



Fiera Capital Corporation
Interim Condensed Consolidated
Financial Statements

For the Three and Nine-Month Periods
ended September 30, 2021 and 2020
(Unaudited)



FIERACAPITAL

Fiera Capital Corporation

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Fiera Capital Corporation

Interim Condensed Consolidated Statements of Earnings (Loss)

For the three and nine-month periods ended September 30,

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

(Unaudited)

	Three-month periods		Nine-month periods	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenues				
Base management fees	158,175	159,670	466,402	470,396
Performance fees	2,978	940	9,783	6,182
Share of earnings in joint ventures and associates	2,743	2,145	3,730	4,112
Other revenues	11,032	7,982	28,029	18,569
	174,928	170,737	507,944	499,259
Expenses				
Selling, general and administrative expenses	132,017	122,568	373,305	363,367
Amortization and depreciation	16,164	19,867	54,055	61,036
Restructuring, acquisition related and other costs (Note 5)	9,992	3,099	22,196	31,753
	158,173	145,534	449,556	456,156
Earnings before under-noted items	16,755	25,203	58,388	43,103
Gain on investments, net	(1,944)	(1,065)	(3,734)	(1,897)
Interest on long-term debt, lease liabilities and other financial charges	10,297	10,232	24,860	36,787
Accretion and change in fair value of purchase price obligations and other (Note 7)	2,183	6,161	3,802	104
Loss (gain) on sale of a business and impairment of assets held for sale (Note 4)	—	—	(15,927)	675
Other (gains) losses	(582)	30	(374)	(1,007)
Earnings before income taxes	6,801	9,845	49,761	8,441
Income tax expense	3,618	4,817	9,758	5,705
Net earnings	3,183	5,028	40,003	2,736
Net earnings (loss) attributable to:				
Company's shareholders	2,333	4,726	37,877	(2,396)
Non-controlling interest	850	302	2,126	5,132
	3,183	5,028	40,003	2,736
Net earnings per share (Note 11)				
Basic	0.02	0.05	0.36	(0.02)
Diluted	0.02	0.04	0.35	(0.02)

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 and nine-month periods ended September 30,

(In thousands of Canadian, dollars)

(Unaudited)

	Three-month periods		Nine-month periods	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net earnings	3,183	5,028	40,003	2,736
Other comprehensive income (loss):				
Items that may be reclassified subsequently to earnings (loss):				
Cash flow hedges (Note 7)	608	844	2,026	(3,390)
Foreign exchange differences on translating financial statements of foreign operations (Note 4)	5,342	(4,405)	(32,820)	8,937
Other	—	—	—	61
Other comprehensive income (loss)	5,950	(3,561)	(30,794)	5,608
Comprehensive income	9,133	1,467	9,209	8,344
Comprehensive income (loss) attributable to:				
Company's shareholders	8,283	1,165	7,083	3,212
Non-controlling interest	850	302	2,126	5,132
	9,133	1,467	9,209	8,344

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

(Unaudited)

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	52,740	68,858
Restricted cash and cash equivalents	4,700	10,547
Trade and other receivables	160,360	146,012
Investments	13,331	3,512
Prepaid expenses and other assets	18,710	17,307
Assets held for sale	—	67,930
	249,841	314,166
Non-current assets		
Goodwill (Note 6)	641,712	645,411
Intangible assets (Note 6)	302,289	338,654
Property and equipment	27,106	26,760
Right-of-use assets	81,739	90,612
Deferred income taxes	32,687	34,121
Long-term investments	7,921	7,521
Investments in joint ventures and associates	9,211	8,817
Other non-current assets (Note 7)	39,575	42,271
	1,392,081	1,508,333
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	142,015	156,593
Current portion of cash-settled share-based liabilities (Note 12)	15,357	2,977
Current portion of purchase price obligations and puttable financial instrument liability (Note 7)	19,397	11,870
Current portion of lease liabilities	14,333	15,642
Restructuring provisions (Note 5)	6,729	10,589
Derivative financial instruments (Note 7)	9,125	1,064
Amounts due to related parties	3,410	2,558
Client deposits and deferred revenues	6,609	3,272
Liabilities held for sale	—	17,776
	216,975	222,341
Non-current liabilities		
Long-term debt (Note 8)	425,861	444,992
Convertible debt (Note 9)	190,153	188,279
Lease liabilities	95,925	102,518
Derivative financial instruments (Note 7)	—	11,508
Purchase price obligations and puttable financial instrument liability (Note 7)	33,915	48,949
Cash-settled share-based liabilities	7,024	5,074
Deferred income taxes	10,226	10,144
Other non-current liabilities (Note 7)	6,743	4,052
	986,822	1,037,857
Equity attributable to:		
Company's shareholders	403,368	467,975
Non-controlling interest	1,891	2,501
	405,259	470,476
	1,392,081	1,508,333

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 nine-month periods ended September 30,

(In thousands of Canadian dollars)

(Unaudited)

	Notes	Share Capital	Contributed surplus	Convertible debentures equity component	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Equity attributable to Company's shareholders	Non-Controlling Interest	Total Equity
		\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020		829,588	31,334	3,339	(398,722)	2,436	467,975	2,501	470,476
Net earnings (loss)		—	—	—	37,877	—	37,877	2,126	40,003
Other comprehensive income (loss)		—	—	—	—	(30,794)	(30,794)	—	(30,794)
Comprehensive income (loss)		—	—	—	37,877	(30,794)	7,083	2,126	9,209
Share-based compensation expense	12	—	3,517	—	—	—	3,517	—	3,517
Deferred tax on share-based compensation expense		—	346	—	—	—	346	—	346
Performance and restricted share units settled	10	8,261	(7,973)	—	—	—	288	—	288
Stock options exercised	10	3,862	(940)	—	—	—	2,922	—	2,922
Dividends	10	—	—	—	(65,412)	—	(65,412)	(1,443)	(66,855)
Non-controlling interest capital reduction		—	—	—	—	—	—	(1,293)	(1,293)
Share repurchase and cancellation	10	(11,425)	(1,926)	—	—	—	(13,351)	—	(13,351)
Balance, September 30, 2021		830,286	24,358	3,339	(426,257)	(28,358)	403,368	1,891	405,259
Balance, December 31, 2019		810,509	21,943	3,339	(308,779)	15,799	542,811	1,025	543,836
Net earnings (loss)		—	—	—	(2,396)	—	(2,396)	5,132	2,736
Other comprehensive income (loss)		—	—	—	—	5,608	5,608	—	5,608
Comprehensive income (loss)		—	—	—	(2,396)	5,608	3,212	5,132	8,344
Share-based compensation expense	12	—	8,497	—	—	—	8,497	—	8,497
Deferred tax on share-based compensation expense		—	4,869	—	—	—	4,869	—	4,869
Shares issued as settlement of purchase price obligations	10	11,741	—	—	—	—	11,741	—	11,741
Performance and restricted share units settled	10	7,020	(6,737)	—	—	—	283	—	283
Stock options exercised	10	1,044	(248)	—	—	—	796	—	796
Dividends	10	—	—	—	(64,771)	—	(64,771)	(3,974)	(68,745)
Common shares issued under DRIP	10	1,234	—	—	—	—	1,234	—	1,234
Share repurchase and cancellation	10	(770)	(46)	—	—	—	(816)	—	(816)
Balance, September 30, 2020		830,778	28,278	3,339	(375,946)	21,407	507,856	2,183	510,039

