2022. During 2023, the Company returned to shareholders \$31.6 million in dividends and \$42.7 million in share buybacks.

The Company's Shareholders' equity as at December 31, 2023 was \$1,241 million, or \$49.39 per share⁽¹⁾, compared to \$768 million, or \$29.43 per share⁽¹⁾ as at December 31, 2022. The Company's Securities as at December 31, 2023 had a fair value of \$1,318 million, or \$52.44 per share⁽¹⁾, compared to \$660 million, or \$25.31 per share⁽¹⁾.

The Board of Directors is pleased to have declared a quarterly eligible dividend of \$0.37 per share, an increase of 9%, payable on April 19, 2024, to shareholders of record on April 12, 2024.

On February 2, 2024, the Company announced that it had entered into an agreement to acquire Sterling Capital Management LLC, a Charlotte, North Carolina-based investment management firm with assets under management ("AUM") and assets under advisement ("AUA") (together "Total Client Assets") of US \$76 billion. This strategically important acquisition is expected to nearly triple the Company's AUM/AUA, further diversify its revenue sources and accelerate the Company's expansion strategy into the US market. The transaction is expected to close in the second quarter of 2024.

The Company's financial results for the past eight quarters are summarized in the following table.

	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
<i>As at (\$ in millions)</i>								
Assets under management	\$ 54,694	\$ 52,310	\$ 52,754	\$ 52,261	\$ 49,587	\$ 47,814	\$ 46,931	\$ 53,123
Assets under advisement	4,080	3,905	3,773	4,065	3,716	3,788	3,944	4,273
Total client assets	58,774	56,215	56,527	56,326	53,303	51,602	50,875	57,396
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 62,245	\$ 62,611	\$ 61,833	\$ 54,493	\$ 50,681	\$ 48,434	\$ 50,056	\$ 51,824
Operating earnings	13,097	18,474	17,038	11,240	8,790	10,419	11,404	13,507
Net gains (losses)	60,747	(17,358)	(3,736)	18,134	18,225	(21,148)	(91,545)	(9,749)
Net earnings (losses) from continuing operations	68,048	(2,270)	11,532	24,852	25,249	(11,582)	(73,463)	224
Net earnings from discontinued operations	--	--	--	554,933	6,386	5,034	5,239	5,591
Net earnings (losses)	68,048	(2,270)	11,532	579,785	31,635	(6,548)	(68,224)	5,815
Net earnings (loss) from continuing operations attributable to shareholders	67,087	(2,506)	11,145	24,524	24,679	(11,780)	(74,053)	(353)
Net earnings (loss) attributable to shareholders	67,087	(2,506)	11,145	487,203	29,961	(7,608)	(69,698)	4,262
<i>Per share amounts (in \$)</i>								
Net earnings (loss) from continuing operations attributable to shareholders								
Basic	\$ 2.85	\$ (0.11)	\$ 0.47	\$ 1.09	\$ 1.02	\$ (0.49)	\$ (3.03)	\$ (0.01)
Diluted	2.68	(0.11)	0.45	1.02	0.96	(0.49)	(3.03)	(0.01)
Net earnings (loss) attributable to shareholders:								
Basic	\$ 2.85	\$ (0.11)	\$ 0.47	\$ 20.27	\$ 1.24	\$ (0.31)	\$ (2.85)	\$ 0.17
Diluted	2.68	(0.11)	0.45	18.79	1.16	(0.31)	(2.85)	0.16
Dividends paid	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.18
<i>As at</i>								
Shareholders' equity (\$ in millions)	\$ 1,241	\$ 1,201	\$ 1,213	\$ 1,242	\$ 768	\$ 743	\$ 743	\$ 828
<i>Per share amounts (in \$)</i>								
Basic	\$ 52.87	\$ 50.90	\$ 51.11	\$ 52.42	\$ 31.84	\$ 30.82	\$ 30.68	\$ 33.67
Diluted	49.39	47.54	47.63	48.73	29.43	28.88	28.74	31.27
Total Class A and Common shares outstanding (shares in thousands)	25,230	25,408	25,609	26,113	26,246	26,246	26,342	26,892

