

# Interim Condensed Consolidated Financial Statements of FIERA CAPITAL CORPORATION

For the three-month periods ended March 31, 2017 and 2016  
(unaudited)



**FIERACAPITAL**

# Fiera Capital Corporation

## Table of Contents

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Interim Condensed Consolidated Statements of Earnings .....	1
Interim Condensed Consolidated Statements of Comprehensive Income (Loss) .....	2
Interim Condensed Consolidated Statements of Financial Position.....	3
Interim Condensed Consolidated Statements of Changes in Equity .....	4
Interim Condensed Consolidated Statements of Cash Flows .....	5
Notes to Interim Condensed Consolidated Financial Statements .....	6-25

# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Earnings

For the three-month periods ended March 31,

(Unaudited)

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

	2017	2016
	\$	\$
<b>Revenues</b>		
Base management fees	96,308	63,415
Performance fees	532	372
Other revenues (Note 8)	3,734	2,497
	<b>100,574</b>	<b>66,284</b>
<b>Expenses</b>		
Selling, general and administrative expenses	77,152	52,794
External managers	896	883
Depreciation of property and equipment	931	831
Amortization of intangible assets	10,935	7,545
Acquisition costs	1,718	3,708
Restructuring and other integration costs (Note 6)	1,076	518
	<b>92,708</b>	<b>66,279</b>
Earnings before under-noted items	<b>7,866</b>	<b>5</b>
Realized (gain) loss on investments	(4)	16
Interest on long-term debt and other financial charges	2,549	2,390
Accretion and change in fair value of purchase price obligations	1,308	704
(Increase) decrease in fair value of derivative financial instruments (Note 8)	(372)	(354)
Gain on disposal of investment in joint ventures	-	(15,013)
Revaluation of assets held-for-sale	-	7,921
Share of earnings of joint ventures	-	(77)
Earnings before income taxes	<b>4,385</b>	<b>4,418</b>
Income taxes	32	506
<b>Net earnings for the period</b>	<b>4,353</b>	<b>3,912</b>
<b>Net earnings attributable to :</b>		
Company's shareholders	4,428	7,280
Non-controlling interest	(75)	(3,368)
	<b>4,353</b>	<b>3,912</b>
Net earnings per share (Note 11)		
Basic	0.05	0.10
Diluted	0.05	0.10

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)

	2017	2016
	\$	\$
Net earnings for the period	4,353	3,912
Other comprehensive income:		
Items that may be reclassified subsequently to earnings:		
Unrealized (loss) gain on available-for-sale financial assets (net of income tax expense (recovery) of \$3 in 2017 and (\$24) in 2016)	17	(154)
Reclassification of loss on disposal of investments (net of income tax recovery of \$1 in 2016)	-	11
Reclassification of share of other comprehensive income of joint ventures	-	(509)
Unrealized exchange differences on translating financial statements of foreign operations	(2,240)	(7,443)
Other comprehensive income (loss) for the period	(2,223)	(8,095)
<b>Comprehensive income (loss) for the period</b>	<b>2,130</b>	<b>(4,183)</b>
<b>Comprehensive income attributable to:</b>		
Company's shareholders	2,205	(815)
Non-controlling interest	(75)	(3,368)
	<b>2,130</b>	<b>(4,183)</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, 2017	As at December 31, 2016
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	41,327	40,110
Restricted cash	984	660
Investments	9,880	8,972
Accounts receivable	85,345	116,401
Prepaid expenses and other assets	8,995	6,547
	<b>146,531</b>	<b>172,690</b>
Non-current assets		
Goodwill (Note 7)	539,810	541,030
Intangible assets (Note 7)	446,047	458,760
Property and equipment	17,820	18,398
Deferred charges	1,618	1,688
Long-term receivable	27	27
Deferred income taxes	724	562
	<b>1,152,577</b>	<b>1,193,155</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	46,655	89,160
Dividends payable	14,163	249
Purchase price obligations	13,643	13,470
Puttable financial instrument liabilities (Note 8)	-	5,500
Restructuring provisions (Note 6)	393	1,879
Derivative financial instruments (Note 8)	1,238	1,861
Current portion of long-term debt (Note 9)	1,297	1,283
Amount due to related companies	1,366	1,058
Client deposits	155	155
Deferred revenues	357	120
	<b>79,267</b>	<b>114,735</b>
Non-current liabilities		
Long-term debt (Note 9)	433,541	429,140
Purchase price obligations	20,742	21,498
Long-term restructuring provisions (Note 6)	715	715
Cash settled share-based liabilities	5,076	4,243
Other non-current liabilities	2,768	2,694
Deferred lease obligations	3,411	3,479
Lease inducements	4,425	4,612
Deferred income taxes	13,157	15,394
	<b>563,102</b>	<b>596,510</b>
<b>Equity</b>		
Equity attributable to Company's shareholders	559,066	566,236
Non-controlling interest	30,409	30,409
	<b>589,475</b>	<b>596,645</b>
	<b>1,152,577</b>	<b>1,193,155</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)

