

Press Release

Guardian Capital Group Limited (TSX: GCG; GCG.A)

Announces Operating Results for the Year Ended December 31, 2020

Toronto, Ontario, February 24, 2021

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

For the twelve months ended December 31 <i>(\$ in thousands, except per share amounts)</i>	2020	2019
Net revenue	\$ 215,791	\$ 186,102
Operating earnings	54,841	48,901
Net gains (losses)	(1,313)	96,706
Net earnings (loss) attributable to shareholders	42,358	123,120
EBITDA ⁽¹⁾	\$ 70,325	\$ 63,214
Adjusted cash flow from operations ⁽¹⁾	56,773	51,634
Per share:		
Net earnings (loss) attributable to shareholders	\$ 1.57	\$ 4.50
EBITDA ⁽¹⁾	2.60	2.32
Adjusted cash flow from operations ⁽¹⁾	2.10	1.90
As at <i>(\$ in millions, except per share amounts)</i>	2020	2019
Assets under management	\$ 45,984	\$ 31,147
Assets under administration	22,289	20,248
Shareholders' equity	700	683
Securities	633	682
Per share:		
Shareholders' equity ⁽¹⁾	\$ 25.69	\$ 25.01
Securities ⁽¹⁾	23.23	24.99

The Company completed another successful year in 2020 and is reporting historic highs in many financial metrics including assets under management ("AUM") and assets under administration ("AUA"), and annual and quarterly highs in Net revenue, Operating earnings, EBITDA, and Adjusted cash flow from operations.

The Company's Operating earnings in the current year were \$54.8 million, an increase of \$5.9 million, or 12%, from \$48.9 million reported in 2019. Of this, \$18.5 million was reported in the fourth quarter. The largest growth in 2020 Operating earnings came from GuardCap, our UK-based investment management business, and IDC WIN, our life insurance managing general agency business.

The Company's Net revenue for the year grew to \$215.8 million, an increase of \$29.7 million, or 16%, from the \$186.1 million reported a year earlier. The most significant contributions to this growth also came from GuardCap and IDC WIN. The new businesses in 2020, Agincourt Capital Management, LLC ("Agincourt") and Copoloff Insurance Agency Inc. ("Copoloff"), both of which were acquired on October 1, 2020, Modern Advisor Canada Inc. acquired on February 28, 2020, and Aurrea Signature Inc. acquired on December 31, 2019, accounted for \$12.6 million of the increase.

Expenses in the current year were \$161.0 million, an increase of \$23.8 million, or 17%, from \$137.2 million in the prior year. The new businesses mentioned above accounted for \$11.9 million of the increase with the remainder largely attributable to GuardCap and the newly formed Canadian Retail Asset Management business. GuardCap's increase was due largely to incentive compensation, which rose in line with the growth of the business, while the increase from the new Canadian Retail Asset Management business was due to the initial buildout of the team and the launch of the initial suite of ETFs.

The Company's AUM as at December 31, 2020 total \$46.0 billion, an increase of \$14.8 billion, or 48%, from \$31.1 billion as at December 31, 2019. The increase is due largely to the \$9.6 billion of AUM from Agincourt which was added in the fourth quarter, plus the significant growth in Guardcap's AUM, which increased to \$10.7 billion at the end of 2020, from \$4.0 billion at the end of 2019.

The Company's AUA were \$22.3 billion as at December 31, 2020, compared to \$20.2 billion at the end of 2019. Approximately \$0.4 billion of the increase in AUA was due to the acquisition of Copoloff during the fourth quarter of 2020.

The global financial markets experienced a turbulent year in 2020 with significant declines in the months of February and March and a recovery over the remainder of the year. The total Net losses, realized and unrealized, for the Company in 2020 were \$1.3 million, compared to Net gains of \$96.7 million in 2019.

The Company's Net earnings attributable to shareholders in 2020 were \$42.4 million, compared to \$123.1 million in 2019. This is mainly due to the significant swing from Net gains to Net losses, year over year, partially offset by the increase in Operating earnings in the current year.

EBITDA⁽¹⁾ for the current year was \$70.3 million, including \$22.4 million in the fourth quarter, compared to \$63.2 million in the prior year, while Adjusted cash flow from operations⁽¹⁾ for the current year was \$56.8 million, compared to \$51.6 million in the prior year.

The Company's Shareholders' equity as at December 31, 2020 was \$700 million, or \$25.69 per share⁽¹⁾, compared to \$683 million, or \$25.01 per share⁽¹⁾ as at December 31, 2019.

The fair value of the Company's holding of Securities as at December 31, 2020 was \$633 million or \$23.23 per share⁽¹⁾ compared to \$682 million or \$24.99 per share⁽¹⁾ as at December 31, 2019. The decline is due largely to the disposition of 1.2 million shares of the Bank of Montreal during the year. The proceeds from these dispositions were used largely to reduce corporate borrowings.

The Board of Directors has declared a quarterly eligible dividend of \$0.18 per share, an increase of 13%, payable on April 19, 2021, to shareholders of record on April 12, 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.

	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
<i>As at (\$ in millions)</i>								
Assets under management	\$ 45,984	\$ 32,734	\$ 31,196	\$ 27,527	\$ 31,147	\$ 30,243	\$ 30,088	\$ 29,631
Assets under administration	22,289	20,755	20,010	18,152	20,248	19,040	18,784	18,745
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 63,724	\$ 52,042	\$ 50,124	\$ 49,901	\$ 49,865	\$ 45,983	\$ 45,963	\$ 44,291
Operating earnings	18,493	12,108	13,427	10,813	13,030	12,105	12,590	11,176
Net gains (losses)	80,983	35,739	43,254	(161,289)	24,140	(1,274)	7,957	65,883
Net earnings (loss)	87,083	42,652	51,244	(134,911)	31,808	8,952	17,601	68,099
Net earnings (loss) attributable to shareholders	86,039	42,201	50,486	(136,368)	30,787	8,275	16,838	67,220
Net earnings (loss) attributable to shareholders:								
Per Class A and Common share (in \$)								
Basic	\$ 3.38	\$ 1.66	\$ 1.99	\$ (5.35)	\$ 1.20	\$ 0.32	\$ 0.65	\$ 2.57
Diluted	3.17	1.56	1.87	(5.35)	1.13	0.31	0.62	2.43
Dividends paid (in \$)	\$ 0.160	\$ 0.160	\$ 0.160	\$ 0.150	\$ 0.150	\$ 0.150	\$ 0.150	\$ 0.125
<i>As at</i>								
Shareholders' equity (\$ in thousands)	\$ 699,610	\$ 631,863	\$ 596,265	\$ 562,821	\$ 682,777	\$ 653,983	\$ 647,983	\$ 656,167
Per Class A and Common share ⁽¹⁾ (in \$)								
Basic	\$ 27.43	\$ 24.80	\$ 23.50	\$ 22.18	\$ 26.73	\$ 25.49	\$ 25.26	\$ 25.14
Diluted	25.69	23.25	22.07	20.94	25.01	23.93	23.73	23.66
Total Class A and Common shares outstanding (shares in thousands)	27,740	27,758	27,758	27,758	27,839	27,956	27,956	28,405

Guardian Capital Group Limited is a diversified financial services company founded in 1962. The Company is headquartered in Canada and has offices in the United Kingdom, the United States and the Caribbean. It 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 \$46.1 million in 2020 (2019 - \$126.5 million), and Net cash from operating activities, which was \$71.8 million in 2020 (2019 - \$49.1 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.