Guardian

GUARDIAN CAPITAL GROUP LIMITED

Report to Shareholders

SECOND QUARTER

JUNE 30, 2023

Enriching Lives Together

TO OUR SHAREHOLDERS:

We present below a summary of the Company's operating results for the three months ended June 30, 2023 and 2022. All per share figures disclosed below are stated on a diluted basis.

For the periods ended June 30, *($ in thousands, except per share amounts)*		**Three months** 2023		2022 *restated*		**Six months** 2023		2022 *restated*
Net revenue	$	61,833	$	50,056	$	116,326	$	101,878
Operating earnings		17,038		11,404		28,278		24,910
Net gains (losses)		(3,736)		(91,545)		14,398		(101,294)
Net earnings (loss) from continuing operations		11,532		(73,463)		37,974		(73,239)
Net earnings from discontinued operations		--		5,239		553,743		10,830
Net earnings (loss)		11,532		(68,224)		591,717		(62,409)
EBITDA [(1)]	$	23,199	$	16,158	$	40,570	$	33,661
Adjusted cash flow from operations [(1)]		15,903		9,699		34,000		26,477
Attributable to shareholders:								
Net earnings (loss) from continuing operations	$	11,145	$	(74,053)	$	37,259	$	(74,406)
Net earnings (loss)		11,145		(69,698)		498,748		(65,436)
EBITDA [(1)]		22,303		15,040		38,698		31,456
Adjusted cash flow from operations [(1)]		14,967		8,577		32,080		24,212
Per share amounts (diluted):								
Net earnings (loss) from continuing operations	$	0.45	$	(3.03)	$	1.48	$	(3.04)
Net earnings (loss)		0.45		(2.85)		19.45		(2.68)
EBITDA [(1)]		0.89		0.57		1.54		1.19
Adjusted cash flow from operations [(1)]		0.60		0.33		1.28		0.92

As at *($ in millions, except per share amounts)*		**2023 June 30**		2022 December 31		2022 June 30 *Restated*
Assets under management	$	52,754	$	49,587	$	46,931
Assets under advisement		3,773		3,716		3,944
Total client assets		56,527		53,303		50,875
Shareholders' equity	$	1,213	$	768	$	743
Securities		1,274		660		651
Per share amounts (diluted):						
Shareholders' equity [(1)]	$	47.63	$	29.43	$	28.74
Securities [(1)]		50.05		25.31		25.17

Summary

The Company is reporting Operating earnings of $17.0 million for the quarter ended June 30, 2023, a 49% increase from $11.4 million in the same quarter in the prior year. The increase in Operating earnings includes over $7.0 million in interest income earned on the proceeds of disposition of Worldsource and this had the most significant impact on the growth in Operating earnings.

EBITDA[(1)] and EBITDA attributable to shareholders[(1)] were $23.2 million and $22.3 million in the current quarter, compared to $16.2 million and $15.0 million in the comparative period.

As a reminder to the readers, with Guardian's decision to dispose of the Worldsource Businesses, a financial measure Net earnings from discontinued operations was introduced in a prior period. All revenues and expenses associated with that business was netting into this one line. The Net earnings from the remaining businesses is presented as Net earnings from continuing operations. As a result, the comparative periods have been restated to reflect this presentation format.

The Company's total client assets as at June 30, 2023, were $56.5 billion, which include assets under management and assets under advisement. This is a 6% increase from $53.3 billion as at December 31, 2022, and an 11% increase from $50.9 billion reported as at June 30, 2022.

Net revenue for the current quarter was $61.8 million, a 24% increase from $50.1 million in the same quarter in the prior year. Interest income of over $7 million earned on the proceeds from the sale of the Worldsource Businesses was the biggest driver of the increase. Net management and advisory fee revenue increased by $3.4 million in the current quarter to $45.5 million, and this is partially due to the addition of RaeLipskie, which was acquired on September 1, 2022. Operating expenses were 16% higher in the current quarter at $44.8 million, due to the inclusion of expenses associated with

RaeLipskie, increase in interest expense due to rise in interest rates, increased marketing and travel costs, the effects of bearing certain costs which were recovered from Worldsource in prior periods and increased strategic investments into our additional anticipated growth sources for the future, which includes the Canadian Retail Asset Management team, the Guardian Smart Infrastructure team, and Guardian Partners Inc.

Net losses in the current quarter were $3.7 million, compared to Net losses of $91.5 million in the same quarter in the prior year, both largely consistent with performance of the global equity markets.

Net earnings attributable to shareholders were $11.1 million in the current quarter and Net loss of $69.7 million in the comparative period. The quantum of Net losses in each of the periods were the greatest driver of this measure.

Adjusted cash flow from operations[(1)] and Adjusted cash flow from operations attributable to shareholders[(1)] for the current quarter were $15.9 million and $15.0 million, respectively, compared to $9.7 million and $8.6 million, respectively, in the comparative period. During the current quarter, the Company returned to shareholders $8.6 million in dividends and $21.8 million in share buybacks.

The Company's Shareholders' equity as at June 30, 2023 was $1,213 million, or $47.63 per share[(1)], compared to $768 million, or $29.43 per share[(1)] as at December 31, 2022.

The Board of Directors is pleased to have declared a quarterly eligible dividend of $0.34 per share, payable on October 18, 2023, to shareholders of record on October 11, 2023.

[(1)] These terms do not have standardized measures under International Financial Reporting Standard ("IFRS"). These non-IFRS measures used by the Company are defined in the quarterly Management's Discussion and Analysis, including a reconciliation of these measures to their most comparable IFRS measures. Certain of the names of these measures were amended to include the words "attributable to shareholders" to better describe the measures.

CAUTION CONCERNING FORWARD-LOOKING INFORMATION

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

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

The forward-looking information included in this Report to Shareholders is presented as of the preparation date of this Report to Shareholders and should not be relied upon as representing Guardian's views as of any date subsequent to the date of this Report to Shareholders. Guardian undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

NOTICE TO SHAREHOLDERS

Guardian's Board of Directors appoints independent auditors to audit Guardian's annual Financial Statements. Under Canadian securities laws (National Instrument 51-102), if an auditor has not reviewed the interim Financial Statements, this must be disclosed in an accompanying notice.

Guardian's independent auditor has not performed a review of these condensed interim Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

Commentary

Market Recap

There is an old investing adage that bull markets climb the wall of worry while bear markets slide down the slope of hope. Financial markets tend to sustainably thrive in expansions when there is a healthy dose of skepticism among investors, with abundant focus being placed on the numerous potential downside risks that could knock the rally off track. For the past several months, reasons to worry abound, increases in the interest rate, emerging market debt defaults, global trade frictions, and the consequent slowdown in Chinese growth, have all contributed to a wall of worry, while stock markets have staged a significant comeback from last year's prolonged selloff. Major indexes across the globe have gone up by double-digits during the first half of 2023. In fact, the main global equity benchmarks are now up more than 20% from their October 2022 lows indicating that, despite stocks remaining roughly 10% below their earlier peaks, a new bull market has officially begun.

Many investors' personal experiences so far this year vary drastically from these robust overall market gains as it has not been a case of a rising tide lifting all boats in the market. Instead, it has been an extremely narrow subset of stocks that have soared while the rest have been left comparably treading water. The S&P 500 Composite Price Index is up 14% year-to-date; however, the vast majority of that gain can be attributed to just 10 stocks that together account for just one-quarter of the market-capitalization-weighted index. The other 490 stocks, in the gauge of equities of the largest US companies, together are up by less than 5%. Moreover, these 10 stocks weighted average return of 70%, is also responsible for most of the 12% year-to-date gain in the MSCI World Index (the benchmark for Developed Market equities) similarly for the MSCI All Country World Index (which is comprised of Developed and Emerging Market stocks), the "Top Ten" account for about half of the 11% increase so far this year. In other words, any global equity portfolio that did not hold these stocks, or is underweight relative to the market benchmark (such as value or income-biased strategies), has very likely underperformed year-to-date by a fairly significant margin.

On the topic of fixed income, a general upward shift in market yields across the curve back toward the higher end of the ranges that have prevailed over the last year generally resulted in negative performance in fixed income markets, though, the higher coupon to clip now has served to cushion the impact. Better than expected US growth, pointing to a soft landing, and strong corporate balance sheets led investors to favour credits over governments with high yield debt outperforming investment grade credits, which in turn outperformed government debt in the quarter.

Subsequent to the sale of the Worldsource businesses, Guardian streamlined its businesses into two Segments, Investment Management Segment and Corporate Activities and Investments Segment. The businesses which were previously included in the Wealth Management Segment have now been consolidated into the Investment Management Segment.

Investment Management

In the second quarter, Guardian's investment products along with the broader equities markets, generally experienced positive returns. Institutional assets under management ("AUM") grew to $47.3 billion from $46.9 billion at the end of the second quarter. Positive net flows, and positive equity returns in the quarter were partially offset by negative performance in the fixed income side of the business. Most of the positive inflows came into our GuardCap's Fundamental Global equity strategy and Canadian fixed income, while Canadian equities and US fixed income had small withdrawals. During the quarter, we continued to expend time and money on the retail distribution channel, which we expect to contribute to the future growth of our investment management segment. Our experience indicates that progress is normally slow at the beginning with, but we maintain confidence, that we will gain traction in the market, and accordingly are more than willing to invest significant time and money to achieve success. Building a following among financial advisors is an effort that will require our patience and persistence, but we are uniquely well positioned to stay the course on this initiative. We believe the commitment to sustain meaningful current operating losses related directly to the building of our presence in this channel will prove to be a worthwhile investment for our shareholders in the long term. At the current stage of our development, we take note of more intangible signs of success, which include monitoring engagement levels with financial advisors and growing brand awareness, rather than being myopic about the drag on earnings from these initiatives. Another investment initiative where we are committing support by taking on expenses which will precede any new revenues has been our efforts at building our nascent Guardian Smart Infrastructure Management team. We expect investor demand for infrastructure asset class to continue to be strong and evolve over time into satellite allocations, such as smart infrastructure. We believe we have a team that provides us with an opportunity to build a leading top-tier offering in this market. We have been actively engaging with potential institutional investors across the globe, and early interest toward raising our first fund has been encouraging, including securing a lead limited partner commitment from a large US-based institutional investor, being in active due diligence with a number of other large U.S. pension plans looking to participate in a first close of the fund, and expressions of interest from existing Canadian institutional clients. We believe, with a continued focus and effort to advance the many discussions we have with prospective investors that, this investment thesis can be commercialized in the not too distant future.

Our Private Wealth business includes Guardian Capital Advisors LP., our "Outsourced Chief Investment Officer" operation, Guardian Partners Inc., Alexandria Bancorp Limited, and 60% interest in Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), acquired in September, 2022. At June 30, our Private Wealth operations had a total AUM of $5.2 billion (including $1.1 billion of AUM at RaeLipskie) and $3.9 billion of assets under advisement ("AUA"), both asset metrics were roughly flat in the quarter. Our goal in Private Wealth is to offer increasing depth of services to high-net-worth and ultra-high-net-worth clients, as we are very optimistic about the opportunity in both this demographic and the advisory/family office segment of the market. We will continue to invest in the Private Wealth area, while seeking to create revenue synergies between our various private client operations as we share the various capabilities and strengths of each business unit, with their counterparts. We believe this business is synergistic to our other investment management businesses and allows us to provide a continuum of services to a spectrum of wealthy clients.

Discontinued Operations

At the time of entering into an agreement to sell the Worldsource businesses, the financial results from these related entities were classified as discontinued operations and are excluded from our reported results for continuing operations. Meanwhile, upon receipt of the proceeds from the deal, we invested into a portfolio of high-quality liquid fixed-income securities that mature 3, 6 and 12 months and provide a blended yield of just under 5%.

As the sale of these businesses were opportunistic we have determined the need to review our long-term strategic plans. Immediately after closing of the transaction we committed to take the next few months to undertake a full strategic review which will include engagement with various stakeholders, including Board of Directors, Shareholders, and third-party advisors. Our review will focus on the strategic opportunities to support and grow our core business as an asset manager.

Corporate Activities and Investments

In addition to our core Investment Management operating segment, steady and reliable investment income from our corporate securities portfolio has been a meaningful contributor to Guardian's profitability, long-term financial health and flexibility. At the current quarter's end, our investment portfolio was valued at $1.274 billion, down slightly from $1.301 billion in the first quarter, and up from $680 million at December 31, 2022. The large increase in the investment portfolio since year end is due to the net proceeds from the sale of the Worldsource businesses to the Desjardins Group, a transaction that closed March 1 2023. The proceeds of the sale were immediately invested in high quality, liquid, fixed-income securities that mature in 3, 6 and 12 months and provide a blended yield of just under 5%. Our aggregate portfolio received dividend and interest income of approximately $13.8 million in the quarter. This is a substantial increase when measured against prior quarters, and is of course, related to the interest we collected from the invested proceeds of the sale. This is the first quarter that reflects the near term run rate earnings from our expanded securities portfolio. Historically, our balance sheet has been heavily equity oriented, but at the end of the quarter we were roughly 50% exposed to the fixed-income markets, almost all of it with maturities under 12 months. As mentioned above, the sale of Worldsource was not a planned event, and Guardian's management and board will engage in a comprehensive strategic planning process to reflect the changes in Guardian's balance sheet, and business focus. While we conduct our analysis, we have decided that it would be prudent to invest the net proceeds of the aforementioned sale in short-term instruments and fortunately, for the first time in many years, short term investments offer a return that is both relatively safe, and quite rewarding. Our holding of Bank of Montreal stock has historically provided an important source of dividend income and stability on our balance sheet. However, its contribution to our overall profitability has been decreasing, (especially now that the proceeds of the Worldsource sale have been invested) due to a combination of growing contributions from our operating businesses over the last decade and, at the same time, we have diversified our investment portfolio largely into higher-growth, but generally lower-yielding, proprietary investment strategies. In the current quarter, BMO dividends contributed $3.2 million to Guardian revenues, the same as in Q1. No BMO shares were sold in the current quarter, and we continue to hold 2,230,000 shares with a fair value of $267 million. The balance of our portfolio is largely comprised of proprietary, diversified public equity strategies, Canadian real estate and fixed-income strategies and, to a lesser extent, third-party public and private investments. We will continue to utilize our balance sheet to seed new strategies and to support growth in our operating business segment. Overall, we believe that we have ample capacity to fund any future demand for seeding of proprietary strategies and their respective investment vehicles, corporate acquisitions or buybacks of Guardian stock under our normal course issuer bid.

