

Press Release

Guardian Capital Group Limited (TSX: GCG; GCG.A) Announces 2022 Third Quarter Operating Results

Toronto, Ontario, November 11, 2022

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	
	2022	2021	2022	2021
Net revenue	\$ 72,226	\$ 72,384	\$ 221,400	\$ 207,038
Operating earnings	16,047	20,771	52,570	59,474
Net gains (losses)	(19,835)	(8,146)	(117,945)	90,292
Net earnings (loss)	(6,548)	8,597	(68,957)	126,289
EBITDA ⁽¹⁾	\$ 24,410	\$ 27,349	\$ 76,372	\$ 78,333
Adjusted cash flow from operations ⁽¹⁾	17,743	23,219	56,177	65,571
Attributable to shareholders:				
Net earnings (loss)	\$ (7,608)	\$ 7,054	\$ (73,044)	\$ 121,817
EBITDA ⁽¹⁾	22,396	24,703	69,284	70,622
Adjusted cash flow from operations ⁽¹⁾	15,880	20,795	49,853	58,488
Per share:				
Net earnings (loss)	\$ (0.31)	\$ 0.27	\$ (2.99)	\$ 4.53
EBITDA ⁽¹⁾	0.93	0.93	2.67	2.63
Adjusted cash flow from operations ⁽¹⁾	0.62	0.79	1.93	2.18
As at				
(\$ in millions, except per share amounts)	2022		2021	
	September 30	December 31	September 30	September 30
Assets under management	\$ 47,814	\$ 56,341	\$ 53,113	
Assets under administration	26,786	31,508	30,015	
Total client assets	74,600	87,849	83,128	
Shareholders' equity	\$ 743	\$ 839	\$ 781	
Securities	648	752	689	
Per share (diluted):				
Shareholders' equity ⁽¹⁾	\$ 28.88	\$ 31.53	\$ 29.40	
Securities ⁽¹⁾	25.16	28.27	25.91	

The Company is reporting \$74.6 billion in total client assets as at September 30, 2022, which include assets under management ("AUM") and assets under administration ("AUA"). This is a 10% decrease from \$83.1 billion as at September 30, 2021, and a 15% decrease from \$87.8 billion reported as at December 31, 2021. The Company is reporting AUM of \$47.8 billion as at September 30, 2022, a 10% decrease from \$53.1 billion as at September 30, 2021, and a 15% decrease from \$56.3 billion as at December 31, 2021. The decrease in AUM was driven largely by the negative global financial market performance and, to a lesser extent, net redemptions reported in earlier quarters this year, partially offset by the acquisition completed in the current quarter. The Company's AUA was \$26.8 billion as at September 30, 2022, an 11% decrease from \$30.0 billion as at September 30, 2021, and a 15% decrease from \$31.5 billion as at December 31, 2021.

The Company is reporting Operating earnings of \$16.0 million for the quarter ended September 30, 2022, a decrease of 23% or \$4.8 million from the \$20.8 million reported in the third quarter of 2021. The decrease in AUM from its peak at the end of 2021 has continued to negatively impact the Company's Net revenue, but this has been partially offset by revenues which are not as sensitive to levels of AUM. Expenses increased over the same period by 9% or \$4.6 million, as detailed below.

Net revenue for the current quarter declined slightly to \$72.2 million from \$72.4 million reported in the same quarter in the prior year. Revenues sensitive to the level of average AUM, such as net management fees, decreased in the current period, but this decrease was largely offset by higher dividends earned on the Company's securities portfolio and interest earned on cash balances.

Expenses in the current quarter were \$56.2 million, a \$4.6 million increase from \$51.6 million in the same quarter in the prior year. The higher expenses reflect the Company continuing to invest in the strategically important initiatives of building both our retail distribution capabilities and private infrastructure business, Guardian Smart Infrastructure Management Inc. We have also experienced increased expenses related to integrating recently acquired businesses, and higher borrowing costs due to the recent increases in interest rates.

Net losses in the current quarter were \$19.8 million, compared to Net losses of \$8.1 million in the same quarter in the prior year. The largest portion of the Net losses in the current quarter was attributable to the declines in fair values of our securities holdings resulting from the negative performance in the global financial markets to which those securities are exposed.

The Company's Net loss attributable to shareholders in the current quarter was \$7.6 million, compared to Net earnings attributable to shareholders of \$7.1 million in the same quarter in 2021. The significant Net losses associated with our securities holdings, as described above, compared to the smaller Net losses in the prior year, and the decline in operating earnings, largely accounted for the reduction in Net (loss) earnings attributable to shareholders.

EBITDA attributable to shareholders⁽¹⁾ for the current quarter was \$22.4 million, compared to \$24.7 million in the same period in the prior year. Adjusted cash flow from operations attributable to shareholders⁽¹⁾ for the current quarter was \$15.9 million, compared to \$20.8 million in the same quarter in the prior year.

