

**Interim Condensed Consolidated
Financial Statements of
FIERA CAPITAL CORPORATION**

For the three-month periods ended March 31, 2019 and 2018
(unaudited)



FIERACAPITAL

Fiera Capital Corporation

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Fiera Capital Corporation

Interim Condensed Consolidated Statements of Earnings (Loss)

For the three-month period ended March 31,

(Unaudited)

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

	Three-month periods	
	2019	2018
	\$	\$
Revenues		
Base management fees	129,093	112,181
Performance fees	1,607	1,470
Other revenues	12,085	6,330
	142,785	119,981
Expenses		
Selling, general and administrative expenses	109,020	97,520
External managers	182	367
Amortization of intangible assets (Note 7)	12,415	10,022
Depreciation of property and equipment	1,084	947
Depreciation of right-of-use assets	5,057	-
Restructuring, integration and other costs (Note 6)	3,128	928
Acquisition costs	1,707	3,018
	132,593	112,802
Earnings (loss) before under-noted items	10,192	7,179
Realized loss on investments	5	27
Loss on disposal of assets (Note 5)	300	-
Interest on leases	1,284	-
Interest on long-term debt and other financial charges	7,398	4,761
Accretion and change in fair value of purchase price obligations (Note 8)	6,491	4,467
Revaluation of assets held-for-sale (Note 9)	(546)	-
Earnings (loss) before income taxes	(4,740)	(2,076)
Income tax expense (recovery)	1,844	17
Net earnings (loss) for the periods	(6,584)	(2,093)
Net earnings (loss) attributable to:		
Company's shareholders	(6,553)	(2,193)
Non-controlling interest	(31)	100
	(6,584)	(2,093)
Net earnings (loss) per share (Note 13)		
Basic	(0.07)	(0.02)
Diluted	(0.07)	(0.02)

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Comprehensive income (Loss)

For the three-month periods ended March 31,

(Unaudited)

(In thousands of Canadian dollars)

	Three-month periods	
	2019	2018
	\$	\$
Net earnings (loss) for the periods	(6,584)	(2,093)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to earnings (loss):		
Cash flow hedges (net of income taxes of \$291 and \$468 for the three-month periods ended March 31, 2019, and 2018, respectively) (Note 8)	(1,906)	3,066
Unrealized exchange differences on translating financial statements of foreign operations	(7,167)	6,579
Other comprehensive income (loss)	(9,073)	9,645
Comprehensive income (loss)	(15,657)	7,552
Comprehensive income (loss) attributable to:		
Company's shareholders	(15,626)	7,452
Non-controlling interest	(31)	100
	(15,657)	7,552

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Financial position

(Unaudited)

(In thousands of Canadian dollars)

	As at March 31, 2019	As at December 31, 2018
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	32,495	52,466
Restricted cash	6,997	1,012
Accounts receivable	146,508	148,459
Rent receivable (Note 3)	8,466	-
Assets held-for-sale (Note 9)	37,262	35,711
Investments	2,301	4,857
Prepaid expenses and other assets	11,794	14,943
	245,823	257,448
Non-current assets		
Goodwill (Note 7)	626,338	631,699
Intangible assets (Note 7)	510,825	529,062
Right-of-use assets (Note 3)	111,163	-
Property and equipment	18,547	16,499
Derivative financial instruments (Note 8)	2,783	5,366
Deferred income taxes	21,159	20,093
Deferred charges and other	1,163	440
	1,537,801	1,460,607
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	88,916	144,059
Current portion of purchase price obligations (Note 8)	26,366	32,487
Current portion of lease liabilities (Note 3)	14,392	-
Restructuring provisions (Note 6)	2,376	2,289
Derivative financial instruments (Note 8)	1,710	1,672
Current portion of long-term debt (Note 10)	-	388
Amounts due to related parties	3,027	2,599
Client deposits and deferred revenues	1,623	727
Amounts due to holders of redeemable units (Note 9)	16,573	5,394
Dividends payable (Note 12)	20,963	-
Deferred income taxes on assets held-for-sale	-	704
	175,946	190,319
Non-current liabilities		
Long-term debt (Note 10)	435,163	421,139
Convertible debentures (Note 11)	79,324	79,008
Lease liabilities (Note 3)	114,186	-
Derivative financial instruments (Note 8)	3,223	1,560
Purchase price obligations (Note 8)	94,114	98,221
Long-term restructuring provisions (Note 6)	1,310	715
Cash-settled share-based liabilities	13,147	10,470
Other non-current liabilities	5,245	4,670
Deferred lease obligations	-	3,955
Lease inducements	-	4,335
Deferred income taxes	11,780	12,489
	933,438	826,881
Equity attributable to:		
Company's shareholders	603,626	632,958
Non-controlling interest	737	768
	604,363	633,726
	1,537,801	1,460,607

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Changes in Equity

For the three-month periods ended March 31,

(Unaudited)

(In thousands of Canadian dollars)

	Notes	Share Capital	Restricted and holdback shares	Contributed surplus	Convertible debentures equity component	Retained earnings (deficit)	Accumulated other comprehensive income	Equity attributable to Company's shareholders	Non-Controlling Interest	Total Equity
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2018		775,615	5,501	22,475	3,339	(211,628)	37,656	632,958	768	633,726
Net earnings (loss)		-	-	-	-	(6,553)	-	(6,553)	(31)	(6,584)
Other comprehensive income (loss)		-	-	-	-	-	(9,073)	(9,073)	-	(9,073)
Comprehensive income (loss)		-	-	-	-	(6,553)	(9,073)	(15,626)	(31)	(15,657)
Share-based compensation expense	14	-	-	1,413	-	-	-	1,413	-	1,413
Shares issued as settlement of purchase price obligations	12	5,548	-	-	-	-	-	5,548	-	5,548
Stock options exercised	12	384	-	(88)	-	-	-	296	-	296
Dividends	12	-	-	-	-	(20,963)	-	(20,963)	-	(20,963)
Balance, March 31, 2019		781,547	5,501	23,800	3,339	(239,144)	28,583	603,626	737	604,363
Balance, December 31, 2017		691,586	(860)	18,660	3,330	(133,195)	13,024	592,545	(534)	592,011
Impact of IFRS 9		-	-	-	-	161	(161)	-	-	-
Net earnings (loss)		-	-	-	-	(2,193)	-	(2,193)	100	(2,093)
Other comprehensive income (loss)		-	-	-	-	-	9,645	9,645	-	9,645
Comprehensive income (loss)		-	-	-	-	(2,193)	9,645	7,452	100	7,552
Share-based compensation expense	14	-	-	3,372	-	-	-	3,372	-	3,372
Shares issued as settlement of purchase price obligations	12	4,077	-	-	-	-	-	4,077	-	4,077
Performance and restricted share units settled	12	3,937	-	(2,483)	-	-	-	1,454	-	1,454
Stock options exercised	12	2,628	-	(647)	-	-	-	1,981	-	1,981
Dividends	12	-	-	-	-	(17,264)	-	(17,264)	-	(17,264)
Balance, March 31, 2018		702,228	(860)	18,902	3,330	(152,491)	22,508	593,617	(434)	593,183

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Cash Flows

For the three-month periods ended March 31,

(Unaudited)

(In thousands of Canadian dollars)

