

Press Release

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

Toronto, Ontario, August 11, 2023

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

For the periods ended June 30, (\$ in thousands, except per share amounts)	Three months		Six months	
	2023	2022 restated	2023	2022 restated
Net revenue	\$ 61,833	\$ 50,056	\$ 116,326	\$ 101,878
Operating earnings	17,038	11,404	28,278	24,910
Net gains (losses)	(3,736)	(91,545)	14,398	(101,294)
Net earnings (loss) from continuing operations	11,532	(73,463)	37,974	(73,239)
Net earnings (loss) from discontinued operations	--	5,239	553,743	10,830
Net earnings (loss)	11,532	(68,224)	591,717	(62,409)
EBITDA ⁽¹⁾	\$ 23,199	\$ 16,158	\$ 40,570	\$ 33,661
Adjusted cash flow from operations ⁽¹⁾	15,903	9,699	34,000	26,477
Attributable to shareholders:				
Net earnings (loss) from continuing operations	\$ 11,145	\$ (74,053)	\$ 37,259	\$ (74,406)
Net earnings (loss)	11,145	(69,698)	498,748	(65,436)
EBITDA ⁽¹⁾	22,303	15,040	38,698	31,456
Adjusted cash flow from operations ⁽¹⁾	14,967	8,577	32,080	24,212
Per share amounts (diluted):				
Net earnings (loss) from continuing operations	\$ 0.45	\$ (3.03)	\$ 1.48	\$ (3.04)
Net earnings (loss)	0.45	(2.85)	19.45	(2.68)
EBITDA ⁽¹⁾	0.89	0.57	1.54	1.19
Adjusted cash flow from operations ⁽¹⁾	0.60	0.33	1.28	0.92
As at				
(\$ in millions, except per share amounts)	2023 June 30	2022 December 31	2022 June 30 Restated	
Assets under management	\$ 52,754	\$ 49,587	\$ 46,931	
Assets under advisement	3,773	3,716	3,944	
Total client assets	56,527	53,303	50,875	
Shareholders' equity	\$ 1,213	\$ 768	\$ 743	
Securities	1,274	660	651	
Per share amounts (diluted):				
Shareholders' equity ⁽¹⁾	\$ 47.63	\$ 29.43	\$ 28.74	
Securities ⁽¹⁾	50.05	25.31	25.17	

The Company is reporting Operating earnings of \$17.0 million for the quarter ended June 30, 2023, a 49% increase from \$11.4 million in the same quarter in the prior year. The increase in Operating earnings includes over \$7.0 million in interest income earned on the proceeds of disposition of Worldsource and this had the most significant impact on the growth in Operating earnings.

EBITDA⁽¹⁾ and EBITDA attributable to shareholders⁽¹⁾ were \$23.2 million and \$22.3 million in the current quarter, compared to \$16.2 million and \$15.0 million in the comparative period.

As a reminder to the readers, with Guardian's decision to dispose of the Worldsource Businesses, a financial measure Net earnings from discontinued operations was introduced in a prior period. All revenues and expenses associated with that business was netting into this one line. The Net earnings from the remaining businesses is presented as Net earnings from continuing operations. As a result, the comparative periods have been restated to reflect this presentation format.

The Company's total client assets as at June 30, 2023, were \$56.5 billion, which include assets under management and assets under advisement. This is a 6% increase from \$53.3 billion as at December 31, 2022, and an 11% increase from \$50.9 billion reported as at June 30, 2022.

Net revenue for the current quarter was \$61.8 million, a 24% increase from \$50.1 million in the same quarter in the prior year. Interest income of over \$7 million earned on the proceeds from the sale of the Worldsource Businesses was the biggest driver of the increase. Net management and advisory fee revenue increased by \$3.4 million in the current quarter to \$45.5 million, and this is partially due to the addition of RaeLipskie, which was acquired on September 1, 2022. Operating expenses were 16% higher in the current quarter at \$44.8 million, due to the inclusion of expenses associated with RaeLipskie, increase in interest expense due to rise in interest rates, increased marketing and travel costs, the effects of bearing certain costs which were recovered from Worldsource in prior periods and increased strategic investments into our additional anticipated growth sources for the future, which includes the Canadian Retail Asset Management team, the Guardian Smart Infrastructure team, and Guardian Partners Inc.

Net losses in the current quarter were \$3.7 million, compared to Net losses of \$91.5 million in the same quarter in the prior year, both largely consistent with performance of the global equity markets.

Net earnings attributable to shareholders were \$11.1 million in the current quarter and Net loss of \$69.7 million in the comparative period. The quantum of Net losses in each of the periods were the greatest driver of this measure.

Adjusted cash flow from operations⁽¹⁾ and Adjusted cash flow from operations attributable to shareholders⁽¹⁾ for the current quarter were \$15.9 million and \$15.0 million, respectively, compared to \$9.7 million and \$8.6 million, respectively, in the comparative period. During the current quarter, the Company returned to shareholders \$8.6 million in dividends and \$21.8 million in share buybacks.

The Company's Shareholders' equity as at June 30, 2023 was \$1,213 million, or \$47.63 per share⁽¹⁾, compared to \$768 million, or \$29.43 per share⁽¹⁾ as at December 31, 2022.

The Board of Directors is pleased to have declared a quarterly eligible dividend of \$0.34 per share, payable on October 18, 2023, to shareholders of record on October 11, 2023.

