



**ACCORD**  
FINANCIAL

Keeping Business Liquid

First Quarter Report  
**2025**



## Flexible Financing Solutions from Accord



### Asset-based Lending

Accord's asset-based lending serves companies of all sizes across North America. Our flexible ABL solutions allow clients to unlock working capital from their accounts receivable, inventory and equipment. Accord also provides financing solutions to other lending companies, enabling them to grow more quickly than they would with traditional funding. Forty-seven years of superior service combined with exceptional financial strength makes us the most reliable finance partner for companies positioning for their next phase of growth.



### Small Business Finance

Accord provides a variety of financing solutions for Canadian small businesses, including equipment leasing and flexible working capital facilities. Under the AccordExpress banner, we offer a range of innovative programs designed with a streamlined approval process and fast funding. These programs deliver up to \$250,000 of working capital, and up to \$3 million when backed by receivables or equipment collateral, all with flexible terms designed to spur growth in 2025.



### Factoring

Accord has been factoring small- and medium-sized companies for more than forty years. Factoring – buying clients' accounts receivable – accelerates cash flow by unlocking the value of receivables for cash. In addition to improving liquidity, factoring also saves management time often tied up with cash flow planning, credit analysis and collections. Our experienced team has worked with companies in virtually every industry, which allows us to provide quick credit approvals for companies in transition or shifting into growth mode.



### Equipment Financing

Accord finances equipment for small- and medium-sized businesses, serving a broad base of Canada's most dynamic industries, from forestry and energy, to construction and manufacturing. We're equally comfortable financing incremental capex or business expansion, or refinancing existing assets to optimize balance sheet strength. Our success has been built on our commitment to supporting equipment leasing brokers, finance professionals and SMEs directly.

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## MESSAGE FROM THE PRESIDENT AND CEO

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Enclosed are the financial statements, as well as Management's Discussion and Analysis, for the quarter ended March 31, 2025, together with comparative figures for the first quarter of 2024, and December 31, 2024. These financial statements have not been reviewed by the Company's auditors but have been reviewed and approved by its Audit Committee and Board of Directors.

Throughout 2024 Accord completed a number of strategic initiatives to streamline the business, reduce leverage, control operating expenses and position the Company for a return to profitability in 2025. These initiatives included two new, more competitive, financing arrangements: a senior credit facility for BondIt Media Capital, and a \$40 million private securitization facility for our core Canadian business. Following those successful transactions, we closed the sale of the AEF leasing portfolio in the third quarter, an important step in refocusing on the Company's core businesses. In addition, throughout the year we took steps to reduce overhead in tandem with the decline in average funds employed. We began 2025 with a more conservative balance sheet than a year ago, and a more focused organization positioned to continue keeping business liquid, as we have since 1978.

While the Accord team successfully executed key initiatives within our control, the uncertain business environment continues to present challenges, weighing on many companies in our core markets. Providing some relief, the interest rate cycle turned down, however, many SMEs are facing conditions they haven't dealt with before, including shifting public policy moves in Canada and the U.S. and a volatile trade environment. Visibility into near term business conditions remains limited and highly uncertain. In addition to dampening our credit appetite, these conditions have affected the Company's loan portfolio, with the provision for credit losses having continued above historical averages.

Accord's finance receivables and loans ("funds employed" or "portfolio") closed at \$385 million on March 31, 2025, up 7.6% from \$358 million at the start of the year, but down from \$447 million on March 31, 2024 (impacted by the sale of the AEF portfolio). Average funds employed during the quarter dropped to \$379 million compared to \$460 million in the first quarter of 2024. Reflecting the year-over-year decline in average

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funds employed, and lower average yields, first quarter revenue fell to \$15.5 million compared to \$20.7 million in the same period of 2024.

Along with the decline in the portfolio, the Company made progress reducing overhead, with first quarter general and administrative expenses coming in at \$7.5 million versus \$9.5 million in the same period last year. The Company's cost-control measures led to a pre-provision operating profit, however, the \$2.6 million provision for credit losses tipped the Company to a first quarter net loss attributable to shareholders of \$1.3 million, compared to net earnings of \$632,000 in the first quarter of 2024. The loss of 16 cents per common share caused book value per share to slip to \$9.29.

Within the first quarter provision, actual write-offs of \$1.1 million represented a significant improvement over the same period last year (\$1.6 million) and the fourth quarter of 2024 (\$10.8 million). The provision also includes a \$1.5 million non-cash increase in the allowance for expected credit losses, which now sits at \$9.6 million on the balance sheet, compared to \$8.0 million at the start of the year.

The Company continues to work with a suboptimal bank facility, which is the primary source of funds for new loans. Less flexibility and higher cost combine to make growth and profitability difficult to achieve. The bank facility matures in late July, and we are actively assessing refinancing alternatives, including with members of our existing bank syndicate. The Company's reduced leverage and more focused portfolio sets the stage for negotiations. While we have a long history of successfully refinancing our debt, the outcome remains uncertain.

As Accord navigates today's business challenges, and continues to explore strategic initiatives, our core mission continues. For forty-seven years Accord has been keeping business liquid, delivering much-needed capital to companies from coast to coast.



Simon Hitzig  
President and Chief Executive Officer  
May 14, 2025

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## FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars, except values per share, or as otherwise noted)

Three months ended March 31,	2025	2024
Average funds employed (millions)	\$ 379.3	\$ 460.5
Revenue	15,509	20,666
Earnings (loss) before income tax	(2,175)	605
Net earnings (loss) attributable to shareholders	(1,346)	632
Costs associated with single account write-off	98	1,093
Restructuring and other expenses	131	132
Tax impact from adjustments	(61)	(324)
Adjusted net earnings (loss)	(1,178)	1,532
Earnings (loss) per common share (basic and diluted)	(0.16)	0.07
Adjusted earnings (loss) per common share (basic and diluted)	(0.14)	0.18
Book value per share	\$ 9.29	\$ 9.90

## OVERVIEW

The following discussion and analysis explain trends in Accord Financial Corp.'s ("Accord" or the "Company") results of operations and financial condition for the quarter ended March 31, 2025 compared with the quarter ended March 31, 2024 and, where presented, the year ended December 31, 2024. It is intended to help shareholders and other readers understand the dynamics of the Company's business and the factors underlying its financial results. Where possible, issues have been identified that may impact future results.

This Management's discussion & analysis ("MD&A"), dated May 14, 2025, should be read in conjunction with the Company's condensed interim unaudited consolidated financial statements (the "Statements") and notes thereto for the quarter ended March 31, 2025 and 2024, which are included as part of this 2025 First Quarter Report, and as an update to the discussion and analysis provided in the Company's 2024 Annual Report, which includes the audited consolidated financial statements and notes thereto for the fiscal year ended December 31, 2024.

All amounts discussed in this MD&A are expressed in thousands of Canadian dollars, except per share amounts and as otherwise noted and have been prepared in accordance with IFRS Accounting Standards ("IFRS"). Please refer to the Critical Accounting Policies and Estimates section below and note 2 and 3 to the Statements regarding the Company's use of accounting estimates in the preparation of its financial statements in accordance with IFRS. Additional information pertaining to the Company, including its Annual Information Form, is filed under the Company's profile with SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

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The following discussion contains certain forward-looking statements that are subject to significant risks and uncertainties that could cause actual results to differ materially from historical results and percentages. Factors that may impact future results are discussed in the Risks and Uncertainties section below.

### NON-IFRS FINANCIAL MEASURES

In addition to the IFRS prepared results and balances presented in the Statements and notes thereto, the Company uses a number of other financial measures to monitor its performance and some of these are presented in this MD&A. These measures may not have standardized meanings or computations as prescribed by IFRS that would ensure consistency and comparability between companies using them and are, therefore, considered to be non-IFRS measures. The Company primarily derives these measures from amounts presented in its Statements, which were prepared in accordance with IFRS. The Company's focus continues to be on IFRS measures and any other information presented herein is purely supplemental to help the reader better understand the key performance indicators used in monitoring its operating performance and financial position. The non-IFRS measures presented in this MD&A and elsewhere in the Company's 2025 First Quarter Report are defined as follows:

- i) **Return on average equity ("ROE")** – this is a profitability measure that presents net earnings attributable to shareholders ("shareholders' net earnings") as an annualized percentage of the average shareholders' equity employed in the period to earn the income. The Company includes all components of shareholders' equity, as shown on the Company's balance sheet, calculated on a month-by-month basis to calculate the average thereof;
- ii) **Adjusted net earnings, adjusted earnings per common share and adjusted ROE** – adjusted net earnings presents shareholders net earnings, costs associated with net single account write-off, stock-based compensation, business acquisition expenses (namely, business transaction and amortization of intangibles) and restructuring expenses. The Company considers these terms to be non-operating expenses. Management believes adjusted net earnings is a more appropriate measure of ongoing operating performance than shareholders' net earnings as it excludes items which do not directly relate to ongoing operating activities. Adjusted (basic and diluted) earnings per common share is adjusted net earnings divided by the (basic and diluted) weighted average number of common shares outstanding in the period (see note 10 to the Statements), while adjusted ROE is adjusted net earnings for the period expressed as an annualized percentage of the average shareholders' equity employed in the period;;
- iii) **Book value per share** – book value is defined as shareholders' equity and is the same as the net asset value of the Company (calculated as total assets minus total liabilities) less non-controlling interests in subsidiaries. Book value per share is the book value, or shareholders' equity, divided by the number of common shares outstanding as of a particular date;

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- iv) **Average funds employed** – Funds employed is another name that the Company uses for its finance receivables and loans (also referred to as “Loans” in this MD&A), an IFRS measure. Average funds employed are the average finance receivables and loans calculated over a particular period; and
- v) **Financial condition and leverage ratios** – The table on page 13 presents the following percentages: (i) total equity expressed as a percentage of total assets; and (ii) debt (bank indebtedness, loans payable, notes payable and debentures) expressed as a percentage of total equity. These percentages provide information on trends in the Company’s financial condition and leverage.

### ACCORD’S BUSINESS

Accord is one of North America's leading independent finance companies serving clients throughout the United States and Canada. Accord's flexible finance programs cover the full spectrum of asset-based lending (“ABL”), including receivables and inventory finance, equipment and trade finance, working capital finance, and film and media finance. Its clients operate in a wide variety of industries, examples of which are set out in the Review of Financial Position section below.

The Company, founded in 1978, operates six finance companies in North America, namely, Accord Financial Inc. (“AFIC”), Accord Financial Canada Corp. (“AFCC”) and Accord Financial Ltd. (“AFL”) in Canada, and Accord Financial, Inc. (“AFIU”), BondIt Media Capital (“BondIt”) and Accord Equipment Finance (“AEF”) in the United States. Some sections of this report present Accord's businesses as cash-generating units (“CGUs”), which is simply an aggregation of subsidiaries according to their country of operation.

The Company's business principally involves: (i) asset-based lending by AFIC and AFIU, which entails financing receivables (“factoring”) or purchasing receivables on a recourse basis, as well as financing other tangible assets, such as inventory and equipment; (ii) equipment financing (leasing and equipment loans) by AEF and AFCC. AFCC also provides working capital financing to small businesses through its Accord Small Business Finance (“ASBF”) subsidiary; (iii) film and media production financing by BondIt. AEF is no longer originating new equipment leases.

