GMP Capital Inc.
Second Quarter
2020 Report

Q2/2020

GMP Capital Inc.

GMP CAPITAL INC. REPORTS SECOND QUARTER 2020 RESULTS

- Net working capital as at June 30, 2020, was $122.8 million
- AUA[1] at Richardson GMP of $28.3 billion as at June 30, 2020, rebounds from low of $23.5 billion at the height of the COVID-19 pandemic in March
- Richardson GMP enters into strategic alliance with Cormark Securities
- GMP, RFGL and the two investment advisor representatives on Richardson GMP's Board of Directors continuing to work toward entering into a definitive agreement for the consolidation of 100% of Richardson GMP under GMP
- GMP provides important update on its preferred share dividends
- GMP adopts Advance Notice By-law

For further information about GMP Capital Inc., our results for second quarter 2020 and the meaning of certain references, this earnings release should be read in conjunction with our unaudited interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2020 (Second Quarter 2020 Financial Statements) and our management's discussion and analysis for the three and six months ended June 30, 2020 (Second Quarter 2020 MD&A) and our annual information form, which can be accessed on our website at *gmpcapital.com* and on SEDAR at *sedar.com*. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and have been taken from our Second Quarter 2020 Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS).

Toronto, July 31, 2020 — GMP Capital Inc. (GMP) (TSX: GMP) today reported a net loss from continuing operations of $1.8 million in second quarter 2020 compared with a net loss of $0.5 million in second quarter 2019. The $1.3 million change from second quarter last year was due largely to several factors including:

- $0.9 million in lower tax recoveries in second quarter 2020 compared with second quarter 2019;
- $0.8 million decline in the net contribution from our former Emerging Markets operations this quarter compared with second quarter 2019;
- $0.6 million decrease in GMP's proportionate share of Richardson GMP's net income/loss;
- $0.4 million decrease in interest revenue reflecting a lower interest rate environment;
- $0.3 million decrease in net contribution from our stock borrowing and lending business; and
- partly offset by $1.7 million increase in other revenue largely due to higher carrying broker services provided to Stifel Nicolaus Canada Inc.'s (Stifel) capital markets business and higher foreign exchange revenue recorded in second quarter 2020.

Discontinued Operations

Net loss from discontinued operations was $0.6 million in second quarter 2020 compared with a net loss of $3.3 million in second quarter 2019.

For further information relating to Discontinued Operations, please refer to Note 6 to the Second Quarter 2020 Financial Statements.

Consolidated Results

Net loss in second quarter 2020 was $2.4 million compared with a net loss of $3.8 million in second quarter 2019. The change was largely due to a higher net loss from discontinued operations recorded in second quarter 2019 partly offset by a $0.8 million decline in the net contribution from our Emerging Markets operations this quarter compared with second quarter 2019. As noted above, the Company's Emerging Markets business is being wound down.

"The results for the quarter are as expected pending the outcome of GMP's Special Committee's discussions on the potential consolidation of 100% ownership of Richardson GMP under GMP," said Kishore Kapoor, Interim President and Chief Executive Officer, GMP. "While we await the outcome of these discussions, we continue to manage the business prudently and safely through these challenging times. We are also encouraged by Richardson GMP's assets under administration strong $4.8 billion or 20.4% bounce back from the March lows caused by the global market sell-off attributed to the COVID-19 pandemic," added Kapoor.

Working Capital

The Company reported net working capital as at June 30, 2020, of $122.8 million compared with $126.1 million as at March 31, 2020. The $3.3 million decline in the quarter is due to:

- the payment of $1.1 million in preferred dividends;
- $1.4 million net loss from continuing operations (net of non-cash $0.5 million share of net loss of associate included in loss from continuing operations);
- $0.4 million payment of Part VI.1 tax relating to payment of dividends on preferred shares;
- $0.6 million loss from discontinued operations;
- $0.1 million of professional fees incurred relating to the potential consolidation of 100% of the ownership in Richardson GMP under GMP (the RGMP Transaction);
- $0.3 million foreign exchange loss reported in comprehensive income;
- partly offset by $0.6 million tax recoveries relating to prior periods.

In addition, the Company also has promissory notes payable to former owners of FirstEnergy Capital Holdings Corp. (FirstEnergy) in the amount of $15.6 million. These notes are, in part, offset by promissory notes receivable from Stifel in the amount of $2.8 million. Both the payable and receivable are non-current and are due in September 2021.

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers.

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MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Six Months Ended June 30, 2020

About this Management's Discussion and Analysis

Management's discussion and analysis (MD&A) is provided to enable readers to assess the financial condition and results of operations of GMP Capital Inc. (GMP or the Company) as at and for the three and six months ended June 30, 2020.

This MD&A has been prepared with an effective date of July 30, 2020, and should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes of GMP as at and for the three and six months ended June 30, 2020 (Second Quarter 2020 Financial Statements), GMP's MD&A for fiscal 2019 (2019 Annual MD&A) and GMP's audited consolidated financial statements and related notes as at and for the year ended December 31, 2019 (2019 Annual Financial Statements). These documents as well as additional information relating to GMP, including GMP's annual information form (AIF), can be accessed at *gmpcapital.com* and at *sedar.com*. Certain comparative amounts have been reclassified to conform to the current year's presentation.

All references to we, our, us and GMP Group refer to GMP, together with its consolidated operations controlled by it. All references to shareholders refer collectively to holders of common shares of GMP (Common Shares), holders of Cumulative 5-Year Rate Reset Preferred Shares, Series B of GMP (Series B Preferred Shares), and Cumulative Floating Rate Preferred Shares, Series C of GMP (Series C Preferred Shares). References to Preferred Shares refer to the Series B Preferred Shares and Series C Preferred Shares, collectively.

GMP's audit committee (Audit Committee) has reviewed this document and, prior to its release, the GMP board of directors (Board of Directors) approved it, on the Audit Committee's recommendation.

Certain numbers contained in this MD&A are subject to rounding.

Presentation of Financial Information and Non-GAAP Measures

Unless otherwise specified herein, financial results, including related historical comparatives, contained in this MD&A, are based on our Second Quarter 2020 Financial Statements, which have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The Canadian dollar is our functional and reporting currency for purposes of preparing the Company's consolidated financial statements and accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified herein.

IFRS 5 – DISCONTINUED OPERATIONS

In accordance with IFRS 5, the sale of the company's U.S. fixed income business in January 2019 and the sale of substantially all of the assets of its capital markets business to Stifel Nicolaus Canada Inc. (Stifel) in December 2019 (the Sale Transaction), were both accounted for as Discontinued Operations as at December 31, 2019.

Certain previously reported figures have been retroactively restated to show the Discontinued Operations separately from Continuing Operations.

For further information relating to Discontinued Operations, please refer to Note 6 to the Second Quarter 2020 Financial Statements.

REPORTING SEGMENTS

Commencing in third quarter 2019, the Company changed the composition of its business segment disclosure to better reflect its go-forward organizational structure to provide readers enhanced understanding of management's views of GMP's core performance:

Previous Reporting Segments	Current Reporting Segments
Capital Markets	Operations Clearing
Wealth Management	Wealth Management
Corporate	Corporate

The results for prior periods have been restated to conform with the changes to reporting segments.

NON-GAAP MEASURES

We use certain measures to assess our financial performance that are not generally accepted accounting principles (GAAP) measures under IFRS. These measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of GMP's performance, liquidity, cash flows and profitability.

Annualized Return on Common Equity

We evaluate the performance of our consolidated operations using annualized return on common equity (ROE) which we calculate based on net income attributable to common shareholders divided by total average common shareholder equity for the period, which are measures derived from information contained in our Second Quarter 2020 Financial Statements.

Assets Under Administration

Assets under administration (AUA) is a non-GAAP financial measure of client assets that are common to the wealth management business. AUA represents the market value of client assets managed and administered by Richardson GMP from which it earns commissions and fees. This measure includes funds held in client accounts as well as the aggregate market value of long and short security positions. Richardson GMP's method of calculating may differ from the methods used by other companies and therefore may not be comparable to other companies. Management uses these measures to assess Richardson GMP's operational performance.

Potential RGMP Transaction Costs

In second quarter and first half 2020, GMP recorded $0.1 million and $1.4 million, respectively, in professional fees in connection with consolidating 100% of the ownership of Richardson GMP under GMP (the Potential RGMP Transaction) compared with $0.2 million in second quarter and first half 2019. First half 2020 also included $0.3 million in restructuring costs recorded in first quarter 2020. Management believes adjusting for these costs may be more reflective of ongoing operating results of the Corporate segment and provides readers with an enhanced understanding of how management views GMP's Corporate segment.

Forward-Looking Information

This MD&A contains "forward-looking information" as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements concerning our objectives, our strategies to achieve those objectives, as well as statements made with respect to management's beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

The forward-looking statements included in this MD&A, including statements regarding the Potential RGMP Transaction and the execution of any of the Company's potential plans, are not guarantees of future results and involve numerous risks and uncertainties that may cause actual results to differ materially from the potential results discussed in the forward-looking statements. In respect of the forward-looking statements and information concerning the consolidation of 100% of ownership in Richardson GMP, and the Company's strategy going forward, management has provided same based on reliance on certain assumptions it considers reasonable at this time including that a transaction involving Richardson GMP can be completed on acceptable terms and that any conditions precedent can be satisfied. There is no assurance that any transaction involving Richardson GMP will result from the discussions with Richardson Financial Group Limited (RFGL) or on what terms or structure any transaction may occur as proposed or at all, including the timing of the completion of any transaction involving Richardson GMP. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this MD&A.

Risks and uncertainties related to the Potential RGMP Transaction include, but are not limited to: failure of GMP and RFGL to enter into the Potential RGMP Transaction on satisfactory terms, or at all; failure of GMP and RFGL to obtain the required shareholders and regulatory approvals for, or satisfy other conditions to effect, the Potential RGMP Transaction; the risk that the Potential RGMP Transaction may involve unexpected costs, liabilities or delays; the risk that, prior to or as a result of the completion of the Potential RGMP Transaction, the business of GMP and/or Richardson GMP may experience significant disruptions, including loss of clients or employees due to transaction related uncertainty, industry conditions or other factors; risks relating to employee retention; the risk that legal proceedings may be instituted against GMP or Richardson GMP; risks related to the diversion of management's attention from GMP's ongoing business operations and risks related to the COVID-19 pandemic and the Declaration of Emergency declared by government and public health authorities.

For a description of additional risks that could cause our actual results to materially differ from our current expectations, see the "Risk Management" and "Risk Factors" sections of GMP's 2019 Annual MD&A and the "Risk Factors" section in the Company's AIF. For additional information on the risk factors related to the Potential RGMP Transaction, see "The Sale Transaction – Reasons for the Sale Transaction" and "The Sale Transaction – Risk Factors" in GMP's Notice of Special Meeting and Management Information Circular dated July 8, 2019 (the "July 2019 Circular"). Material assumptions and factors underlying the forward-looking information in this MD&A include, but are not limited to, those set out in GMP's 2019 Annual MD&A. GMP's 2019 Annual MD&A and July 2019 Circular are filed under the Company's profile on SEDAR at *www.sedar.com*.

