

Press Release

Guardian Capital Group Limited (TSX: GCG; GCG.A) Announces 2020 Third Quarter Operating Results

Toronto, Ontario, November 12, 2020

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	
	2020	2019	2020	2019
Net revenue	\$ 52,042	\$ 45,983	\$ 152,067	\$ 136,237
Operating earnings	12,108	12,105	36,348	35,871
Net gains (losses)	35,739	(1,274)	(82,296)	72,566
Net earnings (loss) attributable to shareholders	42,201	8,275	(43,681)	92,333
EBITDA ⁽¹⁾	\$ 16,238	\$ 16,036	\$ 47,910	\$ 46,783
Adjusted cash flow from operations ⁽¹⁾	10,507	13,053	39,230	36,081
Per share:				
Net earnings (loss) attributable to shareholders	\$ 1.56	\$ 0.31	\$ (1.72)	\$ 3.37
EBITDA ⁽¹⁾	0.60	0.59	1.78	1.72
Adjusted cash flow from operations ⁽¹⁾	0.39	0.48	1.46	0.33
As at (\$ in millions, except per share amounts)		2020 September 30	December 31	2019 September 30
Assets under management	\$ 32,734	\$ 31,147	\$ 30,243	
Assets under administration	20,755	20,248	19,040	
Shareholders' equity	632	683	654	
Securities	552	682	664	
Per share:				
Shareholders' equity ⁽¹⁾	\$ 23.25	\$ 25.01	\$ 23.93	
Securities ⁽¹⁾	20.30	24.99	24.30	

The Company is reporting Operating earnings of \$12.1 million for the quarter ended September 30, 2020, substantially unchanged from the \$12.1 million reported in the third quarter of 2019.

The Net revenue for the current quarter grew to \$52.0 million, \$6.0 million or 13% higher than the \$46.0 million reported in the same quarter in the prior year. Excluding the revenue contributions of \$2.0 million from Aurrea Signature Inc. ("Aurrea"), and Modern Advisor Canada Inc. ("Modern Advisor"), two businesses which were acquired subsequent to the third quarter of 2019, the growth in Net revenue was \$3.0 million. This organic growth was largely driven by growth in Guardcap Investment Management ("GuardCap"), the UK investment management subsidiary and IDC Worldsource Insurance Network ("IDC WIN"), the life insurance managing general agency subsidiary.

Expenses in the current quarter were \$39.9 million, a \$6.0 million increase from \$33.9 million in the same quarter in the prior year. Included in the current quarter's expenses are the expenses of Aurrea, Modern Advisor and those involved with the expansion of the Canadian Retail Asset Management team, which is focused on providing investment solutions for the Canadian retail market. The total expenses associated with these three businesses were \$2.9 million in the current quarter.

The Company's assets under management ("AUM") reached \$32.7 billion as at September 30, 2020, a 5% increase from \$31.1 billion as at December 31, 2019, and an 8% increase from \$30.2 billion as at September 30, 2019. The continued recovery in the global financial markets and the significant inflow of assets experienced by GuardCap drove the growth in AUM during the current quarter. The AUM managed by GuardCap has grown to \$8.0 billion by the end of the current quarter from \$4.0 billion at the end of 2019.

The Company's assets under administration ("AUA") were \$20.8 billion as at September 30, 2020, compared to \$20.2 billion at the end of 2019 and \$19.0 billion as at September 30, 2019. Included as at September 30, 2020 were \$0.5 billion of AUA provided by Aurrea.

The global financial markets experienced continued recoveries during the third quarter from the significant decline in the first quarter, resulting in Net gains of \$35.7 million for the current quarter, compared to Net losses of \$1.3 million in the same quarter in the prior year.

As a result of the Net gains and Operating earnings described above, the Company's Net earnings attributable to shareholders in the current quarter were \$42.2 million, compared to \$8.3 million in the same quarter in 2019.

EBITDA⁽¹⁾ for the current quarter was \$16.2 million, compared to \$16.0 million in the same period in the prior year. Adjusted cash flow from operations⁽¹⁾ for the current quarter was \$10.5 million, compared to \$13.1 million in the same quarter in the prior year. The lower Adjusted cash flow from operations was due to significant tax installments being paid in the current quarter, compared to the prior year.

