# Guardian

## GUARDIAN CAPITAL GROUP LIMITED

## Report to Shareholders

FIRST QUARTER

MARCH 31, 2025

## TO OUR SHAREHOLDERS:

We present below a summary of the Company's operating results for the periods ended March 31, 2025 and 2024. All per share figures disclosed below are stated on a diluted basis.

| For the three months ended March 31, ($ in thousands, except per share amounts) | 2025 | 2024 |
|---|---|---|
| Net revenue | $ 95,161 | $ 62,497 |
| Operating earnings | 7,050 | 12,318 |
| Net gains (losses) | (15,723) | 12,737 |
| Net earnings (loss) | (6,664) | 21,441 |
| EBITDA [1] | $ 15,920 | $ 18,906 |
| Adjusted cash flow from operations [1] | 13,038 | 15,209 |
| Attributable to shareholders: | | |
| Net earnings (loss) | $ (7,052) | $ 21,167 |
| EBITDA [1] | 15,255 | 18,333 |
| Adjusted cash flow from operations [1] | 12,460 | 14,695 |
| Per share (diluted) | | |
| Net earnings (loss) | $ (0.30) | $ 0.86 |
| EBITDA [1] | 0.65 | 0.75 |
| Adjusted cash flow from operations [1] | 0.53 | 0.60 |

| As at ($ in millions, except per share amounts) | 2025 March 31 | 2024 December 31 | 2024 March 31 |
|---|---|---|---|
| Total client assets | $ 167,227 | $ 168,979 | $ 61,316 |
| Shareholders' equity | 1,304 | 1,318 | 1,255 |
| Securities, net | 1,201 | 1,211 | 1,253 |
| Per share amounts (diluted): | | | |
| Shareholders' equity [1] | $ 53.30 | $ 53.76 | $ 50.30 |
| Securities, net [1] | 49.11 | 49.38 | 50.22 |

### Summary

Guardian is reporting Total Client Assets (which includes assets under management and advisement) of $167.2 billion as at March 31, 2025. This is a 1% decrease from $169.0 billion as at December 31, 2024, and a 172.7% increase from $61.3 billion as at March 31, 2024. The decline during the current quarter is largely due to net client outflows year-to-date, partially offset by positive market performance, while the significant increase year over year is largely the result of approximately $109 billion contributed by Sterling, which was acquired on July 2,2024.

Guardian's Net revenue for the current quarter was $95.2 million, compared to $62.5 million in the same quarter in the prior year, with $35.9 million being contributed by Sterling, which was partially offset by lower interest income.

Guardian's Operating earnings and EBITDA[1] were $7.1 million and $15.9 million, respectively, for the quarter ended March 31, 2025, compared to $12.3 million and $18.9 million, respectively, in the same quarter in the prior year. Dampening the current quarter's results were $4.6 million of costs associated with the acquisition and integration of Sterling.

Net losses in the current quarter were $15.7 million, compared to Net gains of $12.7 million in the same quarter in the prior year, which largely reflect the changes in fair values of Guardian's Securities portfolio.

Net losses attributable to shareholders were $7.1 million in the current quarter, compared to Net earnings of $21.2 million in the comparative period, resulting largely from the swing from Net gains to Net losses described above.

Adjusted cash flow from operations attributable to shareholders[1] for the current quarter was $12.5 million, compared to $14.7 million in the comparative period. The decrease of $2.2 million was due largely to decrease in Operating earnings as described above.

Guardian's Shareholders' equity as at March 31, 2025 was $1,304 million, or $53.30 per share[1], compared to $1,318 million, or $53.76 per share[1] as at December 31, 2024. Guardian's Securities, net as at March 31, 2025 had a fair value of $1,201 million, or $49.11 per share[1], compared to $1,211 million, or $49.38 per share[1] as at December 31, 2024.

The Board of Directors is pleased to have declared a quarterly eligible dividend of $0.39 per share, payable on July 18, 2025, to shareholders of record on July 11, 2025.

*[1] These terms do not have standardized measures under International Financial Reporting Standard ("IFRS"). These non-IFRS measures used by the Company are defined in the quarterly Management's Discussion and Analysis, including a reconciliation of these measures to their most comparable IFRS measures.*

## CAUTION CONCERNING FORWARD-LOOKING INFORMATION

Certain information included in this Report to Shareholders constitutes forward-looking information within the meaning of applicable Canadian securities laws. 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 Report to Shareholders 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 Report to Shareholders is qualified by the following cautionary statements.

Although Guardian Capital Group Limited (“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 or tariffs, the duration and severity of pandemics, natural disasters, the military conflicts in various parts of the world as well as those risk factors discussed or referred to in Guardian’s Management’s Discussion and Analysis and the other disclosure documents filed by Guardian with the securities regulatory authorities in certain provinces of Canada and available at www.sedarplus.ca. 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 Report to Shareholders is presented as of the preparation date of this Report to Shareholders and should not be relied upon as representing Guardian’s views as of any date subsequent to the date of this Report to Shareholders. Guardian undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

## NOTICE TO SHAREHOLDERS

Guardian’s Board of Directors appoints independent auditors to audit Guardian’s annual Financial Statements. Under Canadian securities laws (National Instrument 51-102), if an auditor has not reviewed the interim Financial Statements, this must be disclosed in an accompanying notice.

Guardian’s independent auditor has not performed a review of these interim consolidated Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

# Commentary

**Market Recap**

The new US Administration's aggressive turn against perceived adversaries and (former) allies alike has roiled long-standing norms, with the persistent threat of substantial tariffs representing another potential pandemic-like shock to globally-integrated supply chains that could bring cascading repercussions. Measures of uncertainty such as the Global Economic Policy Uncertainty Indexi or World Uncertainty Index are estimated to be around their highest levels on record, the only comparable period was the onset of an unprecedented global health crisis that disrupted every facet of life and sent governments and central banks scrambling to do whatever they could to prevent a complete economic collapse. To be clear, while it is the case that there are wars still being fought on multiple fronts, geopolitics remain tense, and contentious elections are slated across the globe, it is American trade policy to which this seemingly unprecedented degree of uncertainty can be attributed, as indicated by the astronomical surge in gauges of this specific issue.

The net result has been a broad risk-off tone to market proceedings with credit spreads widening and equities falling into correction territory. Rather than seeing true indiscriminate panic selling, however, it has been more of a rebalancing. There has been a clear rotation away from those areas that have been subject to the biggest forecast adjustments, which also happened to carry the highest relative valuations, to other areas of the marketplace that are less directly exposed to the goings on in Washington. For example, while the MSCI World Index is down roughly 5% year-to-date (US dollar terms) at the time of writing and nearly 10% off its peak, that weakness has been more focused on the more growth-centric areas of the US stock market. American equities that have been the market leader by a wide margin in recent years are down year-to-date, though above their post-"Liberation Day" lows, and have materially underperformed other more "value"-tinged developed markets so far this year, and the "Magnificent 7" stocks in particular have come under pressure. The weaker relative performance of US stocks, diminished growth premium hampering the American Exceptionalism narrative, concerns over fiscal sustainability, and an evident "sell America" sentiment in response to US policy are also weighing on US Treasuries securities relative to other sovereigns. The net selling of US assets has put downward pressure on the greenback, exacerbating the weakness in US markets for foreign investors and resulted in abnormal market action where these former "safe haven" assets have not played that role amid the current bout of volatility.

**Operating Segments**

Assets under management and assets under advisement (together "Total Client Assets" or "Client Assets") declined marginally to $167 billion Canadian dollars from $169 billion at the end of the year. We experienced negative flows in the quarter, from our equity mandates, while we did realize some inflows into our fixed-income strategies, they were not enough to offset the withdrawals from equities.

The quarter finally brought a period of relative weakness in the "Magnificent Seven" mega-cap high-growth technology stocks relative to the market. Guardian's equity management teams, along with the majority of active managers have had trouble matching the performance of their benchmarks given the performance of these stocks and their huge relative weights in the indices. While there is much room to make up, if the relative weakness persists, we hope to see a renewal of demand for actively managed equity strategies that are such an important part of Guardian's business.

Meanwhile operationally, our integration process with Sterling is in the US Asset Management Segment proceeding without any major hitches and is in line with our planned timing and budgets set out to undertake this integration. The Operating earnings of this business unit remain pressured due to continued planned integration costs that include new technology infrastructure, retention incentives and redundancies related to the wind down of one of the US equity teams at Sterling. The current quarter includes approximately $4.6 million in such costs.

Within the Canada, UK and Other Asset Management Segment, Guardian's Smart Infrastructure Management ("GSIM") team is continuing to make progress this quarter by generating interest from potential new investors ("Limited Partners" or LP)) and have also initiated discussions with potential partners to co-invest with us on follow-on investments that could enhance our capabilities in the traffic management space, as well as initiatives to enter new markets in the smart infrastructure space. The effort to build a relevant private infrastructure offering, especially in a pioneering niche, requires patience and a long-term investment horizon. Our primary goal in this first fund is to build a credible investment team with sufficient third-party LP commitments that will allow us to operate this initiative at or near breakeven levels and provide sufficient capital to build a diversified performance track record that will draw the interest of returning and new investors for future generation funds. We also expect that a successful investment return for our first fund will indirectly reward us financially due to our own substantive capital we have committed to this strategy. Due to the economics that alternative strategies can demand it is important to limit expectations for transformative earnings in the near term as any meaningful financial contributions to Guardian are likely years down the road.

We continue to expend time and money on developing products and distribution resources dedicated towards the Canadian retail channel, which we believe can be an important contributor to the future Client Asset base. Our historical experience with new initiatives like this one indicates that progress is normally slow at the beginning, and this initiative has been no different. Although we would like to have achieved more growth in this business in the time frame that we have been focusing on it, we are realizing progressively net positive flows into this channel, including this past quarter, and we are encouraged by the progress across all investment vehicle channels (mutual funds, ETF's, SMA/Wrap and Sub-advisory). We remain confident that, in due course, we can build on net positive flows in the Canadian retail distribution channel and, are committed to continuing our investments to achieve success. Building a following among financial advisors is an effort that requires patience and persistence. We believe that with a continued focus and effort to engage on a regular basis and building brand awareness with financial advisors, this initiative has much greater prospects to generate a more meaningful contribution to Operating earnings in the years ahead.

Our Private Wealth business includes Guardian Capital Advisors LP, Guardian Partners Inc., our "Outsourced Chief Investment Officer" operation, Alexandria Bancorp Limited and our 60% interest in Rae & Lipskie Investment Counsel Inc. As of March 31, 2025, our Private Wealth operations had a combined Total Client Assets of C$10.5 billion, a slight increase from $10.2 billion at December 31, 2024. Both market increases and positive net flows contributed to the growth. Our goal is for the Private Wealth businesses to offer an increasing depth of services to high-net-worth and ultra-high-net-worth clients, as we are positively inclined towards the opportunity in both this and the advisory/family office market. We will continue to invest in the growing Private Wealth area while seeking to create revenue synergies between our various private client operations sharing the various capabilities and strengths of each business unit. We believe this business is synergistic with our other asset management businesses allowing us to provide a continuum of services to a spectrum of high-net-worth clients.

**Corporate Activities and Investments**

In addition to our core operating segments discussed above, steady and reliable investment income from our corporate securities portfolio has been a meaningful contributor to Guardian's profitability, long-term financial health, and flexibility. At the end of the first quarter, our investment portfolio was valued at C$1.20 billion, down from C$1.21 billion at year end. The decline in the investment portfolio primarily reflects market conditions. Our portfolio received dividend and interest income of C$8.5 million in the quarter. This represents a decline from $11.4 million in the same quarter in the prior year, mostly as-a result of declining interest received. Historically, our balance sheet has been heavily equity-oriented, but in the aftermath of the sale of our Worldsource business, we started to hold significant investments in short-term securities, we are still roughly 30% exposed to the fixed-income markets, the vast majority having maturities under 12 months. Outside of the short-term investments and our holdings of the Bank of Montreal shares, our portfolio is largely comprised of proprietary, diversified public equity and fixed-income strategies, Canadian real estate, our infrastructure investment through GSIM, and third-party public and private investments.

During Guardian's periodic Strategic Planning process, we have determined that preserving a substantial balance sheet serves as a significant strategic advantage in our efforts to grow our businesses. While our near-term focus will be largely devoted to the integration of Sterling and solidifying our strategy of growing our US business within the Guardian family, we are still open to allocating capital, to complement our organic growth initiatives with potential acquisitions. Our plan also includes careful evaluation of our investment capabilities and using our balance sheet to make sizeable seed investments to introduce new strategies or vehicles to the market. The substantial liquidity of our balance sheet will also offer more flexibility to return cash to our shareholders, including a higher percentage of adjusted cash flow from operations to a growing dividend, while still having the option to utilize available capital to fund the purchase and cancellation of our stock, and make acquisitions should the opportunity present itself. Overall, we believe that we have ample capacity to fund any future demand for seeding of proprietary strategies and their respective investment vehicles, corporate acquisitions and buybacks of Guardian stock under our normal course issuer bid.

**Capital Allocation**

Quality companies consistently generate resilient earnings and cash flows. Historically, Guardian has focused on allocating its cash flow to a combination of growth initiatives, dividend increases and share buybacks. As our financial metrics continue to grow, Guardian is committed to balancing the distribution of our cash flows between investing sufficient funds into the business for future growth and returning an ever-increasing amount of cash to its shareholders. In the first quarter of 2025, Guardian returned C$9.1 million to shareholders in the form of dividends. No shares were purchased for cancellation as part of our normal course issuer bid as we spent the quarter buying stock to fulfill our employee profit sharing plan. Liquidity is always a challenge to buy back shares but this past quarter we experienced even greater liquidity challenges which did not offer the opportunity to buy back shares for the normal course issuer bid. As we have completed the employee stock purchases early in the second quarter, we are now entirely focused on buying back of shares to cancel under the normal course issuer bid. Guardian's management team and Board of Directors remain supportive of buying back our shares if the market continues to materially underappreciate the intrinsic value of our Company. Doing so neither diminishes the quality of our balance sheet nor affects our ability to invest in future growth initiatives. With strong, recurring, cash flows and a fortress-like balance sheet, we are in the enviable position of being able to balance the needs of all stakeholders, including our clients, associates and shareholders. The Board is pleased to report that we have again declared a quarterly dividend of $0.39 per share, payable on July 11, 2025, to the shareholders of record on July 18, 2025.