	2019	2018
	\$	\$
Operating activities		
Net earnings (loss)	(6,584)	(2,093)
Adjustments for:		
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	18,556	10,969
Amortization of deferred charges	96	127
Revaluation of assets held-for-sale	(546)	-
Accretion and change in fair value of purchase price obligations	6,491	4,467
Lease inducements and deferred lease obligations	-	(257)
Share-based compensation expense	1,413	3,372
Cash-settled share-based compensation expense	3,821	3,373
Restructuring, integration and other costs	682	(2,158)
Interest on long-term debt and other financial charges	8,682	4,761
Income tax expense (recovery)	1,844	17
Income tax paid	(6,985)	(3,388)
Realized and unrealized (gain) loss on financial instruments	(221)	(58)
Realized (gain) loss on investments	-	27
Other non-current liabilities	604	389
Changes in non-cash operating working capital items (Note 15)	(49,045)	(45,266)
Net cash generated by (used in) operating activities	(21,192)	(25,718)
Investing activities		
Disposal of assets (Note 5)	12,000	-
Settlement of purchase price adjustments and obligations	(8,752)	(923)
Investments, net	1,131	640
Purchase of property and equipment	(3,398)	(416)
Purchase of intangible assets	(958)	(3,036)
Deferred charges and other	-	(38)
Restricted cash	(5,870)	(1)
Net cash generated by (used in) investing activities	(5,847)	(3,774)
Financing activities		
Issuance of share capital net of issuance costs of \$19	296	1,975
Long-term debt, net	21,673	41,126
Lease payments	(4,753)	-
Interest paid on long-term debt	(4,020)	(3,547)
Settlement of derivative financial instruments	(1,379)	470
Financing charges	(27)	(546)
Net cash generated by (used in) financing activities	11,790	39,478
Net decrease in cash and cash equivalents	(15,249)	9,986
Effect of exchange rate changes on cash denominated in foreign currencies	(4,722)	1,317
Cash and cash equivalents – beginning of periods	52,466	41,079
Cash and cash equivalents – end of periods	32,495	52,382

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Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

1. Description of Business

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

The Company’s head office is located at 1501 McGill College Avenue, Suite 800, Montréal, Quebec, Canada. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “FSZ”.

The Company’s Board of Directors (the “Board”) approved the interim condensed consolidated financial statements for the three-month periods ended March 31, 2019 and 2018 on May 8, 2019.

2. Basis of presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*, as issued by the International Accounting Standard Board (“IASB”) and accordingly, do not include all disclosures required under International Financial Reporting Standards (“IFRS”) for annual consolidated financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2018, except for the impact of the adoption of the standards, interpretations and amendments described in Note 3.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2018 and December 31, 2017.

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

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

3. Adoption of new IFRS and changes in accounting policies

Adoption of new IFRS

IFRS 16 – Leases

The Company adopted IFRS 16 Leases on January 1, 2019. IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use its office facilities, office equipment and other assets that meet the definition of a lease, and lease liabilities representing its obligations to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated and is presented, as previously reported, under IAS 17 – *Leases and related interpretations*. The details of the changes in accounting policies are described below.

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended December 31, 2018.

Definition of a lease

Previously, under IAS 17, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 – *Determining Whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. For office facilities for which the Company is a lessee, an election was made not to separate non-lease components and instead account for the lease and non-lease components as a single lease component.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

3. Adoption of new IFRS and changes in accounting policies (continued)

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases, therefore these leases are recognized in the interim condensed consolidated statement of financial position.

However, the Company has elected not to recognize right-of-use assets and lease liabilities for certain leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company leases assets, including office facilities, office equipment and other assets. The carrying amounts of right-of-use assets are as follows:

	Right-of-use assets
	\$
Balance as at January 1, 2019	117,268
Balance as at March 31, 2019	111,163

Significant accounting policies

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability as described below. The right-of-use asset is depreciated over the lesser of the lease term and the useful life of the asset.

The lease liability is initially measured at the present value of future lease payments, discounted using the lease's incremental borrowing rate as the discount rate. The Company applied judgement to determine the discount rate.

The lease liability is subsequently increased by the interest accretion expense on the lease liability and decreased by the lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for certain lease contracts in which it is a lessee when they include purchase, renewal or termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the carrying amount of lease liabilities and the right-of-use assets recognized.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

3. Adoption of new IFRS and changes in accounting policies (continued)

Transition

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Exclude initial direct costs from measuring the right-of-use asset at the date of initial application.
- Rely on previous assessments of whether a lease is an onerous contract.

The Company did not elect to use the exemption which permits it to exclude right-of-use assets and leases liabilities with a lease term of less than 12 months at the transition date.

Impacts on transition

On transition to IFRS 16, the Company recognized right-of-use assets and lease liabilities. The impact on transition is summarized below.

	As at January 1, 2019
	\$
Lease liabilities	125,055
Reversal of lease inducements	(4,335)
Reversal of deferred lease obligations	(3,955)
Reversal of lease related accrued assets and liabilities	503
Right-of-use assets	117,268

For leases that were classified as operating leases, the Company discounted the contractual lease payments using an incremental borrowing rate as at January 1, 2019. The weighted average incremental borrowing rate for the Company's leases as at January 1, 2019 was 4.34%.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

3. Adoption of new IFRS and changes in accounting policies (continued)

	As at January 1, 2019
	\$
Operating lease commitments as at December 31, 2018 as disclosed in the Company's consolidated financial statements	100,967
Additional rent and lease inducements	42,481
Recognition of exemption for leases of low-value assets	(78)
Amount reclassified from other commitments to lease commitments	19,303
Discounted using the incremental borrowing rates as at January 1, 2019	(37,618)
Lease liabilities recognized as at January 1, 2019	125,055
Of which are classified as:	
Current lease receivable	(8,466)
Current lease liabilities	14,863
Non-current lease liabilities	118,658
Lease liabilities recognized as at January 1, 2019	125,055

As a result of initially applying IFRS 16, the Company recognized depreciation and interest accretion expense, instead of operating lease expense. During the three-month period ended March 31, 2019, the Company recognized \$5,057 of depreciation charges and \$1,284 of interest accretion expense from these leases.

Revised IFRS, interpretations and amendments

The following revised standards are effective for annual periods beginning on January 1, 2019. Their adoption did not have a significant impact on the amounts reported or disclosures made in these financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23 – *Uncertainty over Income Tax Treatments*. The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatment under IAS 12. It specifically considers whether tax treatments should be considered collectively, assumptions for taxation authorities' examinations, the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and the effect of changes in facts and circumstances. This interpretation does not have a significant impact on these financial statements.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

3. Adoption of new IFRS and changes in accounting policies (continued)

Annual improvements to IFRS (2015-2017) cycle

In December 2017, the IASB issued Annual Improvements to IFRS Standards 2015–2017 Cycle. The pronouncement contains amendments to four IFRS as result of the IASB's annual improvements project. The amendments to IFRS 3 – *Business combinations* clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 – *Joint arrangements* clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendments to IAS 12 – *Income taxes* clarify that all income tax consequences of dividends should be recognized in profit or loss, regardless of how the tax arises.

The amendments to IAS 23 – *Borrowing costs* clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. These amendments did not have a significant impact on these financial statements.