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## QUARTERLY FINANCIAL INFORMATION

	Quarter ended	Revenue	Shareholders' net earnings (loss)	Earnings (loss) per share*
<b>2025</b>	<b>March 31</b>	<b>\$ 15,509</b>	<b>\$ (1,346)</b>	<b>\$ (0.16)</b>
2024	December 31	\$ 21,220	\$ (1,848)	\$ (0.22)
	September 30	21,213	(772)	(0.09)
	June 30	19,957	(1,149)	(0.13)
	March 31	20,666	632	0.07
Fiscal 2024**		\$ 83,056	\$ (3,139)	\$ (0.37)
2023	December 31	\$ 23,898	\$ (7,575)	\$ (0.89)
	September 30	19,430	(8,806)	(1.03)
	June 30	17,933	(263)	(0.03)
	March 31	18,444	2,019	0.24
Fiscal 2023		\$ 79,705	\$ (14,625)	\$ (1.71)

\* basic and diluted

\*\* due to rounding the total of the four quarters does not agree with the total for the fiscal year

## RESULTS OF OPERATIONS

### Quarter ended March 31, 2025 compared with the quarter ended March 31, 2024

Shareholders' net loss for the quarter ended March 31, 2025 was \$1,346 compared to shareholders' net earnings of \$632 earned in the first quarter last year. The loss was primarily driven by a higher provision for credit losses. Basic and diluted loss per common share ("LPS") was \$0.16 compared to basic and diluted earnings per common share ("EPS") \$0.07 in the first quarter of 2024.

Revenue for the first quarter of 2025 declined by 25.0%, or \$5,157, to \$15,509 compared to \$20,666 in the same period last year. Interest income decreased by 28.8%, or \$5,147, to \$12,738, from \$17,885 primarily due to a decline in average funds employed and lower average interest rates. Average funds employed in the first quarter of 2025 fell to \$379.3 million, down from \$460.5 million in the prior year. The reduction in funds employed was largely attributable to the sale of the AEF equipment portfolio ("AEF Sale") in September 2024. Other income was relatively stable, declining slightly by \$10 to \$2,771 compared to \$2,781 in the first quarter of 2024.

Total expenses decreased 11.8% or \$2,377 to \$17,684 in the first quarter of 2025 from \$20,061 in the same period last year. Interest expense declined by 25.1%, or \$2,498 to \$7,457 primarily due to a reduction in bank indebtedness and lower average interest rates. G&A expenses decreased by 21.2%, or \$2,013, from the first quarter of 2024 mainly due to: (i) lower professional fees, which were elevated last year due to the involvement of external advisors in connection with the single account loss in 2023, and (ii) a reduction in headcount year over year. G&A expenses are comprised of personnel costs, which represent the largest component, as well as information

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technology expenses, professional fees, and portfolio servicing costs, among others. The Company continues to closely manage its controllable expenses.

The provision for credit losses increased by \$2,192 to \$2,603 in the first quarter of 2025 compared to \$411 in the same quarter last year.

Three months ended March 31	2025	2024
Net write-offs	\$ 1,071	\$ 1,579
Increase (decrease) in allowance for expected credit losses	1,532	(1,168)
Total provision for credit losses	\$ 2,603	\$ 411

Net write-offs declined by \$508 to \$1,071 in the first quarter of 2025 compared to \$1,579 last year. The majority of the write-offs in the first quarter of 2025 and 2024 relate to the small business loan portfolio at AFCC and are consistent with management expectations. The non-cash allowance for expected credit losses ("ECL") increased by \$2,700 due to specific accounts at AFIC and BondIt and a general provision increase driven by a more negative outlook on cross-border trade and other macroeconomic factors compared to the same period in 2024. The Company's allowance for ECL and its portfolio of Loans are discussed in detail below and in the Statements. While the Company manages its portfolio of Loans closely, as noted in the Risks and Uncertainties section below, financial results can be impacted by individually significant insolvencies or losses.

Depreciation expense decreased by \$24 to \$122 (2024 - \$146) in the first quarter of 2025. Depreciation of \$85 (2024 - \$109) was charged on the Company's right-of-use assets in the first quarter of 2025, while the balance of the expense related to capital assets. There were no business acquisition expenses in the first quarter of 2025 (2024 - \$34).

There was a recovery of income tax expense of \$691 in the first quarter of 2025 compared to an income tax expense of \$186 in the same period last year.

Canadian operations, net of intercompany amounts reported a shareholders' net loss of \$2,879 in the first quarter of 2025 compared to a shareholders' net loss of \$2,965 in the same period of 2024 (see note 13 Segmented Information to the Statements). Revenue, net of intercompany amounts declined by 22.9% or \$3,512 to \$8,390 in the first quarter of 2025 primarily due to lower average funds employed. Total expenses decreased by 20.8% or \$3,086 to \$11,748, primarily due to reductions in interest expense and G&A expense, which declined by \$2,886 and \$1,102, respectively. The provision for credit losses increased by \$890 compared to the prior year. In addition, income tax expense decreased by \$512, resulting in a tax recovery of \$479 in the first quarter of 2025.

U.S. operations, net of intercompany amounts, reported shareholders' net earnings of \$1,533 in the first quarter of 2025 compared to net earnings of \$3,597 in 2024 (see note 13 to the Statements). Revenue declined by 18.8% or \$1,645 to \$7,119 in the first quarter

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of 2025, primarily due to lower average funds employed. Total expenses, net of intercompany amounts, rose by \$709 or 8.2% to \$5,936 primarily due to increases in the provision for credit losses and interest expense which increased by \$1,302 and \$388, respectively. In addition, G&A expense, depreciation expense, and business acquisition expenses decreased by \$911, \$36 and \$34, respectively compared to the prior year. Income tax expense decreased by \$365 resulting in a tax recovery of \$212 in the first quarter of 2025. Net loss attributable to non-controlling interests was \$138 in the first quarter of 2025 compared to a net loss of \$213 in the first quarter of 2024.

### REVIEW OF FINANCIAL POSITION

Shareholders' equity declined to \$79.5 million at March 31, 2025, compared to \$80.8 million at December 31, 2024. Book value per common share was \$9.29 at March 31, 2025 compared to \$9.44 at December 31, 2024.

Total assets were \$430.4 million at March 31, 2025, representing a 4.0% increase from \$413.9 million at December 31, 2024. Total assets primarily consist of Loans. Excluding intercompany loans, identifiable assets located in the United States represented 51.1% of total assets at March 31, 2025 up from 49.1% at December 31, 2024 (see note 13 to the Statements).

Gross finance receivables and loans, before the allowance for ECL, increased to \$394.4 million at March 31, 2025 from \$365.6 million at December 31, 2024. The increase was primarily driven by asset-based loan originations partially offset by a slight decline in working capital loans. As detailed in the Statements, the Company's Loans comprised:

	March 31, 2025	December 31, 2024
Working capital loans	\$ 89,073	\$ 92,333
Receivable loans	86,636	81,723
Inventory & equipment loans	105,109	86,018
Media loans	111,044	102,450
Lease receivables	2,524	3,061
Finance receivables and loans, gross	394,386	365,585
Less allowance for expected credit losses	9,564	8,031
Finance receivables and loans, net	\$ 384,822	\$ 357,554

The Company's Loans principally represent advances made by its asset-based lending subsidiaries, AFIC and AFIU, to approximately 32 clients (December 31, 2024 – 32), lease receivables, equipment and working capital loans made by AFCC and AEF to approximately 779 clients (December 31, 2024 – 843) and media finance loans made by Bondit to approximately 47 media productions (December 31, 2024 – 57). The largest client in the diversified loan portfolio comprised 7.0% of gross Loans at March 31, 2025 (December 31, 2024 – 7.0%). Note 14 to the Statements provides details of the Company's credit exposure by industrial sector.

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Credit approval for transactions in the Company's six operating businesses is delegated to senior credit officers within each business unit. Transactions exceeding \$1.0 million (or US\$1.0 million for U.S. Group companies) require approval from the Corporate Credit Committee (comprised of the Company's President and CEO and its CFO). Transactions over \$2.5 million (or US\$2.5 million in the case of U.S. group companies) must be approved by the Credit Committee of the Board of Directors, which consists of three members of the Board. The Company manages and monitors its credit exposure through a combination of financial, credit and legal systems and, believes that it has appropriate procedures in place for assessing and mitigating credit risk. Credit risk is subject to ongoing management review. Despite these controls, there will inevitably be defaults by clients or their customers for a variety of reasons.

For its factoring products, the Company's primary focus continues to be on the creditworthiness and collectability of its clients' receivables. The clients' customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from invoice date.

Receivables become "ineligible" for lending purposes when they reach a certain pre-determined age, typically 75 to 90 days from invoice date, and are usually charged back to clients, thereby limiting the Company's credit risk on older receivables. Asset-based lending products additionally require focus on the performance of other collateral types (inventory, equipment and in certain cases real estate) as well as the underlying cash flows of the borrower. AFCC's and AEF's lease receivables and equipment and working capital loans are usually structured as term loans with payments spread out evenly over the term of the lease or loan, with terms up to 60 months. AFCC also has revolving loan products which have no fixed repayment terms and can be repaid at any time.

The Company uses a credit risk rating system for assessing obligor and transaction risk for finance receivables and loan exposures. Risk rating models use internal and external data to assess and assign ratings to borrowers, predict future performance and manage limits for existing loans and collection activities. The credit rating of the borrower is used (in addition to other criteria) to assess the predicted credit risk for each initial credit approval or significant account management action. Credit ratings improve credit decision quality, adjudication time frames and consistency in the credit decision process and facilitate risk-based pricing. Please see note 4 to the Statements which presents tables summarizing the Company's finance receivables and loans, by the three stage credit criteria of IFRS 9, Financial Instruments ("IFRS 9"), as well as an aged analysis thereof. Credit risk is managed by ensuring that, as far as possible, the receivables financed are of good quality and any inventory, equipment or other assets securing loans are appropriately appraised. Collateral is monitored and managed on an on-going basis to mitigate credit risk. In its asset-based lending and equipment finance operations, the Company assesses the financial strength of its clients and its clients' customers and the industries in which they operate on a regular and ongoing basis. Cash flows from a client's ongoing business operations represent the primary source of repayment.

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The Company also manages credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables, applying concentration limits, charging back or making receivables ineligible for lending purposes as they become older, and taking cash collateral in certain cases. The Company also confirms the validity of the receivables that it purchases or lends against. In its factoring operations, the Company administers and collects the majority of its clients' receivables, allowing it to quickly identify problems as and when they arise and act promptly to minimize credit and loan losses. In the Company's Canadian small business finance operations, AFCC, security deposits are typically collected for equipment leases or loans, while the majority of AFCC's working capital loans are backed by a strong financial guarantor covering 75% to 80% of the loan balance in the event of a default.

As detailed in note 4 to the Statements, the Company had past due finance receivables and loans of \$46,070 at March 31, 2025, of which \$33,293 relates to BondIt, AFIU's 60% controlled media finance subsidiary, \$12,629 relates to AFCC. As of March 31, 2025, 22.2% or \$87,377 of total finance receivables and loans were considered to have had a significant increase in credit risk ("SICR").