Although forward-looking information contained in this MD&A is provided based on management's reliance on certain assumptions it considers reasonable, there can be no assurance that such expectations will prove to be correct. Certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this MD&A. Readers should not place undue reliance on the forward-looking statements and information contained in this MD&A. When relying on forward-looking statements to make decisions, readers should carefully consider the foregoing factors, the list of which is not exhaustive.

The forward-looking information contained in this MD&A is made as of the date of this MD&A, and should not be relied upon as representing GMP's views as of any date subsequent to the date of this MD&A. Except as required by applicable law, management and the Board undertake no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, may cause material disruption to businesses globally resulting in an economic slowdown and heightened global equity market volatility. Governments and central banks have responded with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and full impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries or business affiliates in future periods.

Potential RGMP Transaction Update

On April 14, 2020, GMP, Richardson Financial Group Limited and the two investment advisor representatives on Richardson GMP's board (the RGMP Shareholders) jointly agreed to extend the contractual negotiating period between Richardson GMP's shareholders to 60 days following the termination of Ontario's Declaration of Emergency. Following the Ontario Government's termination of its Declaration of Emergency on July 24, 2020, the negotiating period will end no later than September 22, 2020, pursuant to the RGMP liquidity mechanism process that was triggered on February 25, 2020. While discussions among the RGMP Shareholders remain ongoing, we are hopeful that a definitive agreement will be reached prior to that deadline. The Company cautions its shareholders and other stakeholders that there is no assurance that any transaction involving Richardson GMP will result from these discussions or on what terms or structure any transaction may occur.

The Shareholders Agreement, as amended, governing Richardson GMP, including material aspects of the RGMP liquidity mechanism process (the RGMP Liquidity Mechanism) that was triggered on February 25, 2020, is available on the SEDAR profile of GMP at www.sedar.com. For information regarding the Potential RGMP Transaction and the materials aspects of the RGMP Liquidity Mechanism see the "General Development of the Business – Recent Developments – Potential Richardson GMP Transaction", Potential Richardson GMP Transaction-related information included in "Risk Factors" and "Material Contracts" sections in the Company's AIF. For more information on the Potential RGMP Transaction please review the February 26, 2020, press release on the Company's website under the section entitled Investor Relations.

About GMP

GMP is a public company listed on the Toronto Stock Exchange (TSX). GMP's Common Shares, Series B Preferred Shares, and Series C Preferred Shares are listed on the TSX under the symbols GMP, GMP.PR.B, and GMP.PR.C, respectively.

GMP currently operates through the following business segments: Operations Clearing, Wealth Management and a Corporate segment.

OPERATIONS CLEARING

Operations Clearing provides carrying broker services to Richardson GMP and, commencing December 6, 2019, to Stifel's Canadian capital markets business. Services provided include trade execution, clearing and settlement of securities transactions, custody and other administrative services. Effective December 6, 2019, in connection with the Sale Transaction, GMP's carrying broker business was re-named RF Securities Clearing LP (formerly GMP Securities L.P.).

WEALTH MANAGEMENT

Wealth Management consists of GMP's non-controlling ownership interest in Richardson GMP Limited (Richardson GMP), one of Canada's largest independent wealth management firms. Richardson GMP is focused on providing exclusive and comprehensive wealth management and investment services delivered by an experienced team of investment professionals. GMP's non-controlling ownership interest in Richardson GMP as at June 30, 2020, was approximately 34.1% (December 31, 2019 – 34.4%).

Richardson GMP is considered an associate of GMP under IFRS and, accordingly, GMP's share of Richardson GMP's results are accounted for using the equity method. Wealth Management also includes dividend revenue recognized by GMP on its preferred share investments in Richardson GMP following dividend declarations made by Richardson GMP from time to time.

CORPORATE

The Corporate segment primarily comprises enterprise-wide items, results of the Company's former Emerging Markets business, corporate functions and public company costs. The following table sets forth the financial results for the Corporate segment for the periods presented. The majority of revenue in the Corporate segment reflects GMP's Emerging Markets business that was not acquired in connection with the Sale Transaction and is currently being wound down.

For further descriptions of our business segments and our Corporate segment, refer to "Segment Results from Continuing Operations" in this MD&A.

Second Quarter and First Half 2020 Financial Highlights

WORKING CAPITAL

The Company reported net working capital as at June 30, 2020, of $122.8 million compared with $126.1 million as at March 31, 2020. The $3.3 million decline in the quarter is due to:

- the payment of $1.1 million in preferred dividends;
- $1.4 million net loss from continuing operations (net of non-cash $0.5 million share of net loss of associate included in loss from continuing operations);
- $0.4 million payment of Part VI.1 tax relating to payment of dividends on preferred shares;
- $0.6 million loss from discontinued operations;
- $0.1 million of professional fees incurred relating to the potential consolidation of 100% of the ownership in Richardson GMP under GMP (the RGMP Transaction);
- $0.3 million foreign exchange loss reported in comprehensive income;
- partly offset by $0.6 million tax recoveries relating to prior periods.

In addition, the Company also has promissory notes payable to former owners of FirstEnergy Capital Holdings Corp. (FirstEnergy) in the amount of $15.6 million. These notes are, in part, offset by promissory notes receivable from Stifel in the amount of $2.8 million. Both the payable and receivable are non-current and are due in September 2021.

POTENTIAL RGMP TRANSACTION COSTS

Second quarter and first half 2020 results include $0.1 million and $1.7 million, respectively, in professional fees and restructuring charges, incurred as we remain focused on working with our partners at RFGL and Richardson GMP to consolidate 100% of the ownership of Richardson GMP, compared with $0.2 million recorded in second quarter and first half 2019.

SELECTED FINANCIAL INFORMATION

	Three months ended June 30			Six months ended June 30		
($000, except as otherwise noted)	**2020**	2019	% increase/ (decrease)	**2020**	2019	% increase/ (decrease)
Revenue	**7,070**	8,737	(19)	**15,898**	17,917	(11)
Investment banking and principal transactions	**–**	1,527	(100)	**–**	2,453	(100)
Interest	**2,177**	4,007	(46)	**5,816**	7,748	(25)
Other	**4,893**	3,203	53	**10,082**	7,716	31
Expenses	**8,565**	10,382	(18)	**19,942**	20,545	(3)
Employee compensation and benefits	**2,490**	3,087	(19)	**5,531**	6,142	(10)
Non-compensation expenses	**6,075**	7,295	(17)	**14,411**	14,403	–
Share of net (loss) income of associate	**(473)**	137	n.m.	**(359)**	1,082	(133)
Loss before income taxes	**(1,968)**	(1,508)	(31)	**(4,403)**	(1,546)	(185)
Net loss from continuing operations	**(1,787)**	(462)	(287)	**(4,825)**	(298)	n.m.
Net loss from discontinued operations	**(564)**	(3,347)	83	**(444)**	(18,991)	98
Net loss	**(2,351)**	(3,809)	38	**(5,269)**	(19,289)	73
Net loss per Common Share (dollars) from continuing operations:						
Basic	**(0.04)**	(0.02)	(100)	**(0.10)**	(0.04)	(150)
Diluted	**(0.04)**	(0.02)	(100)	**(0.10)**	(0.04)	(150)
Net loss per Common Share (dollars):						
Basic	**(0.05)**	(0.07)	29	**(0.11)**	(0.31)	65
Diluted	**(0.05)**	(0.07)	29	**(0.11)**	(0.31)	65
Regular cash dividend declared per Common Shares (dollars):	**–**	0.025	(100)	**0.025**	0.050	(50)
ROE[1] from continuing operations	**(14.1)%**	(4.7)%	(197)%	**(16.3)%**	(3.4)%	n.m.

n.m.= not meaningful

1. Considered to be non-GAAP financial measures. These measures do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.
2. Share of net (loss) income of associate reflects our share of Richardson GMP's net (loss) income attributable to common shareholders. For more information on Richardson GMP's second quarter 2020 financial performance, refer to the "Supplemental Information" section within this MD&A.

FINANCIAL PERFORMANCE

Second quarter 2020 vs Second quarter 2019

Continuing Operations

Revenues

Revenue from continuing operations of $7.1 million in second quarter 2020 was down 19% from the $8.7 million reported in second quarter 2019 led largely by lower interest income in connection with reduced activity in our stock borrowing and lending business and lower investment banking and principal transaction revenue. Second quarter 2019 included $1.2 million in investment banking and other revenue in our former Emerging Markets business, which was not acquired in connection with the Sale Transaction and is currently being wound down, compared with a mark-to-market loss of $0.1 million in second quarter 2020. Partly offsetting these decreases was higher other revenue in connection with providing carrying broker services to Stifel's Canadian capital markets business, which commenced December 6, 2019, and higher foreign exchange revenue.

Net Loss

Net loss from continuing operations was $1.8 million in second quarter 2020 compared with a net loss of $0.5 million in second quarter 2019. The $1.3 million change from second quarter last year was due largely to several factors including:

- $0.9 million in lower tax recoveries in second quarter 2020;
- $0.8 million decline in the net contribution from our former Emerging Markets operations this quarter compared with second quarter 2019;
- $0.6 million decrease in GMP's proportionate share of Richardson GMP's net income/loss;
- $0.4 million decrease in interest revenue reflecting a lower interest rate environment; and
- $0.3 million decrease in net contribution from our stock borrowing and lending business.

These declines were partly offset by:

- a $1.7 million increase in other revenue largely due to higher carrying broker services provided to Stifel Nicolaus Canada Inc.'s (Stifel) capital markets business and higher foreign exchange revenue recorded in second quarter 2020.

Discontinued Operations

Discontinued operations reflect substantially all of GMP's former capital markets business, excluding Emerging Markets, which is recorded in the Company's Corporate segment. Net loss from discontinued operations was $0.6 million in second quarter 2020 compared with a net loss of $3.3 million in second quarter 2019.

For further information relating to Discontinued Operations, please refer to Note 6 to the Second Quarter 2020 Financial Statements.

Consolidated Results

Net loss in second quarter 2020 was $2.4 million compared with a net loss of $3.8 million in second quarter 2019. The change was largely due to a $2.7 million lower net loss from discontinued operations recorded in second quarter 2020 compared to 2019 partly offset by a $0.9 million decline in the net contribution from our Emerging Markets operations this quarter compared with second quarter 2019.

