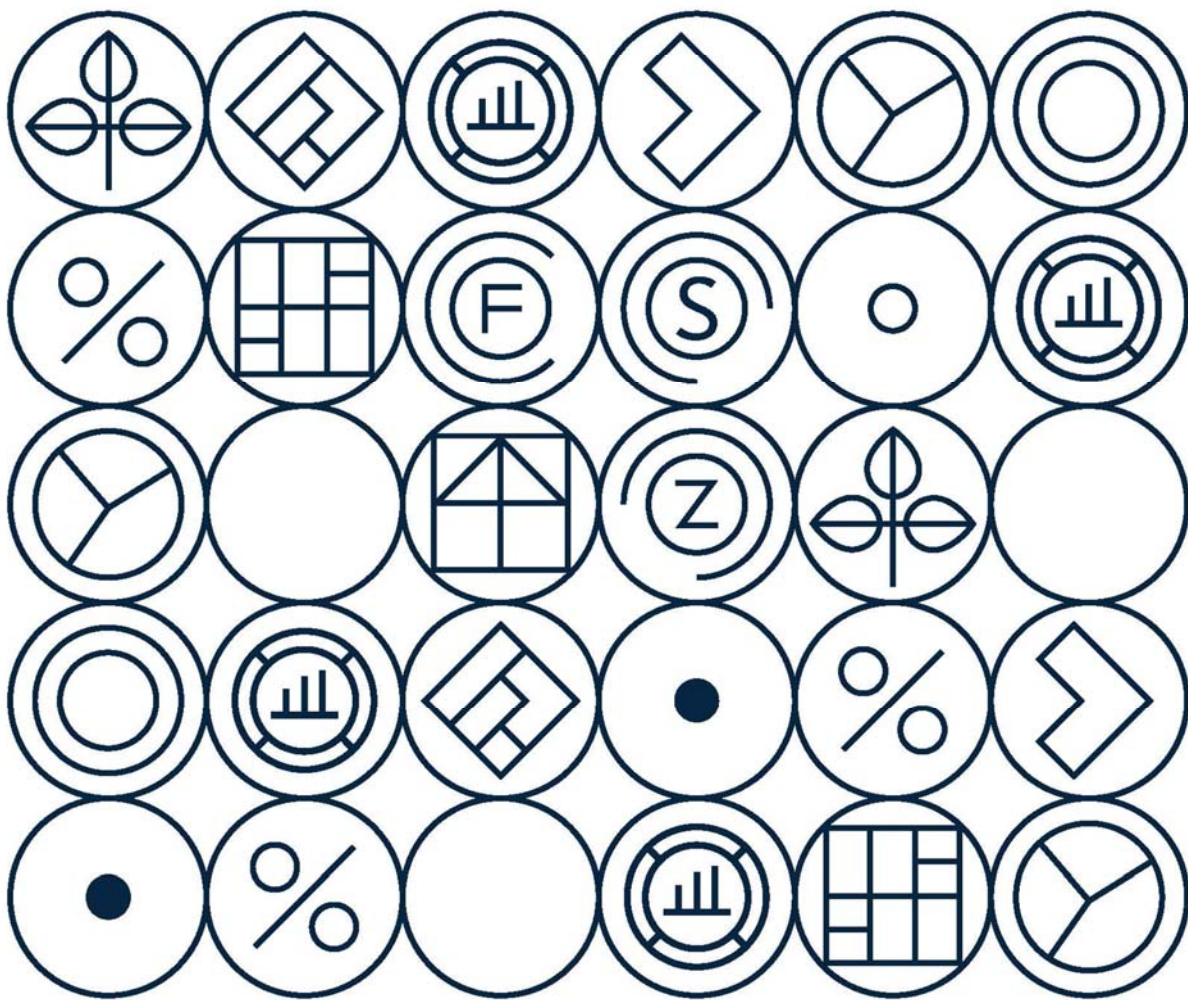




# Fiera Capital Corporation

## Interim Condensed Consolidated Financial statements

For the Three-Month Periods ended March 31, 2020 and 2019  
(Unaudited)



# Fiera Capital Corporation

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# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Earnings (Loss)

For the three-month period ended March 31,  
(Unaudited)

(In thousands of Canadian dollars, except per share data)

	Three-month periods	
	2020	2019
	\$	\$
<b>Revenues</b>		
Base management fees	154,824	129,093
Performance fees	3,251	1,607
Share of earnings (loss) in joint ventures and associates	(249)	–
Other revenues	3,831	12,085
	<b>161,657</b>	<b>142,785</b>
<b>Expenses</b>		
Selling, general and administrative expenses	116,631	109,020
External managers	1,697	182
Amortization of intangible assets (Note 6)	13,717	12,415
Depreciation of property and equipment	1,562	1,084
Depreciation of right-of-use assets	5,042	5,057
Restructuring, integration and other costs (Note 5)	3,205	3,128
Acquisition costs	210	1,707
	<b>142,064</b>	<b>132,593</b>
Earnings (loss) before under-noted items	19,593	10,192
Realized and unrealized (gain) loss on investments	134	5
Loss on disposal of assets, intangible asset and property and equipment	100	300
Interest on lease liabilities	1,452	1,284
Interest on long-term debt and other financial charges	15,822	7,398
Accretion and change in fair value of purchase price obligations (Note 7)	(10,662)	6,491
Gain on lease modifications and other	(1,100)	–
Revaluation of puttable financial instrument liability (Note 7)	(1,799)	–
Revaluation of assets held-for-sale	–	(546)
Earnings (loss) before income taxes	15,646	(4,740)
Income tax expense (recovery)	3,624	1,844
<b>Net earnings (loss) for the periods</b>	<b>12,022</b>	<b>(6,584)</b>
<b>Net earnings (loss) attributable to:</b>		
Company's shareholders	7,581	(6,553)
Non-controlling interest	4,441	(31)
	<b>12,022</b>	<b>(6,584)</b>
Net earnings (loss) per share (Note 11)		
Basic	0.07	(0.07)
Diluted	0.07	(0.07)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

For the three-month periods ended March 31,

(Unaudited)

(In thousands of Canadian dollars)

	Three-month periods	
	2020	2019
	\$	\$
Net earnings (loss) for the periods	12,022	(6,584)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to earnings (loss):		
Cash flow hedges (net of income taxes of \$859 and \$291 for the three-month periods ended March 31, 2020, and 2019, respectively) (Note 7)	(5,636)	(1,906)
Unrealized foreign exchange differences on translating financial statements of foreign operations	30,378	(7,167)
Other	61	–
Other comprehensive income (loss)	24,803	(9,073)
<b>Comprehensive income (loss)</b>	<b>36,825</b>	<b>(15,657)</b>
<b>Comprehensive income (loss) attributable to:</b>		
Company's shareholders	32,384	(15,626)
Non-controlling interest	4,441	(31)
	<b>36,825</b>	<b>(15,657)</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

(In thousands of Canadian dollars)

	As at March 31, 2020	As at December 31, 2019
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	65,232	96,219
Restricted cash and cash equivalents	7,642	8,148
Trade and other receivables	164,862	177,013
Investments	2,785	2,657
Prepaid expenses and other assets	20,050	16,753
	<b>260,571</b>	<b>300,790</b>
Non-current assets		
Goodwill (Note 6)	711,827	687,899
Intangible assets (Note 6)	532,053	516,880
Property and equipment	29,889	29,343
Right-of-use assets	131,235	123,392
Derivative financial instruments (Note 7)	–	537
Deferred income taxes	24,823	23,559
Long-term investments	5,806	5,743
Investments in joint ventures and associates	12,275	11,035
Other non-current assets	7,452	7,714
	<b>1,715,931</b>	<b>1,706,892</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	110,224	207,447
Current portion of purchase price obligations (Note 7)	26,489	36,642
Current portion of lease liabilities	16,945	16,631
Restructuring provisions (Note 5)	1,855	3,159
Derivative financial instruments (Note 7)	3,249	3,540
Amounts due to related parties	1,044	1,512
Dividends payable	21,382	–
Client deposits and deferred revenues	3,117	1,761
	<b>184,305</b>	<b>270,692</b>
Non-current liabilities		
Long-term debt (Note 8)	509,414	446,699
Convertible debt (Note 9)	186,404	185,793
Lease liabilities	140,975	129,228
Derivative financial instruments (Note 7)	16,169	3,561
Puttable financial instrument liability (Note 7)	12,536	13,997
Purchase price obligations (Note 7)	83,787	90,732
Long-term restructuring provisions (Note 5)	–	225
Cash-settled share-based liabilities	48	60
Deferred income taxes	9,099	14,041
Other non-current liabilities (Note 7)	6,150	8,028
	<b>1,148,887</b>	<b>1,163,056</b>
<b>Equity attributable to:</b>		
Company's shareholders	565,540	542,811
Non-controlling interest	1,504	1,025
	<b>567,044</b>	<b>543,836</b>
	<b>1,715,931</b>	<b>1,706,892</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Changes in Equity