Our core values at Guardian are to be Trustworthy, to act with Integrity, and to ensure Stability throughout the organization. Clients, shareholders, employees, partners and other stakeholders of Guardian should be assured that, from top to bottom, our organization seriously embraces the responsibilities with which we are entrusted, and we are continuously striving to improve all aspects of how we do business. Consistently delivering on our stated objectives, along with the balancing of all stakeholders' interests through both good and challenging times, are further measures of the quality of the institution we expect Guardian to represent. As long as we continue to live up to these expectations, all of our stakeholders should expect to benefit from our successes.

On behalf of the Board,

(signed) "James Anas"

Chairman of the Board

May 8, 20255

(signed) "George Mavroudis"

President and Chief Executive Officer

[1] Global Economic Policy Uncertainty Index; https://www.policyuncertainty.com/global_monthly.html

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with securities regulatory requirements, the discussion and analysis which follows for Guardian Capital Group Limited and its subsidiaries and other controlled entities ("Guardian") pertains to the three-month period ended March 31, 2025 and the comparative period in the year 2024, as well as to certain other prior quarterly periods. Readers are encouraged to refer to the discussions and analyses contained in the 2024 Annual Report. This discussion and analysis has been prepared as of May 8, 2025.

Additional information relating to Guardian and its business, including Guardian's Annual Information Form, is available on "SEDAR" at www.sedarplus.ca.

## CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain information included in this Management's Discussion and Analysis ("MD&A") constitutes forward-looking information within the meaning of applicable Canadian securities laws. 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 MD&A 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 MD&A 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, tax laws or tariffs, the duration and severity of pandemics, natural disasters, military conflicts in various parts of the world, as well as those risk factors discussed or referred to in the risk factors section and the other disclosure documents filed by Guardian with the securities regulatory authorities in certain provinces of Canada and available at www.sedarplus.ca. 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 MD&A is provided as of the preparation date of this MD&A and should not be relied upon as representing Guardian's views as of any date subsequent to the date of this MD&A. Guardian undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

## OVERVIEW OF GUARDIAN'S BUSINESS

Guardian is a financial services company, which provides investment management services to institutional, retail and private high and ultra-high-net worth clients through its subsidiaries. At the end of the current quarter, Guardian had $167.2 billion of assets under management ("AUM") and assets under advisement ("AUA") (together the "Total Client Assets" or "Client Assets"). Guardian is headquartered in Canada and operates in Canada, the United Kingdom, the United States and the Caribbean. The Investment Management business is operated through the Canada, UK, and Other Asset Management Segment ("Canada, UK Segment"), which includes the Toronto, Ontario-based Guardian Capital LP ("GCLP"), Galibier Capital Management Ltd. ("Galibier"), Guardian Smart Infrastructure Management Inc. ("GSIM"), Guardian Capital Real Estate Inc. ("GCREInc"), Guardian Partners Inc. ("GPI"), which was combined with Guardian Capital Advisors LP on December 31, 2024, the Waterloo, Ontario-based Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), Vancouver, British Columbia-based Modern Advisor Canada Inc. ("Modern Advisor"), the London, UK-based GuardCap Asset Management Limited ("GuardCap"), and the Caribbean-based Alexandria Bancorp Limited ("ABL"), and US Asset Management Segment ("US Segment"), which includes the Salt Lake City, Utah-based Alta Capital Management, LLC ("Alta"), the Richmond, Virginia-based Agincourt Capital Management LLC ("Agincourt"), and Charlotte, North Carolina-based Sterling Capital Management LLC ("Sterling"). Guardian also manages its proprietary investment portfolio which had a fair market value of $1.2 billion as at March 31, 2025.

## USE OF NON-IFRS MEASURES

Guardian uses certain measures to evaluate and assess the performance of its business, some of which are not defined within International Financial Reporting Standards ("IFRS"). These measures are EBITDA, EBITDA attributable to shareholders, EBITDA attributable to shareholders per share, Adjusted cash flow from operations, Adjusted cash flow from operations attributable to shareholders, Adjusted cash flow from operations attributable to shareholder per share. Other Non-IFRS measures are equity per share, securities, net and securities, net per share. Non-IFRS measures do not have standardized meanings prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. However, Guardian believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing Guardian's results. In the Non-IFRS Measures section of this Management Discussion and Analysis a description of how these measures are defined by Guardian is provided, with reconciliations to their most comparable IFRS measures.

## RE-ORGANIZATION OF GUARDIAN'S OPERATING SEGMENTS

Subsequent to the acquisition of Sterling in 2024, Guardian began a process to re-organize the governance structure of the investment management segment in order to more effectively manage a larger combined operation. A dedicated U.S. governance structure was established, along with new organizational U.S. leadership roles aimed at aligning our interests across all of Guardian's U.S. subsidiaries and business lines. As a result of these changes in governance structure, Guardian has divided the Investment Management Segment into the US Segment and the Canada, U.K. Segment. The Corporate Activities and Investments Segment remains as previously reported. It is intended that these changes to our operating segments will provide information that most closely reflects how management evaluates the strategy and performance of Guardian. Comparative periods have been restated to match the revised segmentation of Guardian's business.

## TOTAL CLIENT ASSETS

The following is a summary of the Total Client Assets managed and advised by Guardian:

| As at ($ in millions) | 2025 March 31 | 2024 December 31 | % Inc (Dec) | 2024 March 31 | % Inc (Dec) |
|---|---|---|---|---|---|
| Institutional | $ 104,482 | $ 105,221 | -0.7% | $ 32,529 | 221.2% |
| Retail and intermediary | 52,248 | 53,526 | -2.4% | 19,060 | 174.1% |
| Private wealth | 10,497 | 10,232 | 2.6% | 9,727 | 7.9% |
| | $ 167,227 | $ 168,979 | -1.0% | $ 61,316 | 172.7% |

An analysis of the Total Client Assets by asset class is as follows:

| As at ($ in millions) | 2025 March 31 | 2024 December 31 | % Inc (Dec) | 2024 March 31 | % Inc (Dec) |
|---|---|---|---|---|---|
| Canadian equities | $ 5,303 | $ 5,718 | -7.3% | $ 4,861 | 9.1% |
| Global equities | 19,079 | 20,909 | -8.8% | 23,336 | -18.2% |
| US equities | 17,445 | 19,333 | -9.8% | 4,638 | 276.1% |
| Canadian fixed income | 5,334 | 5,222 | 2.1% | 6,530 | -18.3% |
| US fixed income | 87,753 | 85,732 | 2.4% | 12,224 | 617.9% |
| Multi-asset solutions | 32,313 | 32,065 | 0.8% | 9,727 | 232.2% |
| | $ 167,227 | $ 168,979 | -1.0% | $ 61,316 | 172.7% |

Guardian is reporting Total Client Assets of $167.2 billion as at March 31, 2025, compared to $169.0 billion, as at December 31, 2024 and $61.3 billion, as at March 31, 2024. The decrease in Total Client Assets since December 31, 2024 was largely due to net outflows, partially offset by positive market performance. Net outflows were the greatest in our Fundamental Global Equity strategy in the Canada, UK Segment, and to a lesser extent, from US equity strategies in the US Segment.

## CONSOLIDATED FINANCIAL RESULTS

The comparative financial results of Guardian on a consolidated basis are summarized in the following table:

| For the three months ended March 31, ($ in thousands, except per share amounts) | 2025 | 2024 | % Inc (Dec) |
|---|---|---|---|
| Net revenue | $ 95,161 | $ 62,497 | 52.3% |
| Expenses | 88,111 | 50,179 | 75.6% |
| Operating earnings | 7,050 | 12,318 | -42.8% |
| Net gains (losses) | (15,723) | 12,737 | -223.4% |
| Net earnings (loss) before income taxes | (8,673) | 25,055 | -134.6% |
| Income tax expense (recovery) | (2,009) | 3,614 | -155.6% |
| Net earnings (loss) | $ (6,664) | $ 21,441 | -131.1% |
| EBITDA | $ 15,920 | $ 18,906 | -15.8% |
| Adjusted cash flow from operations | 13,038 | 15,209 | -14.3% |
| Attributable to shareholders: | | | |
| Net earnings (loss) | $ (7,052) | $ 21,167 | -133.3% |
| EBITDA | 15,255 | 18,333 | -16.8% |
| Adjusted cash flow from operations | 12,460 | 14,695 | -15.2% |
| Per share amounts (diluted): | | | |
| Net earnings (loss) | $ (0.30) | $ 0.86 | -134.9% |
| EBITDA | 0.65 | 0.75 | -12.8% |
| Adjusted cash flow from operations | 0.53 | 0.60 | -11.7% |

| As at ($ in millions, except per share amounts) | 2025 March 31 | 2024 December 31 | % Inc (Dec) | 2024 March 31 | % Inc (Dec) |
|---|---|---|---|---|---|
| Shareholders' equity | $ 1,304 | $ 1,318 | -1.1% | $ 1,255 | 3.9% |
| Securities, net | 1,201 | 1,211 | -0.8% | 1,253 | -4.1% |
| Per share amounts (diluted): | | | | | |
| Shareholders' equity | $ 53.30 | $ 53.76 | -0.9% | $ 50.30 | 6.0% |
| Securities, net | 49.11 | 49.38 | -0.5% | 50.22 | -2.2% |

## OPERATING RESULTS

The Operating earnings (loss) of Guardian's business segments are summarized in the following table:

| For the three months ended March 31, ($ in thousands) | 2025 | 2024 | % Inc (Dec) |
|---|---|---|---|
| USA Asset Management | $ (612) | $ 1,918 | -131.9% |
| Canada, UK and Other Asset Management | 5,261 | 7,122 | -26.1% |
| Corporate activities and investments | 2,401 | 3,278 | -26.8% |
| | $ 7,050 | $ 12,318 | -42.8% |

Guardian's consolidated Operating earnings for the quarter ended March 31, 2025, were $7.1 million and EBITDA was $15.9 million, compared to $12.3 million and $18.9 million, respectively, in the same quarter in the prior year. Dampening the current quarter's results are $4.6 million in Transitional expenses (non-recurring expenses related to the integration of Sterling, including retention bonuses for key employees, technology transitional service fees paid to the previous owner of Sterling, expenses related to building out Sterling's own technology environment and certain restructuring costs).

Current quarter's Net revenue was $95.2 million, increased $32.7 million from $62.5 million in the same quarter in the prior year. The addition of Sterling contributed $35.9 million to the increase, which was partially offset by lower Net revenues in the Canada, UK Segment and approximately $2.9 million in lower Dividend and interest income.

Total expenses in the current quarter were $88.1 million, compared to $50.2 million in the same quarter in the prior year. The addition of expenses from Sterling (excluding Transitional costs) accounted for $34.2 million in increased operating expenses, and another $4.6 million in Transitional expenses . Included in the prior year were approximately $0.7 million in legal and other advisory costs related to the acquisition of Sterling. The expenses within the remaining businesses decreased, driven by lower variable compensation and interest expenses in the current year, partially offset by higher expenses related to the multi-year strategic investments into the technology platform enhancement projects.

Net losses in the current quarter were $15.7 million, compared to Net gains of $12.7 million in the same quarter in the prior year. The Net losses largely reflect the decrease in the fair value of Guardian's substantial Securities portfolio, driven by the negative performance in the global financial markets. In addition, included in Net losses were $1.3 million of Net losses related to the revaluation of the future revenue stream assets and earn-out liabilities associated with the acquisition of Galibier. This was further offset by a reversal of related deferred tax liabilities of $0.8 million recorded in income tax expenses.

Net loss attributable to shareholders in the current quarter was $7.1 million, compared to Net earnings of $21.2 million in the same period in the prior year. The swing from Net earnings to Net loss was due to a swing from Net gains to Net losses associated with the Securities portfolio and to a lesser extent the decrease in Operating earnings, as described above.

Adjusted cash flow from operations attributable to shareholders for the quarter was $12.5 million, compared to $14.7 million in the same period in 2024. The decrease of $2.2 million was due largely to the decrease in Operating earnings, as described above.

The discussion on Guardian's operating results by Segments, before inter-segment elimination transactions, are provided below. The discussion should be read in conjunction with Note 13 (a), Business Segments, contained in Guardian's First Quarter 2025 Consolidated Financial Statements.

### US Asset Management Segment

Selected financial information for the US Asset Management Segment is as follows:

| For the three months ended March 31, ($ in thousands) | 2025 | 2024 | % Inc (Dec) |
|---|---|---|---|
| Net revenues | $ 46,245 | $ 9,163 | 404.7% |
| Expenses | 46,857 | 7,245 | 546.7% |
| Operating earnings (loss) | (612) | 1,918 | -131.9% |
| EBITDA | 3,369 | 3,307 | 1.9% |

The US Asset Management Segment's Net revenue in the current quarter were $46.2 million, compared to $9.2 million in the same quarter in the prior year. The Net revenue contribution from Sterling of $35.9 million, largely accounted for the increase in Net revenue. This new segment, which includes Sterling, now represents approximately one half of Guardian's Net revenue.

The total expenses in the Segment increased by $39.6 million, compared to the same period in the prior year. The addition of Sterling (excluding Transitional costs) accounted for $34.2 million in higher operating expenses and another $4.6 million in Transitional expenses.

During the quarter, Sterling completed the launch of the Enhanced Core Bond ETF, in partnership with a longstanding client of Sterling, with inflows of over US$300 million occurring subsequent to the end of the current quarter. Sterling anticipates continuing to build on this success with additional products as the US retail strategy continues to progress.