First half 2020 vs First half 2019

Continuing Operations

Revenues

Revenue from continuing operations of $15.9 million in first half 2020 was down 11% from the $17.9 million reported in the first half 2019 led largely by lower interest revenue in connection with reduced activity in our stock borrowing and lending business and lower investment banking and principal transaction revenue. First half 2019 included $1.8 million in investment banking and other revenue in our former Emerging Markets business compared to mark-to-market loss on an inventory position of $0.4 million for the same period in 2020. Partly offsetting these decreases was higher first half 2020 other revenue in connection with providing carrying broker services to Stifel's Canadian capital markets business, which commenced December 6, 2019, and higher foreign exchange revenue. Other revenue also reflects $0.6 million in dividends received in first half 2020 on our preferred share investments in Richardson GMP compared with $1.2 million in first half 2019.

Net Loss

Net loss from continuing operations was $4.8 million in first half 2020 compared with a net loss of $0.3 million in first half 2019. The $4.5 million change was due largely to several factors including:

- income tax expense of $0.4 million recorded in first half 2020 largely in connection with Part VI.1 tax relating to dividends paid on GMP's preferred shares compared with a $1.2 million income tax recovery in first half 2019 for an aggregate difference of $1.7 million year-over-year;
- $1.4 million decrease in GMP's proportionate share of Richardson GMP's net income/loss;
- $1.7 million in professional fees and restructuring costs incurred in first half 2020 in connection with GMP's intention to consolidate the ownership of Richardson GMP;
- $1.2 million decline in the net contribution from our Emerging Markets operations in first half 2020 compared with the first six months in 2019;
- $0.6 million in dividends received on GMP's preferred share investments in Richardson GMP in first half 2020 compared with $1.2 million in the same period in 2019; and
- $0.5 million decrease in net contribution from our stock borrowing and lending business.

These declines were partly offset by:

- a $2.4 million increase in other revenue largely due to higher carrying broker services provided to Stifel's Canadian capital markets business and higher foreign exchange revenue recorded in first half 2020.

Discontinued Operations
Discontinued operations reflect substantially all of GMP's former capital markets business, excluding Emerging Markets, which was not sold in connection with the Sale Transaction and is recorded in our Corporate segment. Net loss from discontinued operations was $0.4 million in first half 2020 compared with a net loss of $19.0 million in first half 2019. The change was largely due to lower capital markets revenues, a $28.5 million non-cash goodwill impairment charge recorded in discontinued operations in second quarter 2019 and $2.7 million in professional fees recorded in first half 2019 in connection with the Sale Transaction.

For further information relating to Discontinued Operations, please refer to Note 6 to the Second Quarter 2020 Financial Statements.

Consolidated Results
Net loss in first half 2020 was $5.3 million compared with a net loss of $19.3 million in first half 2019. The change was largely due to a $19.0 million net loss from Discontinued Operations recorded in first half 2019.

Segment Results from Continuing Operations

The following section highlights the financial results of our two business segments and the Corporate segment, on a continuing basis, for second quarter and first half 2020 compared with second quarter and first half 2019. These segments are based upon the products and services provided and the types of customers served and reflect the manner in which financial information is evaluated by management.

OPERATIONS CLEARING

The following table shows the financial results of the Operations Clearing segment for the periods presented.

	Three months ended June 30			Six months ended June 30		
($000, except as otherwise noted)	**2020**	2019	**% increase/ (decrease)**	**2020**	2019	**% increase/ (decrease)**
Revenue	**6,561**	6,944	(6)	**15,477**	14,941	4
Expenses	**6,185**	7,044	(12)	**14,401**	14,381	–
Employee compensation and benefits	**1,290**	1,351	(5)	**3,359**	3,048	10
Selling, general and administrative	**3,240**	2,470	31	**6,293**	5,007	26
Interest	**1,526**	2,787	(45)	**4,492**	5,450	(18)
Depreciation and amortization	**129**	436	(70)	**257**	876	(71)
Income (loss) before income taxes	**376**	(100)	476	**1,076**	560	92

FINANCIAL PERFORMANCE

Second quarter 2020 vs Second quarter 2019
Operations Clearing reported income before income taxes of $0.4 million in second quarter 2020 compared with a loss before income taxes of $0.1 million in second quarter 2019.

Revenues
Revenue in second quarter 2020 was $6.6 million; down 6% compared with $6.9 million in second quarter 2019. The decrease in revenue was led largely by lower interest revenue in connection with reduced activity in our stock borrowing and lending business, with a largely corresponding offset in lower interest expense. Partly offsetting this decrease was:

- higher carrying broker services provided to Richardson GMP and to Stifel's Canadian capital markets business this quarter, following the completion of the Sale Transaction on December 6, 2019; and
- higher foreign exchange revenue compared with the same period a year ago.

Expenses
Expenses of $6.2 million decreased 12% or $0.8 million in second quarter 2020 compared with second quarter 2019 largely due to $1.3 million reduced activity in our stock borrowing and lending business this quarter compared to 2019.

This was partly offset by:

- a $0.8 million or 31% increase in selling, general and administrative expenses from second quarter 2019 largely reflecting incremental trade clearing and settlement costs in connection with providing carrying broker services to Stifel's Canadian capital markets business, which commenced on December 6, 2019, following the completion of the Sale Transaction.

FINANCIAL PERFORMANCE

First half 2020 vs First half 2019
Operations Clearing reported net income before income taxes of $1.1 million in first half 2020 compared with $0.6 million in first quarter 2019.

Revenues
Revenue in first half 2020 was $15.5 million; up 4% from $14.9 million recorded in first half 2019. The increase in revenue was led largely by higher carrying broker services provided to Richardson GMP and Stifel's Canadian capital markets business in first half 2020, following the completion of the Sale Transaction on December 6, 2019, and higher foreign exchange revenue over the comparable periods. Partly offsetting this increase was lower interest revenue largely in connection with reduced activity in our stock borrowing and lending business, with a commensurate offset in interest expense.

Expenses

Expenses of $14.4 million in first half 2020 was largely unchanged compared with first half 2019 as higher employee compensation and benefits and higher selling, general and administrative expenses were offset by lower interest expense.

- Employee compensation and benefits expense increased 10% in first half 2020 largely due to $0.3 million in restructuring costs recorded in first quarter 2020.
- Selling, general and administrative expenses increased 26% in first half 2020 largely reflecting incremental trade clearing and settlement costs in connection with providing carrying broker services to Stifel's Canadian capital markets business.
- Interest expense decreased 18% in first half 2020 compared with first half 2019 in connection with reduced activity in our stock borrowing and lending business this quarter (largely offset in lower other revenue).

WEALTH MANAGEMENT

The following table sets forth an overview of the financial results of the Wealth Management segment for the periods presented.

	Three months ended June 30			**Six months ended June 30**		
($000, except as otherwise noted)	**2020**	2019	**% increase/ (decrease)**	**2020**	2019	**% increase/ (decrease)**
Revenue	**610**	596	2	**643**	1,170	(45)
Expenses	**36**	16	122	**50**	22	127
Share of net income of associate[1]	**(473)**	137	(446)	**(360)**	1,082	(133)
Income before income taxes	**101**	717	(86)	**233**	2,230	(90)

1. GMP's non-controlling ownership interest in Richardson GMP as at June 30, 2020, was approximately 34.1% (December 31, 2019 – 34.4%). Richardson GMP is considered an associate of GMP under IFRS and, accordingly, GMP's share of Richardson GMP's results are accounted for using the equity method.

FINANCIAL PERFORMANCE

Second quarter and First half 2020 vs Second quarter and First half 2019

Wealth Management reported income before income taxes of $0.1 million and $0.2 million in second quarter and first half 2020, respectively, compared with income before income taxes of $0.7 million and $2.2 million in second quarter and first half 2019, respectively. These decreases largely reflect a reduction in GMP's proportionate share of Richardson GMP's net income/loss attributable to common shareholders.

Total revenue reflects dividends received on our preferred share investments in Richardson GMP which were $0.6 million in second quarter 2020 and second quarter 2019, respectively, and $0.6 million and $1.2 million in first half 2020 and first half 2019, respectively.

For more information on Richardson GMP's second quarter and first half 2020 financial performance, refer to the "Supplemental Information" section within this MD&A.

CORPORATE

The Corporate segment primarily comprises expenses incurred in connection with providing carrying broker and other administrative support services to Richardson GMP and Stifel's Canadian capital markets business, enterprise-wide items, corporate functions and public company costs. This segment also included the results of the Company's former Emerging Markets business, which is being wound down.

The following table sets forth the financial results for the Corporate segment for the periods presented.

	Three months ended June 30			Six months ended June 30		
($000, except as otherwise noted)	**2020**	2019	**% increase/ (decrease)**	**2020**	2019	**% increase/ (decrease)**
Revenue	**(101)**	1,197	(108)	**(221)**	1,806	(112)
Expenses	**2,344**	3,322	(29)	**5,492**	6,142	(11)
Employee compensation and benefits	**1,200**	1,736	(31)	**2,172**	3,094	(30)
Non-compensation expenses	**1,144**	1,586	(28)	**3,319**	3,048	9
Loss before income taxes – reported	**(2,445)**	(2,125)	(15)	**(5,713)**	(4,336)	(32)
Pre-tax impact of adjusting items						
Potential RGMP Transaction costs	**109**	225	(52)	**1,391**	225	518
Emerging Markets operations	**108**	(650)	117	**306**	(898)	134
Loss before income taxes – adjusted[1]	**(2,228)**	(2,550)	13	**(4,016)**	(5,009)	20

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. The majority of revenue in the Corporate segment reflects GMP's Emerging Markets business that was not acquired in connection with the Sale Transaction and is being wound down.

FINANCIAL PERFORMANCE

Second quarter and First half 2020 vs Second quarter and First half 2019
Second quarter and first half 2020 revenue reflect a mark-to-market loss on an inventory position in Emerging Markets, compared with revenue of $1.2 million and $1.8 million in our former Emerging Markets business during second quarter and first half 2019.

Expenses of $2.3 million and $5.5 million in second quarter and first half 2020, respectively, decreased 29% and 11% compared with second quarter and first half 2019. The decrease in each respective comparable period was led largely by lower variable compensation in Emerging Markets, which was commensurate with lower revenue generation in that business. First half 2020 selling, general and administrative expense includes $1.4 million in professional fees in connection with GMP's intention to consolidate the ownership of Richardson GMP. Such fees were $0.1 million in second quarter 2020 and $0.2 million in second quarter and first half 2019, respectively

Quarterly Results

The following table sets forth selected quarterly financial information for the eight most recently completed fiscal quarters.