Capital Allocation

Quality companies generate strong earnings and cash flows, and as we grow these financial metrics, Guardian is committed to balancing the distribution of our cash flows between investing sufficient funds into the business for future growth and returning an ever-increasing amount of cash to its shareholders. In the second quarter of 2023, Guardian returned roughly $8.6 million to shareholders through dividends. In addition, $21.8 million was returned to shareholders through the purchase of 509,000 shares for cancellation as part of our normal course issuer bid. Historically Guardian has focused on allocating its cash flow to a combination of growth initiatives, dividend increases and share buybacks. Guardian's management team and Board of Directors remain supportive of buying back our shares if the market continues to materially underappreciate the intrinsic value of our Company and doing so neither diminishes the quality of our balance sheet nor affects our ability to invest in future growth initiatives. With strong, continuing cash flow and a strengthened, fortress balance-sheet, we are in the enviable position of being able to balance the needs of all stakeholders, including our clients, associates and shareholders. Given the sale of the Worldsource businesses nearly doubling our liquidity, Guardian's leadership has concluded that we have the flexibility to substantially increase the allocation of our cash flow to dividend payout, compared to prior years. The Board is pleased to report that we have declared another quarterly dividend of $0.34 per share, payable on October 18, 2023 to the shareholders of record on October 11, 2023. Our core values at Guardian are to be Trustworthy, to act with Integrity and to ensure Stability throughout the organization. Clients, shareholders, employees, partners and other stakeholders of Guardian should be assured that, from top to bottom, our organization seriously embraces the responsibilities with which we are entrusted, and we are continuously striving to improve all aspects of how we do business. Consistently delivering on our stated objectives, along with the balancing of all stakeholders' interests through both good and challenging times, are further measures of the quality of institution we expect Guardian to represent. As long as we continue to live up to these expectations, all of our stakeholders should expect to benefit from our successes.

On behalf of the Board,	August 11, 2023
(signed) "James Anas"	(signed) "George Mavroudis"
Chairman of the Board	President and Chief Executive Officer

CONSOLIDATED BALANCE SHEETS (Unaudited)

As at *($ in thousands)*	June 30 2023	December 31 2022
ASSETS		
Current assets		
Cash (note 15)	$ 59,011	$ 54,894
Interest-bearing deposits with banks	85,040	67,446
Accounts receivable and other	52,001	48,398
Income taxes receivable	10,502	6,002
Securities backing third party investor liabilities (note 3)	63,343	64,895
Discontinued operations (note 15)	--	297,223
	269,897	538,858
Securities (note 4)	1,274,161	660,413
Other assets		
Deferred tax assets	1,193	794
Intangible assets	91,606	96,886
Equipment	22,862	25,302
Goodwill	41,806	42,519
	157,467	165,501
Total assets	$ 1,701,525	$ 1,364,772
LIABILITIES		
Current liabilities		
Bank loans and borrowings (note 5)	$ 131,462	$ 131,566
Third party investor liabilities (note 3)	63,343	64,895
Client deposits	70,137	59,080
Accounts payable and accrued liabilities	73,741	79,772
Lease obligations	1,556	1,647
Income taxes payable	72,838	1,627
Due to non-controlling interests and other liabilities (note 6)	4,897	28,894
Discontinued operations (note 15)	--	141,992
	417,974	509,473
Lease obligations	20,124	22,273
Due to non-controlling interests and other liabilities (note 6)	13,470	12,973
Deferred tax liabilities	35,845	37,194
Total liabilities	487,413	581,913
EQUITY		
Shareholders' equity		
Capital stock (note 7a and 7b)	17,099	17,559
Treasury stock (note 8a)	(33,336)	(35,569)
Contributed surplus	26,542	28,460
Retained earnings	1,184,680	733,287
Accumulated other comprehensive income	17,570	24,127
	1,212,555	767,864
Other equity interests	1,557	14,995
Total equity	1,214,112	782,859
Total liabilities and equity	$ 1,701,525	$ 1,364,772

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

For the periods ended June 30,	**Three months**		**Six months**	
	2023	2022	**2023**	2022
($ in thousands, except per share amounts)		*restated*		*restated*
Revenue				
Management and advisory fees, gross	**$ 48,824**	$ 45,345	**$ 96,247**	$ 93,585
Fees paid to referring agents and other	**(3,300)**	(3,234)	**(6,704)**	(6,685)
Net management and advisory fees	**45,524**	42,111	**89,543**	86,900
Administrative services income	**2,572**	2,088	**5,093**	4,230
Dividend and interest income (note 9)	**13,737**	5,857	**21,690**	10,748
Net revenue	**61,833**	50,056	**116,326**	101,878
Expenses				
Employee compensation and benefits	**28,716**	25,658	**57,461**	52,685
Amortization	**3,187**	3,073	**6,473**	5,863
Interest	**2,053**	760	**3,982**	1,305
Other expenses	**10,839**	9,161	**20,132**	17,115
	44,795	38,652	**88,048**	76,968
Operating earnings	**17,038**	11,404	**28,278**	24,910
Net gains (losses) (note 10)	**(3,736)**	(91,545)	**14,398**	(101,294)
Earnings (loss) before taxes	**13,302**	(80,141)	**42,676**	(76,384)
Income tax expense (recovery)	**1,770**	(6,678)	**4,702**	(3,145)
Net earnings (loss) from continuing operations	**11,532**	(73,463)	**37,974**	(73,239)
Net earnings from discontinued operations (note 15)	**--**	5,239	**553,743**	10,830
Net earnings (loss)	**11,532**	(68,224)	**591,717**	(62,409)
Other comprehensive income (loss)				
Net change in foreign currency translation on foreign subsidiaries	**(6,186)**	8,844	**(6,826)**	4,337
Comprehensive income (loss)	**$ 5,346**	$ (59,380)	**$ 584,891**	$ (58,072)
Net earnings (loss) from continuing operations attributable to:				
Shareholders	**$ 11,145**	$ (74,053)	**$ 37,259**	$ (74,406)
Non-controlling interests	**387**	590	**715**	1,167
	$ 11,532	$ (73,463)	**$ 37,974**	$ (73,239)
Per share (note 11)				
Basic	**$ 0.47**	$ (3.03)	**$ 1.56**	$ (3.04)
Diluted	**0.45**	(3.03)	**1.48**	(3.04)
Net earnings (loss) attributable to:				
Shareholders	**$ 11,145**	$ (69,698)	**$ 498,748**	$ (65,436)
Non-controlling interests	**387**	1,474	**92,969**	3,027
	$ 11,532	$ (68,224)	**$ 591,717**	$ (62,409)
Per share (note 11)				
Basic	**$ 0.47**	$ (2.85)	**$ 20.91**	$ (2.68)
Diluted	**0.45**	(2.85)	**19.45**	(2.68)
Comprehensive income (loss) attributable to:				
Shareholders	**$ 5,185**	$ (61,763)	**$ 492,191**	$ (61,687)
Non-controlling interests	**161**	2,383	**92,700**	3,615
	$ 5,346	$ (59,380)	**$ 584,891**	$ (58,072)

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

For the periods ended June 30,	Three months		Six months	
($ in thousands)	**2023**	2022	**2023**	2022
Total equity, beginning of period	**$ 1,237,694**	$ 797,572	**$ 782,859**	$ 852,577
Shareholders' equity, beginning of period	**1,242,051**	781,334	**767,864**	838,520
Capital stock, beginning of period	**17,463**	18,023	**17,559**	18,067
Acquired and cancelled (note 7c)	**(364)**	(395)	**(460)**	(439)
Capital stock, end of period	**17,099**	17,628	**17,099**	17,628
Treasury stock, beginning of period	**(34,061)**	(35,328)	**(35,569)**	(31,712)
Acquired (note 8a)	**--**	(1,999)	**(3,140)**	(5,965)
Disposed of (note 8a)	**725**	1,758	**5,373**	2,108
Treasury stock, end of period	**(33,336)**	(35,569)	**(33,336)**	(35,569)
Contributed surplus, beginning of period	**25,626**	25,511	**28,460**	25,106
Stock-based compensation expense, continuing operations	**921**	921	**1,837**	1,583
Stock-based compensation expense, discontinued operations	**--**	105	**898**	198
Redemption of equity-based entitlements	**(5)**	(302)	**(4,653)**	(652)
Contributed surplus, end of period	**26,542**	26,235	**26,542**	26,235
Retained earnings, beginning of period	**1,209,493**	819,520	**733,287**	822,195
Net earnings (loss) from continuing operations	**11,145**	(69,698)	**498,748**	(65,436)
Dividends declared and paid (note 7d)	**(8,573)**	(6,284)	**(14,702)**	(10,977)
Capital stock acquired and cancelled (note 7c)	**(21,431)**	(17,528)	**(26,699)**	(19,772)
Changes in the ownership of a subsidiary (note 6)	**(5,954)**	--	**(5,954)**	--
Retained earnings, end of period	**1,184,680**	726,010	**1,184,680**	726,010
Accumulated other comprehensive income, beginning of period	**23,530**	678	**24,127**	4,864
Other comprehensive income (loss)	**(5,960)**	7,935	**(6,557)**	3,749
Accumulated other comprehensive income, end of period	**17,570**	8,613	**17,570**	8,613
Shareholders' equity, end of period	**1,212,555**	742,917	**1,212,555**	742,917
Other equity interests, beginning of period	**(4,357)**	12,448	**14,995**	14,507
Non-controlling interests, beginning of period	**33,473**	44,263	**52,569**	45,356
Net earnings	**387**	1,474	**92,969**	3,027
Other comprehensive income (loss)	**(226)**	909	**(269)**	588
Dividends declared and paid	**(1,189)**	(918)	**(8,994)**	(3,243)
Disposal of subsidiary (note 15)	**--**	--	**(103,830)**	--
Changes in the ownership of a subsidiary (note 6)	**(14,166)**	--	**(14,166)**	--
Non-controlling interests, end of period	**18,279**	45,728	**18,279**	45,728
Obligations to non-controlling interests, beginning of period	**(37,830)**	(31,815)	**(37,574)**	(31,299)
Changes in the ownership of a subsidiary (note 6)	**20,120**	--	**20,120**	--
Change during period	**988**	(1,959)	**732**	(2,475)
Obligations to non-controlling interests, end of period	**(16,722)**	(33,774)	**(16,722)**	(33,774)
Other equity interests, end of period	**1,557**	11,954	**1,557**	11,954
Total equity, end of period	**$ 1,214,112**	$ 754,871	**$ 1,214,112**	$ 754,871

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

For the periods ended June 30,	**Three months**		**Six months**	
($ in thousands)	**2023**	2022	**2023**	2022
Operating activities				
Net earnings (loss)	$ **11,532**	$ (68,224)	$ **591,717**	$ (62,409)
Adjustments for:				
Income taxes paid	**(5,284)**	(6,279)	**(8,215)**	(12,104)
Income tax expense (recovery)	**1,770**	(4,747)	**74,141**	822
Net (gains) losses	**3,736**	90,128	**(634,297)**	98,110
Amortization of intangible assets	**2,489**	5,408	**6,394**	9,919
Amortization of equipment	**698**	1,161	**1,816**	2,291
Stock-based compensation	**921**	1,026	**2,735**	1,781
Other non-cash expenses	**41**	12	**83**	24
	15,903	18,485	**34,374**	38,434
Net change in non-cash working capital items (note 13)	**(1,021)**	9,188	**(9,305)**	(11,453)
Net cash from operating activities	**14,882**	27,673	**25,069**	26,981
Investing activities				
Net (acquistion) disposition of securities	**16,669**	3,327	**(601,196)**	(36)
Income taxes (paid) refunded	**--**	(757)	**--**	(757)
Net (acquisition) disposition of securities backing third party investor liabilities	**183**	(700)	**11,871**	(2,840)
Acquisition of intangible assets	**(188)**	(12,179)	**(1,682)**	(15,402)
Acquisition of equipment	**(77)**	(226)	**(220)**	(321)
Disposition of intangible assets	**--**	1,991	**--**	4,247
Discontinued operations (note 15)	**--**	--	**726,580**	--
Net cash from (used in) investing activities	**16,587**	(8,544)	**135,353**	(15,109)
Financing activities				
Dividends paid to shareholders	**(8,573)**	(6,284)	**(14,702)**	(10,977)
Dividends paid to non-controlling interests	**(1,189)**	(918)	**(8,994)**	(3,243)
Disposal of subsidiary, non-controlling interests (note 15)	**--**	--	**(103,830)**	--
Discontinued operations, cash provided from	**--**	--	**33,138**	--
Acquisition and cancellation of capital stock	**(21,795)**	(17,923)	**(27,159)**	(20,211)
Acquisition of treasury stock	**--**	(1,999)	**(3,140)**	(5,965)
Disposition of treasury stock	**720**	1,456	**720**	1,456
Net proceeds (repayments) of bank loan and bankers' acceptances	**18,897**	(4,095)	**5,696**	20,626
Principal payments on lease obligations	**(238)**	(744)	**(487)**	(1,494)
Net subscriptions (redemptions) by third party investors	**(183)**	700	**(11,871)**	2,840
Changes in the ownership of a subsidiary (note 6)	**(20,120)**	--	**(20,120)**	--
Net cash used in investing activities	**(32,481)**	(29,807)	**(150,749)**	(16,968)
Foreign exchange				
Net effect of foreign exchange rate changes on cash balances	**(37)**	(261)	**563**	(899)
Net change in net cash	**(1,049)**	(10,939)	**10,236**	(5,995)
Net cash, beginning of period	**37,813**	49,831	**26,528**	44,887
Net cash, end of period	$ **36,764**	$ 38,892	$ **36,764**	$ 38,892
Net cash, end of period represented by:				
Cash			$ **59,011**	$ 66,488
Bank indebtedness			**(22,247)**	(27,596)
			$ **36,764**	$ 38,892

See accompanying selected explanatory notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. REPORTING ENTITY

Guardian Capital Group Limited ("Guardian") is a publicly traded company with its common and class A shares listed on the Toronto Stock Exchange. Guardian is incorporated under the laws of the Province of Ontario, and its principal business office is located at Suite 2700, 199 Bay Street, Toronto, Ontario. Guardian, through its subsidiaries, provides extensive investment services to a wide range of clients in Canada and abroad, and maintains and manages a proprietary investment portfolio.