Subsequent to the end of the quarter, Sterling successfully transitioned to its own technology infrastructure platform, ending the transitional services agreement with the previous owner. This will eliminate over $1.3 million in quarterly fees currently included in the Transitional expenses, starting in May 2025. Additionally, included in the current quarter's Transitional expenses were $1.2 million in expenses related to restructuring of Sterling's asset management team which is anticipated to reduce annualized operating expenses by $1 million beginning in the second quarter.

### Canada, UK and Other Asset Management Segment

Selected financial information for the Canada, UK and Other Asset Management Segment is as follows:

| For the three months ended March 31, ($ in thousands) | 2025 | 2024 | % Inc (Dec) |
|---|---|---|---|
| Net revenues | $ 40,460 | $ 41,814 | -3.2% |
| Expenses | 35,199 | 34,692 | 1.5% |
| Operating earnings | 5,261 | 7,122 | -26.1% |
| EBITDA | 6,890 | 8,518 | -19.1% |

The Canada, UK and Other Asset Management Segment's Net revenue in the current quarter decreased by $1.4 million, net of $0.8 million contributed by Galibier. The decrease, excluding the impact of Galibier's contribution, is driven by decreases in Client Assets due largely to net outflows from the Fundamental Global Equity strategy, year-over-year, partially offset by the positive global financial market performance over the same period. Although the relative performance improved during the current quarter, sustained improvements will be important to curb further outflows of Client Assets.

Total expenses in the Segment increased by $0.5 million, compared to the same period in the prior year. The expenses associated with Galibier accounted for just under $1 million in higher expenses in the current quarter. The Segment's expenses, excluding Galibier, were slightly lower due to lower compensation expenses being incurred partially offset by increased costs associated with the multi-year strategic investments into enhancing our technology portfolio. These technology costs are expected to remain elevated over the remainder of 2025, before normalizing in 2026.

**Corporate Activities and Investments Segment**

Selected financial information for the Corporate Activities and Investments Segment is as follows:

| For the three months ended March 31, ($ in thousands) | 2025 | 2024 | % Inc (Dec) |
|---|---|---|---|
| Net revenues | $ 8,537 | $ 11,770 | -27.5% |
| Expenses | 6,136 | 8,492 | -27.7% |
| Operating earnings | 2,401 | 3,278 | -26.8% |
| EBITDA | 5,020 | 6,508 | -22.9% |

The Net revenue in the Corporate Activities and Investments Segment decreased by $3.2 million, the largest of which was the interest income earned on the short-term securities. Guardian has utilized a portion of the short-term securities portfolio to fund share buybacks, the acquisitions of Sterling and Galibier, pay tax liabilities and seed various investment strategies since the first quarter of 2024, significantly reducing the interest-earning base. This coupled with lower interest yields earned on short-term securities since the third quarter of 2024, resulted in $3.5 million in lower interest income earned in the current quarter. Expenses in the current quarter were $2.3 million lower than in the same quarter in the prior year mainly driven by lower compensation and interest expenses in the current quarter and the impact of non-recurring Sterling acquisition costs incurred in 2024.

## LIQUIDITY AND CAPITAL RESOURCES

The strength of Guardian's balance sheet has enabled Guardian to attract Associates; provide clients with a high level of confidence and comfort; maintain appropriate levels of working capital in each of its areas of operation; make the necessary capital expenditures and investments to develop its businesses; and make appropriate use of borrowings, including financing the expansion of its businesses. We are confident that the strength of Guardian's balance sheet will continue to provide benefits in the future.

Guardian's balance sheet is supported by our substantial securities portfolio, as presented below:

| As at ($ in millions) | 2025 March 31 | 2024 December 31 | % Inc (Dec) | 2024 March 31 | % Inc (Dec) |
|---|---|---|---|---|---|
| **Securities, carried at fair value** | | | | | |
| Proprietary investment strategies | | | | | |
| Short-term and fixed-income securities | $ 108,139 | $ 88,296 | 22.5% | $ 77,698 | 39.2% |
| Canadian equities | 6,569 | 7,936 | -17.2% | 6,286 | 4.5% |
| Global equities | 325,907 | 325,464 | 0.1% | 291,571 | 11.8% |
| Global equities sold short | (12,641) | (11,678) | 8.2% | -- | -100.0% |
| Private investments and real estate | 161,889 | 161,602 | 0.2% | 157,139 | 3.0% |
| | 589,863 | 571,620 | 3.2% | 532,694 | 10.7% |
| Bank of Montreal common shares | 305,733 | 310,594 | -1.6% | 294,784 | 3.7% |
| Short-term securities | 264,260 | 287,491 | -8.1% | 386,566 | -31.6% |
| Fixed-income securities | -- | -- | 0.0% | 4,066 | -100.0% |
| Other equities | 41,489 | 40,943 | 1.3% | 35,027 | 18.4% |
| **Securities, net** | $ 1,201,345 | $ 1,210,648 | -0.8% | $ 1,253,137 | -4.1% |
| **Securities, net per share amount, diluted** | $ 49.11 | $ 49.38 | -0.5% | $ 50.22 | -2.2% |

Guardian's Securities, net as at March 31, 2025, had a fair value of $1,201 million, or $49.11 per share, diluted, compared with $1,211 million, or $49.38 per share, diluted, at the end of 2024. Shareholders' equity as at March 31, 2025, amounted to $1,304 million, or $53.30 per share, diluted, compared to $1,318 million, or $53.76 per share, diluted, at the end of 2024. Securities and Shareholders' equity both decreased due to the Net loss, largely resulting from the decrease in fair value of Securities, net recorded during the current quarter.

In addition to its strong balance sheet, Guardian has, under various borrowing arrangements, total borrowing capacity of $175.0 million. As at March 31, 2025, the total borrowings amounted to $139.7 million, compared to $144.1 million at the end of 2024. Guardian's Adjusted cash flow from operations attributable to shareholders for the current quarter was $13.1 million, compared to $14.7 million 2024. Adjusted cash flow from operations were used to fund the dividends of $9.1 million during the current quarter.

## CONTRACTUAL OBLIGATIONS

Guardian has contractual commitments for the payment of certain obligations over a period of time. A summary of those commitments, including a summary of the periods during which they are payable, is shown in the following table:

| As at March 31, 2025 | | | Payments due by period | | | |
|---|---|---|---|---|---|---|
| *($ in thousands)* | | Total | Within one year | 2 - 3 years | 4 - 5 years | After five years |
| Bank loans and borrowings | $ | 139,704 | $ 139,704 | $ -- | $ -- | $ -- |
| Third party investor liabilities | | 86,947 | 86,947 | -- | -- | -- |
| Client deposits | | 128,246 | 128,246 | -- | -- | -- |
| Accounts and income taxes payable | | 100,756 | 100,756 | -- | -- | -- |
| Acquisition liabilties and due non-controlling interests | | 35,742 | 7,648 | 13,844 | 14,250 | -- |
| Investment commitments | | 6,062 | 6,062 | -- | -- | -- |
| Scheduled lease payments, undiscounted | | 44,248 | 5,878 | 11,385 | 9,992 | 16,993 |
| Total contractual obligations | $ | 541,705 | $ 475,241 | $ 25,229 | $ 24,242 | $ 16,993 |

Guardian's contractual commitments are supported by its strong financial position, including its Securities, referred to above under the heading "Liquidity and Capital Resources". Client deposits in the offshore banking subsidiary are supported by the Interest-bearing deposits with banks. Third party investor liabilities are supported by Securities backing third party investor liabilities. Guardian has a commitment to invest $6.1 million into third-party private equity funds. Guardian will determine the appropriate strategy for funding these commitments when called upon by the funds.

## SUMMARY OF QUARTERLY RESULTS

The following chart summarizes Guardian's financial results for the past eight quarters:

| | **Mar 31, 2025** | Dec 31, 2024 | Sep 30, 2024 | Jun 30, 2024 | Mar 31, 2024 | Dec 31, 2023 | Sep 30, 2023 | Jun 30, 2023 |
|---|---|---|---|---|---|---|---|---|
| *As at ($ in millions)* | | | | | | | | |
| Total client assets | **$ 167,227** | $ 168,979 | $ 165,061 | $ 58,628 | $ 61,316 | $ 58,774 | $ 56,215 | $ 56,527 |
| *For the three months ended ($ in thousands)* | | | | | | | | |
| Net revenue | **$ 95,161** | $ 98,614 | $ 98,128 | $ 64,164 | $ 62,497 | $ 62,245 | $ 62,611 | $ 61,833 |
| Operating earnings | **7,050** | 7,385 | 4,790 | 14,333 | 12,318 | 13,097 | 18,474 | 17,038 |
| Net gains (losses) | **(15,723)** | 64,476 | 39,392 | (39,161) | 12,737 | 60,747 | (17,358) | (3,736) |
| Net earnings (losses) | **(6,664)** | 63,231 | 39,658 | (22,730) | 21,441 | 68,048 | (2,270) | 11,532 |
| Net earnings (loss) attributable to shareholders | **(7,052)** | 62,849 | 39,222 | (23,137) | 21,167 | 67,087 | (2,506) | 11,145 |
| *Per share amounts (in $)* | | | | | | | | |
| Net earnings (loss) attributable to shareholders: | | | | | | | | |
| Basic | **$ (0.30)** | $ 2.72 | $ 1.69 | $ (0.99) | $ 0.90 | $ 2.85 | $ (0.11) | $ 0.47 |
| Diluted | **(0.30)** | 2.58 | 1.60 | (0.99) | 0.86 | 2.68 | (0.11) | 0.45 |
| Dividends paid | **$ 0.37** | $ 0.37 | $ 0.37 | $ 0.37 | $ 0.34 | $ 0.34 | $ 0.34 | $ 0.34 |
| *As at* | | | | | | | | |
| Shareholders' equity *($ in millions)* | **$ 1,304** | $ 1,318 | $ 1,245 | $ 1,223 | $ 1,255 | $ 1,241 | $ 1,201 | $ 1,213 |
| Per share amounts *(in $)* | | | | | | | | |
| Basic | **$ 55.94** | $ 56.54 | $ 53.73 | $ 52.59 | $ 53.69 | $ 52.87 | $ 50.90 | $ 51.11 |
| Diluted | **53.30** | 53.76 | 50.38 | 49.34 | 50.30 | 49.39 | 47.54 | 47.63 |
| Total Class A and Common shares outstanding *(shares in thousands)* | **24,647** | 24,647 | 24,867 | 24,959 | 25,136 | 25,230 | 25,408 | 25,609 |

Over the past eight quarters presented above, Guardian's Net revenue, largely comprised of net management and advisory fees, has generally trended in the same direction as the changes in Total Client Assets. These fluctuations can also influence Operating earnings and are driven largely by the factors described below.

Partially offsetting this volatility is the income from Securities earned in the Corporate Activities and Investments Segment, which are less directly correlated to the volatility in the global financial markets. The timing of consolidation or deconsolidation of certain investment funds or disposal of securities can also have an impact on the level of dividend and interest income recorded in the period. In addition, certain Non-North American equity investments pay semi-annual dividends which can contribute to increase in income from securities during the second and fourth quarter of each year.

The Net revenue for each of the quarters above generally trended with the levels of Total Client Assets. During the third quarter of 2024, the acquisitions of Sterling and Galibier were completed causing many of the financial measures to experience a significant increase. While the Net revenues increased for the third and fourth quarters of 2024 and the first quarter of 2025, the Operating earnings were dampened due to Transitional expenses being incurred.

Net gains (losses) reflect changes in fair values of the securities during each period, driven by the volatility of the global financial markets in which Guardian's holdings of securities trade. The volatility of Net gains (losses) also directly affects Net earnings (losses) attributable to shareholders.

The quarterly fluctuations in shareholders' equity shown above are caused largely by Guardian's Net earnings (loss), attributable to shareholders, less dividends paid and shares repurchased.

## RISK FACTORS

A key component of a successful business is its ability to manage its risk. The following sections discuss the most significant risks and Guardian's management processes to mitigate them. Readers are encouraged to refer to Note 15 to Guardian's First Quarter 2025 Consolidated Financial Statements for additional information on financial risk management.

### Market Risk

Markets can have a significant effect on the value of both clients' portfolios and our earnings, since investment management and advisory fees, which make up a significant part of our revenues, are generally based on market values. The market fluctuations can be driven by political, economic or other changes in various regions of the world. We mitigate the risks associated with market fluctuations by having a diversified client base with different investment needs, and by having a variety of products and services, which may be attractive in different market environments and which have different correlations to equity and other financial markets and to each other. Guardian's securities holdings are managed independently of clients' assets, except for those of our assets that are invested in Guardian's investment funds.

### Portfolio Value and Concentration Risks

Guardian's securities are subject to price fluctuations risk. The potential impact of market fluctuations on the value of Guardian's securities is quantified in Note 15 of Guardian's First Quarter 2025 Consolidated Financial Statements. Guardian manages this risk through professional in-house investment management expertise, which takes a disciplined approach to investment management. All securities are held by independent custodians chosen by Guardian. As at March 31, 2025, Guardian held $306 million of BMO shares (December 31, 2024 – $311 million), which represents 25% of Guardian's securities (December 31, 2024 – 25%). Guardian has accepted this concentration risk, as the bank is a diversified company with a history of steady and growing dividend payments. However, Guardian has been reducing its concentrated exposure over several years, having sold 2.7 million shares since the second quarter of 2013. Guardian also has an investment, through Guardian Smart Infrastructure Partners A-LP ("GSIP"), valued at $115 million (December 31, 2024 - $113 million), in an intelligent tolling and traffic systems company, and this investment represents 10% of the securities (December 31, 2024 – 10%). Guardian has accepted this concentration risk, as the investment is strategically important for the development of Guardian's Smart Infrastructure Management business. Guardian mitigates and manages this risk by actively monitoring management of the investee company through Guardian's representation on the board and by marketing GSIP to prospective third-party investors. The remainder of Guardian's securities portfolio is more diversified, from both an asset class and a geographical perspective.