($000, except as otherwise noted)	**2020**		2019				2018	
	Q2	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**7,070**	**8,828**	8,367	10,556	8,737	9,180	6,978	7,398
Investment banking and principal transactions	**–**	**–**	533	998	1,527	926	419	918
Interest	**2,177**	**3,639**	4,575	6,360	4,007	3,741	2,836	2,792
Other	**4,893**	**5,189**	3,259	3,198	3,203	4,513	3,723	3,688
Expenses	**8,565**	**11,377**	11,248	14,219	10,383	10,162	9,889	10,042
Share of (loss) income of associate	**(473)**	**114**	603	587	137	945	541	476
(Loss) income before income taxes from continuing operations	**(1,968)**	**(2,435)**	(2,278)	(3,076)	(1,509)	(37)	(2,370)	(2,168)
Net (loss) income from continuing operations	**(1,787)**	**(3,038)**	(5,288)	(8,124)	(464)	165	1,106	(2,345)
Net (loss) income from discontinued operations	**(564)**	**120**	(3,175)	(17,283)	(3,345)	(15,645)	(6,057)	5,233
Net (loss) income	**(2,351)**	**(2,918)**	(8,463)	(25,407)	(3,809)	(15,480)	(4,951)	2,888
Net (loss) income per Common Share (dollars) from continuing operations:								
Basic	**(0.04)**	**(0.06)**	(0.09)	(0.13)	(0.02)	(0.01)	–	(0.05)
Diluted	**(0.04)**	**(0.06)**	(0.09)	(0.13)	(0.02)	(0.01)	–	(0.05)
Net (loss) income per Common Share (dollars):								
Basic	**(0.05)**	**(0.06)**	(0.13)	(0.38)	(0.07)	(0.23)	(0.09)	0.03
Diluted	**(0.05)**	**(0.06)**	(0.13)	(0.38)	(0.07)	(0.23)	(0.09)	0.02

QUARTERLY TREND AND ANALYSIS

GMP's revenues and expenses from continuing operations are generated primarily by our Operations Clearing segment, which includes stock borrowing and lending activity and carrying broker and other administrative services.

Specified items affecting our reported results from continuing operations

- First quarter 2020 and fourth quarter 2019 include $1.6 million and $1.3 million, respectively, in professional and other fees in connection with the Potential RGMP Transaction.
- First quarter 2020 and fourth quarter 2019 include a $0.5 million and $1.8 million tax expense, respectively, in connection with Part VI.1 tax relating to GMP's preferred shares outstanding.
- Third quarter 2019 includes $2.0 million in restructuring charges recorded in the Corporate segment.
- Fourth quarter 2018 included a recognition of a deferred tax asset of $2.6 million in connection with previously unrecognized losses.

Interest revenue in our Operations Clearing segment has generally benefited from increased stock borrowing and lending activity over the past two years. Other revenue largely reflects carrying broker and administrative support fees charged largely to Richardson GMP, and commencing on December 6, 2019, to Stifel's Canadian capital markets business. Other revenue also includes dividends received from our preferred share investment in Richardson GMP.

Total expenses over the past five quarters reflect charges in connection with the restructuring of continuing operations, and professional and other fees incurred in connection with the Potential RGMP Transaction. Commencing December 6, 2019, expenses also reflect incremental trade clearing and settlement costs in connection with providing carrying broker services to Stifel's Canadian capital markets business, more than offset in other revenue.

Share of net (loss) income of associate reflects our share of Richardson GMP's net income (loss) attributable to common shareholders.

Financial Condition

The table below sets forth select consolidated balance sheet items as at the dates presented and is followed by a discussion of the change in these balances from December 31, 2019 to June 30, 2020.

($000)	**June 30, 2020**	December 31, 2019	**$ increase/ (decrease)**	**% increase/ (decrease)**
TOTAL ASSETS	**1,744,326**	1,357,862	386,464	28
Selected asset balances:				
Cash and cash equivalents	**656,909**	516,601	140,308	27
Securities owned	**57,352**	65,441	(8,089)	(12)
Receivable from:				
Clients	**277,612**	256,075	21,537	8
Brokers	**192,656**	67,876	124,780	184
Other assets	**471,837**	362,523	109,314	30
Promissory note receivable	**2,754**	2,754	–	–
TOTAL LIABILITIES	**1,550,464**	1,155,002	395,462	34
Selected liability balances:				
Payable to:				
Clients	**1,305,567**	958,354	347,213	36
Brokers	**182,557**	124,308	58,249	47
Promissory Note	**15,603**	15,603	–	–

Total assets increased $386 million or 28% in first half 2020. The increase primarily relates to higher cash and cash equivalents, which includes the reclassification of certain securities owned to cash in connection with cash management activities. Higher other assets reflect an increase in funds deposited in trust and higher client and broker receivables. Partly offsetting these increases was a decrease in securities owned, net of the securities reclassification mentioned above.

The receivable from clients balance as at June 30, 2020, included loans receivable from clients of $184.3 million (December 31, 2019 – $192.7 million) and open security transactions of $93.3 million (December 31, 2019 – $63.3 million). The level of open security transactions pending settlement with clients may fluctuate significantly on a day-to-day basis based on client trading activity and the balance represents the level of unsettled transactions outstanding.

Total liabilities increased $395.5 million or 34% in first half 2020 compared with December 31, 2019. Amounts payable to clients increased 36% compared with the prior year while amounts payable to brokers increased 47%. As at June 30, 2020, amounts payable to clients included client deposits of $1.2 billion (December 31, 2019 – $0.9 billion) and open security transactions of $79.8 million (December 31, 2019 – $0.1 billion). The level of open security transactions pending settlement with brokers and clients may fluctuate significantly on a day-to-day basis based on trading activity and the balance represents the level of unsettled transactions outstanding.

The Company also has promissory notes payable to former shareholders of FirstEnergy in the amount of $15.6 million. These notes are, in part, offset by promissory notes receivable from Stifel in the amount of $2.8 million, for a net amount of $12.8 million as at June 30, 2020. Both the promissory notes payable and receivable are non-current and are due in September 2021.

For further information on promissory notes please see Note 9 to the Second Quarter 2020 Financial Statements.

Liquidity and Capital Resources

GMP requires capital and liquidity to fund existing and future operations, future cash payments to our shareholders and to satisfy regulatory requirements. GMP's policy is to maintain sufficient and appropriate levels of capital and liquidity through a variety of sources, at a reasonable cost. This serves to maintain balance sheet strength under normal market conditions and through periods of financial stress. Capital and balance sheet strength are always key priorities for GMP.

GMP currently derives liquidity from its working capital and its credit facilities. As at June 30, 2020, GMP has credit facilities with Canadian Schedule I banks of approximately $710.9 million (December 31, 2019 — $710.9 million) that are used to facilitate the day-to-day securities settlement process primarily for client transactions. These facilities are collateralized by either unpaid client securities and/or securities owned and do not represent a source of cash to GMP for payment of dividends, or funding of business initiatives. There were no amounts outstanding under these facilities as at June 30, 2020, and December 31, 2019.

GMP holds its cash and cash equivalent balances with a number of financial institutions with high credit ratings. All cash and cash equivalent balances are short term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less. GMP considers Canadian federal government debt (such as treasury bills) with original maturities from three to six months as highly liquid investments. Although these securities are not classified as cash equivalents on the consolidated balance sheets, they form an important part of GMP's overall cash management practices to address liquidity risk. There were no significant changes made to GMP's cash management practices during 2020. GMP's inventory of trading assets is recorded at market value. Receivables and payables from brokers and dealers represent open transactions which generally settle within the normal two-day settlement cycle and include collateralized securities borrow and/or lend transactions that can be closed on demand within a few days. Client receivables are secured by securities and are reviewed on an ongoing basis for impairment in value and collectability.

Management believes GMP's working capital provides it with an appropriate level of liquidity and capital for existing operating and regulatory purposes for the reasonably foreseeable future assuming no significant adverse changes in the markets in which we operate. We continually assess our dividend policy, initiatives and expense structure. If capital markets deteriorate, adversely impacting our ability to generate cash flow, we will need to assess and potentially make changes to our dividend policy, initiatives, and expense structure. We may also seek borrowings and/or equity financing to maintain or increase our productive capacity. There can be no assurance that such borrowings and/or equity financing will be available to GMP or available on terms and in an amount sufficient to meet our needs.

SUBORDINATED LOANS

On March 20, 2020, GMP provided written notice to terminate its $17.5 million committed standby subordinated loan facility, that was scheduled to mature October 25, 2020. This facility was formally terminated by the Company on July 1, 2020. The facility was undrawn in first half 2020 and as at December 31, 2019.

Subsidiary Capital Requirements

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the relevant regulatory authority of possible liquidity concerns. Regulatory capital levels fluctuate daily based on margin requirements in respect of outstanding trades and/or working capital requirements. Compliance with these requirements may require GMP to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of a cash dividend. During first half 2020 and as at June 30, 2020, GMP's subsidiaries were in compliance with all regulatory capital requirements.

Cash Flow Summary

The following table summarizes the consolidated statements of cash flows as presented within our Second Quarter 2020 Financial Statements.

	Six months ended June 30,	
($000)	**2020**	2019
Operating activities	**143,930**	(25,531)
Financing activities	**(4,751)**	(6,690)
Investing activities	**674**	5,990
Effect of foreign exchange on cash balances	**455**	(464)
Net increase (decrease) in cash and cash equivalents	**140,308**	(26,695)

Operating Activities

Cash provided by operating activities was $143.9 million in first half 2020 compared with cash used by operations of $25.5 million in first half 2019. Excluding non-cash operating items, cash used by operations was $4.7 million in first half 2020 compared with cash provided by operations of $1.7 million in first half 2019. For further detail on non-cash operating items, please refer to Note 15 of the Second Quarter 2020 Financial Statements.

Financing Activities

Financing activities consumed $4.8 million and $6.7 million of cash in first half 2020 and first half 2019, respectively. Financing activities in first half 2020 and first half 2019 included $2.2 million in dividends paid on Preferred Shares. On April 29, 2020, in response to the disruption caused by COVID-19, GMP's Board of Directors decided to temporarily suspend the Company's quarterly common share cash dividend. As such, dividends paid on Common Shares were $1.9 million and $3.8 million in first half 2020 and 2019, respectively.

Investing Activities

First half 2020 investing activities provided $0.7 million of cash largely due to a common share dividend of $0.7 million on our equity investment in Richardson GMP received in first quarter 2020. First half 2019 investing activities provided $6.0 million of cash largely due to $10.8 million in proceeds from the sale of GMP's U.S. fixed income business in January 2019, and a common share dividend of $0.7 million on our equity investment in Richardson GMP. These amounts were partly offset by an additional $4.4 million equity investment made in Richardson GMP in first half 2019.

Outstanding Share Data and Dividends

GMP is authorized to issue an unlimited number of Common Shares. GMP is also authorized to issue an unlimited number of preferred shares (other than the Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares), issuable at any time and from time to time in one or more series.

The following table shows GMP's outstanding equity and securities convertible into equity as of the dates presented.

(# 000)	**June 30, 2020**	December 31, 2019
Common Shares	**74,162**	74,162
Common Shares held by the SIP Trust	**1,272**	1,272
Common Share options – vested	**320**	753
Series B Preferred Shares	**3,565**	3,565
Series C Preferred Shares	**1,035**	1,035

SIP Trust is a Share Incentive Plan Trust established by GMP for the purpose of purchasing Common Shares in the open market and delivering them to the SIP participants upon vesting.

