

Guardian

GUARDIAN CAPITAL GROUP LIMITED
Report to Shareholders

THIRD QUARTER
SEPTEMBER 30, 2024

TO OUR SHAREHOLDERS:

We present below a summary of the Company's operating results for the periods ended September 30, 2024 and 2023. All per share figures disclosed below are stated on a diluted basis.

| For the periods ended September 30, (\$ in thousands, except per share amounts) | Three months | | Nine months | |
|--|---------------------|--------------------|---------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net revenue | \$ 98,128 | \$ 62,611 | \$ 224,789 | \$ 178,937 |
| Operating earnings | 3,594 | 18,474 | 30,245 | 46,752 |
| Net gains (losses) | 39,999 | (17,358) | 13,575 | (2,960) |
| Net earnings (loss) from continuing operations | 39,069 | (2,270) | 37,780 | 34,514 |
| Net earnings from discontinued operations | -- | -- | -- | 554,933 |
| Net earnings (loss) | 39,069 | (2,270) | 37,780 | 589,447 |
| EBITDA ⁽¹⁾ | \$ 14,120 | \$ 24,611 | \$ 54,402 | \$ 65,181 |
| Adjusted cash flow from operations ⁽¹⁾ | 13,979 | 21,568 | 43,928 | 55,568 |
| Attributable to shareholders: | | | | |
| Net earnings (loss) from continuing operations | \$ 38,633 | \$ (2,506) | \$ 36,663 | \$ 33,563 |
| Net earnings (loss) | 38,633 | (2,506) | 36,663 | 496,242 |
| EBITDA ⁽¹⁾ | 13,407 | 23,986 | 52,428 | 62,683 |
| Adjusted cash flow from operations ⁽¹⁾ | 13,328 | 20,971 | 41,876 | 53,051 |
| Per share amounts (diluted): | | | | |
| Net earnings (loss) from continuing operations | \$ 1.58 | \$ (0.11) | \$ 1.49 | \$ 1.40 |
| Net earnings (loss) | 1.58 | (0.11) | 1.49 | 19.40 |
| EBITDA ⁽¹⁾ | 0.56 | 1.02 | 2.12 | 2.49 |
| Adjusted cash flow from operations ⁽¹⁾ | 0.56 | 0.89 | 1.70 | 2.12 |
| As at | | | | |
| (\$ in millions, except per share amounts) | 2024 | 2023 | 2023 | |
| | September 30 | December 31 | September 30 | |
| Total client assets | \$ 165,061 | \$ 58,774 | \$ 56,215 | |
| Shareholders' equity | 1,244 | 1,241 | 1,201 | |
| Securities | 1,168 | 1,318 | 1,276 | |
| Per share amounts (diluted): | | | | |
| Shareholders' equity ⁽¹⁾ | \$ 50.35 | \$ 49.39 | \$ 47.54 | |
| Securities ⁽¹⁾ | 47.27 | 52.44 | 50.49 | |

Summary

During the quarter ended September 30, 2024, Guardian closed the previously announced acquisitions: On July 2, 2024, the acquisition of 100% equity interest in Sterling Capital Management LLC ("Sterling"), a Charlotte, North Carolina-based investment management firm with US \$76.9 billion in Total Client Assets (which includes Assets Under Management and Assets Under Advisement) as at September 30, 2024; and on September 3, 2024, the acquisition of 100% equity interest in Galibier Capital Management Ltd. ("Galibier") a Toronto, Canada-based investment management firm with Total Client Assets of \$1.1 billion, as at September 30, 2024. The following discussions include the financial results of the two acquired businesses from the date of their acquisitions, which resulted in certain consolidated measures, such as Total Client Assets, Net revenues and Expenses, experiencing larger than usual increases. Also, Guardian incurred transaction and other related costs ("Transitional" costs), arising from these acquisitions, which are expected to be either one-time or short-term in nature. These Transitional costs have had a dampening effect on certain of the measures, such as Operating earnings and EBITDA⁽¹⁾ in the current quarter.

Guardian is reporting Total Client Assets of \$165.1 billion as at September 30, 2024, which includes \$105 billion of additions from the two acquired businesses.

Guardian's Net revenue for the current quarter was \$98.1 million, compared to \$62.6 million in the same quarter in the prior year, with \$37.4 million being contributed by the two acquired businesses.

Guardian's Operating earnings and EBITDA⁽¹⁾ were \$3.6 million and \$14.1 million, respectively, for the quarter ended September 30, 2024, compared to \$18.5 million and \$24.6 million, respectively, in the same quarter in the prior year. Included in the current results were \$10.1 million of Transitional costs described above.

Net gains in the current quarter were \$40.0 million, compared to Net losses of \$17.4 million in the same quarter in the prior year, which largely reflect the changes in fair values of Guardian's Securities portfolio.

Net earnings attributable to shareholders were \$38.6 million in the current quarter, compared to a loss of \$2.5 million in the comparative period, resulting

largely from the Net gains described above.

Adjusted cash flow from operations attributable to shareholders⁽¹⁾ for the current quarter was \$13.3 million, compared to \$21.0 million in the comparative period. The decrease of \$7.6 million was due largely to decrease in Operating earnings as described above.

During the current quarter, Guardian returned to shareholders \$9.1 million in dividends and \$3.9 million in share buybacks.

Guardian's Shareholders' equity as at September 30, 2024 was \$1,244 million, or \$50.35 per share⁽¹⁾, compared to \$1,241 million, or \$49.39 per share⁽¹⁾ as at December 31, 2023. Guardian's Securities as at September 30, 2024 had a fair value of \$1,168 million, or \$47.27 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 January 17, 2025, to shareholders of record on January 10, 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, the duration 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 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

There undeniably is plenty of value in listening to what people, businesses, governments and central banks are saying when it comes to trying to determine the direction of the global economy. Something this cycle in particular has made clear, however, is that actions ultimately are much more important than words, and when there is a disconnect between what is being said and what is being done, more weight should be put on the latter. For example, the last five years have seen measures of consumer and business sentiment across the 38 economies that comprise the Organization for Economic Co-operation and Development and account for nearly two-thirds of global output, remain at depressed levels that are historically consistent with recessions. The dour stated moods, however, do not appear to actually be impacting behaviour, especially among households. Gauges of actual “hard” activity have consistently proven far more resilient than these “soft” survey indicators would otherwise suggest. In fact, while there has been a deceleration in the growth in economic activity from the initial reopening boom seen in 2021, the global economy has effectively been cruising at a steady and solid, if unspectacular, rate across both Developed and Emerging Markets.

The sustained underlying economic momentum, combined with easing inflationary pressures permitted global central banks to move away from their highly restrictive policy stances, suggest that not only are the odds of “hard landing” scenario an increasingly low probability event, but the prospect of even a “soft landing” in which growth just slows is diminishing. An outlook for modest but positive growth and still moderating inflation against a backdrop of persistent risks to the outlook would appear to be among the best possible scenarios for fixed income.

During the quarter the bond markets saw positive returns as yields declined. The impact has been felt, so far, most at the front-end of the yield curve where rates are far more sensitive to monetary policy. The result is steepening of the curve into more “normal” territory after the spread between the 10-year and 2-year Treasury yields finally un-inverted in September, for the first time since 2022. The diminishing yield offered by short-term bond issues combined with the increasing reinvestment risk as short-term rates move lower have made longer-duration assets more attractive. Longer-term return prospects and lower reinvestment risk make these fixed income assets attractive, while they serve as a counterbalance for equities should the economic backdrop deteriorate and drive policy rate expectations materially lower, they also offer yields that continue to be towards the high end of recent investor experience.

With respect to equities, while the overall market continued to exhibit positive performance, the last two years have seen a significant divergence in performance. An extremely narrow subset of mega-cap US Tech stocks, and tech adjacent companies (with a bias toward leaders in artificial intelligence) accounting for a substantial share of overall gains, and starting to generate commentary over their high valuations, while other areas of the market have seen more modest returns and remain at compelling valuations.

Echoing this divergence in performance, there is a marked gap between valuations when looking on a market-capitalization weighted basis (which place added emphasis on these top performers) and on an equal-weighted basis (which gives a better indication of the “average” stock). The latter shows that markets in a broader sense are not particularly priced for perfection, and this points to the potential for a ‘stock picker’s’ market sometime in the future.

Investment Management

Total Client Assets, grew to \$165.1 billion Canadian dollars from \$58.6 billion at the end of the second quarter. AUM growth of that scale is almost entirely due to the acquisitions completed, as described below, during the quarter.

Guardian’s investment products, experienced positive returns reflecting the broader fixed-income and equity markets. These positive returns offset mostly negative flows, but Guardian’s pre-existing businesses had slightly positive AUM results, and our newly acquired ones ended the quarter with higher AUM than their respective acquisition dates. The net outflows in the quarter were largely in global and Canadian equity strategies, along with a handful of short duration cash management accounts. Improved relative performance in our investment strategies will be an important factor in mitigating these challenges, and we are seeing some signs that this metric is improving.

The most significant news for Guardian this year was the announcement of our acquisition of Sterling Capital Management LLC (“Sterling”) from Truist Financial Corporation (“Truist”). This acquisition was closed at the beginning of the quarter, on July 2, 2024. Sterling is now the largest part of our investment management business with Total Client Assets (which includes assets under management and assets under advisement) of approximately \$104 billion in Canadian dollars at the end of the third quarter. Sterling acquisition has nearly tripled client assets overseen by Guardian. Sterling will operate as a standalone entity, led by the current team of management and senior investment professionals, providing continuity, stability and continued excellence for Sterling clients. In the initial period under Guardian’s ownership, we anticipate Sterling’s EBITDA and operating earnings to be constrained by the burden of bearing the closing transaction costs and the costs of transitioning operating systems and certain services from Truist to the Guardian model. In the quarter, roughly \$10 million of costs relating to the acquisition were absorbed. Based on our current estimates, Guardian’s future earnings are expected to be dampened by additional aggregate transitional costs of approximately \$17 million (US \$13 million) over the next three years. These expected additional transitional costs are largely associated with building Sterling’s own technology infrastructure and retention incentives payable to key employees. Guardian’s management team has spent a great deal of time evaluating, developing and discussing our plans for our shared future, prior to, and during the third quarter. Over the coming quarters, we will embark on strategic review sessions to update Guardian’s strategic plans for the US market. Our planned transition and integration expenditures will be refined as these plans are developed over time. While there is much work to do, the executive management of Guardian and Sterling are excited to work together and are optimistic about the growth potential of the combined entity.

We also welcomed our new partners from a smaller acquisition in Galibier Capital Management Ltd. (“Galibier”), which added \$1.1 billion in Total Client Assets, as of closing on September 3rd, 2024. We extend our warm welcome to all of our new colleagues.

We continue to support the organic build of our private infrastructure capabilities at Guardian Smart Infrastructure Management (“GSIM”) with the management team of GSIM focusing on investment oversight of Q-Free, the initial investment for the first fund launch, while also continuing to work on fundraising. The team has been successful in raising modest level of initial capital from a number of mid-sized institutional investors, while continuing to meet with larger institutions, high net worth individuals, and family offices. In a promising sign, it would appear that institutions have managed through the challenges they faced of a relative overweight in privates as a result of the large pullback in public markets in 2022 and are now back to making new allocations to private investments. Feedback has tended to be positive, but fund raising efforts take time, particularly for companies trying to raise money for their first fund in a narrow, focused frontier for the asset class.

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 asset base of our Investment Management segment. Our experience with new initiatives 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 still realizing positive flows into this segment, and we are encouraged by the progress across all channels (mutual funds, ETF’s, SMA/Wrap and Sub-advisory). We remain confident that, in due course, we can build on consistent meaningful net positive flows in the Canadian retail distribution segment and, are committed to continuing our investments to achieve success. Our experience has shown that building a following among financial advisors is an effort that requires patience and persistence. We expect, that with a continued focus and effort to advance the many discussions we have with prospective investors, this initiative will prove to be a profitable investment for future growth.

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 September 30, 2024, our Private Wealth operations had a Total Client Assets of C\$10.9 billion, up from \$9.6 billion, most of this growth was from our Sterling acquisition in the quarter. Our goal for the Private Wealth businesses is 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 demographic and the advisory/family office segment of the 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 investment management businesses and allows us to provide a continuum of services to a spectrum of high-net-worth clients.