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

	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022 <i>Restated</i>	Jun 30, 2022 <i>Restated</i>	Mar 31, 2022 <i>Restated</i>	Dec 31, 2021 <i>Restated</i>	Sep 30, 2021 <i>Restated</i>
<i>As at (\$ in millions)</i>								
Assets under management	\$ 52,754	\$ 52,261	\$ 49,587	\$ 47,814	\$ 46,931	\$ 53,123	\$ 56,341	\$ 53,113
Assets under advisement	3,773	4,065	3,716	3,788	3,944	4,272	4,338	5,061
Total client assets	56,527	56,326	53,303	51,602	50,875	57,395	60,679	58,174
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 61,833	\$ 54,493	\$ 50,681	\$ 48,434	\$ 50,056	\$ 51,824	\$ 52,961	\$ 50,873
Operating earnings	17,038	11,240	8,790	10,419	11,404	13,507	14,086	15,385
Net gains (losses)	(3,736)	18,134	18,225	(21,148)	(91,545)	(9,749)	51,408	(8,960)
Net earnings (losses) from continuing operations	11,532	26,442	25,249	(11,582)	(73,463)	224	57,909	4,005
Net earnings from discontinued operations	--	553,743	6,386	5,034	5,239	5,591	6,542	4,592
Net earnings (losses)	11,532	580,185	31,635	(6,548)	(68,224)	5,815	64,451	8,597
Net earnings (loss) from continuing operations attributable to shareholders	11,145	26,114	24,679	(11,780)	(74,053)	(353)	56,999	3,268
Net earnings (loss) attributable to shareholders	11,145	487,603	29,961	(7,608)	(69,698)	4,262	62,422	7,054
<i>Per share amounts (in \$)</i>								
Net earnings (loss) from continuing operations attributable to shareholders								
Basic	\$ 0.47	\$ 1.09	\$ 1.02	\$ (0.49)	\$ (3.03)	\$ (0.01)	\$ 2.30	\$ 0.13
Diluted	0.45	1.02	0.96	(0.49)	(3.03)	(0.01)	2.15	0.12
Net earnings (loss) attributable to shareholders:								
Basic	\$ 0.47	\$ 20.27	\$ 1.24	\$ (0.31)	\$ (2.85)	\$ 0.17	\$ 2.52	\$ 0.28
Diluted	0.45	18.79	1.16	(0.31)	(2.85)	0.16	2.35	0.27
Dividends paid	\$ 0.34	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.18	\$ 0.18	\$ 0.18
<i>As at</i>								
Shareholders' equity (\$ in millions)								
Per share amounts (in \$)	\$ 1,213	\$ 1,242	\$ 768	\$ 743	\$ 743	\$ 828	\$ 839	\$ 781
Basic	\$ 51.11	\$ 52.42	\$ 31.84	\$ 30.82	\$ 30.68	\$ 33.67	\$ 33.89	\$ 31.56
Diluted	47.63	48.73	29.43	28.88	28.74	31.27	31.53	29.40
Total Class A and Common shares outstanding (shares in thousands)	25,609	26,113	26,246	26,246	26,342	26,892	26,954	26,968

Guardian Capital Group Limited (Guardian) is a global financial services company providing extensive investment management services to institutional, retail and private high and ultra-high-net worth 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, the ongoing conflict in the Ukraine, 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 measure are as follows:

For the periods ended June 30, (\$ in thousands)	Three months		Six months	
	2023	2022 <i>restated</i>	2023	2022 <i>restated</i>
Net earnings (loss)	\$ 11,532	\$ (68,224)	\$ 591,717	\$ (62,409)
Add (deduct):				
Net earnings from discontinued operations	--	(5,239)	(553,743)	(10,830)
Income tax expense (recovery)	1,770	(6,678)	4,702	(3,145)
Net (gains) losses	3,736	91,545	(14,398)	101,294
Stock-based compensation	921	921	1,837	1,583
Interest expense	2,053	760	3,982	1,305
Amortization	3,187	3,073	6,473	5,863
EBITDA	23,199	16,158	40,570	33,661
Less attributable to non-controlling interests in continuing operations	(896)	(1,118)	(1,872)	(2,205)
EBITDA attributable to shareholders	\$ 22,303	\$ 15,040	\$ 38,698	\$ 31,456

For the periods ended June 30, (\$ in thousands)	Three months		Six months	
	2023	2022 <i>restated</i>	2023	2022 <i>restated</i>
Net cash from operating activities	\$ 14,882	\$ 27,673	\$ 25,069	\$ 26,981
Add (deduct):				
Net cash from operating activities, discontinued operations	--	8,985	(10,087)	(863)
Net change in non-cash working capital items	1,021	(9,188)	9,305	11,453
Net change in non-cash working capital items, discontinued operations	--	(17,771)	9,713	(11,094)
Adjusted cash flow from operations	15,903	9,699	34,000	26,477
Less attributable to non-controlling interests, continuing operations	(936)	(1,122)	(1,920)	(2,265)
Adjusted cash flow from operations attributable to shareholders	\$ 14,967	\$ 8,577	\$ 32,080	\$ 24,212

The per share amounts for EBITDA attributable to shareholders, Adjusted cash flow from operations attributable to shareholders, Shareholders' equity and Securities 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, including a reconciliation of these measures to their most comparable IFRS measures.