There have been no changes to the above table since June 30, 2020.

NORMAL COURSE ISSUER BID

GMP's normal course issuer bid (NCIB) expired on May 4, 2019 and was not renewed by the Company. During first half 2019, GMP did not purchase for cancellation any Common Shares under its approved NCIB.

DIVIDENDS

The declaration and payment of dividends is at the sole discretion of the Board of Directors. The Board of Directors reviews GMP's dividend policy periodically in the context of the firm's overall profitability, free cash flow, regulatory capital requirements, legal requirements and other such factors that the Board of Directors determines to be relevant.

Common Shares
On April 29, 2020, in response to the disruption caused by COVID-19, GMP's Board of Directors decided to temporarily suspend the Company's quarterly common share cash dividend. The decision was made out of abundance of caution and conservative approach to capital and risk management.

Preferred Shares
The Company's net working capital as at June 30, 2020 was $122.8 million. While this level of liquidity is sufficient to pay dividends, under Section 38(3) of the *Business Corporations* Act (Ontario), the Company's governing corporate statute, the Company cannot pay a dividend if there are reasonable grounds for believing that the net realizable value of the Company's assets would be less than the aggregate of its liabilities and its legal stated capital of all classes of shares (common and preferred).

Due to the current level of stated capital of the Company's outstanding common and preferred shares, the Board of Directors has reasonable grounds to believe that this test would not be satisfied as at September 30, 2020, the date on which its quarterly preferred share dividend would normally be paid. As such the Company is suspending the dividends on its preferred shares. At its next meeting of common shareholders, the Company intends to seek the approval of its common shareholders to reduce the stated capital of the common shares to allow the Company to resume paying dividends, including accrued, unpaid dividends on the preferred shares.

Dividends on the outstanding preferred shares are cumulative and will continue to accrue in accordance with the rights, privileges, restrictions and conditions associated with each series of preferred shares.

Dividends, when declared on the Common Shares and Preferred Shares, are designated as "eligible dividends" for purposes of the Income Tax Act (Canada) and any similar provincial and territorial legislation unless indicated otherwise.

For more information on dividends, refer to Note 11 to the Second Quarter 2020 Financial Statements.

Related-Party Transactions

Our related parties include the following persons and/or entities: associates, or entities which are controlled or significantly influenced by GMP, which currently include Richardson GMP; and key management personnel, which are comprised of directors and/or officers of GMP and those persons having authority and responsibility for planning, directing and controlling the activities of GMP. Our policies and procedures and the nature of our related-party transactions have not changed materially since December 31, 2019, as described under "Related-Party Transactions" in the 2019 Annual MD&A.

Critical Accounting Policies and Estimates

The preparation of the Second Quarter 2020 Financial Statements in accordance with IFRS required management to make estimates and exercise judgment that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments are made based on information available as at the date of issuance of financial statements. Accordingly, actual results may differ from these amounts. Accounting policies that require management's estimates and judgments have not changed during first half 2020 and are discussed under "Critical Accounting Policies and Estimates" in our 2019 Annual MD&A and Notes 1 and 2 to the Second Quarter 2020 Financial Statements.

Financial Instruments

A significant portion of the GMP Group's assets and liabilities are composed of financial instruments. There have been no significant changes in GMP's use of financial instruments, or types of financial instruments employed in its trading and non-trading activities during first half 2020.

Refer to "Financial Instruments" in the 2019 Annual MD&A and Notes 1 and 13 to the Second Quarter 2020 Financial Statements for more information. For significant assumptions made in determining the valuation of financial and other instruments, refer to the "Critical Accounting Policies and Estimates" section in the 2019 Annual MD&A.

Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to GMP is accumulated and communicated to GMP's Interim Chief Executive Officer (CEO) and Interim Chief Financial Officer (CFO) to allow for timely decisions regarding required disclosure and to ensure that information required to be disclosed in GMP's annual and interim filings and other reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified therein. As of June 30, 2020, management evaluated the effectiveness of our disclosure controls and procedures as defined under the Canadian Securities Administrators' National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. This evaluation was performed under the supervision of, and with the participation of, GMP's CEO and CFO. Based on the evaluation conducted as at June 30, 2020, the CEO and CFO concluded that GMP's disclosure controls and procedures were effective as of June 30, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal control over financial reporting for GMP.

As of June 30, 2020, management evaluated the effectiveness of GMP's internal control over financial reporting taking into account the nature and size of GMP's business and using the framework and criteria established in the *Internal Control – Integrated Framework (2013),* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that GMP's internal control over financial reporting was effective as of June 30, 2020, and that there were no material weaknesses that have been identified in our internal control over financial reporting as of June 30, 2020.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

To the best of the knowledge and belief of GMP's CEO and CFO, no changes were made in GMP's internal control over financial reporting in first half 2020 that have materially affected, or are reasonably likely to affect materially, GMP's internal control over financial reporting.

Risk Management

The securities business is, by its nature, subject to numerous and substantial risks, particularly in volatile or illiquid markets. Management believes that effective risk management is of primary importance to the ongoing success of the GMP Group. We have risk management processes in place to monitor, evaluate and manage the principal risks related to the conduct of our activities. These risks include market, credit, liquidity, operational, legal, cyber and regulatory risk.

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and compliance processes. GMP's exposure to, and management of, risk has not changed significantly from that described in the "Risk Management" section of the 2019 Annual MD&A.

Risk Factors

For a description of risk factors associated with the Company, refer to the "Risk Factors" section of the Company's AIF dated February 28, 2020 and management information circular dated July 8, 2019, which are available on SEDAR at www.sedar.com. GMP's risk factors have not changed significantly from those described in the Company's latest AIF and management information circular.

Supplemental Information – Richardson GMP

The following supplemental information reflects how Richardson GMP's management assesses the financial performance of Richardson GMP.

Richardson GMP's management assesses performance on both a reported and an adjusted Non-GAAP basis and considers both bases to be useful in assessing underlying, ongoing business performance. Presenting results on both bases also permits readers to assess the impact of specified items on financial results. Richardson GMP presents earnings before interest, income tax, depreciation and amortization (EBITDA) which excludes:

- Interest expense recorded primarily in connection with subordinated loan financing arrangements.
- Income tax expense (benefit) recorded.
- Depreciation and amortization expense recorded primarily in connection with equipment, leases and leasehold improvements.
- Transition assistance loan amortization in connection with investment advisor loan programs. Richardson GMP views these loans as an effective recruiting and retention tool, the cost of which is assessed by management upfront when the loan is provided rather than over its term.

Richardson GMP also presents an adjusted EBITDA[1] which excludes the following (adjusted EBITDA):

- Share-based compensation costs recorded in connection with awards granted to employees and investment advisors of Richardson GMP.

EBITDA and adjusted EBITDA[1] do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of Richardson GMP's performance, liquidity, cash flows and profitability. Richardson GMP's management believes adjusting results by excluding the impact of the specified items is more reflective of ongoing financial performance and cash-generating capabilities and provides readers with an enhanced understanding of how management views Richardson GMP's core performance.

The following tables set forth an overview of the consolidated financial results of Richardson GMP for the periods indicated, on a 100% basis; noting, however, that GMP owns an approximate 34.1% non-controlling interest of Richardson GMP as at June 30, 2020.

FINANCIAL PERFORMANCE

	Three months ended June 30			Six months ended June 30		
($000, except as otherwise noted)	**2020**	2019	**% increase/ (decrease)**	**2020**	2019	**% increase/ (decrease)**
Revenue	**61,680**	68,798	(10)	**131,832**	136,783	(4)
Commissions	**6,558**	8,123	(19)	**15,771**	16,019	(2)
Investment management and fee income	**48,618**	51,244	(5)	**101,919**	99,381	3
Interest	**2,741**	6,377	(57)	**8,583**	13,594	(37)
Other	**3,246**	3,021	7	**5,348**	7,788	(31)
Principal transactions	**517**	33	n.m.	**211**	1	n.m.
Expenses	**61,661**	66,069	(7)	**129,262**	128,201	1
Employee compensation and benefits	**45,323**	46,568	(3)	**94,964**	90,575	5
Non-compensation expenses	**16,338**	19,501	(16)	**34,298**	37,626	(9)
Income before income tax	**19**	2,729	(99)	**2,570**	8,582	(70)
Net (loss) income – reported	**(387)**	1,620	(124)	**1,073**	5,650	(81)
Pre-tax impact of adjusting items						
Interest	**1,278**	2,004	(36)	**3,257**	4,038	(19)
Income tax	**406**	1,109	(63)	**1,497**	2,932	(49)
Depreciation and amortization	**2,922**	3,282	(11)	**6,238**	6,503	(4)
Transition assistance loan amortization	**2,614**	1,933	35	**4,984**	3,984	25
EBITDA[1]	**6,833**	9,948	(31)	**17,049**	23,107	(26)
Share-based compensation	**1,318**	1,081	22	**2,564**	1,541	66
Adjusted EBITDA[1]	**8,151**	11,029	(26)	**19,613**	24,648	(20)
Number of advisory teams	**165**	161	2			
AUA[1] at period-end ($ millions)	**28,266**	28,514	(1)			

n.m. = not meaningful

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers.

Second quarter 2020 vs Second quarter 2019
Richardson GMP reported:

- a net loss of $0.4 million in second quarter 2020 compared with net income of $1.6 million in second quarter 2019;.
- adjusted EBITDA[1] of $8.2 million in second quarter 2020 compared to $11.0 million reported for the same period in 2019;
- net loss attributable to common shareholders was $1.4 million this quarter compared with net income attributable to common shareholders of $0.4 million in the same period last year;
- revenues of $61.7 million in second quarter 2020, a decrease of 10% compared with the same period a year ago; and
- expenses of $61.7 million, a decrease of 7% in second quarter 2020 compared with second quarter 2019.

The second quarter 2020 results reflect the effects of a full quarter of COVID-19 outbreak induced volatility in equity markets and sharp economic contraction, and the effects of historically low rates on interest revenue.

First half 2020 vs First half 2019
Richardson GMP reported:

- net income of $1.1 million in first half of 2020 compared with net income of $5.7 million in the same period in 2019;
- adjusted EBITDA[1] of $19.6 million in first half of 2020 compared to $24.6 million reported for the same period in 2019;
- net loss attributable to common shareholders was $1.1 million in the first half of 2020 compared with net income attributable to common shareholders of $3.4 million in the same period last year;
- revenues of $131.8 million in first half of 2020, a decrease of $5.0 million compared with the same period a year ago; and
- expenses of $129.3 million in the first half of 2020, an increase of $1.1 million compared with first half 2019.

These results also reflect the effects of COVID-19 outbreak induced volatility in equity markets and sharp economic contraction, and the effects of historically low rates on interest revenue.