4. IFRS issued but not yet adopted

No new IFRS were issued during the three-month period ended March 31, 2019 and there are no other standards that are not yet effective that are expected to have a significant impact on the Company's consolidated financial statements in the current or future reporting periods or on foreseeable future transactions.

5. Business combinations and other transactions

Disposal of Fiera Capital Funds Inc.

On February 22, 2019, the Company closed the sale transaction entered into with Canoe Financial LP (Canoe), a Canadian mutual fund company, pursuant to which the Company sold its interest in Fiera Capital Funds Inc., and nine retail mutual funds to Canoe who became the trustee, manager and portfolio manager of these funds, for total cash consideration of \$12,075.

As a result of this transaction, the Company derecognized intangible assets of \$5,280, goodwill of \$6,543 and other assets of \$364. The Company recorded a net loss before tax of \$1,476 (including transaction costs of \$1,364), of which \$300 was recorded the consolidated statement of earnings (loss) during the three-month period ended March 31, 2019 as a loss on disposal of assets. For tax purposes, the sale resulted in a taxable capital gain with a current income tax expense of \$483 and a deferred tax expense of \$1,206.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

6. Restructuring, integration and other costs

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

	For the three-month periods ended March 31,	
	2019	2018
	\$	\$
Restructuring provisions related to severance	3,079	85
Other restructuring costs	30	11
Integration and other costs	19	832
	3,128	928

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

The change in the restructuring provisions for severance-related expenses during the three-month period ended March 31, 2019 is as follows:

	Severance
	\$
Balance, December 31, 2018	3,004
Additions during the period	3,079
Paid during the period	(2,397)
Balance, March 31, 2019	3,686

	As at March 31, 2019	As at December 31, 2018
	\$	\$
Provision for severance		
Current portion	2,376	2,289
Non-current portion	1,310	715
Total	3,686	3,004

Integration and other costs

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

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

7. Goodwill and intangible assets

	Goodwill	Indefinite life	Finite-life			Total
		Asset management contracts	Asset management contracts	Customer relationships	Other	
	\$	\$	\$	\$	\$	\$
For the three-month period ended March 31, 2019						
Opening carrying amount	631,699	86,143	52,788	371,923	18,208	529,062
Reclassification to assets held-for-sale	(176)	-	-	-	-	-
Additions	-	-	-	-	296	296
Additions – internally developed	-	-	-	-	465	465
Amortization for the period	-	-	(5,432)	(5,269)	(1,714)	(12,415)
Foreign exchange difference	(5,185)	(1,765)	(704)	(3,852)	(262)	(6,583)
Closing carrying amount	626,338	84,378	46,652	362,802	16,993	510,825
Balance, March 31, 2019						
Cost	603,910	80,965	122,544	458,259	36,617	698,385
Accumulated amortization and impairment	(1,918)	-	(76,642)	(116,349)	(20,396)	(213,387)
Foreign exchange difference	24,346	3,413	750	20,892	772	25,827
Closing carrying amount	626,338	84,378	46,652	362,802	16,993	510,825

8. Financial instruments

Fair value

Investments

The cost of and fair value of investments recorded at fair value through profit or loss was \$1,943 and \$2,301, respectively, as at March 31, 2019 (\$4,574 and \$4,857 respectively as at December 31, 2018). Total realized and unrealized gain of \$221 was recognized in other revenues during the three-month period ended March 31, 2019 (gain of \$58 during the three-month period ended March 31, 2018).

Convertible debentures

The convertible debentures are recorded at an amortized cost of \$79,324 as at March 31, 2019 (\$79,008 as at December 31, 2018). The fair value based on market quotes is \$88,415 as at March 31, 2019 (\$87,544 as at December 31, 2018).

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

8. Financial instruments (continued)

Long-term debt

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

Derivative financial instruments

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

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

The Company determines the fair value of its foreign exchange forward contracts by calculating the difference between the forward exchange rates at the measurement date and the contractual forward price for the residual maturity of the contract. The Company determines the fair value of its interest rate swap and cross currency swap contracts by applying valuation techniques.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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

8. Financial instruments (continued)

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

	For the three-month period ended March 31, 2019	As at March 31, 2019				
		Fair value		Notional amount: term to maturity		
		Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$
Foreign exchange contracts						
a) Forward foreign exchange contracts						
– held for trading	1,120	-	(804)	169,942	-	-
b) Cross currency swaps						
– held for trading	(3,619)	-	(906)	190,000	-	-
Interest rate contracts						
c) Swap contracts						
– held for trading	(2,049)	474	(3,223)	-	190,000	-
d) Swap contracts						
– cash flow hedges	-	2,309	-	-	225,776	-

	For the three-month period ended March 31, 2018	As at December 31, 2018				
		Fair value		Notional amount: term to maturity		
		Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$
Foreign exchange contracts						
a) Forward foreign exchange contracts						
– held for trading	(1,456)	-	(1,672)	45,374	-	-
b) Cross currency swaps						
– held for trading	480	1,083	-	80,000	-	-
Interest rate contracts						
c) Swap contracts						
– held for trading	(2)	860	(1,560)	-	190,000	-
d) Swap contracts						
– cash flow hedges	-	4,506	-	-	230,550	-

Fiera Capital Corporation

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8. Financial instruments (continued)

Financial statement presentation:

	As at March 31, 2019	As at December 31, 2018
	\$	\$
Current derivative financial instrument assets ⁽¹⁾	-	1,083
Non-current derivative financial instrument assets	2,783	5,366
Current derivative financial instrument liabilities	(1,710)	(1,672)
Non-current derivative financial instrument liabilities	(3,223)	(1,560)

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

a) Forward foreign exchange contracts – held for trading

Company

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

In March 2019, the Company entered into foreign exchange forward contracts to manage the currency fluctuation risk associated with the consideration for the acquisition of Palmer Capital Partners Limited ("Palmer Capital"), which was denominated in British Pounds (GBP). These foreign exchange forward contracts mature in April 2019.

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

The Company recorded a gain of \$901 during the three-month period ended March 31, 2019 (loss of \$1,227 during the three-month period ended March 31, 2018) and received \$276 as settlement of contracts that matured during the period (received \$163 during the three-month period ended March 31, 2018). The fair value of the forward foreign exchange contracts is a liability of \$612 as at March 31, 2019 (liability of \$1,237 as at December 31, 2018).

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8. Financial instruments (continued)

Subsidiaries

One of the Company's subsidiaries enters into forward exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in Euros and British pounds. This subsidiary recorded a gain of \$219 and a loss of \$229 during the three-month periods ended March 31, 2019 and 2018. A total of \$24 was paid during the three-month period ended March 31, 2019 as settlement of the contracts (paid \$101 during the three-month period ended March 31, 2018). As at March 31, 2019, the fair value of these contracts was a liability of \$192 (a liability of \$435 as at December 31, 2018).

b) Cross currency swaps – held for trading

Under the terms of the Company's revolving facility (Note 10), the Company can borrow either in US dollars based on US base rate plus a spread varying from 0.0% to 1.5% or the LIBOR rate plus a spread varying from 1.0% to 2.5%, or in Canadian dollars based on the Canadian prime rate plus a spread varying from 0.0% to 1.5%. To benefit from interest cost savings, the Company has effectively created, as at March 31, 2019, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 1.94% on CA\$190,000 (CDOR plus 1.57% on CA\$80,000 as at December 31, 2018) by borrowing against the US dollar revolving facility, the equivalent of CA\$190,000 (US\$141,500) (CA\$80,000 (US\$59,400) as at December 31, 2018) at LIBOR plus 2.25%, and swapping it into CDOR plus 1.94% with a one-month cross currency swap. The contract was entered into on March 29, 2019 and matures on April 30, 2019.