	Share Capital	Restricted and Hold back shares	Contributed surplus	(Deficit) Retained earnings	Accumulated other comprehensive income (loss)	Equity attributable to Company's shareholders	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2016	582,134	1,848	16,285	(62,129)	28,098	566,236	30,409	596,645
Net earnings for the period	-	-	-	4,428	-	4,428	(75)	4,353
Other comprehensive income (loss)	-	-	-	-	(2,223)	(2,223)	-	(2,223)
Comprehensive income (loss) for the period	-	-	-	4,428	(2,223)	2,205	(75)	2,130
Share-based compensation expense	-	-	1,322	-	-	1,322	9	1,331
Performance share units settled (Note 10)	4,904	-	(4,476)	-	-	428	-	428
Stock options exercised (Note 10)	56	-	(14)	-	-	42	-	42
Extinguishment of puttable financial instrument liabilities (Note 8)	-	-	2,747	-	-	2,747	-	2,747
Hedge	-	-	-	-	-	-	66	66
Dividends	-	-	-	(13,914)	-	(13,914)	-	(13,914)
Balance, March 31, 2017	587,094	1,848	15,864	(71,615)	25,875	559,066	30,409	589,475
Balance, December 31, 2015	467,134	3,662	11,056	(35,528)	28,614	474,938	(4,910)	470,028
Net earnings for the period	-	-	-	7,280	-	7,280	(3,368)	3,912
Other comprehensive income (loss)	-	-	-	-	(8,095)	(8,095)	-	(8,095)
Comprehensive income (loss) for the period	-	-	-	7,280	(8,095)	(815)	(3,368)	(4,183)
Share-based compensation expense	-	-	1,772	-	-	1,772	-	1,772
Performance share units settled (Note 10)	-	-	(4,237)	-	-	(4,237)	-	(4,237)
Stock options exercised (Note 10)	1,012	-	(161)	-	-	851	-	851
Shares purchased for cancellation	(1,306)	-	-	(353)	-	(1,659)	-	(1,659)
Dividends	-	-	-	(10,786)	-	(10,786)	-	(10,786)
Balance, March 31, 2016	466,840	3,662	8,430	(39,387)	20,519	460,064	(8,278)	451,786

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)

	2017	2016
	\$	\$
<b>Operating activities</b>		
Net earnings for the period	4,353	3,912
Adjustments for:		
Depreciation of property and equipment	931	831
Amortization of intangible assets	10,935	7,545
Amortization of deferred charges	147	133
Accretion and change in fair value of purchase price obligations	1,308	704
Lease inducements	(153)	(154)
Deferred lease obligations	(44)	1,444
Share-based compensation expense	1,331	1,772
Cash settled share-based compensation expense	1,343	1,810
Restructuring and other integration costs	(1,486)	(64)
Interest on long-term debt and other financial charges	2,549	2,390
(Increase) decrease in fair value of derivative financial instruments (Note 8)	(372)	(354)
Income tax expense	32	506
Income tax paid	(4,804)	(6,652)
Share of earnings of joint ventures	-	(77)
Gain on disposal of investment in joint venture	-	(15,013)
Revaluation of assets held-for-sale	-	7,921
Realized (gain) loss on investments	(4)	16
Other non-current liabilities	357	142
Changes in non-cash operating working capital items (Note 13)	(9,307)	(12,480)
<b>Net cash generated by (used in) operating activities</b>	<b>7,116</b>	<b>(5,668)</b>
<b>Investing activities</b>		
Proceeds from disposal of investment in joint venture	-	20,000
Payment of purchase price adjustments and obligations (Note 5)	(3,431)	(1,321)
Investments, net	(935)	203
Investment in joint ventures	-	(10)
Purchase of property and equipment	(476)	(2,436)
Purchase of intangible assets	(959)	(282)
Settlement of puttable financial instrument liabilities (Note 8)	(2,753)	-
Deferred lease obligations	-	331
Deferred charges	(83)	(128)
Restricted cash and clients deposits	(328)	393
<b>Net cash (used in) generated by investing activities</b>	<b>(8,965)</b>	<b>16,750</b>
<b>Financing activities</b>		
Settlement of share-based compensation	(475)	(4,237)
Stock options exercised	42	851
Shares purchased for cancellation	-	(1,659)
Long-term debt, net	7,392	(16,646)
Interest paid on long-term debt	(3,895)	(2,008)
Financing charges	(14)	(4)
<b>Net cash generated by (used in) financing activities</b>	<b>3,050</b>	<b>(23,703)</b>
Net increase (decrease) in cash and cash equivalents	1,201	(12,621)
Effect of exchange rate changes on cash denominated in foreign currencies	16	(820)
Cash and cash equivalents – beginning of period	40,110	25,725
<b>Cash and cash equivalents – end of period</b>	<b>41,327</b>	<b>12,284</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, 2017 and 2016

(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. In the U.S., investment advisory services are provided by two of the Company’s U.S. affiliates, Fiera Capital Inc. and Bel Air Management, LLC, that are registered as investment advisors with the U.S. Securities and Exchange Commission (“SEC”). The Company’s affiliate Charlemagne Capital (UK) Limited is registered with the Financial Conduct Authority in the United Kingdom and as an investment advisor with the SEC and Charlemagne Capital (IOM) is registered with the Isle of Man Financial Services Authority and is also registered as an investment advisor with the SEC. The Company’s head office is located at 1501 McGill College Avenue, Suite 800, Montréal, Quebec, Canada. The Company is listed on the Toronto Stock Exchange (“TSX”) under the symbol “FSZ”.