Richardson GMP Highlights

- AUA[1] as at June 30, 2020, was $28.3 billion, up 11.3% compared with March 31, 2020 and largely unchanged compared with December 31, 2019.
- Second quarter 2020 ended with 165 advisory teams; up four from the same period a year ago and up three from 162 teams reported as at December 31, 2019.
- In June 2020, announced a strategic alliance with Cormark Securities Inc., one of Canada's premier independent investment dealers, that will result in Richardson GMP's advisors and their extensive high net worth clientele having preferred access to Cormark's industry-leading research and new investment issues and ideas; and Cormark's marquee issuer clients and institutional investors benefiting from close collaboration with Richardson GMP's growing network of professional, experienced and knowledgeable investment advisors who are amongst the best in the country.

Working Capital
As at June 30, 2020, Richardson GMP's net working capital was $58.2 million, an increase of $0.8 million from the $57.4 million reported as at March 31, 2020.

The following table is Richardson GMP's balance sheet without adjusting for GMP's proportionate interest:

As at,	**June 30, 2020**	December 31, 2019
Assets		
Cash	**71,998**	67,901
Securities owned	**765**	997
Due from carrying broker	**5,991**	10,328
Due from broker	**87**	–
Other assets	**9,174**	7,310
Deposit with carrying broker	**499**	496
Advisor loans receivable	**8,639**	10,083
Total current assets	**97,153**	97,115
Equipment and leasehold improvements, net	**12,672**	14,418
Right-of-use asset	**22,172**	24,949
Advisor loans receivable	**19,112**	20,775
Deferred Tax Asset	**27,080**	28,494
Goodwill and intangible assets, net	**145,187**	145,267
Total assets	**323,376**	331,018
Liabilities and shareholders' equity		
Accounts payable and accrued liabilities	**30,279**	32,039
Other liabilities	**79**	79
Securities sold short	**4**	–
Due to issuer/broker	**236**	–
Lease liability	**7,383**	7,556
Subordinated loans	**1,000**	3,000
Total current liabilities	**38,981**	42,674
Accounts payable and accrued liabilities	**8,603**	7,242
Provisions	**9,433**	10,382
Lease liability	**17,371**	19,848
Subordinated loans	**66,000**	68,000
Total liabilities	**140,388**	148,146
Shareholders' equity		
Share capital:		
Common shares	**137,207**	134,891
Preferred shares	**61,517**	61,517
Share capital	**198,724**	196,408
Contributed surplus	**2,688**	2,793
Accumulated deficit	**(18,424)**	(16,329)
Total shareholders' equity	**182,988**	182,872
Total liabilities and shareholders' equity	**323,376**	331,018

Unaudited Interim Condensed Consolidated Balance Sheets

As at, (thousands of Canadian dollars)	Note	**June 30, 2020**	December 31, 2019
ASSETS			
Cash and cash equivalents		**656,909**	516,601
Securities owned	4	**57,352**	65,441
Receivable from:			
Clients		**277,612**	256,075
Brokers		**192,656**	67,876
Employee and other loans receivable		**1,824**	1,903
Other assets	5	**471,837**	362,523
Promissory note receivable	9	**2,754**	2,754
Investment in associate		**81,796**	82,853
Equipment and leasehold improvements		**241**	364
Right of use assets		**1,345**	1,472
Total assets		**1,744,326**	1,357,862
LIABILITIES			
Obligations related to securities sold short	4	**15,991**	11,399
Lease liabilities		**3,019**	3,603
Payable to:			
Clients		**1,305,567**	958,354
Brokers		**182,557**	124,308
Accounts payable and accrued liabilities		**16,132**	21,723
Provisions and other liabilities	8	**11,595**	20,012
Promissory note	9	**15,603**	15,603
Total liabilities		**1,550,464**	1,155,002
EQUITY			
Shareholders' equity		**193,862**	202,860
Total liabilities and equity		**1,744,326**	1,357,862

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Loss

		Three months ended June 30,		Six months ended June 30,	
(thousands of Canadian dollars, except as noted)	Note	**2020**	2019	**2020**	2019
	1		(Restated)		(Restated)
REVENUE					
Investment banking and principal transactions		**–**	1,527	**–**	2,453
Interest		**2,177**	4,007	**5,816**	7,748
Other income		**4,893**	3,203	**10,082**	7,716
		7,070	8,737	**15,898**	17,917
EXPENSES					
Employee compensation and benefits		**2,490**	3,087	**5,531**	6,142
Selling, general and administrative	14	**4,244**	3,921	**9,307**	7,751
Interest		**1,701**	2,946	**4,846**	5,783
Depreciation and amortization		**130**	429	**258**	869
		8,565	10,383	**19,942**	20,545
Share of net income (loss) of associate		**(473)**	137	**(359)**	1,082
Loss before income taxes from continuing operations		**(1,968)**	(1,509)	**(4,403)**	(1,546)
Income tax expense (recovery)					
Current		**(181)**	1,642	**422**	795
Deferred		**–**	(2,688)	**–**	(2,043)
		(181)	(1,046)	**422**	(1,248)
Net loss from continuing operations		**(1,787)**	(463)	**(4,825)**	(298)
Net loss from discontinued operation	6	**(564)**	(3,347)	**(444)**	(18,991)
Net loss		**(2,351)**	(3,810)	**(5,269)**	(19,289)

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss

	Three months ended June 30,		Six months ended June 30,	
(thousands of Canadian dollars)	**2020**	2019	**2020**	2019
		(Restated)		(Restated)
Net loss	**(2,351)**	(3,810)	**(5,269)**	(19,289)
Other comprehensive income:				
Item that may be subsequently reclassified to net (loss) income:				
Foreign currency translation gain (loss) from continuing operations	**(333)**	(299)	**340**	(434)
Total other comprehensive (loss) income	**(333)**	(299)	**340**	(434)
Total comprehensive loss	**(2,684)**	(4,109)	**(4,929)**	(19,723)
Total comprehensive loss attributable to GMP shareholders				
Continuing operations	**(2,120)**	(762)	**(4,485)**	(732)
Discontinued operation	**(564)**	(3,347)	**(444)**	(18,991)

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Changes In Equity

(thousands of Canadian dollars and thousands of shares)	Note	Preferred shares #	Preferred shares $	Common shares #	Common shares $	Share purchase loans $	Deferred share-based awards $	Contributed surplus $	Accumulated other comprehensive income $	Accumulated deficit $	Shareholders' equity $
Balance, December 31, 2018		4,600	112,263	72,721	322,848	(327)	(14,598)	48,818	18,395	(197,369)	290,030
Change in accounting policy	1	–	–	–	–	–	–	–	–	(32)	(32)
Restated balance at January 1, 2019		–	–	–	–	–	–	–	–	(197,401)	289,998
Net foreign currency translation loss		–	–	–	–	–	–	–	(447)	–	(447)
Reclassification of cumulative currency translation		–	–	–	–	–	–	–	(9,661)	–	(9,661)
Share-based compensation		–	–	1,453	3,021	327	9,073	(3,545)	–	–	8,876
Common shares purchased for cancellation		–	–	(12)	(59)	–	–	–	–	–	(59)
Common share return of capital distribution		–	–	–	–	–	–	–	–	(20,744)	(20,744)
Common share dividends		–	–	–	–	–	–	–	–	(7,544)	(7,544)
Series B Preferred Share dividends		–	–	–	–	–	–	–	–	(3,219)	(3,219)
Series C Preferred Share dividends		–	–	–	–	–	–	–	–	(1,182)	(1,182)
Net loss		–	–	–	–	–	–	–	–	(53,158)	(53,158)
Balance, December 31, 2019		4,600	112,263	74,162	325,810	–	(5,525)	45,273	8,287	(283,248)	202,860
Net foreign currency translation gain		–	–	–	–	–	–	–	340	–	340
Common share dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,886)**	**(1,886)**
Series B Preferred Share dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,610)**	**(1,610)**
Series C Preferred Share dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(573)**	**(573)**
Net loss		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,269)**	**(5,269)**
Balance, June 30, 2020		**4,600**	**112,263**	**74,162**	**325,810**	**–**	**(5,525)**	**45,273**	**8,627**	**(292,586)**	**193,862**

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

		Six months ended June 30,	
(thousands of Canadian dollars)	Note	**2020**	2019
OPERATING ACTIVITIES			
Net (loss) income		**(5,269)**	(19,289)
Add (deduct) items not involving cash:			
Depreciation and amortization		**152**	1,836
Depreciation on right-of-use asset		**106**	–
Goodwill impairment		**–**	28,541
Change in accounting policy		**–**	(32)
Reclassification of cumulative foreign currency translation		**–**	(9,661)
Lease inducement amortization		**–**	(99)
Deferred tax expense		**–**	(2,022)
Share-based compensation expense		**–**	3,138
Accretion expense		**–**	394
Share of net loss (income) of associate		**359**	(1,082)
		(4,652)	1,724
Net change in non-cash operating items	15	**148,582**	(27,255)
Cash provided by (used in) operating activities		**143,930**	(25,531)
FINANCING ACTIVITIES			
Dividends paid on common shares		**(1,886)**	(3,772)
Dividends paid on Series B Preferred Shares		**(1,610)**	(1,609)
Dividends paid on Series C Preferred Shares		**(573)**	(588)
Principal elements of lease payments		**(682)**	(721)
Cash used in financing activities		**(4,751)**	(6,690)
INVESTING ACTIVITIES			
Proceeds from sale of discontinued operation		**–**	10,792
Common share dividend received from associate		**698**	1,346
Equity investment in associate		**–**	(4,382)
Equipment and leasehold improvements, net expenditures		**(24)**	(1,766)
Cash provided by investing activities		**674**	5,990
Effect of foreign exchange on cash balances		**455**	(464)
Net increase (decrease) in cash and cash equivalents		**140,308**	(26,695)
Cash and cash equivalents, beginning of period[1]		**516,601**	517,724
Cash and cash equivalents, end of period		**656,909**	491,029
Supplemental cash flow information			
Interest paid		**4,476**	4,825
Interest received		**4,855**	7,726
Taxes paid		**1,395**	7,121

1. Cash and cash equivalents, beginning of period include $1,769 classified as held for sale at December 31, 2018.

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(thousands of Canadian dollars and shares, except where noted and per share information)

Note 1. Basis of Preparation

A. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements of GMP Capital Inc. (GMP or the Company) have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are presented in compliance with International Accounting Standard 34, *Interim Financial Reporting*. Certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

These unaudited interim condensed consolidated financial statements should be read in conjunction with GMP's audited annual financial statements as at and for the year ended December 31, 2019 (2019 Annual Financial Statements). All defined terms used herein are consistent with those terms as defined in the 2019 Annual Financial Statements. Certain comparative amounts have been reclassified to conform to the current period's presentation. Unless otherwise indicated, all amounts are expressed in thousands of Canadian dollars and rounded to the nearest thousand.

On December 6, 2019, GMP completed the sale of substantially all of its capital markets business. The results of discontinued operations are presented separately in the consolidated statements of income (loss) and consolidated statements of comprehensive income (loss) with comparative information restated accordingly.