Corporate Activities and Investments

In addition to our core Investment Management segment, 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 third quarter, our investment portfolio was valued at C\$1.17 billion, up from C\$1.13 billion at June 30, 2024. The increase was primarily due to positive market performance in the quarter, partially offset by drawdowns from the portfolio to fund the acquisition of Galibier and share buybacks completed during the quarter. Our aggregate portfolio received dividend and interest income of C\$10.3 million in the quarter. This represents a decline from the prior quarter, mostly as-a result of declining interest received as we spent a portion of our income-generating cash portfolio to purchase Sterling. Historically, our balance sheet has been heavily equity-oriented, but most of the proceeds of the Worldsource sale were invested in short-term securities. Despite using some of our short-term assets in the past year to fund the acquisitions, pay tax liabilities on the large net gains realized on the sale of Worldsource, provide seed investment in our proprietary strategies and buy back shares under normal course issuer bid, we were roughly 33% exposed to the fixed-income markets, the vast majority of which 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 strategies, Canadian real estate, our infrastructure investment through GSIM, and third-party public and private investments.

A review of Guardian’s Strategic Plan, after the sale of Worldsource, determined that preserving a substantial balance sheet serves as a strategic advantage in our efforts to grow our businesses. Our balance sheet flexibility proved useful quite quickly, allowing us to engage in and win the process that led to the acquisition of Sterling. While our near-term focus will be largely devoted to the integration of Sterling and solidifying our strategy of growing that 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 products 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 flows from operations to a growing dividend, while still having the option to utilize available capital to fund the purchase and cancellation of our stock. 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 third quarter of 2024, Guardian returned C\$9.1 million to shareholders in the form of dividends and C\$3.9 million through purchasing roughly 92,000 shares for cancellation, as part of our 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 \$0.37 per share, payable on Jan 17, 2025, to the shareholders of record on January 10, 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

November 7, 2024
(signed) “George Mavroudis”
President and Chief Executive Officer

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- and nine-month periods ended September 30, 2024 and the comparative period in the year 2023, as well as to certain other prior quarterly periods. Readers are encouraged to refer to the discussions and analyses contained in the 2023 Annual Report. This discussion and analysis has been prepared as of November 7, 2024.

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 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 Management's Discussion and Analysis 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 Management's Discussion and Analysis is qualified by the following cautionary statements.

Although Guardian believes that the expectations reflected in such forward-looking information are reasonable, such information involves known and unknown risks and uncertainties which may cause Guardian's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: general economic and market conditions, including interest rates, business competition, changes in government regulations or in tax laws, the duration and severity of pandemics, such as COVID-19, military conflicts in various parts of the world, as well as those risk factors discussed or referred to in this 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 Management's Discussion and Analysis is provided as of the date of this Management's Discussion and Analysis and should not be relied upon as representing Guardian's views as of any date subsequent to the date of this Management's Discussion and Analysis. 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 global 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 \$165.1 billion of Total Client Assets, which includes assets under management ("AUM") and assets under advisement ("AUA"). Guardian is headquartered in Canada and operates in Canada, the United Kingdom, the United States and the Caribbean. Investment Management business is operated through 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 Capital Advisors LP ("GCA") and Guardian Partners Inc. ("GPI"), 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"), the Salt Lake City, Utah-based Alta Capital Management, LLC ("Alta"), the Richmond, Virginia-based Agincourt Capital Management LLC ("Agincourt"), Charlotte, North Carolina-based Sterling Capital Management LLC ("Sterling"), and the Caribbean-based Alexandria Bancorp Limited ("ABL"). Guardian also manages its proprietary investment portfolio which had a fair market value of \$1.2 billion as at September 30, 2024.

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. Definition of EBITDA and Adjusted cash flow from operations are provided on page 13 of the Management Discussions and Analysis. Other Non-IFRS measures are equity per share, and securities 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.

CONSOLIDATED FINANCIAL RESULTS

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

| For the periods ended September 30, (\$ in thousands, except per share amounts) | Three months | | | Nine months | | |
|--|--------------|------------|-------------|-------------|------------|-------------|
| | 2024 | 2023 | % Inc (Dec) | 2024 | 2023 | % Inc (Dec) |
| Net revenue | \$ 98,128 | \$ 62,611 | 56.7% | \$ 224,789 | \$ 178,937 | 25.6% |
| Expenses | 94,534 | 44,137 | 114.2% | 194,544 | 132,185 | 47.2% |
| Operating earnings | 3,594 | 18,474 | -80.5% | 30,245 | 46,752 | -35.3% |
| Net gains (losses) | 39,999 | (17,358) | 330.4% | 13,575 | (2,960) | 558.6% |
| Earnings before income taxes | 43,593 | 1,116 | 3,806.2% | 43,820 | 43,792 | 0.1% |
| Income tax expense | 4,524 | 3,386 | 33.6% | 6,040 | 9,278 | -34.9% |
| Net earnings (loss) from continuing operations | 39,069 | (2,270) | 1,821.1% | 37,780 | 34,514 | 9.5% |
| Net earnings from discontinued operations | -- | -- | 0.0% | -- | 554,933 | -100.0% |
| Net earnings (loss) | \$ 39,069 | \$ (2,270) | 1,821.1% | \$ 37,780 | \$ 589,447 | -93.6% |
| EBITDA | \$ 14,120 | \$ 24,611 | -42.6% | \$ 54,402 | \$ 65,181 | -16.5% |
| Adjusted cash flow from operations | 13,979 | 21,568 | -35.2% | 43,928 | 55,568 | -20.9% |
| Attributable to shareholders: | | | | | | |
| Net earnings (loss) from continuing operations | \$ 38,633 | \$ (2,506) | 1,641.6% | \$ 36,663 | \$ 33,563 | 9.2% |
| Net earnings (loss) | 38,633 | (2,506) | 1,641.6% | 36,663 | 496,242 | -92.6% |
| EBITDA | 13,407 | 23,986 | -44.1% | 52,428 | 62,683 | -16.4% |
| Adjusted cash flow from operations | 13,328 | 20,971 | -36.4% | 41,876 | 53,051 | -21.1% |
| Per share amounts (diluted): | | | | | | |
| Net earnings (loss) from continuing operations | \$ 1.58 | \$ (0.11) | 1,536.4% | \$ 1.49 | \$ 1.40 | 6.4% |
| Net earnings (loss) | 1.58 | (0.11) | 1,536.4% | 1.49 | 19.40 | -92.3% |
| EBITDA | 0.56 | 1.02 | -45.1% | 2.12 | 2.49 | -14.9% |
| Adjusted cash flow from operations | 0.56 | 0.89 | -37.1% | 1.70 | 2.12 | -19.8% |

| As at (\$ in millions, except per share amounts) | 2024 | 2023 | % Inc (Dec) | 2023 | % Inc (Dec) |
|--|--------------|-------------|-------------|--------------|-------------|
| | September 30 | December 31 | | September 30 | |
| Shareholders' equity | \$ 1,244 | \$ 1,241 | 0.3% | \$ 1,201 | 3.6% |
| Securities | 1,168 | 1,318 | -11.4% | 1,276 | -8.5% |
| Per share amounts (diluted): | | | | | |
| Shareholders' equity | \$ 50.35 | \$ 49.39 | 1.9% | \$ 47.54 | 5.9% |
| Securities | 47.27 | 52.44 | -9.9% | 50.49 | -6.4% |

THIRD QUARTER HIGHLIGHTS**ACQUISITION OF STERLING CAPITAL MANAGEMENT LLC**

As previously announced, Guardian completed its acquisition of a 100% equity interest in Sterling, a Charlotte, North Carolina-based investment management company, from Truist Financial Corporation ("Truist") on July 2, 2024. On closing, Guardian paid US\$68.9 million, based on a US\$70 million base-purchase price, net of various estimated adjustments. These estimated adjustments were determined to be US \$9.5 million and were paid at the end of October 2024. A series of earn-out incentives of up to US\$45 million could also be paid over a 5-year period from closing, depending on the amount of revenue earned from Truist by Sterling.

The strategic acquisition of Sterling significantly enhances Guardian's overall scale as a global asset manager, and expands its platform for future growth in the US market. Sterling currently manages and advises on approximately US\$77 billion (approximately C\$104 billion) of client assets. Since closing, management continued to review Sterling's operations and evaluate its strategic priorities for the near-term.

The following is a summary analysis of Sterling's Total Client Assets:

| As at | 2024 |
|-------------------------|--------------|
| (\$ in millions) | September 30 |
| Distribution channel | |
| Institutional | \$ 71,946 |
| Retail and intermediary | 31,079 |
| Private wealth | 830 |
| | \$ 103,855 |
| Asset class | |
| Equities | \$ 14,855 |
| US fixed income | 67,752 |
| Multi-asset solutions | 21,248 |
| | \$ 103,855 |

The following is a summary of Sterling's operating results for the quarter ended September 30, 2024:

| For the three months ended September 30, (\$000's) | 2024 | |
|---|------|---------|
| Net revenue | \$ | 37,074 |
| Operating expenses | | 32,105 |
| Transitional expenses | | 7,026 |
| Amortization arising from acquisition | | 1,655 |
| Total expenses | | 40,786 |
| Operating loss | | (3,712) |
| EBITDA | \$ | (1,090) |

During the initial quarter of Sterling ownership, a number of expenses were incurred, that are expected to be one-time or short-term in nature, related to the transaction and certain initial business integration efforts. These include such expenses as transaction success fees, legal and tax advisory fees, retention incentives for key employees, and technology and other business integration related costs (all together "Transitional" expenses). Approximately \$7.0 million (US \$5.2 million) in Transitional expenses were incurred by Sterling during the quarter and another \$3.1 million was incurred within the Corporate Activities and Investments Segment. In addition, the accounting for the acquisition of Sterling resulted in new amortization and interest expenses, which are not part of operating expenses of Sterling. The acquisition accounting related amortization expense included in Sterling's results are \$1.7 million (US \$1.2 million) and interest expense included in Corporate Activities and Investments Segment is \$1.1 million (US \$0.8 million). Dampened by these expenses, Sterling recorded an Operating loss of \$3.7 million (US \$2.7 million) and negative EBITDA of \$1.0 million (US \$0.8 million) in the current quarter.

ACQUISITION OF GALIBIER CAPITAL MANAGEMENT LTD.

Guardian announced on September 3, 2024, that it had completed the transaction to acquire 100% of Galibier Capital Management Ltd. ("Galibier"), an independent, Toronto-based investment management firm. Guardian paid \$2.5 million on closing and is subject to further earn-outs of up to \$7.5 million based on certain metrics related to Total Client Assets on the one-year anniversary date from closing and again on the 5th anniversary date. The acquisition will enhance Guardian's Canadian equity investment capabilities and add approximately \$1.1 billion in Total Client Assets.

TOTAL CLIENT ASSETS

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

| As at (\$ in millions) | 2024 | | 2023 | % Inc (Dec) | 2023 | % Inc (Dec) |
|-------------------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | September 30 | December 31 | September 30 | | September 30 | |
| Institutional | \$ 102,921 | \$ 31,295 | 228.9% | \$ 30,435 | 238.2% | |
| Retail and intermediary | 51,225 | 17,948 | 185.4% | 16,592 | 208.7% | |
| Private wealth | 10,915 | 9,531 | 14.5% | 9,188 | 18.8% | |
| | \$ 165,061 | \$ 58,774 | 180.8% | \$ 56,215 | 193.6% | |

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

| As at (\$ in millions) | 2024 | | 2023 | % Inc (Dec) | 2023 | % Inc (Dec) |
|------------------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | September 30 | December 31 | September 30 | | September 30 | |
| Canadian equities | \$ 5,721 | \$ 4,661 | 22.7% | \$ 4,729 | 21.0% | |
| Global equities | 22,227 | 21,781 | 2.0% | 20,519 | 8.3% | |
| US equities | 19,541 | 4,298 | 354.7% | 4,006 | 387.8% | |
| Canadian fixed income | 5,120 | 6,664 | -23.2% | 6,099 | -16.1% | |
| US fixed income | 81,118 | 11,839 | 585.2% | 11,674 | 594.9% | |
| Multi-asset solutions | 31,334 | 9,531 | 228.8% | 9,188 | 241.0% | |
| | \$ 165,061 | \$ 58,774 | 180.8% | \$ 56,215 | 193.6% | |

Guardian is reporting Total Client Assets (which includes Assets Under Management and Assets Under Advisement) of \$165.1 billion as at September 30, 2024, compared to \$58.8 billion, as at December 31, 2023 and \$56.2 billion, as at September 30, 2023. The largest contributor to the increase in Total Client Assets since December 31, 2023 was the contributions from the two acquisitions, as described above. The remaining increase was due to net outflows year-to-date, partially offset by positive market performance year-to-date. With the acquisition of Sterling, Guardian's US businesses, which also includes Alta and Agincourt, manage and advise on \$122.0 billion (US \$90.3 billion) of Total Client Assets

OPERATING RESULTS

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

| For the periods ended September 30, (\$ in thousands) | Three months | | | Nine months | | |
|---|--------------|-----------|-------------|-------------|-----------|-------------|
| | 2024 | 2023 | % Inc (Dec) | 2024 | 2023 | % Inc (Dec) |
| Investment management | \$ 4,414 | \$ 11,099 | -60.2% | \$ 23,054 | \$ 31,182 | -26.1% |
| Corporate activities and investments | (820) | 7,375 | -111.1% | 7,191 | 15,570 | -53.8% |
| | \$ 3,594 | \$ 18,474 | -80.5% | \$ 30,245 | \$ 46,752 | -35.3% |

Guardian's consolidated Operating earnings for the quarter ended September 30, 2024, were \$3.6 million and EBITDA was \$14.1 million, compared to \$18.5 million and \$24.6 million, respectively, in the same quarter in the prior year. As stated above in the Acquisition of Sterling Capital Management

LLC section, dampening the current quarter results are \$10.1 million in Transitional expenses, of which \$3.1 million was incurred in the Corporate Activities and Investments Segment and \$7.0 million directly by Sterling.