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 and nine-month periods ended September 30,

(In thousands of Canadian dollars)

(Unaudited)

	Three-month periods		Nine-month periods	
	2021	2020	2021	2020
	\$	\$	\$	\$
Operating activities				
Net earnings	3,183	5,028	40,003	2,736
Adjustments for:				
Amortization and depreciation	16,164	19,867	54,055	61,036
Loss (gain) on sale of a business and impairment of assets held for sale (Note 4)	—	—	(15,927)	—
Other (gains) losses	(582)	22	(374)	830
Accretion and change in fair value of purchase price obligations and other	2,183	6,161	3,802	104
Share-based compensation (Note 12)	12,446	5,255	20,914	12,876
Interest on long-term debt, lease liabilities, and other financial charges	10,297	10,232	24,860	36,787
Income tax expense	3,618	4,817	9,758	5,705
Change in derivative financial instruments	(272)	(65)	86	841
Gain on investments, net	(1,938)	(1,065)	(3,734)	(1,836)
Share of earnings in joint ventures and associates	(2,743)	(2,145)	(3,730)	(4,112)
Other non-current liabilities	1,493	(1,324)	1,477	(147)
	43,849	46,783	131,190	114,820
Changes in non-cash operating working capital items (Note 13)	(6,889)	(21,069)	(57,130)	(63,604)
Net cash generated by operating activities	36,960	25,714	74,060	51,216
Investing activities				
Proceeds on disposition (Note 4)	3,016	—	54,823	19,000
Settlement of purchase price adjustments and obligations	—	(2,667)	(11,632)	(22,575)
Proceeds on promissory note	1,258	—	3,533	—
Investments in joint ventures and associates	(2,372)	(433)	(3,446)	(3,185)
Distributions received from joint ventures and associates	4,160	2,873	6,664	8,901
Purchase of intangible assets, property and equipment, net	(3,356)	(1,649)	(15,697)	(6,053)
Investments, net	5,022	(242)	(6,319)	(204)
Restricted cash and cash equivalents	4,792	(2,098)	5,654	(2,398)
Net cash generated by (used in) investing activities	12,520	(4,216)	33,580	(6,514)
Financing activities				
Settlement of share-based compensation	—	—	—	(16,396)
Dividends to the Company's shareholders (Note 10)	(21,861)	(21,802)	(65,412)	(63,534)
Dividends and other distributions to Non-controlling interest	(43)	—	(2,736)	(3,962)
Lease payments	(4,837)	(4,776)	(14,014)	(14,413)
Lease inducements	1,008	123	2,287	623
Stock options exercised, net of issuance costs of nil (2020 - \$16)	2,885	500	2,922	780
Share repurchase and cancellation	—	(816)	(7,133)	(816)
Long-term debt, net (Note 7 and 8)	(9,777)	3,111	(17,347)	25,013
Interest paid on long-term debt and convertible debt	(7,460)	(8,383)	(21,934)	(24,194)
Net cash used in financing activities	(40,085)	(32,043)	(123,367)	(96,899)
Net increase (decrease) in cash and cash equivalents	9,395	(10,545)	(15,727)	(52,197)
Effect of exchange rate changes on cash denominated in foreign currencies	606	44	(391)	1,785
Cash and cash equivalents – beginning of periods	42,739	56,308	68,858	96,219
Cash and cash equivalents – end of periods	52,740	45,807	52,740	45,807

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

For the three and nine-month periods ended September 30, 2021 and 2020

(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)

(Unaudited)

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 delivers customized and multi-asset solutions across public and private market asset classes to institutional, financial intermediary and private wealth clients across North America, Europe and key markets in Asia.

The Company’s head office is located at 1981 McGill College Avenue, Suite 1500, Montreal, Quebec, Canada. The Company’s Class A subordinate voting shares (“Class A 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 and nine-month periods ended September 30, 2021 and 2020 on November 10, 2021.

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, 2020, 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, 2020 and December 31, 2019.

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

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2021 and 2020

(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)

(Unaudited)

3. Adoption of new IFRS and changes in accounting policies

Revised IFRS, interpretations and amendments

Revised standards are effective for annual periods beginning on January 1, 2021. Their adoption did not have a significant impact on the amounts reported or disclosures made in these financial statements.

New standards and interpretations not yet adopted

At the date of approval of these interim condensed consolidated financial statements, new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. Business disposition, assets held for sale and other transactions

Sale of Bel Air Investment Advisors ("Bel Air")

On February 28, 2021, the Company completed the sale of all its equity interest in Bel Air. As a result, the Company recorded a gain of \$19,552 net of change of control expenses of \$5,467 and transaction costs. The gain on sale included the foreign currency translation gain of \$30,219 that was previously recorded in accumulated other comprehensive income which was reclassified to earnings on disposition of the foreign operation.

Fiera Capital Emerging Markets Fund

On March 2, 2021, the Company announced that Fiera Capital Inc. ("FCI"), its wholly-owned subsidiary, entered into an agreement in principle to sell its Fiera Capital Emerging Markets Fund (the "Fund") to Sunbridge Capital Partners LLC ("Sunbridge"). On March 30, 2021, FCI and Sunbridge signed an asset purchase agreement. As a result of this agreement, the Company recorded an accelerated amortization of \$3,395 (US\$2,700), and subsequently presented the intangible asset management contract as an asset "held for sale" as at March 31, 2021. Assets held for sale must be revalued at the lower of its carrying amount and its fair value less cost to sell and accordingly, an impairment charge of \$3,625 (US\$2,900) was recorded. The transaction closed on July 9, 2021 and a nominal gain was recognized in the third quarter of 2021.