The concentration risks by type as a percentage of total securities is summarized in the following table:

| As at<br>(as a percentage of securities) | **March 31<br>2025** | December 31<br>2024 | % Inc (Dec) |
|---|---|---|---|
| Bank of Montreal common shares | **25%** | 25% | 0% |
| Intelligent traffic systems company | **10%** | 10% | 0% |
| | **35%** | 35% | 0% |
| Canadian equity securities and real estate | **5%** | 5% | 0% |
| Emerging market equities | **6%** | 6% | 0% |
| Developed market equities | **23%** | 23% | 0% |
| Short-term and Fixed income securities | **31%** | 31% | 0% |
| | **100%** | 100% | 0% |

### Foreign Currency Risk

Guardian's operating results may fluctuate with the changes in the foreign currency exchange rates compared to the Canadian dollar. The most significant foreign currency exposure is to the US dollar as most of the non-Canadian Total Client Assets are US dollar denominated portfolios. The Company estimates that for every 1% change in the average exchange rate between the Canadian and US dollars would result in a change in Net Revenue of approximately +/- $650 for the respective three month period to March 31, 2025.

Guardian's investments in its foreign subsidiaries are subject to the risk of foreign currency exchange rate fluctuations. The effects of changes in foreign currency exchange rates on the values of these investments are not included in Net earnings (losses), but are recorded in the Net change in foreign currency translation on foreign subsidiaries in Guardian's Consolidated Statements of Operations and Comprehensive Income, and the cumulative effect is included in Accumulated Other Comprehensive Income in the Shareholders' Equity section of the Consolidated Balance Sheets.

From time to time, Guardian may recognize US dollar obligations to non-controlling interests on its balance sheet associated with the subsidiaries in the United States. As these are expected future transactions between equity interest holders, the changes in the value of these obligations, including changes resulting from foreign exchange rate fluctuations, are recorded directly in the Consolidated Statements of Equity. This currency risk is managed in a manner similar to the investments in other foreign subsidiaries, in that they are not actively managed, due to the long- term nature of the investments, but are closely monitored by management. Guardian may also record certain foreign exchange gains (losses) in Net earnings, such as US dollar borrowings or on Canadian dollar cash balances held by foreign subsidiaries. This risk is mitigated by offsetting amounts being recognized on the investment in these foreign subsidiaries as Net change in foreign currency translation on foreign subsidiaries, as discussed above.

Readers are encouraged to refer to Note 15 in Guardian's First Quarter 2025 Consolidated Financial Statements for further discussion and sensitivity analyses.

### Credit Risk

Guardian's credit risk is generally considered to be low. Because of the nature of Guardian's business, its receivables are mainly from large institutions, which are considered to pose a relatively low credit risk. Guardian periodically reviews the financial strength of all of its counterparties, and if the circumstances warrants, Guardian takes appropriate action to reduce its exposure to certain counterparties. The credit risk associated with Guardian's investment in fixed-income mutual funds is managed by the monitoring of the activities of the portfolio manager who, through diversification and credit quality reviews of the funds' investments, manages the funds' credit risk. Exposure to credit risk in fixed-income securities held in the short-term securities portfolio is managed through diversification and selection of securities issued by high-quality issuers.

**Interest Rate Risk**

Guardian's most significant exposure to interest rate risk is through its investment in short-term and fixed-income securities, partially offset by the bank loans and borrowings. The securities and the borrowings are both short-term, and act as a partial hedge to mitigate against interest rate fluctuations. Guardian is also exposed to interest rate risk on client deposits in its international banking operations. This risk is largely managed through matching the interest rates and maturity dates of Client deposit liabilities with Interest-bearing deposits with banks. The interest rate risk associated with Guardian's investment in fixed-income mutual funds is managed by monitoring the activities of the portfolio manager, who manages this risk by positioning the portfolio for various interest rate environments.

**Liquidity Risk**

Guardian manages liquidity risk through the monitoring and managing of cash flows from operations, by establishing sufficient cash borrowing facilities with major Canadian banks, which currently total $175 million through three credit facilities, and leveraging the support of its significant security portfolio. The maturities of Guardian's contractual commitments are outlined under "Contractual Commitments" in this Management Discussion and Analysis. The combination of the cash flows from operations, the securities holdings and the borrowing facilities provides reasonable resources to manage its liquidity risk.

Certain financial market events may cause disruptions and cause a tightening of liquidity in the market, making it difficult or more expensive for Guardian to borrow under its facilities. Guardian's large portfolio of liquid securities can offset some of the risk of tightening of market liquidity.

**Product Performance Risk**

Product performance risk is the risk that we will not perform as well as the market, our peers, or in line with our clients' expectations. The nature of this risk is both relative and absolute. We manage this risk by having a disciplined approach to investment management, and by ensuring that our compliance capabilities are strong. With respect to clients' expectations, we also seek to ensure that we are aware of those expectations, and that we properly communicate with our clients to develop, report on and comply with client mandates on a continuous basis.

**Competition Risk**

Guardian operates in a highly competitive environment, with competition based on a variety of factors including investment performance, the type and quality of products and services offered, business reputation and financial strength. Loss of client assets to competition will result in losses of revenue and earnings to Guardian. Guardian attempts to mitigate this risk by developing and maintaining a competitive product line and competitive relative performance of its products, through the recruitment and retention of high-quality investment professionals and a high-quality management team. Our ability to compete is also enhanced by our large capital base, which provides Guardian with the financial strength to invest in the development or acquisition of businesses. It also provides existing and future clients with comfort, which allows Guardian to better compete in winning and retaining these clients.

**Regulatory and Legal Risk**

Guardian and its subsidiaries operate in an environment subject to various laws and regulations. Given the nature of Guardian's and certain of its subsidiaries' operations, it may from time to time, be subject to changes in regulations, claims or complaints from investment clients and sanctions from governing bodies. These risks are mitigated by maintaining relevant in-house competence in laws and regulations, compliance and product review oversight, where appropriate, utilizing assistance from external advisors and insurance coverage.

**Key Personnel Risk**

The success of Guardian is highly dependent on key personnel, including its senior management and investment professionals. The loss of any of these individuals, or an inability to retain these individuals and attract the best of the brightest talent, could have a negative impact on Guardian. To mitigate this risk, Guardian monitors the industry to competitively compensate these individuals, invests into the business to create an environment where both Guardian and these individuals can succeed, and evaluates, on an ongoing basis, the succession plans in place for these key individuals. Guardian's financial strength provides resources necessary to competitively compensate these individuals and to allow us to invest in the business.

**Information Technology and Cybersecurity Risk**

Guardian uses information technology and the internet to streamline business operations and to improve client experience. However, the use of information technology can also introduce operational risk related to its use by employees, which may result in errors and lead to financial loss to Guardian. In addition, through the use of mobile devices or remote connections to internal data centres, Guardian is exposed to information security and other technology disruption risks that could potentially have an adverse impact on its business. Guardian actively monitors these risks and continues to develop controls to protect against such threats that are becoming more sophisticated and pervasive.

**Climate Change Risk**

Guardian and its subsidiaries have mostly indirect exposure to climate risk; climate change may have an impact on financial market performance, which may, in turn, have an impact on level of income earned by Guardian; with the heightened awareness of climate change, asset managers may find retaining or attracting clients more challenging if they are viewed as not having a credible approach to climate change; and increasing regulatory requirements create onerous compliance obligations and increased costs which could impact business operations. Guardian has established a Responsible Investing Oversight Committee comprised of senior executives across its asset management subsidiaries, which is responsible for assessing and managing business risks related to the environment, social issues and corporate governance. Guardian also has a dedicated responsible investing team which is responsible for incorporating industry best practices in its asset management approach and aligning those activities across all of Guardian's asset management businesses. Guardian plans to leverage these existing structures in its plans to implement the proposed disclosure requirements of National Instrument 51-107.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Management is responsible for establishing and maintaining adequate internal controls over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no changes in Guardian's internal control over financial reporting during the quarter ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, Guardian's internal control over financial reporting.

Subsequent to the quarter end, Sterling was integrated into Guardian's disclosure controls and procedures and internal controls over financial reporting.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to use its judgement to make estimates and assumptions, which affect the reported amounts of assets, liabilities, contingencies, revenues and expenses. These estimates and judgment are listed in note 2 (c) to Guardian's 2024 Consolidated Financial Statements. The most significant estimates and judgements are related to the identification and valuation of intangible assets and contingent consideration as part of business combinations, the impairment assessment of goodwill, the determination of fair values of financial assets and liabilities classified as level 3 within the fair value hierarchy, and the determination of level and nature of control Guardian has over its investments.

Judgement is required in identifying and valuing material intangible assets acquired and in the valuation of any deferred or contingent consideration in a business combination. Guardian used an income approach – the multi-period excess earnings method to determine estimated fair values of the intangible assets and a multi-scenario Monte Carlo technique to determine the estimated fair value of the contingent consideration. These valuation approaches were developed by management based on expected revenues, expenses and Total Client Assets, utilizing knowledge from recent transactions and research reports by independent research analysts.

The impairment assessment of goodwill includes a comparison of the carrying value and the recoverable amount of each business unit to verify that the recoverable amount of the business unit is greater than its carrying value. In the current period recoverable amounts were estimated using the fair value less cost to sell method for each of the business units. Guardian used valuation approaches to determine estimated fair values in the current period, based on a multiple of AUM and AUA. These multiples are developed by management based on recent transactions and research reports by independent research analysts and are the most significant internally generated unobservable input used in these valuations. These valuations approaches are also sensitive to the levels of AUM and AUA.

A financial instrument is classified as level 3 when the fair value of the instrument is determined using valuation techniques based on significant inputs which are not observable in the market. The valuation techniques and inputs used to determine the fair value of Guardian's securities classified as level 3 are described in Note 4(c) to Guardian's 2024 Consolidated Financial Statements. The valuation techniques and inputs used to determine the fair value of Guardian's acquisition liabilities and due to non-controlling interests classified as level 3 are described in Note 9(a) to Guardian's 2024 Consolidated Financial Statements.

Judgement is required in determining whether Guardian controls or does not control an investment which can impact how Guardian accounts for an investment. Guardian exercised significant judgement in determining whether it controlled the investment it made in an intelligent traffic systems company, ("Q-Free"), through GSIP, which is considered an investment company. Although GSIP, which is substantially owned and controlled by Guardian, owns 70% of Q-Free, which normally would be indicative of control. However, it was determined that the third-party investor in Q-Free held certain rights that resulted in joint control. The investment in Q-Free is accounted for at fair value through the profit and loss, since Guardian's interest in Q-Free is jointly controlled and held through an investment company.

## NON-IFRS MEASURES

### EBITDA, EBITDA attributable to shareholders, and EBITDA per share

Guardian defines EBITDA as net earnings before interest, income tax, amortization, stock-based compensation expenses, any net gains or losses, and net earnings from discontinued operations. EBITDA attributable to shareholders is defined as EBITDA less amounts attributable to non-controlling interests. EBITDA per share is calculated on EBITDA attributable to shareholders using the same average shares outstanding that are used in calculating Net earnings attributable to shareholders per share.

Guardian believes these are important measures, as they allow management to assess the operating profitability of our business and to compare it with other investment management companies, without the distortion caused by the impact of non-core business items, different financing methods, levels of income taxes and the level of capital expenditures.

The most comparable IFRS measure are "Net earnings", which is disclosed in Guardian's Consolidated Statements of Operations.

Reconciliations of the IFRS measures to the non-IFRS measures for the Company and its major operating segments, excluding the effects of inter-segment transactions, are as follows:

| For the three months ended March 31, | 2025 | | | |
|---|---|---|---|---|
| ($ in thousands) | USA Asset Management | Canada, UK & Other Asset Management | Corporate Activities and Investments | Consolidated |
| Net earnings (loss) | $ (584) | $ 1,740 | $ (7,820) | $ (6,664) |
| Add (deduct): | | | | |
| Income tax expense (recovery) | (17) | 395 | (2,387) | (2,009) |
| Net (gains) losses | (11) | 3,126 | 12,608 | 15,723 |
| Stock-based compensation | - | 606 | 438 | 1,021 |
| Interest expense | 386 | 41 | 1,723 | 2,150 |
| Amortization | 4,001 | 1,240 | 458 | 5,699 |
| EBITDA | 3,775 | 7,148 | 5,020 | 15,920 |
| Less attributable to non-controlling interests | (406) | (258) | -- | (665) |
| EBITDA attributable to shareholders | $ 3,369 | $ 6,890 | $ 5,020 | $ 15,255 |

| For the three months ended March 31, ($ in thousands) | 2024 USA Asset Management | Canada, UK & Other Asset Management | Corporate Activities and Investments | Consolidated |
|---|---|---|---|---|
| Net earnings (loss) | $ 1,699 | $ 4,783 | $ 14,959 | $ 21,441 |
| Add (deduct): | | | | |
| Income tax expense (recovery) | 264 | 2,142 | 1,208 | 3,614 |
| Net (gains) losses | (45) | 197 | (12,889) | (12,737) |
| Stock-based compensation | -- | 490 | 376 | 866 |
| Interest expense | 7 | 84 | 2,358 | 2,449 |
| Amortization | 1,748 | 1,029 | 496 | 3,273 |
| EBITDA | 3,673 | 8,725 | 6,508 | 18,906 |
| Less attributable to non-controlling interests | (366) | (207) | -- | (573) |
| EBITDA attributable to shareholders | $ 3,307 | $ 8,518 | $ 6,508 | $ 18,333 |

**Adjusted cash flow from operations, Adjusted cash flow from operations attributable to shareholders and Adjusted cash flow from operations attributable to shareholders per share**

Guardian defines Adjusted cash flow from operations as net cash from operating activities, net of changes in non-cash working capital items and cash flows of discontinued operations. Adjusted cash flow from operations attributable to shareholders is defined as Adjusted cash flow from operations less non-controlling interests. Adjusted cash flow from operations per share is calculated on Adjusted cash flow from operations attributable to shareholders, divided using the same average shares outstanding that are used in calculating Net earnings attributable to shareholders per share. These measures are used by management to measure the amount of cash either provided by or used in Guardian's operating activities available to shareholders, without the distortions caused by fluctuations in its working capital. The most comparable IFRS measure is "Net cash from operating activities", which is disclosed in Guardian's Consolidated Statement of Cash Flows. Adjusted cash flow from operations per share is calculated using the same average shares outstanding as are used in calculating Net earnings attributable to shareholders per share.