Current quarter Net revenue grew to \$98.1 million, compared to \$62.6 million in the same quarter in the prior year. Net management and advisory fees increased by \$38.8 million, from the same quarter in the prior year with Sterling and Galibier contributing \$37.4 million to the increase, while interest income earned in Corporate Activities and Investments Segment decreased by \$3.7 million. The latter resulted from lower average balance of interest earning short-term securities held during the current quarter, compared to the prior year. Over that period, Guardian used portions of the short-term securities portfolio to fund payment of tax liabilities arising from the net gains realized on the sale of Worldsource in 2023, fund share buybacks, seed new investment strategies and fund the acquisitions of Sterling and Galibier.

Total expenses in the current quarter were \$94.5 million, compared to \$44.1 million in the same quarter in the prior year. The addition of expenses from Sterling and Galibier increased expenses by \$41.1 million, and Corporate Activities and Investments incurred an additional \$3.1 million in Transitional expense and \$1.1 million in interest expense arising from accounting for the acquisitions. The remaining increase is related largely to our continued multi-year strategic investments into the technology platform enhancement projects and the Retail Asset Management initiative in both the US and Canada.

Net gains in the current quarter were \$40.0 million, compared to Net losses of \$17.4 million in the same quarter in the prior year. The Net gains largely reflect the positive market performance driving the increase in the fair value of Guardian's substantial Securities portfolio in the current quarter.

Net earnings from continuing operations in the current quarter was \$39.1 million, compared to a Net loss of \$2.3 million in the same period in the prior year. The swing from Net loss to Net earnings was due to substantially higher Net gains arising from the Securities portfolio as described above.

Adjusted cash flow from operations for the quarter was \$14.0 million, compared to \$21.6 million in the same period in 2023. The decrease of \$7.6 million was due largely to 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 Third Quarter 2024 Consolidated Financial Statements.

Investment Management Segment

Selected financial information for the Investment Management Segment is as follows:

| For the periods ended September 30, (\$ in thousands) | Three months | | | Nine months | | |
|---|--------------|-----------|-------------|-------------|------------|-------------|
| | 2024 | 2023 | % Inc (Dec) | 2024 | 2023 | % Inc (Dec) |
| Net revenues | \$ 88,280 | \$ 49,503 | 78.3% | \$ 191,054 | \$ 145,038 | 31.7% |
| Expenses | 83,866 | 38,404 | 118.4% | 168,000 | 113,856 | 47.6% |
| Operating earnings | 4,414 | 11,099 | -60.2% | 23,054 | 31,182 | -26.1% |
| EBITDA | 10,672 | 14,474 | -26.3% | 36,220 | 41,232 | -12.2% |

The Investment Management Segment's Net revenue in the current quarter increased by \$38.8 million with \$37.4 million being contributed by Sterling and Galibier. The remaining increase, compared to the same period in the prior year, is driven by the increases in Total Client Assets resulting from the positive global financial market performance, year-over-year, partially offset by the net outflows over the same period. The total expenses in the Segment increased by \$45.5 million, compared to the same period in the prior year. The addition of Sterling and Galibier accounted for \$41.1 million of the increase with the remainder of the increase resulting from the continuing multi-year strategic investments into enhancing our technology platform, to support our Retail Asset Management initiatives in both the US and Canada and the additional associates hired to support these strategic efforts.

Corporate Activities and Investments Segment

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

| For the periods ended September 30, (\$ in thousands) | Three months | | | Nine months | | |
|---|--------------|-----------|-------------|-------------|-----------|-------------|
| | 2024 | 2023 | % Inc (Dec) | 2024 | 2023 | % Inc (Dec) |
| Net revenues | \$ 9,998 | \$ 13,388 | -25.3% | \$ 34,490 | \$ 34,770 | -0.8% |
| Expenses | 10,818 | 6,013 | 79.9% | 27,299 | 19,200 | 42.2% |
| Operating earnings | (820) | 7,375 | -111.1% | 7,191 | 15,570 | -53.8% |
| EBITDA | 3,448 | 10,137 | -66.0% | 18,182 | 24,006 | -24.3% |

The Net revenue in the Corporate Activities and Investments Segment decreased by \$3.4 million, largely the interest income earned on the short-term securities. Since the third quarter of 2023, investment balance in short-term securities have steadily declined as payment of tax liabilities, share buybacks the seeding of various investment strategies and the acquisitions of Sterling and Galibier were funded from the short-term investments, significantly reducing the interest earning base. Expenses in the current quarter were \$4.8 million higher than in the same quarter in the prior year mainly driven by \$3.1 million in Transitional expenses and \$1.1 million in interest expense arising from the accounting related to acquisitions of Sterling and Galibier.

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) | 2024 September 30 | 2023 December 31 | % Inc (Dec) | 2023 September 30 | % Inc (Dec) |
|---|----------------------|---------------------|---------------|----------------------|--------------|
| Securities, carried at fair value | | | | | |
| Proprietary investment strategies | | | | | |
| Short-term and fixed-income securities | \$ 93,695 | \$ 79,272 | 18.2% | \$ 80,839 | 15.9% |
| Canadian equities | 7,610 | 5,871 | 29.6% | 12,245 | -37.9% |
| Global equities | 309,342 | 274,700 | 12.6% | 333,357 | -7.2% |
| Private investments and real estate | 157,611 | 157,157 | 0.3% | 43,483 | 262.5% |
| | 568,258 | 517,000 | 9.9% | 469,924 | 20.9% |
| Bank of Montreal common shares | 271,837 | 292,175 | -7.0% | 255,447 | 6.4% |
| Short-term securities | 290,700 | 470,289 | -38.2% | 510,157 | -43.0% |
| Fixed-income securities | -- | 4,053 | -100.0% | 4,840 | -100.0% |
| Other equities | 37,044 | 34,013 | 8.9% | 35,669 | 3.9% |
| Securities | \$ 1,167,839 | \$ 1,317,530 | -11.4% | \$ 1,276,037 | -8.5% |
| Securities per share amount, diluted | \$ 47.27 | \$ 52.44 | -9.9% | \$ 50.49 | -6.4% |

Guardian's Securities as at September 30, 2024 had a fair value of \$1,168 million, or \$47.27 per share, diluted, compared with \$1,318 million, or \$52.44 per share, diluted, at the end of 2023. Shareholders' equity as at September 30, 2024 amounted to \$1,244 million, or \$50.35 per share, diluted, compared to \$1,241 million, or \$49.39 per share, diluted, at the end of 2023. Securities decreased during the nine months as Guardian used a portion of the holdings of short-term securities to fund the payments of the tax liabilities arising from the net gains realized on last year's sale of Worldsource, to fund the closing payments on the acquisition of Sterling and Galibier, and, to a lesser extent, to fund a portion of the \$16.0 million in total share buybacks completed year-to-date. Shareholders' equity remained substantially unchanged during the nine months due to the largely offsetting effects of Net gains and net change in foreign currency translation of foreign subsidiaries recorded in other comprehensive income offset by dividends and share buybacks returned to shareholders.

In addition to its strong balance sheet, Guardian has, under various borrowing arrangements, total borrowing capacity of \$175.0 million. As at September 30, 2024, the total borrowings amounted to \$141.4 million, compared to \$136.0 million at the end of 2023. Guardian's Adjusted cash flow from operations attributable to shareholders for the current quarter was \$13.3 million, compared to \$21.0 million 2023. 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 September 30, 2024 (\$ in thousands) | Total | Payments due by period | | | |
|---|-------------------|------------------------|------------------|------------------|------------------|
| | | Within one year | 2 - 3 years | 4 - 5 years | After five years |
| Bank loans and borrowings | \$ 141,399 | \$ 141,399 | \$ -- | \$ -- | \$ -- |
| Third party investor liabilities | 106,762 | 106,762 | -- | -- | -- |
| Client deposits | 79,760 | 79,760 | -- | -- | -- |
| Accounts and income taxes payable | 129,177 | 129,177 | -- | -- | -- |
| Acquisition liabilities and due non-controlling interests | 57,554 | 15,181 | 23,825 | 18,548 | -- |
| Investment commitments | 21,257 | 21,257 | -- | -- | -- |
| Scheduled lease payments, undiscounted | 45,583 | 5,660 | 10,795 | 10,278 | 18,850 |
| Total contractual obligations | \$ 581,492 | \$ 499,196 | \$ 34,620 | \$ 28,826 | \$ 18,850 |

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 \$21.3 million in GSIP and other third-party private equity funds. Guardian will decide on 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:

| | Sep 30, 2024 | Jun 30, 2024 | Mar 31, 2024 | Dec 31, 2023 | Sep 30, 2023 | Jun 30, 2023 | Mar 31, 2023 | Dec 31, 2022 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <i>As at (\$ in millions)</i> | | | | | | | | |
| Total client assets | \$ 165,061 | \$ 58,628 | \$ 61,316 | \$ 58,774 | \$ 56,215 | \$ 56,527 | \$ 56,326 | \$ 53,303 |
| <i>For the three months ended (\$ in thousands)</i> | | | | | | | | |
| Net revenue | \$ 98,128 | \$ 64,164 | \$ 62,497 | \$ 62,245 | \$ 62,611 | \$ 61,833 | \$ 54,493 | \$ 50,681 |
| Operating earnings | 3,594 | 14,333 | 12,318 | 13,097 | 18,474 | 17,038 | 11,240 | 8,790 |
| Net gains (losses) | 39,999 | (39,161) | 12,737 | 60,747 | (17,358) | (3,736) | 18,134 | 18,225 |
| Net earnings (losses) from continuing operations | 39,069 | (22,730) | 21,441 | 68,048 | (2,270) | 11,532 | 24,852 | 25,249 |
| Net earnings from discontinued operations | -- | -- | -- | -- | -- | -- | 554,933 | 6,386 |
| Net earnings (losses) | 39,069 | (22,730) | 21,441 | 68,048 | (2,270) | 11,532 | 579,785 | 31,635 |
| Net earnings (loss) from continuing operations attributable to shareholders | 38,633 | (23,137) | 21,167 | 67,087 | (2,506) | 11,145 | 24,524 | 24,679 |
| Net earnings (loss) attributable to shareholders | 38,633 | (23,137) | 21,167 | 67,087 | (2,506) | 11,145 | 487,203 | 29,961 |
| <i>Per share amounts (in \$)</i> | | | | | | | | |
| Net earnings (loss) from continuing operations attributable to shareholders | | | | | | | | |
| Basic | \$ 1.66 | \$ (0.99) | \$ 0.90 | \$ 2.85 | \$ (0.11) | \$ 0.47 | \$ 1.04 | \$ 1.02 |
| Diluted | 1.58 | (0.99) | 0.86 | 2.68 | (0.11) | 0.45 | 1.00 | 0.96 |
| Net earnings (loss) attributable to shareholders: | | | | | | | | |
| Basic | \$ 1.66 | \$ (0.99) | \$ 0.90 | \$ 2.85 | \$ (0.11) | \$ 0.47 | \$ 20.27 | \$ 1.24 |
| Diluted | 1.58 | (0.99) | 0.86 | 2.68 | (0.11) | 0.45 | 18.79 | 1.16 |
| Dividends paid | \$ 0.37 | \$ 0.37 | \$ 0.34 | \$ 0.34 | \$ 0.34 | \$ 0.34 | \$ 0.24 | \$ 0.24 |
| <i>As at</i> | | | | | | | | |
| Shareholders' equity (\$ in millions) | \$ 1,244 | \$ 1,223 | \$ 1,255 | \$ 1,241 | \$ 1,201 | \$ 1,213 | \$ 1,242 | \$ 768 |
| <i>Per share amounts (in \$)</i> | | | | | | | | |
| Basic | \$ 53.71 | \$ 52.59 | \$ 53.69 | \$ 52.87 | \$ 50.90 | \$ 51.11 | \$ 52.42 | \$ 31.84 |
| Diluted | 50.35 | 49.34 | 50.30 | 49.39 | 47.54 | 47.63 | 48.73 | 29.43 |
| Total Class A and Common shares outstanding (shares in thousands) | 24,867 | 24,959 | 25,136 | 25,230 | 25,408 | 25,609 | 26,113 | 26,246 |

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. Starting in the second quarter of 2023, the Net revenue increased greater than expected from the change in Total Client Assets. This was due to the interest income earned on the proceeds of disposition of Worldsource businesses. Starting in the fourth quarter of 2023, expenses related to the technology platform enhancements, the consolidation of expenses incurred in GSIP which were consolidated into Guardian's results and Transitional costs associated with the acquisition of Sterling dampened the Operating earnings for the periods.