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

The net gain or loss on these derivative financial instruments is recognized in the interim condensed consolidated statement of earnings (loss) in accordance with the nature of the economically hedged item, the revolving facility (Note 10), and therefore is presented in interest on long-term debt and other financial charges.

The Company recorded a loss of \$3,619 during the three-month period ended March 31, 2019, with no net impact on earnings (loss) as described above (gain of \$480 during the three-month period ended March 31, 2018). A total of \$1,630 was paid during the three-month period ended March 31, 2019 as settlement of the contracts (received \$408 for the three-month period ended March 31, 2018). The fair value of the cross currency swap contracts was a liability of \$906 as at March 31, 2019 (an asset of \$1,083 as at December 31, 2018).

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8. Financial instruments (continued)

c) Interest rate swap contracts – held for trading

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

On May 31, 2017, the Company entered into an interest rate swap contract with an original amortizing notional amount of CA\$100,000 at inception and maturing on May 31, 2022. As at March 31, 2019, the notional amount was CA\$30,000 (December 31, 2018 – CA\$30,000). The contract consists of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 1.335%.

In March 2018, the Company entered into two interest rate swap contracts with original notional amounts of CA\$10,000 and CA\$40,000 at inception and maturing on May 31, 2022. The contracts consist of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 2.350% (on CA\$10,000 notional contract) and 2.358% (on CA\$40,000 notional contract).

In May 2018, the Company entered into an interest rate swap contract with an original notional amount of CA\$47,000 maturing on May 31, 2022. The contract consists of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 2.430%.

In September 2018, the Company entered into an interest rate swap contract with an original notional amount of CA\$18,000 maturing on May 31, 2022. The contract consists of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 2.530%.

In October 2018, the Company entered into an interest rate swap contract with an original notional amount of CA\$45,000 maturing on May 31, 2022. The contract consists of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 2.703%.

The net gain or loss on these derivative financial instruments is recognized in the interim condensed consolidated statement of earnings (loss) with interest on long-term debt and other financial charges. The Company recorded a loss of \$2,049 during the three-month period ended March 31, 2019 (loss of \$2 during the three-month period ended March 31, 2018). The fair value of the interest rate swap contracts is an asset of \$474 and a liability of \$3,223 as at March 31, 2019 (an asset of \$860 and a liability of \$1,560 as at December 31, 2018).

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8. Financial instruments (continued)

d) Interest rate swap contracts – Cash flow hedges

On May 31, 2017, the Company entered into two US dollar interest rate swap contracts with original notional amounts of US\$125,000 and US\$44,000 respectively at inception and maturing on May 31, 2022. The contracts consist of exchanging the variable interest rate based on a one-month LIBOR rate for a fixed rate of 1.84%. Interest is settled on a monthly basis.

These contracts are designated as cash flows hedges and satisfy the requirements for hedge accounting. The effective portion of changes in the fair value of these contracts are recognized in other comprehensive income and accumulated in a hedging reserve. The Company recorded a loss in other comprehensive income of \$1,906 during the three-month period ended March 31, 2019 (net of income taxes of \$291) (gain of \$3,066 (net of income taxes of \$468) during the three-month period ended March 31, 2018).

The ineffective portion of changes in fair value is recognized immediately in profit or loss in the interim condensed consolidated statement of earnings (loss). There is no ineffective portion on these contracts for the three-month periods ended March 31, 2019 and 2018. The fair value of the interest rate swap contracts designated as cash flow hedges is an asset of \$2,309 as at March 31, 2019 (asset of \$4,506 as at December 31, 2018).

The Company remains exposed to fluctuations in the US base or LIBOR rates on the difference between the US dollar credit facility and the notional amounts of the US dollar interest rate swap contracts. The drawings in US dollars on the credit facility (Note 10) are US\$309,659 as at March 31, 2019 (US\$219,400 as at December 31, 2018).

e) Call option

On December 1, 2018, Fiera Capital Inc. ("FCI"), wholly-owned subsidiary of the Company, entered into an agreement with Wilkinson Global Capital Partners LLC (the "Partners") by which the Partners have the right, but not the obligation, to purchase all, but not less than all, of the Company's equity interest in WGAM, a wholly owned subsidiary of the Company that manages special client accounts under investment advisory agreements. The call right can be exercised at any time during the period from January 1, 2021 (the call commencement date) until January 1, 2023 (the call expiration date) or on an earlier date at the discretion of FCI. If the Partners do not exercise the call option by the call expiration date or within 30 days of notice, the call option will expire. The call exercise price is designed to represent the fair value of the WGAM business. Since the call option price is based on the estimated fair value of the WGAM business and is not exercisable as at March 31, 2019, this derivative financial instrument has no financial impact on the Company's consolidated financial statements.

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8. Financial instruments (continued)

Financial instruments by category:

	Amortized cost	Fair value through profit or loss	As at March 31, 2019	
			Total	Total
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	32,495	-	32,495	
Restricted cash	6,997	-	6,997	
Investments	-	2,301	2,301	
Accounts receivable	146,508	-	146,508	
Long-term receivable ⁽¹⁾	23	-	23	
Derivative financial instruments	-	2,783	2,783	
Total	186,023	5,084	191,107	
Liabilities				
Accounts payable and accrued liabilities	88,916	-	88,916	
Purchase price obligations	-	120,480	120,480	
Derivative financial instruments	-	4,933	4,933	
Amounts due to related parties	3,027	-	3,027	
Client deposits ⁽²⁾	265	-	265	
Long-term debt	435,163	-	435,163	
Convertible debentures	79,324	-	79,324	
Total	606,695	125,413	732,108	

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

⁽²⁾ Presented in client deposits and deferred revenues on the consolidated statements of financial position.

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8. Financial instruments (continued)

	Amortized cost	As at December 31, 2018	
		Fair value through profit or loss	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	52,466	-	52,466
Restricted cash	1,012	-	1,012
Investments	-	4,857	4,857
Accounts receivable	148,459	-	148,459
Long-term receivable ⁽¹⁾	22	-	22
Derivative financial instruments ⁽²⁾	-	6,449	6,449
Total	201,959	11,306	213,265
Liabilities			
Accounts payable and accrued liabilities	144,059	-	144,059
Purchase price obligations	-	130,708	130,708
Derivative financial instruments	-	3,232	3,232
Amounts due to related parties	2,599	-	2,599
Client deposits ⁽³⁾	388	-	388
Long-term debt	421,527	-	421,527
Convertible debentures	79,008	-	79,008
Total	647,581	133,940	781,521

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

⁽²⁾ Includes \$1,083 presented in prepaid expenses and other assets on the consolidated statements of financial position.