The Company's Shareholders' equity as at September 30, 2022 was \$743 million, or \$28.88 per share⁽¹⁾, compared to \$839 million, or \$31.53 per share⁽¹⁾ as at December 31, 2021, and \$781 million, or \$29.40 per share⁽¹⁾ as at September 30, 2021. During the current quarter, the Company returned to shareholders \$6.2 million in dividends and \$2.9 million in share buybacks. The fair value of the Company's Securities as at September 30, 2022 was \$648 million, or \$25.16 per share⁽¹⁾, compared to \$752 million, or \$28.27 per share⁽¹⁾ as at December 31, 2021 and \$689 million, or \$25.91 per share⁽¹⁾ as at September 30, 2021.

The Board of Directors has declared a quarterly eligible dividend of \$0.24 per share, payable on January 18, 2023, to shareholders of record on January 11, 2023.

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

	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
<i>As at (\$ in millions)</i>								
Assets under management	\$ 47,814	\$ 46,931	\$ 53,123	\$ 56,341	\$ 53,113	\$ 51,641	\$ 47,945	\$ 45,984
Assets under administration	26,786	27,626	30,526	31,508	30,015	29,902	28,376	22,289
Total client assets	74,600	74,557	83,649	87,849	83,128	81,543	76,321	68,273
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 72,226	\$ 74,109	\$ 75,065	\$ 78,049	\$ 72,384	\$ 69,960	\$ 64,694	\$ 63,724
Operating earnings	16,047	17,157	19,366	22,314	20,771	21,199	17,504	18,493
Net gains (losses)	(19,835)	(90,128)	(7,982)	52,331	(8,146)	56,467	41,971	80,983
Net earnings (losses)	(6,548)	(68,224)	5,815	64,451	8,597	66,831	50,861	87,083
Net earnings (loss) attributable to shareholders	(7,608)	(69,698)	4,262	62,421	7,054	65,138	49,625	86,039
<i>(in \$)</i>								
Net earnings (loss) attributable to shareholders:								
Per Class A and Common share								
Basic	\$ (0.31)	\$ (2.85)	\$ 0.17	\$ 2.52	\$ 0.28	\$ 2.59	\$ 1.95	\$ 3.38
Diluted	(0.31)	(2.85)	0.16	2.35	0.27	2.42	1.83	3.17
Dividends paid on Class A and Common shares	\$ 0.24	\$ 0.24	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.16	\$ 0.16
<i>As at</i>								
Shareholders' equity (\$ in thousands)	\$ 743,331	\$ 742,917	\$ 828,404	\$ 838,520	\$ 781,334	\$ 780,323	\$ 737,363	\$ 699,610
Per Class A and Common share (in \$)								
Basic	\$ 30.82	\$ 30.68	\$ 33.67	\$ 33.89	\$ 31.56	\$ 31.15	\$ 29.02	\$ 27.43
Diluted	28.88	28.74	31.27	31.53	29.40	29.09	27.14	25.69
Total Class A and Common shares outstanding (shares in thousands)	26,246	26,342	26,892	26,954	26,968	27,263	27,691	27,740

Guardian Capital Group Limited (Guardian) is a diversified, global financial services company operating in two main business segments: Investment Management and Wealth Management. Guardian provides extensive investment management solutions to institutional and private wealth clients through its subsidiaries, while offering comprehensive wealth management services to financial advisors in its national mutual fund dealer, securities dealer and insurance distribution network. 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.

For further information, contact:

Donald Yi
Chief Financial Officer
(416) 350-3136

George Mavroudis
President and Chief Executive Officer
(416) 364-8341

Investor Relations: investorrelations@guardiancapital.com.

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 Guardian believes that the expectations reflected in such forward-looking information are reasonable, such information involves known and unknown risks and uncertainties which may cause Guardian'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 duration and severity of the current COVID pandemic, the ongoing conflict in the Ukraine, as well as those risk factors discussed or referred to in the disclosure documents filed by Guardian 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 Guardian'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, stock-based compensation, net gains or losses and 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 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 September 30, (\$ in thousands)	Three months		Nine months	
	2022	2021	2022	2021
Net earnings (loss)	\$ (6,548)	\$ 8,597	\$ (68,957)	\$ 126,289
Add (deduct):				
Income tax expense	2,760	4,028	3,582	23,477
Net (gains) losses	19,835	8,146	117,945	(90,292)
Stock-based compensation	1,112	771	2,893	2,199
Interest expense	1,496	351	2,944	1,047
Amortization	5,755	5,456	17,965	15,613
EBITDA	24,410	27,349	76,372	78,333
Non-controlling interests	(2,014)	(2,646)	(7,088)	(7,711)
EBITDA attributable to shareholders	\$ 22,396	\$ 24,703	\$ 69,284	\$ 70,622

For the periods ended September 30, (\$ in thousands)	Three months		Nine months	
	2022	2021	2022	2021
Net cash from operating activities	\$ 25,954	\$ 38,058	\$ 52,935	\$ 70,477
Add (deduct):				
Net change in non-cash working capital items	(8,211)	(14,839)	3,242	(4,906)
Adjusted cash flow from operations	17,743	23,219	56,177	65,571
Non-controlling interests	(1,863)	(2,424)	(6,324)	(7,083)
Adjusted cash flow from operations attributable to shareholders	\$ 15,880	\$ 20,795	\$ 49,853	\$ 58,488

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.