For the three-month periods ended March 31,

(Unaudited)

(In thousands of Canadian dollars)

	Notes	Share Capital	Restricted and holdback shares	Contributed surplus	Convertible debentures equity component	Retained earnings (deficit)	Accumulated other comprehensive income	Equity attributable to Company's shareholders	Non-Controlling Interest	Total Equity
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2019		810,509	-	21,943	3,339	(308,779)	15,799	542,811	1,025	543,836
Net earnings (loss)		-	-	-	-	7,581	-	7,581	4,441	12,022
Other comprehensive income (loss)		-	-	-	-	-	24,803	24,803	-	24,803
<b>Comprehensive income (loss)</b>		-	-	-	-	<b>7,581</b>	<b>24,803</b>	<b>32,384</b>	<b>4,441</b>	<b>36,825</b>
Share-based compensation expense	12	-	-	1,179	-	-	-	1,179	-	1,179
Deferred tax on share-based compensation expense		-	-	4,572	-	-	-	4,572	-	4,572
Shares issued as settlement of purchase price obligations	10	5,693	-	-	-	-	-	5,693	-	5,693
Performance and restricted share units settled	10	491	-	(208)	-	-	-	283	-	283
Dividends	10	-	-	-	-	(21,382)	-	(21,382)	(3,962)	(25,344)
<b>Balance, March 31, 2020</b>		<b>816,693</b>	<b>-</b>	<b>27,486</b>	<b>3,339</b>	<b>(322,580)</b>	<b>40,602</b>	<b>565,540</b>	<b>1,504</b>	<b>567,044</b>
Balance, December 31, 2018		775,615	5,501	22,475	3,339	(211,628)	37,656	632,958	768	633,726
Net earnings (loss)		-	-	-	-	(6,553)	-	(6,553)	(31)	(6,584)
Other comprehensive income (loss)		-	-	-	-	-	(9,073)	(9,073)	-	(9,073)
<b>Comprehensive income (loss)</b>		-	-	-	-	<b>(6,553)</b>	<b>(9,073)</b>	<b>(15,626)</b>	<b>(31)</b>	<b>(15,657)</b>
Share-based compensation expense	12	-	-	1,413	-	-	-	1,413	-	1,413
Shares issued as settlement of purchase price obligations	10	5,548	-	-	-	-	-	5,548	-	5,548
Stock options exercised	10	384	-	(88)	-	-	-	296	-	296
Dividends	10	-	-	-	-	(20,963)	-	(20,963)	-	(20,963)
<b>Balance, March 31, 2019</b>		<b>781,547</b>	<b>5,501</b>	<b>23,800</b>	<b>3,339</b>	<b>(239,144)</b>	<b>28,583</b>	<b>603,626</b>	<b>737</b>	<b>604,363</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Cash Flows

For the three-month periods ended March 31,

(Unaudited)

(In thousands of Canadian dollars)

	2020	2019
	\$	\$
<b>Operating activities</b>		
Net earnings (loss)	12,022	(6,584)
Adjustments for:		
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	20,321	18,556
Amortization of deferred charges	–	96
Loss on disposal of assets	100	–
Loss (gain) on lease modification and other	109	–
Revaluation of assets held-for-sale	–	(546)
Accretion and change in fair value of purchase price obligations and puttable financial instrument liability	(12,461)	6,491
Share-based compensation expense	1,179	1,413
Cash-settled share-based compensation (recovery) expense	(1,058)	3,821
Restructuring, integration and other costs (Note 5)	(1,529)	682
Interest on lease liabilities	1,452	1,284
Interest on long-term debt and other financial charges	15,822	7,398
Income tax expense (recovery)	3,624	1,844
Income tax paid	(5,282)	(6,985)
Realized and unrealized (gain) loss on financial instruments	5,051	(221)
Realized and unrealized (gain) loss on investments	121	–
Share of earnings in joint ventures and associates	249	–
Other non-current liabilities	(477)	604
	<b>39,243</b>	<b>27,853</b>
Changes in non-cash operating working capital items (Note 13)	(64,930)	(49,045)
<b>Net cash generated by (used in) operating activities</b>	<b>(25,687)</b>	<b>(21,192)</b>
<b>Investing activities</b>		
Disposal of assets	–	12,000
Settlement of purchase price adjustments and obligations	(11,709)	(8,752)
Investments, net	22	1,131
Investments in joint ventures and associates	(1,706)	–
Distributions received from joint ventures and associates	551	–
Purchase of property and equipment	(388)	(3,398)
Purchase or acquisition of intangible assets	(1,486)	(958)
Deferred charges and other	(188)	–
Restricted cash and cash equivalents	1,258	(5,870)
<b>Net cash generated by (used in) investing activities</b>	<b>(13,646)</b>	<b>(5,847)</b>
<b>Financing activities</b>		
Settlement of share-based compensation (Note 12)	(16,396)	–
Dividends paid	(3,962)	–
Lease payments	(4,456)	(4,753)
Issuance of share capital net of issuance costs (2019 - \$19)	–	296
Long-term debt, net	39,421	21,673
Interest paid on long-term debt and debentures	(8,398)	(4,020)
Settlement of derivative financial instruments	(1,050)	(1,379)
Financing charges	(2)	(27)
<b>Net cash generated by (used in) financing activities</b>	<b>5,157</b>	<b>11,790</b>
Net decrease in cash and cash equivalents	(34,176)	(15,249)
Effect of exchange rate changes on cash denominated in foreign currencies	3,189	(4,722)
Cash and cash equivalents – beginning of periods	96,219	52,466
<b>Cash and cash equivalents – end of periods</b>	<b>65,232</b>	<b>32,495</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

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### 1. Description of Business

Fiera Capital Corporation (“Fiera Capital” or the “Company”) was incorporated as Fry & Company (Investment Management) Limited in 1955 and is incorporated under the laws of the Province of Ontario. The Company is a global asset management firm which offers a wide range of traditional and alternative investment solutions, including depth and expertise in asset allocation. The Company provides investment advisory and related services to institutional investors, private wealth clients and retail investors.

The Company’s head office is located at 1981 McGill College Avenue, Suite 1500, Montréal, Quebec, Canada. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “FSZ”.

The Company’s Board of Directors (the “Board”) approved the interim condensed consolidated financial statements for the three-month periods ended March 31, 2020 and 2019 on May 14, 2020.

### 2. Basis of presentation

#### Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*, as issued by the International Accounting Standard Board (“IASB”) and accordingly, do not include all disclosures required under International Financial Reporting Standards (“IFRS”) for annual consolidated financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2019, except for the impact of the adoption of the standards, interpretations and amendments described in Note 3.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2019 and December 31, 2018.

The Company has prepared and presented these interim condensed consolidated financial statements in Canadian dollars.



# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

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### 3. Adoption of new IFRS and changes in accounting policies

Revised IFRS, interpretations and amendments

The following revised standards are effective for annual periods beginning on January 1, 2020. Their adoption did not have a significant impact on the amounts reported or disclosures made in these financial statements.

Amendments to Hedge Accounting Requirement – IBOR Reform and its Effects on Financial Reporting

On September 26, 2019, the IASB issued amendments for some of its requirements for hedge accounting in IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement*, as well as the related Standard on disclosures, IFRS 7 *Financial Instruments: Disclosures* in relation to Phase 1 of IBOR Reform and its Effects on Financial Reporting project. The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform in the following areas:

- the ‘highly probable’ requirement;
- prospective assessments;
- retrospective assessments (for IAS 39); and
- eligibility of risk components.

Definition of a Business (Amendments to IFRS 3)

On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

### 4. IFRS issued but not yet adopted

No new IFRS were issued during the three-month period ended March 31, 2020 and there are no other standards that are not yet effective that are expected to have a significant impact on the Company’s consolidated financial statements in the current or future reporting periods or on foreseeable future transactions.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

### 5. Restructuring, integration and other costs

During the three-month periods ended March 31, the Company recorded the following:

	For the three-month periods ended March 31,	
	2020	2019
	\$	\$
Restructuring provisions related to severance	1,082	3,079
Other restructuring costs	656	30
Integration and other costs	1,467	19
	<b>3,205</b>	<b>3,128</b>

Restructuring charges are mainly composed of severance costs due to corporate reorganizations following business combinations and other transactions or as a result of the normal evolution of the business.

