

Press Release

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

Toronto, Ontario, November 9, 2023

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

For the periods ended September 30, (\$ in thousands, except per share amounts)	Three months		Nine months	
	2023	2022 restated	2023	2022 restated
Net revenue	\$ 62,611	\$ 48,434	\$ 178,937	\$ 150,314
Operating earnings	18,474	10,419	46,752	35,330
Net losses	(17,358)	(21,148)	(2,960)	(122,442)
Net earnings (loss) from continuing operations	(2,270)	(11,582)	35,704	(84,821)
Net earnings (loss) from discontinued operations	--	5,034	553,743	15,864
Net earnings (loss)	(2,270)	(6,548)	589,447	(68,957)
EBITDA ⁽¹⁾	\$ 24,611	\$ 15,590	\$ 65,181	\$ 49,356
Adjusted cash flow from operations ⁽¹⁾	21,568	17,034	55,568	43,511
Attributable to shareholders:				
Net earnings (loss) from continuing operations	\$ (2,506)	\$ (11,780)	\$ 34,753	\$ (86,187)
Net earnings (loss)	(2,506)	(7,608)	496,242	(73,044)
EBITDA ⁽¹⁾	23,985	14,801	62,683	46,362
Adjusted cash flow from operations ⁽¹⁾	20,971	16,203	53,051	40,415
Per share amounts (diluted):				
Net earnings (loss) from continuing operations	\$ (0.11)	\$ (0.49)	\$ 1.40	\$ (3.53)
Net earnings (loss)	(0.11)	(2.85)	19.40	(2.68)
EBITDA ⁽¹⁾	1.02	0.61	2.49	1.90
Adjusted cash flow from operations ⁽¹⁾	0.89	0.67	2.12	1.65
As at				
(\$ in millions, except per share amounts)	2023 September 30	2022 December 31	2022 September 30 Restated	
Assets under management	\$ 52,310	\$ 49,587	\$ 47,814	
Assets under advisement	3,905	3,716	3,787	
Total client assets	56,215	53,303	51,601	
Shareholders' equity	\$ 1,201	\$ 768	\$ 743	
Securities	1,276	660	651	
Per share amounts (diluted):				
Shareholders' equity ⁽¹⁾	\$ 47.54	\$ 29.43	\$ 28.74	
Securities ⁽¹⁾	50.49	25.31	25.16	

The Company is reporting total clients assets of \$56.2 billion as at September 30, 2023, which include assets under management and assets under advisement. This is a 5% increase from \$53.3 billion as at December 31, 2022, and a 9% increase from \$51.6 billion reported as at September 30, 2022.

The Operating earnings were \$18.5 million for the quarter ended September 30, 2023, a 77% increase from \$10.4 million in the same quarter in the prior year. The increase in Operating earnings includes over \$8.4 million in interest income earned largely on the proceeds of disposition of the Worldsource Business. EBITDA⁽¹⁾ was \$24.6 million for the current quarter, compared to \$15.6 million in the same quarter in the prior year.

As a reminder to the readers, with the Company's decision to sell the Worldsource Businesses, a financial measure Net earnings from discontinued operations was introduced in the fourth quarter of 2022. All revenues and expenses associated with those businesses were netted 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.

Net revenue for the current quarter was \$62.6 million, a 29% increase from \$48.4 million in the same quarter in the prior year. Increase was driven by the higher interest income earned, as stated above, along with an increase in net management and advisory fee revenue, consistent with the rise in total client assets, including a full quarter's net revenue contribution from Rae & Lipskie in the current quarter compared to only one month's revenue in the comparative period. Operating expenses were 16% higher in the current quarter at \$44.1 million, compared to \$38.0 million in the same period in the prior year. The increases were largely the result of the full quarter's inclusion of expenses associated with Rae & Lipskie, increased interest expense due to rise in interest rates, increased strategic investments into our additional anticipated growth sources for the future, including increased technology expenditures to support these businesses, and the effects of bearing certain costs which were recovered from Worldsource in prior periods.

Net losses in the current quarter were \$17.4 million, compared to Net losses of \$21.1 million in the same quarter in the prior year, which largely reflect the changes in fair values of the Company's Securities portfolio, consistent with performance of the global financial markets.

Net loss attributable to shareholders was \$2.5 million in the current quarter, compared to \$7.6 million in the comparative period.

Adjusted cash flow from operations⁽¹⁾ for the current quarter was \$21.6 million, compared to \$17.0 million in the comparative period. During the current quarter, the Company returned to shareholders \$8.5 million in dividends and \$8.3 million in share buybacks.

The Company's Shareholders' equity as at September 30, 2023 was \$1,201 million, or \$47.54 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 January 18, 2024, to shareholders of record on January 11, 2024.