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

Fair value hierarchy

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

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

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8. Financial instruments (continued)

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

	As at March 31, 2019			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial assets				
Investments	-	2,297	4	2,301
Derivative financial instruments	-	2,783	-	2,783
Total financial assets	-	5,080	4	5,084
Financial liabilities				
Purchase price obligations	-	-	120,480	120,480
Derivative financial instruments	-	4,933	-	4,933
Total financial liabilities	-	4,933	120,480	125,413

	As at December 31, 2018			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial assets				
Investments	-	4,853	4	4,857
Derivative financial instruments	-	6,449	-	6,449
Total financial assets	-	11,302	4	11,306
Financial liabilities				
Purchase price obligations	-	-	130,708	130,708
Derivative financial instruments	-	3,232	-	3,232
Total financial liabilities	-	3,232	130,708	133,940

Level 3

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

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

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8. Financial instruments (continued)

Purchase price obligation - CNR:

A reasonable change in unobservable inputs would not result in a significant change in the fair value of purchase price obligations other than for the City National Rochdale ("CNR") liability, which is presented below. The main Level 3 inputs used by the Company to value the purchase price obligations of CNR are derived from the following unobservable inputs and determined as follows:

- Annual revenue growth factors, such as market rate and net contributions rate, are estimated based on internal and external data and publications, economic conditions, and the specific characteristics of the financial liability. A higher annual revenue growth factor will result in a higher fair value. To assess the fair value as at March 31, 2019 and December 31, 2018, the Company used 9% and 10% for market growth rate and net contributions rate, respectively.
- The risk-adjusted discount rate is determined by adjusting a risk-free rate to reflect the specific risks associated with the financial liability. The discount rate is the input used to bring the future cash flows to their present value. A higher discount rate would result in a lower fair value. To assess the fair value as at March 31, 2019 and December 31, 2018, the Company used a discount rate of 41%.

The discounted cash flow method was used to measure the present value of the expected future cash flows to be paid to CNR as contingent consideration. The fair value of the CNR purchase price obligation as at March 31, 2019 was CA\$70,564 (US\$52,820) and CA\$74,118 (US\$54,331) as at December 31, 2018.

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

- A variance of 350 basis points in the market growth rate, as an increase or (decrease), would result in an increase (decrease) of approximately CA\$5,345 (US\$4,000) in the fair value of the purchase price obligation.
- A variance of 300 basis points in the net contributions rate, as an increase or (decrease) would result in an increase (decrease) of approximately CA\$2,672 (US\$2,000) in the fair value of the purchase price obligation.
- A variance of 200 basis points in the risk-adjusted discount rate, as an increase (discount), would result in a decrease (increase) of approximately CA\$2,672 (US\$2,000) in the fair value of the purchase price obligation.

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate, the market growth and the net contributions and established a reasonable fair value range that could result in a CA\$8,015 (US\$6,000) increase or decrease in the fair value of the purchase price obligation as at March 31, 2019.

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8. Financial instruments (continued)

Purchase price obligation – Clearwater:

The discounted cash flow method was used to measure the present value of the expected future cash flows to be paid to the sellers as contingent consideration. The fair value of the Clearwater purchase price obligation as at March 31, 2019 was CA\$39,454 (US\$29,530) and CA\$39,955 (US\$28,553) as at December 31, 2018.

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

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate, revenue, EBITDA, and cross-selling forecasts and established a reasonable fair value range between CA\$34,735 (US\$26,000) and CA\$40,079 (US\$30,000) for its purchase price obligation as at March 31, 2019. The reconciliation of Level 3 fair value measurements is presented as follows.

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8. Financial instruments (continued)

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

	Investments	Purchase price obligations	Total
	\$	\$	\$
Fair value as at December 31, 2017	11	(89,136)	(89,125)
Settlement of purchase price obligations	-	5,006	5,006
Total realized and unrealized gains included in other revenues	1	-	1
Total realized and unrealized (losses) included in accretion and change in fair value of purchase price obligations	-	(4,149)	(4,149)
Total realized and unrealized exchange differences on foreign operations included in other comprehensive income	-	(1,850)	(1,850)
Fair value as at March 31, 2018	12	(90,129)	(90,117)

There were no transfers between levels during the three-month periods ended March 31, 2019 and 2018.

9. Investment in managed funds

In its capacity as fund manager, the Company has the ability to direct the activities of the funds that it manages through its involvement in the decision-making process. When the Company is also exposed to the variable returns as the principal unitholder and is deemed to control the fund, the fund is consolidated. The assets and liabilities of the funds controlled by the Company are as follows:

	As at March 31, 2019	As at December 31, 2018
	\$	\$
Assets		
Investment in Short Term Investment Fund	3,439	2,249
Investment in private equity	33,779	22,536
Forward currency contracts, at fair value	-	4
Cash	29	9
Other assets	105	-
Total assets	37,352	24,798
Liabilities		
Forward currency contracts, at fair value	81	784
Accrued liabilities	9	21
Total liabilities	90	805
Net assets attributable to holders of redeemable units	37,262	23,993

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9. Investment in managed funds (continued)

Since the Company has a committed plan to market the funds and to dispose of its direct holdings within one year, the units held are available for immediate sale, and management is actively seeking new investors, the Company has classified the net assets of the funds as assets held-for-sale in the consolidated statement of financial position.

The redeemable units that are owned by other unitholders are presented as amounts due to holders of redeemable units in the Company's consolidated statement of financial position since the units are redeemable at the option of the holders.

Fund investments and transfers between levels of the fair value hierarchy

The investment in private equity is classified as Level 3 and all other investments, cash and derivatives are classified as Level 2. During the three-month period ended March 31, 2019 (and for the period from which the Company consolidated the fund in 2018 to December 31, 2018) there were no transfers of investments between levels.

Level 3

Fair value measurements for Level 3 investments are derived from valuation techniques. The substitution of one or more data from these techniques by one or several reasonably possible assumptions should not result in significant changes in the fair value of these investments. The fair value of the investment in private equity has been determined using a discounted cash flow model and by comparing the fair value to recent transactions. Significant unobservable inputs in the discounted cash flow model include expected cash flows and a risk-adjusted discount rate.

10. Long-term debt

	As at March 31, 2019	As at December 31, 2018
	\$	\$
Credit facility		
Revolving facility	437,231	422,805
Other facilities	-	919
Deferred financing charges	(2,068)	(2,197)
	435,163	421,527
Less current portion	-	(388)
Non-current portion	435,163	421,139

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10. Long-term debt (continued)

Credit Facility

On May 28, 2018, the Company entered into the Fifth Amended and Restated Credit Agreement (“Credit Agreement”) with a Canadian banking syndicate of lenders. The Facility is used for general corporate purposes. It is comprised of a \$600,000 senior unsecured revolving facility (“Facility”) which can be drawn in Canadian or US dollars at the discretion of the Company.

Under the terms of the Credit Agreement, there are no minimum repayments until June 30, 2022, the date at which the amount drawn is repayable in full. At any time, subject to certain terms and conditions, the Company may request an increase in the available Facility by an amount of up to CA\$200,000 subject to the acceptance of the individual lenders in the banking syndicate. The Credit Agreement allows for extensions of the Facility’s maturity date, in one-year increments, at the request of the Company and subject to the acceptance of a group of lenders within the banking syndicate whose commitments amount in the aggregate, to more than 66 2/3%, subject to certain terms and conditions.

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

Prior to May 28, 2018, the Fourth Amended and Restated Credit Agreement (the “Previous Credit Agreement”) included a US\$125,000 term (non-revolving) facility and a CA\$350,000 senior unsecured revolving facility which could be drawn in Canadian or US dollars at the discretion of the Company.