Acquisition of Additional Global Equity Team

On March 8, 2021, the Company announced the acquisition of an additional Global Equity team from AMP Capital. As part of the transaction, the Company acquired the team along with the related assets under management ("AUM") and as a result recorded an intangible asset of \$6,779 (US\$5,394).

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2021 and 2020

(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)

(Unaudited)

5. Restructuring, acquisition related and other costs

During the three and nine-month periods ended September 30, 2021, the Company recorded the following:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Restructuring costs related to severance	5,988	1,686	11,499	24,921
Other restructuring costs	3,112	670	8,373	1,326
Acquisition related and other costs	892	743	2,324	5,506
	9,992	3,099	22,196	31,753

Restructuring charges are mainly composed of severance costs due to corporate reorganizations following business combinations, dispositions and other transactions.

Acquisition related and other costs are mainly composed of professional fees, relocation and lease related costs and other expenses incurred as a result of the integration of businesses acquired in prior periods.

The change in the restructuring provision for severance-related expenses during the nine-month period ended September 30, 2021 is as follows:

	Severance
	\$
Balance, December 31, 2020	10,589
Additions during the period	11,499
Paid during the period	(15,303)
Foreign exchange difference	(56)
Balance, September 30, 2021	6,729

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2021 and 2020

(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)

(Unaudited)

6. Goodwill and intangible assets

	Goodwill	Indefinite life		Finite-life		Total
		Asset management contracts	Asset management contracts	Customer relationships	Other	
	\$	\$	\$	\$	\$	\$
For the nine-month period ended September 30, 2021						
Opening carrying amount	645,411	12,508	55,683	260,452	10,011	338,654
Additions	—	—	—	6,739	41	6,780
Additions – internally developed	—	—	—	—	3,228	3,228
Reclassification to assets held for sale (Note 4)	(1,995)	(7,293)	—	—	—	(7,293)
Disposition	—	—	—	—	(52)	(52)
Amortization for the year	—	(3,395)	(13,551)	(17,461)	(3,657)	(38,064)
Foreign exchange difference	(1,704)	(143)	(212)	(558)	(51)	(964)
Closing carrying amount	641,712	1,677	41,920	249,172	9,520	302,289
Balance, September 30, 2021						
Cost	633,323	1,695	153,593	406,815	42,244	604,347
Accumulated amortization and impairment	(1,918)	—	(111,031)	(154,709)	(32,249)	(297,989)
Foreign exchange difference	10,307	(18)	(642)	(2,934)	(475)	(4,069)
Closing carrying amount	641,712	1,677	41,920	249,172	9,520	302,289

In relation to the Fiera Capital Emerging Markets Fund transaction (Note 4), the related indefinite life asset management contract could no longer be considered to have an indefinite useful life with no foreseeable limit to the period over which the asset was expected to generate cash inflows. As a result, \$10,688 of indefinite life asset management contracts was amortized due to a revised estimate of its remaining useful life. \$3,395 was amortized during the three-month period ended March 31, 2021 and the remaining balance of \$7,293 as at March 31, 2021 was reclassified to assets held for sale until the closing of the transaction, which occurred on July 9, 2021.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2021 and 2020

(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)

(Unaudited)

7. Financial instruments

Convertible and hybrid debentures

The convertible and hybrid debentures are recorded at an amortized cost of \$83,156 and \$106,997, respectively, as at September 30, 2021 (\$81,963 and \$106,316 respectively, as at December 31, 2020). The fair value based on market quotes is \$89,700 and \$114,235, respectively, as at September 30, 2021 (\$88,958 and \$111,650 as at December 31, 2020).

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 swaps, interest rate swaps 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 are 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 applicable. 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

For the three and nine-month periods ended September 30, 2021 and 2020

(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)

(Unaudited)

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 September 30, 2021	For the nine-month period ended September 30, 2021	As at September 30, 2021						
			Net gain (loss) on derivatives	Net gain (loss) on derivatives	Fair value		Notional amount: term to maturity		
					Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$	\$	\$	
Foreign exchange contracts									
a) Forward foreign exchange contracts – held for trading	(1,337)	(1,050)	—	(1,136)	43,143	—	—	—	
b) Cross currency swaps – held for trading	(1,807)	(5,399)	—	(2,586)	248,000	—	—	—	
Interest rate contracts									
c) Swap contracts – held for trading	1,093	3,348	—	(2,893)	250,000	—	—	—	
d) Swap contracts – cash flow hedges	—	—	—	(2,510)	214,098	—	—	—	

	For the three-month period ended September 30, 2020	For the nine-month period ended September 30, 2020	As at December 31, 2020						
			Net gain (loss) on derivatives	Net gain (loss) on derivatives	Fair value		Notional amount: term to maturity		
					Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$	\$	\$	
Foreign exchange contracts									
a) Forward foreign exchange contracts – held for trading	(13)	(5,100)	—	—	—	—	—	—	
b) Cross currency swaps – held for trading	(1,738)	28,418	—	(1,064)	210,000	—	—	—	
Interest rate contracts									
c) Swap contracts – held for trading	882	(5,755)	—	(6,241)	—	250,000	—	—	
d) Swap contracts – cash flow hedges	—	—	—	(5,267)	—	215,306	—	—	

Financial statement presentation:

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Current derivative financial instrument liabilities	(9,125)	(1,064)
Non-current derivative financial instrument liabilities	—	(11,508)

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2021 and 2020

(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)

(Unaudited)

7. Financial instruments (continued)

a) Forward foreign exchange contracts — held for trading

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 \$1,337 and \$1,050 during the three and nine-month periods ended September 30, 2021, respectively (loss of \$13 and \$5,100 during the three and nine-month periods ended September 30, 2020, respectively) and received \$85 during the nine-month period ended September 30, 2021 as settlement of contracts that matured during the period (paid \$4,265 during the nine-month period ended September 30, 2020). The fair value of the forward exchange contracts was a liability of \$1,136 as at September 30, 2021 (an asset of nil as at December 31, 2020).

b) Cross currency swaps – held for trading

Under the terms of the Company's revolving facility (Note 8), the Company can borrow either in a 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 October 27, 2021, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 1.55% on \$248,000 (CDOR plus 1.43% on \$210,000 as at December 31, 2020) by borrowing against the US dollar revolving facility, the equivalent of \$248,000 (US\$193,720) (\$210,000 (US\$164,000) as at December 31, 2020) at LIBOR plus 1.75%, and swapping it into CDOR plus 1.55% 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, lease liabilities and other financial charges.