2. ACCOUNTING POLICIES

(a) Basis of Preparation

These unaudited consolidated interim financial statements include the accounts of Guardian and its subsidiaries (together, the "Company") and have been prepared under International Financial Reporting Standards ("IFRS"), in compliance with International Accounting Standard 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company's consolidated financial statements for the year ended December 31, 2022. Certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed in these consolidated interim financial statements. These consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022, which are included in the Company's 2022 annual report.

These consolidated interim financial statements are presented in Canadian dollars, which is Guardian's functional currency. In these notes, all dollar amounts and numbers of shares are stated in thousands. Per share amounts and option exercise prices are stated in dollars and cents.

In late 2022, the Company entered into an agreement to sell its subsidiaries IDC Insurance Network Inc., Worldsource Financial Management Inc., and Worldsource Securities Inc (all three entities together, the "Worldsource Businesses"). As a result, the Company reclassified these subsidiaries as discontinued operations and has restated its 2022 Statement of Operations and several of the notes to the financial statements. In the Statements of Operations the results of the discontinued operations are presented on one line called Net earnings from discontinued operations, and assets and liabilities of discontinued operations as single line items on the comparative Balance Sheet. See note 15, Discontinued Operations, for more information on the transaction and the impact on the financial statements. In addition, the Company has reorganized its remaining operations into two segments, Investment Management and Corporate Activities and Investments.

These consolidated interim financial statements were authorized for issuance by the Board of Directors of Guardian on August 11, 2023.

3. SECURITIES BACKING THIRD PARTY INVESTOR LIABILITIES AND THIRD PARTY INVESTOR LIABILITIES

Securities backing third party investor liabilities represent the third party investors' proportionate interests in the assets of consolidated investment funds. These securities are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

Third party investor liabilities represent third party investors' proportionate ownership interests in the consolidated funds. The liabilities are payable on redemption of the units of the funds by the third party investors and will be settled with the proceeds from the disposition of securities backing third party investor liabilities. The value of the liabilities is equal to and varies with the value of the securities backing third party investor liabilities. These liabilities are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

4. SECURITIES

(a) Classification of securities

An analysis of the Company's securities by classifications and by the type of security is as follows:

As at	June 30 2023	December 31 2022
Fair value through profit or loss:		
Short-term securities (i)	$ 611,966	$ 9,577
Fixed-income securities (i)	38,305	18,259
Bank of Montreal common shares (ii)	266,708	273,064
Other equity securities (i) (iii)	313,759	316,331
Canadian real estate (i)	43,423	43,182
	$ 1,274,161	$ 660,413

(i) These securities may include units of investment funds in addition to individual securities.

(ii) The sales of Bank of Montreal common shares during the periods are as follows:

For the periods ended June 30,	Three months 2023	Three months 2022	Six months 2023	Six months 2022
Number of shares sold	--	40	--	40
Proceeds of disposition	$ --	$ 5,321	$ --	$ 5,321

(iii) The Company's outstanding capital commitments for future investments are as follows:

As at	June 30 2023	December 31 2022
Investment commitments	$ 10,162	$ 11,752

(b) Fair value hierarchy

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

As at	June 30 2023	December 31 2022
Level 1	$ 542,785	$ 539,092
Level 2	698,379	87,858
Level 3	32,997	33,463
	$ 1,274,161	$ 660,413

Level 2 securities include investments in certain investment funds and are valued using the published net asset value of each fund. During 2023 and 2022, there have been no transfers of securities between Levels.

(c) Analysis of Level 3 securities

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

For the periods ended June 30,	Three months		Six months	
	2023	2022	2023	2022
Securities categorized as Level 3, beginning of period	$ 33,456	$ 36,245	$ 33,463	$ 37,512
Increase (decrease) in fair value	(1,762)	(987)	(1,764)	(2,600)
Additions	1,394	324	1,394	765
Foreign exchange translation adjustments	(91)	221	(96)	126
	$ 32,997	$ 35,803	$ 32,997	$ 35,803

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

As at	June 30 2023	December 31 2022
Private equity funds	$ 28,172	$ 28,092
Investment management company	3,112	3,635
Other	1,713	1,736
	$ 32,997	$ 33,463

The Company's investment in private equity funds are valued on the most recent fair value as obtained from each fund's manager and the Company's investment in the investment management company is valued using an EBITDA multiple and the projected earnings for the following year.

5. BANK LOANS AND BORROWINGS

Bank loans and borrowings are composed of the following:

As at		June 30 2023	December 31 2022
General corporate borrowings (i):			
Bank indebtedness		$ 21,786	$ 27,312
Bankers' acceptances:	Canadian dollar	65,000	69,000
	US dollar	11,115	--
Employee profit sharing plan borrowings (ii):			
Bank indebtedness		461	1,054
Bankers' acceptance:	Canadian dollar	33,100	34,200
		$ 131,462	$ 131,566

i) The Company maintains two short-term revolving credit facilities for general corporate purposes with a total borrowing capacity of $130,000 (December 31, 2022 - $130,000). Borrowings under these facilities can be drawn in various short-term forms in both Canadian and US dollars, and bear interest at the bank's prime rate plus 0.4% for bank indebtedness and CDOR plus 1.4% for Canadian dollar bankers' acceptances or SOFR plus 1.5% on similar US dollar borrowings. For the calculation of interest on the bank indebtedness the Company may offset a portion of the bank indebtedness with certain cash balances. Such cash balances were $19,465 as at June 30, 2023 (December 31, 2022 - $26,216). The terms of these facilities require that the Company maintain certain financial ratios and the Company is in compliance with these requirements. The facilities were amended during the current quarter to reflect the replacement of the interest rate benchmarks.

ii) The Company maintains a short-term revolving credit facility for borrowings by the Company's employee profit sharing plan, which has a total borrowing capacity of $45,000 (December 31, 2022 - $45,000). Borrowings under this facility are secured by a deposit of treasury stock valued at $79,202 (December 31, 2022 - $82,759). Borrowings under this facility can be drawn in various short-term forms in Canadian dollars and bear interest at the bank's prime rate for bank indebtedness and CDOR plus 0.5% for bankers' acceptances.

6. DUE TO NON-CONTROLLING INTERESTS AND OTHER LIABILITIES

Due to non-controlling interests and other liabilities are comprised of the following:

As at	June 30 2023	December 31 2022
Current:		
Acquistion related (i)	$ --	$ 2,710
Obligations to non-controlling interests (ii)	4,897	26,184
	4,897	28,894
Non-current:		
Acquistion related (i)	1,645	1,583
Obligations to non-controlling interests (ii)	11,825	11,390
	13,470	12,973
	$ 18,367	$ 41,867

i) These are primarily deferred amounts owed by the Company relating to a completed acquisition.

ii) These are obligations of the Company to purchase the portion of certain subsidiaries which it does not wholly own, should the non-controlling shareholders exercise their option to sell their holdings to the Company or the Company exercises its option to buy. These liabilities relate to future transactions with non-controlling interest, acting in their capacity as owners, therefore all changes in fair values of these obligations are reflected in the statement of equity.

On May 19, 2023, the Company exercised its right and acquired a portion of its subsidiary, Alta Capital Management LLC ("Alta"), that it does not already own from the non-controlling interests. The transaction resulted in the Company increasing its ownership interest in Alta from 70% to 94%. A summary of the transaction is as follows:

Consideration paid to non-controlling interests (USD $14,802)	$ 20,120
Less: Non-controlling interests carrying value in subsidiary	(14,166)
Excess consideration charged to retained earnings	$ 5,954

7. CAPITAL STOCK

(a) Authorized

i) Unlimited preferred shares, without par value, may be issued in an unlimited number of series, the designation, rights, privileges, conditions and other provisions of which are to be determined by the Board of Directors.

ii) Unlimited Class A non-voting shares without par value, convertible into common shares on a one-for-one basis, under certain terms and conditions, the highlights of which are as follows: if any person other than an insider of the Company acquires ownership, control or direction over in excess of 50% of the common shares, or makes an offer to all common shareholders to buy common shares, the Class A shares may be converted into common shares, unless holders of over 50% of the outstanding common shares do not accept the offer, or an equivalent offer is made to the holders of Class A shares.

iii) Unlimited common shares, without par value, convertible on a one-for-one basis into Class A non-voting shares.

(b) Issued and outstanding

A summary of the changes in the Company's capital stock is as follows:

For the three months ended June 30,	2023		2022	
	Shares	Amount	Shares	Amount
Class A shares				
Outstanding, beginning of period	23,370	$ 16,800	24,143	$ 17,359
Acquired and cancelled	(504)	(364)	(550)	(395)
Converted from Common	5	2	--	--
Outstanding, end of period	22,871	16,438	23,593	16,964
Common shares				
Outstanding, beginning of period	2,743	663	2,749	664
Converted into Class A	(5)	(2)	--	--
Outstanding, end of period	2,738	661	2,749	664
Total outstanding, end of period	25,609	$ 17,099	26,342	$ 17,628

For the six months ended June 30,	2023		2022	
	Shares	**Amount**	Shares	Amount
Class A shares				
Outstanding, beginning of period	**23,498**	**$ 16,895**	24,204	$ 17,403
Acquired and cancelled	**(638)**	**(460)**	(611)	(439)
Converted from Common	**11**	**3**	--	--
Outstanding, end of period	**22,871**	**16,438**	23,593	16,964
Common shares				
Outstanding, beginning of period	**2,749**	**664**	2,749	664
Converted into Class A	**(11)**	**(3)**	--	--
Outstanding, end of period	**2,738**	**661**	2,749	664
Total outstanding, end of period	**25,609**	**$ 17,099**	26,342	$ 17,628

(c) Issuer bid

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

For the periods ended June 30,	Three months		Six months	
	2023	2022	**2023**	2022
Shares purchased and cancelled				
Class A	**504**	550	**638**	611
Consideration paid	**$ 21,795**	$ 17,923	**$ 27,159**	$ 20,211
Less: average issue price, charged to share capital	**364**	395	**460**	439
Excess consideration charged to retained earnings	**$ 21,431**	$ 17,528	**$ 26,699**	$ 19,772

Subsequent to June 30, 2023 the Company purchased 182 Class A shares for cancellation and consideration of $7,505.

A summary of the current NCIB, which commenced on December 19, 2022 and expires on December 18, 2023, is as follows:

For the period ended June 30, 2023	Common shares	Class A shares
Authorized limit available	**137**	**1,624**
Purchased by the Employee Profit Sharing Plan Trust	**--**	**(78)**
Purchased and cancelled	**--**	**(638)**
Remaining limit available	**137**	**908**

(d) Dividends

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

For the periods ended June 30,	Three months		Six months	
	2023	2022	**2023**	2022
Dividends declared and paid, per share	**$ 0.34**	$ 0.24	**$ 0.58**	$ 0.42

The Company has also declared dividends of $0.34 per share payable on each of July 18, 2023 and October 18, 2023, on the common and class A shares outstanding. These dividends, which will be recognized on the record dates, have not been reflected in these financial statements.

8. TREASURY STOCK

The Company provides stock-based entitlements to certain senior employees of the Company through an Employee Profit Sharing Plan Trust (the "EPSP Trust"). The EPSP Trust purchases and holds shares of the Company related to the stock-based entitlements, which are in the form of either equity-based entitlements or option-like entitlements, and the shares are accounted for as treasury stock. The purchases are financed by a bank loan facility from a major chartered bank, which is secured by the shares held by the EPSP Trust and a guarantee issued by the Company.

(a) Changes in treasury stock

A summary of the changes in the Company's treasury stock is as follows:

For the three months ended June 30,	2023		2022	
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	**1,960**	**$ 34,061**	2,291	$ 35,328
Acquired	**--**	**--**	55	1,999
Disposed	**(74)**	**(725)**	(215)	(1,758)
Balance, end of period	**1,886**	**$ 33,336**	2,131	$ 35,569

For the six months ended June 30,	2023			2022		
	Shares		**Amount**	Shares		Amount
Balance, beginning of period	**2,131**	**$**	**35,569**	2,212	$	31,712
Acquired	**78**		**3,140**	155		5,965
Disposed	**(323)**		**(5,373)**	(236)		(2,108)
Balance, end of period	**1,886**	**$**	**33,336**	2,131	$	35,569

As at June 30, 2023, the treasury stock was composed of 30 common shares (December 31, 2022 – 30) and 1,856 class A shares (December 31, 2022 – 2,101).