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 securities trade. The volatility of Net gains (losses) also directly affects Net earnings (losses) attributable to shareholders.

The Net earnings from discontinued operations from the second quarter of 2022 to the first quarter of 2023, includes the Net earnings from Worldsource Businesses, which were reclassified into this line as a result of Guardian's decision to sell the business. Included in the first quarter of 2023 is \$554,933 of net gains realized on the disposition of the Worldsource Businesses and its operating earnings, net of taxes for the period to closing.

The quarterly fluctuations in shareholders' equity shown above are caused largely by Guardian's Net earnings (losses), 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 Third Quarter 2024 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 Third Quarter 2024 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 September 30, 2024, Guardian held \$272 million of BMO shares (December 31, 2023 – \$292 million), which represents 23% of Guardian's securities (December 31, 2023 – 22%). 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 GSIP valued at \$113 million (December 31, 2023 - \$113 million), in an intelligent tolling and traffic systems company, and this investment represents 10% of the securities (December 31, 2023 – 9%). 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 (as a percentage of securities) | September 30 2024 | December 31 2023 | % Inc (Dec) |
|--|----------------------|---------------------|-------------|
| Bank of Montreal common shares | 23% | 22% | 5% |
| Other Canadian equity securities and real estate | 5% | 4% | 25% |
| Canadian equities and real estate | 28% | 26% | 8% |
| Non-Canadian equities | 39% | 32% | 22% |
| Short-term and Fixed income securities | 33% | 42% | -21% |
| | 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 dollars as most of the non-Canadian Total Client Assets are US dollar denominated portfolios. With the acquisition of Sterling, which closed on July 2, 2024, operating results of Guardian will be more sensitive to the fluctuations in the currency exchange rate between the Canadian dollar and the US dollar. 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 +/- \$2,274 and +/- \$755 for the respective nine-and three month periods to September 30, 2024. With the acquisition of Sterling, which closed on July 2, 2024, future operating results of Guardian will be more sensitive to the fluctuations in the currency exchange rate between the Canadian dollar and the US dollar.

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 Third Quarter 2024 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. Increased exposure to fixed-income securities resulting from the proceeds from the sale of the Worldsource Businesses being invested in these securities 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.

As remote working by Guardian employees has increased, remote access to Guardian's data centre by its employees has increased cyber security risk. Guardian has heightened its monitoring of the internal network traffic and the monitoring of developments in the latest known cyber threats to enhance security controls, where appropriate.

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

The Chief Executive Officer and the Chief Financial Officer have designed or caused the design of Guardian's Internal Controls over Financial Reporting (ICFR) and Disclosure Controls and Procedures. There have been no material weaknesses identified relating to the design of the ICFR. During the quarter ended September 30, 2024, Guardian acquired Sterling Capital Management LLC ("Sterling"), adding \$37.1 million in Net revenue in the current quarter, or 57% increase from the prior quarter. We are evaluating the effectiveness of Sterling's ICFR as we integrate Sterling's operations into Guardian and will make the necessary changes to incorporate it into Guardian's ICFR.

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 2023 Consolidated Financial Statements. The most significant of these are related to the impairment assessment of goodwill, the determination of fair value of securities classified as level 3 within the fair value hierarchy, the determination of level and nature of control Guardian can exercise over its investments and arising this quarter from the acquisitions of Sterling and Galibier, the judgement and estimates required to account for business combinations.

The valuation approach to level 3 securities which are valued by Guardian is most sensitive to the level of EBITDA associated with the issuer of the security. The valuation approach to level 3 securities, primarily private equity funds, which are not valued by the Company are to use the reported fair

value as provided by the fund's manager. Guardian obtains comfort over the fair value reported by the managers by reviewing and discussing with the managers on an annual basis the valuation process and by comparing the reported fair value against each fund's audited financial statements. Guardian tests goodwill on an annual basis for impairment and reviews goodwill and intangible assets for indications of impairment at the end of each reporting period. If indications of impairment exist, the goodwill is then assessed for impairment in that period. The valuation approach to Investment Management Segment goodwill is most sensitive to the levels of the Total Client Assets within the Segment. Management assess all significant investments to determine whether Guardian can exercise control over its investment, in which case it must consolidate the investment, or whether another method of accounting is more appropriate.

From time to time Guardian acquires businesses to complement its various organic growth strategies. Accounting for such business combinations require judgement to identify the various assets acquired and the liabilities assumed. Business combinations also require that Guardian make estimates of the fair value of the identified assets and liabilities. Guardian uses various models, assumptions and available information to determine these estimated fair values. The finalization of the accounting for business combinations could stretch over a number of reporting periods. Until then, the estimated fair values may change due to changes in assumptions and information which was not available earlier but pertain to conditions that existed at the date of acquisition, such as finalizing networking capital balances, which were initially estimated.

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, 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 and other adjustments 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 distortions caused by the impact of non-core business items, different financing methods, levels of income taxes, the amounts of net earnings available to non-controlling interests and the level of capital expenditures. The most comparable IFRS measures are "Net earnings" and "Net earnings from discontinued operations", which are 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 periods ended September 30, 2024 | Three months | | | Nine months | | |
|---|-----------------------|--------------------------------------|--------------|-----------------------|--------------------------------------|--------------|
| | Investment management | Corporate Activities and Investments | Consolidated | Investment management | Corporate Activities and Investments | Consolidated |
| (\$ in thousands) | | | | | | |
| Net earnings | \$ 3,492 | \$ 35,577 | \$ 39,069 | \$ 18,640 | \$ 19,140 | \$ 37,780 |
| Add (deduct): | | | | | | |
| Net earnings from discontinued operations | -- | -- | -- | -- | -- | -- |
| Income tax expense | 782 | 3,742 | 4,524 | 5,591 | 449 | 6,040 |
| Net (gains) losses | 140 | (40,139) | (39,999) | (1,177) | (12,398) | (13,575) |
| Stock-based compensation | 619 | 448 | 1,067 | 1,707 | 1,284 | 2,991 |
| Interest expense | 369 | 3,313 | 3,682 | 556 | 8,204 | 8,760 |
| Amortization | 5,270 | 507 | 5,777 | 10,903 | 1,503 | 12,406 |
| EBITDA | 10,672 | 3,448 | 14,120 | 36,220 | 18,182 | 54,402 |
| Less attributable to non-controlling interests in continuing operations | (713) | -- | (713) | (1,974) | -- | (1,974) |
| EBITDA attributable to shareholders | \$ 9,959 | \$ 3,448 | \$ 13,407 | \$ 34,246 | \$ 18,182 | \$ 52,428 |

| For the periods ended September 30, 2023 | Three months | | | Nine months | | |
|---|-----------------------|--------------------------------------|--------------|-----------------------|--------------------------------------|--------------|
| | Investment management | Corporate Activities and Investments | Consolidated | Investment management | Corporate Activities and Investments | Consolidated |
| (\$ in thousands) | | | | | | |
| Net earnings (loss) | \$ 10,455 | \$ (12,725) | \$ (2,270) | \$ 26,608 | \$ 7,906 | \$ 589,447 |
| Add (deduct): | | | | | | |
| Net earnings from discontinued operations | -- | -- | -- | -- | -- | (554,933) |
| Income tax expense | 3,634 | (248) | 3,386 | 7,872 | 1,406 | 9,278 |
| Net (gains) losses | (2,990) | 20,348 | 17,358 | (3,298) | 6,258 | 2,960 |
| Stock-based compensation | 474 | 401 | 875 | 1,393 | 1,319 | 2,712 |
| Interest expense | 84 | 1,834 | 1,918 | 391 | 5,566 | 5,900 |
| Amortization | 2,817 | 527 | 3,344 | 8,266 | 1,551 | 9,817 |
| EBITDA | 14,474 | 10,137 | 24,611 | 41,232 | 24,006 | 65,181 |
| Less attributable to non-controlling interests in continuing operations | (625) | -- | (625) | (2,498) | -- | (2,498) |
| EBITDA attributable to shareholders | \$ 13,849 | \$ 10,137 | \$ 23,986 | \$ 38,734 | \$ 24,006 | \$ 62,683 |

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 as Adjusted cash flow from operations less non-controlling interests. Adjusted cash flow from operations attributable to shareholders per share is calculated using the same method, which is used to determine net earnings attributable to shareholders per share, including any adjustment to the average number of shares outstanding, or to income, to calculate the dilutive effect. Adjusted cash flow from operations attributable to shareholders and the per share amount 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 Statements of Cash Flow.

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

| For the periods ended September 30, (\$ in thousands) | Three months | | Nine months | |
|---|--------------|-----------|-------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Net cash from operating activities | \$ 39,609 | \$ 29,072 | \$ 46,075 | \$ 54,141 |
| Add (deduct): | | | | |
| Net cash from operating activities, discontinued operations | -- | -- | -- | (10,087) |
| Net change in non-cash working capital items | (25,630) | (7,504) | (2,147) | 1,801 |
| Net change in non-cash working capital items, discontinued operations | -- | -- | -- | 9,713 |
| Adjusted cash flow from operations | 13,979 | 21,568 | 43,928 | 55,568 |
| Less attributable to non-controlling interests, continuing operations | (651) | (597) | (2,052) | (2,517) |
| Adjusted cash flow from operations attributable to shareholders | \$ 13,328 | \$ 20,971 | \$ 41,876 | \$ 53,051 |

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 per share

Securities 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 measure is Securities, which is disclosed in Guardian's Consolidated Balance Sheet. Securities per share is calculated by dividing Securities by the number of shares and dilutive shares outstanding as at period end.

OUTLOOK

The ongoing indications of sustained underlying economic momentum, combined with easing inflationary pressures is permitting central banks to move away from their highly restrictive policy stances. The consensus view now is that the foreseeable future will simply see more of the same. In other words, barring an exogenous shock it appears that the global economy may well end up skirting the widely and persistently forecast recession, and all of the negative fallout in markets that would come with it.

History shows that a rising short-term interest rate environment (such as seen in recent years) is the only backdrop in which short-term bonds and cash outperform, while flat-to-down rates eras have seen better performance further along the curve. With respect to longer duration bonds, yields are generally expected to remain comparably more anchored than those at the front-end of the curve reflecting the return to more "normal" market supply and demand dynamics as central banks are no longer active participants in the market and governments worldwide continue to issue debt to fund their yawning deficits.

Current consensus forecasts are for 10-year sovereign bond yields to largely hold within their recent ranges for the foreseeable future. Moving further out the risk spectrum into credit can provide additional yield, while also offering the potential for positive performance tied to improving credit fundamentals. High-grade corporate bonds appear to offer a somewhat better risk/return profile at the moment given current relative valuations and the outlook, while history shows quality credit issues have turned in the best performance against declining rates.

The baseline outlook for growth and inflation also represents a positive backdrop for equities as well, while history shows that modestly declining short-term rates tend to result in the best performance from the asset class. The question remains: how much upside remains in the market given the strong performance seen over the last two years that has pushed global stocks up by more than 40%. The last two years have seen a significant divergence in performance, with an extremely narrow subset of stocks of mega-cap US Tech-adjacent companies, with a specific bend toward leaders in artificial intelligence, accounting for a substantial share of overall gains, while other areas of the market have seen more modest returns. This has resulted in a marked gap between valuations of these mega-cap tech stocks, and the remainder of the market.

