

Press Release

Guardian Capital Group Limited (TSX: GCG; GCG.A) Announces 2024 Second Quarter Operating Results

Toronto, Ontario, August 8, 2024

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

For the periods ended June 30, (\$ in thousands, except per share amounts)	Three months		Six months	
	2024	2023	2024	2023
Net revenue	\$ 64,164	\$ 61,833	\$ 126,661	\$ 116,326
Operating earnings	14,333	17,038	26,651	28,278
Net gains (losses)	(39,161)	(3,736)	(26,424)	14,398
Net earnings (loss) from continuing operations	(22,730)	11,532	(1,289)	36,784
Net earnings from discontinued operations	--	--	--	554,933
Net earnings (loss)	(22,730)	11,532	(1,289)	591,717
EBITDA ⁽¹⁾	\$ 21,376	\$ 23,199	\$ 40,282	\$ 40,570
Adjusted cash flow from operations ⁽¹⁾	14,740	15,903	29,949	34,000
Attributable to shareholders:				
Net earnings (loss) from continuing operations	\$ (23,137)	\$ 11,145	\$ (1,970)	\$ 36,069
Net earnings (loss)	(23,137)	11,145	(1,970)	498,748
EBITDA ⁽¹⁾	20,688	22,303	39,013	38,698
Adjusted cash flow from operations ⁽¹⁾	13,853	14,967	28,540	32,080
Per share amounts (diluted):				
Net earnings (loss) from continuing operations	\$ (0.99)	\$ 0.45	\$ (0.08)	\$ 1.48
Net earnings (loss)	(0.99)	0.45	(0.08)	19.45
EBITDA ⁽¹⁾	0.89	0.89	1.67	1.54
Adjusted cash flow from operations ⁽¹⁾	0.59	0.60	1.22	1.28
As at				
(\$ in millions, except per share amounts)	2024 June 30	2023 December 31	2023 June 30	
Assets under management	\$ 54,689	\$ 54,694	\$ 52,754	
Assets under advisement	3,939	4,080	3,773	
Total Client Assets	58,628	58,774	56,527	
Shareholders' equity	\$ 1,223	\$ 1,241	\$ 1,213	
Securities	1,130	1,318	1,274	
Per share amounts (diluted):				
Shareholders' equity ⁽¹⁾	\$ 49.34	\$ 49.39	\$ 47.63	
Securities ⁽¹⁾	45.61	52.44	50.05	

The Company is reporting Total Clients Assets of \$58.6 billion as at June 30, 2024, which include assets under management ("AUM") and assets under advisement ("AUA"). This is a slight decrease from \$58.8 billion as at December 31, 2023, and a 4% increase from \$56.5 billion reported as at June 30, 2023.

The Company's Operating earnings were \$14.3 million for the quarter ended June 30, 2024, a decrease of \$2.7 million from \$17.0 million in the same quarter in the prior year. EBITDA⁽¹⁾ \$21.4 million for the current quarter, compared to \$23.2 million in the same quarter in the prior year.

Net revenue for the current quarter was \$64.2 million, a 4% increase from \$61.8 million in the same quarter in the prior year. Operating expenses were 11% higher in the current quarter at \$49.8 million, compared to \$44.8 million in the same period in the prior year. The increase reflects the Company's continued strategic investments in technology enhancements.

Net losses in the current quarter were \$39.2 million, compared to \$3.8 million in the same quarter in the prior year, which largely reflect the changes in fair values of Guardian's Securities portfolio, mainly as a result of net losses from Guardian's investment in Bank of Montreal common shares.

Net earnings (loss) attributable to shareholders was \$(23.1) million in the current quarter, compared to \$11.1 in the comparative period, mainly as a result of net losses from Guardian's Securities portfolio.

Adjusted cash flow from operations attributable to shareholders⁽¹⁾ for the current quarter was \$13.9 million, compared to \$15.0 million in the comparative period.

During the current quarter, the Company returned to shareholders \$9.1 million in dividends and \$8.0 million in share buybacks.