The following is a reconciliation of the IFRS measure to the non-IFRS measures:

| For the three months ended March 31, ($ in thousands) | 2024 | 2023 | % Inc (Dec) |
|---|---|---|---|
| Net cash from operating activities | **$ (46,073)** | $ (8,407) | 448.0% |
| Add (deduct): | | | |
| Net change in non-cash working capital items | **59,111** | 23,616 | 150.3% |
| Adjusted cash flow from operations | **13,038** | 15,209 | -14.3% |
| Less attributable to non-controlling interests | **(578)** | (514) | 12.3% |
| Adjusted cash flow from operations attributable to shareholders | **$ 12,460** | $ 14,695 | -15.2% |

**Shareholders' equity per share**

Shareholders' equity per share, diluted, is used by management to indicate the retained value per share available to shareholders which has been created by Guardian's operations. The most comparable IFRS measure is Shareholders equity, which is disclosed in Guardian's Consolidated Balance Sheet. Shareholders' equity per share is calculated by dividing shareholders' equity by the number of shares and dilutive shares outstanding as at period end.

**Securities, net and Securities, net per share**

Securities, net and Securities, net per share is used by management to indicate the value available to shareholders created by Guardian's investment in securities, without the netting of debt or deferred income taxes associated with the unrealized gains. The most comparable IFRS measures are "Securities" & "Securities sold short", which are disclosed in Guardian's Consolidated Balance Sheet. Securities, net is defined as the net sum of Securities and Securities sold short, as disclosed on the Balance Sheet. Securities, net per share is calculated by dividing the net sum of Securities and Securities sold short by the number and dilutive shares outstanding as at period end.

## OUTLOOK

While time and effort can be spent diving into the fundamentals that underpin the global economy and what they could imply for the outlook and markets, the last three months have emphasized that these factors can, at times, play a lesser role in setting expectations than they usually do. Instead, what is likely to come next for consumers, businesses, investors, and policymakers hinges on the volatile and generally unpredictable developments with respect to United States ("US") economic policy. The new US Administration's aggressive turn against perceived adversaries and (former) allies alike has roiled long-standing norms, with the persistent threat of substantial tariffs representing another potential pandemic-like shock to globally-integrated supply chains that could bring cascading repercussions.

Further complicating matters is the haphazard way in which the changes in trade policy are being rationalized and put into force. The uncertainty about what policies may be in place even a week from now, let alone over the next month or four years, makes it incredibly difficult for consumers, businesses and investors to make spending and investment decisions, not to mention the impact it has on forecasters, creating headwinds for the outlook. The fact that tariffs have been delayed, altered, scaled back and re-threatened numerous times in just the first 100 days of the President's term creates no end to confusion over the breadth of levies that will actually be in place, as well as whether any measures will actually be sustained for any material duration of time.

Households, businesses and financial markets hate uncertainty. Not knowing with high conviction what tomorrow may bring, ramps up anxiety and weighs on sentiment, this is increasingly evident in surveys showing the already downbeat sentiment turning for the worse in recent months. Deteriorating confidence about what is to come tends to have the impact of constraining spending and investment as consumers and corporations become more cautious. Any diminished willingness to spend would further exacerbate the potentially significant negative impact on demand that arises from a tariff-induced reduction in international trade.

The combination of these factors has seen economic growth forecasts across the globe move uniformly lower, though confidence in the forecasts is understandably wide. Interestingly, the downgrades have been noticeably sharp for the US despite its relatively limited dependence on exports, reducing the estimated growth premium over peers. In more normal circumstances, a shock to the system that broadly raises downside risks to the outlook would reasonably be met by some sort of mitigating action from policymakers. The policy prescription is less clear right now. From a government perspective, many countries are still digging out of the fiscal holes created during the pandemic which limits the capacity to pass significant support packages to offset the impact of trade barriers while the magnitude of the economic hit, if any, remains highly uncertain.

On the monetary side, the nature of the latest shock combined with some lingering inflationary pressures gives policymakers cause for moving cautiously. For starters, there is little that a central bank can do to offset the impact of a trade war and the uncertainty it creates. Instead, as stewards of their currencies, the focus will be ensuring that the resultant cost pressures are more of a one-time price shock than an evolving inflationary spiral. The fact that inflation expectations have risen sharply at a time when gauges of price pressures remain above comfortable levels does not suggest that there will be a strong willingness among central banks to move materially lower from current rates. Furthermore, the persistent lack of clarity in terms of magnitude and duration of any tariff gives policymakers plenty of reason to be less proactive and more reactive. Cutting rates to offset a policy that does not end up actually staying in place may well result in stoking inflationary pressures. The net impact here has been that markets are having a difficult time trying to pin down their expectations for policy rates which has been adding to the volatility throughout financial markets.

The effects of uncertainty on confidence can make a bad situation worse, but in the absence of an actual material shock, the impact of uncertainty should just be to tamp down on activity that is being supported by an otherwise constructive economic backdrop at the margin. Perhaps surprisingly, it remains the case that the underlying fundamentals in general are still positive now, something that makes the self-inflicted nature of this shock so frustrating. Consumers, particularly those in the US, remain in good financial shape. The latest available data indicate that aggregate household net worth (the value of assets owned less liabilities owed) was at record highs coming into the year thanks to the firmness in financial and housing markets that have registered gains against slowing debt growth in the face of higher interest rates. Significantly, this has been a global occurrence. The US has been the leader, but wealth gains have been broadly seen across developed markets with the available data showing households in Europe, Japan and Canada have never been as wealthy as they are now. Solid balance sheets for households, especially less wealthy ones, have been a big factor underpinning the resiliency in spending in the post-pandemic period and serves as a reason why activity data has so far held up in the face of uncertainty and tariff threats.

Indeed, the bellwether global composite purchasing managers index, a gauge of broad economic activity, actually perked up through the first quarter of 2025 with both its manufacturing and services sub-indexes holding in expansionary territory. A broader slate of leading indicators also points to momentum remaining on an upward trajectory across developed markets, a signal that would otherwise be setting a very different narrative for the marketplace than the one that currently prevails.

Unfortunately, the here and now matters less currently than it has in a while given the current uncertainty. So, while the fundamentals that typically carry the most weight for markets may look fine right now, the cloudy outlook and elevated risks are an unwelcome one-two punch to investors. While earnings expectations generally remain fairly sanguine, similar to economic forecasts, downgrades have been more prevalent than upgrades in recent months. The deterioration in fundamentals has been compounded by a substantial deterioration in investor sentiment resulting from policy uncertainty. The net result has been a broad risk-off tone to market proceedings with credit spreads widening and equities falling into correction territory. Rather than seeing true indiscriminate panic selling, it has been more of a rebalancing. Moving away from the economic theory wonkiness, what does this mean for investors going forward? For equities, the path forward really depends on the path for policy and whether a recession materializes. History shows that in the absence of a material economic downturn or the development of a substantial financial imbalance, a correction from the market peak has averaged 16%. A recessionary drawdown has averaged 32% but excluding extreme and idiosyncratic dislocations, it is a mere 25%. To the extent that can serve as a guide, it would suggest there is scope for at least the retest of the recent lows seen following the President’s presentation in the Rose Garden on April 2. At the same time, there is a lot of bad already priced into the market as evidenced by the extreme pessimism recorded in recent investor surveys. The fact that things typically never turn out as bad as feared, just as they rarely end up as great as hoped, suggests that there is ample potential for markets to gain momentum should headline risks fade. That is especially the case in the current environment given the otherwise solid macro underpinnings discussed as well as the fact that markets have undergone a valuation adjustment that makes assets more attractive, notwithstanding the lower conviction in forward expectations at the moment.

Turning to fixed-income; while the core of the asset class is traditionally treated as “risk free” there are a couple of risks that suggest there may be better options than standard government bond issues. Market pricing for the path of policy has been volatile but it continues to suggest that global central banks will be more proactive to the headwinds than the policymakers have suggested. A good example is that markets and forecasters continue to anticipate that the Fed will be more aggressive in combating erosive economic policies out of the White House. That suggests that rates could adjust higher in a bear-flattening manner; less policy-sensitive long-term rates have been re-establishing their “fiscal vigilante” reputation that suggests less of an adjustment by markets, though the record supply of sovereign debt expected to come to market in the coming months will likely exert some upward pressure there as well.

In contrast, the recent widening in credit spreads creates arguably a better risk/reward trade-off for corporate bonds, especially considering that credit quality is not showing much by way of deterioration. In fact, the latest data indicates that bond default rates worldwide sit at more than three-year lows as corporate balance sheets in aggregate do not suggest that a credit crisis looms. The bottom line is that that while uncertainty and volatility are likely to remain the key watchwords for the foreseeable future and risks to the downside remain elevated, there remains the scope for momentum to remain on a positive trajectory. Further, it may well be the case that new opportunities arise in response to US policy developments, such as those stemming from the renewed era of government investment in Europe while Canada and others could benefit from broadening their trade relationships, which could provide a fundamental support to markets that have undergone something of a valuation adjustment.

That said, the prevalent risks reiterate the importance of investors managing risks and diversifying exposures across asset classes and geographies, and placing an added emphasis on high quality assets that have the potential to weather continued stormy waters.

Guardian’s strong balance sheet and earnings from operations offer the opportunity to make long-term plans that are not necessarily reliant on the cooperation of events outside our control. Acquisitions can be made to quickly bring new or complementary capabilities, or geographic presence. Investments can be made, even at the expense of short-term profitability, to organically create new opportunities over a longer timeframe, typically at a lower cost than acquiring a fully formed business. Our strategic planning process has concluded that, in the near term, our plan to grow the business should not be a radical departure from what has led us to the success we have enjoyed over the past decades but should take into account the increased flexibility and capacity conferred on us by our substantial cash position. Our ambition is to create an environment where it is possible to substantially increase our annual EBITDA from operating businesses to approximately $100 million over the next five years, while increasing dividends, both in absolute terms and, as a percentage of our free cash flow even while growing revenues. We also plan to use our balance sheet to opportunistically buy back Guardian shares for cancellation, all while maintaining our financial strength, and the flexibility that comes along with it. Given our recent history of acquisitions in asset management along with the liquidity and size of our capital base, we are regularly presented with a variety of acquisition targets. The number of acquisition opportunities appears to be plentiful and growing, however, we will remain disciplined and selective in reviewing these situations as we acquire further market intelligence of the opportunities and challenges across our industry. In the immediate future, we anticipate most of our focus will be on integrating our US businesses, and their capabilities, into our existing strategy. As progress is made on these initiatives, more effort is likely to be made in identifying complimentary acquisitions. All in all, our plans are not significantly different from how we have run the company in the past, but on a much larger scale.

As we have done in the past, we will continue to utilize our balance sheet to seed new strategies and to support growth in our operating business segment. Overall, we believe that we have ample capacity to fund any future demand for seeding of proprietary strategies and their respective investment vehicles, corporate acquisitions and buybacks of Guardian stock under our normal course issuer bid.

## CONSOLIDATED BALANCE SHEETS (Unaudited)

| As at<br>*($ in thousands)* | March 31<br>2025 | December 31<br>2024 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | $ 69,700 | $ 137,477 |
| Interest-bearing deposits with banks | 140,875 | 85,100 |
| Accounts receivable and other | 87,691 | 87,922 |
| Income taxes receivable | 1,739 | 1,507 |
| Securities backing third party investor liabilities (note 3) | 86,947 | 127,290 |
| | 386,952 | 439,296 |
| **Securities** (note 4) | 1,213,986 | 1,222,326 |
| **Other assets** | | |
| Deferred tax assets | 5,491 | 4,189 |
| Intangible assets | 157,063 | 161,928 |
| Equipment | 35,978 | 36,823 |
| Goodwill | 87,907 | 87,824 |
| | 286,440 | 290,764 |
| **Total assets** | $ 1,887,378 | $ 1,952,386 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Bank loans and borrowings (note 5) | $ 139,704 | $ 144,126 |
| Securities sold short (note 4) | 12,641 | 11,678 |
| Third party investor liabilities (note 3) | 86,947 | 127,290 |
| Client deposits | 128,246 | 74,185 |
| Accounts payable and accrued liabilities | 99,372 | 155,162 |
| Acquistion liabilities and due to non-controlling interests (note 6) | 7,648 | 11,016 |
| Lease obligations | 2,253 | 2,142 |
| Income taxes payable | 1,384 | 493 |
| | 478,195 | 526,092 |
| Acquisition liabilities and due to non-controlling interests (note 6) | 28,094 | 27,083 |
| Lease obligations | 31,025 | 32,005 |
| Deferred tax liabilities | 47,546 | 50,227 |
| **Total liabilities** | 584,860 | 635,407 |
| **EQUITY** | | |
| **Shareholders' equity** | | |
| Capital stock (note 7a and 7b) | 16,408 | 16,408 |
| Treasury stock (note 8a) | (33,225) | (31,373) |
| Contributed surplus | 30,843 | 30,859 |
| Retained earnings | 1,237,458 | 1,253,764 |
| Accumulated other comprehensive income | 52,278 | 48,362 |
| | 1,303,762 | 1,318,020 |
| **Other equity interests** | (1,244) | (1,041) |
| **Total equity** | 1,302,518 | 1,316,979 |
| **Total liabilities and equity** | $ 1,887,378 | $ 1,952,386 |