Instead, most stocks are more reasonably valued than overall gauges would otherwise imply, indicating that there are opportunities for active and selective investors, especially for those with a more global focus, while also suggesting that there is some cushion (outside of the aforementioned mega-tech stocks) in the event earnings expectations prove too optimistic.

Rather than purely being driven by investor sentiment, markets have been experiencing a fundamental thrust on the back of improving earnings momentum. With earnings momentum still tilted to the upside and global profits expected to post double-digit growth next year, led by the US and recently upgraded Emerging Markets, that suggests there is scope for further decent performance to come.

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, while investments can be made, even at the expense of short-term profitability, to organically create new opportunities over a longer time-frame, typically at a lower cost than acquiring a fully formed business. In our ongoing strategic planning process, we have 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 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 double our Investment Management Segment's fiscal 2023 operating earnings over the next five years, while increasing dividends, both in absolute terms and, while revenues grow, as a percentage of our free cash flow. 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 must remain disciplined and selective in reviewing these situations as we acquire further market intelligence of the opportunities and challenges across our industry. The acquisition of Sterling, which closed in early July, brings a new set of investment and money management capabilities, alongside a platform that will enhance our US distribution capabilities. In the immediate future, we anticipate most of our focus will be on integrating Sterling, and its capabilities, into our existing strategy, as progress is made on these initiatives, more effort is likely to be made in identifying complementary 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. We will continue to utilize our balance sheet to support growth in our operating business

segment by allocating capital to seed new strategies, to fund new acquisitions when opportunities arise and to fund buybacks of Guardian stock under our normal course issuer bid.

CONSOLIDATED BALANCE SHEETS (Unaudited)

| As at (\$ in thousands) | September 30 2024 | December 31 2023 |
|---|----------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 82,154 | \$ 72,414 |
| Interest-bearing deposits with banks | 91,502 | 66,912 |
| Accounts receivable and other | 93,448 | 55,001 |
| Income taxes receivable | 5,677 | 8,350 |
| Securities backing third party investor liabilities (note 3) | 106,762 | 59,578 |
| | 379,543 | 262,255 |
| Securities (note 4) | 1,167,839 | 1,317,530 |
| Other assets | | |
| Deferred tax assets | 3,070 | 4,015 |
| Intangible assets | 177,387 | 85,390 |
| Equipment | 36,844 | 22,184 |
| Goodwill | 72,731 | 41,626 |
| | 290,032 | 153,215 |
| Total assets | \$ 1,837,414 | \$ 1,733,000 |
| LIABILITIES | | |
| Current liabilities | | |
| Bank loans and borrowings (note 5) | \$ 141,399 | \$ 136,014 |
| Third party investor liabilities (note 3) | 106,762 | 59,578 |
| Client deposits | 79,760 | 50,071 |
| Accounts payable and accrued liabilities | 128,407 | 91,496 |
| Lease obligations | 1,918 | 1,484 |
| Income taxes payable | 770 | 73,747 |
| Acquisition liabilities and due to non-controlling interests (note 6) | 15,181 | 1,710 |
| | 474,197 | 414,100 |
| Lease obligations | 31,889 | 19,441 |
| Acquisition liabilities and due to non-controlling interests (note 6) | 42,373 | 13,047 |
| Deferred tax liabilities (note 18) | 44,560 | 43,486 |
| Total liabilities | 593,019 | 490,074 |
| EQUITY | | |
| Shareholders' equity | | |
| Capital stock (note 7a and 7b) | 16,566 | 16,826 |
| Treasury stock (note 8a) | (35,324) | (32,037) |
| Contributed surplus | 29,792 | 27,956 |
| Retained earnings | 1,208,275 | 1,214,763 |
| Accumulated other comprehensive income | 24,731 | 13,358 |
| | 1,244,040 | 1,240,866 |
| Other equity interests | 355 | 2,060 |
| Total equity | 1,244,395 | 1,242,926 |
| Total liabilities and equity | \$ 1,837,414 | \$ 1,733,000 |

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)

| For the periods ended September 30, <i>(\$ in thousands, except per share amounts)</i> | Three months | | Nine months | |
|--|---------------------|----------------|--------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue | | | | |
| Management and advisory fees, gross | \$ 88,945 | \$ 49,816 | \$ 191,719 | \$ 146,063 |
| Fees paid to referring agents and other | (3,698) | (3,370) | (10,347) | (10,074) |
| Net management and advisory fees | 85,247 | 46,446 | 181,372 | 135,989 |
| Administrative services income | 2,558 | 2,463 | 7,856 | 7,556 |
| Dividend and interest income (note 9) | 10,323 | 13,702 | 35,561 | 35,392 |
| Net revenue | 98,128 | 62,611 | 224,789 | 178,937 |
| Expenses | | | | |
| Employee compensation and benefits | 59,437 | 28,202 | 121,047 | 85,663 |
| Amortization | 5,777 | 3,344 | 12,406 | 9,817 |
| Interest | 3,682 | 1,918 | 8,760 | 5,900 |
| Other expenses (note 10) | 25,638 | 10,673 | 52,331 | 30,805 |
| | 94,534 | 44,137 | 194,544 | 132,185 |
| Operating earnings | 3,594 | 18,474 | 30,245 | 46,752 |
| Net gains (losses) (note 11) | 39,999 | (17,358) | 13,575 | (2,960) |
| Earnings before taxes | 43,593 | 1,116 | 43,820 | 43,792 |
| Income tax expense | 4,524 | 3,386 | 6,040 | 9,278 |
| Net earnings (loss) from continuing operations | 39,069 | (2,270) | 37,780 | 34,514 |
| Net earnings from discontinued operations (note 16) | -- | -- | -- | 554,933 |
| Net earnings (loss) | 39,069 | (2,270) | 37,780 | 589,447 |
| Other comprehensive income (loss) | | | | |
| Net change in foreign currency translation on foreign subsidiaries | (5,654) | 7,059 | 11,604 | 233 |
| Comprehensive income | \$ 33,415 | \$ 4,789 | \$ 49,384 | \$ 589,680 |
| Net earnings (loss) from continuing operations attributable to: | | | | |
| Shareholders | \$ 38,633 | \$ (2,506) | \$ 36,663 | \$ 33,563 |
| Non-controlling interests | 436 | 236 | 1,117 | 951 |
| | 39,069 | (2,270) | 37,780 | 34,514 |
| Per share (note 12) | | | | |
| Basic | \$ 1.66 | \$ (0.11) | \$ 1.57 | \$ 1.46 |
| Diluted | 1.58 | (0.11) | 1.49 | 1.40 |
| Net earnings (loss) attributable to: | | | | |
| Shareholders | \$ 38,633 | \$ (2,506) | \$ 36,663 | \$ 496,242 |
| Non-controlling interests | 436 | 236 | 1,117 | 93,205 |
| | 39,069 | (2,270) | 37,780 | 589,447 |
| Per share (note 12) | | | | |
| Basic | \$ 1.66 | \$ (0.11) | \$ 1.57 | \$ 20.80 |
| Diluted | 1.58 | (0.11) | 1.49 | 19.40 |
| Comprehensive income attributable to: | | | | |
| Shareholders | \$ 33,103 | \$ 4,267 | \$ 48,036 | \$ 496,458 |
| Non-controlling interests | 312 | 522 | 1,348 | 93,222 |
| | 33,415 | 4,789 | 49,384 | 589,680 |

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

| For the periods ended September 30, (\$ in thousands) | Three months | | Nine months | |
|--|---------------------|--------------|---------------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| Total equity, beginning of period | \$ 1,223,637 | \$ 1,214,112 | \$ 1,242,926 | \$ 782,859 |
| Shareholders' equity, beginning of period | 1,222,887 | 1,212,555 | 1,240,866 | 767,864 |
| Capital stock, beginning of period | 16,632 | 17,099 | 16,826 | 17,559 |
| Acquired and cancelled (note 7c) | (66) | (145) | (260) | (605) |
| Capital stock, end of period | 16,566 | 16,954 | 16,566 | 16,954 |
| Treasury stock, beginning of period | (35,324) | (33,336) | (32,037) | (35,569) |
| Acquired (note 8a) | -- | -- | (4,985) | (3,140) |
| Disposed of (note 8a) | -- | 908 | 1,698 | 6,281 |
| Treasury stock, end of period | (35,324) | (32,428) | (35,324) | (32,428) |
| Contributed surplus, beginning of period | 28,725 | 26,542 | 27,956 | 28,460 |
| Stock-based compensation expense, continuing operations | 1,067 | 875 | 2,991 | 2,712 |
| Stock-based compensation expense, discontinued operations | -- | -- | -- | 898 |
| Redemption of equity-based entitlements | -- | (336) | (1,155) | (4,989) |
| Contributed surplus, end of period | 29,792 | 27,081 | 29,792 | 27,081 |
| Retained earnings, beginning of period | 1,182,593 | 1,184,680 | 1,214,763 | 733,287 |
| Net earnings (loss) from continuing operations | 38,633 | (2,506) | 36,663 | 496,242 |
| Dividends declared and paid (note 7d) | (9,056) | (8,469) | (26,541) | (23,171) |
| Capital stock acquired and cancelled (note 7c) | (3,895) | (8,171) | (16,097) | (34,870) |
| Changes in the ownership of a subsidiary (note 19) | -- | -- | (513) | (5,954) |
| Retained earnings, end of period | 1,208,275 | 1,165,534 | 1,208,275 | 1,165,534 |
| Accumulated other comprehensive income, beginning of period | 30,261 | 17,570 | 13,358 | 24,127 |
| Other comprehensive income (loss) | (5,530) | 6,773 | 11,373 | 216 |
| Accumulated other comprehensive income, end of period | 24,731 | 24,343 | 24,731 | 24,343 |
| Shareholders' equity, end of period | 1,244,040 | 1,201,484 | 1,244,040 | 1,201,484 |
| Other equity interests, beginning of period | 750 | 1,557 | 2,060 | 14,995 |
| Non-controlling interests, beginning of period | 14,808 | 18,279 | 15,107 | 52,569 |
| Net earnings | 436 | 236 | 1,117 | 93,205 |
| Other comprehensive income (loss) | (124) | 286 | 231 | 17 |
| Dividends declared and paid | (424) | (756) | (1,476) | (9,750) |
| Disposal of subsidiary (note 16) | -- | -- | -- | (103,830) |
| Changes in the ownership of a subsidiary (note 19) | -- | -- | (283) | (14,166) |
| Non-controlling interests, end of period | 14,696 | 18,045 | 14,696 | 18,045 |
| Obligations to non-controlling interests, beginning of period | (14,058) | (16,722) | (13,047) | (37,574) |
| Changes in the ownership of a subsidiary | -- | -- | -- | 20,120 |
| Other change during period | (283) | (570) | (1,294) | 162 |
| Obligations to non-controlling interests, end of period | (14,341) | (17,292) | (14,341) | (17,292) |
| Other equity interests, end of period | 355 | 753 | 355 | 753 |
| Total equity, end of period | \$ 1,244,395 | \$ 1,202,237 | \$ 1,244,395 | \$ 1,202,237 |