These unaudited interim condensed consolidated financial statements were authorized for issuance by GMP's board of directors (Board of Directors) on July 30, 2020.

Note 2. Changes in Accounting Policy and Disclosures

The accounting policies applied in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of the following new standards effective as at January 1, 2020.

AMENDMENTS TO IFRS 3: DEFINITION OF A BUSINESS

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all the inputs and processes needed to create outputs. These amendments had no impact on the unaudited interim condensed consolidated financial statements of GMP but may impact future periods should the Company enter into any business combinations.

AMENDMENTS TO IAS 1 AND IAS 8: DEFINITION OF MATERIAL

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the unaudited interim condensed consolidated financial statements of, nor is there expected to be any future impact to, GMP.

CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING ISSUED ON MARCH 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the International Accounting Standards Board ("IASB") in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework contains new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the unaudited interim condensed consolidated financial statements of GMP.

Note 3. Revenue from Contracts with Customers

The following table presents disaggregated revenue information for each reportable segment.

	Operations Clearing		Wealth Management		Corporate		Total	
Three months ended June 30,	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Investment banking	**–**	–	**–**	–	**–**	884	**–**	884
Carrying broker fees	**3,320**	2,324	**–**	–	**–**	–	**3,320**	2,324
Revenue – contracts with customers	**3,320**	2,324	**–**	–	**–**	884	**3,320**	3,208
Timing								
Point in time	**–**	–	**–**	–	**–**	884	**–**	884
Over time	**3,320**	2,324	**–**	–	**–**	–	**3,320**	2,324
Other revenue[1]	**3,241**	4,620	**610**	596	**(101)**	313	**3,750**	5,529
Total revenue	**6,561**	6,944	**610**	596	**(101)**	1,197	**7,070**	8,737

	Operations Clearing		Wealth Management		Corporate		Total	
Six months ended June 30,	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Investment banking	**–**	–	**–**	–	**–**	1,316	**–**	1,316
Carrying broker fees	**6,207**	4,541	**–**	–	**–**	–	**6,207**	4,541
Revenue – contracts with customers	**6,207**	4,541	**–**	–	**–**	1,316	**6,207**	5,857
Timing								
Point in time	**–**	–	**–**	–	**–**	1,316	**–**	1,316
Over time	**6,207**	4,541	**–**	–	**–**	–	**6,207**	4,541
Other revenue[1]	**9,269**	10,400	**643**	1,170	**(221)**	490	**9,691**	12,060
Total revenue	**15,476**	14,941	**643**	1,170	**(221)**	1,806	**15,898**	17,917

1. Included in Other revenue is interest revenue and foreign exchange gains which are earned at a point in time.

Note 4. Securities Owned and Obligations Related to Securities Sold Short

As at,		**June 30, 2020**		December 31, 2019
	Trading assets	**Securities sold short**	Trading assets	Securities sold short
Debt securities:				
Canadian and U.S. federal government debt	**37,007**	**13,082**	47,045	6,999
Canadian provincial and municipal government debt	**8,235**	**123**	6,275	3,109
Corporate and other debt	**11,978**	**2,786**	11,514	1,291
Equity securities	**132**	**–**	562	–
Derivative financial instruments	**–**	**–**	45	–
	57,352	**15,991**	65,441	11,399

Note 5. Other Assets

As at,	**June 30, 2020**	December 31, 2019
Accounts receivable	**6,552**	4,814
Income taxes recoverable	**6,705**	6,077
Funds deposited in trust	**456,142**	348,553
Finance lease receivable	**1,707**	2,127
Prepaid deposits and other	**731**	952
	471,837	362,523

Note 6. Discontinued Operation

SALE TRANSACTION

On December 6, 2019, GMP completed the sale of substantially all of its capital markets business in an all-cash transaction to Stifel Financial Corp. (the Sale Transaction). The Sale Transaction was structured as an asset sale of substantially all of the Capital Markets operating segment, which historically represented the vast majority of the Company's operating business. Pursuant to the Sale Transaction, cash consideration was determined at closing based on the tangible book value of the capital markets business (less cash) plus $40,000. Total cash consideration was determined to be $42,179. Loss on sale amounted to $15,499 and included transaction costs of $34,404 and goodwill write-off of $21,095.

Transaction costs associated with the transaction were primarily comprised of contractual remuneration payments, restructuring charges, legal, advisory and other professional fees. The Sale Transaction included customary non-solicitation covenants.

SALE OF GMP SECURITIES, LLC

In January 2019, GMP announced that it had completed the sale of GMP Securities, LLC (GMP USA), GMP's institutional fixed income trading operations. A non-cash gain of $8,310 was realized in first quarter 2019, comprising the reclassification of cumulative foreign currency translation adjustments to net income, recorded in discontinued operations.

The following table presents the financial performance of the discontinued operation:

	Six months ended June 30,	
	2020	2019
		(Restated)
Revenues	**1,363**	54,345
Expenses	**1,807**	43,249
Impairment Charge	**–**	28,541
Loss before income taxes from discontinued operation	**(444)**	(17,445)
Income tax expense	**–**	1,546
Loss from discontinued operation	**(444)**	(18,991)

Note 7. Securities Borrowed and Lent

			Borrowed			Lent
	Cash delivered as collateral	Securities delivered as collateral	Securities borrowed	Cash received as collateral	Securities received as collateral	Securities lent
As at June 30, 2020	**132,298**	**–**	**132,620**	**69,253**	**–**	**67,351**
As at December 31, 2019	44,135	–	45,949	27,923	–	27,626

Note 8. Other Liabilities

As at,	**June 30, 2020**	December 31, 2019
Restructuring provision	**11,469**	19,768
Other	**126**	244
	11,595	20,012

Note 9. Promissory Note

In connection with the acquisition of FirstEnergy Capital Holdings Corp. (FirstEnergy), GMP issued to former FirstEnergy shareholders an unsecured promissory note bearing interest at 3.61% compounded annually. The promissory note is subject to adjustments and is to be repaid based upon certain financial metrics over a maximum five-year period pursuant to the terms of the purchase agreement. During the six months ended June 30, 2020, GMP recorded accretion expense of nil (June 30, 2019 – $394). During the six months ended June 30, 2020, there were no payments of principal on the promissory note (June 30, 2019 – nil). As at June 30, 2020, the promissory note liability is $15,603 (December 31, 2019 – $15,603).

Promissory note receivable represents a receivable of $2,754 from Stifel for the promissory notes held by certain former FirstEnergy shareholders in the UK that require the noteholders consent to assign.

Note 10. Deferred Share-Based Awards

SHARE INCENTIVE PLAN (SIP)

GMP adopted the SIP to provide eligible employees (Participants) with compensation opportunities to encourage ownership of common shares, to attract, retain and motivate key personnel and reward officers and employees of GMP for significant performance. Pursuant to the terms of the SIP, GMP may award restricted share units (RSUs) and performance share units (PSUs) to certain Participants. The RSUs awarded are subject to service vesting conditions. The PSUs awarded are subject to market and non-market performance vesting conditions including both absolute and relative shareholder return, return on equity, and adjusted net income (loss) per common share with a minimum performance factor of zero and maximum performance factor of 150% of the original grant. The expense related to the PSUs varies based on GMP's performance and is determined based on a probability-weighted average of outcomes at each reporting date. During the vesting period, dividend equivalents accrue to the Participants in the form of additional share units.

A summary of the status of GMP's SIP as at June 30, 2020 and the changes during the six months then ended is as follows:

	Number of RSUs (thousands)
Balance, December 31, 2019	794
Dividends credited	**9**
Forfeited	**(315)**
Balance, June 30, 2020	**488**

OTHER SHARE-BASED AWARDS

Other share-based awards represent the unamortized value of share awards granted to certain employees of GMP in connection with the acquisition of FirstEnergy. In 2016, GMP issued 11,162 common shares of which 7,442 were subject to vesting conditions with a fair value of $37,433 to former shareholders of FirstEnergy. Holders of these shares are entitled to receive dividends as and when declared by the Board of Directors and have voting rights consistent with those of other common shareholders. Such shares are subject to an escrow agreement with vesting occurring over a four-year period ending in September 2020. The fair value of the common shares issued is expensed over the vesting period with a corresponding increase to contributed surplus.

Note 11. Share Capital

A. SIP TRUST

In connection with the SIP, GMP has established an employee benefit plan trust (the SIP Trust) for the purpose of purchasing GMP common shares in the open market and delivering the common shares to the SIP Participants upon vesting. GMP consolidates the SIP Trust in accordance with IFRS 10, *Consolidated Financial Statements*. Consideration paid for GMP common shares held by the SIP Trust is deducted from shareholders' equity and the common shares are treated as cancelled in GMP's basic income per share calculation.

During the six months ended June 30, 2020, there was no activity related to common shares in the SIP Trust. As at June 30, 2020, the SIP Trust held 1,272 common shares (December 31, 2019 – 1,272).

B. DIVIDENDS

Common Share Dividends

Record date	Payment date	Cash dividend per common share	Total dividend amount
March 16, 2020	March 31, 2020	$ **0.025**	$ **1,886**

On April 29, 2020, in response to the disruption caused by COVID-19, GMP's Board of Directors decided to temporarily suspend the Company's quarterly common share cash dividend.

Preferred Share Dividends

The dividend rate for the 3,565 Series B Preferred Shares is $0.2257 for the five-year period commencing April 1, 2016 and ending on March 31, 2021. The quarterly floating dividend rate on the 1,035 Series C Preferred Shares is reset every quarter.

Record date	Payment date	Cash dividend per Series B Preferred Share	Cash dividend per Series C Preferred Share	Total dividend amount
March 16, 2020	March 31, 2020	$ **0.2257**	$ **0.2828**	$ **1,097**
June 15, 2020	June 30, 2020	$ **0.2257**	$ **0.272005**	$ **1,086**

On July 30, 2020, the Board temporarily suspended the quarterly cash dividends on all classes of its preferred shares. Under Section 38(3) of the *Business Corporations* Act (Ontario), the Company's governing corporate statute, the Company cannot pay a dividend as the Board has reasonable grounds for believing that the net realizable value of the Company's assets would be less than the aggregate of its liabilities and its legal stated capital of all classes of shares (common and preferred) as at September 30, 2020, the date on which its quarterly preferred share dividend would normally be paid. Dividends on the outstanding preferred shares are cumulative and will continue to accrue in accordance with the rights, privileges, restrictions and conditions associated with each series of preferred shares.