Under the terms of the Previous Credit Agreement, there were no minimum repayments on the term facility until May 31, 2019, and until March 25, 2020 for the revolving facility, at which dates the amounts drawn were repayable in full. On May 28, 2018, the term facility was terminated and balances drawn on that date were converted to the Facility.

There were no changes to the interest rates applicable on the Previous Credit Facility. As at March 31, 2019, the total amount drawn on the Facility was CA\$23,542 and US\$309,659 (CA\$413,689) (CA\$123,500 and US\$219,400 (CA\$299,305) as at December 31, 2018).

The renegotiation of the Credit Agreement was treated as a modification under IFRS 9 – *Financial Instruments* and transaction fees of \$1,466 associated with the Facility and \$1,034 associated with the Previous Credit Agreement were capitalized to the Facility as long-term debt in the consolidated statements of financial position.

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10. Long-term debt (continued)

Under the terms of the Credit Agreement and the Previous Credit Agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. These restrictions include maintaining a maximum ratio of Funded Debt to EBITDA and a minimum Interest Coverage Ratio as defined in the Credit Agreement and the Previous Credit Agreement. EBITDA, a non-IFRS financial measure, includes consolidated earnings (losses) before interest, income taxes, depreciation, amortization and other non-cash items, and excludes extraordinary and unusual items including non-recurring items and certain purchase price obligations as well as certain other adjustments outlined in the Credit Agreement. All restrictive covenants under the Credit Agreement were met as at March 31, 2019 and December 31, 2018. The Credit Agreement also includes covenants that limit the ability of the Company and certain of its subsidiaries that are specifically included in the Credit Agreement as borrowing parties and therefore are guarantors to the Facility, to engage in specified types of transactions and thus imposes certain operating and financing restrictions on these entities.

Other Facilities

As at December 31, 2018, one of the Company's subsidiaries had an outstanding bank loan in the amount of \$231 of which quarterly payments of CA\$131 were required. The loan bore interest at prime plus 0.25% to 1.25% which was based on the ratio of senior debt to EBITDA (a non-IFRS financial measure defined in the loan agreement). The original maturity of this loan was on June 30, 2019, however, the subsidiary repaid the total outstanding balance in January 2019. All debt covenant requirements were met as at December 31, 2018.

As at December 31, 2018, this subsidiary also had a leasing facility with an outstanding balance of CA\$688, under which monthly payments of CA\$15 were required. In January 2019, the subsidiary repaid the outstanding balance of this lease facility. As at December 31, 2018, the current and non-current portions of the loan were \$157 and \$531 respectively.

As at December 31, 2018, this subsidiary also had a line of credit with a limit of CA\$750. This credit limit bore interest at prime plus up to 0.25% to 1% which was also based on the ratio of senior debt EBITDA and had no fixed maturity date. As at December 31, 2018 the subsidiary had not drawn on the line of credit and it was cancelled in January 2019.

Another subsidiary of the Company has a line of credit with a dollar limit of CA\$950. It bears interest at prime plus 1.50% and has no fixed maturity date. As at March 31, 2019 the subsidiary had not drawn on the line of credit (nil as at December 31, 2018).

Fiera Capital Corporation

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11. Convertible debentures

	As at March 31, 2019	As at December 31, 2018
	\$	\$
Face value	86,250	86,250
Less:		
Issuance costs	(4,031)	(4,031)
Equity component (net of issuance costs of \$224)	(4,568)	(4,568)
Cumulative accretion expense on equity component	1,673	1,357
Balance, end of period	79,324	79,008

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

During the three-month period ended March 31, 2019, no amount was paid as accrued interest. During the year ended December 31, 2018, an amount of \$4,431 was paid representing the accrued cash interest from the issuance date of the unsecured convertible debentures to December 31, 2018.

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12. Share capital and accumulated other comprehensive income

	Class A subordinate voting shares ("Class A Shares")		Class B special voting shares ("Class B Shares")		Total	
	Number	\$	Number	\$	Number	\$
As at December 31, 2018	77,556,288	744,724	19,412,401	30,891	96,968,689	775,615
Issuance of shares						
Shares issued as settlement of purchase price obligations	458,157	5,548	-	-	458,157	5,548
Stock options exercised	40,000	384	-	-	40,000	384
As at March 31, 2019⁽¹⁾	78,054,445	750,656	19,412,401	30,891	97,466,846	781,547
As at December 31, 2017	70,249,199	660,644	19,444,490	30,942	89,693,689	691,586
Issuance of shares						
Shares issued as settlement of purchase price obligations	335,838	4,077	-	-	335,838	4,077
Performance and restricted share units settled	467,852	3,937	-	-	467,852	3,937
Stock options exercised	240,709	2,628	-	-	240,709	2,628
As at March 31, 2018	71,293,598	671,286	19,444,490	30,942	90,738,088	702,228

⁽¹⁾ Includes 4,125,055 Class A Shares held in escrow in relation with the Apex acquisition (4,125,055 as at December 31, 2018), 4,617,783 Class A Shares held in escrow in relation with the CGOV acquisition (4,617,783 as at December 31, 2018), 637,294 Class A Shares held in escrow in relation with the Clearwater acquisition (724,197 as at December 31, 2018).

2019

Issuance of shares

Shares issued as settlement of purchase price obligations

On February 13, 2019, in connection with the asset purchase agreement of Fiera Private Lending, the Company issued 458,157 Class A Shares for \$5,548 as settlement of purchase price obligations.

Stock option exercised

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

Dividends

During the three-month period ended March 31, 2019, the Company declared dividends on Class A shares and Class B shares totalling \$20,963 (\$0.21 per share) with a record as at April 3, 2019 which is payable on May 1, 2019.

Fiera Capital Corporation

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12. Share capital and accumulated other comprehensive income (continued)

2018

Issuance of shares

Shares issued as part of purchase price obligations

On February 22, 2018, in connection with the asset purchase agreement of Fiera Private Lending, the Company issued 335,838 Class A Shares for \$4,083 as settlement of purchase price obligations, less issuance costs of \$7.

Performance share units and restricted share units settled

During the three-month period ended March 31, 2018, 467,852 Class A Shares were issued following the vesting of performance share units.

Stock option exercised

During the three-month period ended March 31, 2018, 240,709 stock options were exercised, and 240,709 Class A Shares were issued for \$2,628.

Dividends

During the three-month period ended March 31, 2018, the Company declared dividends on Class A shares and Class B shares totalling \$17,264 (\$0.19 per share).