The Board of Directors (the “Board”) approved the interim condensed consolidated financial statements for the period ended March 31, 2017 on May 9, 2017.

### 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, 2016, except for the impact of the adoption of the standards, interpretations and amendment described in Note 3.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016.

The Company has prepared and presented these interim condensed consolidated financial statements in Canadian dollars, its functional and reporting currency.



# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

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### 3. Adoption of new IFRS

The following revised standards are effective for annual periods beginning on January 1, 2017 and their adoption did not have an impact on the amounts reported or disclosures made in these financial statements.

#### *Amendments to IAS 7 – Statement of cash flows*

In January 2016, the IASB published amendments to IAS 7 – *Statement of cash flows*. The amendments are intended to improve information provided to users of financial statements about an entity's financing activities. The adoption of these amendments will result in additional disclosures in the annual consolidated financial statements.

#### *Amendments to IAS 12 – Income taxes*

In January 2016, the IASB published amendments to IAS 12 – *Income taxes*. The amendments are intended to clarify the recognition of deferred tax assets where an asset is measured at fair value and that fair value is below the asset's tax base.

#### *Annual improvements to IFRS (2014-2016) cycle*

In December 2016, the IASB published annual improvements on the 2014-2016 cycle. The pronouncement contained amendments to clarify the scope of IFRS 12 – *Disclosure on interests in other entities*.

### 4. IFRS issued but not yet adopted

#### *IFRS 9 – Financial Instruments*

In July 2014, the IASB finalized IFRS 9 – *Financial Instruments*, bringing together the financial asset and financial liability classification and measurement, impairment of financial assets and hedge accounting phases of the IASB project. IFRS 9 provides a single model for financial asset classification and measurement that is based on contractual cash flow characteristics and on the business model for holding financial assets. IFRS 9 also introduces a new impairment model for financial assets not measured at fair value through profit or loss. This version adds a new expected loss impairment model and limited amendments to classification and measurement of financial assets and liabilities. IFRS 9 replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and is mandatorily effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

#### *IFRS 15 – Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments.

In April 2016, the IASB issued clarifications to IFRS 15 which provide clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property and provide some transition relief for modified contracts and completed contracts.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

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### 4. IFRS issued but not yet adopted (continued)

Adoption of IFRS 15 is mandatory for annual periods beginning on or after January 1, 2018. Entities have the choice of full retrospective application, or prospective application with additional disclosures. Early adoption is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

#### IFRS 16 – *Leases*

In January 2016, the IASB issued IFRS 16 – *Leases*. It supersedes the IASB's current lease standard, IAS 17, which required lessees and lessors to classify their leases as either finance leases or operating leases and to account for those two types of leases differently. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months and for which the underlying asset is not of low value. This new standard will come into effect for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted only for entities also applying IFRS 15 – *Revenue from Contracts with Customers*. The Company is evaluating the impact of this standard on its consolidated financial statements.

#### Amendments to IFRS 2 – *Share-based payments*

In June 2016, the IASB published amendments to IFRS 2 – *Share-based payments*. The amendments clarify the classification and measurement of share-based payment transactions. The amendments will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

#### Amendments to IAS 40 – *Investment Property*

In December 2016, the IASB published amendments to IAS 40 – *Investment Property* to clarify the accounting for transfers of property to, or from, investment property. The amendments will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

#### IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*

In December 2016, the IASB published IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* to clarify the exchange rate that should be used for transactions that include the receipt or payment of advance consideration in a foreign currency. This new standard will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 5. Business combinations

#### Charlemagne Capital Limited (“Charlemagne Capital”)

On December 14, 2016, the Company acquired all of the issued and outstanding shares of Charlemagne Capital. During the three-month period ended March 31, 2017, the Company adjusted the purchase price allocation by increasing the accounts payable and accrued liabilities by US\$275 (CA\$361) with a corresponding increase to goodwill. The revised preliminary purchase price allocation is as follows:

	\$
Cash	11,605
Short-term investments	6,880
Other current assets	7,423
Property and equipment	94
Intangible assets	45,537
Goodwill (nil deductible for tax purposes)	26,697
Accounts payable and accrued liabilities	(15,018)
Deferred income taxes	(7,638)
Non-controlling interest	(21,525)
	<b>54,055</b>
Purchase consideration	\$
Cash consideration	52,983
Forward foreign exchange contracts	1,072
	<b>54,055</b>

The Company expects to finalize the accounting for this acquisition within twelve months of the acquisition date.

#### Apex Capital Management Inc. (“Apex”)

During the three-month period ended March 31, 2017, the Company paid US\$1,171 (CA\$1,568) related to the post-closing purchase price adjustments in connection with the 2016 acquisition of Apex.

#### Samson Capital Advisors LLC (“Samson”)

The purchase price consideration for the 2015 acquisition of Samson included an initial amount of up to US\$4,175 payable over three years if certain targets are achieved. During the three-month period ended March 31, 2017, the first target was met and the Company paid US\$1,391 (CA\$1,863).