The Company had impaired finance receivables and loans of \$4,242 at March 31, 2025 representing 1.1% of total funds employed. The impaired loans, most of which have been written down to estimated fair value, are mainly secured by receivables, inventory and equipment. The estimated fair value of the impaired loans was \$3,369 at March 31, 2025. As the vast majority of the Company's finance receivables and loans are secured, past due or impaired loans do not necessarily lead to a significant ECL based on the fair value of the security, which often results in a low or no loss given default ("LGD") in respect of these accounts.

The Company's credit exposure relating to its finance receivables and loans by industrial sector and geographic locations were as follows:

Industry sector	March 31, 2025		December 31, 2024	
	Gross finance receivables and loans	% of total	Gross finance receivables and loans	% of total
Media	\$ 119,844	30.4	\$ 109,312	29.9
Wholesale trade	84,181	21.3	64,651	17.7
Manufacturing	47,356	12.0	44,213	12.1
Finance and Insurance	44,458	11.3	40,576	11.1
Mining	18,754	4.8	17,935	4.9
Construction	16,800	4.3	17,064	4.7
Retail Trade	11,490	2.9	12,466	3.4
Transportation and Warehousing	10,959	2.8	11,624	3.2
Real Estate Rental and Leasing	9,271	2.4	9,676	2.6
Waste Management and Remediation Services	8,621	2.2	13,320	3.6
Professional, Scientific, and Technical Services	5,619	1.4	7,741	2.1
Other	17,033	4.2	17,007	4.7
	<b>\$ 394,386</b>	<b>100.0</b>	<b>\$ 365,585</b>	<b>100.0</b>

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	March 31, 2025	December 31, 2024
Canada	\$ 192,415	\$ 189,143
United States	201,971	176,442
Finance receivables and loans	\$ 394,386	\$ 365,585

The Company maintains an allowance for ECL on its Loans at amounts which, in management's judgment, are adequate to cover expected credit losses. The Company's allowance for ECL on Loans, calculated under the ECL criteria of IFRS 9, totalled \$9,564 at March 31, 2025 compared to \$8,031 at December 31, 2024. This represents management's best estimate of ECL based on information available at those dates. The challenging economic environment continues to affect the Company's loan portfolio to varying degrees and the measurement of the allowance could fluctuate substantially in future periods.

The activity in the allowance for ECL in the first three months of 2025 and 2024 is set out in note 4 to the Statements. The estimates of the allowances for ECL involve judgment which management considers to be reasonable and supportable.

Assets held for sale, reported at lower of cost or fair value less cost of disposal, totalled \$422 at March 31, 2025 and at December 31, 2024 and comprised of certain assets securing defaulted finance receivables and loans from a number of clients and repossessed long-lived assets.

Cash decreased to \$9,473 at March 31, 2025 compared to \$16,674 at December 31, 2024. The Company endeavors to minimize cash balances as far as possible when it has bank indebtedness outstanding. Fluctuations in cash balances are normal.

Other assets decreased by \$4,168 to \$11,291 at March 31, 2025 compared to \$15,459 at December 31, 2024. The largest component of other assets represents \$4,267 (December 31, 2024 - \$7,573) due from Export Development Canada ("EDC") related to claims made on defaulted loans which benefit from an EDC guarantee ranging from 75% to 80%. Other assets also include a royalty receivable of \$2,924 (December 31, 2024 - \$2,922), prepaid expenses balance of \$2,061 at March 31, 2025 (December 31, 2024 - \$2,682) and amount held as a security for non-recourse borrowings provided by a lender of \$1,519 (December 31, 2024 - \$1,884).

Net deferred tax assets increased by \$778 to \$20,909 at March 31, 2025 compared to \$20,131 at December 31, 2024.

Income taxes receivable and property and equipment at March 31, 2025 and December 31, 2024 were not significant.

Total liabilities increased by \$18.0 million to \$345.2 million at March 31, 2025 compared to \$327.2 million at December 31, 2024. The increase since December 31, 2024 mainly resulted from an increase in bank indebtedness.

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Bank indebtedness increased by \$24,515 to \$169,739 at March 31, 2025 compared to \$145,224 at December 31, 2024 due to an increase in funds employed. The Company's revolving credit facility has a maximum commitment of \$260.0 million. Pricing for drawn amounts under the revolving credit facility are primarily based on the Canadian Overnight Repo Rate Average ("CORRA") plus a margin for Canadian dollar borrowings or the secured overnight financing rate ("SOFR") plus a margin for U.S. dollar borrowings. The margin is based on a measure of leverage at each month end. The Company was in compliance with all covenants as at March 31, 2025 and December 31, 2024. Subject to other debt borrowings, bank indebtedness principally fluctuates with the amount of funds employed. Please refer below to "Liquidity and Capital Resources" for further details.

Loans payable decreased by \$1,283 to \$114,651 at March 31, 2025 compared to \$115,934 at December 31, 2024. Loans payable consists of a revolving loan extended to BondIt which increased to \$84,362 (December 31, 2024 – \$78,452) and non-recourse debt of \$30,289 (December 31, 2024 – \$37,482). The decrease is attributable to repayment of \$7,193 of non-recourse debt provided to ASBF, offset by an increase in the outstanding balance of the BondIt loan of \$5,910. ASBF was in compliance with all loan covenants at March 31, 2025 and December 31, 2024. BondIt was not in compliance with multiple covenants at March 31, 2025 and December 31, 2024. BondIt received a waiver for the December 2024 breach after December 31, 2024 and expects to receive a waiver for the March 2025 breach.

Accounts payable and other liabilities decreased by \$6,023 to \$6,223 at March 31, 2025 compared to \$12,246 at December 31, 2024.

Convertible debentures with a face value of \$25,650 (25,650 convertible debentures of \$1,000 each) were issued by the Company in 2018 and 2019. Of these, 20,650 debentures are listed for trading ("Listed Debentures") on the Toronto Stock Exchange ("TSX"), while 5,000 ("Unlisted Debentures") are unlisted, together (the "Debentures"). All Debentures are unsecured and pay interest semi-annually on June 30 and December 31 each year and mature on January 31, 2026. The terms of the Debentures were amended in 2023 to i) extend the maturity date ii) increase the interest rate to 10.0% from 7%, iii) remove the conversion feature and, iv) remove the right of the Company to repay the debentures in common shares. On July 8, 2024, \$3,250 of the Unlisted Debentures were acquired by a related party. At March 31, 2025, the debt component of all debentures totalled \$26,315 compared to \$25,678 at December 31, 2024.

Income taxes payable, lease liabilities and deferred income at March 31, 2025 and December 31, 2024 were not material.

Capital stock totalled \$9,448 at March 31, 2025 and December 31, 2024. There were 8,558,913 common shares outstanding at those dates.

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Contributed surplus totalled \$1,858 at March 31, 2025 compared to \$1,844 at December 31, 2024.

Retained earnings decreased by \$1,346 to \$61,123 at March 31, 2025 compared to \$62,469 at December 31, 2024. The decrease in 2025 is due to shareholders' net loss of \$1,346.

The Company's accumulated other comprehensive income ("AOCI") represents the cumulative unrealized foreign exchange income arising on the translation of the assets and liabilities of the Company's foreign operations. The AOCI balance increased to \$7,069 at March 31, 2025 compared to \$7,066 at December 31, 2024.

Non-controlling interests in subsidiaries totalled \$5,716 at March 31, 2025 compared with \$5,851 at December 31, 2024.

### LIQUIDITY AND CAPITAL RESOURCES

The Company considers its capital resources to include equity and debt, namely, its bank indebtedness, debentures, loans and notes payable. The Company's objectives when managing its capital are to: (i) maintain financial flexibility in order to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company manages its capital resources and makes adjustments to them in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company monitors the ratio of its debt to total equity. These ratios are set out in the table below. The ratios indicate the Company's continued financial strength.

	<b>March 31, 2025</b>	December 31, 2024
Total equity / assets	<b>19.8%</b>	20.9%
Debt* / total equity	<b>3.94x</b>	3.59x

\* Bank indebtedness, loans payable, notes payable and debentures

As disclosed in the 2023 third quarter report, Accord's net earnings were impacted by a significant provision for credit losses related to a single account. Since the fourth quarter of 2023, the Company has been exploring various options to address the reduction in equity created by the loss.

The Company's primary revolving credit facility matures on July 26, 2025 (the "facility agreement"). The credit facility has a maximum commitment of \$260.0 million and a minimum liquidity reserve of \$25.0 million (measured as the difference between eligible collateral and outstanding bank indebtedness).

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The facility agreement also includes an interest coverage ratio covenant ("ICR covenant") and an EBITDA performance metric, as well as milestones related to exploring certain strategic initiatives.

The current terms of the facility agreement provide sufficient flexibility for Accord to manage its level of borrowings, but for the immediate future, the Company has limited growth capital to invest in new business opportunities. Therefore, the Company is evaluating a number of strategic initiatives to generate additional cash and capital to maximize shareholder value. Initiatives under consideration include alternative financing arrangements to support, replace or add to current debt facilities in the private market. Additionally, a review of the fundamental core businesses may result in decisions to change product mix, and/or divest one or more non-core subsidiaries. The Company has met all required milestones for the period ending as of the date of this report and has delivered a preliminary re-financing plan as of April 30, 2025.

BondIt has a revolving line of credit from a non-bank lender, which bears a fixed rate of interest. This facility, which is secured by all of BondIt's assets, has a total commitment of US\$60.0 million and matures on May 31, 2027.

Management believes that current cash balances and existing credit lines, together with cash flow from operations, will be sufficient to meet the cash requirements of working capital, capital expenditures, operating expenditures, and interest payments. Management is evaluating potential alternatives to refinance its maturing debt facilities, including extensions, amendments, or new credit arrangements to maintain financial flexibility, and expects to maintain access to sufficient liquidity to support business operations. However, there is material uncertainty that the Company will be able to refinance its maturing debt facilities on a timely basis or at all. As part of the Company's normal course of operations, management continually evaluates other sources of funding and liquidity.

### ***Cash flow for the three months ended March 31, 2025 compared with the three months ended March 31, 2024***

Cash inflow from net earnings before changes in operating assets and liabilities and income tax payments decreased to \$575 in the first three months of 2025 compared to \$1,253 last year. After changes in operating assets and liabilities and income tax payments or refunds are taken into account, there was a net cash outflow from operating activities of \$30,150 in the first three months of 2025 compared to an inflow of \$19,806 last year. A net cash outflow of \$29,792 in the first three months of 2025 largely resulted from funding of new and existing Loans partially offset by loan repayments. The net cash inflow of \$22,469 in the first three months of 2024 largely resulted from collections from or proceeds from the refinancing of Loans partially offset by funding of Loans. Changes in other operating assets and liabilities are discussed above and are detailed in the Company's consolidated statements of cash flows.

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Cash outflows from investing activities totalled \$nil in the first three months of 2025. Cash outflows from investing activities totalled \$26 in the first three months of 2024 and comprised property and equipment additions.

Net cash inflow from financing activities totalled \$22,957 in the first three months of 2025 compared to an outflow of \$18,597 last year. The net cash inflow this year primarily resulted from an increase in bank indebtedness of \$24,508 and net proceeds from US dollar loans payable of \$5,769, partially offset by repayment of Canadian dollar loans payable of \$7,193. In the first three months of 2024, the net cash outflow primarily resulted from a decrease in bank indebtedness of \$13,263 and repayment of Canadian dollar loans payable of \$5,165.

The effect of exchange rate changes on cash comprised a decrease of \$8 in the first three months of 2025 compared to a decrease of \$40 in the first three months of 2024.