Accumulated other comprehensive income

The components of accumulated other comprehensive income include:

	As at March 31, 2019	As at December 31, 2018
	\$	\$
Cash flow hedges	2,021	3,927
Unrealized exchange differences on translating financial statements of foreign operations	26,562	33,729
	28,583	37,656

Fiera Capital Corporation

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(Unaudited)

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13. Earnings (loss) per share

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

	For the three-month periods ended March 31,	
	2019	2018
	\$	\$
Net earnings (loss) attributable to the Company's shareholders for the periods	(6,553)	(2,193)
Weighted average shares outstanding – basic	97,209,727	90,164,687
Effect of dilutive share-based awards and contingent consideration payable in shares	-	-
Weighted average shares outstanding – diluted	97,209,727	90,164,687
Basic earnings (loss) per share	(0.07)	(0.02)
Diluted earnings (loss) per share	(0.07)	(0.02)

For the three-month period ended March 31, 2019, the share-based awards and contingent consideration payable in shares of 11,322,234 and the convertible debentures with a face value of \$86,250 were all anti-dilutive. For the three-month period ended March 31, 2018, the share-based awards and contingent consideration payable in shares of 9,472,969 and the 86,250 convertible debentures were all anti-dilutive.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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14. Share-based payments

a) Stock option plan:

A summary of the changes that occurred in the Company's stock option plans during the three-month periods ended March 31, 2019 and 2018, is presented below:

	2019		2018	
	Number of Class A Share options	Weighted-average exercise price \$	Number of Class A Share options	Weighted average exercise price \$
Outstanding – beginning of year	3,977,191	12.21	4,183,852	11.86
Granted	-	-	20,000	11.23
Exercised	(40,000)	7.41	(240,709)	8.22
Cancelled/Forfeited	(195,000)	13.44	(20,252)	13.58
Outstanding – end of periods	3,742,191	12.19	3,942,891	12.07
Options exercisable – end of periods	1,247,812	11.13	694,512	8.08

The following table presents the weighted average assumptions used to determine the share-based compensation expense using the Black-Scholes option-pricing model during the three-month periods ended March 31, 2019 and 2018:

	For the three-month periods ended March 31,	
	2019	2018
Dividend yield (%)	-	7.13
Risk-free interest rate (%)	-	2.08
Expected life (years)	-	7.50
Expected volatility for the share price (%)	-	26.84
Weighted-average fair values (\$)	-	1.09
Share-based compensation expense (recovery) (\$)	(54)	440

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

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

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14. Share-based payments (continued)

b) Deferred share unit (“DSU”) plan

One DSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense of \$10 for this plan during the three-month period ended March 31, 2019 (recovery of \$32 during the three-month period ended March 31, 2018). As at March 31, 2019, the Company had a liability for an amount of \$105 for the 8,395 units outstanding under the DSU plan (\$95 for 8,395 units as at December 31, 2018).

c) Restricted share unit (“RSU”) plan

The following table presents transactions that occurred in the Company’s RSU Plan during the three-month periods ended March 31, 2019 and 2018.

	2019	2018
Outstanding units – beginning of year	258,560	608,635
Vested	-	(125,646)
Outstanding units – end of period	258,560	482,989

One RSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense of \$575 and \$1,002 for these grants during the three-month periods ended March 31, 2019 and 2018 respectively. During the three-month period ended March 31, 2018, 125,646 Class A Shares were issued as settlement of RSU vested (2019 – nil). As at March 31, 2019, the Company had a liability in the amount of \$2,334 for the 258,560 units outstanding under the RSU Plan (\$1,759 for 258,560 units as at December 31, 2018).

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

The following table presents transactions that occurred in the Company’s RSU Plan during the three-month periods ended March 31, 2019 and 2018.

	2019	2018
Outstanding units – beginning of year	528,308	504,380
Vested	(10,589)	(9,917)
Outstanding units – end of period	517,719	494,463

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of \$978 and \$187 for these grants during the three-month periods ended March 31, 2019 and 2018, respectively. During the three-month period ended March 31, 2019, 10,589 units vested (2018 – 9,917) and an amount of \$128 was paid as settlement of these units (2018 – \$262). In addition, a total of \$1,655 was paid during the three-month period ended March 31, 2019 as settlement of units vested in 2018.

As at March 31, 2019, the Company had a liability in the amount of \$3,623 for the 517,719 units outstanding (\$4,305 for 528,308 units as at December 31, 2018).

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For the three-month periods ended March 31, 2019 and 2018

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14. Share-based payments (continued)

e) Restricted share plan

As at December 31, 2018, there were no longer any restricted shares outstanding. Therefore, on March 21, 2019 the Board approved the termination of the Restricted share plan effective as at such date.

No expenses were recorded for the restricted share plan during the three-month period ended March 31, 2019 (an expense of \$84 was recorded during the three-month period ended March 31, 2018 for this grant).

f) PSU and UAR Plan applicable to Business Units

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

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

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

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

PSU applicable to BU

The Company recorded the following expense relating to PSU plans applicable to BU during the three-month periods ended March 31, 2019 and 2018:

	For the three-month periods ended March 31,	
	2019	2018
	\$	\$
Equity-settled grants	810	2,836
Cash-settled grants	2,219	2,097
Total expense	3,029	4,933

The total award value granted under the Company’s PSU plans applicable to BU was during the three-month periods ended March 31, 2019 and 2018 was nil. During the three-month period ended March 31, 2018, 322,387 Class A Shares were issued as settlement of PSU applicable to BU (nil during the three-month period ended March 31, 2019).

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14. Share-based payments (continued)

UAR applicable to BU

Under the UAR applicable to BU, eligible employees are entitled to receive Class A Shares of the Company for an amount equivalent to the difference between the business value per unit on the vesting date and the exercise price determined on the grant date. The Company recorded an expense of \$371 during the three-month period ended March 31, 2019.

g) PSU plan

One PSU unit is equivalent to one Class A Share of the Company. The Company recorded the following expense relating to the PSU plans during the three-month periods ended March 31, 2019 and 2018:

	For the three-month periods ended March 31,	
	2019	2018
	\$	\$
Equity-settled grants	286	12
Cash-settled grants	619	65
Total expense	905	77

The total award value granted to eligible employees under the Company's PSU plans for the three-month periods ending March 31, 2019 and 2018 was nil and \$4,220 respectively. No Class A Shares were issued during the three-month period ended March 31, 2019 as settlement of PSU vested (2018 – 19,819).

h) Stock option plans in the Company's subsidiaries

One of the Company's subsidiaries has a stock option plan which is based on the shares of the respective subsidiary entity. This plan is accounted for as a cash-settled plan. The Company's subsidiaries stock option expense in the consolidated statements of earnings (loss) for the three-month periods ended March 31, 2019 and 2018 was \$399 and \$241, respectively. The cash settled share-based liability is \$4,355 in the consolidated statements of financial position as at March 31, 2019 (\$3,956 as at December 31, 2018).

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

	For the three-month periods ended March 31,	
	2019	2018
	\$	\$
Changes in non-cash operating working capital items		
Accounts receivable	6,542	12,532
Prepaid expenses and other assets	664	(1,360)
Accounts payable and accrued liabilities	(57,509)	(56,768)
Amounts due to related parties	428	244
Client deposits and deferred revenues	830	86
	(49,045)	(45,266)

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between current income tax expense of \$5,127 for the three-month period ended March 31, 2019 (\$3,972 for the three-month period ended March 31, 2018) and income taxes paid of \$6,985 (2018 – \$3,388) for a net impact of (\$1,858) for the three-month period ended March 31, 2019 (\$584 for the three-month period ended March 31, 2018).

The following are non-cash items:

During the three-month period ended March 31, 2019, the Company issued Class A Shares of \$5,548 related to the acquisition of Fiera Private Lending. During the three-month period ended March 31, 2018, the Company issued Class A Shares of \$3,937 as settlement for PSUs and RSUs which vested in 2017 and Class A Shares of \$4,083 related to the acquisition of Fiera Private Lending.