#### Fiera Properties Limited (“Fiera Properties”)

On March 7, 2017, the Company purchased 1,500,000 Fiera Properties’ class B shares held by a departing minority management shareholder which increased the Company’s ownership interest in Fiera Properties to 50.93% of class B shares. Concurrently with the transaction, the Company granted Axia Investment Inc., another shareholder of Fiera Properties, a call right which gives Axia the right to acquire up to 50% of the purchased class B shares from the Company within six months from the date of the transaction based on the same valuation.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 6. Restructuring and other integration costs

During the three-month period ended March 31, 2017, the Company recorded restructuring provisions related to severance of \$224 (\$112 for the three-month period ended March 31, 2016) and other restructuring costs of \$146. In addition, the Company recorded other integration costs of \$706 (\$406 for the three-month period ended March 31, 2016) for an aggregate amount of \$1,076 (\$518 for the three-month period ended March 31, 2016). The restructuring charges are mainly composed of severance costs due to corporate reorganizations following business combinations or as a result of the normal evolution of the business. The 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.

The change in the restructuring provisions for severance-related expenses during the period ended March 31, 2017 is as follows:

	Severance
	\$
Balance, December 31, 2016	2,594
Additions during the period	224
Paid during the period	(1,710)
Balance, March 31, 2017	1,108

	March 31, 2017	December 31, 2016
	\$	\$
Current portion	393	1,879
Non-current portion	715	715
Total	1,108	2,594

The restructuring provision of \$715 (\$715 as at December 31, 2016) is classified as a non-current liability as the Company does not expect to settle the provision within the next twelve months.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 7. Goodwill and intangible assets

	Goodwill	Indefinite life Asset management contracts	Finite-life			Total
			Asset management contracts	Customer relationships	Other	
	\$	\$	\$	\$	\$	\$
<b>For the three-month period ended March 31, 2017</b>						
Opening net book value	541,030	9,125	83,593	348,677	17,365	458,760
Business combination	361	-	-	-	-	-
Additions	-	-	-	-	376	376
Foreign exchange difference	(1,581)	(23)	(317)	(1,706)	(108)	(2,154)
Amortization for the period	-	-	(3,239)	(6,455)	(1,241)	(10,935)
<b>Closing net book value</b>	<b>539,810</b>	<b>9,102</b>	<b>80,037</b>	<b>340,516</b>	<b>16,392</b>	<b>446,047</b>
<b>Balance, March 31, 2017</b>						
Cost	519,203	8,548	122,988	392,146	25,680	549,362
Accumulated amortization and impairment	(1,918)	-	(43,519)	(72,846)	(10,408)	(126,773)
Foreign exchange difference	22,525	554	568	21,216	1,120	23,458
<b>Net book value</b>	<b>539,810</b>	<b>9,102</b>	<b>80,037</b>	<b>340,516</b>	<b>16,392</b>	<b>446,047</b>

### 8. Financial instruments

#### Fair value

#### Investments

The cost of investments recorded as available-for-sale is \$1,183 as at March 31, 2017 (\$1,027 as at December 31, 2016), while the fair value is \$1,236 as at March 31, 2017 (\$1,060 as at December 31, 2016). The unrealized gain of \$46 (net of income taxes of \$7) as at March 31, 2017 (\$29 (net of income taxes of \$4) as at December 31, 2016), is reflected in accumulated other comprehensive income (loss).

The cost of investments recorded at fair value through profit or loss is \$8,876 as at March 31, 2017 (\$7,946 as at December 31, 2016), while the fair value is \$8,644 as at March 31, 2017 (\$7,912 as at December 31, 2016). The loss of \$232 was recognized in net earnings during the three-month period ended March 31, 2017.

#### Puttable financial instrument liabilities

During the three-month period ended March 31, 2017, an amount of \$2,753 was paid to a management shareholder of one of the Company's subsidiaries and an amount of \$2,747 was extinguished with an offset to equity.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 8. Financial instruments (continued)

#### Derivative financial instruments

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

The fair value of certain 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 they are consistent with accepted economic methods for pricing 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. The Company determines the fair value of its cross currency and interest rate swap contracts by applying valuation techniques.

Net gain (loss), fair value and notional amount of derivatives by term to maturity are as follows:

	For the three-month period ended March 31, 2017	As at March 31, 2017				
		Fair value		Notional amount: term to maturity		
		Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
Net gain (loss) on derivatives						
	\$	\$	\$	\$	\$	\$
<b>Foreign exchange contracts</b>						
a) Forward foreign exchange contracts – held for trading	637	735	(35)	50,164	-	-
b) Cross currency swaps – held for trading	193	-	(1,129)	153,000	-	-
<b>Interest rate contracts</b>						
c) Swap contracts – held for trading	205	-	(74)	93,825	-	-

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 8. Financial instruments (continued)

	For the three-month period ended March 31, 2016	As at December 31, 2016					
		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	1,049	323	(260)	52,509	-	-	
b) Cross currency swaps – held for trading	-	-	(1,322)	100,000	-	-	
<b>Interest rate contracts</b>							
c) Swap contracts – held for trading	354	-	(279)	95,850	-	-	

Financial statement presentation:

	As at March 31, 2017	As at December 31, 2016
	\$	\$
Current derivative financial instrument assets <sup>(1)</sup>	735	323
Current derivative financial instrument liabilities	(1,238)	(1,861)
Non-current derivative financial instrument liabilities	-	-

<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

The Company entered into a series of average rate forward foreign exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in US dollars for the year ending December 31, 2017. Forward foreign exchange contracts are recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value through profit or loss at the end of each reporting period. As at March 31, 2017, the fair value of the derivative financial asset related to these contracts is \$620 (\$323 as at December 31, 2016). The net impact of these contracts is a gain of \$297 for the three-month period ended March 31, 2017, of which \$275 is presented in other revenues and \$22 in interest on long-term debt and other financial charges (gain of \$1,049 for the three-month period ended March 31, 2016, of which \$982 is presented in other revenues and \$67 in interest on long-term debt and other financial charges).