Overall, there was a net cash outflow of \$7,201 in the first three months of 2025 compared to a net cash inflow of \$1,143 in the first three months of 2024.

### CONTRACTUAL OBLIGATIONS AND COMMITMENTS AT MARCH 31, 2025

	Payments due in				Total
	Less than 1 year	1 to 3 years	3 to 5 years	Thereafter	
Debt obligations	\$ 317,112	\$ 18,499	\$ 11	\$ -	<b>\$ 335,622</b>
Operating lease obligations	479	781	648	839	<b>2,747</b>
	<b>\$ 317,591</b>	<b>\$ 19,280</b>	<b>\$ 659</b>	<b>\$ 839</b>	<b>\$ 338,369</b>

### RELATED PARTY TRANSACTIONS

The Company has borrowed funds (notes payable and debentures) on an unsecured basis from shareholders, other related individuals and third parties.

Notes payable totalled \$24,778 at March 31, 2025 compared to \$24,541 at December 31, 2024. Notes payable comprise: (i) unsecured demand notes due on, or within a week of, demand of \$4,500 (December 31, 2024 – \$4,530); and (ii) unsecured subordinated term notes (“term notes”) totalling \$20,278 (December 31, 2024 – \$20,011), which are repayable on various dates the latest of which is November 30, 2027. Term notes totalling \$15,961 are repayable within the next 12 months. Notes due on, or within a week of demand, bear interest at rates that vary with the bank prime rate, while the term notes bear interest at rates between 9.50% and 11.00%.

Of the notes payable, \$21,117 (December 31, 2024 – \$20,876) was owing to related parties and \$3,661 (December 31, 2024 – \$3,665) to third parties. Interest expense on these notes in the current quarter of 2025 totalled \$538 (2024 – \$550). Please refer to note 8 to the Statements.

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\$3,250 of Unlisted Debentures with a maturity date of January 31, 2026 are held by a related party.

The following table provides the principal amounts owed to related parties from the Company at March 31, 2025:

<b>Demand notes payable</b>	<b>Relationship</b>	
Hitzig Bros., Hargreaves & Co. Inc.*	Director	\$ 4,000,000
Ken Hitzig	Founder	\$ 500,000
<b>Term notes payable</b>		
Hitzig Bros., Hargreaves & Co. Inc.*	Director	\$ 4,000,000
Hitzig Bros., Hargreaves & Co. LLC.*	Director	US \$ 4,000,000
Oakwest Corporation Inc.*	Director	\$ 3,000,000
Ken Hitzig	Founder	\$ 2,500,000
<b>Unlisted Debentures</b>		
Hitzig Bros., Hargreaves & Co. Inc.*	Director	\$ 3,250,000

\* a director of the Company has an ownership interest in the company

Accord pays a rate of interest related to Canadian prime (as of March 31, 2025, the rate was 4.95%) on its Canadian dollar unsecured demand notes payable. This interest rate is typically below the interest rate the Company pays on its primary revolving credit facility, agented by The Bank of Nova Scotia ("BNS"), resulting in interest savings to the Company.

The US\$4.0 million related-party term notes are extended to BondIt and pay interest rates between 10.50% and 11.00%.

Related-party term notes of \$10.5 million mature on July 31, 2025 and accrue interest at a rate of 10.00%. The Company's primary revolving credit facility allows these notes to be treated as "quasi equity" and be included in the Company's tangible net worth ("TNW") for the purposes of leveraging its bank line (up to 4.0 x TNW) providing additional borrowing capacity for the Company.

### FINANCIAL INSTRUMENTS

Financial assets and liabilities are recorded at amortized cost. Financial assets and liabilities, other than lease receivables and loans in our equipment and small business finance operations, term loans payable and lease liabilities, are short term in nature and, therefore, their carrying values approximate fair values.

At March 31, 2025 and December 31, 2024, there were no outstanding foreign exchange contracts entered into by the Company.

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## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A critical accounting estimate represents an estimate that is highly uncertain and for which changes in the estimate could materially impact the Company's financial results.

The Company considers the estimate of the allowance for ECL on Loans as critical to its financial results. The Company maintains allowances for ECL at amounts which, in management's judgment, are sufficient to cover credit losses thereon. The allowances are based upon several considerations including current economic environment, condition of the loan and receivable portfolios, typical industry loss experience, macro-economic factors and forward-looking information ("FLI"). The key inputs in the measurement of ECL allowances for each loan are as follows: (i) the probability of default ("PD") which is an estimate of the likelihood of default over a given time horizon; (ii) the LGD which is an estimate of the loss arising in the case where a default occurs at a given time; and (iii) the exposure at default ("EAD") which is an estimate of the exposure at a future default date. These key inputs associated with each loan are sensitized to future market and macro-economic conditions through the incorporation of FLI. These estimates are particularly judgmental, and operating results may be adversely affected by significant unanticipated credit or loan losses, such as occur in a bankruptcy or insolvency, or may result from severe adverse economic conditions.

The Company's allowance for ECL on its Loans is provided for under the three-stage criteria set out in IFRS 9, where a Stage 1 allowance is established to reserve against accounts which have not experienced a SICR and which cannot be specifically identified as impaired on an item-by-item or group basis at a particular point in time. Stage 1 ECL results from default events on the financial instrument that are possible within the twelve-month period after the reporting date. Stage 1 accounts are considered to be in good standing. The Company's Stage 2 allowances are based on a review of the loan and comprises an allowance for those financial instruments which have experienced a SICR since initial recognition. Lifetime ECL are recognized for all Stage 2 financial instruments. Stage 3 financial instruments are those that the Company has classified as impaired. The Company classifies a financial instrument as impaired when the future cash flows of the financial instrument could be adversely impacted by events after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred. Lifetime ECL are recognized for all Stage 3 financial instruments. In Stage 3, financial instruments are written off, either partially or in full, against the related allowance for ECL when the Company judges that there is no realistic prospect of future recovery in respect of those amounts after the collateral has been realized or transferred at net recoverable value. Any subsequent recoveries of amounts previously written-off are credited to the respective allowance for ECL.

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Management believes that its allowances for ECL, which require a high degree of reasonable and supportable judgment are sufficient and appropriate. The Company's allowances are discussed in notes 4 and 14 to the Statements.

### **CONTROL ENVIRONMENT**

Disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. Internal Controls over Financial Reporting ("ICFR") are designed by or under the supervision of the CEO and CFO, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The CEO, CFO and other members of management have assessed the design effectiveness of the Company's DC&P and ICFR at March 31, 2025, and have concluded that the design of the Company's DC&P and ICFR were effective as of that date. During the three months ended March 31, 2025, there have been no significant changes to the Company's ICFR that would have or would be reasonably likely to materially affect the Company's ICFR.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate and, as such, there can be no assurance that any design will succeed in achieving its stated goal under all potential conditions.

### **RISKS AND UNCERTAINTIES THAT COULD AFFECT FUTURE RESULTS**

Past performance is not a guarantee of future performance, which is subject to substantial risks and uncertainties. Management remains optimistic about the Company's long-term prospects. Factors that may impact the Company's results include, but are not limited to, the factors discussed below. Please refer to note 14 to the Statements, which discuss the Company's principal financial risk management practices.

#### **The Company's business is dependent on its capital resources**

The Company's ability to operate is dependent on future profitable operations and the future availability of equity and/or debt financing. The Company will require additional financing from debt, equity, and/or other alternatives in order to grow the portfolio and to refinance its existing debt obligations. A substantial portion of debt is due for refinancing in 2025 contributing to uncertainty about the Company's ability to obtain the necessary resources in the near term. In response, the Company is

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evaluating a number of strategic initiatives to generate additional capital, including alternative financing arrangements to support, replace or add to current debt facilities in the private market. Additionally, a review of the fundamental core businesses may result in decisions to change product mix or undertake divestures of business lines or assets. There is no assurance that any of these initiatives will be successful, timely or sufficient.

### **Deterioration in economic conditions and business uncertainty**

The Company's operating results may be negatively impacted by various economic factors and business conditions, including the level of economic activity in Canada and the United States. Protectionist trade policies and the imposition of cross-border tariffs, whether broad based or targeted to specific industries, could affect input costs, lower investment and disrupt supply chains. Other potential negative conditions or significant events include public health emergencies including pandemics, geopolitical or military conflicts, sanctions and other trade disruptions, and related or unexpected changes in inflation and borrowing costs. To the extent that economic activity or business conditions deteriorate, delinquencies and credit losses may increase. As the Company extends credit primarily to small and medium-sized businesses, many of its customers are particularly susceptible to economic slowdowns or recessions and may be unable to make scheduled lease or loan payments during these periods.

Unfavorable economic conditions may also make it more difficult for the Company to maintain new origination volumes and the credit quality of new loans at levels previously attained. Unfavorable economic conditions could also increase funding costs or operating cost structures, limit access to credit facilities and other capital markets funding sources or result in a decision by the Company's lenders not to extend further credit. Any of these events could have a material adverse impact on the Company's business, financial conditions and results of operations.

### **Competition from alternative sources of financing**

The Company operates in an intensely competitive environment and its results could be significantly affected by the activities of other industry participants. The Company expects this level of competition to persist in the future as the markets for its services continue to develop and as additional companies enter its markets. There can be no assurance that the Company will be able to compete effectively with current or future competitors. If the Company's competitors engage in aggressive pricing policies with respect to services that compete with those of the Company's, the Company would likely lose some clients or be forced to lower its rates, both of which could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, some of the Company's competitors may have greater access to capital or have higher risk tolerances or different risk assessments, which could allow them to establish more origination sources and customer relationships to increase their market share. Further, because there are fewer barriers to entry to the

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markets in which the Company operates, new competitors could enter these markets at any time. Because of all these competitive factors, the Company may be unable to sustain its operations at its current levels or generate growth in revenues or operating income, either of which could have a material adverse impact on the Company's business, financial condition and results of operations.

### **Credit risk, inability to underwrite finance receivables and loan applications**

The Company is in the business of financing its clients' receivables and making asset-based loans, including inventory and equipment loans, designed to serve small and medium-sized businesses, which are often owner-operated and have limited access to traditional financing. There is a high degree of risk associated with providing financing to such parties as a result of their lower creditworthiness. Even with an appropriately diversified lending business, operating results can be adversely affected by large bankruptcies and/or insolvencies. Losses from client loans in excess of the Company's expectations could have a material adverse impact on the Company's business, financial condition and results of operations. In addition, since defaulted loans as well as certain delinquent loans cannot be used as collateral under the Company's credit facilities, higher than anticipated defaults and delinquencies could adversely affect the Company's liquidity by reducing the amount of funding available to the Company under these financing arrangements. Furthermore, increased rates of delinquencies or defaults could cause the Company to be in breach of its financial covenants under its credit facilities, and could also result in adverse changes to the terms of future financing arrangements available to the Company, including increased interest rates payable to lenders and the imposition of more burdensome covenants and increased credit enhancement requirements.

### **Interest rate risk**

The Company has floating rate debt, as well as fixed rate debt. The Company's floating rate agreements with its clients (affecting interest revenue) and lenders (affecting interest expense) usually provide for rate adjustments in the event of changes in key interest rates, such as Prime, SOFR or CORRA. Fluctuations in interest rates may have a material adverse impact on the Company's business, financial condition and results of operations.