The Company's Shareholders' equity as at June 30, 2024 was \$1,223 million, or \$49.34 per share⁽¹⁾, compared to \$1,241 million, or \$49.39 per share⁽¹⁾ as at December 31, 2023. The Company's Securities as at June 30, 2024 had a fair value of \$1,130 million, or \$45.61 per share⁽¹⁾, compared to \$1,318 million, or \$52.44 per share⁽¹⁾ as at December 31, 2023.

The Board of Directors is pleased to have declared a quarterly eligible dividend of \$0.37 per share, payable on October 18, 2024, to shareholders of record on October 11, 2024.

Subsequent to the end of the quarter, on July 2, 2024, the Company completed its previously announced acquisition of Sterling Capital Management LLC ("Sterling"), a Charlotte, North Carolina-based investment management firm. On closing, the Company paid US\$68.9 million, based on a US \$70 million base-purchase price, net of various estimated adjustments, including estimated net working capital. These estimated adjustments are subject to true-ups over a period of up to 150 days from Closing. All existing employees of Sterling, including its senior executive team, have continued their employment under the new ownership.

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

	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
<i>As at (\$ in millions)</i>								
Assets under management	\$ 54,689	\$ 57,276	\$ 54,694	\$ 52,310	\$ 52,754	\$ 52,261	\$ 49,587	\$ 47,814
Assets under advisement	3,939	4,040	4,080	3,905	3,773	4,065	3,716	3,788
Total Client Assets	58,628	61,316	58,774	56,215	56,527	56,326	53,303	51,602
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 64,164	\$ 62,497	\$ 62,245	\$ 62,611	\$ 61,833	\$ 54,493	\$ 50,681	\$ 48,434
Operating earnings	14,333	12,318	13,097	18,474	17,038	11,240	8,790	10,419
Net gains (losses)	(39,161)	12,737	60,747	(17,358)	(3,736)	18,134	18,225	(21,148)
Net earnings (losses) from continuing operations	(22,730)	21,441	68,048	(2,270)	11,532	24,852	25,249	(11,582)
Net earnings from discontinued operations	--	--	--	--	--	554,933	6,386	5,034
Net earnings (losses)	(22,730)	21,441	68,048	(2,270)	11,532	579,785	31,635	(6,548)
Net earnings (loss) from continuing operations attributable to shareholders	(23,137)	21,167	67,087	(2,506)	11,145	24,524	24,679	(11,780)
Net earnings (loss) attributable to shareholders	(23,137)	21,167	67,087	(2,506)	11,145	487,203	29,961	(7,608)
<i>Per share amounts (in \$)</i>								
Net earnings (loss) from continuing operations attributable to shareholders								
Basic	\$ (0.99)	\$ 0.90	\$ 2.85	\$ (0.11)	\$ 0.47	\$ 1.04	\$ 1.02	\$ (0.49)
Diluted	(0.99)	0.86	2.68	(0.11)	0.45	1.00	0.96	(0.49)
Net earnings (loss) attributable to shareholders:								
Basic	\$ (0.99)	\$ 0.90	\$ 2.85	\$ (0.11)	\$ 0.47	\$ 20.27	\$ 1.24	\$ (0.31)
Diluted	(0.99)	0.86	2.68	(0.11)	0.45	18.79	1.16	(0.31)
Dividends paid	\$ 0.37	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.24	\$ 0.24	\$ 0.24
<i>As at</i>								
Shareholders' equity (\$ in millions)	\$ 1,223	\$ 1,255	\$ 1,241	\$ 1,201	\$ 1,213	\$ 1,242	\$ 768	\$ 743
<i>Per share amounts (in \$)</i>								
Basic	\$ 52.59	\$ 53.69	\$ 52.87	\$ 50.90	\$ 51.11	\$ 52.42	\$ 31.84	\$ 30.82
Diluted	49.34	50.30	49.39	47.54	47.63	48.73	29.43	28.88
Total Class A and Common shares outstanding (shares in thousands)	24,959	25,136	25,230	25,408	25,609	26,113	26,246	26,246

Guardian Capital Group Limited (Guardian) is a global investment management company servicing institutional, retail and private clients through its subsidiaries. It also manages a proprietary portfolio of securities. Founded in 1962, Guardian's reputation for steady growth, long-term relationships and its core values of trustworthiness, integrity and stability have been key to its success over six decades. Its Common and Class A shares are listed on the Toronto Stock Exchange as GCG and GCG.A, respectively. To learn more about Guardian, visit www.guardiancapital.com.