Note 12. Net (Loss) Income Per Common Share

Net (loss) income per common share consists of the following:

	Three months ended June 30,			Six months ended June 30,		
		2020	2019		**2020**	2019
			(Restated)			(Restated)
Net loss from continuing operations		**(1,787)**	(463)		**(4,825)**	(298)
Less: Dividends on Series B Preferred Shares		**(805)**	(805)		**(1,610)**	(1,610)
Less: Dividends on Series C Preferred Shares		**(281)**	(294)		**(573)**	(587)
Net loss attributable to common shareholders from continuing operations		**(2,873)**	(1,562)		**(7,008)**	(2,495)
Net loss from discontinued operation		**(564)**	(3,345)		**(444)**	(18,990)
Net loss attributable to common shareholders		**(3,437)**	(4,907)		**(7,452)**	(21,485)
Weighted–average number of common shares outstanding						
Basic						
Common shares		**75,434**	75,446		**75,434**	75,446
Common shares pledged on share purchase loans		**–**	(35)		**–**	(35)
Common shares held by the SIP Trust		**(1,272)**	(2,725)		**(1,272)**	(2,725)
Contingently returnable common shares awarded to employees		**(1,098)**	(2,893)		**(1,098)**	(2,898)
		73,064	69,793		**73,064**	69,788
Diluted						
Dilutive effect of common shares pledged on share purchase loans		**–**	35		**–**	35
Dilutive effect of shares held by the SIP Trust		**1,272**	2,725		**1,272**	2,725
Dilutive effect of contingently returnable common shares awarded to employees		**1,098**	2,893		**1,098**	2,898
		75,434	75,446		**75,434**	75,446
Net loss per common share – Basic						
Continuing operations	**$**	**(0.04)**	$ (0.02)	**$**	**(0.10)**	$ (0.04)
Discontinued operation	**$**	**(0.01)**	$ (0.05)	**$**	**(0.01)**	$ (0.27)
Total	**$**	**(0.05)**	$ (0.07)	**$**	**(0.11)**	$ (0.31)
Net loss per common share – Diluted[1]						
Continuing operations	**$**	**(0.04)**	$ (0.02)	**$**	**(0.10)**	$ (0.04)
Discontinued operation	**$**	**(0.01)**	$ (0.05)	**$**	**(0.01)**	$ (0.27)
Total	**$**	**(0.05)**	$ (0.07)	**$**	**(0.11)**	$ (0.31)

1. In the case of a net loss, the impact of shares pledged on share purchase loans and other common shares subject to vesting conditions under share-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

Note 13. Financial Assets and Liabilities

A. FINANCIAL INSTRUMENTS

IFRS 13, *Fair Value Measurement*, as issued by the IASB requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs to the valuation of an asset or a liability as of the measurement date.

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include debt and equity securities that are traded on an active exchange, as well as certain Canadian and U.S. Treasury bills that are highly liquid and are actively traded in over-the-counter markets.

Level 2. Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 assets and liabilities include equity and debt securities that are not listed on an active exchange.

Level 3. Inputs for the asset or liability that are not based on observable market data.

The following tables present the level within the fair value hierarchy of GMP's continuing financial assets and liabilities carried at fair value:

As at June 30, 2020	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Securities owned				
Debt securities				
Canadian and U.S. federal government debt	**35,230**	**1,777**	**–**	**37,007**
Provincial and municipal government debt	**–**	**8,235**	**–**	**8,235**
Corporate and other debt	**–**	**11,978**	**–**	**11,978**
Equity securities	**132**	**–**	**–**	**132**
Financial assets at FVPL	**35,362**	**21,990**	**–**	**57,352**
Preferred share investments in associate				
Class B preferred shares	**–**	**–**	**30,422**	**30,422**
Special preference shares	**–**	**–**	**673**	**673**
Financial assets at FVOCI	**–**	**–**	**31,095**	**31,095**
Financial assets carried at fair value	**35,362**	**21,990**	**31,095**	**88,447**
Financial liabilities				
Obligations related to securities sold short				
Debt securities				
Canadian and U.S. federal government debt	**165**	**12,917**	**–**	**13,082**
Provincial and municipal government debt	**–**	**123**	**–**	**123**
Corporate and other debt	**–**	**2,786**	**–**	**2,786**
Financial liabilities at FVPL	**165**	**15,826**	**–**	**15,991**
Financial liabilities carried at fair value	**165**	**15,826**	**–**	**15,991**

As at December 31, 2019	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Securities owned				
Debt securities				
Canadian and US federal government debt	45,395	1,650	–	47,045
Provincial and municipal government debt	–	6,275	–	6,275
Corporate debt and other	–	11,514	–	11,514
Equity securities	518	44	–	562
Derivative financial assets	–	–	45	45
Financial assets at FVPL	45,913	19,483	45	65,441
Preferred share investments in associate				
Investments in associate				
Class B preferred shares	–	–	30,422	30,422
Special preference shares	–	–	673	673
Financial assets at FVOCI	–	–	31,095	31,095
Financial assets carried at fair value	45,913	19,483	31,140	96,536
Financial liabilities				
Obligations related to securities sold short				
Debt securities				
Canadian and US federal government debt	–	6,999	–	6,999
Provincial and municipal government debt	–	3,109	–	3,109
Corporate debt and other	–	1,291	–	1,291
Financial liabilities at FVPL	–	11,399	–	11,399
Financial liabilities carried at fair value	–	11,399	–	11,399

Key assumptions contemplated in the valuation on the Class B Preferred Shares include the Potential RGMP Transaction, comparable market yields and estimated term to maturity.

The following table presents the changes in fair value measurements of financial assets included in Level 3 of the fair value hierarchy:

Balance, December 31, 2019	31,140
Net unrealized loss before income taxes on broker warrants	**(45)**
Balance, June 30, 2020	**31,095**

B. CAPITAL MANAGEMENT

GMP requires capital to fund existing and future operations, future dividends and regulatory capital requirements. The liquidity of GMP's main operating subsidiaries is continually evaluated, factoring in business requirements, market conditions and regulatory capital requirements. GMP's policy is to maintain sufficient and appropriate levels of capital through a variety of sources.

The following table sets forth GMP's capital resources at the dates indicated:

As at,	**June 30, 2020**	December 31, 2019
Preferred shares	**112,263**	112,263
Common shares	**325,810**	325,810
Deferred share-based awards	**(5,525)**	(5,525)
Contributed surplus	**45,273**	45,273
Accumulated deficit	**(292,586)**	(283,248)
	185,235	194,573

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the regulatory authorities of possible liquidity concerns. As at and during the six months ended June 30, 2020, GMP's subsidiaries were in compliance with their respective capital requirements.

Note 14. Segmented Information

The Company's operating results are categorized into two business segments, Operations Clearing and Wealth Management, and a Corporate segment.

The Operations Clearing segment includes third-party revenue received in relation to carrying broker and other administrative support services provided by RF Securities Clearing LP (RF Securities) to Richardson GMP Limited (Richardson GMP) and Stifel Nicolaus Canada Inc. (Stifel). Services provided include trade execution, clearing and settlement of securities transactions, custody and other administrative services. Additionally, related employee compensation and benefits, clearing and execution costs and other expenses associated with providing such services to Richardson GMP and Stifel's Canadian capital markets business are included in this segment.

The Wealth Management segment consists of GMP's non-controlling ownership interest in Richardson GMP. This segment also includes dividend revenue recognized by GMP on its investment in Richardson GMP Preference Shares following dividend declarations made by Richardson GMP from time to time.

The Corporate segment includes head office expenses, other enterprise-wide items, and investment banking revenues in certain jurisdictions that were not acquired in connection with the Sale Transaction.

Results for prior periods have been restated. The following table presents selected financial results of continuing operations by segment:

	Operations Clearing		Wealth Management		Corporate		Total	
Three months ended June 30,	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Revenue[1]	**6,561**	6,944	**610**	596	**(101)**	1,197	**7,070**	8,737
Expenses								
Employee compensation and benefits	**1,290**	1,351	**–**	–	**1,200**	1,736	**2,490**	3,087
Selling, general and administrative[2]	**3,240**	2,470	**36**	16	**968**	1,435	**4,244**	3,921
Interest	**1,526**	2,787	**–**	–	**175**	159	**1,701**	2,946
Depreciation and amortization	**129**	436	**–**	–	**1**	(7)	**130**	429
	6,185	7,044	**36**	16	**2,343**	3,323	**8,564**	10,383
Share of net income (loss) of associate	**–**	–	**(473)**	137	**–**	–	**(473)**	137
Income (loss) before income taxes	**376**	(100)	**101**	717	**(2,445)**	(2,126)	**(1,967)**	(1,509)

	Operations Clearing		Wealth Management		Corporate		Total	
Six months ended June 30,	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Revenue[1]	**15,476**	14,941	**643**	1,170	**(221)**	1,806	**15,898**	17,917
Expenses								
Employee compensation and benefits	**3,359**	3,048	**–**	–	**2,172**	3,094	**5,531**	6,142
Selling, general and administrative[2]	**6,293**	5,007	**50**	22	**2,964**	2,722	**9,307**	7,751
Interest	**4,492**	5,450	**–**	–	**354**	333	**4,846**	5,783
Depreciation and amortization	**257**	876	**–**	–	**1**	(7)	**258**	869
	14,401	14,381	**50**	22	**5,491**	6,142	**19,942**	20,545
Share of net income (loss) of associate	**–**	–	**(359)**	1,082	**–**	–	**(359)**	1,082
Income (loss) before income taxes	**1,076**	560	**234**	2,230	**(5,712)**	(4,336)	**(4,403)**	(1,546)

1. The majority of revenues in the Corporate segment relate to GMP Emerging Markets Corp (Emerging Markets).
2. Included in selling, general and administrative expenses in the Corporate segment, are one-time charges related to the transaction to consolidate the ownership of Richardson GMP. During the three and six months ended June 30, 2020, GMP recorded $109 and $1,391 in transaction costs. (June 30, 2019 – $225).

Note 15. Net Change in Non-Cash Operating Items

	Six months ended June 30,	
	2020	2019
Securities owned	**8,089**	15,222
Receivable from clients and brokers	**(146,317)**	(57,527)
Employee and other loans receivable	**79**	62
Other assets	**(109,314)**	39,890
Obligations related to securities sold short	**4,592**	231
Payable to clients, brokers and issuers	**405,462**	(25,982)
Net assets held for sale	**–**	(1,903)
Accounts payable and accrued liabilities and other liabilities	**(14,009)**	2,752
	148,582	(27,255)

Shareholder Information

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SHAREHOLDER INQUIRIES

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REGULATORY FILINGS

Canadian Securities Administrators at *www.sedar.com*.

INDEPENDENT AUDITORS

Ernst & Young LLP

LEGAL COUNSEL

Goodmans LLP

FISCAL YEAR-END

December 31

WEBSITE

www.gmpcapital.com

STOCK EXCHANGE LISTINGS

STOCK	LISTING	TICKER	CUSIP
Common Shares	Toronto Stock Exchange	GMP	380134106
Preferred Shares, Series B	Toronto Stock Exchange	GMP.PR.B	380134205
Preferred Shares, Series C	Toronto Stock Exchange	GMP.PR.C	380134304

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1. GMP has a non-controlling ownership interest in Richardson GMP Limited.