### **Foreign currency risk**

The Company has international operations in the United States. Accordingly, a significant portion of its financial resources are held in currencies other than the Canadian dollar. In recent years, the Company has seen the fluctuations in the U.S. dollar against the Canadian dollar affect its operating results when its foreign subsidiaries results are translated into Canadian dollars. It has also affected the value of the Company's net Canadian dollar investment in its foreign subsidiaries, which had, in the past, reduced the AOCI component of equity to a loss position, although it is now in a significant gain position. No assurances can be made that changes in

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foreign currency rates will not have a significant adverse effect on the Company's business, financial condition or results of operations.

### **External financing**

The Company depends and will continue to depend on the availability of credit from external financing sources, to continue to, among other things, finance new and refinance existing loans and satisfy the Company's other working capital needs. The Company believes, current cash balances and existing credit lines, together with cash flow from operations, will be sufficient to meet its cash requirements for working capital and operating expenditures but expects that for the immediate future the Company will have limited growth capital to invest in new business opportunities. There is no guarantee that the Company will continue to have financing available to it or if the Company were to require additional financing that it would be able to obtain it on acceptable terms or at all.

The Company's primary credit facility matures on July 26, 2025 and its unsecured subordinated debentures mature on January 31, 2026. If any or all of the Company's funding sources become unavailable on terms acceptable to the Company or at all, or if any of the Company's credit facilities are not renewed or re-negotiated upon expiration of their terms, the Company may not have access to the financing necessary to conduct its businesses, which would limit the Company's ability to finance its operations and could have a material adverse impact on its business, financial condition and results of operations. Please also see comments regarding business conditions on page 18 and Liquidity and Capital Resources on page 13.

### **Dependence on key personnel**

Employees are a significant asset of the Company, and the Company depends to a large extent upon the abilities and continued efforts of its key operating personnel and senior management team. If any of these persons becomes unavailable to continue in such capacity, or if the Company is unable to attract and retain other qualified employees, it could have a material adverse impact on the Company's businesses (including its ability to originate new business opportunities), financial condition and results of operations. Market forces and competitive pressures may also adversely affect the ability of the Company to recruit and retain key qualified personnel.

### **Income tax matters**

The income tax of the Company must be computed in accordance with Canadian, U.S. and foreign tax laws, as applicable, and the Company is subject to Canadian, U.S. and foreign tax laws, all of which may be changed in a manner that could adversely affect the Company's business, financial condition or results of operation.

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### **Recent and future acquisitions and investments**

In prior years, the Company has acquired or invested in businesses and may seek to acquire or invest in additional businesses in the future that expand or complement its current business. Prior acquisitions by the Company have increased the size of the Company's operations and the amount of indebtedness serviced by the Company and any future acquisitions by the Company, if they occur, may result in further increases in the Company's operations and indebtedness. The successful integration and management of any recently acquired businesses or businesses acquired in the future involves numerous risks that could adversely affect the Company's business, financial condition, or results of operations, including: (i) the risk that management may not be able to successfully manage the acquired businesses and that the integration of such businesses may place significant demands on management, diverting their attention from the Company's existing operations; (ii) the risk that the Company's existing operational, financial, management, due diligence or underwriting systems and procedures may be incompatible with the markets in which the acquired business operates or inadequate to effectively integrate and manage the acquired business; (iii) the risk that acquisitions may require substantial financial resources that otherwise could be used to develop other aspects of the Company's business; (iv) the risk that as a result of acquiring a business, the Company may become subject to additional liabilities or contingencies (known and unknown); (v) the risk that the personnel of any acquired business may not work effectively with the Company's existing personnel; (vi) the risk that the Company fails to effectively deal with competitive pressures or barriers to entry applicable to the acquired business or the markets in which it operates or introduce new products into such markets; and (vii) the risk that the acquisition may not be accretive to the Company. The Company may fail to successfully integrate such acquired businesses or realize the anticipated benefits of such acquisitions, and such failure could have a material adverse impact on the Company's business, financial condition and results of operations.

### **Fraud by lessees, borrowers, vendors or brokers**

The Company may be a victim of fraud by lessees, borrowers, vendors or brokers. In cases of fraud, it is difficult and often unlikely that the Company will be able to collect amounts owing under a lease/loan or repossess any related collateral. Increased rates of fraud could have a material adverse impact on the Company's business, financial condition and results of operations.

### **Technology and cyber security**

The Company remains focused on the confidentiality, integrity and availability of the information and cyber security controls that protect its network, data and infrastructure. The cyber security risk landscape includes numerous cyber threats such as hacking threats, identity theft, denial of service, and advanced persistent threats. These and other cyber threats continue to become more sophisticated, complex, and potentially damaging. Third party service providers that the Company uses may also

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be subject to these risks which can increase our risk of potential attack. The Company establishes the requirements and sets out the overall framework for managing cyber and information security related risks. These include developing and implementing the appropriate activities to detect, respond to and contain the impact of cyber security threats, along with implementing the appropriate safeguards to ensure the delivery of critical infrastructure services.

The Company is continuously improving the strength of its practices and capabilities. It works closely with our critical cyber security and software suppliers to ensure that its technology capabilities remain cyber resilient and effective in the event of any unforeseen cyber-attack. The Company has not experienced any material cyber security breaches and has not incurred any material expenses with respect to the remediation of such cyber events. Security risks continue to be actively monitored and reviewed, leveraging the expertise of the Company's service providers and vendors, reviewing industry best practices and regularly re-assessing controls in place to acknowledge, address and mitigate the risks identified. The Company maintains a cyber security insurance policy to provide coverage in the event of cyber security incidents.

### **Data management and privacy risk**

Data management and its governance are becoming increasingly important as the Company continues to invest in digital solutions and innovation and the ongoing expansion of business activities. Furthermore, there are regulatory compliance risks associated with data management and privacy. The Company establishes the requirements and sets out the overall framework for data management and managing privacy related risks.

### **Risk of future legal proceedings**

The Company is threatened from time to time with, or is named as a defendant in, or may become subject to, various legal proceedings, fines or penalties in the ordinary course of conducting its businesses. A significant judgment or the imposition of a significant fine or penalty on the Company could have a material adverse impact on the Company's business, financial condition and results of operation. Significant obligations may also be imposed on the Company by reason of a settlement or judgment involving the Company, as well as risks pertinent to financing facilities, including acceleration and/or loss of funding availability. Publicity regarding involvement in matters of this type, especially if there is an adverse settlement or finding in the litigation, could result in adverse consequences to the Company's reputation that could, among other things, impair its ability to retain existing or attract further business. The continuing expansion of class action litigation in U.S. and Canadian court actions has the effect of increasing the scale of potential judgments. Defending such a class action or other major litigation could be costly, divert management's attention and resources and have a material adverse impact on the Company's business, financial condition and results of operations.

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## Dividends

The Company pays dividends if, as and when declared by the board of directors. The Company suspended dividend payments in the fourth quarter of 2023 as a prudent measure to conserve cash and strengthen the Company's capital base. While the board will reassess the Company's dividend policy in the normal course, there is no assurance that the dividend will be reinstated at the same rate or at all.

## OUTLOOK

The path to future financial performance of the Company hinges on several key factors, including continued access to capital, the overall business environment influencing growth potential and the ongoing strength of its team and operating platforms. The Company continues to take steps to improve access to capital and remains well-positioned operationally, supported by a skilled team. However, the economic environment has become increasingly complex amid escalating trade tensions between the U.S. and Canada. A wave of tariff actions and countermeasures has disrupted cross-border trade, affecting a wide range of industries and adding uncertainty for businesses operating in both markets.

The Company has made steady progress in setting the foundation for improved access to capital in 2025. Throughout 2024 Accord successfully executed a series of strategic initiatives to generate additional cash and capital to strengthen the balance sheet, position for future portfolio growth, and unlock shareholder value.

In the second quarter of 2024 the Company established two new financing arrangements, one for BondIt Media Capital, and a securitization facility for the Canadian small business portfolio. Both facilities provide a more competitive cost of funds compared to the funding they replaced. The successful sale of the AEF equipment lease portfolio on September 30<sup>th</sup>, 2024 was another significant step forward. While these initiatives strengthen the Company's balance sheet, and reduce bank debt, new loans continue to be funded by the primary bank facility. The AEF transaction increased the Company's tangible equity and reduced its leverage, putting the Company in a stronger position to refinance its main bank facility on more favorable terms in the third quarter of 2025, which is a key ingredient for future growth and profitability.

The Company continues to explore additional strategic initiatives, including reviewing core businesses, which may result in changes to product mix, and/or further non-core asset sales. These efforts are intended to further strengthen the Company's capital position, renew growth in the core operating businesses, and increase value for shareholders. Our lending teams continue to manage the operating businesses, maximizing opportunities within the Company's current funding capacity.

The current business environment has supported steady deal flow for non-bank lenders, including Accord, as traditional banks continue to tighten their lending

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activities. However, uncertainties surrounding trade relations, the impact of tariffs on global supply chains, interest rates, and inflation continue to contribute to market volatility, which may impact the credit quality of our portfolio. Overall credit risk remains elevated, and short-term business conditions are unpredictable. While we are receiving a steady stream of applications, our teams are acutely aware of the challenging credit environment and are maintaining a cautious approach to onboarding new clients.

AFCC, the Company's Canadian small business finance division, continues to expand its successful program developed in partnership with EDC. The Accord | EDC Trade Expansion Lending Program ("TELP") builds on Accord's proven ability to tailor EDC programs to meet the needs of the small business sector. Accord | EDC TELP supports companies engaged in the export supply chain (including companies supporting exporters with goods and services), by offering working capital up to \$3.0 million through revolving or term loan structures. However, the evolving political landscape may significantly affect the volume of Canadian exports to the U.S., directly affecting growth trajectory of this program.

The current economic conditions, including a more risk-averse banking sector, are creating increased demand for alternative lending solutions, which supports growth potential for the Company's two ABL/factoring units, AFIC and AFIU. While both are seeing steady new business opportunities, heightened credit risk across several sectors has prompted a highly selective approach to new transactions leading to expectations of modest growth. BondIt Media Capital refinanced its dedicated senior credit facility in the second quarter of 2024 with a more flexible and lower priced facility, which paves the way for renewed growth and improved net interest margins. While its financing arrangement is stronger, BondIt is facing an increasingly competitive landscape, creating additional pressure on growth and pricing. Against this backdrop, modest growth is anticipated in 2025.

AFL is marketing a new program aimed at providing guarantee-related services to Canadian exporters. AFL's contribution has not been financially significant to the Accord group in recent years, which is not expected to change in the near term.

The Company continues to look for opportunities to streamline its operations after taking certain cost-cutting measures in 2024. While these overhead improvements have been overshadowed by professional fees related to bank negotiations, and the Company's provision for credit losses, the more streamlined operating platform is expected to contribute to future financial performance as other less permanent expenses recede.

While the Company's platforms remain strong, the challenging economic environment is weakening the payment performance of some of the Company's existing clients, in particular in the small business portfolio. While the allowance for expected loan losses fully reflects our expert credit judgment and third-party economic forecasts, there remains a risk that economic conditions deteriorate

## ACCORD FINANCIAL CORP.

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beyond current expectations. And finally, in the current environment, the Company is favoring financially stronger clients, which has the effect of lowering average yields.