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

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### 8. Financial instruments (continued)

One of the Company's subsidiaries entered into foreign exchange contracts to manage its exposure to foreign exchange rates. The contracts end at different dates between April 2017 and December 2017. The net impact of these contracts is a gain of \$340 for the three-month period ended March 31, 2017, of which \$335 is presented in other revenues and \$5 in other comprehensive income (nil for the three-month period ended March 31, 2016).

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

Under the terms of the revolving facility, the Company can borrow either in US dollars based on US base or LIBOR rates plus 2.50% or in Canadian dollars based on CDOR plus 2.5% (the same credit spread). To benefit from interest cost savings, the Company has effectively created a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 2.25% on CA\$153,000 (CA\$100,000 as at December 31, 2016) by borrowing against the US dollar revolving facility, the equivalent of CA\$153,000 (US\$114,000) (CA\$100,000 (US\$73,500) as at December 31, 2016) at Libor plus 2.5%, and swapping it into CDOR plus 2.1% with a one-month cross currency swap.

This strategy provides 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).

The fair value of the cross currency swap contracts is a liability of \$1,129 as at March 31, 2017 (liability of \$1,322 as at December 31, 2016). This fair value is offset by the equivalent changes in fair value in Canadian dollars on the amount drawn on the US dollar revolving facility specifically for this transaction of US\$114,000 (US\$73,500 as at December 31, 2016).

The net impact of these contracts on the consolidated statements of earnings, for the three-month period ended March 31, 2017, is a gain of \$193, of which \$167 is presented in (increase) decrease in fair value of derivative financial instruments and a gain of \$26 is presented in other financial charges (nil for the three-month period ended March 31, 2016).

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

On May 1, 2012, the Company entered into a Canadian interest rate swap contract to manage the interest rate fluctuations on its revolving facility denominated in Canadian dollars. The contract consists of exchanging the variable interest rate based on one-month Canadian prime rate for a fixed rate of 1.835%. Amounts are settled on a monthly basis. The gain or loss on the interest rate swap is recorded in changes in fair value of derivative financial instruments in the consolidated statements of earnings. The fair value of the interest rate swap contract is a liability of \$74 as at March 31, 2017 (liability of \$279 as at December 31, 2016). The impact of these contracts on the consolidated statements of earnings, for the three-month period ended March 31, 2017, is a gain of \$205 presented in (increase) decrease in fair value of derivative financial instruments (gain of \$354 for the three-month period ended March 31, 2016).



# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 8. Financial instruments (continued)

The Company remains exposed to changes in the Canadian prime rate on the difference between the amount drawn on the revolving facility in Canadian dollars and the notional amount of the interest rate swap contract. The swap matured on April 3, 2017 while the revolving facility matures on March 25, 2020.

The Company is exposed to fluctuations in the US base or Libor rates on the US dollar term and revolving facilities since the Company does not have any US dollar swaps in place. The drawings in US dollars on the revolving facilities total US\$181,452 as at March 31, 2017 (US\$65,781 as at December 31, 2016).

Financial instruments by category:

	Loans and receivables	Available- for-sale	FVTPL <sup>(1)</sup>	March 31, 2017 Financial liabilities at amortized cost	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash and cash equivalents	41,327	-	-	-	41,327
Restricted cash	984	-	-	-	984
Investments					
Mutual fund and pooled fund investments under the Company's management	-	1,236	8,272	-	9,508
Other securities and investments	-	-	372	-	372
Accounts receivable	85,345	-	-	-	85,345
Long-term receivable	27	-	-	-	27
Derivative financial instruments <sup>(2)</sup>	-	-	735	-	735
<b>Total</b>	<b>127,683</b>	<b>1,236</b>	<b>9,379</b>	<b>-</b>	<b>138,298</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	-	-	-	46,655	46,655
Purchase price obligations	-	-	-	34,385	34,385
Derivative financial instruments	-	-	1,238	-	1,238
Amount due to related companies	-	-	-	1,366	1,366
Client deposits	-	-	-	155	155
Long-term debt	-	-	-	434,838	434,838
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,238</b>	<b>517,399</b>	<b>518,637</b>

<sup>(1)</sup> Financial assets (liabilities) at fair value through profit or loss ("FVTPL").