The change in the restructuring provisions for severance-related expenses during the three-month period ended March 31, 2020 is as follows:

	Severance
	\$
Balance, December 31, 2019	3,384
Additions during the period	1,082
Paid during the period	(2,611)
Balance, March 31, 2020	1,855

Provision for severance	As at March 31, 2020	As at December 31, 2019
	\$	\$
Current portion	1,855	3,159
Non-current portion	–	225
Total	1,855	3,384

#### *Integration and other costs*

Integration costs are mainly composed of professional fees, relocation and lease related costs and other expenses incurred as a result of the integration of businesses recently acquired.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

### 6. Goodwill and intangible assets

	Goodwill	Indefinite life	Finite-life			Total
		Asset management contracts	Asset management contracts	Customer relationships	Other	
	\$	\$	\$	\$	\$	\$
<b>For the three-month period ended March 31, 2020</b>						
Opening carrying amount	687,899	87,118	74,516	339,872	15,374	516,880
Additions	–	–	–	–	53	53
Additions – internally developed	–	–	–	–	1,968	1,968
Amortization for the period	–	–	(4,408)	(7,592)	(1,717)	(13,717)
Foreign exchange difference	23,928	7,912	2,706	15,413	838	26,869
<b>Closing carrying amount</b>	<b>711,827</b>	<b>95,030</b>	<b>72,814</b>	<b>347,693</b>	<b>16,516</b>	<b>532,053</b>
<b>Balance, March 31, 2020</b>						
Cost	673,983	86,155	153,304	473,968	41,119	754,546
Accumulated amortization and impairment	(1,918)	–	(82,948)	(157,645)	(25,922)	(266,515)
Foreign exchange difference	39,762	8,875	2,458	31,370	1,319	44,022
<b>Closing carrying amount</b>	<b>711,827</b>	<b>95,030</b>	<b>72,814</b>	<b>347,693</b>	<b>16,516</b>	<b>532,053</b>

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

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### 7. Financial instruments

#### *Fair value*

##### *Investments*

The cost of and fair value of investments recorded at fair value through profit or loss was \$8,246 and \$8,591, respectively, as at March 31, 2020 (\$8,100 and \$8,400 respectively as at December 31, 2019). An unrealized loss of \$74 and realized gain of \$14 was recognized in realized and unrealized (gain) loss on investments during the three-month period ended March 31, 2020 (unrealized gain of \$358 and realized loss of \$137 during the three-month period ended March 31, 2019).

##### *Convertible debentures*

The convertible and hybrid debentures are recorded respectively at an amortized cost of \$80,782 and \$105,622 as at March 31, 2020 (\$80,425 and \$105,368 as at December 31, 2019). The fair value based on market quotes is respectively \$79,350 and \$95,700 at March 31, 2020 (\$90,537 and \$112,475 as at December 31, 2019).

##### *Long-term debt*

The fair value of long-term debt approximates its carrying amount, given that it is subject to terms and conditions, including variable interest rates, similar to those available to the Company for instruments with comparable terms.

##### *Derivative financial instruments*

The Company's derivative financial instruments consist of cross currency swap, interest rate swap and foreign exchange forward contracts, which are presented at fair value on the interim condensed consolidated statements of financial position.

The fair value of derivatives that are not traded on an active market is determined using valuation techniques which maximize the use of observable market inputs such as interest rate yield curves as well as available information on market transactions involving other instruments that are substantially the same, discounted cash flows analysis or other techniques, where appropriate. To the extent practicable, valuation techniques incorporate all factors that market participants would consider in setting a price and are consistent with accepted economic methods for valuing financial instruments.

The Company determines the fair value of its foreign exchange forward contracts by calculating the difference between the forward exchange rates at the measurement date and the contractual forward price for the residual maturity of the contract.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

### 7. Financial instruments (continued)

Net gains (losses), fair value and the notional amount of derivatives by term to maturity are as follows:

	For the three-month period ended March 31, 2020	As at March 31, 2020				
		Fair value		Notional amount: term to maturity		
		Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$
<b>Foreign exchange contracts</b>						
a) Forward foreign exchange contracts						
– held for trading	(5,054)	–	(3,249)	42,582	–	–
b) Cross currency swaps						
– held for trading	30,156	–	–	–	–	–
<b>Interest rate contracts</b>						
c) Swap contracts						
– held for trading	(6,650)	–	(8,059)	–	250,000	–
d) Swap contracts						
– cash flow hedges	–	–	(8,110)	–	240,546	–

	For the three-month period ended March 31, 2019	As at December 31, 2019				
		Fair value		Notional amount: term to maturity		
		Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$
<b>Foreign exchange contracts</b>						
a) Forward foreign exchange contracts						
– held for trading	1,120	755	–	62,300	–	–
b) Cross currency swaps						
– held for trading	(3,619)	–	(3,540)	225,000	–	–
<b>Interest rate contracts</b>						
c) Swap contracts						
– held for trading	(2,049)	537	(1,946)	–	250,000	–
d) Swap contracts						
– cash flow hedges	–	–	(1,615)	–	219,151	–

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

### 7. Financial instruments (continued)

Financial statement presentation:

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Current derivative financial instrument assets <sup>(1)</sup>	–	755
Non-current derivative financial instrument assets	–	537
Current derivative financial instrument liabilities	(3,249)	(3,540)
Non-current derivative financial instrument liabilities	(16,169)	(3,561)

<sup>(1)</sup> Included in prepaid expenses and other assets on the interim condensed consolidated statements of financial position.

#### a) Forward foreign exchange contracts – held for trading

##### *Company*

The Company enters into month-end spot rate forward exchange contracts with various terms to maturity that aim to manage the currency fluctuation risk associated with up to twelve months of estimated future revenues in US dollars.

Forward foreign exchange contracts are recognized at fair value at the date the contracts are entered into and are subsequently remeasured to fair value through profit or loss at the end of each reporting period. The gain or loss on these derivative financial instruments is recognized in other revenues in the interim condensed consolidated statement of earnings (loss) in accordance with the nature of the hedged item.

The Company recorded a loss of \$4,886 during the three-month period ended March 31, 2020 (gain of \$901 during the three-month period ended March 31, 2019) and paid \$1,050 as settlement of contracts that matured during the period (received \$276 during the three-month period ended March 31, 2019). The fair value of the forward foreign exchange contracts is a liability of \$3,101 as at March 31, 2020 (asset of \$735 as at December 31, 2019).

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

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### 7. Financial instruments (continued)

#### *Subsidiaries*

One of the Company's subsidiaries enters into forward exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in Euros. The subsidiary recorded a loss of \$168 and a gain of \$219 during the three-month periods ended March 31, 2020 and 2019 respectively. A total of nil was paid during the three-month period ended March 31, 2020 as settlement of the contracts (paid \$24 during the three-month period ended March 31, 2019). As at March 31, 2020, the fair value of these contracts was a liability of \$148 (an asset of \$20 as at December 31, 2019).

#### b) Cross currency swaps – held for trading

Under the terms of the Company's revolving facility (Note 8), the Company can borrow either in US dollars based on US base rate plus a spread varying from 0.0% to 1.5% or the LIBOR rate plus a spread varying from 1.0% to 2.5%, or in Canadian dollars based on the Canadian prime rate plus a spread varying from 0.0% to 1.5%. To benefit from interest cost savings, the Company has effectively created, until March 18, 2020, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 1.90% on \$261,143 (CDOR plus 1.51% on \$225,000 as at December 31, 2019) by borrowing against the US dollar revolving facility, the equivalent of \$261,143 (US\$197,000) (\$225,000 (US\$170,500) as at December 31, 2019) at LIBOR plus 2.00%, and swapping it into CDOR plus 1.90% with a one-month cross currency swap.

The objective of this strategy was to provide cost savings without currency risk since the terms of the US LIBOR financing and the cross currency swap are exactly matched (US dollar notional amount, LIBOR rate, trade and maturity dates). Losses (gains) on cross currency swaps are offset by equivalent gains (losses) on the translation of the US denominated economically hedged portion of the revolving facility since the financing terms are exactly matched.

The net gain or loss on these derivative financial instruments is recognized in the interim condensed consolidated statement of earnings (loss) in accordance with the nature of the economically hedged item, the revolving facility (Note 8), and therefore is presented in interest on long-term debt and other financial charges.