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(Unaudited)

7. Financial instruments (continued)

The Company recorded a loss of \$1,807 and \$5,399 during the three and nine-month periods ended September 30, 2021, respectively, with no net impact on earnings (loss) as described above (a loss of \$1,738 and a gain of \$28,418 during the three and nine-month periods ended September 30, 2020, respectively). A total of \$3,877 was paid during the nine-month period ended September 30, 2021 as settlement of these contracts (\$20,494 was received during the nine-month period ended September 30, 2020) presented in long-term debt, net in the interim condensed consolidated statements of cash flow.

The fair value of the cross currency swap contracts was a liability of \$2,586 as at September 30, 2021 (a liability of \$1,064 as at December 31, 2020).

c) Interest rate swap contract – 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 other interest rate swap contracts (held for trading) held by the Company during the three and nine-month periods ended September 30, 2021.

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, lease liabilities and other financial charges. The Company recorded a gain of \$1,093 and \$3,348 during the three and nine-month periods ended September 30, 2021 (a gain of \$882 and a loss of \$5,755 during the three and nine-month periods ended September 30, 2020, respectively).

The fair value of the interest rate swap contracts is a liability of \$2,893 as at September 30, 2021 (a liability of \$6,241 as at December 31, 2020).

d) Interest rate swap contracts – Cash flow hedges

The Company holds interest rate swap contracts designated as cash flows hedges and which satisfy the requirements for hedge accounting. There were no changes to the terms of the contracts held by the Company during the three and nine-month periods ended September 30, 2021.

The effective portion of changes in the fair value of these contracts is recognized in other comprehensive income and accumulated in a hedging reserve. The Company recorded a gain in comprehensive income of \$608 and \$2,026 during the three and nine-month periods ended September 30, 2021 (net of income taxes of \$218 and \$731) (a gain in other comprehensive income of \$844 and a loss of \$3,390 during the three and nine-month periods ended September 30, 2020 (net of income taxes of \$304 and \$1,510, respectively)).

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(Unaudited)

7. Financial instruments (continued)

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 and nine-month periods ended September 30, 2021 and 2020. The fair value of the interest rate swap contracts designated as cash flow hedges is a liability of \$2,510 as at September 30, 2021 (a liability of \$5,267 as at December 31, 2020).

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\$330,720 as at September 30, 2021 (US\$315,000 as at December 31, 2020).

e) Contingent value rights related to Integrated Asset Management ("IAM")

Through the acquisition of IAM during the year ended December 31, 2019, IAM shareholders received Contingent Value Rights ("CVRs"). The Company accounted for the CVR asset at fair value on the acquisition date, and subsequently revalued the instrument at amortized cost. The short-term portion of the CVR asset is recorded within Trade and other receivables, while the long-term portion is recorded in Other non-current assets. The CVR liability, on the acquisition date, was recorded at fair value and subsequently revalued at fair value through profit and loss. The short-term portion of the CVR liability was recorded in Trade accounts payable and accrued liabilities, while the long-term portion was recorded in Other non-current liabilities.

Fiera Capital Corporation

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(Unaudited)

7. Financial instruments (continued)

Financial instruments by category:

	As at September 30, 2021		
	Amortized cost	Fair value through profit or loss	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	52,740	—	52,740
Restricted cash and cash equivalents	4,700	—	4,700
Investments	—	13,331	13,331
Trade and other receivables	160,360	—	160,360
Long-term receivable ⁽¹⁾	—	30,840	30,840
Long-term investments	—	7,921	7,921
Other non-current assets ⁽²⁾	4,895	—	4,895
Total	222,695	52,092	274,787
Liabilities			
Accounts payable and accrued liabilities	142,015	—	142,015
Purchase price obligations	—	35,831	35,831
Puttable financial instrument liability	—	17,481	17,481
Other non-current liabilities ⁽³⁾	1,248	2,681	3,929
Derivative financial instruments	—	9,125	9,125
Amounts due to related parties	3,410	—	3,410
Client deposits and deferred revenues	262	—	262
Long-term debt	425,861	—	425,861
Convertible debt	190,153	—	190,153
Total	762,949	65,118	828,067

⁽¹⁾ Presented in other non-current assets on the interim condensed consolidated statements of financial position. Represents the promissory note balance.

⁽²⁾ Represents the long-term portion of the CVR asset.

⁽³⁾ Represents the long-term portion of the CVR liability.

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(Unaudited)

7. Financial instruments (continued)

	As at December 31, 2020		
	Amortized cost	Fair value through profit or loss	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	68,858	—	68,858
Restricted cash and cash equivalents	10,547	—	10,547
Investments	—	3,512	3,512
Trade and other receivables	146,012	—	146,012
Long-term receivable ⁽¹⁾	3,758	33,659	37,417
Long-term investments	—	7,521	7,521
Other non-current assets ⁽²⁾	3,380	—	3,380
Total	232,555	44,692	277,247
Liabilities			
Accounts payable and accrued liabilities	156,593	—	156,593
Purchase price obligations	—	45,874	45,874
Puttable financial instrument liability	—	14,945	14,945
Other non-current liabilities ⁽³⁾	862	1,851	2,713
Derivative financial instruments	—	12,572	12,572
Amounts due to related parties	2,558	—	2,558
Client deposits and deferred revenues	162	—	162
Long-term debt	444,992	—	444,992
Convertible debt	188,279	—	188,279
Total	793,446	75,242	868,688

⁽¹⁾ Presented in other non-current assets on the interim condensed consolidated statements of financial position. Represents the promissory note balance.

⁽²⁾ Represents the long-term portion of the CVR asset.

⁽³⁾ Represents the long-term portion of the CVR liability.