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

	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
				Restated	Restated	Restated	Restated	Restated
<i>As at (\$ in millions)</i>								
Assets under management	\$ 52,310	\$ 52,754	\$ 52,261	\$ 49,587	\$ 47,814	\$ 46,931	\$ 53,123	\$ 56,341
Assets under advisement	3,905	3,773	4,065	3,716	3,788	3,944	4,272	4,338
Total client assets	56,215	56,527	56,326	53,303	51,602	50,875	57,395	60,679
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 62,611	\$ 61,833	\$ 54,493	\$ 50,681	\$ 48,434	\$ 50,056	\$ 51,824	\$ 52,961
Operating earnings	18,474	17,038	11,240	8,790	10,419	11,404	13,507	14,086
Net gains (losses)	(17,358)	(3,736)	18,134	18,225	(21,148)	(91,545)	(9,749)	51,408
Net earnings (losses) from continuing operations	(2,270)	11,532	26,442	25,249	(11,582)	(73,463)	224	57,909
Net earnings from discontinued operations	--	--	553,743	6,386	5,034	5,239	5,591	6,542
Net earnings (losses)	(2,270)	11,532	580,185	31,635	(6,548)	(68,224)	5,815	64,451
Net earnings (loss) from continuing operations attributable to shareholders	(2,506)	11,145	26,114	24,679	(11,780)	(74,053)	(353)	56,999
Net earnings (loss) attributable to shareholders	(2,506)	11,145	487,603	29,961	(7,608)	(69,698)	4,262	62,422
<i>Per share amounts (in \$)</i>								
Net earnings (loss) from continuing operations attributable to shareholders								
Basic	\$ (0.11)	\$ 0.47	\$ 1.09	\$ 1.02	\$ (0.49)	\$ (3.03)	\$ (0.01)	\$ 2.30
Diluted	(0.11)	0.45	1.02	0.96	(0.49)	(3.03)	(0.01)	2.15
Net earnings (loss) attributable to shareholders:								
Basic	\$ (0.11)	\$ 0.47	\$ 20.27	\$ 1.24	\$ (0.31)	\$ (2.85)	\$ 0.17	\$ 2.52
Diluted	(0.11)	0.45	18.79	1.16	(0.31)	(2.85)	0.16	2.35
Dividends paid	\$ 0.34	\$ 0.34	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.18	\$ 0.18
<i>As at</i>								
Shareholders' equity (\$ in millions)	\$ 1,201	\$ 1,213	\$ 1,242	\$ 768	\$ 743	\$ 743	\$ 828	\$ 839
Per share amounts (in \$)								
Basic	\$ 50.90	\$ 51.11	\$ 52.42	\$ 31.84	\$ 30.82	\$ 30.68	\$ 33.67	\$ 33.89
Diluted	47.54	47.63	48.73	29.43	28.88	28.74	31.27	31.53
Total Class A and Common shares outstanding (shares in thousands)	25,408	25,609	26,113	26,246	26,246	26,342	26,892	26,954

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 periods ended September 30, (\$ in thousands)	Three months		Nine months	
	2023	2022 <i>restated</i>	2023	2022 <i>restated</i>
Net earnings (loss)	\$ (2,270)	\$ (6,548)	\$ 589,447	\$ (68,957)
Add (deduct):				
Net earnings from discontinued operations	--	(5,034)	(553,743)	(15,864)
Income tax expense (recovery)	3,386	853	8,088	(2,291)
Net (gains) losses	17,358	21,148	2,960	122,442
Stock-based compensation	875	1,007	2,712	2,695
Interest expense	1,918	1,212	5,900	2,517
Amortization	3,344	2,952	9,817	8,814
EBITDA	24,611	15,590	65,181	49,356
Less attributable to non-controlling interests in continuing operations	(626)	(789)	(2,498)	(2,994)
EBITDA attributable to shareholders	\$ 23,985	\$ 14,801	\$ 62,683	\$ 46,362

For the periods ended September 30, (\$ in thousands)	Three months		Nine months	
	2023	2022 <i>restated</i>	2023	2022 <i>restated</i>
Net cash from operating activities	\$ 29,072	\$ 25,954	\$ 54,141	\$ 52,935
Add (deduct):				
Net cash from operating activities, discontinued operations	--	(12,192)	(10,087)	(13,055)
Net change in non-cash working capital items	(7,504)	(8,211)	1,801	3,242
Net change in non-cash working capital items, discontinued operations	--	11,483	9,713	389
Adjusted cash flow from operations	21,568	17,034	55,568	43,511
Less attributable to non-controlling interests, continuing operations	(597)	(831)	(2,517)	(3,096)
Adjusted cash flow from operations attributable to shareholders	\$ 20,971	\$ 16,203	\$ 53,051	\$ 40,415

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.