The Company recorded a gain of \$30,156 during the three-month period ended March 31, 2020, with no net impact on earnings (loss) as described above (loss of \$3,619 during the three-month period ended March 31, 2019). The fair value of the cross currency swap contracts was nil as at March 31, 2020, as the contract was settled on March 18, 2020 (a liability of \$3,540 as at December 31, 2019).

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

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### 7. Financial instruments (continued)

#### c) Interest rate swap contracts – held for trading

The Company enters into interest rate swap contracts to manage the impact of the interest rate fluctuations on its credit facility denominated in Canadian dollars. Interest is settled on a monthly basis.

The contracts consist of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate applied to the notional of each contract. There were no changes to the terms of the interest rate swap contracts (held for trading) held by the Company during the three-month period ended March 31, 2020.

The net gain or loss on these derivative financial instruments is recognized in the interim condensed consolidated statement of earnings (loss) with interest on long-term debt and other financial charges. The Company recorded a loss of \$6,650 during the three-month period ended March 31, 2020 (loss of \$2,049 during the three-month period ended March 31, 2019). The fair value of the interest rate swap contracts is a liability of \$8,059 as at March 31, 2020 (an asset of \$537 and a liability of \$1,946 as at December 31, 2019).

#### d) Interest rate swap contracts – Cash flow hedges

The Company holds interest rate swap contracts designated as cash flows hedges which satisfy the requirements for hedge accounting. There were no changes to the terms of the contracts held by the Company during the three-month period ended March 31, 2020.

The effective portion of changes in the fair value of these contracts are recognized in other comprehensive income and accumulated in a hedging reserve. The Company recorded a loss in other comprehensive income of \$5,636 during the three-month period ended March 31, 2020 (net of income taxes of \$859) (loss of \$1,906 (net of income taxes of \$291) during the three-month period ended March 31, 2019).

The ineffective portion of changes in fair value is recognized immediately in profit or loss in the interim condensed consolidated statement of earnings (loss). There is no ineffective portion on these contracts for the three-month periods ended March 31, 2020 and 2019. The fair value of the interest rate swap contracts designated as cash flow hedges is a liability of \$8,110 as at March 31, 2020 (liability of \$1,615 as at December 31, 2019).

The Company remains exposed to fluctuations in the US base or LIBOR rates on the difference between the US dollar credit facility and the notional amounts of the US dollar interest rate swap contracts. The drawings in US dollars on the credit facility (Note 8) are US\$151,000 as at March 31, 2020 (US\$323,660 as at December 31, 2019).



# Fiera Capital Corporation

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### 7. Financial instruments (continued)

#### e) Call option related to WGAM

On December 1, 2018, Fiera Capital Inc. (“FCI”), wholly-owned subsidiary of the Company, entered into an agreement with Wilkinson Global Capital Partners LLC (the “Partners”) by which the Partners have the right, but not the obligation, to purchase all, but not less than all, of the Company’s equity interest in WGAM, a wholly owned subsidiary of the Company that manages special client accounts under investment advisory agreements. The call right can be exercised at any time during the period from January 1, 2021 (the call commencement date) until January 1, 2023 (the call expiration date) or on an earlier date at the discretion of FCI. If the Partners do not exercise the call option by the call expiration date or within 30 days of notice, the call option will expire. The call exercise price is designed to represent the fair value of the WGAM business. Since the call option price is based on the estimated fair value of the WGAM business and is not exercisable as at March 31, 2020, this derivative financial instrument has no financial impact on the Company’s interim condensed consolidated financial statements.

# Fiera Capital Corporation

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### 7. Financial instruments (continued)

Financial instruments by category:

	As at March 31, 2020		
	Amortized cost	Fair value through profit or loss	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents	65,232	–	65,232
Restricted cash and cash equivalents	7,642	–	7,642
Investments	–	2,785	2,785
Trade and other receivables <sup>(5)</sup>	164,319	–	164,319
Long-term receivable <sup>(1)</sup>	189	–	189
Long-term investments	–	5,806	5,806
Other non-current assets <sup>(2)</sup>	4,802	–	4,802
<b>Total</b>	<b>242,184</b>	<b>8,591</b>	<b>250,775</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	102,838	7,386	110,224
Purchase price obligations	–	110,276	110,276
Puttable financial instrument liability	–	12,536	12,536
Other non-current liabilities <sup>(4)</sup>	–	2,578	2,578
Derivative financial instruments	–	19,418	19,418
Amounts due to related parties	1,044	–	1,044
Client deposits <sup>(3)</sup>	332	–	332
Long-term debt	509,414	–	509,414
Convertible debt	186,404	–	186,404
<b>Total</b>	<b>800,032</b>	<b>152,194</b>	<b>952,226</b>

<sup>(1)</sup> Presented in deferred charges and other on the consolidated statements of financial position.

<sup>(2)</sup> Represents the long-term portion of the Contingent Value Rights (“CVR”) asset.

<sup>(3)</sup> Presented in client deposits and deferred revenues on the consolidated statements of financial position.

<sup>(4)</sup> Represents the long-term portion of the CVR liability and excludes \$3,572 in other non-current liabilities not categorized as financial instruments.

<sup>(5)</sup> Represents the trade receivables and excludes the other receivables of \$543

# Fiera Capital Corporation

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### 7. Financial instruments (continued)

	Amortized cost	As at December 31, 2019	
		Fair value through profit or loss	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents	96,219	–	96,219
Restricted cash and cash equivalents	8,148	–	8,148
Investments	–	2,657	2,657
Trade and other receivables	175,970	–	175,970
Long-term receivable <sup>(1)</sup>	630	–	630
Long-term investments	–	5,743	5,743
Derivative financial instruments <sup>(2)</sup>	–	1,292	1,292
Other non-current assets <sup>(5)</sup>	6,654	–	6,654
<b>Total</b>	<b>287,621</b>	<b>9,692</b>	<b>297,313</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	200,316	7,131	207,447
Purchase price obligations	–	127,374	127,374
Puttable financial instrument liability	–	13,997	13,997
Other non-current liabilities <sup>(4)</sup>	–	3,703	3,703
Derivative financial instruments	–	7,101	7,101
Amounts due to related parties	1,512	–	1,512
Client deposits <sup>(3)</sup>	155	–	155
Long-term debt	446,699	–	446,699
Convertible debentures	185,793	–	185,793
<b>Total</b>	<b>834,475</b>	<b>159,306</b>	<b>993,781</b>

<sup>(1)</sup> Presented in deferred charges and other on the consolidated statements of financial position.

<sup>(2)</sup> Includes \$755 presented in prepaid expenses and other assets on the consolidated statements of financial position.

<sup>(3)</sup> Presented in client deposits and deferred revenues on the consolidated statements of financial position.

<sup>(4)</sup> Represents the long-term portion of the CVR liability and excludes \$4,455 in other non-current liabilities not categorized as financial instruments.

<sup>(5)</sup> Represents the long-term portion of the CVR asset.

#### Fair value hierarchy

The financial assets and liabilities that are recognized on the consolidated statements of financial position at fair value are classified using a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

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### 7. Financial instruments (continued)

The following table presents the financial instruments recorded at fair value in the consolidated statements of financial position, classified using the fair value hierarchy:

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Investments	–	2,781	4	2,785
Long-term investments	–	–	5,806	5,806
<b>Total financial assets</b>	<b>–</b>	<b>2,781</b>	<b>5,810</b>	<b>8,591</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	–	–	7,386	7,386
Purchase price obligations	–	–	110,276	110,276
Puttable financial instrument liability	–	–	12,536	12,536
Other non-current liabilities	–	–	2,578	2,578
Derivative financial instruments	–	19,418	–	19,418
<b>Total financial liabilities</b>	<b>–</b>	<b>19,418</b>	<b>132,776</b>	<b>152,194</b>

	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Investments	–	2,653	4	2,657
Long-term investments	–	–	5,743	5,743
Derivative financial instruments	–	1,292	–	1,292
<b>Total financial assets</b>	<b>–</b>	<b>3,945</b>	<b>5,747</b>	<b>9,692</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	–	–	7,131	7,131
Purchase price obligations	–	–	127,374	127,374
Puttable financial instrument liability	–	–	13,997	13,997
Other non-current liabilities	–	–	3,703	3,703
Derivative financial instruments	–	7,101	–	7,101
<b>Total financial liabilities</b>	<b>–</b>	<b>7,101</b>	<b>152,205</b>	<b>159,306</b>

#### Level 3

The fair value of purchase price obligations, the puttable financial instrument liability and the CVRs are determined using a discounted cash flow analysis which makes use of unobservable inputs such as expected cash flows and risk adjusted discount rates. Expected cash flows are estimated based on the terms of the contractual arrangements and the Company's knowledge of the business and how the current economic environment is likely to impact it.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

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### 7. Financial instruments (continued)

Purchase price obligations, puttable financial instrument liability and the CVRs are Level 3 financial liabilities. The Company has used valuation techniques to record the fair value of the liabilities at the reporting date. The Company analyzed the characteristics of the liability being valued, including the circumstances and the information available as at the valuation date and selected the most appropriate valuation technique.