(b) Equity-based entitlements

Equity-based entitlements allow the employees to purchase shares of the Company from the EPSP Trust at zero cost, subject to predetermined vesting arrangements and other conditions.

A summary of the changes in the number of shares under equity-based entitlements is as follows:

For the periods ended June 30,	Three months		Six months	
	2023	2022	**2023**	2022
Equity-based entitlements, beginning of period	**1,252**	1,412	**1,423**	1,333
Provided	**--**	55	**78**	155
Exercised	**--**	(45)	**(249)**	(66)
Forfeited	**(1)**	--	**(1)**	--
Equity-based entitlements, end of period	**1,251**	1,422	**1,251**	1,422

During the six month period ended June 30, 2023, the equity-based entitlements provided had a fair value of $ 3,140 (2022 - $5,965).

Equity-based entitlements are valued at the fair market value of the shares purchased by the EPSP Trust on the date of the provision of the entitlement. This value is recorded by the Company as compensation cost over the vesting period, and is credited to contributed surplus. On exercise of an entitlement, treasury stock and contributed surplus are reduced for the EPSP Trust's cost of the entitlement exercised.

(c) Option-like entitlements

The option-like entitlements allow the employees to purchase shares of the Company from the EPSP Trust for an amount that is equal to the amount of borrowings pertaining to those shares, subject to predetermined vesting arrangements and other conditions. Due to the nature of these entitlements and the conditions attached to them, the contractual life of the entitlement is indeterminable.

A summary of the option-like entitlements is as follows:

For the three and six months ended June 30,	2023			2022		
	Shares		**Weighted average exercise price per share**	Shares		Weighted average exercise price per share
Option-like entitlements, beginning of period	**708**	**$**	**10.20**	879	$	9.87
Exercised	**(74)**		**9.72**	(170)		8.53
Option-like entitlements, end of period	**634**	**$**	**10.25**	709	$	10.20

No option-like entitlements were provided in 2023 or 2022.

9. DIVIDEND AND INTEREST INCOME

Dividend and interest income is composed of the following:

For the periods ended June 30,	Three months				Six months			
		2023		2022 *restated*		**2023**		2022 *restated*
Dividends on Bank of Montreal shares	**$**	**3,189**	$	3,019	**$**	**6,378**	$	6,038
Other dividends		**2,656**		2,731		**4,482**		4,562
Dividend income		**5,845**		5,750		**10,860**		10,600
Interest income		**7,892**		107		**10,830**		148
	$	**13,737**	$	5,857	**$**	**21,690**	$	10,748

10. NET GAINS (LOSSES)

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

For the periods ended June 30,	Three months		Six months	
	2023	2022 *restated*	**2023**	2022 *restated*
Bank of Montreal common shares	**$ (1,472)**	$ (52,587)	**$ (6,356)**	$ (27,504)
Other securities	**(1,453)**	(40,684)	**21,139**	(76,020)
Securities (i)	**(2,925)**	(93,271)	**14,783**	(103,524)
Intangible assets	**(102)**	--	**(102)**	--
Lease liabilities	**649**	--	**649**	--
Foreign exchange (ii)	**(1,358)**	1,726	**(932)**	2,230
	$ (3,736)	$ (91,545)	**$ 14,398**	$ (101,294)

(i) Net gains (losses) recorded on securities are a result of net changes in fair value of securities, securities backing third party investor liabilities, and the third party investor liabilities.

(ii) Net gains (losses) recorded on foreign exchange arise from monetary assets and liabilities denominated in currencies, which are different from the functional currency of Guardian or its subsidiaries.

11. CALCULATIONS OF NET EARNINGS (LOSS) PER SHARE

The calculations of net earnings (loss) per share are based on the following number of shares and net earnings:

For the periods ended June 30,	Three months		Six months	
	2023	2022 *restated*	**2023**	2022 *restated*
Weighted average number of Class A and common shares outstanding:				
Basic	**23,851**	24,677	**23,854**	24,677
Effects of outstanding entitlements from stock-based compensation plans	**1,743**	1,887	**1,828**	1,887
Diluted	**25,594**	26,564	**25,682**	26,564
Net earnings (loss) from continuing operations attributable to shareholders:				
Basic	**$ 11,145**	$ (74,053)	**$ 37,259**	$ (74,406)
Effects of outstanding entitlements from stock-based compensation plans	**381**	--	**762**	--
Diluted	**$ 11,526**	$ (74,053)	**$ 38,021**	$ (74,406)
Net earnings (loss) attributable to shareholders:				
Basic	**$ 11,145**	$ (69,698)	**$ 498,748**	$ (65,436)
Effects of outstanding entitlements from stock-based compensation plans	**381**	121	**762**	121
Diluted	**$ 11,526**	$ (69,577)	**$ 499,510**	$ (65,315)

12. BUSINESS SEGMENTS

Following the sale of the Worldsource Businesses the Company reorganized its operations into two segments: a) Investment Management, which primarily involves earning management fees relating to investment management services provided to clients; and b) Corporate Activities and Investments, which relates substantially to the investment of the Company's securities holdings, as well as corporate management and development activities. The segmented operating results below includes certain centralized costs which are allocated from Corporate Activities and Investments segment to operating segments to better reflect the costs associated with each of the segments.

(a) Business segments

The following tables disclose certain information about the Company's operations by business segment:

For the three months ended June 30,	Investment Management		Discontinued Operations		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2023	2022 *restated*	2023	2022 *restated*	2023	2022 *restated*	2023	2022 *restated*	2023	2022 *restated*
Revenue										
Management and advisory fees	$ 49,353	$ 45,792	$ --	$ --	$ --	$ --	$ (529)	$ (447)	$ 48,824	$ 45,345
Fees paid to referring agents	(3,300)	(3,234)	--	--	--	--	--	--	(3,300)	(3,234)
Net management and advisory fees	46,053	42,558	--	--	--	--	(529)	(447)	45,524	42,111
Administrative services income	2,099	2,025	--	--	529	18	(56)	45	2,572	2,088
Dividend and interest income	364	63	--	--	13,132	5,709	241	85	13,737	5,857
Net revenue	48,516	44,646	--	--	13,661	5,727	(344)	(317)	61,833	50,056
Expenses										
Employee comp. & benefits	25,511	23,180	--	--	3,205	2,478	--	--	28,716	25,658
Amortization	2,751	2,774	--	--	436	299	--	--	3,187	3,073
Interest	100	108	--	--	1,953	688	--	(36)	2,053	760
Other expenses	9,909	8,512	--	--	1,274	930	(344)	(281)	10,839	9,161
	38,271	34,574	--	--	6,868	4,395	(344)	(317)	44,795	38,652
Operating earnings	10,245	10,072	--	--	6,793	1,332	--	--	17,038	11,404
Net gains (losses)	(577)	1,488	--	--	(3,159)	(93,033)	--	--	(3,736)	(91,545)
Net earnings (loss) before income taxes	9,668	11,560	--	--	3,634	(91,701)	--	--	13,302	(80,141)
Income tax expense (recovery)	2,213	2,476	--	--	(443)	(9,154)	--	--	1,770	(6,678)
Net earnings (loss) from continuing operations	7,455	9,084	--	--	4,077	(82,547)	--	--	11,532	(73,463)
Net earnings from discontinued operations	--	--	--	5,239	--	--	--	--	--	5,239
Net earnings (loss)	$ 7,455	$ 9,084	$ --	$ 5,239	$ 4,077	$ (82,547)	$ --	$ --	$ 11,532	$ (68,224)
Net earnings (loss) attributable to:										
Shareholders	$ 7,068	$ 8,494	$ --	$ 4,355	$ 4,077	$ (82,547)	$ --	$ --	$ 11,145	$ (69,698)
Non-controlling interests	387	590	--	884	--	--	--	--	387	1,474
	$ 7,455	$ 9,084	$ --	$ 5,239	$ 4,077	$ (82,547)	$ --	$ --	$ 11,532	$ (68,224)
Additions to segment assets:										
Intangible assets	$ 834	$ 843	$ --	$ 2,380	$ --	$ --	$ --	$ --	$ 834	$ 3,223
Equipment	1,037	511	--	--	119	75	--	--	1,156	586
Goodwill	--	--	--	--	--	--	--	--	--	--

For the six months ended June 30,	Investment Management 2023	Investment Management 2022 *Restated*	Discontinued Operations 2023	Discontinued Operations 2022 *Restated*	Corporate Activities and Investments 2023	Corporate Activities and Investments 2022 *Restated*	Inter-Segment Transactions 2023	Inter-Segment Transactions 2022 *Restated*	Consolidated 2023	Consolidated 2022 *Restated*
Revenue										
Management and advisory fees	$ 97,165	$ 94,522	$ --	$ --	$ --	$ --	$ (918)	$ (937)	$ 96,247	$ 93,585
Fees paid to referring agents	(6,704)	(6,685)	--	--	--	--	--	--	(6,704)	(6,685)
Net management and advisory fees	90,461	87,837	--	--	--	--	(918)	(937)	89,543	86,900
Administrative services income	4,351	4,126	--	--	742	34	--	70	5,093	4,230
Dividend and interest income	720	64	--	--	20,641	10,501	329	183	21,690	10,748
Net revenue	95,532	92,027	--	--	21,383	10,535	(589)	(684)	116,326	101,878
Expenses										
Employee comp. & benefits	51,258	48,022	--	--	6,203	4,663	--	--	57,461	52,685
Amortization	5,449	5,262	--	--	1,024	601	--	--	6,473	5,863
Interest	306	217	--	--	3,732	1,152	(56)	(64)	3,982	1,305
Other expenses	18,437	16,200	--	--	2,228	1,535	(533)	(620)	20,132	17,115
	75,450	69,701	--	--	13,187	7,951	(589)	(684)	88,048	76,968
Operating earnings	20,082	22,326	--	--	8,196	2,584	--	--	28,278	24,910
Net gains (losses)	309	1,654	--	--	14,089	(102,948)	--	--	14,398	(101,294)
Net earnings (loss) before income taxes	20,391	23,980	--	--	22,285	(100,364)	--	--	42,676	(76,384)
Income tax expense (recovery)	4,239	5,257	--	--	463	(8,402)	--	--	4,702	(3,145)
Net earnings (loss) from continuing operations	16,152	18,723	--	--	21,822	(91,962)	--	--	37,974	(73,239)
Net earnings from discontinued operations	--	--	553,743	10,830	--	--	--	--	553,743	10,830
Net earnings (loss)	$ 16,152	$ 18,723	$ 553,743	$ 10,830	$ 21,822	$ (91,962)	$ --	$ --	$ 591,717	$ (62,409)
Net earnings (loss) attributable to:										
Shareholders	$ 15,437	$ 17,556	$ 461,489	$ 8,970	$ 21,822	$ (91,962)	$ --	$ --	$ 498,748	$ (65,436)
Non-controlling interests	715	1,167	92,254	1,860	--	--	--	--	92,969	3,027
	$ 16,152	$ 18,723	$ 553,743	$ 10,830	$ 21,822	$ (91,962)	$ --	$ --	$ 591,717	$ (62,409)
Additions to segment assets										
Intangible assets	$ 1,034	$ 6,029	$ --	$ 19,063	$ --	$ 315	$ --	$ --	$ 1,034	$ 25,407
Equipment	1,429	843	--	2,898	168	1,312	--	--	1,597	5,053
Goodwill	--	--	--	6,653	--	--	--	--	4,702	6,653

As at June 30, 2023 and December 31, 2022	Investment Management 2023	Investment Management 2022 *Restated*	Discontinued Operations 2023	Discontinued Operations 2022 *Restated*	Corporate Activities and Investments 2023	Corporate Activities and Investments 2022 *Restated*	Inter-Segment Transactions 2023	Inter-Segment Transactions 2022 *Restated*	Consolidated 2023	Consolidated 2022
Segment assets and liabilities:										
Assets	$ 319,086	$ 338,714	$ --	$ 297,193	$ 1,384,364	$ 739,452	$ (1,925)	$ (10,587)	$ 1,701,525	$ 1,364,772
Liabilities	168,880	197,274	--	141,992	320,458	253,234	(1,925)	(10,587)	487,413	581,913

(b) Geographic segments

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

	Canada 2023	Canada 2022 *restated*	United Kingdom 2023	United Kingdom 2022	USA and other 2023	USA and other 2022	Consolidated 2023	Consolidated 2022 *restated*
For the three months ended June 30,								
Net revenue from external parties	$ 39,149	$ 28,120	$ 13,661	$ 11,258	$ 9,023	$ 10,678	$ 61,833	$ 50,056
For the six months ended June 30,								
Net revenue from external parties	$ 72,061	$ 57,011	$ 26,237	$ 23,949	$ 18,028	$ 20,918	$ 116,326	$ 101,878
As at June 30, 2023 and December 31, 2022								
Non-current assets:								
Intangible assets	$ 25,971	$ 26,485	$ 2,768	$ 2,949	$ 62,867	$ 67,452	$ 91,606	$ 96,886
Equipment	19,040	22,172	738	826	3,084	2,304	22,862	25,302
Goodwill	11,133	11,133	888	888	29,785	30,498	41,806	42,519

13. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

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

For the periods ended June 30,	Three months		Six months	
	2023	2022	**2023**	2022
Decrease (increase) in non-cash working capital assets:				
Interest-bearing deposits with banks	**$ (11,220)**	$ 8,591	**$ (19,461)**	$ (4,321)
Accounts receivable and other	**(1,184)**	(2,420)	**(831)**	2,762
Receivables from clients and broker	**--**	8,825	**28,524**	(7,029)
Increase (decrease) in non-cash working capital liabilities:				
Client deposits	**10,066**	(6,593)	**12,896**	258
Accounts payable and accrued liabilities	**1,317**	9,610	**(5,420)**	(10,152)
Payable to clients	**--**	(8,825)	**(25,013)**	7,029
	$ (1,021)	$ 9,188	**$ (9,305)**	$ (11,453)

14. FINANCIAL RISK MANAGEMENT

The Company's goal in managing financial risks is to evaluate the risks being taken against the benefits that are targeted to be achieved and, where those risks are deemed acceptable, to mitigate those risks, where practicable. The following are the more significant risks associated with financial instruments to which the Company is subject:

(a) Concentration risk

The Company is exposed to concentration risk associated with the $266,708 (December 31, 2022 – $273,064) investment in the Bank of Montreal shares, which represents 21% (December 31, 2022 – 41%) of the Company's securities. The Company monitors the investment in the Bank of Montreal shares on a continuous basis. A change in the price of the Bank of Montreal shares by 10% would result in gain or loss of $26,671 (December 31, 2022 - $27,306) being recorded in net gains (losses).