Guardian Capital Group Limited (Guardian) is a global investment management company servicing institutional, retail and private clients through its subsidiaries. It also manages a proprietary portfolio of securities. Founded in 1962, Guardian's reputation for steady growth, long-term relationships and its core values of trustworthiness, integrity and stability have been key to its success over six decades. Its Common and Class A shares are listed on the Toronto Stock Exchange as GCG and GCG.A, respectively. To learn more about Guardian, visit www.guardiancapital.com.

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Caution Concerning Forward-Looking Information

Certain information included in this press release constitutes forward-looking information within the meaning of applicable Canadian securities laws. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Forward-looking information in this press release includes, but is not limited to, statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this press release is qualified by the following cautionary statements.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves known and unknown risks and uncertainties which may cause the Company's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information.

Important factors that could cause actual results to differ materially include but are not limited to: general economic and market conditions, including interest rates, business competition, changes in government regulations or in tax laws, the outbreak and severity of pandemics, such as COVID 19, military conflicts in various parts of the world, as well as those risk factors discussed or referred to in the disclosure documents filed by the Company with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. The reader is cautioned to consider these factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this press release is 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.

(1) Non IFRS Measures

The Company's management uses EBITDA, EBITDA attributable to shareholders, including the per share amount, Adjusted cash flows from operations, Adjusted cash flow from operations attributable to shareholders, including the per share amount, Shareholders' equity per share and Securities per share to evaluate and assess the performance of its business. These measures do not have standardized measures under International Financial Reporting Standards ("IFRS"), and are therefore unlikely to be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing the Company's results. The Company defines EBITDA as net earnings before interest, income taxes, amortization, and stock-based compensation expenses, net gains or losses and net earnings from discontinued operations. EBITDA attributable shareholders as EBITDA less the amounts attributable to non-controlling interests. The Company defines Adjusted cash flow from operations as net cash from operating activities, net of changes in non-cash working capital items and cash flows from discontinued operations. Adjusted cash flow from operations attributable to shareholders as Adjusted cash flow from operations less the amounts attributable to non-controlling interests. A reconciliation between these measures and the most comparable IFRS measures are as follows:

For the years ended ended December 31, (\$ in thousands)	2023	2022
Net earnings (loss)	\$ 657,095	\$ (37,317)
Add (deduct):		
Net earnings from discontinued operations	(554,933)	(22,251)
Income tax expense (recovery)	15,474	(525)
Net (gains) losses	(57,787)	104,216
Stock-based compensation	3,587	3,597
Interest expense	8,296	4,351
Amortization	13,692	12,127
EBITDA	85,424	64,198
Less attributable to non-controlling interests in continuing operations	(3,177)	(4,344)
EBITDA attributable to shareholders	\$ 82,247	\$ 59,854

For the years ended ended December 31, (\$ in thousands)	2023	2022
Net cash from operating activities	\$ 81,419	\$ 81,228
Add (deduct):		
Net cash from operating activities, discontinued operations	(10,087)	(23,524)
Net change in non-cash working capital items	(8,282)	(6,877)
Net change in non-cash working capital items, discontinued operations	9,713	(6,488)
Adjusted cash flow from operations	72,763	44,339
Less attributable to non-controlling interests, continuing operations	(3,182)	(4,512)
Adjusted cash flow from operations attributable to shareholders	\$ 69,581	\$ 39,827

The per share amounts for EBITDA attributable to shareholders, Adjusted cash flow from operations attributable to shareholders, Shareholders' equity and Securities per share are calculated by dividing the amounts by diluted shares, which is calculated in a manner similar to net earnings attributable to shareholders per share. More detailed descriptions of these non-IFRS measures are provided in the Company's Management's Discussion and Analysis.