<sup>(2)</sup> Included in prepaid expenses and other assets on the interim condensed consolidated statements of financial position.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 8. Financial instruments (continued)

	Loans and receivables	Available- for-sale	FVTPL	December 31, 2016	
				Financial liabilities at amortized cost	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash and cash equivalents	40,110	-	-	-	40,110
Restricted cash	660	-	-	-	660
Investments					
Mutual fund and pooled fund investments under the Company's management	-	1,060	7,514	-	8,574
Other securities and investments	-	-	398	-	398
Accounts receivable	116,401	-	-	-	116,401
Long-term receivable	27	-	-	-	27
Derivative financial instruments	-	-	323	-	323
<b>Total</b>	<b>157,198</b>	<b>1,060</b>	<b>8,235</b>	<b>-</b>	<b>166,493</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	-	-	-	89,160	89,160
Purchase price obligations	-	-	-	34,968	34,968
Puttable financial instrument liabilities	-	-	5,500	-	5,500
Derivative financial instruments	-	-	1,861	-	1,861
Amount due to related companies	-	-	-	1,058	1,058
Client deposits	-	-	-	155	155
Long-term debt	-	-	-	430,423	430,423
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,361</b>	<b>555,764</b>	<b>563,125</b>

#### 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).

There were no transfers between levels during the three-month periods ended March 31, 2017.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 8. 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 described above:

	March 31, 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Investments				
Mutual fund and pooled fund investments under the Company's management	-	9,508	-	9,508
Other securities and investments	-	363	9	372
Derivative financial instruments	-	735	-	735
<b>Total financial assets</b>	-	10,606	9	10,615
<b>Financial liabilities</b>				
Derivative financial instruments	-	1,238	-	1,238
<b>Total financial liabilities</b>	-	1,238	-	1,238

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Investments				
Mutual fund and pooled fund investments under the Company's management	-	8,574	-	8,574
Other securities and investments	-	389	9	398
Derivative financial instruments	-	323	-	323
<b>Total financial assets</b>	-	9,286	9	9,295
<b>Financial liabilities</b>				
Derivative financial instruments	-	1,861	-	1,861
Puttable financial instrument liabilities	-	5,500	-	5,500
<b>Total financial liabilities</b>	-	7,361	-	7,361

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 9. Long-term debt

	March 31, 2017	December 31, 2016
	\$	\$
Credit facility		
Term facility	166,525	167,838
Revolving facility	268,030	262,323
Other facilities	1,922	2,039
Deferred financing charges	(1,639)	(1,777)
	434,838	430,423
Less current portion	(1,297)	(1,283)
Non-current portion	433,541	429,140

#### Credit Facility

On May 31, 2016, the Company entered into the Fourth Amended and Restated Credit Agreement (“Credit Agreement”) which includes a term facility and a revolving facility (together, the “Credit Facility”).

##### *Term facility*

The Credit Agreement includes a US\$125,000 term (non-revolving) facility for which there are no minimum repayments until May 31, 2019, the date at which the full amount drawn on the term facility is repayable.

The total amount drawn on the term facility as at March 31, 2017 is US\$125,000 (CA\$166,525) (US\$125,000 (CA\$167,838) as at December 31, 2016).

##### *Revolving facility*

The Credit Facility includes a CA\$300,000 senior unsecured revolving facility that can be drawn on in Canadian or US dollars at the discretion of the Company. Under the terms of the Credit Agreement, there are no minimum repayments on the revolving facility, until March 25, 2020, the date at which the full amount drawn on the revolving facility is repayable in full.

As at March 31, 2017, the total amount drawn on the revolving facility was comprised of CA\$26,300 and US\$181,452 (CA\$241,730) (CA\$174,000 and US\$65,781 (CA\$88,323) was outstanding as at December 31, 2016).

Under the terms of the Credit Agreement, the Company must satisfy certain restrictive covenants on the Credit Facility including minimum financial ratios. These restrictions include maintaining a maximum ratio of Funded Debt to EBITDA and a minimal interest coverage ratio. EBITDA, a non IFRS measure, is defined in the Credit Agreement as consolidated earnings before interest, income taxes, depreciation, amortization, non-recurring and one-time expenses related to acquisitions and other non-cash items. As at March 31, 2017 and December 31, 2016, all restrictive covenants under the Credit Agreement were met.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

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

#### Other Facilities

One of the Company's subsidiaries has an outstanding bank loan in the amount of \$1,150 of which quarterly payments of CA\$131 are required (respectively \$1,281 and CA\$131 as at December 31, 2016). The loan bears interest at prime plus 0.25% to 0.50% which is based on the ratio of senior debt to EBITDA (as defined in the loan agreement), and matures on June 30, 2019. All debt covenant requirements were met as at March 31, 2017 and December 31, 2016. This subsidiary also has a line of credit with a dollar limit of CA\$750. It bears interest at prime plus up to 0.25% which is also based on the ratio of senior debt EBITDA and has no fixed maturity date. As at March 31, 2017, the amount drawn by the subsidiary on the line of credit is \$452 (nil as at December 31, 2016).

Another subsidiary of the Company has a line of credit with a dollar limit of CA\$800. It bears interest at prime plus 2.75% and has no fixed maturity date. As at March 31, 2017, the amount drawn by the subsidiary on the line of credit is \$320 (\$758 as at December 31, 2016).