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

| For the periods ended September 30, (\$ in thousands) | Three months | | Nine months | |
|--|--------------|------------|-------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Operating activities | | | | |
| Net earnings (loss) | \$ 39,069 | \$ (2,270) | \$ 37,780 | \$ 589,447 |
| Adjustments for: | | | | |
| Income taxes paid | (3,244) | (1,555) | (8,879) | (9,770) |
| Income tax refunded | 5,895 | -- | 6,172 | -- |
| Income tax expense | 4,524 | 3,386 | 6,040 | 77,527 |
| Net (gains) losses | (39,999) | 17,745 | (13,575) | (616,552) |
| Amortization of intangible assets | 4,183 | 2,553 | 9,140 | 8,947 |
| Amortization of equipment | 1,594 | 791 | 3,266 | 2,607 |
| Stock-based compensation | 1,067 | 875 | 2,991 | 3,610 |
| Other non-cash expenses | 890 | 43 | 993 | 126 |
| | 13,979 | 21,568 | 43,928 | 55,942 |
| Net change in non-cash working capital items (note 14) | 25,630 | 7,504 | 2,147 | (1,801) |
| Net cash from operating activities | 39,609 | 29,072 | 46,075 | 54,141 |
| Investing activities | | | | |
| Net (acquisition) disposition of securities | (5,782) | 62,092 | 170,559 | (539,104) |
| Net (acquisition) disposition of securities backing third party investor liabilities | (39,984) | 9,881 | (36,812) | 21,752 |
| Acquisition of intangible assets | (1,128) | (551) | (2,428) | (2,233) |
| Acquisition of equipment | (111) | (800) | (731) | (1,020) |
| Disposition of intangible assets | -- | -- | 10 | -- |
| Acquisition of subsidiaries (note 17) | (83,917) | -- | (83,917) | -- |
| Disposition of discontinued operations (note 16) | -- | -- | -- | 726,580 |
| Income tax paid on discontinued operations | -- | -- | (73,600) | -- |
| Net cash from (used in) investing activities | (130,922) | 70,622 | (26,919) | 205,975 |
| Financing activities | | | | |
| Dividends paid to shareholders | (9,056) | (8,469) | (26,541) | (23,171) |
| Dividends paid to non-controlling interests | (424) | (756) | (1,476) | (9,750) |
| Disposal of subsidiary, non-controlling interests (note 16) | -- | -- | -- | (103,830) |
| Cash from discontinued operations | -- | -- | -- | 33,138 |
| Acquisition and cancellation of capital stock | (3,881) | (8,316) | (16,037) | (35,475) |
| Acquisition of treasury stock | -- | -- | (4,985) | (3,140) |
| Disposition of treasury stock | -- | 552 | 543 | 1,272 |
| Net proceeds of bank loan and bankers' acceptances | 300 | 40,205 | 4,204 | 45,901 |
| Principal payments on lease obligations | (683) | (253) | (1,297) | (740) |
| Net subscriptions (redemptions) by third party investors | 39,984 | (9,881) | 36,812 | (21,752) |
| Changes in the ownership of a subsidiary (note 19) | -- | -- | (796) | (20,120) |
| Net cash from (used in) investing activities | 26,240 | 13,082 | (9,573) | (137,667) |
| Foreign exchange | | | | |
| Net effect of foreign exchange rate changes on cash balances | 250 | (155) | 936 | 408 |
| Net change in net cash | (64,823) | 112,621 | 10,519 | 122,857 |
| Net cash, beginning of period | 125,372 | 36,764 | 50,030 | 26,528 |
| Net cash, end of period | \$ 60,549 | \$ 149,385 | \$ 60,549 | \$ 149,385 |
| Net cash, end of period represented by: | | | | |
| Cash | | | \$ 82,154 | \$ 149,644 |
| Bank indebtedness | | | (21,605) | (259) |
| | | | \$ 60,549 | \$ 149,385 |

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, 2023. 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, 2023, which are included in the Company's 2023 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.

The 2023 Statements of Operations and Comprehensive Income were amended to reclassify certain income taxes from continuing operations to discontinued operations.

These consolidated interim financial statements were authorized for issuance by the Board of Directors of Guardian on November 7, 2024.

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

The International Accounting Standards Board recently issued 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 presentation between companies. IFRS 18 will not change the reported net earnings but it may result in significant changes to the structure of the Statement of Operations and Comprehensive Income. In addition, IFRS 18 will make management-defined performance measures, such as EBITDA, part of the audited financial statements. The Company's Management is currently evaluating the recently released standard and its potential impact on the Company.

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**(a) Classification of securities**

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

| As at | September 30 2024 | December 31 2023 |
|---|----------------------|---------------------|
| Fair value through profit or loss: | | |
| Short-term securities | \$ 342,895 | \$ 516,177 |
| Fixed-income securities | 41,500 | 37,437 |
| Bank of Montreal common shares (i) | 271,837 | 292,175 |
| Public equity securities | 317,048 | 280,572 |
| Private equity investments and real estate (ii) | 194,559 | 191,169 |
| | \$ 1,167,839 | \$ 1,317,530 |

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

(ii) The Company has made capital commitments to several private investment funds, including its own Guardian Smart Infrastructure Partners ("GSIP"), and the outstanding capital commitments for future investments are as follows:

| As at | September 30 2024 | December 31 2023 |
|------------------------|----------------------|---------------------|
| Investment commitments | \$ 21,257 | \$ 23,626 |

(b) Fair value hierarchy

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

| As at | September 30 2024 | | December 31 2023 | |
|---------|----------------------|-----------|---------------------|-----------|
| Level 1 | \$ | 645,074 | \$ | 625,393 |
| Level 2 | | 372,948 | | 545,699 |
| Level 3 | | 149,817 | | 146,438 |
| | \$ | 1,167,839 | \$ | 1,317,530 |

Level 2 securities include investments in certain investment funds and are valued using the published net asset value of each fund. During 2023 and 2024, there have been no transfers of securities between Levels.

(c) Analysis of Level 3 securities

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

| For the periods ended September 30, | Three months | | Nine months | | | | | |
|--|--------------|---------|-------------|--------|----|---------|----|--------|
| | 2024 | 2023 | 2024 | 2023 | | | | |
| Securities categorized as Level 3, beginning of period | \$ | 148,796 | \$ | 32,997 | \$ | 146,438 | \$ | 33,463 |
| Increase (decrease) in fair value | | 255 | | 1,669 | | 2,472 | | (95) |
| Additions | | 741 | | 833 | | 875 | | 2,227 |
| Disposals | | -- | | -- | | -- | | -- |
| Foreign exchange translation adjustments | | 25 | | 88 | | 32 | | (8) |
| | \$ | 149,817 | \$ | 35,587 | \$ | 149,817 | \$ | 35,587 |

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

| As at | September 30 2024 | | December 31 2023 | |
|---|----------------------|---------|---------------------|---------|
| Smart infrastructure partnerships - intelligent traffic systems company | \$ | 112,869 | \$ | 112,512 |
| Private equity funds | | 33,394 | | 30,108 |
| Other | | 3,554 | | 3,818 |
| | \$ | 149,817 | \$ | 146,438 |

The Company's investment in level 3 securities are valued as follows: investments though the smart infrastructure partnerships are valued at fair value and 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 | September 30 2024 | | December 31 2023 | |
|---|----------------------|---------|---------------------|---------|
| General corporate borrowings (i): | | | | |
| Bank indebtedness | \$ | 21,366 | \$ | 22,215 |
| Short-term US dollar | | 83,894 | | 80,830 |
| Employee profit sharing plan borrowings (ii): | | | | |
| Bank indebtedness | | 239 | | 169 |
| Short-term Canadian dollar | | 35,900 | | 32,800 |
| | \$ | 141,399 | \$ | 136,014 |

- i) The Company maintains two short-term revolving credit facilities for general corporate purposes with a total borrowing capacity of \$130,000 (December 31, 2023 - \$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 \$27,828 as at September 30, 2024 (December 31, 2023 - \$18,239). The terms of these facilities require that the Company maintain certain financial ratios and the Company is in compliance with these requirements.
- ii) 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, 2023 - \$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. 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. ACQUISITION LIABILITIES AND DUE TO NON-CONTROLLING INTERESTS

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

| As at | September 30 2024 | December 31 2023 |
|---|----------------------|---------------------|
| Current: | | |
| Acquisition related (i) | \$ 15,181 | \$ 1,710 |
| Non-current: | | |
| Acquisition related (i) | 28,031 | -- |
| Obligations to non-controlling interests (ii) | 14,342 | 13,047 |
| | 42,373 | 13,047 |
| | \$ 57,554 | \$ 14,757 |

- i) These are deferred amounts owed by the Company relating to completed acquisitions. Subsequent to September 30, 2024, \$13,134 of the balance was paid to a vendor.
- 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 Company 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.

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 September 30, | 2024 Shares | Amount | 2023 Shares | Amount |
|--|----------------|------------------|----------------|-----------|
| Class A shares | | | | |
| Outstanding, beginning of period | 22,221 | \$ 15,971 | 22,871 | \$ 16,438 |
| Acquired and cancelled | (92) | (66) | (201) | (145) |
| Converted from Common | -- | -- | -- | -- |
| Outstanding, end of period | 22,129 | 15,905 | 22,670 | 16,293 |
| 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 | 24,867 | \$ 16,566 | 25,408 | \$ 16,954 |

| For the nine months ended September 30, | 2024 Shares | Amount | 2023 Shares | Amount |
|---|----------------|------------------|----------------|-----------|
| Class A shares | | | | |
| Outstanding, beginning of period | 22,492 | \$ 16,165 | 23,498 | \$ 16,895 |
| Acquired and cancelled | (363) | (260) | (839) | (605) |
| Converted from Common | -- | -- | 11 | 3 |
| Outstanding, end of period | 22,129 | 15,905 | 22,670 | 16,293 |
| Common shares | | | | |
| Outstanding, beginning of period | 2,738 | 661 | 2,749 | 664 |
| Converted into Class A | -- | -- | (11) | (3) |
| Outstanding, end of period | 2,738 | 661 | 2,738 | 661 |
| Total outstanding, end of period | 24,867 | \$ 16,566 | 25,408 | \$ 16,954 |

(c) Issuer bid

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

| For the periods ended September 30, | Three months | | Nine months | |
|---|--------------|----------|-------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Shares purchased and cancelled | | | | |
| Class A | 92 | 201 | 363 | 839 |
| Consideration paid and provision for capital taxes | \$ 3,961 | \$ 8,316 | \$ 16,357 | \$ 35,475 |
| Less: average issue price, charged to share capital | 66 | 145 | 260 | 605 |
| Excess consideration charged to retained earnings | \$ 3,895 | \$ 8,171 | \$ 16,097 | \$ 34,870 |

A summary of the current NCIB, which commenced on December 19, 2023 and expires on December 18, 2024, is as follows:

| For the period from December 19, 2023 to September 30, 2024 | Common shares | Class A shares |
|---|---------------|----------------|
| Authorized limit available | 137 | 1,545 |
| Purchased by the Employee Profit Sharing Plan Trust | -- | (101) |
| Purchased and cancelled | -- | (362) |
| Remaining limit available | 137 | 1,082 |

(d) Dividends

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

| For the periods ended September 30, | Three months | | Nine months | |
|--|--------------|---------|-------------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| Dividends declared and paid, per share | \$ 0.37 | \$ 0.34 | \$ 1.08 | \$ 0.92 |

The Company has also declared dividends of \$0.37 per share payable on each of October 18, 2024 and January 17, 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 September 30, | 2024 | | 2023 | |
|--|--------|-----------|--------|-----------|
| | Shares | Amount | Shares | Amount |
| Balance, beginning of period | 1,704 | \$ 35,324 | 1,886 | \$ 33,336 |
| Acquired | -- | -- | -- | -- |
| Disposed | -- | -- | (87) | (908) |
| Balance, end of period | 1,704 | \$ 35,324 | 1,799 | \$ 32,428 |

| For the nine months ended September 30, | 2024 | | 2023 | |
|---|--------|-----------|--------|-----------|
| | Shares | Amount | Shares | Amount |
| Balance, beginning of period | 1,758 | \$ 32,037 | 2,131 | \$ 35,569 |
| Acquired | 101 | 4,985 | 78 | 3,140 |
| Disposed | (155) | (1,698) | (410) | (6,281) |
| Balance, end of period | 1,704 | \$ 35,324 | 1,799 | \$ 32,428 |

As at September 30, 2024, the treasury stock was composed of 30 common shares (December 31, 2023 – 30) and 1,674 class A shares (December 31, 2023 – 1,728).

(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 periods ended September 30, | Three months | | Nine months | |
|--|--------------|-------|-------------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| Equity-based entitlements, beginning of period | 1,221 | 1,251 | 1,221 | 1,423 |
| Provided | -- | -- | 102 | 78 |
| Exercised | -- | (28) | (102) | (277) |
| Forfeited | -- | -- | -- | (1) |
| Equity-based entitlements, end of period | 1,221 | 1,223 | 1,221 | 1,223 |

During the nine-month period ended September 30, 2024, the equity-based entitlements provided had a fair value of \$5,005 (2023 - \$3,140), no awards were issued during the current quarter.

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 September 30, | 2024 | | 2023 | |
|---|--------|---|--------|---|
| | Shares | Weighted average exercise price per share | Shares | Weighted average exercise price per share |
| Option-like entitlements, beginning of period | 483 | \$ 10.50 | 634 | \$ 10.25 |
| Exercised | -- | -- | (59) | 9.71 |
| Option-like entitlements, end of period | 483 | \$ 10.35 | 575 | \$ 10.31 |

| For the nine months ended September 30, | 2024 | | 2023 | |
|---|--------|---|--------|---|
| | Shares | Weighted average exercise price per share | Shares | Weighted average exercise price per share |
| Option-like entitlements, beginning of period | 536 | \$ 10.35 | 708 | \$ 10.20 |
| Exercised | (53) | 10.34 | (133) | 9.72 |
| Option-like entitlements, end of period | 483 | \$ 10.35 | 575 | \$ 10.31 |

No option-like entitlements were provided in 2024 or 2023.