16. Capital management

The Company's capital comprises share capital, retained earnings (deficit), long-term debt and convertible debentures, less cash and cash equivalents. The Company manages its capital to ensure there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive covenants required by the lender of the debt. As at March 31, 2019 and December 31, 2018, the Company and one of its subsidiaries are subject to calculations of excess working capital as required by National Instrument 31-103 *Registration Requirements and Exemptions*, calculated on a non-consolidated basis, and they have complied with their respective calculations. The Company and its subsidiaries have also complied with their restrictive debt covenants under the various credit facilities.

In order to maintain or adjust its capital structure, the Company may issue shares, proceed to the issuance or repayment of debt or redeem convertible debentures.

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17. Contingent liabilities

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

18. Related party transactions

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

Under a former agreement with a related shareholder, this related shareholder was entitled to appoint two of the four directors of the Company that the holders of Class A Shares are entitled to elect, as long as it holds, directly or indirectly, at least 20% of the outstanding Class A Shares and Class B Shares, together, on a non-diluted basis. Following the closing of the Company's bought deal financing comprised of unsecured convertible debentures (Note 11) and of a Class A Share issuance on December 21, 2017 and subsequent shareholder transactions, the related party's beneficial ownership is approximately 17.9% of the Company's issued and outstanding shares as at March 31, 2019 (18.0 % as at December 31, 2018) and as a result, such agreement terminated and the related party no longer has the right to designate two appointees to the Company's Board. This related shareholder is one of the two co-lead arrangers and one of lenders to the Company's Credit Facility and is the counterparty to the derivative financial instruments presented as being with a related entity in the table below.

At March 31, 2019, the other related shareholder indirectly owns Class B Special Voting Shares representing approximately 7.4% of the Company's issued and outstanding shares (7.4% as at December 31, 2018) and pursuant to the terms of a shareholders' agreement between this related shareholder and an entity related to the Company, the related shareholder is entitled to appoint two of the eight directors of the Company that the holders of Class B Shares are entitled to elect. In order to maintain the rights described above, the related shareholder is required to maintain a minimum ownership level in the Company and a specified minimum level of assets under management. This related shareholder is one of the two co-lead arrangers and one of the lenders to the Company's Credit Facility.

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18. Related party transactions (continued)

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

	For the three-month periods ended March 31,	
	2019	2018
	\$	\$
Base management fees	11,656	10,861
Performance fees	-	219
Other revenues	4,901	1,774
Selling, general & administrative expenses		
Reference fees	409	474
Other	161	212
Interest on long-term debt	4,697	3,630
Net (gain) loss in fair value of derivative financial instruments included in interest on long-term debt and other financial charges	5,668	(478)

The transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Fees are at prevailing market prices and are settled on normal trade terms.

19. Segment reporting

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

	Revenues	Non-current assets
	For the three-month period ended March 31, 2019	As at March 31, 2019
	\$	\$
Canada	71,849	664,234
United States of America	51,486	413,886
Europe and other	19,450	189,893
	142,785	1,268,013

	Revenues	Non-current assets
	For the three-month period ended March 31, 2018	As at December 31, 2018
	\$	\$
Canada	58,343	599,334
United States of America	46,138	472,472
Europe and other	15,500	105,872
	119,981	1,177,678

Revenues are attributed to countries on the basis of the customer's location. As at March 31, 2019, non-current assets presented above exclude deferred income taxes of \$21,159 and financial instruments and long-term receivable of \$2,806 (\$20,093 and \$5,388 respectively as at December 31, 2018).

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20. Subsequent events

Natixis Investment Managers S.A.

On May 8, 2019 the Board approved a distribution agreement with Natixis Investment Managers S.A. ("Natixis"), a global asset management firm.

The Board also approved the Company entering into a share purchase agreement by which an affiliate of Natixis, Natixis Investment Managers Canada Holdings Ltd. ("Natixis Canada Holdings"), will acquire a total of 10,680,000 Class A Shares of the Company from Natcan Investment Management Inc. ("Natcan"), a wholly-owned subsidiary of National Bank of Canada, and DJM Capital for a total consideration of CA\$128,160. In relation to acquiring an 11.0% stake in the Company, Natixis Canada Holdings will have the right to propose one director to the Company's Board. The closing and settlement date is expected to be May 9, 2019.

The Board further approved the Company entering into a share purchase agreement for the repurchase for cancellation of 2,450,000 of its Class A Shares from Natcan for a total consideration of CA\$29,400. The closing and settlement date is expected to be May 9, 2019.

Finally, Board approved the Company entering into a purchase agreement pursuant to which Fiera Capital will acquire Natixis' Canadian operations, expected to close in the third quarter of 2019.

Palmer Capital Partners Limited

On April 3, 2019, the Company completed its previously announced acquisition of an 80% interest in Palmer Capital Partners Limited ("Palmer Capital"), a leading UK focused real estate investment manager, based in London UK.

On the date of closing, the total purchase consideration of CA\$52,759 (GBP 30,200) included CA\$35,164 (GBP 20,200) paid in cash to the sellers and CA\$17,595 (GBP 10,000) worth of the Company's Class A Subordinate Voting shares, representing 1,430,036 shares, that were issued upon closing of the transaction and which were accounted for at a fair value of CA\$16,975 (GBP 9,751). The purchase consideration remains subject to post-closing price adjustments. The Palmer Capital management shareholders retain a 20% equity interest in Palmer Capital. The Company financed the cash portion of the purchase consideration with its revolving credit facility.

The transaction will be accounted for as a business combination using the acquisition method. The allocation of the final purchase price to the assets acquired and liabilities assumed will be finalized within the 12 months following the closing of the transaction.

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20. Subsequent events (continued)

Integrated Asset Management

On March 21, 2019, the Company entered into a definitive agreement with Integrated Asset Management Corp. ("IAM") under which the Company will acquire all of the outstanding common shares of IAM. The transaction will be implemented by way of a court-approved statutory plan of arrangement under the *Business Corporations Act* (Ontario). The transaction is expected to be completed once the closing conditions, including court, shareholder, and regulatory approvals have been satisfied.

The Company will acquire IAM for total consideration of \$74,000 consisting of \$55,500 in cash, \$18,500 of Fiera Class A Shares. In addition, the IAM shareholders will receive contingent consideration in the form of one contingent value rights ("CVRs") for each IAM share held at closing. The CVRs represent the contingent right for the IAM shareholders to receive their pro rata portion of the aggregate cash payments from the Company which are based on incentive fees (net of employee bonuses, certain taxes and expenses) to be received by IAM affiliates in connection with the management of two real estate funds.

To the extent that IAM's closing cash balance exceeds \$10,000 (after transaction costs, including severance, accrued bonuses and change of control payments), IAM will be entitled to declare and pay the excess amount as a special dividend to IAM shareholders as of a record date prior to closing of the transaction.

The transaction will be implemented by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario) and will be subject to the approval of 66 2/3% of the votes cast by IAM shareholders, and a simple majority of votes cast by minority holders of IAM Shares after excluding votes of any persons required under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, each at a special meeting to be scheduled to consider the transaction.

In addition to IAM shareholder and court approvals, the transaction is subject to regulatory approvals and closing conditions customary in transactions of this nature, including approval by the TSX for the listing of Fiera Class A Shares to be issued. There is no assurance the transaction will be completed.

Dividends declared

On May 8, 2019, the Board declared a quarterly dividend of \$0.21 per share to shareholders of record as at May 22, 2019 and payable on June 19, 2019.

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