Purchase price obligation - CNR:

The Company reduced the fair value of the purchase price obligation and recorded a corresponding adjustment of \$14,885 (US\$10,658) during the three-month period ended March 31, 2020 (nil during the three-month period ended March 31, 2019) in accretion and change in fair value of purchase price obligations. The decrease in fair value was primarily due to a reduction in market value of assets under management as a result of the significant market volatility caused by the COVID-19 global pandemic. In addition, during the three-month period ended March 31, 2020, the Company settled an amount of \$9,309 in cash (nil during the three-month period ended March 31, 2019). The fair value of the CNR purchase price obligation as at March 31, 2020 was \$62,198 (US\$43,699) and CA\$74,054 (US\$57,108) as at December 31, 2019.

The discounted cash flow method was used to measure the fair value of the expected future cash flows to be paid to CNR as contingent consideration. The main Level 3 inputs used by the Company to value the purchase price obligations of CNR are derived from the following unobservable inputs and determined as follows:

- Annual revenue growth factors, such as market rate and net contributions rate, are estimated based on internal and external data and publications, economic conditions, and the specific characteristics of the financial liability. A higher annual revenue growth factor will result in a higher fair value. To assess the fair value as at March 31, 2020 the Company used 8.6% (2019 – 8.6%) and 3.5% (2019 – 2.5%) for market growth rate and net contributions rate, respectively.
- The risk-adjusted discount rate is determined by adjusting a risk-free rate to reflect the specific risks associated with the financial liability. The discount rate is the input used to bring the future cash flows to their present value. A higher discount rate would result in a lower fair value. To assess the fair value as at March 31, 2020, the Company used a discount rate of 41.2% (2019 – 41.2%).

The significant unobservable inputs are annual revenue growth factors, market growth and net contributions, and the risk-adjusted discount rate.

# Fiera Capital Corporation

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### 7. Financial instruments (continued)

- An increase (decrease) of 350 basis points in the market growth rate would result in an increase (decrease) of approximately \$4,270 (US\$ 3,000) in the fair value of the purchase price obligation.
- An increase (decrease) of 300 basis points in the net contributions rate would result in an increase (decrease) of approximately \$1,993 (US\$ 1,400) in the fair value of the purchase price obligation.
- An increase (decrease) of 200 basis points in the risk-adjusted discount rate would result in a decrease (increase) of approximately \$2,135 (US\$ 1,500) in the fair value of the purchase price obligation.

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate, the market growth and the net contributions and established a reasonable fair value range that could result in a \$ 8,540 (US\$6,000 ) increase or decrease in the fair value of the purchase price obligation as at March 31, 2020 (\$7,781 (US\$6,000) as at December 31, 2019).

Purchase price obligation – Clearwater:

The discounted cash flow method was used to measure the fair value of the expected future cash flows to be paid to the sellers as contingent consideration. The Company reduced the fair value of the purchase price obligation and recorded an adjustment of \$3,969 (US\$2,788) during the three-month period ended March 31, 2020 (nil during the three-month period ended March 31, 2019) in accretion and change in fair value of purchase price obligations. The decrease was primarily due to lower future expected cash flows as a result of increased market volatility caused by the COVID-19 global pandemic. As described in Note 10, in connection with the asset purchase agreement of Clearwater, the Company issued 971,053 Class A Shares for \$5,693 as settlement of the purchase price obligation. The fair value of the Clearwater purchase price obligation as at March 31, 2020 was \$39,646 (US\$27,854) and \$43,753 (US\$33,738) as at December 31, 2019.

The main Level 3 inputs used by the Company to value the Clearwater purchase price obligations are derived from unobservable inputs of revenue and earnings (loss) before interest, taxes, depreciation and amortization (“EBITDA”) forecasts, management’s estimates of revenue from cross-selling, and the risk-adjusted discount rate. Company used a discount rate between 10% and 15% (2019 – Between 10% and 15%).

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### 7. Financial instruments (continued)

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have a direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate, revenue, EBITDA, and cross-selling forecasts and established a reasonable fair value range between \$27,524 (US\$19,338) and \$41,256 (US\$28,985) for its purchase price obligation as at March 31, 2020.

Puttable financial instrument liability and call option – Palmer Capital:

The Company has the right but not the obligation to acquire the 20% non-controlling interest in Palmer Capital. This call right can be exercised by the acquirer on April 30, 2022 or on April 30 of any year thereafter. The non-controlling interest shareholders of Palmer Capital have the right but not the obligation to exercise their put right on the 20% non-controlling interest of Palmer Capital on March 31, 2022 or on March 31 of any year thereafter. If exercised, both the put and the call right would require the Company to acquire the 20% non-controlling interest in Palmer Capital.

The exercise price is the same for both the put and the call rights. The exercise price is a prescribed price calculated based on a multiplier of earnings before interest, taxes and depreciation as defined in the Sale and Purchase Agreement.

The Company decreased the fair value of the purchase price obligation and recorded a gain of \$2,145 (GBP1,244) during the three-month period ended March 31, 2020 (nil during the three-month period ended March 31, 2019).

The discounted cash flow method was used to measure the present value of the expected future cash flows to be paid to the non-controlling interest shareholders. The main Level 3 inputs used by the Company to value the puttable financial instrument liability are derived from unobservable inputs of earnings before interest, taxes, depreciation and amortization (“EBITDA”) forecasts, and the risk-adjusted discount rate. The company used a discount rate of 13%.

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have a direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate and EBITDA and established a reasonable fair value range between \$9,853 (GBP5,583) and \$12,991 (GBP7,361) for its purchase price obligation as at March 31, 2020.

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### 7. Financial instruments (continued)

The reconciliation of Level 3 fair value measurements is presented below:

	Investments	Long-term investments	Accounts payable and accrued liabilities	Purchase price obligations	Puttable financial instrument liability	Other non-current liabilities	Total
	\$			\$			\$
Fair value as at December 31, 2019	4	5,743	(7,131)	(127,374)	(13,997)	(3,703)	(146,458)
Additional investments	–	241	–	–	–	–	241
Disposal of investments	–	(345)	–	–	–	–	(345)
Revaluation of puttable financial instrument liability	–	–	–	–	2,145	–	2,145
Total realized and unrealized (gain) loss on investments	–	20	–	–	–	–	20
Settlement of purchase price obligations	–	–	–	17,402	–	–	17,402
Total realized and unrealized (losses) included in accretion and change in fair value of purchase price obligations and CVR	–	–	–	(7,080)	(346)	–	(7,426)
Revaluation of a purchase price obligation included in accretion and change in fair value of purchase price obligations and CVR	–	–	(255)	17,742	–	1,125	18,612
Total realized and unrealized exchange differences recognized in net earnings (loss) and on foreign operations included in other comprehensive income	–	147	–	(10,966)	(338)	–	(11,157)
<b>Fair value as at March 31, 2020</b>	<b>4</b>	<b>5,806</b>	<b>(7,386)</b>	<b>(110,276)</b>	<b>(12,536)</b>	<b>(2,578)</b>	<b>(126,966)</b>

	Investments	Purchase price obligations	Total
	\$	\$	\$
Fair value as at December 31, 2018	4	(130,708)	(130,704)
Settlement of purchase price obligations	–	14,307	14,307
Total realized and unrealized (losses) included in accretion and change in fair value of purchase price obligations	–	(6,459)	(6,459)
Revaluation of a purchase price obligation included in accretion and change in fair value of purchase price obligations	–	(32)	(32)
Total realized and unrealized exchange differences on foreign operations included in other comprehensive income	–	2,412	2,412
Fair value as at March 31, 2019	4	(120,480)	(120,476)

There were no transfers between levels during the three-month periods ended March 31, 2020 and 2019.