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Caution Concerning Forward-Looking Information

Certain information included in this press release constitutes forward-looking information within the meaning of applicable Canadian securities laws. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “would”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plan”, “continue”, or similar expressions suggesting future outcomes or events or the negative thereof. Forward-looking information in this press release includes, but is not limited to, statements with respect to management’s beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations. Such forward-looking information reflects management’s beliefs and is based on information currently available. All forward-looking information in this press release is qualified by the following cautionary statements.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves known and unknown risks and uncertainties which may cause the Company’s actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: general economic and market conditions, including interest rates, business competition, changes in government regulations or in tax laws, the outbreak and severity of pandemics, such as COVID 19, military conflicts in various parts of the world, as well as those risk factors discussed or referred to in the disclosure documents filed by the Company with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. The reader is cautioned to consider these factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this press release is made as of the date of this press release and should not be relied upon as representing the Company’s views as of any date subsequent to the date of this press release.

(1) Non IFRS Measures

The Company’s management uses EBITDA, EBITDA attributable to shareholders, including the per share amount, Adjusted cash flows from operations, Adjusted cash flow from operations attributable to shareholders, including the per share amount, Shareholders’ equity per share and Securities per share to evaluate and assess the performance of its business. These measures do not have standardized measures under International Financial Reporting Standards (“IFRS”), and are therefore unlikely to be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing the Company’s results. The Company defines EBITDA as net earnings before interest, income taxes, amortization, and stock-based compensation expenses, net gains or losses and net earnings from discontinued operations. EBITDA attributable shareholders as EBITDA less the amounts attributable to non-controlling interests. The Company defines Adjusted cash flow from operations as net cash from operating activities, net of changes in non-cash working capital items and cash flows from discontinued operations. Adjusted cash flow from operations attributable to shareholders as Adjusted cash flow from operations less the amounts attributable to non-controlling interests. A reconciliation between these measures and the most comparable IFRS measures are as follows:

For the periods ended June 30, (\$ in thousands)	Three months		Six months	
	2024	2023	2024	2023
Net earnings (loss)	\$ (22,730)	\$ 11,532	\$ (1,289)	\$ 591,717
Add (deduct):				
Net earnings from discontinued operations	--	--	--	(554,933)
Income tax expense (recovery)	(2,098)	1,770	1,516	5,892
Net (gains) losses	39,161	3,736	26,424	(14,398)
Stock-based compensation	1,058	921	1,924	1,837
Interest expense	2,629	2,053	5,078	3,982
Amortization	3,356	3,187	6,629	6,473
EBITDA	21,376	23,199	40,282	40,570
Less attributable to non-controlling interests in continuing operations	(688)	(896)	(1,269)	(1,872)
EBITDA attributable to shareholders	\$ 20,688	\$ 22,303	\$ 39,013	\$ 38,698

For the periods ended June 30, (\$ in thousands)	Three months		Six months	
	2024	2023	2024	2023
Net cash from operating activities	\$ 14,873	\$ 14,882	\$ 6,466	\$ 25,069
Add (deduct):				
Net cash from operating activities, discontinued operations	--	--	--	(10,087)
Net change in non-cash working capital items	(133)	1,021	23,483	9,305
Net change in non-cash working capital items, discontinued operations	--	--	--	9,713
Adjusted cash flow from operations	14,740	15,903	29,949	34,000
Less attributable to non-controlling interests, continuing operations	(887)	(936)	(1,409)	(1,920)
Adjusted cash flow from operations attributable to shareholders	\$ 13,853	\$ 14,967	\$ 28,540	\$ 32,080

The per share amounts for EBITDA attributable to shareholders, Adjusted cash flow from operations attributable to shareholders, Shareholders' equity and Securities per share are calculated by dividing the amounts by diluted shares, which is calculated in a manner similar to net earnings attributable to shareholders per share. More detailed descriptions of these non-IFRS measures are provided in the Company's Management's Discussion and Analysis.