### 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, 2016	60,800,655	550,609	19,810,903	31,525	80,611,558	582,134
Stock options exercised	5,000	56	-	-	5,000	56
Transfer from Class B Shares to Class A Shares	20,278	32	(20,278)	(32)	-	-
Issuance of shares	512,368	4,904	-	-	512,368	4,904
<b>As at March 31, 2017 <sup>(1)</sup></b>	<b>61,338,301</b>	<b>555,601</b>	<b>19,790,625</b>	<b>31,493</b>	<b>81,128,926</b>	<b>587,094</b>
As at December 31, 2015	51,536,848	435,551	19,847,577	31,583	71,384,425	467,134
Stock options exercised	216,603	1,012	-	-	216,603	1,012
Shares purchased for cancellation	(154,500)	(1,306)	-	-	(154,500)	(1,306)
As at March 31, 2016	51,598,951	435,257	19,847,577	31,583	71,446,528	466,840

<sup>(1)</sup> Includes 5,775,075 Class A Shares held in escrow in relation with the Apex acquisition, 338,124 Class A Shares held in escrow in relation with the Centria acquisition, and 154,111 restricted shares held in escrow in relation to the restricted share plan.

#### Issuance

During the three-month period ended March 31, 2017, 512,368 Class A Shares were issued following the vesting of performance share units at December 31, 2016.

#### Transfers

During the three-month period ended March 31, 2017, 20,278 Class B Shares were converted into 20,278 Class A Shares on a one-for-one basis.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

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

#### Dividends

During the three-month period ended March 31, 2017, the Company declared dividends of \$13,796 (\$0.17 per share) on Class A Shares and Class B Shares (\$10,691 for the three-month period ended March 31, 2016 (\$0.15 per share)) and \$118 on hold back shares (\$95 for the three-month period ended March 31, 2016).

#### Accumulated other comprehensive income (loss)

The components of accumulated other comprehensive income (loss) include:

	March 31, 2017	December 31, 2016
	\$	\$
Unrealized gain on available-for-sale financial assets	46	29
Unrealized exchange differences on translating financial statements of foreign operations	25,829	28,069
	25,875	28,098

### 11. Earnings per share

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

	For the three-month periods ended March 31,	
	2017	2016
	\$	\$
Net earnings attributable to shareholders for the periods	4,428	7,280
Weighted average shares outstanding – basic	81,268,803	71,892,521
Effect of dilutive share-based awards and contingent consideration payable in shares	2,314,815	620,322
Weighted average shares outstanding – diluted	83,583,618	72,512,843
Basic earnings per share	0.05	0.10
Diluted earnings per share	0.05	0.10

For the three-month period ended March 31, 2017, the calculation of hypothetical conversions does not include 1,264,379 stock options (1,261,686 for the three-month period ended March 31, 2016) with an anti-dilutive effect.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

(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 plan during the three-month periods ended March 31, 2017 and 2016, is presented below:

	2017		2016	
	Number of Class A Share options	Weighted-average exercise price	Number of Class A Share options	Weighted average exercise price
		\$		\$
Outstanding – beginning of period	2,799,345	10.25	3,040,225	9.58
Granted	17,000	12.14	41,259	13.33
Exercised	(5,000)	8.44	(216,603)	3.93
Forfeited	(20,645)	13.44	-	-
Outstanding – end of period	2,790,700	10.24	2,864,881	10.06
Options exercisable – end of period	1,165,022	7.76	1,152,241	7.76

The following table presents the weighted average assumptions used during the three-month periods ended March 31, to determine the fair value of options granted using the Black-Scholes option pricing model:

	For the three-month periods ended March 31,	
	2017	2016
Dividend yield (%)	5.34	4.63
Risk-free interest rate (%)	1.27	1.08
Expected life (years)	7.50	7.50
Expected volatility for the share price (%)	32.65	40.87
Weighted-average fair values (\$)	2.03	3.12
Share-based compensation expense (\$)	321	341

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.

#### b) Deferred share unit ("DSU") plan

The Company recorded an expense of \$15 during the three-month period ended March 31, 2017 for the DSU Plan (\$31 for the three-month period ended March 31, 2016). As at March 31, 2017, the Company had a liability of \$207 related this plan (\$192 as at December 31, 2016).

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

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

#### c) Restricted share unit ("RSU") plan

The Company recorded an expense of \$760 during the three-month period ended March 31, 2017 for the RSU Plan (\$1,323 for the three-month period ended March 31, 2016). As at March 31, 2017, the Company had a liability totalling \$3,841 related this plan (\$3,081 as at December 31, 2016). There were 456,303 RSUs outstanding as at March 31, 2017 and as at December 31, 2016.

#### d) Restricted share unit plan – cash

The Company recorded an expense of \$444 during the three-month period ended March 31, 2017 for this plan (nil for the three-month period ended March 31, 2016). As at March 31, 2017, the Company had a liability totalling \$993 related this plan (\$549 as at December 31, 2016).

#### e) Restricted share plan

The Company recorded an expense of \$178 during the three-month period ended March 31, 2017 for the restricted share plan (\$353 for the three-month period ended March 31, 2016).

#### f) Performance share unit ("PSU") plan

PSU plan applicable to business units ("PSU plan applicable to BU")

The Company recorded an expense of \$823 during the three-month period ended March 31, 2017 for the PSU plan applicable to BU (\$1,086 for the three-month period ended March 31, 2016). For the three-month period ended March 31, 2017, the expense is entirely attributable to equity-settled grants. For the three-month period ended March 31, 2016, the expense is attributable to equity-settled grants and cash-settled grants for an amount of \$1,101 and (\$15), respectively.

During the three-month periods ended March 31, 2017 and 2016, the total award value granted to eligible employees under the Company's PSU plans applicable to business units was \$6,566 and nil respectively. During the three-month period ended March 31, 2017, no PSU applicable to business units vested. A total of 477,043 Class A Shares were issued during the three-month period ended March 31, 2017 relating to PSUs vested in 2016.