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### 8. Long-term debt

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Credit facility		
Revolving facility	511,957	449,490
Deferred financing charges	(2,543)	(2,791)
	509,414	446,699
Less current portion	-	-
Non-current portion	509,414	446,699

#### Credit Facility

On November 14, 2019, the Company entered into the Sixth Amended and Restated Credit Agreement (“Credit Agreement”) with a Canadian banking syndicate of lenders. The Facility is used for general corporate purposes. It is comprised of a \$600,000 senior unsecured revolving facility (“Facility”) which can be drawn in Canadian or US dollars at the discretion of the Company.

Under the terms of the Credit Agreement and subject to the repayment of the Company’s Convertible debentures on June 23, 2023 (Note 9), there are no minimum repayments until June 30, 2023, the date at which the amount drawn is repayable in full. At any time, subject to certain terms and conditions, the Company may request an increase in the available Facility by an amount of up to \$200,000 subject to the acceptance of the individual lenders in the banking syndicate. Subject to certain terms and conditions, the Credit Agreement allows for extensions of the Facility’s maturity date, in one-year increments, at the request of the Company and subject to the acceptance of a group of lenders within the banking syndicate whose commitments amount to, in the aggregate, more than 66 2/3%.

The Facility bears interest, payable monthly, at variable rates based on the currency in which an amount is drawn and on the quarterly Funded Debt to EBITDA ratio as defined in the Credit Agreement. The interest rate is based on the Canadian prime rate plus a spread which varies from 0.0% to 1.5% or, at the discretion of the Company for amounts drawn in US Dollars, based either on the US base rate plus a spread varying from 0.0% to 1.5% or the LIBOR rate plus a spread varying from 1.0% to 2.5%.

As at March 31, 2020, the total amount drawn on the Facility was \$297,031 and US\$151,000 (\$214,926) (\$29,784 and US\$323,660 (\$419,706) as at December 31, 2019).

The Sixth Amended and Restated Credit Agreement replaced the Fifth Amended and Restated Credit Agreement entered into by the Company on May 28, 2018, with similar terms, which was repayable in full on June 30, 2022.

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### 8. Long-term debt (continued)

During the year ended December 31, 2019, the renegotiation of the Credit Agreement was treated as a modification under IFRS 9 – *Financial Instruments* and the transaction fees of \$435 associated with the Facility and \$480 associated with the Previous Credit Agreement were capitalized to the Facility as long-term debt in the consolidated statements of financial position. During the year ended December 31, 2019, fees of \$405 related to a modification in the administration of the banking syndicate were also capitalized to the Facility (nil during the three-month period ending March 31, 2020).

Under the terms of the Credit Agreement and the Previous Credit Agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. These restrictions include maintaining a maximum ratio of Funded Debt to EBITDA and a minimum Interest Coverage Ratio as defined in the Credit Agreement and the Previous Credit Agreement. EBITDA, a non-IFRS financial measure, includes consolidated earnings (losses) before interest, income taxes, depreciation, amortization and other non-cash items, and excludes extraordinary and unusual items including non-recurring items and certain purchase price obligations as well as certain other adjustments outlined in the Credit Agreement. All restrictive covenants under the Credit Agreement were met as at March 31, 2020 and December 31, 2019. The Credit Agreement also includes covenants that limit the ability of the Company and certain of its subsidiaries that are specifically included in the Credit Agreement as borrowing parties and therefore are guarantors to the Facility, to engage in specified types of transactions and thus imposes certain operating and financing restrictions on these entities.

#### Other Facilities

One of the Company's subsidiaries has a line of credit with a dollar limit of \$920. It bears interest at prime plus 1.50% and has no fixed maturity date. As at March 31, 2020 the subsidiary had not drawn on the line of credit (nil as at December 31, 2019).

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### 9. Convertible debentures

The balance of the convertible debt consists of the following:

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Convertible debentures – 5.00% due June 23, 2023	80,782	80,425
Hybrid debentures – 5.60% due July 31, 2024	105,622	105,368
Non-current portion	186,404	185,793

#### a) Convertible debentures – 5.00% due June 23, 2023

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Face value	86,250	86,250
Less:		
Issuance costs	(4,031)	(4,031)
Equity component (net of issuance costs of \$224)	(4,568)	(4,568)
Accretion expense on liability component	3,131	2,774
Balance, end of year	80,782	80,425

On December 21, 2017, the Company issued 86,250 unsecured convertible debentures at 5% maturing on June 23, 2023, with interest payable semi-annually in arrears on June 30 and December 31 of each year starting June 30, 2018, for gross proceeds of \$86,250. The convertible debentures are convertible at the option of the holder at a conversion price of \$18.85 per Class A subordinate shares (“Class A Shares”). The convertible debentures are not redeemable by the Company before June 30, 2021. The convertible debentures are redeemable by the Company at a price of \$1 per convertible debenture, plus accrued and unpaid interest, on or after June 30, 2021 and prior to June 30, 2022 (provided that the weighted average trading price of the Class A Shares on the TSX for the 20 consecutive trading days ending five days preceding the date on which the notice of redemption is given, is not less than 125% of the conversion price of \$18.85 per share). On or after June 30, 2022 but prior to the maturity date, the Company may redeem on not more than 60 days and not less than 30 days prior notice, at a price of \$1 per convertible debenture, plus accrued and unpaid interest.

During the three-month period ended March 31, 2020, no amount was paid as accrued interest (\$4,313 was paid during the year ended December 31, 2019). At March 31, 2020, an amount of \$1,078 (nil as at December 31, 2019) is recorded in accounts payable and accrued liabilities, representing accrued cash interest from December 31, 2019 to March 31, 2020.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

### 9. Convertible debentures (continued)

#### b) Hybrid debentures – 5.60% due July 31, 2024

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Face value	110,000	110,000
Less:		
Issuance costs	(5,007)	(5,007)
Accretion expense on liability component	629	375
Balance, end of year	105,622	105,368

On July 4, 2019, the Company issued \$100,000 senior subordinated unsecured hybrid debentures due July 31, 2024 and on July 9, 2019 the Company issued \$10,000 senior subordinated unsecured hybrid debentures related to the overallotment option, due July 31, 2024 (together, the “Hybrid debentures”). The Hybrid debentures bear interest at a rate of 5.60% per annum, payable semi-annually in arrears on January 31 and July 31 of each year, with the first interest payment on January 31, 2020. The Hybrid debentures will not be redeemable before July 31, 2022, except upon the satisfaction of certain conditions after a change of control of the Company. On and after July 31, 2022 and prior to July 31, 2023, the Hybrid debentures will be redeemable in whole or in part from time to time at the Company’s option, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to 102.80% of the principal amount redeemed plus accrued and unpaid interest. On and after July 31, 2023 and prior to the maturity date on July 31, 2024, the Hybrid debentures will be redeemable, in whole or in part, and from time to time, at the Company’s option, on not more than 60 days and not less than 30 days prior notice, at a price of \$1 per Hybrid debenture plus accrued and unpaid interest. The Company will have the option to repay the principal amount of the Hybrid debentures due at redemption or at maturity on July 31, 2024 either by paying in cash or by issuing Class A Shares in accordance with the terms of the trust indenture. The Hybrid debentures will not be, at any time, convertible into Class A Shares at the option of the holders. The Hybrid debentures are recorded at amortized cost, net of issuance costs, using the effective interest rate method.

During the three-month period ended March 31, 2020, \$3,542 was paid as accrued interest (nil during the year ended December 31, 2019). At March 31, 2020, an amount of \$1,027 (\$3,080 as at December 31, 2019) is recorded in accounts payable and accrued liabilities, representing accrued cash interest from January 31, 2020 to March 31, 2020.

# Fiera Capital Corporation

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(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

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### 10. Share capital and accumulated other comprehensive income

	Class A subordinate voting shares (“Class A Shares”)		Class B special voting shares (“Class B Shares”)		Total	
	Number	\$	Number	\$	Number	\$
As at December 31, 2019	81,362,603	779,618	19,412,401	30,891	100,775,004	810,509
Issuance of shares						
Shares issued as settlement of purchase price obligations	971,053	5,693	–	–	971,053	5,693
Performance and restricted shares units settled	74,784	491	–	–	74,784	491
<b>As at March 31, 2020<sup>(1)</sup></b>	<b>82,408,440</b>	<b>785,802</b>	<b>19,412,401</b>	<b>30,891</b>	<b>101,820,841</b>	<b>816,693</b>
As at December 31, 2018	77,556,288	744,724	19,412,401	30,891	96,968,689	775,615
Issuance of shares						
Shares issued as settlement of purchase price obligations	458,157	5,548	–	–	458,157	5,548
Stock options exercised	40,000	384	–	–	40,000	384
As at March 31, 2019	78,054,445	750,656	19,412,401	30,891	97,466,846	781,547

<sup>(1)</sup> Includes 3,300,045 Class A Shares held in escrow in relation with the Apex acquisition (3,300,045 as at December 31, 2019) and 356,884 Class A Shares held in escrow in relation with the Clearwater acquisition (637,293 as at December 31, 2019).