Fair value hierarchy

The financial assets and liabilities that are recognized on the interim condensed 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

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(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)

(Unaudited)

7. Financial instruments (continued)

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

	As at September 30, 2021			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Investments	—	13,331	—	13,331
Long-term receivable	—	—	30,840	30,840
Long-term investments	—	—	7,921	7,921
Total financial assets	—	13,331	38,761	52,092
Financial liabilities				
Purchase price obligations	—	—	35,831	35,831
Puttable financial instrument liability	—	—	17,481	17,481
Other non-current liabilities	—	—	2,681	2,681
Derivative financial instruments	—	9,125	—	9,125
Total financial liabilities	—	9,125	55,993	65,118

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Investments	—	3,512	—	3,512
Long-term receivable	—	—	33,659	33,659
Long-term investments	—	—	7,521	7,521
Total financial assets	—	3,512	41,180	44,692
Financial liabilities				
Purchase price obligations	—	—	45,874	45,874
Puttable financial instrument liability	—	—	14,945	14,945
Other non-current liabilities	—	—	1,851	1,851
Derivative financial instruments	—	12,572	—	12,572
Total financial liabilities	—	12,572	62,670	75,242

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(Unaudited)

7. Financial instruments (continued)

Level 3

The fair value of the promissory note, purchase price obligations, the puttable financial instrument liability and the CVRs are Level 3 financial instruments and 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.

Purchase price obligation – City National Rochdale ("CNR"):

Following the termination of the revenue sharing agreement with CNR the Company fully settled the purchase price obligation related to CNR. During the second quarter of 2021, the Company settled an amount of \$10,132 in cash.

During the three and nine-month periods ended September 30, 2020, the Company reduced the fair value of the purchase price obligation by nil and \$14,885 (US\$nil and US\$10,658). In addition, during the three and nine-month periods ended September 30, 2020, the Company settled an amount of \$2,667 and \$16,611 in cash. The fair value of the CNR purchase price obligation as at September 30, 2020 was \$60,197 (US\$45,067) and \$74,054 (US\$57,108) as at December 31, 2019.

Purchase price obligation – Clearwater Capital Partners, LLC ("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 nil and \$836 (US\$nil and US\$665) during the three and nine-month periods ended September 30, 2021 (nil and \$3,969 (expense of US\$nil and US\$2,788) during the three and nine-month periods ended September 30, 2020). The fair value of the Clearwater purchase price obligation as at September 30, 2021 was \$31,169 (US\$24,603) and \$29,695 (US\$23,306) as at December 31, 2020.

The main Level 3 inputs used by the Company to value the Clearwater purchase price obligations are derived from unobservable inputs of revenue and EBITDA (earnings before interest, taxes, depreciation and amortization) forecasts, management's estimates of revenue generated from inflows of AUM from the Asia region, and the risk-adjusted discount rate. The Company used discount rates ranging between 10.0% and 15.0% (2020 – Between 10.0% and 15.0%).

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 revenue forecasts from inflows of AUM from the Asia region, and established a reasonable fair value range between \$19,227 (US\$15,177) and \$32,585 (US\$25,721) for its purchase price obligation as at September 30, 2021.

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(Unaudited)

7. Financial instruments (continued)

Puttable financial instrument liability and call option – Palmer Capital Partners limited ("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 Company 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 EBITDA as defined in the Sale and Purchase Agreement.

The Company increased the fair value of the puttable financial instrument liability and recorded an adjustment of \$1,346 and \$2,309 (GBP774 and GBP1,326) during the three and nine-month periods ended September 30, 2021 ((\$109) and (\$2,037) ((GBP64) and (1,180)GBP)) during the three and nine-month periods ended September 30, 2020). The fair value of the puttable financial instrument liability as at September 30, 2021 was \$17,481 (GBP10,234) and \$14,945 (GBP8,582) as at December 31, 2020.

Promissory Note – Wilkinson Global Asset Management LLC ("WGAM"):

On December 31, 2020, the Company completed the sale of all its equity interest in WGAM, in exchange for a promissory note issued by Wilkinson Global Asset Management LLC for a notional amount of \$35,655 (US\$27,987). Under the terms of the agreement, the promissory note will earn interest at EURIBOR plus a premium of 3%. The principal and interest related to the promissory note will be reimbursable to the Company through quarterly payments based on a specified revenue amount for each fiscal quarter with a minimum annual repayment of US\$1,750. The promissory note is secured by units of membership interests and the assets of WGAM.

The promissory note is a financial asset recorded at fair value through profit and loss and has been categorized as a Level 3 fair value instrument. The discounted cash flow method was used to measure the present value of the promissory note. The main Level 3 inputs used by the Company to value the promissory note are derived from unobservable inputs of revenue forecasts and the risk-adjusted discount rate reflecting the estimated maturity of the promissory note. The Company used a discount rate of 5.0% (2020 – 5.0%). The fair value of the instrument was \$30,840 (US\$24,343) as at September 30, 2021 (\$33,659 (US\$26,420) as at December 31, 2020).

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of this Level 3 financial instrument 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 revenue forecasts and established a reasonable fair value range between \$30,080 (US\$23,743) and \$31,551 (US\$24,904) as at September 30, 2021 (\$32,207 (US\$25,280) and \$34,843 (US\$27,349) as at December 31, 2020).

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(Unaudited)

7. Financial instruments (continued)

The reconciliation of Level 3 fair value measurements is presented as follows:

	Other non-current assets	Long-term investments	Purchase price obligations	Puttable financial instrument liability	Other non-current liabilities	Total
	\$	\$	\$	\$	\$	\$
Fair value as at December 31, 2020	33,659	7,521	(45,874)	(14,945)	(1,851)	(21,490)
Additional investments	—	947	—	—	—	947
Disposition of investments	—	(2,408)	—	—	—	(2,408)
Proceeds received	(3,533)	—	—	—	—	(3,533)
Gain on investments, net	—	1,927	—	—	—	1,927
Settlement of purchase price obligations	—	—	11,632	—	—	11,632
Revaluation ⁽¹⁾	—	—	1,567	(2,309)	—	(742)
Accretion ⁽¹⁾	940	—	(3,435)	(565)	—	(3,060)
Revaluation of CVRs	—	—	—	—	(830)	(830)
Foreign exchange difference	(226)	(66)	279	338	—	325
Fair value as at September 30, 2021	30,840	7,921	(35,831)	(17,481)	(2,681)	(17,232)

⁽¹⁾ Accounted in Accretion and change in fair value of purchase price obligations and other in the consolidated statements of Earnings (loss)

	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	—	749	—	—	—	—	749
Disposition of investments	(4)	(1,027)	—	—	—	—	(1,031)
Gain on investments, net	—	1,539	—	—	—	—	1,539
Settlement of purchase price obligations	—	—	—	34,332	—	—	34,332
Revaluation ⁽¹⁾	—	—	—	17,261	2,032	—	19,293
Accretion ⁽¹⁾	—	—	—	(18,284)	(1,113)	—	(19,397)
Revaluation of CVRs	—	—	7,131	—	—	1,852	8,983
Foreign exchange difference	—	91	—	(4,818)	(70)	—	(4,797)
Fair value as at September 30, 2020	—	7,095	—	(98,883)	(13,148)	(1,851)	(106,787)

⁽¹⁾ Accounted in Accretion and change in fair value of purchase price obligations and other in the consolidated statements of Earnings (loss)

There were no transfers between levels during the three and nine-month periods ended September 30, 2021 and 2020.