During the three-month period ended March 31, 2016, 244,878 PSUs vested and were settled. The Company settled the vested PSUs by paying \$4,237 in cash in lieu of issuing Class A Shares. The Company treated the transaction as a repurchase of an equity interest and recorded a deduction in the amount of \$4,237 in contributed surplus. The settling of these PSUs in cash was due to exceptional circumstances. The Company still has the intention to settle the remaining tranches by issuing shares.

#### PSU plan

The Company recorded an expense of \$408 during the three-month periods ended March 31, 2017 for this PSU plan (\$448 for the three-month period ended March 31, 2016). For the three-month period ended March 31, 2017, the expense is entirely attributable to cash-settled ((\$23) for equity-settled grants and \$471 for cash settled-grants for the three-month period ended March 31, 2016). 35,325 Class A Shares were issued during the three-month period ended March 31, 2017 relating to PSUs vested in 2016 and \$475 was paid in cash.



# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

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

g) Stock option plans in the Company's subsidiaries

Two of the Company's subsidiaries have a stock option plan which is based on the shares of the respective subsidiary entity. These plans are accounted for as cash-settled plans. The Company's subsidiaries stock option expense in the statements of consolidated net earnings for the three-month periods ended March 31, 2017 and 2016 was \$169 and nil, respectively. The cash settled share-based liability is \$1,457 in the statements of financial position as at March 31, 2017 (\$1,297 as at December 31, 2016).

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

	For the three-month periods ended March 31,	
	2017	2016
	\$	\$
<b>Changes in non-cash operating working capital items</b>		
Accounts receivable	30,070	5,181
Prepaid expenses and other assets	(2,495)	374
Accounts payable and accrued liabilities	(37,144)	(18,459)
Amount due to related companies	308	249
Deferred revenues	(46)	175
	<b>(9,307)</b>	<b>(12,480)</b>

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between current income tax expense of \$2,441 (2016 – \$5,339) and income taxes paid of \$4,804 (2016 – \$6,652) for a net impact of (\$2,363) (2016 – \$1,313). The following are non-cash items: during the three-month period ended March 31, 2017, the Company issued Class A Shares of \$4,904 as settlement for PSU which vested in 2016 and \$2,747 of puttable financial instrument liabilities were extinguished with an offset to equity.

### 14. Capital management

The Company's capital comprises share capital, (deficit) retained earnings and long-term debt, 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. During the three-month period ended March 31, 2017, the Company and one of its subsidiaries have complied with their respective calculations of excess working capital as required by National Instrument 31-103 *Registration Requirements and Exemptions* which is calculated on a non-consolidated basis. The Company and its subsidiaries have 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 or proceed to the issuance of or repayment of debt.

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 15. Contingent liabilities

In the normal course of business, the Company is 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

The Company has carried out the following transactions with shareholders and their related companies.

	For the three-month periods ended March 31,	
	2017	2016
	\$	\$
Base management and performance fees and other revenues	11,346	12,008
Selling, general & administrative expenses		
Reference fees	409	379
Other	122	588
Interest on long-term debt	3,692	1,976
Changes in fair value of derivative financial instruments	(372)	(354)

These 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. Fees are at prevailing market prices and are settled on normal trade terms.

The amounts due under the Company's Credit Facility, presented as long-term debt are amounts due to a syndicate of lenders which include two related parties of the Company. The counterparty to the derivative financial instruments in the table presented is a related company.

### 17. Segment reporting

The chief operating decision-maker of the Company has determined that the Company's reportable segment is asset management services in Canada, the United States of America and Europe and other.

Geographical information:

Revenues:

	For the three-month periods ended March 31,	
	2017	2016
	\$	\$
Canada	51,663	40,654
United States of America	37,404	23,487
Europe and other	11,507	2,143

# Fiera Capital Corporation

## Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2017 and 2016

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

### 17. Segment reporting (continued)

Non-current assets:

	As at March 31, 2017	As at December 31, 2016
	\$	\$
Canada	526,827	531,486
United States of America	413,673	422,304
Europe and other	64,822	66,113

Revenues are attributed to countries on the basis of the customer's location. Non-current assets exclude deferred income taxes of \$724 as at March 31, 2017 (\$562 as at December 31, 2016).

### 18. Subsequent events

#### Dividends declared

On May 9, 2017, the Board declared a quarterly dividend of \$0.17 per share to shareholders of record as at May 22, 2017 and payable on June 19, 2017.

#### Fiera Properties

On May 5, 2017, the Company purchased 1,500,000 Fiera Properties' class B shares held by the sole remaining minority management shareholder which increased the Company's ownership interest in Fiera Properties by 12.25% to 62.25% of class B shares. Concurrently with the transaction, the Company granted Axia Investment Inc., another shareholder of Fiera Properties, a call right which gives Axia the right to acquire up to 50% of the purchased class B shares from the Company within six months from the date of the transaction based on the same valuation.

#### Holdback shares issued to Samson selling partners

As part of the acquisition of Samson which closed on October 30, 2015, the Company committed to issue 353,928 Class A Shares eighteen months after the transaction closing date. On May 1, 2017, the Company issued 353,928 Class A Shares to the selling partners.