In the face of economic and business challenges, the Company is focused on positioning for success through both balance sheet-related and strategic initiatives for the remainder of 2025. For more than four decades the Company has successfully navigated through multiple economic cycles, giving us valuable perspective as the current environment unfolds.



Irene Eddy  
Senior Vice President, Chief Financial Officer  
May 14, 2025

## ACCORD FINANCIAL CORP.

### Appendix to MD&A: Non-IFRS Measures and Ratios (\$000s, except percentages)

	Three months ended Mar 31,	
	2025	2024
<b>Return on equity</b>		
Net earnings (loss) attributable to shareholders	\$ (1,346)	\$ 632
Weighted average shareholders' equity (note)	79,944	84,734
<b>Return on equity (annualized)</b>	<b>(6.7%)</b>	3.0%

Note: weighted average shareholders' equity is the average shareholder's equity calculated for each month of the fiscal year and divided by the number of months in the period.

	Three months ended Mar 31,	
	2025	2024
<b>Adjusted net earnings (loss)</b>		
Net earnings (loss) attributable to shareholders	\$ (1,346)	\$ 632
Adjustments, net of tax:		
Costs associated with single account write-off	72	803
Restructuring and other expenses	96	97
<b>Adjusted net earnings (loss) attributable to shareholders</b>	<b>\$ (1,178)</b>	<b>\$ 1,532</b>

	Three months ended Mar 31,	
	2025	2024
<b>Adjusted earnings (loss) per share</b>		
Adjusted net earnings (loss)	\$ (1,178)	\$ 1,532
Weighted average number of common shares outstanding in the period	8,559	8,559
<b>Adjusted earnings (loss) per share</b>	<b>\$ (0.14)</b>	<b>\$ 0.18</b>

	Three months ended Mar 31,	
	2025	2024
<b>Adjusted return on equity</b>		
Adjusted net earnings (loss)	\$ (1,178)	\$ 1,532
Weighted average shareholders' equity (note)	79,944	84,734
<b>Adjusted return on equity (annualized)</b>	<b>(5.9%)</b>	7.2%

Note: weighted average shareholders' equity is the average shareholder's equity calculated for each month of the fiscal year, then totalled up and divided by the number of months in the period.

	Three months ended Mar 31,	
	2025	2024
<b>Average funds employed (note)</b>		
Average funds employed	\$ 379,254	\$ 460,450

Note: average funds employed is average finance receivable and loans calculated for each month of the year or quarter and divided by the number of months in the period.

## ACCORD FINANCIAL CORP.

	Mar 31, 2025	Dec 31, 2024
<b>Book value per share</b>		
Shareholders' equity	\$ 79,498	\$ 80,827
Common shares outstanding	8,559	8,559
<b>Book value per share</b>	<b>\$ 9.29</b>	<b>\$ 9.44</b>

	Mar 31, 2025	Dec 31, 2024
<b>Equity / assets</b>		
Total equity	\$ 85,214	\$ 86,678
Assets	430,367	413,882
<b>Equity / assets</b>	<b>19.8%</b>	<b>20.9%</b>

	Mar 31, 2025	Dec 31, 2024
<b>Debt / equity</b>		
Debt (note)	\$ 335,483	\$ 311,377
Total equity	85,214	86,678
<b>Debt / equity</b>	<b>3.94x</b>	<b>3.59x</b>

*Note: debt comprises the bank indebtedness, loans payable, debentures and notes payable as taken from the Consolidated Statements of Financial Position.*

	Mar 31, 2025	Dec 31, 2024
<b>Portfolio</b>		
Finance receivables and loans	\$ 394,386	\$ 365,585
<b>Portfolio</b>	<b>\$ 394,386</b>	<b>\$ 365,585</b>

# ACCORD FINANCIAL CORP.

## Consolidated Statements of Financial Position (unaudited)

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

	Note	March 31, 2025	December 31, 2024
<b>Assets</b>			
Cash		\$ 9,473	\$ 16,674
Finance receivables and loans, net	4	384,822	357,554
Income taxes receivable		958	1,028
Other assets		11,291	15,459
Assets held for sale	5	422	422
Deferred tax assets, net		20,909	20,131
Property and equipment		2,492	2,614
		<b>\$ 430,367</b>	<b>\$ 413,882</b>
<b>Liabilities</b>			
Due to clients		\$ 139	\$ 172
Bank indebtedness	6	169,739	145,224
Loans payable	7	114,651	115,934
Accounts payable and other liabilities		6,223	12,246
Income taxes payable		7	-
Notes payable	8	24,778	24,541
Debentures	9	26,315	25,678
Lease liabilities		2,067	2,143
Deferred income		1,234	1,266
		<b>\$ 345,153</b>	<b>\$ 327,204</b>
<b>Equity</b>			
Capital stock	10	9,448	9,448
Contributed surplus		1,858	1,844
Retained earnings		61,123	62,469
Accumulated other comprehensive income		7,069	7,066
Shareholders' equity		<b>79,498</b>	<b>80,827</b>
Non-controlling interests in subsidiaries		5,716	5,851
<b>Total equity</b>		<b>85,214</b>	<b>86,678</b>
		<b>\$ 430,367</b>	<b>\$ 413,882</b>

**Notice to Reader** - Management has prepared these condensed interim unaudited consolidated financial statements and notes and is responsible for the integrity and fairness of the financial information presented therein. They have been reviewed and approved by the Company's Audit Committee and Board of Directors. Pursuant to National Instrument 51-102, Part 4, Subsection 4.3(3)(a), the Company advises that its independent auditor has not performed a review or audit of these condensed interim unaudited consolidated financial statements.

## ACCORD FINANCIAL CORP.

### Consolidated Statements of Earnings (Loss) (unaudited)

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Three months ended March 31	Note	2025	2024
<b>Revenue</b>			
Interest		\$ 12,738	\$ 17,885
Other income		2,771	2,781
		<b>15,509</b>	<b>20,666</b>
<b>Operating expenses</b>			
Interest expense		7,457	9,955
General and administrative		7,502	9,515
Provision for credit losses	4	2,603	411
Depreciation		122	146
Amortization of intangible assets		-	34
		<b>17,684</b>	<b>20,061</b>
Earnings (loss) before income tax		(2,175)	605
Income tax expense (recovery)		(691)	186
<b>Net earnings (loss)</b>		<b>(1,484)</b>	<b>419</b>
Net loss attributable to non-controlling interests in subsidiaries		(138)	(213)
<b>Net earnings (loss) attributable to shareholders</b>		<b>\$ (1,346)</b>	<b>\$ 632</b>
Basic and diluted earnings (loss) per common share	11	\$ (0.16)	\$ 0.07

see accompanying notes

### Consolidated Statements of Comprehensive Income (Loss) (unaudited)

Three months ended March 31	2025	2024
<b>Net earnings (loss)</b>	<b>\$ (1,346)</b>	<b>\$ 632</b>
Other comprehensive income:		
Items that are or may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	3	183
<b>Comprehensive income (loss)</b>	<b>\$ (1,343)</b>	<b>\$ 815</b>

# ACCORD FINANCIAL CORP.

## Consolidated Statements of Changes in Equity (unaudited)

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

	Capital stock		Contributed surplus	Retained earnings	Accumulated comprehensive income	Non-other controlling interests in subsidiaries	Total equity	
	Note	Number of common shares outstanding						Amount
Balance at January 1, 2024		8,558,913	\$ 9,448	\$ 1,774	\$ 65,608	\$ 7,074	\$ 4,759	\$ 88,663
Comprehensive income		-	-	-	632	183	-	815
Stock-based compensation expense related to stock option grants	10	-	-	21	-	-	-	21
Net loss attributable to non-controlling interests in subsidiaries		-	-	-	-	-	(213)	(213)
Translation adjustments on non-controlling interests		-	-	-	-	-	102	102
Balance at March 31, 2024		8,558,913	\$ 9,448	\$ 1,795	\$ 66,240	\$ 7,257	\$ 4,648	\$ 89,388
Balance at January 1, 2025		<b>8,558,913</b>	<b>\$ 9,448</b>	<b>\$ 1,844</b>	<b>\$ 62,469</b>	<b>\$ 7,066</b>	<b>\$ 5,851</b>	<b>\$ 86,678</b>
Comprehensive income (loss)		-	-	-	(1,346)	3	-	(1,343)
Stock-based compensation expense related to stock option grants	10	-	-	14	-	-	-	14
Net loss attributable to non-controlling interests in subsidiaries		-	-	-	-	-	(138)	(138)
Translation adjustments on non-controlling interests		-	-	-	-	-	3	3
Balance at March 31, 2025		<b>8,558,913</b>	<b>\$ 9,448</b>	<b>\$ 1,858</b>	<b>\$ 61,123</b>	<b>\$ 7,069</b>	<b>\$ 5,716</b>	<b>\$ 85,214</b>

# ACCORD FINANCIAL CORP.

## Consolidated Statements of Cash Flows (unaudited)

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Three months ended March 31	Note	2025	2024
<b>Cash provided by:</b>			
<b>Operating activities</b>			
Net earnings (loss)		\$ (1,484)	\$ 419
Items not affecting cash:			
Provision for credit losses	4	2,603	411
Amortization of intangible assets		-	34
Depreciation of property and equipment		122	146
Loss on disposal of property and equipment		-	25
Accretion of debentures	9	(4)	(9)
Stock-based compensation expense	10	29	41
Deferred tax recovery		(770)	(4)
Current income tax expense		79	190
		575	1,253
<b>Change in operating assets and liabilities</b>			
Finance receivables and loans, gross	4	(29,792)	22,469
Due to clients		(33)	180
Other assets		4,171	(1,615)
Accounts payable and other liabilities		(5,071)	(1,988)
Disposal of assets held for sale		-	30
Income tax paid, net		-	(523)
		(30,150)	19,806
<b>Investing activities</b>			
Additions to property and equipment		-	(26)
		-	(26)
<b>Financing activities</b>			
Net proceeds from (repayment of) Bank indebtedness	6	24,508	(13,263)
Repayment of loans payable (Canadian dollar loans)	7	(7,193)	(5,165)
Net proceeds from (repayment of) loans payable (US dollar loans)	7	5,769	(39)
Repayment of notes payable	8	(30)	(1)
Lease liabilities principal paid		(97)	(129)
		22,957	(18,597)
Effect of exchange rate changes on cash		(8)	(40)
Increase (decrease) in cash and restricted cash		(7,201)	1,143
Cash and restricted cash at January 1		16,674	9,696
Cash and restricted cash at March 31		\$ 9,473	\$ 10,839
<b>Supplemental cash flow information</b>			
Net cash used in operating activities includes:			
Interest paid		\$ 6,102	\$ 8,689
<i>See accompanying notes</i>			

# ACCORD FINANCIAL CORP.

## Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

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### 1. Description of the business

Accord Financial Corp. (the "Company") is incorporated by way of Articles of Continuance under the Ontario Business Corporations Act and, through its subsidiaries, is engaged in providing asset-based financing, including factoring and receivables financing, equipment and inventory financing, leasing, and working capital financing, to industrial and commercial enterprises, principally in Canada and the United States. The Company's registered office is at 40 Eglinton Avenue East, Suite 602, Toronto, Ontario, Canada.