Fiera Capital Corporation

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8. Long-term debt

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Credit facility		
Revolving facility	426,946	446,880
Deferred financing charges	(1,085)	(1,888)
Non-current portion	425,861	444,992

Credit Facility

On November 14, 2019, the Company entered into the Sixth Amended and Restated Credit Agreement (“Credit Agreement”) 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, the maturity date is the earlier of (i) June 30, 2023 or (ii) April 23, 2023 if the unsecured convertible debentures (Note 9) have not been repaid or refinanced (i.e. two months prior to their maturity date). The Company may request an increase in the available Facility by an amount of up to \$200,000 subject to the acceptance by the lenders. The Credit Agreement provides for an annual extension which can be requested each year between April 1 and April 30 which is subject to the acceptance of a group of lenders within the banking syndicate whose commitments amount to more than 66 2/3% of the facility.

The Facility bears interest, payable monthly, at variable rates based on the currency in which an amount is drawn. The interest rates are based on either the Canadian prime rate, bankers’ acceptances, the US base rate or the LIBOR, plus a margin as a function of the quarterly Funded Debt to EBITDA ratio as defined in the Credit Agreement.

As at September 30, 2021, the total amount drawn on the Facility was \$7,974 (December 31, 2020 – \$45,570) and US\$330,720 (\$418,972) (December 31, 2020 – US\$315,000 (\$401,310)).

Under the terms of the Credit Agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. All restrictive covenants under the Credit Agreement were met as at September 30, 2021 and December 31, 2020.

During the three and nine-month periods ended September 30, 2021 the Company reimbursed (drew) \$10,613 and \$13,470 (\$9,233) and \$(4,519) during the three and nine-month periods ended September 30, 2020) of its long-term debt.

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9. Convertible debt

The balance of the convertible debt consists of the following:

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Convertible debentures – 5.00% due June 23, 2023	83,156	81,963
Hybrid debentures – 5.60% due July 31, 2024	106,997	106,316
Non-current portion	190,153	188,279

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

	As at September 30, 2021	As at December 31, 2020
	\$	\$
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)
Cumulative accretion expense on liability component	5,505	4,312
Non-current portion	83,156	81,963

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 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.

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9. Convertible debt (continued)

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

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Face value	110,000	110,000
Less:		
Issuance costs	(5,007)	(5,007)
Cumulative accretion expense on liability component	2,004	1,323
Non-current portion	106,997	106,316

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 over allotment 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.

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(Unaudited)

10. Share capital and accumulated other comprehensive income (loss)

The following table provides details of the issued, fully paid and outstanding common shares:

	Class A		Class B			Total
	Number	\$	Number	\$	Number	\$
As at December 31, 2020	84,299,775	798,697	19,412,401	30,891	103,712,176	829,588
Issuance of shares						
Performance and restricted share units settled	1,143,171	8,261	—	—	1,143,171	8,261
Stock options exercised	354,550	3,862	—	—	354,550	3,862
Share repurchase and cancellations	(1,209,101)	(11,425)	—	—	(1,209,101)	(11,425)
As at September 30, 2021⁽¹⁾	84,588,395	799,395	19,412,401	30,891	104,000,796	830,286
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	1,620,924	11,741	—	—	1,620,924	11,741
Performance and restricted share units settled	1,251,483	7,020	—	—	1,251,483	7,020
Stock options exercised	100,185	1,044	—	—	100,185	1,044
Reinvested dividends	134,380	1,234	—	—	134,380	1,234
Share repurchase and cancellations	(81,200)	(770)	—	—	(81,200)	(770)
As at September 30, 2020	84,388,375	799,887	19,412,401	30,891	103,800,776	830,778

⁽¹⁾ Includes nil Class A Shares held in escrow in relation with the Apex acquisition (2,475,034 as at December 31, 2020) and nil Class A Shares held in escrow in relation with the Clearwater acquisition (356,884 as at December 31, 2020).

2021

Share repurchase and cancellation

During the year ended December 31, 2020, the Company entered into a normal course issuer bid ("NCIB") for its Class A Shares from July 15, 2020 to no later than July 14, 2021. On March 17, 2021, the TSX approved an amendment to the Company's previously announced NCIB in order to increase the number of Class A Shares which the Company may purchase for cancellation from 2,000,000 Class A Shares, or 2.4% of the Company's issued and outstanding Class A Shares as of July 8, 2020, to 4,000,000 Class A Shares, representing 4.8% of the Company's issued and outstanding Class A Shares as of July 8, 2020 (date of filing with the TSX). On August 12, 2021, the Toronto Stock Exchange approved the renewal of the Company's NCIB to purchase for cancellation up to a maximum of 4,000,000 Class A Shares, representing approximately 4.7% of its issued and outstanding Class A Shares as at August 2, 2021. The NCIB began on August 16, 2021 and will end at the latest on August 15, 2022.

During the three and nine-month periods ended September 30, 2021, the Company purchased and cancelled 588,838 and 1,209,101 Class A Shares worth \$6,218 and \$13,351 which reduced the related share capital book

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

value by \$5,547 and \$11,425. The excess paid over the book value of \$671 and \$1,926 was charged to contributed surplus.

Dividends

During the three and nine-month periods ended September 30, 2021, the Company declared dividends on Class A Shares and Class B Shares totaling \$21,861 (\$0.21 per share) and \$65,412 (\$0.63 per share). During the three and nine-month periods ended September 30, 2021, 37,372 and 154,868 Class A shares were purchased on the open market for \$396 and \$1,651 to settle dividends under the dividend reinvestment plan.

2020

Issuance of shares

Shares issued as settlement of purchase price obligations

During the nine-month period ended September 30, 2020, in connection with the asset purchase agreement of Clearwater, the Company issued 1,620,924 Class A Shares for \$11,741, net of issuance costs, as settlement of the purchase price obligation.