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, currency risk and interest rate risk.

i) Price risk

Price risk, the risk of a gain or loss resulting from movements in the price of securities, arises when the Company invests in equity securities. The Company is exposed to price risk with its investment in equity securities. Changes in the fair values of its equity securities are recognized in net gains (losses) and can have a significant impact on net earnings (loss) attributable to shareholders. This risk is managed through the use of professional in-house expertise, which takes a disciplined approach to investment management. The equity securities holdings, excluding the Bank of Montreal shares, are diversified by asset class and, as shown in the chart below, by geographical region. The chart also indicates the gain or loss which would be recognized in net earnings as a result of a 10% change in the market prices:

	Equity securities classified as fair value through the profit and loss	Gain or loss recognized from a 10% change in fair value
As at June 30, 2023		
Canada	**$ 57,861**	**±$ 5,786**
Rest of World	**299,321**	**29,932**
	$ 357,182	**±$ 35,718**
As at December 31, 2022		
Canada	$ 58,155	±$ 5,815
Rest of World	301,358	30,136
	$ 359,513	±$ 35,951

The price risk associated with Securities backing third party investor liabilities and Third party investor liabilities are equal to and offsetting. As a result, they have been excluded from the above analysis.

ii) Currency risk

Currency risk, the risk of a gain or loss resulting from changes in the price of a financial instrument due to changes in currency exchange rates, arises when the Company or one of its subsidiaries is party to financial instruments which are denominated in a currency which is different from its functional currency. The Company's significant financial instruments which are subject to currency risk are as follows:

As at	**June 30 2023**	December 31 2022
USD currency exposure:		
Bank loans and borrowings	**$ 11,115**	$ --

The Company is exposed to currency risk related to a portion of the borrowings, which are denominated in USD. The risk associated with these borrowings is mitigated by the USD cash flows that are generated by the Company's foreign subsidiaries. A change in the CAD-USD exchange rate by +/-10% would result in a foreign exchange gain or loss of $1,112 (December 31, 2021 – $ nil) being recognized in net earnings.

As a result of expansion outside of Canada, the Company's revenues, expenses and operating results from foreign operations may fluctuate with the changes in the foreign currency exchange rates compared to the Canadian dollar. The most significant foreign currency exposure is to the US dollars as most of the non-Canadian assets under management are US dollar denominated portfolios. Every 1% change in the value of the Canadian dollar against the US dollar would result in a change in Net Revenue of approximately $284 and $555 for 3 and 6 months periods respectively, to June 30, 2023.

From time to time, a foreign subsidiary may hold an unhedged position in financial instruments denominated in Canadian dollars, which can result in foreign exchange gains or losses in that subsidiary. Upon translation of their results on consolidation, the Company will recognize an equal and offsetting foreign currency translation adjustment in other comprehensive income. The Company may also record foreign exchange gains and losses on US dollar borrowing used to finance acquisitions in the US. This risk is mitigated by offsetting amounts being recognized on the investment in these foreign subsidiaries as Net change in foreign currency translation on foreign subsidiaries in other comprehensive income, as discussed above.

iii) Interest rate risk

Interest rate risk, the risk of increased or decreased income and expense or gain or loss resulting from changes in interest rates, arises when the Company is party to an interest-bearing financial instrument. The Company's significant exposure to interest rate risk is as follows:

As at		June 30 2023		December 31 2022
Interest rate sensitive assets:				
Interest-bearing deposits with banks	$	85,040	$	67,446
Short term securities		611,966		9,577
Fixed-income securities		38,305		18,259
	$	735,311	$	95,282
Interest rate sensitive liabilities:				
Bank loans and borrowings	$	131,462	$	131,566
Client deposits		70,137		59,080
	$	201,599	$	190,646

The Company's most significant exposures to interest rate risk are through its bank loans and borrowings and short-term and fixed-income investments as detailed above. The interest rates on these borrowings are short-term and, if short-term rates increase, the Company's interest expense on the bank loans and borrowings and the interest income earned on short-term and fixed-income securities will both increase. To the extent the balances are offsetting, they act as partial hedge to the exposure. To the extent the balances are not offsetting, the risk is mitigated by the short-term nature of these instruments.

The interest rate risk on interest-bearing deposits with banks and the client deposits, both of which arise in the international banking operation, is considered to be low, as the Company manages by matching interest and maturities on the assets and liabilities.

(c) Credit risk

Credit risk is the risk of a financial loss due to one party to a financial instrument failing to discharge its obligation to the Company. The Company's total credit risk exposure, without consideration of any collateral or other credit enhancements, is as outlined below:

As at		June 30 2023		December 31 2022
Cash	$	59,011	$	54,894
Interest-bearing deposits with banks		85,040		67,446
Accounts receivable and other		52,001		48,398
Short-term securities		611,966		9,577
Fixed-income securities		38,305		18,259
	$	846,323	$	198,574

The Cash and Interest-bearing deposits with banks and the majority of the accounts receivable are due from major institutions. The Company reviews the credit worthiness of any banks with which it places deposits, and does not deal with a bank if it is not satisfied with the bank's financial strength. The Accounts receivable and other are generally amounts due from customers, and the credit risk is low due to the nature of the Company's customers. There are controls on the amounts that these clients may borrow, depending upon the securities that are pledged. The credit risk associated with the Company's investment in fixed-income securities are managed by the periodic monitoring of the activities of the portfolio managers who, through diversification and credit quality reviews directly manages the credit risk associated with the investments. The short-term securities are government treasury bills, investments in money market funds, which hold government treasury bills or investment-quality securities with very short duration and low credit risk.

(d) Liquidity risk

Liquidity risk, the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities arises when the Company has insufficient resources to meet its obligations as they come due. The Company is exposed to liquidity risk because it has significant obligations which are due within one year. The Company manages this financial risk by managing its cash flows from operations, maintaining a portfolio of liquid securities, and by arranging for significant borrowing facilities, which are secured by collateral, with two major Canadian banks.

15. DISCONTINUED OPERATIONS

On November 30, 2022, the Company entered into an agreement to sell the Worldsource Businesses to the Desjardins Group for $750,000, subject to customary price adjustments for excess working capital. The proceeds of disposition were divided between the Company and the non-controlling interests in IDC WIN. The transaction closed on March 1, 2023.

The summarized operating results of the Worldsource Businesses which are included in the Company's Consolidated Statement of Operations as Net earnings from discontinued operations are as follows:

For the periods ended June 30,	Three months		Six months	
	2023	2022	**2023**	2022
Operating activities				
Net revenue	**$ --**	$ 24,052	**$ 17,615**	$ 47,294
Expenses	**--**	18,299	**14,333**	35,681
Operating earnings	**--**	5,753	**3,282**	11,613
Net gains	**--**	1,417	**387**	3,184
Income tax expense	**--**	1,931	**404**	3,967
	--	5,239	**3,265**	10,830
Gain on disposition	**--**	--	**619,513**	--
Income tax expense	**--**	--	**69,035**	--
	--	--	**550,478**	--
Net earnings from discontinued operations	**$ --**	$ 5,239	**$ 553,743**	$ 10,830
Net earnings from discontinued operations attributable to:				
Shareholders	**$ --**	$ 4,355	**$ 461,489**	$ 8,970
Non-controlling interests		884	**92,254**	1,860
	--	5,239	**553,743**	10,830
Per share (note 11):				
Basic	**$ --**	$ 0.18	**$ 19.35**	$ 0.36
Diluted	**--**	0.18	**18.00**	0.35

The summarized cash flows for the Worldsource Businesses which have been included in the Company's Consolidated Statements of Cash Flow are as follows:

For the periods ended June 30,	Three months		Six months	
	2023	2022	**2023**	2022
Net cash from (used in)				
Operating activities	**$ --**	$ (8,985)	**$ 10,087**	$ 863
Investing activities	**--**	2,850	**726,580**	3,184
Financing activities	**--**	(358)	**(43,390)**	(10,538)
	$ --	$ (6,493)	**$ 693,277**	$ (6,491)

The effects of the disposal on the financial position of the Company are as follows:

	2023
Cash	**$ 6,452**
Receivables from clients and broker	**65,536**
Other current assets	**26,133**
Intangibles	**81,980**
Goodwill	**32,622**
Other non-current assets	**8,429**
Payable to clients	**(65,536)**
Other current liabilities	**(32,877)**
Non-current liabilities	**(9,219)**
Net assets and liabilities disposed	**113,520**
Consideration received, cash (i)	**749,286**
Cost of disposal	**(16,254)**
Cash disposed	**(6,452)**
Net cash inflows	**726,580**
Less amounts paid to Non-controlling interests	**(103,830)**
	$ 622,750

(i) $20,000 of the cash consideration will be held in escrow for a period of up to 18 months from closing and available to offset indemnity claims which may be brought by the purchaser or to offset further adjustments to closing net working capital of the Worldsource Businesses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with securities regulatory requirements, the discussion and analysis which follows for Guardian Capital Group Limited and its subsidiaries and other controlled entities ("Guardian") pertains to the three month period ended June 30, 2023 and the comparative periods in the year 2022, as well as to certain other prior quarterly periods. Readers are encouraged to refer to the discussions and analyses contained in the 2022 Annual Report. This discussion and analysis has been prepared as of August 11, 2023

Additional information relating to Guardian and its business, including Guardian's Annual Information Form, is available on "SEDAR" at www.sedar.com.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

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

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

The forward-looking information included in this Management's Discussion and Analysis is provided as of the date of this Management's Discussion and Analysis and should not be relied upon as representing Guardian's views as of any date subsequent to the date of this Management's Discussion and Analysis. Guardian undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

OVERVIEW OF GUARDIAN'S BUSINESS

Guardian is a financial services company, which provides extensive investment management services to institutional, retail and private high and ultra-high-net worth clients through its subsidiaries. At the end of the current quarter, Guardian had $52.8 billion of assets under management ("AUM") and $3.8 billion of assets under advisement ("AUA") (together the "Total Client Assets"). Guardian is headquartered in Canada and operates in Canada, the United Kingdom, the United States and the Caribbean. Investment Management business is operated through the Toronto, Ontario-based Guardian Capital LP ("GCLP"), Guardian Smart Infrastructure Management Inc. ("GSIM"), Guardian Capital Advisors LP ("GCA") and Guardian Partners Inc. ("GPI"), the Waterloo, Ontario-based Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), Vancouver, British Columbia-based Modern Advisor Canada Inc. ("Modern Advisor"), the London, UK-based GuardCap Asset Management Limited ("GuardCap"), the Salt Lake City, Utah-based Alta Capital Management, LLC ("Alta"), the Richmond, Virginia-based Agincourt Capital Management LLC ("Agincourt") and the Caribbean-based Alexandria Bancorp Limited ("ABL"). Guardian also manages its proprietary investment portfolio which had a fair market value of $1.3 billion at the end of the current quarter.

On March 1, 2023, Guardian sold its subsidiaries, Worldsource Financial Management Inc., Worldsource Securities Inc. and IDC Worldsource Insurance Network Inc. ("IDC WIN") for gross proceeds of $750 million, subject to adjustments for net working capital and amounts due to minority shareholders of IDC WIN ("Proceeds"). In the following discussion and analysis, these businesses will be referred to as Worldsource Businesses.

USE OF NON-IFRS MEASURES

Guardian uses certain measures to evaluate and assess the performance of its business, some of which are not defined within International Financial Reporting Standards ("IFRS"). These measures are EBITDA, EBITDA attributable to shareholders, EBITDA attributable to shareholders per share, Adjusted cash flow from operations, Adjusted cash flow from operations attributable to shareholders, Adjusted cash flow from operations attributable to shareholder per share. As a result of the sale of the Worldsource businesses as discussed below, we have updated the definition of EBITDA to exclude Net earnings from discontinued operations. More detailed definition of EBITDA is provided on page 27 of the Management Discussions and Analysis. Other Non-IFRS measures are equity per share, and securities per share. Non-IFRS measures do not have standardized meanings prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. However, Guardian believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing Guardian's results. In the Non-IFRS Measures section of this Management Discussion and Analysis a description of how these measures are defined by Guardian is provided, with reconciliations to their most comparable IFRS measures.