### 2. Basis of presentation and statement of compliance

#### a) Basis of presentation

These condensed interim unaudited consolidated financial statements ("Statements") are expressed in thousands of Canadian dollars, except per share amounts and as otherwise noted, the Company's functional and presentation currency, and are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, the condensed consolidated interim financial statements contain selected explanatory notes to the financial statements and do not include all the disclosures required by IFRS Accounting Standards ("IFRS"). These Statements and notes should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report for the fiscal year ended December 31, 2024.

The preparation of the condensed interim unaudited consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Estimates that are particularly judgmental relate to the determination of the allowance for expected credit losses ("ECL") relating to finance receivables and loans (note 4), the carrying value of assets held for sale (note 5), as well as the valuation of deferred tax assets and liabilities.

#### b) Basis of Measurement and Going Concern

The financial statements have been prepared on a going concern basis and measured at historical cost, unless otherwise disclosed.

The application of the going concern basis presumes that the Company will continue to be in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

# ACCORD FINANCIAL CORP.

## Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

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The Company has financial liabilities of \$325.4 million that are due within the next 12 months primarily due to an outstanding revolving credit facility provided by a syndicate of six banks with a contractual maturity date of July 26, 2025. In addition, the Company's debentures of \$26.3 million are to mature on January 31, 2026 (Note 13). The Company is in compliance with all credit facility covenants and is working towards executing a re-financing plan with its creditors and debenture holders. However, there is a risk that the availability of financing options to refinance the debt that matures in 2025 and January 2026 may not be available to the Company with conditions acceptable to the Company or on any terms at all.

Further, the Company's subsidiary BondIt has breached loan covenants on March 31, 2025 on its revolving line for which it expects to receive a waiver and expects to receive further waivers as described in Note 7(a). The Company expects that BondIt will continue to work to remediate covenant breaches and work with its lenders to revise covenants or seek waivers as the need arises.

With respect to near-term debt maturities, the Company believes it will be successful in refinancing liabilities as they come due or settle the debt instruments through sales of the underlying assets securing such debts. However, such activities and actions may be insufficient to address changes in liquidity as a result of not being able to dispose of assets or obtain financing on terms and conditions acceptable to the Company. The above matters represent material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

The condensed interim unaudited consolidated financial statements of the Company have been prepared on an historical cost basis except for the following item which is recorded at fair value:

- Stock option grants (a component of contributed surplus)

These condensed interim unaudited consolidated financial statements for the three months ended March 31, 2025 were approved for issuance by the Company's Board of Directors ("Board") on May 14, 2025.

### 3. Significant accounting policies

#### Basis of consolidation

These condensed interim financial statements consolidate the accounts of the Company and its directly owned subsidiaries; namely, Accord Financial Ltd. ("AFL"), Accord Financial Inc. ("AFIC") and Accord Financial Canada Corp. ("AFCC") in Canada and Accord Financial,

# ACCORD FINANCIAL CORP.

## Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Inc. ("AFIU") in the United States. The Company exercises 100% control over each of its subsidiaries. The accounting policies of the Company's subsidiaries are aligned with IFRS. Intercompany balances and transactions are eliminated upon consolidation.

#### 4. Finance receivables and loans and managed receivables

##### a) Finance receivables and loans

	<b>March 31, 2025</b>	December 31, 2024
Working capital loans	\$ <b>89,073</b>	\$ 92,333
Receivable loans	<b>86,636</b>	81,723
Inventory & equipment loans	<b>105,109</b>	86,018
Media loans	<b>111,044</b>	102,450
Lease receivables	<b>2,524</b>	3,061
Finance Receivables and loans	<b>394,386</b>	365,585
Less allowance for expected credit losses	<b>9,564</b>	8,031
Finance Receivables and loans, net	<b>\$ 384,822</b>	\$ 357,554

The Company's finance receivables and loans are generally either: (i) collateralized by a charge on substantially all the borrowers' assets; or (ii) leased assets or factored receivables which the Company owns; or (iii) guaranteed by a credit worthy party. Collateral securing the Company's finance receivables and loans is primarily comprised of receivables, inventory, and equipment, as well as other assets such as real estate and guarantees.

Lease receivables comprise the net investment in leases by AFCC and Accord Equipment Finance ("AEF"). Lease receivables at March 31, 2025 are expected to be collected over a period of up to five years. AEF ceased originations of new lease receivables as of September 30, 2024.

## ACCORD FINANCIAL CORP.

### Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Finance receivables and loans based on the contractual repayment dates thereof can be summarized as follows:

	<b>March 31, 2025</b>	December 31, 2024
Less than 1 year	\$ <b>301,330</b>	\$ 263,708
1 to 2 years	<b>56,723</b>	73,220
2 to 3 years	<b>30,940</b>	21,730
3 to 4 years	<b>4,946</b>	5,028
4 to 5 years	<b>447</b>	1,899
	<b>\$ 394,386</b>	\$ 365,585

The aged analysis of the Company's finance receivables and loans was as follows:

	<b>March 31, 2025</b>	December 31, 2024
Current	\$ <b>348,316</b>	\$ 323,252
Past due but not impaired:		
Past due less than 90 days	<b>20,088</b>	21,502
Past due 90 to 180 days	<b>8,937</b>	4,839
Past due 180 days or more	<b>12,803</b>	10,704
Impaired loans	<b>4,242</b>	5,288
	<b>\$ 394,386</b>	\$ 365,585

Past due finance receivables and loans, including those past due over 90 days, do not necessarily represent a significant increase in credit risk ("SICR"), or an impairment, due to circumstances where payments are delayed for non-credit related reasons. These may include specific industry related behaviors or practices as we often see across certain of the Company's lines of business.

Of the past due and impaired finance receivables at March 31, 2025, \$33,293 (December 31, 2024 – \$27,432) relates to BondIt Media Capital ("BondIt"), AFIU's 60% controlled media finance subsidiary, and \$12,629 (December 31, 2024 – \$14,589) relates to AFCC, of which \$11,496 (December 31, 2024 – \$14,197) benefits from a guarantee from Export Development Canada ("EDC") of up to 80% of the loan balance.

At March 31, 2025, the estimated fair value of the collateral securing the impaired loans totalled \$3,369 (December 31, 2024 – \$4,350). During the three months ended March 2025, no lease receivables were transferred to assets held for sale upon default of the leases and repossession of the collateral (December 31, 2024 – \$469).

Finance receivables and loans classified under the three stage credit criteria of IFRS 9, Financial Instruments ("IFRS 9") were as follows:

## ACCORD FINANCIAL CORP.

### Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

	<b>March 31, 2025</b>	December 31, 2024
Stage 1	\$ <b>302,767</b>	\$ 286,407
Stage 2 (SICR)	<b>87,377</b>	73,890
Stage 3 (Impaired)	<b>4,242</b>	5,288
	<b>\$ 394,386</b>	\$ 365,585

The Company's allowance for ECL on finance receivables and loans is \$9,564 (December 31, 2024 – \$8,031), of which \$8,021 (December 31, 2024 – \$7,164) relates to ECL on non-BondIt finance receivables and loans.

The activity in the allowance for ECL on finance receivables and loans during the three months ended March 31, 2025 by stage of allowance was as follows:

Three months ended at March 31, 2025	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses at January 1	\$ 2,093	\$ 4,577	\$ 1,361	\$ 8,031
Transfer between stages	(313)	123	190	-
Provision for credit losses	299	1,489	815	2,603
Write-offs	-	-	(1,370)	(1,370)
Recoveries	-	-	299	299
Foreign exchange adjustment	1	-	-	1
Allowance for expected credit losses at March 31	<b>\$ 2,080</b>	<b>\$ 6,189</b>	<b>\$ 1,295</b>	<b>\$ 9,564</b>

The activity in the allowance for ECL on finance receivables and loans during the three months ended March 31, 2024 by stage of allowance was as follows:

Three months ended at March 31, 2024	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses at January 1	\$ 3,293	\$ 5,097	\$ 2,161	\$ 10,551
Transfer between stages	366	(614)	248	-
Provision for credit losses	(507)	(389)	1,307	411
Write-offs	-	-	(1,728)	(1,728)
Recoveries	-	5	144	149
Foreign exchange adjustment	19	54	-	73
Allowance for expected credit losses at March 31	<b>\$ 3,171</b>	<b>\$ 4,153</b>	<b>\$ 2,132</b>	<b>\$ 9,456</b>

The allowance for ECL for some Stage 3 accounts includes the estimated fair value of collateral less associated liquidation costs where the Company intends to or has actively taken possession of its collateral and is currently or will be liquidating that collateral as a means of recovering some or all of the outstanding account balance. In such cases, the finance receivables and loans have been written down to the present value of their fair value and any allowance for expected losses thereon reversed.

# ACCORD FINANCIAL CORP.

## Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

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The Company's allowance for ECL on finance receivables and loans is estimated using statistical models that involve a number of inputs and assumptions. The key drivers of changes in the allowance for ECL include the following:

- Increase or decrease in the amount of finance receivables and loans;
- Transfers between stages due to SICRs, as reflected by changes in probably of default ("PD"); and;
- Changes in forward-looking macroeconomic variables used in the ECL models.

The Company sources forward-looking macroeconomic variables from Moody's Analytics, a third-party service provider, to calculate forward-looking credit risk parameters and incorporate forward-looking information ("FLI") FLI into the allowance for ECL, and to satisfy the IFRS 9 requirement that future economic conditions are to be based on an unbiased, probability-weighted assessment of possible future outcomes. The Company considers a range of possible forecasted economic scenarios and employs a mix of those scenarios in applying FLI to the ECL process. In establishing the discrete weights in its scenario mix, the Company tracks and assesses forward estimates of the following factors: monetary policy, fiscal policy, energy prices, business investment, housing, employment, and supply chain conditions, as well as certain indices particularly impactful to the Company's portfolio, including Producer Price Index ("PPI"); WTI Crude; Global Supply Chain Stress Index ("GSCP"); and U.S. and Canadian Prime Rates. The ECL process, including the application of FLI, sensitizes PD and LGD to forward-looking economic conditions. The Company also applies judgment in circumstances where the assumptions or models may not capture all the relevant risk factors.

The Company uses judgment to review and analyze the various forecast scenarios and assign probability weightings. If the Company were to assign a 100% probability to the most pessimistic downside scenario forecast considered, the allowance for ECL would have been \$1.3 million higher than the reported estimate of the allowance for ECL as at March 31, 2025. Alternatively, the assignment of a 100% probability to the most optimistic upside scenario forecast considered would have resulted in the allowance for ECL being \$2.0 million lower than that reported.

At March 31, 2025, the Company held cash collateral of \$1,294 (December 31, 2024 –\$1,303) to help reduce the risk of loss on certain of the Company's finance receivables and loans.

### 5. Assets held for sale

As of March 31, 2025, the Company held title to or possessed certain long-lived assets securing defaulted finance receivables and loans from one or more clients. These assets are being actively marketed for sale and will be disposed of as market conditions permit. The estimated fair value less cost of disposal of the assets at the above dates was based upon external appraisals.