The Company's Shareholders' equity as at September 30, 2020 was \$632 million, or \$23.25 per share⁽¹⁾, compared to \$683 million, or \$25.01 per share⁽¹⁾ as at December 31, 2019, and \$654 million or \$23.93 per share⁽¹⁾ as at September 30, 2019.

As the global equity markets continued to recover in the current quarter, the fair value of the Company's Securities experienced a continued increase in fair value. However, the fair value of the Company's Securities are less than the December 31, 2019 value due to the disposal of a portion of the holdings of the Bank of Montreal ("BMO") shares in the first half of the year and the current share price of BMO remaining below December 31, 2019 value. The fair value of the Company's Securities as at September 30, 2020 was \$552 million, or \$20.30 per share⁽¹⁾, compared to \$682 million, or \$24.99 per share⁽¹⁾ as at December 31, 2019 and \$664 million or \$24.30 per share⁽¹⁾ as at September 30, 2019.

The Board of Directors has declared a quarterly eligible dividend of \$0.16 per share, payable on January 18, 2021, to shareholders of record on January 11, 2021.

The Company's financial results for the past eight quarters are summarized in the following table. All per share figures are stated on a diluted basis.

	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
<i>As at (\$ in millions)</i>								
Assets under management	\$ 32,734	\$ 31,196	\$ 27,527	\$ 31,147	\$ 30,243	\$ 30,088	\$ 29,631	\$ 26,962
Assets under administration	20,755	20,010	18,152	20,248	19,040	18,784	18,745	17,385
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 52,042	\$ 50,124	\$ 49,901	\$ 49,865	\$ 45,983	\$ 45,963	\$ 44,291	\$ 44,300
Operating earnings	12,108	13,427	10,813	13,030	12,105	12,590	11,176	12,137
Net gains (losses)	35,739	43,254	(161,289)	24,140	(1,274)	7,957	65,883	(89,001)
Net earnings (loss)	42,652	51,244	(134,911)	31,808	8,952	17,601	68,099	(69,652)
Net earnings (loss) attributable to shareholders	42,201	50,486	(136,368)	30,787	8,275	16,838	67,220	(70,449)
Net earnings (loss) attributable to shareholders:								
Per Class A and Common share (in \$)								
Basic	\$ 1.66	\$ 1.99	\$ (5.35)	\$ 1.20	\$ 0.32	\$ 0.65	\$ 2.57	\$ (2.63)
Diluted	1.56	1.87	(5.35)	1.13	0.31	0.62	2.43	(2.63)
Dividends paid (in \$)	\$ 0.160	\$ 0.160	\$ 0.150	\$ 0.150	\$ 0.150	\$ 0.150	\$ 0.125	\$ 0.125
<i>As at</i>								
Shareholders' equity (\$ in thousands)	\$ 631,863	\$ 596,265	\$ 562,821	\$ 682,777	\$ 653,983	\$ 647,983	\$ 656,167	\$ 599,311
Per Class A and Common share ⁽¹⁾ (in \$)								
Basic	\$ 24.80	\$ 23.50	\$ 22.18	\$ 26.73	\$ 25.49	\$ 25.26	\$ 25.14	\$ 22.85
Diluted	23.25	22.07	20.94	25.01	23.93	23.73	23.66	21.57
Total Class A and Common shares outstanding (shares in thousands)	27,758	27,758	27,758	27,839	27,956	27,956	28,405	28,405

Guardian Capital Group Limited is a diversified financial services company founded in 1962. The Company provides institutional and high net worth investment management services to clients; financial services to international investors; and services to financial advisors in its national mutual fund dealer, securities dealer, and life insurance managing general agency. Its Common and Class A shares are listed on The Toronto Stock Exchange.

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⁽¹⁾ The Company's management uses EBITDA, EBITDA per share, Adjusted cash flow from operations, Adjusted cash flow from operations per share, 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, stock-based compensation, net gains or losses, less 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 non-controlling interests. The most comparable IFRS measures are Net earnings, which were \$42.7 million for the quarter ended September 30, 2020 (2019 - \$9.0 million), and Net cash from operating activities, which was \$22.4 million for the quarter ended September 30, 2020 (2019 - \$22.7 million). The per share amounts for EBITDA, Adjusted cash flow from operations, 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 Discussions and Analysis, including a reconciliation of these measures to their most comparable IFRS measures.