CONSOLIDATED FINANCIAL RESULTS

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

For the periods ended June 30, ($ in thousands, except per share amounts)	Three months **2023**	 2022 *restated*	 % Inc (Dec)	Six months **2023**	 2022 *restated*	 % Inc (Dec)
Net revenue	**$ 61,833**	$ 50,056	23.5%	**$ 116,326**	$ 101,878	14.2%
Expenses	**44,795**	38,652	15.9%	**88,048**	76,968	14.4%
Operating earnings	**17,038**	11,404	49.4%	**28,278**	24,910	13.5%
Net gains (losses)	**(3,736)**	(91,545)	95.9%	**14,398**	(101,294)	114.2%
Earnings (loss) before income taxes	**13,302**	(80,141)	116.6%	**42,676**	(76,384)	155.9%
Income tax expense (recovery)	**1,770**	(6,678)	126.5%	**4,702**	(3,145)	249.5%
Net earnings (loss) from continuing operations	**11,532**	(73,463)	115.7%	**37,974**	(73,239)	151.8%
Net earnings from discontinued operations	**--**	5,239	-100.0%	**553,743**	10,830	5,013.0%
Net earnings (loss)	**$ 11,532**	$ (68,224)	116.9%	**$ 591,717**	$ (62,409)	1,048.1%
EBITDA	**$ 23,199**	$ 16,158	43.6%	**$ 40,570**	$ 33,661	20.5%
Adjusted cash flow from operations	**15,903**	9,699	64.0%	**34,000**	26,477	28.4%
Attributable to shareholders:						
Net earnings (loss) from continuing operations	**$ 11,145**	$ (74,053)	115.1%	**$ 37,259**	$ (74,406)	150.1%
Net earnings (loss)	**11,145**	(69,698)	116.0%	**498,748**	(65,436)	862.2%
EBITDA	**22,303**	15,040	48.3%	**38,698**	31,456	23.0%
Adjusted cash flow from operations	**14,967**	8,577	74.5%	**32,080**	24,212	32.5%
Per share amounts (diluted):						
Net earnings (loss) from continuing operations	**$ 0.45**	$ (3.03)	114.9%	**$ 1.48**	$ (3.04)	148.7%
Net earnings (loss)	**0.45**	(2.85)	115.8%	**19.45**	(2.68)	825.7%
EBITDA	**0.89**	0.57	56.1%	**1.54**	1.19	29.4%
Adjusted cash flow from operations	**0.60**	0.33	81.8%	**1.28**	0.92	39.1%

As at ($ in millions, except per share amounts)	**2023 June 30**	2022 December 31	% Inc (Dec)	2022 June 30	% Inc (Dec)
Shareholders' equity	**$ 1,213**	$ 768	57.9%	$ 743	63.2%
Securities	**1,274**	660	92.9%	651	95.7%
Per share amounts (diluted):					
Shareholders' equity	**$ 47.63**	$ 29.43	61.8%	$ 28.74	65.7%
Securities	**50.05**	25.31	97.7%	25.17	98.8%

SECOND QUARTER HIGHLIGHTS

On May 19, 2023, Guardian acquired an incremental 24% interest in its subsidiary Alta Capital Management LLC ("Alta"), and increased its ownership interest from 70% to 94%, for a purchase price of $14.8 million USD. This transaction is part of Guardian's commitment to continue its expansion in the US market. All key management employees continued their employment with Alta, subsequent to the transaction. In addition, more depth and capabilities were added to the distribution team to support the expansion plans in the USA. This acquisition was initially funded by a combination of debt and Adjusted cash flow from operations. Subsequent to the quarter end, the debt was repaid using the Proceeds.

With the disposition of the Worldsource Businesses completed in the prior quarter, the current quarter's Guardian's operating results benefited from over $7 million in interest income earned on the Proceeds. The impact of this new revenue source overshadowed the increase in Net management fee revenue for the quarter and lifted the Operating earnings to over $17.0 million. The interest income is not expected to continue at this level over the longer term as the Proceeds are expected to be used to pay the associated income taxes in early 2024, to fund continued share buybacks and to be redeployed in various forms as Guardian's strategic plan takes shape over the coming months.

During the current quarter, a portion of the Proceeds were used to fund share buybacks and redeployed to support existing and new proprietary investment funds. These activities continued subsequent to the quarter end with share buybacks of $7.5 million and increased seeding of new proprietary investment funds of over $35.0 million were funded from the Proceeds.

As described in the prior quarter's Management's Discussion & Analysis, the following discussion and analysis and in Guardian's Consolidated Financial Statements, the Worldsource Businesses, up to the date of sale, have been classified as discontinued operations with prior period results reflecting this reclassification. In the Statement of Operations and Comprehensive Income, the current and comparative period results, including the Net gains realized on the sale of the Worldsource Businesses, have been presented on a single line called Net earnings from discontinued operations.

Subsequent to the sale of the Worldsource Businesses, Guardian streamlined its businesses into two Segments, Investment Management Segment and Corporate Activities and Investments Segment. The businesses which were previously included in the Wealth Management Segment have now been consolidated into the Investment Management Segment.

ASSETS UNDER MANAGEMENT AND ADVISEMENT

The following is a summary of the assets under management and advisement:

As at ($ in millions)		2023 June 30		2022 December 31	% Inc (Dec)		2022 June 30 *Restated*	% Inc (Dec)
Assets under management								
Institutional								
Global equities	$	**28,160**	$	23,050	22.2%	$	22,239	26.6%
Canadian equities		**5,219**		5,199	0.4%		5,246	-0.5%
Fixed income		**13,909**		16,124	-13.7%		15,376	-9.5%
Institutional assets under management		**47,288**		44,373	6.6%		42,861	10.3%
Private wealth and OCIO		**5,466**		5,214	4.8%		4,070	34.3%
Total assets under management		**52,754**		49,587	6.4%		46,931	12.4%
Assets under advisement		**3,773**		3,716	1.5%		3,944	-4.3%
Total client assets	$	**56,527**	$	53,303	6.0%	$	50,875	11.1%

Guardian is reporting Total Client Assets of $56.5 billion as at June 30, 2023, compared to $53.3 billion, as at December 31, 2022 and $50.9 billion, as at June 30, 2022. The change since December 31 was due mainly to the positive market performance along with a modest inflow of net new assets. The year-over-year change was largely the result of the positive returns in the global equities market and the addition of $1.1 billion on the acquisition of RaeLipskie, which occurred on September 1, 2022, partially offset by a modest net outflow of assets.

OPERATING RESULTS

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

For the periods ended June 30, ($ in thousands)		Three months 2023		Three months 2022 *restated*	Three months % Inc (Dec)		Six months 2023		Six months 2022 *restated*	Six months % Inc (Dec)
Investment management	$	**10,245**	$	10,072	1.7%	$	**20,082**	$	22,326	-10.1%
Corporate activities and investments		**6,793**		1,332	410.0%		**8,196**		2,584	217.2%
	$	**17,038**	$	11,404	49.4%	$	**28,278**	$	24,910	13.5%

Guardian's consolidated Operating earnings for the current quarter ended June 30, 2023, were $17.0 million and $28.3 million year to date, increases of 49% and 14%, respectively from $11.4 million and $24.9 million for the same respective periods in the prior year. The EBITDA for the current quarter was $23.2 million and year to date of $40.6 million, increases of 44% and 21%, respectively, from $16.2 million and $33.7 million for the same respective periods in the prior year. Additional discussions on these two measures are provided below in the Investment Management Segment and Corporate Activities and Investments Segment discussions.

Net revenues grew to $61.8 million in the current quarter and $116.3 million year to date, increases of 24% and 14%, respectively, from $50.1 million and $101.9 million in the same respective periods in the prior year. The increase was largely driven by interest income earned on the Proceeds and increase in net management fee revenue, including the contribution from RaeLipskie, acquired in Q3 of 2022. Total expenses in the current quarter were $44.8 million and $88.0 million year to date, increases of 16% and 14%, respectively, from $38.7 million and $77.0 million in the same respective periods in the prior year. The increased expenses were due to the addition of expenses associated with RaeLipskie, higher interest expenses, increases in technology expenses, increased travel and marketing activities and the continued multi-year strategic investments in our additional future growth sources. As part of our strategic investments, we plan on increasing our technology investments, which will further add to the growth in expenses in the near term.

Net losses in the current quarter were $3.7 million, compared to Net losses of $91.5 million in the same quarter in the prior year. Current year to date Net gains were $14.4 million, compared to Net losses of $101.3 million in the same period in the prior year. These gains and losses largely reflect the changes in fair values of our Securities portfolio driven by the volatility in the global financial markets over those periods.

Net earnings attributable to shareholders in the current quarter was $11.1 million and year to date of $498.7 million, compared to Net losses attributable to shareholders of $69.7 million and $65.4 million in the same respective periods in the prior year. The increase in the current quarter compared to the same period in the prior year was due to the increase in Operating earnings and significantly lower Net losses recorded in the current quarter. The most significant driver of the year to date increase in Net Earnings attributable to shareholders was the Net earnings from discontinued operations recorded in the first quarter of 2023 when the disposal of the Worldsource Businesses was completed.

Adjusted cash flow from operations for the quarter was $15.9 million and year to date of $34.0 million, compared to $9.7 million and $26.5 million in the same respective periods in 2022. The increases were driven by improved Operating earnings in the current quarter and year to date periods.

The discussion on Guardian's operating results by Segments are provided below. The discussion should be read in conjunction with Note 12 (a), Business Segments, contained in Guardian's Second Quarter 2023 Consolidated Financial Statements.

Investment Management Segment

Operating earnings from the Investment Management Segment were $10.2 million in the current quarter and $20.1 million year to date, compared to $10.1 million and $22.3 million in the same respective periods in the prior year. EBITDA in the current quarter was $ 13.6 million and $26.8 million year to date, compared to $13.4 million and $28.7 million in the same respective periods in the prior year. The Net revenue in the current quarter was $48.5 million and $95.5 million year to date, compared to $44.6 million and $92.0 million in the same respective periods in the prior year. The increase in Net revenue is driven by the increase in AUM, largely the result of the positive global equities market performances during the current quarter and the year over year period. The net flows in institutional client AUM were slightly positive in the current quarter but slightly negative since the second quarter of

2022. The total expenses in the Segment were $38.3 million in the current quarter and $75.0 million year to date, compared to $34.6 million and $69.7 million in the same respective periods in the prior year. Increased expenses were largely the result of the addition of expenses associated with RaeLipskie, which was acquired in Q3 of 2022, the continued strategic investments into our additional future growth sources, including the Canadian Retail Asset Management ("CRAM") team, the Guardian Smart Infrastructure Management ("GSIM") team, and Guardian Partners Inc. The Operating losses in these businesses were $2.7 million in the current quarter, substantially unchanged from the same quarter in the prior year. These strategic investments are expected to continue in the near term while we continue to build these future sources of growth.

During the current quarter, as part of its continued growth strategy in the US market, Guardian increased its ownership interest in its subsidiary, Alta from 70% to 94%, for a purchase price of $14.8 million USD. Key management continued their employment with Alta, subsequent to the transaction.

Corporate Activities and Investments Segment

The Corporate Activities and Investments Segment's Operating earnings were $6.8 million for the current quarter and $8.2 million year to date, compared to $1.3 million and $2.6 million in the same respective periods in the prior year. EBITDA in the current quarter was $9.6 million and $13.9 million year to date, compared to $2.8 million and $5.1 million in the same respective periods in the prior year. The Net revenue increased to $13.7 million for the quarter and $21.4 million year to date, from $5.7 million and $10.5 million in the same respective periods in 2022. The most significant contributor to the growth was the interest income earned on the Proceeds received on March 1, 2023. Also included in the total revenues were $0.5 million in the current quarter and $0.7 million year to date of fees charged to Worldsource Businesses for transitional services. The increase in Net revenue was partially offset by higher expenses in the current quarter of $6.9 million and year to date of $13.2, compared to $4.4 million and $8.0 million in the same respective periods in the prior year. The increase is mainly due to increase in interest expense, resulting from increased borrowing rates over the period, addition of employees to support our strategic investments in the operating segments, absorption of certain costs which were recovered from Worldsource Businesses in prior periods no longer being recovered in the current period, increase in technology costs and growth in travel expenditures. To support our strategic investments in various initiatives, we plan to increase our technology investments in the near term which will further dampen our earnings in the near term.

LIQUIDITY AND CAPITAL RESOURCES

The strength of Guardian's balance sheet has enabled Guardian to attract Associates; provide clients with a high level of confidence and comfort; maintain appropriate levels of working capital in each of its areas of operation; make the necessary capital expenditures and investments to develop its businesses; and make appropriate use of borrowings, including financing the expansion of its businesses. We are confident that the strength of Guardian's balance sheet will continue to provide benefits in the future.

Guardian's balance sheet is supported by our substantial securities portfolio, as presented below:

As at ($ in millions)	2023 June 30	2022 December 31	% Inc (Dec)	2022 June 30	% Inc (Dec)
Securities, carried at fair value					
Proprietary investment strategies					
Short-term and fixed-income securities	$ **35,991**	$ 18,495	94.6%	$ 16,715	115.3%
Canadian equities	**12,642**	13,200	-4.2%	12,482	1.3%
Global equities	**268,037**	269,631	-0.6%	265,026	1.1%
Canadian real estate	**43,423**	43,182	0.6%	35,915	20.9%
	360,093	344,508	4.5%	330,138	9.1%
Bank of Montreal common shares	**266,708**	273,064	-2.3%	276,007	-3.4%
Short-term securities	**609,397**	9,341	6,423.9%	8,688	6,914.2%
Fixed-income securities	**4,883**	--	100.0%	--	100.0%
Equities	**33,080**	33,500	-1.3%	35,838	-7.7%
Securities	$ **1,274,161**	$ 660,413	92.9%	$ 650,671	95.8%
Securities per share amount, diluted	$ **50.05**	$ 25.31	97.7%	$ 25.17	98.8%

Guardian's Securities as at June 30, 2023 had a fair value of $1,274 million, or $50.05 per share, diluted, compared with $660 million, or $25.31 per share, diluted, at the end of 2022. Shareholders' equity as at June 30, 2023 amounted to $1,213 million, or $47.63 per share, diluted, compared to $768 million, or $29.43 per share, diluted, at the end of 2022. The increases in Securities and Shareholders' equity were due largely to the addition of Guardian's portion of the proceeds, net of amounts held in escrow, and net gains realized on the disposition of the Worldsource Businesses, respectively. The proceeds are invested in fixed income investments with varying maturity, all less than one year.