*See accompanying selected explanatory notes to consolidated financial statements.*

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)

| **For the three months ended March 31,**<br>*($ in thousands, except per share amounts)* | **2025** | 2024 |
|---|---|---|
| **Revenue** | | |
| Management and advisory fees, gross | $ **87,114** | $ 50,785 |
| Fees paid to referring agents and other | **(3,984)** | (3,266) |
| Net management and advisory fees | **83,130** | 47,519 |
| Administrative services income | **2,761** | 2,841 |
| Dividend and interest income (note 9) | **9,270** | 12,137 |
| **Net revenue** | **95,161** | 62,497 |
| **Expenses** | | |
| Employee compensation and benefits | **54,026** | 30,657 |
| Amortization | **5,699** | 3,273 |
| Interest | **2,150** | 2,449 |
| Other expenses (note 10) | **26,236** | 13,800 |
| | **88,111** | 50,179 |
| **Operating earnings** | **7,050** | 12,318 |
| Net gains (losses) (note 11) | **(15,723)** | 12,737 |
| Earnings (loss) before taxes | **(8,673)** | 25,055 |
| Income tax expense (recovery) | **(2,009)** | 3,614 |
| **Net earnings (loss)** | **(6,664)** | 21,441 |
| **Other comprehensive income** | | |
| Net change in foreign currency translation on foreign subsidiaries | **3,926** | 9,624 |
| **Comprehensive income (loss)** | $ **(2,738)** | $ 31,065 |
| **Net earnings (loss) attributable to:** | | |
| Shareholders | $ **(7,052)** | $ 21,167 |
| Non-controlling interests | **388** | 274 |
| | **(6,664)** | 21,441 |
| Per share (note 12) | | |
| Basic | $ **(0.30)** | $ 0.90 |
| Diluted | **(0.30)** | 0.86 |
| **Comprehensive income (loss) attributable to:** | | |
| Shareholders | $ **(3,136)** | $ 30,543 |
| Non-controlling interests | **398** | 522 |
| | **(2,738)** | 31,065 |

*See accompanying selected explanatory notes to consolidated financial statements.*

## CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

| For the three months ended March 31,<br>*($ in thousands)* | 2025 | 2024 |
|---|---|---|
| **Total equity, beginning of period** | $ 1,316,976 | $ 1,242,926 |
| **Shareholders' equity, beginning of period** | 1,318,017 | 1,240,866 |
| **Capital stock, beginning of period** | 16,408 | 16,826 |
| Acquired and cancelled (note 7c) | -- | (67) |
| Capital stock, end of period | 16,408 | 16,759 |
| **Treasury stock, beginning of period** | (31,373) | (32,037) |
| Acquired (note 8a) | (3,212) | (4,865) |
| Disposed of (note 8a) | 1,360 | 1,044 |
| Treasury stock, end of period | (33,225) | (35,858) |
| **Contributed surplus, beginning of period** | 30,859 | 27,956 |
| Stock-based compensation expense | 1,044 | 866 |
| Redemption of equity-based entitlements | (1,060) | (850) |
| Contributed surplus, end of period | 30,843 | 27,972 |
| **Retained earnings, beginning of period** | 1,253,761 | 1,214,763 |
| Net earnings (loss) | (7,052) | 21,167 |
| Dividends declared and paid (note 7d) | (9,076) | (8,379) |
| Capital stock acquired and cancelled (note 7c) | -- | (4,162) |
| Changes in the ownership of a subsidiary (note 6) | (175) | -- |
| Retained earnings, end of period | 1,237,458 | 1,223,389 |
| **Accumulated other comprehensive income, beginning of period** | 48,362 | 13,358 |
| Other comprehensive income | 3,916 | 9,376 |
| Accumulated other comprehensive income, end of period | 52,278 | 22,734 |
| **Shareholders' equity, end of period** | 1,303,762 | 1,254,996 |
| **Other equity interests, beginning of period** | (1,041) | 2,060 |
| **Non-controlling interests, beginning of period** | 15,243 | 15,107 |
| Net earnings | 388 | 274 |
| Other comprehensive income | 10 | 248 |
| Dividends declared and paid | (449) | (345) |
| Changes in the ownership of a subsidiary (note 6) | (2,326) | -- |
| Non-controlling interests, end of period | 12,866 | 15,284 |
| **Obligations to non-controlling interests, beginning of period** | (16,284) | (13,047) |
| Exercise of obligations (note 6) | 2,300 | -- |
| Other changes during period | (126) | (553) |
| Obligations to non-controlling interests, end of period | (14,110) | (13,600) |
| **Other equity interests, end of period** | (1,244) | 1,684 |
| **Total equity, end of period** | $ 1,302,518 | $ 1,256,680 |

*See accompanying selected explanatory notes to consolidated financial statements.*

## CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

| For the three months ended March 31,<br>*($ in thousands)* | **2025** | 2024 |
|---|---|---|
| **Operating activities** | | |
| Net earnings (loss) | **$ (6,664)** | $ 21,441 |
| Adjustments for: | | |
| Income tax paid | **(1,996)** | (1,508) |
| Income tax refunded | **1,240** | 209 |
| Income tax expense (recovery) | **(2,009)** | 3,614 |
| Net (gains) losses | **15,723** | (12,737) |
| Amortization of intangible assets | **4,107** | 2,442 |
| Amortization of equipment | **1,593** | 831 |
| Stock-based compensation | **1,044** | 866 |
| Other non-cash expenses | **--** | 51 |
| | **13,038** | 15,209 |
| Net change in non-cash working capital items (note 14) | **(59,111)** | (23,616) |
| Net cash used in operating activities | **(46,073)** | (8,407) |
| **Investing activities** | | |
| Net disposition of securities | **63** | 85,853 |
| Net (acquisition) disposition of securities backing third party investor liabilities | **37,452** | (4,192) |
| Acquisition of intangible assets | **(1,998)** | (628) |
| Acquisition of equipment | **(669)** | (45) |
| Disposition of intangible assets | **--** | 10 |
| Income tax paid on discontinued operations | **--** | (73,600) |
| Net cash from investing activities | **34,848** | 7,398 |
| **Financing activities** | | |
| Dividends paid to shareholders | **(9,076)** | (8,379) |
| Dividends paid to non-controlling interests | **(449)** | (345) |
| Acquisition and cancellation of capital stock (note 7c) | **--** | (4,147) |
| Acquisition of treasury stock (note 8a) | **(3,212)** | (4,865) |
| Disposition of treasury stock (note 8a) | **300** | 194 |
| Net proceeds of bank loan and bankers' acceptances | **(3,806)** | (1,677) |
| Principal payments on lease obligations | **(768)** | (310) |
| Net subscriptions (redemptions) by third party investors | **(37,452)** | 4,192 |
| Transactions with non-controlling interests (note 6) | **(2,501)** | -- |
| Net cash used in financing activities | **(56,964)** | (15,337) |
| **Foreign exchange** | | |
| Net effect of foreign exchange rate changes on cash balances | **1,060** | 431 |
| Net change in net cash | **(67,129)** | (15,915) |
| Net cash, beginning of period | **101,643** | 50,030 |
| Net cash, end of period | **$ 34,514** | $ 34,115 |
| Net cash represented by: | | |
| Cash | **$ 69,700** | $ 69,582 |
| Bank indebtedness | **(35,186)** | (35,467) |
| | **$ 34,514** | $ 34,115 |

*See accompanying selected explanatory notes to consolidated financial statements.*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

### 1. REPORTING ENTITY

Guardian Capital Group Limited ("Guardian") is a publicly traded company with its common and class A shares listed on the Toronto Stock Exchange. Guardian is incorporated under the laws of the Province of Ontario, and its principal business office is located at Suite 2700, 199 Bay Street, Toronto, Ontario. Guardian, through its subsidiaries, provides investment management services to a wide range of clients in Canada and abroad, and maintains and manages a proprietary investment portfolio.

### 2. ACCOUNTING POLICIES

#### (a) Basis of Preparation

These unaudited consolidated interim financial statements include the accounts of Guardian and its subsidiaries (together, the "Company") and have been prepared under IFRS Accounting Standards ("IFRS"), in compliance with International Accounting Standard 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company's consolidated financial statements for the year ended December 31, 2024. Certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed in these consolidated interim financial statements. These consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024, which are included in the Company's 2024 annual report.

These consolidated interim financial statements are presented in Canadian dollars, which is Guardian's functional currency. In these notes, all dollar amounts and numbers of shares are stated in thousands. Per share amounts and option exercise prices are stated in dollars and cents.

As described in Note 13, the Company reclassified its business segments to reflect its current operating structure.

These consolidated interim financial statements were authorized for issuance by the Board of Directors of Guardian on May 8, 2025.

#### (b) Future Changes in Accounting Policies - IFRS 18 Presentation and Disclosures in Financial Statements

The International Accounting Standards Board issued on April 9, 2024, IFRS 18 Presentation and Disclosures in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements, effective for annual periods beginning on or after January 1, 2027. The objective of IFRS 18 is to provide investors with more relevant information and transparency on a company's financial results and greater comparability and consistency of financial presentations between companies. IFRS 18 will not change the reported net earnings, but it is expected to result in significant changes to the structure and organization of the Statements of Operations and Comprehensive Income. Although net earnings will not be impacted, the Statements of Operations and Comprehensive Income above "earnings before taxes" will be required to be organized into Operating, Investing and Financing categories, and the allocation to each category will depend on the company's business activities. In addition, IFRS 18 will require management-defined performance measures, such as EBITDA, to be included in the notes to financial statements. The Company's Management is currently evaluating the standard and its impact on the Company. As part of this evaluation, the Company is also assessing its business activities to determine how these align with the IFRS 18 framework.

### 3. SECURITIES BACKING THIRD PARTY INVESTOR LIABILITIES AND THIRD PARTY INVESTOR LIABILITIES

Securities backing third party investor liabilities represent the third party investors' proportionate interests in the assets of consolidated investment funds. These securities are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

Third party investor liabilities represent third party investors' proportionate ownership interests in the consolidated funds. The liabilities are payable on redemption of the units of the funds by the third party investors and will be settled with the proceeds from the disposition of securities backing third party investor liabilities. The value of the liabilities is equal to and varies with the value of the securities backing third party investor liabilities. These liabilities are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

### 4. SECURITIES AND SECURITIES SOLD SHORT

#### (a) Classification of securities

An analysis of the Company's securities and securities sold short, which may include individual securities or units of investment funds, by classifications and by the type of security is as follows:

| As at | March 31 2025 | December 31 2024 |
|---|---|---|
| Fair value through profit or loss: | | |
| Short-term securities | $ 317,655 | $ 334,091 |
| Fixed-income securities | 54,744 | 41,696 |
| Bank of Montreal common shares (i) | 305,733 | 310,594 |
| Public equity securities | 332,572 | 333,495 |
| Private equity investments and real estate (ii) | 203,282 | 202,450 |
| | 1,213,986 | 1,222,326 |
| Less public equity securities sold short | (12,641) | (11,678) |
| | $ 1,201,345 | $ 1,210,648 |

(i) There have been no sales of Bank of Montreal common shares during the three month periods in the current and the comparative periods.

(ii) The Company has capital commitments to two private investment funds and the outstanding capital commitments for future investments are as follows:

| As at | March 31 2025 | December 31 2024 |
|---|---|---|
| Investment commitments | $ 6,062 | $ 5,329 |

**(b) Fair value hierarchy**

The Company's securities and securities sold short, carried at fair value, have been categorized based upon a fair value hierarchy, as follows:

| As at | | March 31 2025 | | December 31 2024 |
|---|---|---|---|---|
| Securities | | | | |
| Level 1 | $ | 706,189 | $ | 660,990 |
| Level 2 | | 351,013 | | 405,181 |
| Level 3 | | 156,784 | | 156,155 |
| | | 1,213,986 | | 1,222,326 |
| Securities sold short | | | | |
| Level 1 | | (12,641) | | (11,678) |
| | $ | 1,201,345 | $ | 1,210,648 |

Level 2 securities include investments in certain investment funds and are valued using the published net asset value of each fund. Certain equity securities may be re-classed between Level 1 and Level 2 depending on observed trading volumes at the period end. During 2025, certain equity securities were reclassified from Level 2 to Level 1 due to higher trading volumes. During 2024 these securities had been reclassified as from Level 1 to Level 2. There have been no transfers of securities into or out of Level 3 during 2025 or 2024.

**(c) Analysis of Level 3 securities**

(i) The change in the fair value of Level 3 securities is as follows:

| For the three months ended March 31, | | 2025 | | 2024 |
|---|---|---|---|---|
| Securities categorized as Level 3, beginning of period | $ | 156,155 | $ | 146,438 |
| Change in fair value | | 94 | | 148 |
| Additions | | 533 | | 781 |
| Foreign exchange translation adjustments | | 2 | | 5 |
| | $ | 156,784 | $ | 147,372 |

(ii) Level 3 securities are comprised of the following:

| As at | | March 31 2025 | | December 31 2024 |
|---|---|---|---|---|
| Intelligent traffic systems company | $ | 115,391 | $ | 115,307 |
| Private equity funds | | 37,653 | | 37,110 |
| Other | | 3,740 | | 3,738 |
| | $ | 156,784 | $ | 156,155 |

The investments in the intelligent traffic systems company is valued using a discounted cash flow model using internally generated unobservable inputs for the future financial performance of the investee, discount rates and exit price. The estimate is supported by analysis of the investee's peer group and review of precedent transactions. The investment in the private equity funds are valued using the most recent fair value as obtained from each fund's manager.