#### 2020

##### Issuance of shares

###### *Shares issued as settlement of purchase price obligations*

On March 31, 2020, in connection with the asset purchase agreement of Clearwater, the Company issued 971,053 Class A Shares for \$5,693 as settlement of the purchase price obligation.

###### *Stock option exercised*

During the three-month period ended March 31, 2020, no stock options were exercised.

##### Dividends

During the three-month period ended March 31, 2020, the Company declared dividends on Class A shares and Class B shares totalling \$21,382 (\$0.21 per share) with a record date as at March 31, 2020 which is payable on April 28, 2020.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

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### 10. Share capital and accumulated other comprehensive income (continued)

2019

#### Issuance of shares

*Shares issued as settlement of purchase price obligations*

On February 13, 2019, in connection with the asset purchase agreement of Fiera Private Debt (formerly, Private Lending and formerly Centria Commerce Inc. prior to the acquisition date), the Company issued 458,157 Class A Shares for \$5,548 as settlement of purchase price obligations, net of issuance costs.

*Stock option exercised*

During the three-month period ended March 31, 2019, 40,000 stock options were exercised and 40,000 Class A Shares were issued for \$384.

#### Dividends

During the three-month period ended March 31, 2019, the Company declared dividends on Class A shares and Class B shares totalling \$20,963 (\$0.21 per share).

#### Dividend Reinvestment Plan

The Board approved a Dividend Reinvestment Plan (“DRIP”) dated May 30, 2019. The DRIP provides the Company’s shareholders with the option to have cash dividends on their Class A Shares automatically reinvested into additional Class A Shares. At the Company’s sole discretion, shares issued to settle the dividend payment under the DRIP may be either in the form of newly issued treasury shares, purchased on the open market or a combination of both. The company may also, from time to time, in its sole discretion, offer a discount of up to 5.00% of the average market price for shares purchased from treasury.

During the three-month period ended March 31, 2020, no Class A Shares were issued under the DRIP.

#### Accumulated other comprehensive income

The components of accumulated other comprehensive income include:

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Cash flow hedges	(7,019)	(1,383)
Other	-	(61)
Unrealized exchange differences on translating financial statements of foreign operations	47,621	17,243
	40,602	15,799

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

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### 11. Earnings (loss) per share

Earnings (loss) per share and the reconciliation of the number of shares used to calculate basic and diluted earnings (loss) per share are as follows:

	For the three-month periods ended March 31,	
	2020	2019
	\$	\$
Net earnings (loss) attributable to the Company's shareholders for the periods	7,581	(6,553)
Weighted average shares outstanding – basic	102,715,291	97,209,727
Effect of dilutive share-based awards and contingent consideration payable in shares	4,574,079	–
Weighted average shares outstanding – diluted	107,289,370	97,209,727
Basic earnings (loss) per share	0.07	(0.07)
Diluted earnings (loss) per share	0.07	(0.07)

For the three-month period ended March 31, 2020, the share-based awards payable in 3,870,699 shares and the convertible and hybrid debentures with a face value of \$86,250 and \$110,000 were all anti-dilutive. For the three-month period ended March 31, 2019, the share-based awards and contingent consideration payable in shares of 11,322,234 and the convertible debentures with a face value of \$86,250 were anti-dilutive.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

### 12. Share-based payments

a) Stock option plan:

A summary of the changes that occurred in the Company's stock option plans during the three-month periods ended March 31, 2020 and 2019, is presented below:

	2020		2019	
	Number of Class A Share options	Weighted-average exercise price	Number of Class A Share options	Weighted average exercise price
		\$		\$
Outstanding – beginning of year	4,526,769	12.32	3,977,191	12.21
Granted	475,000	5.79	–	–
Exercised	–	–	(40,000)	7.41
Cancelled/Forfeited	–	–	(195,000)	13.44
Outstanding – end of periods	5,001,769	11.70	3,742,191	12.19
Options exercisable – end of periods	1,482,510	11.73	1,247,812	11.13

The following table presents the weighted average assumptions used to determine the share-based compensation expense using the Black-Scholes option-pricing model during the three-month periods ended March 31, 2020 and 2019:

	For the three-month periods ended March 31,	
	2020	2019
Dividend yield (%)	13.38%	–
Risk-free interest rate (%)	0.67%	–
Expected life (years)	7.5	–
Expected volatility for the share price (%)	29.11%	–
Weighted-average fair values (\$)	\$0.15	–
Share-based compensation expense (recovery) (\$)	282	(54)

The expected volatility is based on the historical volatility of the Company's share price. The risk-free interest rate used is equal to the yield available on Government of Canada bonds at the date of grant with a term equal to the expected life of options.



# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

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### 12. Share-based payments (continued)

#### b) Deferred share unit (“DSU”) plan

One DSU unit is equivalent to one Class A Share of the Company. The Company recorded a recovery of \$47 for this plan during the three-month period ended March 31, 2020 (expense of \$10 during the three-month period ended March 31, 2019). As at March 31, 2020, the Company had a liability for an amount of \$59 for the 9,031 units outstanding under the DSU plan (\$106 for 9,031 units as at December 31, 2019).

#### c) Restricted share unit (“RSU”) plan

The following table presents transactions that occurred in the Company’s RSU Plan during the three-month periods ended March 31, 2020 and 2019.

	2020	2019
Outstanding units – beginning of year	242,738	258,560
Granted	215,785	–
Vested	(56,111)	–
Outstanding units – end of period	402,412	258,560

One RSU unit is equivalent to one Class A Share of the Company. The Company recorded a (recovery) expense of \$(842) and \$575 for these grants during the three-month periods ended March 31, 2020 and 2019 respectively. During the three-month period ended March 31, 2020, 56,111 Class A Shares were issued as settlement of RSU vested (2019 – nil). As at March 31, 2020, the Company had a liability in the amount of \$975 for the 402,412 units outstanding under the RSU Plan (\$2,100 for 242,738 units as at December 31, 2019).

#### d) Restricted share unit plan – cash (“RSU cash”)

The following table presents transactions that occurred in the Company’s RSU Plan during the three-month periods ended March 31, 2020 and 2019.

	2020	2019
Outstanding units – beginning of year	368,614	528,308
Vested	–	(10,589)
Outstanding units – end of period	368,614	517,719

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of \$474 and \$978 for these grants during the three-month periods ended March 31, 2020 and 2019, respectively. During the three-month period ended March 31, 2020, no units vested (2019 – 10,589) and an amount of nil was paid as settlement of these units (2019 – \$128). In addition, a total of \$1,798 was paid during the three-month period ended March 31, 2020 as settlement of 153,586 units vested in 2019.

As at March 31, 2020, the Company had a liability in the amount of \$1,231 for the 368,614 units outstanding (\$3,486 for 368,614 units as at December 31, 2019).

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

### 12. Share-based payments (continued)

e) PSU and UAR Plan applicable to Business Units

On April 12, 2018, the Board approved an amended and restated PSU plan applicable to Business Units (“BU”) mainly to include various tax considerations. Performance share units are provided to eligible employees at an award value which is determined by the Board as the original value of the award. The number of performance share units awarded to a participant as of the award date is calculated by dividing the award value by the value of the PSU BU as determined by the Board at each award date.

PSUs are considered granted when the award notice is approved by the Board and is accepted by the employee. The vesting date is the date at which all vesting terms and conditions set forth in the PSU plan applicable to BU and the employee’s award notice have been satisfied.

Vested PSUs are settled in accordance with the terms of the plan. The settlement date value is determined by the product of the number of PSUs vested and the value of the PSU on the applicable vesting date.

In June 2018, the Company amended its Performance Share Unit Plan applicable to Business Units (PSU applicable to BU) plan to include an ability to grant Unit Appreciation Rights applicable to Business Units (UAR applicable to BU).