Dividends

During the nine-month period ended September 30, 2020, the Company declared dividends on Class A Shares and Class B shares totalling \$64,771 (\$0.63 per share). During the nine-month period ended September 30, 2020, 134,380 Class A shares were issued for \$1,234 under the dividend reinvestment plan. These shares were issued from treasury at a discount of nil. During the nine-month period ended September 30, 2020, 60,816 Class A shares were purchased on the open market for \$622 to settle dividends under the dividend reinvestment plan.

Accumulated other comprehensive income (loss)

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

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Cash flow hedges	(1,830)	(3,856)
Unrealized exchange differences on translating financial statements of foreign operations	(26,528)	6,292
	(28,358)	2,436

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11. Earnings (loss) per share

Basic and diluted 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 September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net earnings attributable to shareholders	2,333	4,726	37,877	(2,396)
Weighted average shares outstanding – basic	104,816,583	104,870,753	103,807,821	103,926,190
Effect of dilutive share-based awards, contingent consideration payable in shares and convertible debt	4,139,923	4,047,055	4,165,900	—
Weighted average shares outstanding – diluted	108,956,506	108,917,808	107,973,721	103,926,190
Basic earnings per share	0.02	0.05	0.36	(0.02)
Diluted earnings per share	0.02	0.04	0.35	(0.02)

For the three and nine-month periods ended September 30, 2021, the share-based awards payable in 3,273,407 and 3,049,435 shares and the convertible debentures and hybrid debentures with a face value of \$86,250 and \$110,000 were all anti-dilutive. For the three and nine-month periods ended September 30, 2020, the share-based awards and contingent consideration payable in 3,061,071 and 7,776,036 shares as well as the convertible debentures and hybrid debentures with a face value of respectively \$86,250 and \$110,000 were all anti-dilutive.

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12. Share-based payments

a) Stock option plan

A summary of the changes that occurred in the Company's stock option plans during the nine-month periods ended September 30, 2021, and 2020, is presented below:

	2021		2020	
	Number of Class A Share options	Weighted-average exercise price	Number of Class A Share options	Weighted-average exercise price
		\$		\$
Outstanding – beginning of period	3,901,645	11.25	4,526,769	12.32
Granted	975,000	10.47	750,000	5.88
Exercised	(354,550)	8.24	(100,185)	7.95
Forfeited	—	—	(375,000)	12.75
Expired	(150,000)	12.11	(764,939)	13.19
Outstanding – end of period	4,372,095	11.29	4,036,645	11.02
Options exercisable – end of period	990,095	13.05	1,006,140	11.57

The Company recorded an expense of \$134 and \$370 for stock options during the three and nine-month periods ended September 30, 2021 (an expense of \$426 and \$1,430 during the three and nine-month periods ended September 30, 2020). There were 975,000 stock options issued during the three and nine-month periods ended September 30, 2021. The following table presents the assumptions under the Black-Scholes option pricing model used to determine the fair value of options granted during the three and nine-month periods ended September 30, 2021:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Dividend yield (%)	8.14	—	8.14	12.86
Risk-free interest rate (%)	0.99	—	0.99	0.68
Expected life (years)	7.50	—	7.50	7.50
Expected volatility of the share price (%)	30.38	—	30.38	29.40
Weighted-average fair value (\$)	0.93	—	0.93	0.18

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 that approximates the expected life of options.

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(Unaudited)

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) expense of \$(2) and \$4 for this plan during the three and nine-month periods ended September 30, 2021, respectively (an expense (recovery) of \$9 and \$(7) during the three and nine-month periods ended September 30, 2020, respectively).

As at September 30, 2021, the Company had a liability for an amount of \$109 for the 10,446 units outstanding under the DSU plan (\$105 for 9,848 units as at December 31, 2020).

c) Restricted share unit (“RSU”) plan

The following table presents transactions that occurred in the Company’s RSU Plan during the nine-month periods ended September 30, 2021, and 2020:

	2021	2020
Outstanding units – beginning of period	404,985	242,738
Vested	(207,956)	(175,970)
Reinvested in lieu of dividends	15,843	29,631
Granted	55,348	215,785
Outstanding units – end of period	268,220	312,184

One RSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense of \$298 and \$1,475 for these grants during the three and nine-month periods ended September 30, 2021, respectively (\$726 and \$1,061 during the three and nine-month periods ended September 30, 2020, respectively).

During the nine-month period ended September 30, 2021, nil Class A Shares were issued and \$2,330 was paid in cash as settlement of vested RSUs (56,111 Class A Shares were issued and \$1,171 cash paid as settlement of vested RSUs during the nine-month period ended September 30, 2020). As at September 30, 2021, the Company had a liability in the amount of \$1,233 for the 268,220 units outstanding under the RSU Plan (\$2,044 for 404,985 units as at December 31, 2020).

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12. Share-based payments (continued)

d) Restricted share unit plan — cash (“RSU cash”)

The following table presents transactions that occurred in the Company’s RSU cash Plan during the nine-month periods ended September 30, 2021, and 2020.

	2021	2020
Outstanding units – beginning of period	2,104,224	368,614
Vested	(94,002)	(138,661)
Forfeited	—	(1,735)
Reinvested in lieu of dividends	131,470	102,403
Granted	59,713	1,760,568
Outstanding units – end of period	2,201,405	2,091,189

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of \$1,681 and \$5,570 for these grants during the three and nine-month periods ended September 30, 2021, respectively (\$1,872 and \$3,529 during the three and nine-month periods ended September 30, 2020, respectively).

During the nine-month period ended September 30, 2021, 94,002 units vested (2020 – 138,661) and an amount of \$908 was paid as settlement of these units (2020 – \$1,269). In addition, a total of \$883 was paid during the nine-month period ended September 30, 2021 as settlement of 73,200 units vested in 2020.

As at September 30, 2021, the Company had a liability in the amount of \$9,499 for the 2,201,405 units outstanding under the RSU cash Plan (\$5,711 for the 2,104,224 units as at December 31, 2020).

e) PSU and UAR plan applicable to Business Units (“BU”)

PSU applicable to BU

The Company recorded the following expense relating to the PSU plan applicable to BU during the three and nine-month periods ended September 30, 2021 and 2020:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Equity-settled grants	607	1,255	1,752	3,771
Cash-settled grants	9,574	726	11,439	1,219
Total expense	10,181	1,981	13,191	4,990

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12. Share-based payments (continued)

The total award value granted under the Company's PSU plan applicable to BU was \$10,829 and \$8,445 during the nine-month periods ended September 30, 2021 and 2020, respectively. During the nine-month period ended September 30, 2021, 1,070,688 Class A Shares were issued as settlement of vested PSU applicable to BU (859,453 Class A Shares were issued during the nine-month period ended September 30, 2020).