## 5. BANK LOANS AND BORROWINGS

Bank loans and borrowings are composed of the following:

| As at | | | March 31 2025 | | December 31 2024 |
|---|---|---|---|---|---|
| General corporate borrowings (i): | | | | | |
| Bank indebtedness | | $ | 34,123 | $ | 35,834 |
| Short-term | US dollar | | 71,818 | | 73,492 |
| Employee profit sharing plan borrowings (ii): | | | | | |
| Bank indebtedness | | | 1,063 | | -- |
| Short-term | Canadian dollar | | 32,700 | | 34,800 |
| | | $ | 139,704 | $ | 144,126 |

i) The Company maintains two short-term revolving credit facilities for general corporate purposes with a total borrowing capacity of $130,000 (December 31, 2024 - $130,000). Borrowings under these facilities can be drawn in various short-term forms in both Canadian and US dollars, and bear interest at the bank's prime rate plus 0.4% for bank indebtedness and Term CORRA plus 1.4% for Canadian short-term borrowings or SOFR plus 1.4% on similar US dollar borrowings. For the calculation of interest on the bank indebtedness the Company may offset a portion of the bank indebtedness with certain cash balances. Such offsetting cash balances were $30,619 as at March 31, 2025 (December 31, 2024 - $35,570). The terms of these facilities require that the Company maintain certain financial ratios and the Company is in compliance with these requirements.

The Company maintains a short-term revolving credit facility for borrowings by the Company's Employee Profit Sharing Plan Trust ("EPSP Trust"), which has a total borrowing capacity of $45,000 (December 31, 2024 - $45,000). Borrowings under this facility are secured by a deposit of all treasury stock held by the EPSP Trust as detailed in Note 8, and the Company may need to provide additional security, if the value of the treasury stock drops below the minimum value required for the borrowing outstanding. Borrowings under this facility can be drawn in various short-term forms in Canadian dollars and bear interest at the bank's prime rate plus 0.5% for bank indebtedness and Term CORRA plus 1.4% for short-term borrowings.

## 6. ACQUISTION LIABILITIES AND DUE TO NON-CONTROLLING INTERESTS

Acquisition liabilities and due to non-controlling interests are comprised of the following:

| As at | March 31 2025 | December 31 2024 |
|---|---|---|
| Current: | | |
| Acquistion related (i) | $ -- | $ 1,183 |
| Obligations to non-controlling interests (ii) | 7,648 | 9,833 |
| | 7,648 | 11,016 |
| Non-current: | | |
| Acquistion related (i) | 21,633 | 20,632 |
| Obligations to non-controlling interests (ii) | 6,461 | 6,451 |
| | 28,094 | 27,083 |
| | $ 35,742 | $ 38,099 |

i) These are deferred amounts owed by the Company relating to completed acquisitions. During 2025, certain conditions were met which resulted in the de-recognition of the first earn-out payment in respect of the acquisition of Galibier Capital Management Ltd ("Galibier").

The acquisition-related liabilities, which are carried at fair value, are valued using a Monte Carlo technique using actual observed revenues or assets under management.

ii) These are obligations of the Company to purchase the portion of certain subsidiaries which it does not already own, should the non-controlling shareholders exercise their option to sell their holdings to the subsidiary or the Company exercises its option to buy. These liabilities relate to future transactions with non-controlling interest, acting in their capacity as owners, therefore all changes in fair values of these obligations are reflected in the statement of equity.

The Obligations, which are carried at fair value, are valued using internally generated unobservable inputs for the future revenue of the subsidiary or recent observed transactions.

During the periods, the Company agreed with certain non-controlling interests of its subsidiaries to acquire their interests and increase the Company's ownership in those subsidiaries. In 2025, the Company purchased an additional 7% interest in Agincourt Capital Management LLC ("Agincourt") from the non-controlling interests and increased its ownership interest in Agincourt to 77%. A summary of these transactions is provided below:

| For the three months ended March 31, | 2025 | 2024 |
|---|---|---|
| Consideration paid to non-controlling interests | $ 2,501 | $ -- |
| Less: Carrying value of non-controlling interest in subsidiaries | 2,326 | -- |
| Excess consideration charged to retained earnings | $ 175 | $ -- |

## 7. CAPITAL STOCK

### (a) Authorized

i) Unlimited preferred shares, without par value, may be issued in an unlimited number of series, the designation, rights, privileges, conditions and other provisions of which are to be determined by the Board of Directors.

ii) Unlimited Class A non-voting shares without par value, convertible into common shares on a one-for-one basis, under certain terms and conditions, the highlights of which are as follows: if any person other than an insider of the Company acquires ownership, control or direction over in excess of 50% of the common shares, or makes an offer to all common shareholders to buy common shares, the Class A shares may be converted into common shares, unless holders of over 50% of the outstanding common shares do not accept the offer, or an equivalent offer is made to the holders of Class A shares.

iii) Unlimited common shares, without par value, convertible on a one-for-one basis into Class A non-voting shares.

### (b) Issued and outstanding

A summary of the changes in the Company's capital stock is as follows:

| For the three months ended March 31, | 2025 | | 2024 | |
|---|---|---|---|---|
| | Shares | Amount | Shares | Amount |
| Class A shares | | | | |
| Outstanding, beginning of period | 21,909 | $ 15,747 | 22,492 | $ 16,165 |
| Acquired and cancelled | -- | -- | (94) | (67) |
| Converted from common | -- | -- | -- | -- |
| Outstanding, end of period | 21,909 | 15,747 | 22,398 | 16,098 |
| Common shares | | | | |
| Outstanding, beginning of period | 2,738 | 661 | 2,738 | 661 |
| Converted into class A | -- | -- | -- | -- |
| Outstanding, end of period | 2,738 | 661 | 2,738 | 661 |
| Total outstanding, end of period | 24,647 | $ 16,408 | 25,136 | $ 16,759 |

**(c) Issuer bid**

A summary of the Company's activity under its Normal Course Issuer Bid ("NCIB") is as follows:

| For the three months ended March 31, | 2025 | 2024 |
|---|---|---|
| Shares purchased and cancelled | | |
| Class A | -- | 94 |
| Consideration paid | $ -- | $ 4,229 |
| Less: average issue price, charged to share capital | -- | 67 |
| Excess consideration | -- | 4,162 |
| Capital transaction taxes | -- | -- |
| Charged to retained earnings | $ -- | $ 4,162 |

A summary of the current NCIB, which commenced on December 19, 2024 and expires on December 18, 2025, is as follows:

| For the period from December 19, 2024 to March 31, 2025 | Common shares | Class A shares |
|---|---|---|
| Authorized limit available | 137 | 1,508 |
| Purchased by the Employee Profit Sharing Plan Trust | -- | (74) |
| Purchased and cancelled | -- | (70) |
| Remaining limit available | 137 | 1,364 |

**(d) Dividends**

The dividends the Company declared and paid on the common and Class A shares outstanding are as follows:

| For the three months ended March 31, | 2025 | 2024 |
|---|---|---|
| Dividends declared and paid, per share | $ 0.37 | $ 0.34 |

The Company has also declared dividends of $0.39 per share payable on each of April 18, 2025 and July 18, 2025, on the Common and Class A shares outstanding. These dividends, which will be recognized on the record dates, have not been reflected in these financial statements.

## 8. TREASURY STOCK

The Company provides stock-based entitlements to certain senior employees of the Company through an Employee Profit Sharing Plan Trust (the "EPSP Trust"). The EPSP Trust purchases and holds shares of the Company related to the stock-based entitlements, which are in the form of either equity-based entitlements or option-like entitlements, and the shares are accounted for as treasury stock. The purchases are financed by a loan facility from a major chartered bank, (Note 5 (ii)), which is secured by the shares held by the EPSP Trust and a guarantee issued by the Company.

**(a) Changes in treasury stock**

A summary of the changes in the Company's treasury stock is as follows:

| For the three months ended March 31, | 2025 | | 2024 | |
|---|---|---|---|---|
| | Shares | Amount | Shares | Amount |
| Balance, beginning of period | 1,337 | $ 31,373 | 1,758 | $ 32,037 |
| Acquired | 74 | 3,212 | 98 | 4,865 |
| Disposed | (72) | (1,360) | (102) | (1,044) |
| Balance, end of period | 1,339 | $ 33,225 | 1,754 | $ 35,858 |

As at March 31, 2025, the treasury stock was composed of 30 common shares (December 31, 2024 – 30) and 1,309 class A shares (December 31, 2024 – 1,307). Subsequent to March 31, 2025, the Company acquired 38 additional class A shares for $1,553.

**(b) Equity-based entitlements**

Equity-based entitlements allow the employees to purchase shares of the Company from the EPSP Trust at zero cost, subject to predetermined vesting arrangements and other conditions.

A summary of the changes in the number of shares under equity-based entitlements is as follows:

| For the three months ended March 31, | 2025 | 2024 |
|---|---|---|
| Equity-based entitlements, beginning of period | 1,220 | 1,221 |
| Provided | -- | 99 |
| Exercised | (41) | (82) |
| Equity-based entitlements, end of period | 1,179 | 1,238 |

During the three-month period ended March 31, 2025, the equity-based entitlements provided had a fair value of $nil (2024 - $4,885) Subsequent to March 31, 2025, the Company provided equity-based entitlements with a fair value of $4,765.

Equity-based entitlements are valued at the fair market value of the shares purchased by the EPSP Trust on the date of the provision of the entitlement. This value is recorded by the Company as compensation cost over the vesting period and is credited to contributed surplus. On exercise of an entitlement, treasury stock and contributed surplus are reduced for the EPSP Trust's cost of the entitlement exercised.

**(c) Option-like entitlements**

The option-like entitlements allow the employees to purchase shares of the Company from the EPSP Trust for an amount that is equal to the amount of borrowings pertaining to those shares, subject to predetermined vesting arrangements and other conditions. Due to the nature of these entitlements and the conditions attached to them, the contractual life of the entitlement is indeterminable.

A summary of the option-like entitlements is as follows:

| For the three months ended March 31, | 2025 | | 2024 | |
|---|---|---|---|---|
| | Shares | Weighted average exercise price per share | Shares | Weighted average exercise price per share |
| Option-like entitlements, beginning of period | 117 | $ 9.03 | 536 | $ 10.35 |
| Exercised | (31) | 9.69 | (20) | 9.69 |
| Option-like entitlements, end of period | 86 | $ 8.79 | 516 | $ 10.38 |

No option-like entitlements were provided in 2025 or 2024.

## 9. DIVIDEND AND INTEREST INCOME

Dividend and interest income is composed of the following:

| For the three months ended March 31, | 2025 | 2024 |
|---|---|---|
| Dividends on Bank of Montreal shares | $ 3,546 | $ 3,367 |
| Other dividends | 2,229 | 1,964 |
| Dividend income | 5,775 | 5,331 |
| Interest income | 3,495 | 6,806 |
| | $ 9,270 | $ 12,137 |

## 10. OTHER EXPENSES

Other expenses are composed of the following:

| For the three months ended March 31, | 2025 | 2024 |
|---|---|---|
| Information and technology services | $ 15,300 | $ 5,890 |
| Professional and outsourced services | 5,348 | 4,311 |
| Marketing and travel | 2,494 | 1,415 |
| Registrations, facilities and other | 3,094 | 2,184 |
| | $ 26,236 | $ 13,800 |

## 11. NET GAINS (LOSSES)

Net gains (losses) is composed of net gains (losses) arising on the following:

| For the three months ended March 31, | 2025 | 2024 |
|---|---|---|
| Bank of Montreal common shares | $ (4,861) | $ 2,609 |
| Other securities and securities sold short | (6,931) | 12,761 |
| Securities and securities sold short (i) | (11,792) | 15,370 |
| Intangible assets (ii) | (2,937) | 10 |
| Acquistion related liabilities (iii) | 102 | -- |
| Foreign exchange | (1,096) | (2,643) |
| | $ (15,723) | $ 12,737 |

(i) Net gains (losses) recorded on securities and securities sold short are a result of net changes in fair value of securities, securities sold short, securities backing third party investor liabilities, and the third party investor liabilities.

(ii) Net gains (losses) recorded on intangible assets in the current period are an impairment charge on intangible assets acquired as part of the acquisition of Galibier.

(iii) Net gains (losses) recorded on acquisition related liabilities are the change in fair value of these liabilities and these are impacted by less uncertainty pertaining to future events and reduced time to the maturity date. During the current period net gains (losses) on these liabilities included a gain of $1,366 on the liabilities incurred related to the acquisition of Galibier.

## 12. CALCULATIONS OF NET EARNINGS PER SHARE

The calculations of net earnings per share are based on the following number of shares and net earnings:

| For the three months ended March 31, | 2025 | 2024 |
|---|---|---|
| Weighted average number of Class A and common shares outstanding: | | |
| Basic | 23,316 | 23,431 |
| Effects of outstanding entitlements from stock-based compensation plans | -- | 1,596 |
| Diluted | 23,316 | 25,027 |
| Net earnings (loss) attributable to shareholders: | | |
| Basic | $ (7,052) | $ 21,167 |
| Effects of outstanding entitlements from stock-based compensation plans | -- | 435 |
| Diluted | $ (7,052) | $ 21,602 |

## 13. BUSINESS SEGMENTS

As a result of the acquisition of Sterling in 2024, the Company began a process to re-organize the governance structure of the investment management segment in order to more effectively manage a larger combined operation. A dedicated U.S. governance structure was established, along with new organizational U.S. leadership roles aimed at aligning our interests across all of the Company's U.S. subsidiaries and business lines. As a result of these changes in governance structure, the Company has adjusted its reported operating segments to reflect these changes.

The Company operates through three segments: a) USA Asset Management, which primarily involves earning fees relating to investment management services and operates in USA; b) Canada, UK and Other Asset Management which primarily involves earning fees relating to investment management and other services and operates in Canada, UK and other regions and c) Corporate Activities and Investments, which relates substantially to the investment of the Company's securities holdings, as well as corporate management and development activities. The segmented operating results below include certain centralized costs which are allocated from Corporate Activities and Investments segment to operating segments to better reflect the costs associated with each of the segments.