9. DIVIDEND AND INTEREST INCOME

Dividend and interest income is composed of the following:

| For the periods ended September 30, | Three months | | Nine months | |
|--------------------------------------|--------------|-----------|-------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Dividends on Bank of Montreal shares | \$ 3,457 | \$ 3,278 | \$ 10,191 | \$ 9,656 |
| Other dividends | 2,161 | 1,980 | 7,233 | 6,462 |
| Dividend income | 5,618 | 5,258 | 17,424 | 16,118 |
| Interest income | 4,705 | 8,444 | 18,137 | 19,274 |
| | \$ 10,323 | \$ 13,702 | \$ 35,561 | \$ 35,392 |

10. OTHER EXPENSES

Other expenses are composed of the following:

| For the periods ended September 30, | Three months | | Nine months | |
|--------------------------------------|--------------|-----------|-------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Information and technology services | \$ 12,346 | \$ 4,570 | \$ 24,366 | \$ 12,807 |
| Professional and outsourced services | 8,920 | 2,945 | 16,048 | 8,804 |
| Marketing and travel | 1,718 | 1,115 | 4,945 | 3,335 |
| Registrations, facilities and other | 2,654 | 2,043 | 6,972 | 5,859 |
| | \$ 25,638 | \$ 10,673 | \$ 52,331 | \$ 30,805 |

11. NET GAINS (LOSSES)

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

| For the periods ended September 30, | Three months | | Nine months | |
|-------------------------------------|--------------|-------------|-------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Bank of Montreal common shares | \$ 16,368 | \$ (11,262) | \$ (20,338) | \$ (17,617) |
| Other securities | 22,860 | (7,045) | 35,128 | 14,092 |
| Securities (i) | 39,228 | (18,307) | 14,790 | (3,525) |
| Intangible assets | -- | (141) | 10 | (243) |
| Lease liabilities | -- | -- | -- | 649 |
| Foreign exchange (ii) | 771 | 1,090 | (1,225) | 159 |
| | \$ 39,999 | \$ (17,358) | \$ 13,575 | \$ (2,960) |

- (i) Net gains (losses) recorded on securities are a result of net changes in fair value of securities, securities backing third party investor liabilities, and the third party investor liabilities.
- (ii) Net gains (losses) recorded on foreign exchange arise from monetary assets and liabilities denominated in currencies, which are different from the functional currency of Guardian or its subsidiaries.

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 periods ended September 30, | Three months | | Nine months | |
|--|--------------|------------|-------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Weighted average number of Class A and common shares outstanding: | | | | |
| Basic | 23,205 | 23,628 | 23,316 | 23,859 |
| Effects of outstanding entitlements from stock-based compensation plans | 1,539 | -- | 1,561 | 1,775 |
| Diluted | 24,744 | 23,628 | 24,877 | 25,634 |
| Net earnings (loss) from continuing operations attributable to shareholders: | | | | |
| Basic | \$ 38,633 | \$ (2,506) | \$ 36,663 | \$ 33,563 |
| Effects of outstanding entitlements from stock-based compensation plans | 419 | -- | 297 | 1,175 |
| Diluted | \$ 39,052 | \$ (2,506) | \$ 36,960 | \$ 34,738 |
| Net earnings (loss) attributable to shareholders: | | | | |
| Basic | \$ 38,633 | \$ (2,506) | \$ 36,663 | \$ 496,242 |
| Effects of outstanding entitlements from stock-based compensation plans | 419 | -- | 297 | 1,175 |
| Diluted | \$ 39,052 | \$ (2,506) | \$ 36,960 | \$ 497,417 |

13. BUSINESS SEGMENTS

The Company operates through two segments: a) Investment Management, which primarily involves earning management fees relating to investment management services provided to clients; and b) 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 includes 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 September 30, | Investment Management | | Corporate Activities and Investments | | Inter-Segment Transactions | | Consolidated | |
|--|-----------------------|------------------|--------------------------------------|--------------------|----------------------------|--------------|------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenue | | | | | | | | |
| Management and advisory fees | \$ 89,200 | \$ 50,343 | \$ -- | \$ -- | \$ (255) | \$ (527) | \$ 88,945 | \$ 49,816 |
| Fees paid to referring agents | (3,698) | (3,370) | -- | -- | -- | -- | (3,698) | (3,370) |
| Net management and advisory fees | 85,502 | 46,973 | -- | -- | (255) | (527) | 85,247 | 46,446 |
| Administrative services income | 2,299 | 2,083 | 261 | 380 | (2) | -- | 2,558 | 2,463 |
| Dividend and interest income | 479 | 447 | 9,737 | 13,008 | 107 | 247 | 10,323 | 13,702 |
| Net revenue | 88,280 | 49,503 | 9,998 | 13,388 | (150) | (280) | 98,128 | 62,611 |
| Expenses | | | | | | | | |
| Employee comp. & benefits | 55,478 | 25,589 | 3,959 | 2,613 | -- | -- | 59,437 | 28,202 |
| Amortization | 5,270 | 2,817 | 507 | 527 | -- | -- | 5,777 | 3,344 |
| Interest | 369 | 84 | 3,313 | 1,834 | -- | -- | 3,682 | 1,918 |
| Other expenses | 22,749 | 9,914 | 3,039 | 1,039 | (150) | (280) | 25,638 | 10,673 |
| | 83,866 | 38,404 | 10,818 | 6,013 | (150) | (280) | 94,534 | 44,137 |
| Operating earnings | 4,414 | 11,099 | (820) | 7,375 | -- | -- | 3,594 | 18,474 |
| Net gains (losses) | (140) | 2,990 | 40,139 | (20,348) | -- | -- | 39,999 | (17,358) |
| Net earnings (loss) before income taxes | 4,274 | 14,089 | 39,319 | (12,973) | -- | -- | 43,593 | 1,116 |
| Income tax expense (recovery) | 782 | 3,634 | 3,742 | (248) | -- | -- | 4,524 | 3,386 |
| Net earnings (loss) from continuing operations | 3,492 | 10,455 | 35,577 | (12,725) | -- | -- | 39,069 | (2,270) |
| Net earnings from discontinued operations | -- | -- | -- | -- | -- | -- | -- | -- |
| Net earnings (loss) | \$ 3,492 | \$ 10,455 | \$ 35,577 | \$ (12,725) | \$ -- | \$ -- | \$ 39,069 | \$ (2,270) |
| Net earnings (loss) attributable to: | | | | | | | | |
| Shareholders | \$ 3,056 | \$ 10,219 | \$ 35,577 | \$ (12,725) | \$ -- | \$ -- | \$ 38,633 | \$ (2,506) |
| Non-controlling interests | 436 | 236 | -- | -- | -- | -- | 436 | 236 |
| | \$ 3,492 | \$ 10,455 | \$ 35,577 | \$ (12,725) | \$ -- | \$ -- | \$ 39,069 | \$ (2,270) |
| Additions to segment assets: | | | | | | | | |
| Intangible assets | \$ 98,668 | \$ 834 | \$ 663 | \$ -- | \$ -- | \$ -- | \$ 99,331 | \$ 834 |
| Equipment | 16,406 | 1,037 | 711 | 119 | -- | -- | 17,117 | 1,156 |
| Goodwill | 30,699 | -- | -- | -- | -- | -- | 30,699 | -- |

| For the nine months ended September 30, | Investment Management | | Discontinued Operations | | Corporate Activities and Investments | | Inter-Segment Transactions | | Consolidated | |
|--|--------------------------|------------------|----------------------------|-------------------|---|-----------------|-------------------------------|--------------|------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenue | | | | | | | | | | |
| Management and advisory fees | \$ 193,075 | \$ 147,509 | \$ -- | \$ -- | \$ -- | \$ -- | \$ (1,356) | \$ (1,446) | \$ 191,719 | \$ 146,063 |
| Fees paid to referring agents | (10,347) | (10,074) | -- | -- | -- | -- | -- | -- | (10,347) | (10,074) |
| Net management and advisory fees | 182,728 | 137,435 | -- | -- | -- | -- | (1,356) | (1,446) | 181,372 | 135,989 |
| Administrative services income | 6,875 | 6,435 | -- | -- | 981 | 1,121 | -- | -- | 7,856 | 7,556 |
| Dividend and interest income | 1,451 | 1,168 | -- | -- | 33,509 | 33,649 | 601 | 575 | 35,561 | 35,392 |
| Net revenue | 191,054 | 145,038 | -- | -- | 34,490 | 34,770 | (755) | (871) | 224,789 | 178,937 |
| Expenses | | | | | | | | | | |
| Employee comp. & benefits | 110,051 | 76,847 | -- | -- | 10,996 | 8,816 | -- | -- | 121,047 | 85,663 |
| Amortization | 10,903 | 8,266 | -- | -- | 1,503 | 1,551 | -- | -- | 12,406 | 9,817 |
| Interest | 556 | 391 | -- | -- | 8,204 | 5,566 | -- | (57) | 8,760 | 5,900 |
| Other expenses | 46,490 | 28,352 | -- | -- | 6,596 | 3,267 | (755) | (814) | 52,331 | 30,805 |
| | 168,000 | 113,856 | -- | -- | 27,299 | 19,200 | (755) | (871) | 194,544 | 132,185 |
| Operating earnings | 23,054 | 31,182 | -- | -- | 7,191 | 15,570 | -- | -- | 30,245 | 46,752 |
| Net gains (losses) | 1,177 | 3,298 | -- | -- | 12,398 | (6,258) | -- | -- | 13,575 | (2,960) |
| Net earnings (loss) before income taxes | 24,231 | 34,480 | -- | -- | 19,589 | 9,312 | -- | -- | 43,820 | 43,792 |
| Income tax expense | 5,591 | 7,872 | -- | -- | 449 | 1,406 | -- | -- | 6,040 | 9,278 |
| Net earnings from continuing operations | 18,640 | 26,608 | -- | -- | 19,140 | 7,906 | -- | -- | 37,780 | 34,514 |
| Net earnings from discontinued operations | -- | -- | -- | 554,933 | -- | -- | -- | -- | -- | 554,933 |
| Net earnings | \$ 18,640 | \$ 26,608 | \$ -- | \$ 554,933 | \$ 19,140 | \$ 7,906 | \$ -- | \$ -- | \$ 37,780 | \$ 589,447 |
| Net earnings attributable to: | | | | | | | | | | |
| Shareholders | \$ 17,523 | \$ 25,657 | \$ -- | \$ 462,679 | \$ 19,140 | \$ 7,906 | \$ -- | \$ -- | \$ 36,663 | \$ 496,242 |
| Non-controlling interests | 1,117 | 951 | -- | 92,254 | -- | -- | -- | -- | 1,117 | 93,205 |
| | \$ 18,640 | \$ 26,608 | \$ -- | \$ 554,933 | \$ 19,140 | \$ 7,906 | \$ -- | \$ -- | \$ 37,780 | \$ 589,447 |
| Additions to segment assets | | | | | | | | | | |
| Intangible assets | \$ 99,956 | \$ 1,034 | \$ -- | \$ -- | \$ 675 | \$ -- | \$ -- | \$ -- | \$ 100,631 | \$ 1,034 |
| Equipment | 17,051 | 1,429 | -- | -- | 913 | 168 | -- | -- | 17,964 | 1,597 |
| Goodwill | 30,699 | -- | -- | -- | -- | -- | -- | -- | 30,699 | -- |
| As at September 30, 2024 and December 31, 2023 | | | | | | | | | | |
| | Investment Management | | Discontinued Operations | | Corporate Activities and Investments | | Inter-Segment Transactions | | Consolidated | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Segment assets and liabilities: | | | | | | | | | | |
| Assets | \$ 551,870 | \$ 326,225 | \$ -- | \$ -- | \$ 1,299,279 | \$ 1,427,831 | \$ (13,735) | \$ (21,056) | \$ 1,837,414 | \$ 1,733,000 |
| Liabilities | \$ 239,188 | \$ 155,494 | \$ -- | \$ -- | \$ 367,566 | \$ 355,636 | \$ (13,735) | \$ (21,056) | \$ 593,019 | \$ 490,074 |