On August 11, 2021, the Company announced an agreement to establish a sub-advisory partnership with StonePine Asset Management Inc. ("StonePine"), a new firm to be controlled and led by the Head of Fiera Capital's Montreal-based Global Equity Team. The new firm will continue to provide investment management services to Fiera Capital for the benefit of Fiera Capital Clients. The closing of the agreement is targeted for the end of fiscal 2021. Upon closing of the agreement, all PSU applicable to BU previously awarded to the Global Equity team will immediately vest. Accordingly, accelerated share-based compensation was recorded during the period.

On January 16, 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.

UAR applicable to BU

Under the UAR plan applicable to BUs, 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 total award value granted under the Company's UAR plan applicable to BU was nil and \$4,502 during the nine-month periods ended September 30, 2021 and 2020, respectively. The Company recorded an expense of \$336 and \$1,007 during the three and nine-month periods ended September 30, 2021 (\$464 and \$1,270 during the three and nine-month periods ended September 30, 2020).

f) PSU plan

One PSU is equivalent to one Class A Share of the Company. The Company recorded the following expense relating to the PSU plan during the three and nine-month periods ended September 30, 2021 and 2020:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Equity-settled grants	129	171	388	2,041
Cash-settled grants	(13)	74	25	142
Total expense	116	245	413	2,183

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12. Share-based payments (continued)

The total award value granted to eligible employees under the Company's PSU plan for the nine-month periods ended September 30, 2021 and 2020 was \$163 and \$1,170, respectively. 72,483 Class A Shares were issued and \$638 was paid in cash during the nine-month period ended September 30, 2021 as settlement of PSU vested (2020 — 335,919). During the three and nine-month periods ended September 30, 2020, the Company recorded an expense of nil and \$2,300 related to accelerated vesting provision related to key management personnel.

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

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Changes in non-cash operating working capital items				
Accounts receivable	(7,031)	(190)	(13,460)	17,922
Prepaid expenses and other assets	(1,188)	4,627	(3,399)	(2,145)
Accounts payable and accrued liabilities	(17,150)	(22,848)	(53,036)	(85,236)
Current portion of cash-settled share based liabilities	12,955	654	12,380	(5,980)
Restructuring provisions	3,884	(5,127)	(3,804)	8,189
Amounts due to related parties	269	(746)	852	536
Client deposits and deferred revenues	1,372	2,561	3,337	3,110
	(6,889)	(21,069)	(57,130)	(63,604)

Income taxes paid during the three and nine-month periods ended September 30, 2021 were \$2,322 and \$8,049 (\$5,947 and \$11,293 for the three and nine-month periods ended September 30, 2020).

14. Contingent liabilities

In the ordinary course of business, the Company may be involved in and potentially subject to claims, proceedings, and investigations, including, legal, regulatory and tax. There are a number of uncertainties involved in such matters, individually or in aggregate, and as such, it is not currently possible to predict the final outcome with certainty. 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. Management regularly assesses its position on the adequacy of accruals or provisions related to such matters.

15. Capital management

The Company's capital comprises share capital, retained earnings (deficit), long-term debt, 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. The Company is required to maintain minimum working capital, calculated in accordance with National Instrument 31-103 *Registration Requirements and Exemptions*, on a non-consolidated basis. As at September 30, 2021 and December 31, 2020 it has complied with such requirements. 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).

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16. Related party transactions

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

At September 30, 2021, a related shareholder indirectly owns Class B Shares representing approximately 7.0% of the Company's issued and outstanding shares (7.0% as at December 31, 2020). The related shareholder currently has two representatives 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.

Another related shareholder owns 10.3% Class A Shares (10.3% as at December 31, 2020) 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 September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Base management fees	2,209	2,494	6,935	6,847
Other revenues	14	4	34	(2,968)
Selling, general & administrative expenses				
Other	—	—	5	—
Interest on long-term debt	2,304	3,253	7,505	11,435
Net loss (gain) in fair value of derivative financial instruments included in interest on long-term debt, lease liabilities and other financial charges	1,972	1,738	5,732	(28,418)

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17. Segment reporting

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

Revenues:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Canada	99,413	82,976	282,692	244,075
United States of America	45,374	61,841	143,097	179,118
Europe and other	30,141	25,920	82,155	76,066
	174,928	170,737	507,944	499,259

Non-current assets:

	As at	As at
	September 30, 2021	December 31, 2020
	\$	\$
Canada	720,090	685,232
United States of America	195,807	278,117
Europe and other	150,000	148,379
	1,065,897	1,111,728

Revenues are attributed to countries on the basis of the client's location. As at September 30, 2021, non-current assets presented above exclude long-term investments of \$7,921, deferred income taxes of \$32,687 and other non-current assets of \$35,735 (\$7,521, \$34,121 and \$40,797 respectively as at December 31, 2020).

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18. COVID-19

The COVID-19 pandemic has created a period of unprecedented volatility and uncertainty with regards to global economic and market conditions. The Company continues to monitor the financial impact of the COVID-19 pandemic and related market risk on 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 as well as the unknown additional government and central bank interventions and the timeline of the transition to a fully reopened economy. The Company maintains sufficient liquidity to satisfy all of its financial obligations for the foreseeable future. Despite this liquidity, the Company may see an impact to the cost of capital in the future as a result of disrupted credit markets or potential credit rating actions in relation to the Company's debt if the timing and pace of economic recovery is slow. Furthermore, a sustained period of significant market volatility could negatively impact the Company's investment performance, could have a negative effect on the value of the Company's assets and investment strategies (and consequently the AUM), could negatively impact the market price or value of the Company's securities and could result in a write-down of the Company's goodwill and intangible assets in subsequent periods. The valuation of the Company's purchase price obligations could also be impacted if expected results from operations change significantly from current assumptions.

19. Subsequent events

Dividends declared

On November 10, 2021, the Board declared a quarterly dividend of \$0.215 per Class A Share and Class B Share, payable on December 21, 2021 to shareholders of record at the close of business on November 23, 2021. The dividend is an eligible dividend for income tax purposes.

20. Comparative information

Certain comparative amounts in the interim condensed consolidated financial statements have been reclassified in order to conform to the 2021 financial statement presentation.

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