In addition to its strong balance sheet, Guardian has, under various borrowing arrangements, total borrowing capacity of $175.0 million. As at June 30, 2023, the total borrowings amounted to $131.5 million, compared to $131.6 million at the end of 2022. Guardian's Adjusted cash flow from operations attributable to shareholders for the current quarter was $15.0 million and $32.1 million year to date, compared to $9.7 million and $24.2 million in the same respective periods in 2022. The increases in 2023, compared to the same periods one year earlier, were due to higher operating cash flow generated from higher Operating earnings, combined with lower tax payments made in the current periods.

All these resources available to Guardian were used to finance various activities during the current quarter: $8.6 million in dividends were paid using Adjusted cash flow from operations; $14.8 million USD purchase price paid to acquire an incremental 24% interest in Alta its minority shareholders were funded from a combination of debt and Adjusted cash flow from operations; approximately $11 million was redeployed from the Proceeds into existing and new proprietary products to provide them with initial scale; and $21.4 million of the Proceeds were used to fund share buy-backs during the quarter.

Subsequent to the current quarter end, the use of the Proceeds continued to back various activities. It was used to pay down the debt incurred to acquire an incremental 24% interest in Alta described above, approximately $34 million was redeployed into new strategies to immediately achieve desired level of scale to make them more marketable, and approximately $8 million was used to fund additional share buybacks.

CONTRACTUAL OBLIGATIONS

Guardian has contractual commitments for the payment of certain obligations over a period of time. A summary of those commitments, including a summary of the periods during which they are payable, is shown in the following table:

As at June 30, 2023		Payments due by period			
($ in thousands)	Total	Within one year	2 - 3 years	4 - 5 years	After five years
Bank loans and borrowings	$ 131,462	$ 131,462	$ --	$ --	$ --
Third party investor liabilities	63,343	63,343	--	--	--
Client deposits	70,137	70,137	--	--	--
Accounts and income taxes payable	146,579	146,579	--	--	--
Obligations to non-controlling interests and other	18,367	4,897	8,507	4,963	--
Investment commitments	10,162	10,162	--	--	--
Scheduled lease payments, undiscounted	30,603	2,951	5,531	4,923	17,198
Total contractual obligations	$ 470,653	$ 429,531	$ 14,038	$ 9,886	$ 17,198

Guardian's contractual commitments are supported by its strong financial position, including its Securities, referred to above under the heading "Liquidity and Capital Resources". Client deposits in the offshore banking subsidiary are supported by the Interest-bearing deposits with banks. Third party investor liabilities are supported by Securities backing third party investor liabilities. Guardian has a commitment to invest $11.8 million in a private equity funds. Guardian will decide on the appropriate strategy for funding these commitments when called upon by the funds

SUMMARY OF QUARTERLY RESULTS

The following chart summarizes Guardian's financial results for the past eight quarters:

	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022 *Restated*	Jun 30, 2022 *Restated*	Mar 31, 2022 *Restated*	Dec 31, 2021 *Restated*	Sep 30, 2021 *Restated*
As at ($ in millions)								
Assets under management	**$ 52,754**	$ 52,261	$ 49,587	$ 47,814	$ 46,931	$ 53,123	$ 56,341	$ 53,113
Assets under advisement	**3,773**	4,065	3,716	3,788	3,944	4,272	4,338	5,061
Total client assets	**56,527**	56,326	53,303	51,602	50,875	57,395	60,679	58,174
For the three months ended ($ in thousands)								
Net revenue	**$ 61,833**	$ 54,493	$ 50,681	$ 48,434	$ 50,056	$ 51,824	$ 52,961	$ 50,873
Operating earnings	**17,038**	11,240	8,790	10,419	11,404	13,507	14,086	15,385
Net gains (losses)	**(3,736)**	18,134	18,225	(21,148)	(91,545)	(9,749)	51,408	(8,960)
Net earnings (losses) from continuing operations	**11,532**	26,442	25,249	(11,582)	(73,463)	224	57,909	4,005
Net earnings from discontinued operations	**--**	553,743	6,386	5,034	5,239	5,591	6,542	4,592
Net earnings (losses)	**11,532**	580,185	31,635	(6,548)	(68,224)	5,815	64,451	8,597
Net earnings (loss) from continuing operations attributable to shareholders	**11,145**	26,114	24,679	(11,780)	(74,053)	(353)	56,999	3,268
Net earnings (loss) attributable to shareholders	**11,145**	487,603	29,961	(7,608)	(69,698)	4,262	62,422	7,054
Per share amounts (in $)								
Net earnings (loss) from continuing operations attributable to shareholders								
Basic	**$ 0.47**	$ 1.09	$ 1.02	$ (0.49)	$ (3.03)	$ (0.01)	$ 2.30	$ 0.13
Diluted	**0.45**	1.02	0.96	(0.49)	(3.03)	(0.01)	2.15	0.12
Net earnings (loss) attributable to shareholders:								
Basic	**$ 0.47**	$ 20.27	$ 1.24	$ (0.31)	$ (2.85)	$ 0.17	$ 2.52	$ 0.28
Diluted	**0.45**	18.79	1.16	(0.31)	(2.85)	0.16	2.35	0.27
Dividends paid	**$ 0.34**	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.18	$ 0.18	$ 0.18
As at								
Shareholders' equity *($ in millions)*	**$ 1,213**	$ 1,242	$ 768	$ 743	$ 743	$ 828	$ 839	$ 781
Per share amounts *(in $)*								
Basic	**$ 51.11**	$ 52.42	$ 31.84	$ 30.82	$ 30.68	$ 33.67	$ 33.89	$ 31.56
Diluted	**47.63**	48.73	29.43	28.88	28.74	31.27	31.53	29.40
Total Class A and Common shares outstanding *(shares in thousands)*	**25,609**	26,113	26,246	26,246	26,342	26,892	26,954	26,968

Over the past eight quarters presented above, Guardian's Net revenue, largely comprised of net management and advisory fees, has generally trended in the same direction as the changes in Total Client Assets. These fluctuations can also influence Operating earnings and are driven largely by the factors described below.

Net management and advisory fees are highly correlated to the changes in Total Client Assets, which are affected by the volatility of the global financial markets and additions and withdrawals of assets by clients. Partially offsetting this volatility is the income from Securities earned in the Corporate Activities and Investments Segment, which are less directly correlated to the volatility in the global financial markets. The timing of consolidation or deconsolidation of certain investment funds or disposal of securities can also have an impact on the level of dividend and interest income recorded in the period.

The Net revenue for each of the quarters above generally trended with the levels of Total Client Assets. During the second quarter of 2023, the Net revenue increased greater than expected from the change in Total Client Assets. This was due to over $7.0 million in interest income being earned on the proceeds of disposition of Worldsource Businesses. During the second quarter of 2022, increased Dividend and Interest income partially offset some of the decrease in Management and advisor fee revenue. Net gains (losses) reflect changes in fair values of the securities during each period, driven by the volatility of the global financial markets in which Guardian's securities trade. The volatility of Net gains (losses) also directly affects Net earnings (losses) attributable to shareholders.

The Net earnings from discontinued operations from the third quarter of 2021 to the first quarter of 2023, includes the Net earnings from Worldsource Businesses, which was reclassified into this line as a result of its sale. Included in the first quarter of 2023 is $553,743 of net gains realized on the disposition of the Worldsouce Businesses and its operating earnings, net of taxes for the period to closing.

The quarterly fluctuations in shareholders' equity shown above are caused largely by Guardian's Net earnings (losses), attributable to shareholders, less dividends paid and shares repurchased.

RISK FACTORS

A key component of a successful business is its ability to manage its risk. The following sections discuss the most significant risks and Guardian's management processes to mitigate them. Readers are encouraged to refer to Note 14 to Guardian's First Quarter 2023 Consolidated Financial Statements for additional information on financial risk management.

Market Risk

Markets can have a significant effect on the value of both clients' portfolios and our earnings, since investment management and advisory fees, which make up a significant part of our revenues, are generally based on market values. The market fluctuations can be driven by political, economic or other changes in various regions of the world. We manage the risks associated with market fluctuations by having a diversified client base with different investment needs, and by having a variety of products and services, which may be attractive in different market environments and which have different correlations to equity and other financial markets and to each other.

Guardian's securities holdings are managed independently of clients' assets, except for those of our assets that are invested in Guardian's investment funds.

Portfolio Value and Concentration Risks

Guardian's securities are subject to price fluctuations risk. The potential impact of market fluctuations on the value of Guardian's securities is quantified in Note 14 of Guardian's Second Quarter 2023 Consolidated Financial Statements. Guardian manages this risk through professional in-house investment management expertise, which takes a disciplined approach to investment management. All securities are held by independent custodians chosen by Guardian. As at June 30, 2023, Guardian held $267 million of BMO shares (December 31, 2022 – $273 million), which represents 21% of Guardian's securities (December 31, 2022 – 41%). Guardian has accepted this concentration risk, as the bank is a diversified company with a history of steady and growing dividend payments. However, Guardian has been reducing its concentrated exposure over several years, having sold 2.7 million shares since the second quarter of 2013. In the first quarter, the Proceeds from the sale from the Worldsource Businesses were received and immediately invested in government or high-quality corporate short-term securities with varying maturities of less than one year. As a result, Guardian's securities increased its holdings in fixed-income securities, which now comprise 51% of the portfolio. The remainder of Guardian's securities portfolio is more diversified, from both an asset class and a geographical perspective.

The concentration risks by type as a percentage of total securities is summarized in the following table:

As at (as a percentage of securities)	**June 30 2023**	December 31 2022	% Inc (Dec)
Bank of Montreal common shares	**21%**	41%	-49%
Other Canadian equity securities and real estate	**4%**	9%	-56%
Canadian equities and real estate	**25%**	50%	-50%
Non-Canadian equities	**24%**	46%	-48%
Short-term and Fixed income securities	**51%**	4%	1175%
	100%	100%	0%

Foreign Currency Risk

As a result of expansion outside of Canada, Guardian's revenues, expenses and operating results from foreign operations may fluctuate with the changes in the foreign currency exchange rates compared to the Canadian dollar. The most significant foreign currency exposure is to the US dollars as most of the non-Canadian assets under management are US dollar denominated portfolios. Every 10% change in the value of the Canadian dollar against the US dollar would result in a change to Net revenues of approximately $2.8 million and $5.6 million for three and six month periods, respectively to June 30, 2023.

Guardian's investments in its foreign subsidiaries are subject to the risk of foreign currency exchange rate fluctuations. The effects of changes in foreign currency exchange rates on the values of these investments are not included in Net earnings (losses), but are recorded in the Net change in foreign currency translation on foreign subsidiaries in Guardian's Consolidated Statements of Operations and Comprehensive Income, and the cumulative effect is included in Accumulated Other Comprehensive Income in the Shareholders' Equity section of the Consolidated Balance Sheets.

From time to time, Guardian may recognize US dollar obligations to non-controlling interests on its balance sheet associated with the subsidiaries in the United States. As these are expected future transactions between equity interest holders, the changes in the value of these obligations, including changes resulting from foreign exchange rate fluctuations, are recorded directly in the Consolidated Statements of Equity. This currency risk is managed in a manner similar to the investments in other foreign subsidiaries, in that they are not actively managed, due to the long- term nature of the investments, but are closely monitored by management. Guardian may also record certain foreign exchange gains (losses) in Net earnings, such as US Dollar borrowings or on Canadian dollar cash balances held by foreign subsidiaries. This risk is mitigated by offsetting amounts being recognized on the investment in these foreign subsidiaries as Net change in foreign currency translation on foreign subsidiaries, as discussed above. Readers are encouraged to refer to Note 14 in Guardian's Second Quarter 2023 Consolidated Financial Statements for further discussion and sensitivity analyses.

Credit Risk

Guardian's credit risk is generally considered to be low. Because of the nature of Guardian's business, its receivables are mainly from large institutions, which are considered to pose a relatively low credit risk. Guardian periodically reviews the financial strength of all of its counterparties, and if the circumstances warrants, Guardian takes appropriate action to reduce its exposure to certain counterparties. The credit risk associated with Guardian's investment in fixed-income mutual funds is managed by the monitoring of the activities of the portfolio manager who, through diversification and credit quality reviews of the funds' investments, manages the funds' credit risk. Increased exposure to fixed-income securities resulting from the proceeds from the sale of the Worldsource Businesses being invested in these securities is managed through diversification and selection of securities issued by high-quality issuers.

Interest Rate Risk

Guardian's most significant exposure to interest rate risk is through its investment in short-term and fixed-income securities, partially offset by the bank loans and borrowings. The securities and the borrowings are both short-term, and act as a partial hedge to mitigate against interest rate fluctuations. Guardian is also exposed to interest rate risk on client deposits in its international banking operations. This risk is largely managed through matching the interest rates and maturity dates of Client deposit liabilities with Interest-bearing deposits with banks. The interest rate risk associated with Guardian's investment in fixed-income mutual funds is managed by monitoring the activities of the portfolio manager, who manages this risk by positioning the portfolio for various interest rate environments.