(b) Geographic segments

The Company's business units operate in various geographic regions. The Company attributes revenues generated by a business unit to the geographic region based on where that business unit resides. The following tables disclose certain information about the Company's operations by geography:

| | Canada | | United Kingdom | | USA and other | | Consolidated | |
|--|------------|------------|----------------|-----------|---------------|-----------|--------------|------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| For the three months ended September 30, | | | | | | | | |
| Net revenue from external parties | \$ 36,415 | \$ 38,510 | \$ 13,932 | \$ 14,789 | \$ 47,781 | \$ 9,312 | \$ 98,128 | \$ 62,611 |
| For the nine months ended September 30, | | | | | | | | |
| Net revenue from external parties | \$ 111,602 | \$ 110,571 | \$ 44,429 | \$ 41,026 | \$ 68,758 | \$ 27,340 | \$ 224,789 | \$ 178,937 |
| As at September 30, 2024 and December 31, 2023 | | | | | | | | |
| Non-current assets: | | | | | | | | |
| Intangible assets | \$ 23,219 | \$ 23,417 | \$ 2,358 | \$ 2,365 | \$ 166,859 | \$ 59,608 | \$ 192,436 | \$ 85,390 |
| Equipment | 17,991 | 18,748 | 368 | 602 | 18,054 | 2,834 | 36,413 | 22,184 |
| Goodwill | 12,010 | 11,134 | 34,579 | 813 | 63,850 | 29,679 | 110,439 | 41,626 |

14. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

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

| For the periods ended September 30, | Three months | | Nine months | |
|--|--------------|----------|-------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Decrease (increase) in non-cash working capital assets: | | | | |
| Interest-bearing deposits with banks | \$ 26,530 | \$ 2,686 | \$ (22,812) | \$ (16,775) |
| Accounts receivable and other | 607 | (2,367) | (9,083) | (3,198) |
| Receivables from clients and broker | -- | -- | -- | 28,524 |
| Increase (decrease) in non-cash working capital liabilities: | | | | |
| Client deposits | (54,899) | (5,179) | 207 | 7,717 |
| Accounts payable and accrued liabilities | 53,392 | 12,364 | 33,835 | 6,944 |
| Payable to clients | -- | -- | -- | (25,013) |
| | \$ 25,630 | \$ 7,504 | \$ 2,147 | \$ (1,801) |

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 | September 30 2024 | December 31 2023 |
|---|----------------------|---------------------|
| Bank of Montreal common shares | \$ 271,837 | \$ 292,175 |
| Smart infrastructure partnerships - intelligent traffic systems company | 112,869 | 112,512 |
| | \$ 384,706 | \$ 404,687 |

The investment in the Bank of Montreal shares represents 23% (December 31, 2023 – 22%) 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 \$27,184 (December 31, 2023 - \$29,218) being recorded in net gains (losses).

The investment in GSIP represents 10% (December 31, 2023 – 9%) of the Company's securities. GSIP's underlying investment is a 70% interest in a leading supplier of intelligent tolling and traffic management systems solutions. The Company jointly controls this investment, has representation on its board and actively monitors its operations. In addition, the Company is actively marketing GSIP to prospective third-party investors to reduce its holdings. A change in the price of the investment by 10% would result in gain or loss of \$11,287 (December 31, 2023 - \$11,251) 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 September 30, 2024 | | |
| Canada | \$ 54,166 | ±\$ 5,417 |
| Emerging markets | 81,055 | 8,106 |
| Developed markets | 263,517 | 26,351 |
| | \$ 398,738 | ±\$ 39,874 |
| As at December 31, 2023 | | |
| Canada | \$ 52,316 | ±\$ 5,232 |
| Emerging markets | 68,400 | 6,840 |
| Developed markets | 238,513 | 23,851 |
| | \$ 359,229 | ±\$ 35,923 |

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.

ii) 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 | September 30 2024 | December 31 2023 |
|---------------------------|----------------------|---------------------|
| USD currency exposure: | | |
| Assets: | | |
| Short-term securities | \$ 12,958 | \$ 16,551 |
| Liabilities: | | |
| Bank loans and borrowings | 83,894 | 80,830 |
| Net USD liability | \$ (70,936) | \$ (64,279) |

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 +/- \$7,094 (December 31, 2023 – +/- \$6,428) 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 +/- \$2,273 and +/- \$755 for the respective nine and three month periods to September 30, 2024.

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 | September 30 2024 | December 31 2023 |
|--------------------------------------|----------------------|---------------------|
| Interest rate sensitive assets: | | |
| Interest-bearing deposits with banks | \$ 91,502 | \$ 66,912 |
| Short term securities | 342,895 | 516,177 |
| Fixed-income securities | 41,500 | 37,437 |
| | \$ 475,897 | \$ 620,526 |
| Interest rate sensitive liabilities: | | |
| Bank loans and borrowings | \$ 141,399 | \$ 136,014 |
| Client deposits | 79,760 | 50,071 |
| | \$ 221,159 | \$ 186,085 |

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 | September 30 2024 | December 31 2023 |
|--------------------------------------|----------------------|---------------------|
| Cash | \$ 82,154 | \$ 72,414 |
| Interest-bearing deposits with banks | 91,502 | 66,912 |
| Accounts receivable and other | 93,448 | 55,001 |
| Short-term securities | 342,895 | 516,177 |
| Fixed-income securities | 41,500 | 37,437 |
| | \$ 651,499 | \$ 747,941 |

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.

16. DISCONTINUED OPERATIONS

The summarized operating results of the Worldsource Businesses which were sold on March 1, 2023 and whose results were included in the Company's Consolidated Statement of Operations as Net earnings from discontinued operations up to the date of sale are as follows:

| For the nine months ended September 30, | 2024 | 2023 |
|--|-------|------------|
| Operating activities | | |
| Net revenue | \$ -- | \$ 17,615 |
| Expenses | -- | 14,333 |
| Operating earnings | -- | 3,282 |
| Net gains | -- | 387 |
| Income tax expense | -- | 803 |
| | -- | 2,866 |
| Gain on disposition | -- | 619,511 |
| Income tax expense | -- | 67,444 |
| | -- | 552,067 |
| Net earnings from discontinued operations | \$ -- | \$ 554,933 |
| Net earnings from discontinued operations attributable to: | | |
| Shareholders | \$ -- | \$ 462,679 |
| Non-controlling interests | -- | 92,254 |
| | -- | 554,933 |
| Per share (note 12): | | |
| Basic | \$ -- | \$ 19.23 |
| Diluted | -- | 17.80 |

17. ACQUISITIONS

(a) Sterling Capital Management LLC

On July 2, 2024, the Company acquired 100% interest in Sterling Capital Management LLC ("Sterling") from Truist Financial Corporation ("Truist"). Headquartered in Charlotte, North Carolina, Sterling has approximately US\$76,876,000 (C\$103,856,000) in Total Client Assets. Sterling invests on behalf of a broad range of institutional and individual investors through separate accounts, model portfolios, and commingled vehicles, including mutual funds. The addition of Sterling enhances the Company's overall product offering diversification, scale as a global asset manager and provides a US platform for future growth. Sterling's management and key employees have been retained and are continuing their employment with Sterling.

The financial terms of the transaction include a payment on closing of US\$68,904, subject to customary purchase price adjustments, and earn-out payments payable between the third and fifth year after closing to a maximum of US \$45,000, dependent on the level of revenue earned from Truist over that period. The provisional accounting for this transaction is as follows:

| For the three and nine months ended September 30, | 2024 |
|---|------------|
| Fair value of consideration | |
| Cash | \$ 94,377 |
| Present value of earn-out payments | 24,697 |
| Payable pending finalization of the closing adjustments | 13,134 |
| | \$ 132,208 |
| Fair value of identifiable net assets acquired | |
| Cash | \$ 11,291 |
| Non-cash working capital | 151 |
| Lease and other assets | 16,432 |
| Intangible assets | 87,896 |
| Lease liabilities | (14,296) |
| | 101,474 |
| Goodwill | 30,734 |
| | \$ 132,208 |

The Company incurred and expensed to September 30, 2024 approximately \$8,969 of costs to execute this transaction.

The Company is still in the process of finalizing the valuation of the revenue earn-out payments, intangible assets and goodwill. Subsequent to September 30, 2024 the Company finalized the closing adjustments and paid Truist as presented in the above table. The intangible assets relate to

existing investment management contracts that Sterling has with clients and the goodwill relates to the retention of Sterling's senior leadership team, access to established distribution, contacts in key markets, addition of new products and other potential synergies. The Company expects the majority of the goodwill to be deductible for income tax purposes.

Sterling's contributions to the Company's operating results since acquisition are as follows:

| For the three months ended September 30, | 2024 |
|---|-----------|
| Net revenue | \$ 37,074 |
| Net loss and comprehensive loss | (2,700) |
| Net loss and comprehensive loss, attributable to shareholders | (2,700) |

Included in the above results are one-time transaction and ongoing initial business integration efforts costs that have been incurred by Sterling. These expenditures include transaction success fees, legal and tax advisory fees retention incentives for key employees, and technology and other business integration costs.

(b) Galibier Capital Management Ltd.

On September 3, 2024, the Company acquired 100% of Galibier Capital Management Ltd. ("Galibier"), an independent Toronto-based investment management firm. The acquisition will enhance the Company's Canadian equity investment management capabilities and is expected to add approximately \$1,125,000 in Total Client Assets.

The provisional accounting for this transaction is as follows:

| For the three and nine months ended September 30, | 2024 |
|---|----------|
| Fair value of consideration | |
| Cash | \$ 3,604 |
| Present value of earn-out payments | 5,053 |
| | \$ 8,657 |
| Fair value of identifiable net assets acquired | |
| Cash | \$ 565 |
| Other working net working capital | 539 |
| Other assets | 136 |
| Intangible assets | 10,306 |
| Other liabilities | (158) |
| Deferred taxes | (2,731) |
| | \$ 8,657 |

The Company is still in the process of finalizing the valuation of the earn-out payments and intangible assets. The earn-out payments are payable on the first and fifth years after closing and are dependent on the level of client assets on those dates and limited to a maximum of \$7,500. The intangible assets relate to existing investment management contracts that Galibier has with clients.

Galibier's contributions to the Company's operating results since acquisition are as follows:

| For the three months ended September 30, | 2024 |
|---|--------|
| Net revenue | \$ 331 |
| Net earnings and comprehensive income | 2 |
| Net earnings and comprehensive income, attributable to shareholders | 2 |

(c) Pro-forma information on acquisitions

If the acquisition date for each of the Company's acquisition had been January 1 of the year in which the acquisition had happened rather than the actual date then the Company estimates that certain of its reported results would have been as follows:

| For the nine months ended September 30, | 2024 |
|---|------------|
| Net revenue | \$ 273,905 |
| Net earnings and comprehensive income, attributable to shareholders | 52,989 |

(d) Cash used for (acquired in) acquisitions

An analysis of the cash used for (acquired in) acquisitions is as follows:

| For the three and nine months ended September 30, | 2024 | 2023 |
|---|-----------|-------|
| Sterling | \$ 94,377 | \$ -- |
| Galibier | 3,604 | -- |
| Less cash acquired in acquisitions | (11,856) | -- |
| | \$ 86,125 | \$ -- |

18. DEFERRED TAX LIABILITIES

On April 16, 2024, it was announced in the initial reading of Canadian federal budget that the capital gains inclusion rate for corporations would increase from 1/2 to 2/3 for capital gains realized on or after June 25, 2024. The impact of this announcement on the Company is that, once enacted, it will increase the taxes payable on net gains realized in the future on sale of its assets in Canada, such as the shares of the Bank of Montreal. The Company will also be required to recognize this future tax liability on its financial statements by increasing its deferred tax liabilities associated with unrealized net gains on the Securities held in Canada. The Company will recognize this increase in deferred tax liabilities when the applicable legislation passes third

reading and becomes substantively enacted. The additional amount to be recognized will be largely dependent upon the unrealized gains at that time. However, if the legislation had been substantially enacted on September 30, 2024, then the Company estimates it would have recognized additional deferred tax liabilities of approximately \$13,697.

19. CHANGES IN OWNERSHIP OF SUBSIDIARIES

The Company's transactions with non-controlling interests which resulted in a change in the Company's ownership level of a subsidiary are as follows:

| For the periods ended September 30, | Three months | | Nine months | |
|--|--------------|-------|-------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Consideration paid to non-controlling interests | \$ -- | \$ -- | \$ 796 | \$ 20,120 |
| Less: Carrying value of non-controlling interest in subsidiaries | -- | -- | (283) | (14,166) |
| Excess consideration charged to retained earnings | \$ -- | \$ -- | \$ 513 | \$ 5,954 |

During second quarter of 2024, the Company increased its ownership in Modern Advisor Canada Inc. to 92% as the Company purchased shares from certain of the non-controlling interests.

During second quarter of 2023, the Company increased its ownership in Alta Capital Management LLC to 94% by purchasing from the non-controlling interests a 24% interest in Alta. On October 3, 2023, the Company acquired the remaining 6% interest in Alta that it did not previously own.



Our history. Your future.

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