### (a) Business segments

The following tables disclose certain information about the Company's operations by business segment:

| For the three months ended March 31, | USA Asset Management | | Canada, UK & Other Asset Management | | Corporate Activities and Investments | | Inter-Segment Transactions | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **Revenue** | | | | | | | | | | |
| Management and advisory fees | $ 47,565 | $ 10,237 | $ 40,746 | $ 41,930 | $ -- | $ -- | $ (1,197) | $ (1,382) | $ 87,114 | $ 50,785 |
| Fees paid to referring agents | (1,320) | (1,092) | (3,616) | (3,012) | -- | -- | 952 | 838 | (3,984) | (3,266) |
| Net management and advisory fees | 46,245 | 9,145 | 37,130 | 38,918 | -- | -- | (245) | (544) | 83,130 | 47,519 |
| Administrative services income | -- | -- | 2,736 | 2,458 | 25 | 383 | -- | -- | 2,761 | 2,841 |
| Dividend and interest income | -- | 18 | 594 | 438 | 8,512 | 11,387 | 164 | 294 | 9,270 | 12,137 |
| **Net revenue** | 46,245 | 9,163 | 40,460 | 41,814 | 8,537 | 11,770 | (81) | (250) | 95,161 | 62,497 |
| **Expenses** | | | | | | | | | | |
| Employee comp. & benefits | 29,573 | 4,309 | 21,627 | 22,837 | 2,826 | 3,511 | -- | -- | 54,026 | 30,657 |
| Amortization | 4,001 | 1,748 | 1,240 | 1,029 | 458 | 496 | -- | -- | 5,699 | 3,273 |
| Interest | 386 | 7 | 41 | 84 | 1,723 | 2,358 | -- | -- | 2,150 | 2,449 |
| Other expenses | 12,897 | 1,181 | 12,291 | 10,742 | 1,129 | 2,127 | (81) | (250) | 26,236 | 13,800 |
| | 46,857 | 7,245 | 35,199 | 34,692 | 6,136 | 8,492 | (81) | (250) | 88,111 | 50,179 |
| **Operating earnings** | (612) | 1,918 | 5,261 | 7,122 | 2,401 | 3,278 | -- | -- | 7,050 | 12,318 |
| Net gains (losses) | 11 | 45 | (3,126) | (197) | (12,608) | 12,889 | -- | -- | (15,723) | 12,737 |
| Net earnings (loss) before income taxes | (601) | 1,963 | 2,135 | 6,925 | (10,207) | 16,167 | -- | -- | (8,673) | 25,055 |
| Income tax expense (recovery) | (17) | 264 | 395 | 2,142 | (2,387) | 1,208 | -- | -- | (2,009) | 3,614 |
| **Net earnings (loss)** | $ (584) | $ 1,699 | $ 1,740 | $ 4,783 | $ (7,820) | $ 14,959 | $ -- | $ -- | $ (6,664) | $ 21,441 |
| Net earnings (loss) attributable to: | | | | | | | | | | |
| Shareholders | $ (860) | $ 1,468 | $ 1,628 | $ 4,740 | $ (7,820) | $ 14,959 | $ -- | $ -- | $ (7,052) | $ 21,167 |
| Non-controlling interests | 276 | 231 | 112 | 43 | -- | -- | -- | -- | 388 | 274 |
| | $ (584) | $ 1,699 | $ 1,740 | $ 4,783 | $ (7,820) | $ 14,959 | $ -- | $ -- | $ (6,664) | $ 21,441 |
| Additions to segment assets | | | | | | | | | | |
| Intangible assets | $ 1,291 | $ 1,034 | $ 377 | $ -- | $ 330 | $ -- | $ -- | $ -- | $ 1,998 | $ 1,034 |
| Equipment | 570 | 1,429 | 146 | -- | 20 | 168 | -- | -- | 736 | 1,597 |
| Goodwill | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

| As at March 31, 2025 and December 31, 2024 | USA Asset Management | | Canada, UK & Other Asset Management | | Corporate Activities and Investments | | Inter-Segment Balances | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Segment assets and liabilities: | | | | | | | | | | |
| Assets | $ 268,454 | $ 307,452 | $ 333,484 | $ 294,172 | $ 1,270,193 | $ 1,333,726 | $ 15,247 | $ 17,036 | $ 1,887,378 | $ 1,952,386 |
| Liabilities | $ 45,528 | $ 78,141 | $ 220,663 | $ 185,796 | $ 303,422 | $ 354,434 | $ 15,247 | $ 17,036 | $ 584,860 | $ 635,407 |

### (b) Geographic segments

The Company's legal entities operate in various geographic regions. The Company attributes revenues generated by an entity to the geographic region based on where that legal entity resides. The following tables disclose certain information about the Company's operations by geography:

| | Canada | | United Kingdom | | USA and other | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| For the three months ended March 31, | | | | | | | | |
| Net revenue from external parties | $ 36,956 | $ 37,243 | $ 11,185 | $ 15,262 | $ 47,020 | $ 9,992 | $ 95,161 | $ 62,497 |
| As at March 31, 2025 and December 31, 2024 | | | | | | | | |
| Non-current assets: | | | | | | | | |
| Intangible assets | $ 30,047 | $ 32,814 | $ 2,112 | $ 2,196 | $ 124,904 | $ 126,918 | $ 157,063 | $ 161,928 |
| Equipment | 17,191 | 17,637 | 179 | 270 | 18,608 | 18,916 | 35,978 | 36,823 |
| Goodwill | 11,134 | 11,134 | 898 | 871 | 75,875 | 75,819 | 87,907 | 87,824 |

## 14. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

Net change in non-cash working capital items is comprised of the following:

| For the three months ended March 31, | 2025 | 2024 |
|---|---|---|
| Decrease (increase) in non-cash working capital assets: | | |
| Interest-bearing deposits with banks | $ (55,798) | $ (18,946) |
| Accounts receivable and other | 487 | 1 |
| Increase (decrease) in non-cash working capital liabilities: | | |
| Client deposits | 54,081 | 13,306 |
| Accounts payable and other | (57,881) | (17,977) |
| | $ (59,111) | $ (23,616) |

## 15. FINANCIAL RISK MANAGEMENT

The Company's goal in managing financial risks is to evaluate the risks being taken against the benefits that are targeted to be achieved and, where those risks are deemed acceptable, to mitigate those risks, where practicable. The following are the more significant risks associated with financial instruments to which the Company is subject:

### (a) Concentration risk

The Company is exposed to concentration risk associated with certain investments as follows:

| As at | March 31 2025 | December 31 2024 |
|---|---|---|
| Bank of Montreal common shares | $ 305,733 | $ 310,594 |
| Intelligent traffic systems company | 115,391 | 115,307 |
| | $ 421,124 | $ 425,901 |

The investment in the Bank of Montreal shares represents 25% (December 31, 2024 – 25%) of the Company's securities. The Company monitors the investment in the Bank of Montreal shares on a continuous basis. A change in the price of the Bank of Montreal shares by 10% would result in gain or loss of $30,573 (December 31, 2024 - $31,059) being recorded in net gains (losses).

The investment in Intelligent traffic systems company represents 10% (December 31, 2024 – 10%) of the Company's securities. The Company's interest in this investment is held through an investment in the Company's smart infrastructure partnerships. The Company through the partnerships jointly controls the investment and manages its risk through representation on the investment's board and the active monitoring of the investment's operations. A change in the price of the investment by 10% would result in gain or loss of $11,539 (December 31, 2024 - $11,531) being recorded in net gains (losses).

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, currency risk and interest rate risk.

i) Price risk

Price risk, the risk of a gain or loss resulting from movements in the price of securities, arises when the Company invests in equity securities. The Company is exposed to price risk with its investment in equity securities. Changes in the fair values of its equity securities positions are recognized in net gains (losses) and can have a significant impact on net earnings (loss) attributable to shareholders. This risk is managed through the use of professional in-house expertise, which takes a disciplined approach to investment management.

The equity securities positions, excluding the investments subject to concentration risk, are diversified by asset class and, as shown in the chart below, by geographical region. The chart also indicates the gain or loss which would be recognized in net earnings as a result of a 10% change in the market prices:

| | Equity securities classified as fair value through the profit and loss | | Gain or loss recognized from a 10% change in fair value | |
|---|---|---|---|---|
| As at March 31, 2025 | | | | |
| Canada | **$** | **54,946** | **±$** | **5,495** |
| Emerging markets | | **79,847** | | **7,985** |
| Developed markets | | **273,028** | | **27,302** |
| | **$** | **407,821** | **±$** | **40,782** |
| As at December 31, 2024 | | | | |
| Canada | $ | 56,108 | ±$ | 5,611 |
| Emerging markets | | 78,920 | | 7,892 |
| Developed markets | | 273,932 | | 27,393 |
| | $ | 408,960 | ±$ | 40,896 |

The price risk associated with Securities backing third party investor liabilities and Third party investor liabilities are equal to and offsetting. As a result, they have been excluded from the above analysis.

i) Currency risk

Currency risk, the risk of a gain or loss resulting from changes in the price of a financial instrument due to changes in currency exchange rates, arises when the Company or one of its subsidiaries is party to financial instruments which are denominated in a currency which is different from its functional currency.

The Company's significant financial instruments which are subject to currency risk are as follows:

| As at | | **March 31 2025** | | December 31 2024 |
|---|---|---|---|---|
| USD currency exposure: | | | | |
| Assets: | | | | |
| Cash | **$** | **--** | $ | 14,280 |
| Short-term securities | | **15,958** | | 13,723 |
| Liabilities: | | | | |
| Bank loans and borrowings | | **71,818** | | 73,492 |
| Net USD liability | **$** | **(55,860)** | $ | (45,489) |

The Company is exposed to currency risk related to a certain of its short term securities and borrowings, which are denominated in US Dollars. The risk associated with net exposure is mitigated by the US Dollar cash flows that are generated by the Company's foreign subsidiaries and the offsetting amounts being recognized on the investments in Net gains (losses) or in Net change in foreign currency translation on foreign subsidiaries. A change in the CAD-USD exchange rate by +/-10% would result in a foreign exchange gain or loss of +/- $5,586 (December 31, 2024 – +/- $4,549) being recognized in net earnings.

As a result of expansion outside of Canada, the Company's revenues, expenses and operating results from foreign operations may fluctuate with the changes in the foreign currency exchange rates compared to the Canadian dollar. The most significant foreign currency exposure is to the US dollars as most of the non-Canadian assets under management are US dollar denominated portfolios. The Company estimates that for every 1% change in the average exchange rate between the Canadian and US dollars would result in a change in Net Revenue of approximately +/- $650 for the three month period to March 31, 2025.

From time to time, a foreign subsidiary may hold an unhedged position in financial instruments denominated in Canadian dollars, which can result in foreign exchange gains or losses in that subsidiary. Upon translation of their results on consolidation, the Company will recognize an equal and offsetting foreign currency translation adjustment in other comprehensive income.

iii) Interest rate risk

Interest rate risk, the risk of increased or decreased income and expense or gain or loss resulting from changes in interest rates, arises when the Company is party to an interest-bearing financial instrument. The Company's significant exposure to interest rate risk is as follows:

| As at | | **March 31 2025** | | December 31 2024 |
|---|---|---|---|---|
| Interest rate sensitive assets: | | | | |
| Interest-bearing deposits with banks | **$** | **140,875** | $ | 85,100 |
| Short term securities | | **317,655** | | 334,091 |
| Fixed-income securities | | **54,744** | | 41,696 |
| | **$** | **513,274** | $ | 460,887 |
| Interest rate sensitive liabilities: | | | | |
| Bank loans and borrowings | **$** | **139,704** | $ | 144,126 |
| Client deposits | | **128,246** | | 74,185 |
| | **$** | **267,950** | $ | 218,311 |

The Company's most significant exposures to interest rate risk are through its bank loans and borrowings and short-term and fixed-income investments as detailed above. The interest rates on these borrowings are short-term and, if short-term rates increase, the Company's interest expense on the bank loans and borrowings and the interest income earned on short-term and fixed-income securities will both increase. To the extent the balances are offsetting, they act as partial hedge to the exposure. To the extent the balances are not offsetting, the risk is mitigated by the short-term nature of these instruments.

The interest rate risk on interest-bearing deposits with banks and the client deposits, both of which arise in the international banking operation, is managed by matching interest and maturities.

**(c) Credit risk**

Credit risk is the risk of a financial loss due to one party to a financial instrument failing to discharge its obligation to the Company. The Company's total credit risk exposure, without consideration of any collateral or other credit enhancements, is as outlined below:

| As at | March 31 2025 | December 31 2024 |
|---|---|---|
| Cash | $ 69,700 | $ 137,477 |
| Interest-bearing deposits with banks | 140,875 | 85,100 |
| Accounts receivable and other | 87,691 | 87,922 |
| Short-term securities | 317,655 | 334,091 |
| Fixed-income securities | 54,744 | 41,696 |
| | $ 670,665 | $ 686,286 |

The Cash and Interest-bearing deposits with banks and the majority of the accounts receivable are due from major institutions. The Company reviews the credit worthiness of any banks with which it places deposits, and does not deal with a bank if it is not satisfied with the bank's financial strength. The Accounts receivable and other are generally amounts due from customers, and the credit risk is low due to the nature of the Company's customers. There are controls on the amounts that these clients may borrow, depending upon the securities that are pledged. The credit risk associated with the Company's investment in fixed-income securities are managed by the periodic monitoring of the activities of the portfolio managers who, through diversification and credit quality reviews directly manages the credit risk associated with the investments. The short-term securities are government treasury bills, investments in money market funds, which hold government treasury bills or investment-quality securities with very short duration and low credit risk.

**(d) Liquidity risk**

Liquidity risk, the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities arises when the Company has insufficient resources to meet its obligations as they come due. The Company is exposed to liquidity risk because it has financial obligations which are due within one year. The Company manages this financial risk by managing its cash flows from operations, maintaining a portfolio of liquid securities, and by arranging for borrowing facilities with two major Canadian banks.

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