PSU applicable to BU

The Company recorded the following expense relating to PSU plans applicable to BU during the three-month periods ended March 31, 2020 and 2019:

	For the three-month periods ended March 31,	
	2020	2019
	\$	\$
Equity-settled grants	1,256	810
Cash-settled grants	–	2,219
Total expense	1,256	3,029

The total award value granted under the Company’s PSU plans applicable to BU was \$853 and nil during the three-month periods ended March 31, 2020 and 2019 respectively.

During the three-month period ended March 31, 2020, the Company paid \$16,396 for the settlement of performance share units applicable to a Business Unit (“PSU BU”). Following the Company’s acquisition of all issued and outstanding shares of Charlemagne Capital Limited (“CCL”) on December 14, 2016, the Company granted these PSU BUs on November 17, 2017 to an executive of CCL in connection with their previous equity arrangement which existed prior to the acquisition by the Company.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

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### 12. Share-based payments (continued)

UAR applicable to BU

Under the UAR applicable to BU, eligible employees are entitled to receive Class A Shares of the Company for an amount equivalent to the difference between the business value per unit on the vesting date and the exercise price determined on the grant date. The Company recorded an expense of \$405 and \$371 during the three-month period ended March 31, 2020 and 2019 respectively. As at March 31, 2020, 48,600 vested units have not yet been settled (2019 – nil).

f) PSU plan

One PSU unit is equivalent to one Class A Share of the Company. The Company recorded the following expense (recovery) relating to the PSU plans during the three-month periods ended March 31, 2020 and 2019:

	For the three-month periods ended March 31,	
	2020	2019
	\$	\$
Equity-settled grants	(764)	286
Cash-settled grants	(169)	619
Total expense	(933)	905

The total award value granted to eligible employees under the Company's PSU plans for the three-month periods ending March 31, 2020 and 2019 was \$540 and nil respectively. 18,673 Class A Shares were issued during the three-month period ended March 31, 2020 as settlement of PSU vested (2019 – nil).

g) Stock option plans in the Company's subsidiaries

One of the Company's subsidiaries has a stock option plan which is based on the shares of the respective subsidiary entity. This plan is accounted for as a cash-settled plan. The Company's subsidiaries stock option expense in the consolidated statements of earnings (loss) for the three-month periods ended March 31, 2020 and 2019 was nil and \$399, respectively. The cash settled share-based liability is nil in the interim condensed consolidated statements of financial position as at March 31, 2020 (\$5,280 as at December 31, 2019) and an amount of \$5,280 was paid in cash during the three-month period ended March 31, 2020 as a settlement of the options (2019 – nil).

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

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### 13. Additional information relating to interim condensed consolidated statements of cash flows

	For the three-month periods ended March 31,	
	2020	2019
	\$	\$
<b>Changes in non-cash operating working capital items</b>		
Accounts receivable	18,838	6,542
Prepaid expenses and other assets	(3,427)	664
Accounts payable and accrued liabilities	(81,229)	(57,509)
Amounts due to related parties	(468)	428
Client deposits and deferred revenues	1,356	830
	(64,930)	(49,045)

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between current income tax expense of \$2,381 for the three-month period ended March 31, 2020 (\$5,127 for the three-month period ended March 31, 2019) and income taxes paid of \$5,282 (2019 – \$6,985) for a net impact of (\$2,901) for the three-month period ended March 31, 2020 ((\$1,858) for the three-month period ended March 31, 2019).

The following are non-cash items:

During the three-month period ended March 31, 2020, the Company issued 971,053 Class A shares of \$5,693 as settlement of purchase price obligations. Additions to property and equipment included in accounts payable and accrued liabilities of \$789 along with additions to intangibles assets included in accounts payable and accrued liabilities of \$535 are non-cash items.

During the three-month period ended March 31, 2019, the Company issued Class A Shares of \$5,548 related to the acquisition of Fiera Private Lending and the settlement of the purchase price obligation.

### 14. Capital management

The Company's capital comprises share capital, retained earnings (deficit), long-term debt and convertible debentures and hybrid debentures, less cash and cash equivalents. The Company manages its capital to ensure there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive covenants required by the lender of the debt. As at March 31, 2020 and December 31, 2019, the Company and one of its subsidiaries are subject to calculations of excess working capital as required by National Instrument 31-103 *Registration Requirements and Exemptions*, calculated on a non-consolidated basis, and they have complied with their respective calculations. The Company and its subsidiaries have also complied with their restrictive debt covenants under the various credit facilities.

In order to maintain or adjust its capital structure, the Company may issue shares, proceed to the issuance or repayment of debt or redeem convertible debentures (as applicable under the terms of the respective final short-term prospectuses for these convertible debt).

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

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### 15. Contingent liabilities

In the normal course of business, the Company and its subsidiaries may be party to business and employee-related claims. The potential outcomes related to existing matters faced by the Company are not determinable at this time. The Company intends to defend these actions, and management believes that the resolution of these matters will not have a material adverse effect on the Company's financial condition.

### 16. Related party transactions

In the normal course of business, the Company carries out transactions with related parties which include two related shareholders or with entities under the same common control as these related shareholders.

At March 31, 2020, a related shareholder indirectly owns Class B Special Voting Shares representing approximately 7.1% of the Company's issued and outstanding shares (7.2% as at December 31, 2019). Pursuant to the terms of a shareholders' agreement between this related shareholder and an entity related to the Company, the related shareholder is entitled to appoint two of the eight directors of the Company that the holders of Class B Shares are entitled to elect. This related shareholder is one of the two co-lead arrangers and one of the lenders in the syndicate of lenders to the Company's Credit Facility and effective June 2019 took on the role as administrative agent of the Credit Agreement.

Following the Natixis transaction in May 2019, a shareholder was no longer considered a related party due to a reduction in their beneficial share ownership. Transactions with this shareholder prior to May 2019 are included in the table below.

In addition, following the Natixis transaction in May 2019, a related shareholder owns 10.5% Class A Subordinate voting shares and is entitled to propose one nominee for election to the Company's Board.

The following table presents transactions either directly with the two related shareholders or with entities under the same common control as these related shareholders:

	For the three-month periods ended March 31,	
	2020	2019
	\$	\$
Base management fees	2,327	11,656
Other revenues	(3,018)	4,901
Selling, general & administrative expenses		
Reference fees	–	409
Other	–	161
Interest on long-term debt	4,592	4,697
Net (gain) loss in fair value of derivative financial instruments		
included in interest on long-term debt and other financial charges	(30,156)	5,668

# Fiera Capital Corporation

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### 16. Related party transactions (continued)

The Company has also carried out the following transactions with joint ventures and associates:

	2020	2019
	\$	\$
Other revenues	210	-

The transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 17. Segment reporting

The Company has determined that there is one reportable segment, asset management services. The geographical information is provided in the following table:

	Revenues	Non-current assets
	For the three-month period ended March 31, 2020	As at March 31, 2020
	\$	\$
Canada	79,132	733,116
United States of America	58,445	511,649
Europe and other	24,080	175,164
	161,657	1,419,929

	Revenues	Non-current assets
	For the three-month period ended March 31, 2019	As at December 31, 2019
	\$	\$
Canada	71,849	744,024
United States of America	51,486	463,329
Europe and other	19,450	167,999
	142,785	1,375,352

Revenues are attributed to countries on the basis of the customer's location. As at March 31, 2020, non-current assets presented above exclude long-term investments of \$5,806, deferred income taxes of \$24,823 and other non-current assets of \$4,802.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

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### 18. Subsequent events

#### COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic. The outbreak of COVID-19 has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic is unknown at this time, as is the effect of the government's interventions. The Company is continuing to review the potential impact of market risk to its capital position and profitability should the duration, spread or intensity of the pandemic further develop. It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 both in the short and long term. Furthermore, a sustained period of significant market volatility could result in a write-down of the Company's goodwill and intangible assets in subsequent quarters. The valuation of the Company's purchase price obligations could also be impacted if expected results from operations change significantly from current assumptions.

#### Sale of Fiera Investments retail mutual funds announced

On April 9, 2020, the Company announced that it has reached a definitive agreement with Canoe Financial LP ("Canoe"), pursuant to which Canoe has agreed to acquire the rights to manage all of Fiera Investments' retail mutual funds. The transaction is expected to close in June 2020 and is subject to, among other matters, receiving all necessary securityholder and regulatory approvals, as well as satisfying other customary closing conditions.

#### Dividends declared

On May 14, 2020, the Board declared a quarterly dividend of \$0.21 per Class A Subordinate Voting Share and Class B Special Voting Share of the Corporation, payable on June 25, 2020 to shareholders of record at the close of business on May 27, 2020.

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