Liquidity Risk

Guardian manages liquidity risk through the monitoring and managing of cash flows from operations, by establishing sufficient cash borrowing facilities with major Canadian banks, which currently total $175 million through three credit facilities, and leveraging the support of its significant security portfolio. The maturities of Guardian's contractual commitments are outlined under "Contractual Commitments" in this Management Discussion and Analysis. The combination of the cash flows from operations, the securities holdings and the borrowing facilities provides reasonable resources to manage its liquidity risk.

Certain financial market events may cause disruptions and cause a tightening of liquidity in the market, making it difficult or more expensive for Guardian to borrow under its facilities. Guardian's large portfolio of liquid securities can offset some of the risk of tightening of market liquidity.

Product Performance Risk

Product performance risk is the risk that we will not perform as well as the market, our peers, or in line with our clients' expectations. The nature of this risk is both relative and absolute. We manage this risk by having a disciplined approach to investment management, and by ensuring that our compliance capabilities are strong. With respect to clients' expectations, we also seek to ensure that we are aware of those expectations, and that we properly communicate with our clients to develop, report on and comply with client mandates on a continuous basis.

Competition Risk

Guardian operates in a highly competitive environment, with competition based on a variety of factors including investment performance, the type and quality of products and services offered, business reputation and financial strength. Loss of client assets to competition will result in losses of revenue and earnings to Guardian. Guardian attempts to mitigate this risk by developing and maintaining a competitive product line and competitive relative performance of its products, through the recruitment and retention of high-quality investment professionals and a high-quality management team. Our ability to compete is also enhanced by our large capital base, which provides Guardian with the financial strength to invest in the development or acquisition of businesses. It also provides existing and future clients with comfort, which allows Guardian to better compete in winning and retaining these clients.

Regulatory and Legal Risk

Guardian and its subsidiaries operate in an environment subject to various laws and regulations. Given the nature of Guardian's and certain of its subsidiaries' operations, it may from time to time, be subject to changes in regulations, claims or complaints from investment clients and sanctions from governing bodies. These risks are mitigated by maintaining relevant in-house competence in laws and regulations, compliance and product review oversight, where appropriate, utilizing assistance from external advisors and insurance coverage.

Key Personnel Risk

The success of Guardian is highly dependent on key personnel, including its senior management and investment professionals. The loss of any of these individuals, or an inability to retain these individuals and attract the best of the brightest talent, could have a negative impact on Guardian. To mitigate this risk, Guardian monitors the industry to competitively compensate these individuals, invests into the business to create an environment where both Guardian and these individuals can succeed, and evaluates, on an ongoing basis, the succession plans in place for these key individuals. Guardian's financial strength provides resources necessary to competitively compensate these individuals and to allow us to invest in the business.

Information Technology and Cybersecurity Risk

Guardian uses information technology and the internet to streamline business operations and to improve client experience. However, the use of information technology can also introduce operational risk related to its use by employees, which may result in errors and lead to financial loss to Guardian. In addition, through the use of mobile devices or remote connections to internal data centres, Guardian is exposed to information security and other technology disruption risks that could potentially have an adverse impact on its business. Guardian actively monitors these risks and continues to develop controls to protect against such threats that are becoming more sophisticated and pervasive.
As remote working by Guardian employees have increased, remote access to Guardian's data centre by its employees have increased cyber security risk. Guardian has heightened its monitoring of the internal network traffic and the monitoring of developments in the latest known cyber threats to enhance security controls, where appropriate.

Climate Change Risk

Guardian and its subsidiaries have mostly indirect exposure to climate risk; climate change may have an impact on financial market performance, which may, in turn, have an impact on level of income earned by Guardian; with the heightened awareness of climate change, asset managers may find retaining or attracting clients more challenging if they are viewed as not having a credible approach to climate change; and increasing regulatory requirements create onerous compliance obligations and increased costs which could impact business operations. Guardian has established a Responsible Investing Oversight Committee comprised of senior executives across its asset management subsidiaries, which is responsible for assessing and managing business risks related to the environment, social issues and corporate governance. Guardian also has a dedicated responsible investing team which is responsible for incorporating industry best practices in its asset management approach and aligning those activities across all of Guardian's asset management businesses. Guardian plans to leverage these existing structures in its plans to implement the proposed disclosure requirements of National Instrument 51-107.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts of assets, liabilities, contingencies, revenues and expenses. These estimates and assumptions are listed in note 2 (c) to Guardian's December 31, 2022, Consolidated Financial Statements. The most significant accounting estimates are related to the impairment assessment of goodwill and the determination of fair value of securities, which are classified as level 3 within the fair value hierarchy. The valuation approach to level 3 securities is most sensitive to the level of AUM associated with the issuer of the security. The valuation approach to Investment Management Segment goodwill is most sensitive to the levels of AUM within the Segment. The goodwill in all units are tested annually for impairment. In addition, Guardian reviews goodwill for indications of impairment at the end of each reporting period, and if indications of impairment exist, the goodwill is then assessed for impairment in that period.

NON-IFRS MEASURES

EBITDA, EBITDA attributable to shareholders, and EBITDA per share

Guardian defines EBITDA as net earnings before interest, income tax, amortization, and stock-based compensation expenses, net gains or losses and net earnings from discontinued operations. EBITDA attributable to shareholders is defined as EBITDA less amounts attributable to non-controlling interests. EBITDA per share is calculated on EBITDA attributable to shareholders using the same average shares outstanding and other adjustments that are used in calculating net earnings attributable shareholders per share. Guardian believes these are important measures, as they allow management to assess the operating profitability of our business and to compare it with other investment management companies, without the distortions caused by the impact of non-core business items, different financing methods, levels of income taxes, the amounts of net earnings available to non-controlling interests and the level of capital expenditures. The most comparable IFRS measures are "Net earnings" and "Net earnings from discontinued operations", which are disclosed in Guardian's Consolidated Statements of Operations.

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

For the periods ended June 30,	Three months			Six months		
($ in thousands)	**2023**	2022 *restated*	% Inc (Dec)	**2023**	2022 *restated*	% Inc (Dec)
Net earnings (loss)	**$ 11,532**	$ (68,224)	116.9%	**$ 591,717**	$ (62,409)	1,048.1%
Add (deduct):						
Net earnings from discontinued operations	**--**	(5,239)	100.0%	**(553,743)**	(10,830)	-5,013.0%
Income tax expense (recovery)	**1,770**	(6,678)	126.5%	**4,702**	(3,145)	249.5%
Net (gains) losses	**3,736**	91,545	-95.9%	**(14,398)**	101,294	-114.2%
Stock-based compensation	**921**	921	0.0%	**1,837**	1,583	16.0%
Interest expense	**2,053**	760	170.1%	**3,982**	1,305	205.1%
Amortization	**3,187**	3,073	3.7%	**6,473**	5,863	10.4%
EBITDA	**23,199**	16,158	43.6%	**40,570**	33,661	20.5%
Less attributable to non-controlling interests in continuing operations	**(896)**	(1,118)	19.9%	**(1,872)**	(2,205)	15.1%
EBITDA attributable to shareholders	**$ 22,303**	$ 15,040	48.3%	**$ 38,698**	$ 31,456	23.0%

Adjusted cash flow from operations, Adjusted cash flow from operations attributable to shareholders and Adjusted cash flow from operations attributable to shareholders per share

Guardian defines Adjusted cash flow from operations as net cash from operating activities, net of changes in non-cash working capital items and cash flows of discontinued operations. Adjusted cash flow from operations attributable to shareholders as Adjusted cash flow from operations less non-controlling interests. Adjusted cash flow from operations attributable to shareholders per share is calculated using the same method, which is used to determine net earnings attributable to shareholders per share, including any adjustment to the average number of shares outstanding, or to income, to calculate the dilutive effect. Adjusted cash flow from operations attributable to shareholders and the per share amount are used by management to measure the amount of cash, either provided by or used, in Guardian's operating activities available to shareholders, without the distortions caused by fluctuations in its working capital. The most comparable IFRS measure is "Net cash from operating activities", which is disclosed in Guardian's Consolidated Statements of Cash Flow.

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

For the periods ended June 30, ($ in thousands)	Three months 2023	Three months 2022 restated	% Inc (Dec)	Six months 2023	Six months 2022 restated	% Inc (Dec)
Net cash from operating activities	**$ 14,882**	$ 27,673	-46.2%	**$ 25,069**	$ 26,981	-7.1%
Add (deduct):						
Net cash from operating activities, discontinued operations	**--**	8,985	-100.0%	**(10,087)**	(863)	-1,068.8%
Net change in non-cash working capital items	**1,021**	(9,188)	111.1%	**9,305**	11,453	-18.8%
Net change in non-cash working capital items, discontinued operations	**--**	(17,771)	100.0%	**9,713**	(11,094)	187.6%
Adjusted cash flow from operations	**15,903**	9,699	64.0%	**34,000**	26,477	28.4%
Less attributable to non-controlling interests, continuing operations	**(936)**	(1,122)	16.5%	**(1,920)**	(2,265)	15.2%
Adjusted cash flow from operations attributable to shareholders	**$ 14,967**	$ 8,577	74.5%	**$ 32,080**	$ 24,212	32.5%

Shareholders' equity per share

Shareholders' equity per share, diluted, is used by management to indicate the retained value per share available to shareholders which has been created by Guardian's operations. The most comparable IFRS measure is Shareholders equity, which is disclosed in Guardian's Consolidated Balance Sheet. Shareholders' equity per share is calculated by dividing shareholders' equity by the number of shares and dilutive shares outstanding as at period end.

Securities per share

Securities per share is used by management to indicate the value available to shareholders created by Guardian's investment in securities, without the netting of debt or deferred income taxes associated with the unrealized gains. The most comparable IFRS measure is Securities, which is disclosed in Guardian's Consolidated Balance Sheet. Securities per share is calculated by dividing Securities by the number of shares and dilutive shares outstanding as at period end.

OUTLOOK

Financial market history is filled with predictions of "The Next Big Crisis" that ultimately do not materialize and while these events may cause temporary disruptions and volatility, they often prove fleeting as the outcome is rarely as bad as feared and markets resume their climb. While it is undeniably the case that the general mood in the market is less downbeat than it has been in a while, sentiment continues to be restrained by significant concerns over the outlook.

Despite the global economy's persistent resiliency and success in overcoming the numerous obstacles laid in its path over the last three years, the consensus among forecasters remains that a recession is the most likely outcome for the bulk of Developed Markets (DM) over the next year. The continuous upgrades to the near-term outlook over the last nine months that have been necessitated by persistently stronger-than-anticipated activity have just been treated as delaying an imminent downturn. The weakness has just been kicked out to the end of this year. Similarly, despite the improvement in equity performance over the last nine months, enthusiasm in markets is limited. Surveys of investors have seen the share of "bears" retreat from last year's highs towards the "neutral" category rather than straight into bullishness. Fiscal tightening is the main reason for this bearishness, higher costs of carrying debt serve to restrain demand for credit, the lifeblood of the economy. At the same time, surveys indicate its supply is being constrained as lenders raise their standards for qualifying for loans in the name of protecting their books from the assumed looming downturn. The flare-up of financial system stress earlier this year exacerbated concerns on this front as well.

While pessimism over the prospects for the future tends to create waves in the here and now, there are few indications that a hit from the negative economic sentiment is actually materializing as yet. Consumers are the most important cog in the global economic engine and, despite a series of headwinds that have clearly contributed to the dour sentiment, they continue to drive the underlying growth. The main reason for this is that household finances remain in good shape. The recovery in net worth from the early pandemic hit was historically quick and, even with last year's weakness in financial markets and the slump in housing prices, net wealth is near all-time highs. By some measures, consumers now are the least debt-reliant in generations, one reason why the impact of the tightening financial conditions has not carried the anticipated degree of verve this cycle. Consumers continue to sit on a pandemic-driven excess of savings, which should continue to underpin healthy spending, and investment.

The underlying health of the consumer has been a clear boon for the business sector. Abundant demand has meant that companies have been able to pass through the rising costs of production, keeping profit margins elevated. The improved profitability and efforts over the last decade by firms to take advantage of positive financing conditions to improve balance sheets have resulted in corporate finances being in good shape, with low leverage, extended maturities of debt and high-interest coverage providing flexibility to weather the challenges of the past three years. Looking forward, the very few companies that have had outsized returns in the past couple of quarters raises concerns about the prospect of further gains in the second half, particularly if the recent enthusiasm surrounding developments in Tech (and especially artificial intelligence) that have propelled the gains subsides, after all, market rallies are typically more durable when they have broader participation.

Positively, there is potential scope for the rest of the market to play catch-up over the rest of the year. Underpinned by a resilient consumer, economic growth continues to hold up fairly well despite numerous headwinds. Ebbing inflation and still firm labour markets suggest that some verve in real spending could persist. Earnings momentum has turned for the better across developed markets, with corporate profits broadly beating lowered expectations. This fundamental support for equities notably comes as the vast majority of stocks have registered only tepid gains means that valuations are not actually as stretched as overall metrics may suggest. Overall the outlook for equities remains positive, while fixed-income continue to offer attractive yields, which will compensate investors for any remaining risk of rate increases and the resulting bond price declines.

In the meantime, Guardian's strong balance sheet offers the comfort of making long-term plans that are not necessarily reliant on the co-operation of events outside our control. We will continue upon our long-held path of innovating new product lines created from existing teams at Guardian, in addition to identifying new capabilities we wish to add and bringing in human and technological assets that will permit us to execute on those capabilities. Success in creating new products gives us an efficient way to grow Guardian's assets under management, generating revenue and profitability. We have a number of organic initiatives that fit well with this strategy. We will evaluate them along with potential acquisition opportunities that can strengthen aspects of our business or accelerate our growth plans as part of our upcoming strategic review. Over the long term, shareholders can expect to experience the benefits of both strategies.

GUARDIAN
CAPITAL

Our history. Your future.

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