# ACCORD FINANCIAL CORP.

## Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

### 6. Bank indebtedness

The Company has a revolving credit facility provided by a syndicate of six banks. The facility has a maximum commitment of \$260.0 million and a contractual maturity date of July 26, 2025. Floating rate indices for drawn amounts under the revolving credit facility are primarily based on the Canadian overnight repo rate average ("CORRA"), the secured overnight financing rate ("SOFR") or Prime rate. A margin is added to the applicable indices based on a ratio of debt to the tangible net worth of subsidiaries that borrow from the revolving credit facility. The credit facility is secured by the Company's finance receivables and loans, except for finance receivables and loans that secure the BondIt loan and the Accord Small Business Finance ("ASBF") loan. Monthly covenants include (i) a minimum threshold for cumulative adjusted earnings before interest, tax, amortization, and depreciation ("EBITDA"), (ii) total debt to tangible net worth ("TNW") less than 5.0 and (iii) senior debt to TNW ratio less than 4.0, and a minimum availability covenant of \$25.0 million, measured as the difference between eligible collateral and outstanding bank indebtedness. The Company was in compliance with all loan covenants and milestones under its revolving credit facility during the first three months of 2025 and expects to be able to comply with the covenants through the maturity date of the facility.

### 7. Loans payable

Loans payable comprise:

	<b>March 31, 2025</b>	December 31, 2024
BondIt loan <sup>(a)</sup>	\$ <b>84,362</b>	\$ 78,452
ASBF loan <sup>(b)</sup>	<b>30,289</b>	37,482
	<b>\$ 114,651</b>	\$ 115,934

#### a) BondIt loan

BondIt has a revolving line of credit with a non-bank lender, which bears a fixed rate of interest. This revolving line, which is secured by all of BondIt's assets, has a total commitment of US\$60.0 million (\$86.4 million) and a maturity date of May 31, 2027. At March 31, 2025, the amount outstanding under this line of credit totalled \$84.4 million inclusive of accrued interest and fees. The loan agreement contains a collateral covenant that requires the trailing six month rolling average delinquency rate not to exceed 15%, as well as a covenant requiring execution of a master participation agreement with a third party. BondIt was not in compliance with these covenants at March 31, 2025 and expects to receive a waiver. BondIt's lenders have the right to demand repayment or pursue other remedies in the event of non-compliance with covenants. BondIt will continue to work to remediate covenant breaches and work with its lenders to revise covenants or seek waivers as the need arises.

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### b) ASBF loan

ASBF, a subsidiary of AFCC, has a non-recourse loan with a life insurance company. This loan is secured by the majority of ASBF's assets and bears a fixed rate of interest. The amount outstanding under this loan at March 31, 2025 was \$30.3 million (December 31, 2024 – \$37.5 million). The Company was in compliance with all covenants at March 31, 2025 and at December 31, 2024 and expects to be in compliance with all covenants for the next 12 months.

## 8. Related parties

### a) Notes payable

Notes payable comprise: (i) unsecured demand notes due on, or within a week of, demand and; (ii) term notes which are repayable on various dates the latest of which is July 31, 2025. Notes payable are to individuals or entities and consist of advances from shareholders, management, other related individuals and third parties.

Notes payable were as follows:

	March 31, 2025		December 31, 2024	
Demand and term notes due within one year:				
Related parties	\$	16,799	\$	16,562
Third parties		3,661		3,665
		<b>20,460</b>		20,227
Term notes due after one year:				
Related parties		4,318		4,314
	\$	<b>24,778</b>	\$	24,541

Notes due on, or within a week of, demand bear interest at rates that vary with bank prime rate, while the term notes bear interest at rates between 9.50% and 11.00%.

Interest expense on the notes payable for the three months ended March 31 was as follows:

	2025		2024	
Related parties	\$	447	\$	488
Third parties		91		62
	\$	<b>538</b>	\$	550

### b) BondIt participations

BondIt utilizes loan participations to provide capital for and reduce the risk of loss on certain client loans, as well as reduce its overall cost of capital. A number of related parties have participated in the BondIt client loans. At March 31, 2025, participations in BondIt client loans totalled US\$19.8 million (December 31, 2024 – US\$9.8 million), of which US\$1.4 million (December 31, 2024 – US\$1.4 million) was provided by related parties. These participations are not included in the Company's statements of financial position.

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### c) Debentures

\$3,250 of the debentures are held by a related party. Details of debentures are set out in note 9.

### 9. Debentures

Convertible debentures with a face value of \$25,650 (25,650 convertible debentures) carrying a 7.0% coupon rate were issued by the Company in 2018 and 2019. Of these, 20,650 debentures are listed for trading ("Listed Debentures") on the Toronto Stock Exchange ("TSX"), while 5,000 ("Unlisted Debentures") are unlisted, together the "Debentures". Interest on all the Debentures is payable semi-annually on June 30 and December 31 each year.

The Listed Debentures were amended in August 2023 to modify several key terms:

1. Interest Rate: The interest rate was increased from 7.0% to 10.0% per annum, effective from January 2, 2024.
2. Maturity Date: The maturity date was extended from December 31, 2023 to January 31, 2026.
3. Conversion feature: The conversion option, which permitted holders to convert the debentures into common shares of the Company was permanently removed. In addition, the Company's ability to settle the debentures in common shares at maturity was also eliminated.

The Unlisted Debentures were amended in December 2023 to modify several key terms:

1. Interest rate: The interest rate was increased from 7.0% to 10.0% per annum, effective from January 2, 2024.
2. Maturity date: The maturity date was extended from December 31, 2023 to July 15, 2024.
3. Conversion feature: The conversion option, which permitted holders to convert the debentures into common shares of the Company was permanently removed. In addition, the Company's ability to settle the debentures in common shares at maturity was also eliminated.

The Unlisted Debentures were amended in July 2024 to extend the maturity date to January 31, 2026.

As a result of the removal of the conversion feature, the Debentures are repayable solely in cash at maturity.

The Company performed an assessment in accordance with the requirements of IFRS 9 and concluded that removing the conversion feature represented a substantial modification, triggering a derecognition of the original Debentures and recognition of a new liability.

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As a result, the amortized cost of the original Debentures of \$25,553 was extinguished and the amended debentures with a nominal value of \$25,650 were recognized on the balance sheet at the date of modification. A loss of \$604 was recognized in the period ending December 31, 2023, arising from the substantial modification, and was comprised of \$508 of transaction costs, including \$330 of consent fees paid to Listed holders that voted in favor of the amendment, \$25 of extension fees paid to Unlisted holders and \$95 as the difference between the carrying value of the extinguished original debentures and the fair value of the amended Debentures. There is no longer an equity component associated with these Debentures.

The balance outstanding as at March 31, 2025 and December 31, 2024 is presented below:

	<b>March 31, 2025</b>	December 31, 2024
Debentures Issued	\$ 25,650	\$ 25,650
Accretion in carrying value of debenture liability	665	28
	<b>\$ 26,315</b>	\$ 25,678

## 10. Capital stock and stock-based compensation

### a) Capital stock

The authorized capital stock of the Company consists of an unlimited number of first preferred shares, issuable in series, and an unlimited number of common shares with no par value. The first preferred shares may be issued in one or more series and rank in preference to the common shares. Designations, preferences, rights, conditions or prohibitions relating to each class of shares may be fixed by the Board. At March 31, 2025 and 2024, there were no first preferred shares outstanding.

The Company's issued and outstanding common shares during the first three months of 2025 and 2024 are set out in the consolidated statements of changes in equity.

Dividends in respect of the Company's common shares are declared in Canadian dollars. During the three months ended March 31, 2025 and three months ended March 31, 2024, no dividends were declared and paid.

### b) Stock option plans

The Company has a stock option plan (the "2021 SOP") for employees and directors. Under the terms of the plan, an aggregate of 850,000 common shares, representing 9.9% of the Company's issued and outstanding common shares, have been reserved for issuance upon the exercise of stock options granted. The options granted vest one-third on the date of the grant, and one-third on each of the first two anniversaries of the date of grant. The options are exercisable for a period of seven years after the date of grant. The exercise price of all options granted under the 2021 SOP is not lower than the volume-adjusted average trading

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price of the Company's common shares on the TSX during the ten trading days immediately preceding the date of grant. The Board reserves the right to change the terms of the options.

Outstanding options granted under the 2021 SOP were as follows:

Grant Date	Number of Options Granted	Exercise Price (\$)	Expiry Date	March 31, 2025	December 31, 2024
August 4, 2021	80,100	8.83	Aug. 3,2028	<b>45,000</b>	45,000
October 12, 2021	12,000	8.83	Aug. 3,2028	<b>12,000</b>	12,000
September 19, 2022	72,000	8.34	Sep. 18,2029	<b>63,000</b>	63,000
September 25, 2023	127,500	5.69	Sep. 24,2030	<b>109,500</b>	109,500
September 23, 2024	114,000	4.20	Sep. 23,2031	<b>114,000</b>	114,000
	<b>405,600</b>			<b>343,500</b>	343,500

Of the outstanding options, 231,000 were vested as of March 31, 2025.

The fair value of the options granted in 2024 was determined using the Black-Scholes option pricing model with the following assumptions on the grant date:

	September 23, 2024
Risk Free Interest Rate	2.81%
Expected Dividend Yield	5.01%
Expected Share Price Volatility	30.13%
Expected life of option (years)	7.0
Fair Value per option	\$ 0.68

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

During the three months ended March 31, 2025, the Company granted 4,886 DSUs (2024 – 3,836). DSUs are issued quarterly at fair market value at the date of grant and vest immediately.

### d) Stock-based compensation

During the three months ended March 31, 2025, the Company recorded a stock-based compensation expense of \$29 (2024 – \$41), of which \$14 (2024 – \$21) related to stock option grants under the 2021 SOP and \$15 (2024 - \$20) related to DSU.

## 11. Earnings per common share

Basic earnings per share have been calculated based on the weighted average number of common shares outstanding in the period without the inclusion of dilutive effects. Diluted earnings per share are calculated based on the weighted average number of common

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shares plus dilutive common share equivalents outstanding in the year, which in the Company's case consist of stock options.

All outstanding options were excluded from the calculation of diluted shares outstanding in the three months ended March 31, 2025 and twelve months ended December 31, 2024 because they were considered to be anti-dilutive for earnings per common share purposes. Details of outstanding options are set out in note 10.

### 12. Contingent liabilities

At March 31, 2025 the Company was contingently liable with respect to letters of guarantee issued on behalf of a client in the amount of \$806 (December 31, 2024 – \$805). There were no letters of credit issued on behalf of clients for which the Company was contingently liable at those dates. These amounts were considered in determining the allowance for ECL on finance receivables and loans.

### 13. Segmented information

The Company operates and manages its businesses in one dominant industry segment – providing asset-based financial services to industrial and commercial enterprises, principally in Canada and the United States. An operating segment is a component in the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Company's other subsidiaries, whose operating results are regularly reviewed by the Company's Chief Operating Decision Makers ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Segment results that are reported to the CODM include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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Three months ended March 31	2025				2024			
	Canada	United States	Inter-company	Total	Canada	United States	Inter-company	Total
Identifiable assets	\$ 210,404	\$ 222,841	\$ (2,878)	\$ 430,367	\$ 267,504	\$ 233,773	\$ (2,709)	\$ 498,568
Revenue								
Interest income	\$ 9,513	\$ 5,285	\$ (2,060)	\$ 12,738	\$ 13,758	\$ 7,567	\$ (3,440)	\$ 17,885
Other income	937	1,834	-	2,771	1,584	1,197	-	2,781
	10,450	7,119	(2,060)	15,509	15,342	8,764	(3,440)	20,666
Expenses								
Interest	4,412	5,105	(2,060)	7,457	7,298	6,097	(3,440)	9,955
General and administrative	5,290	2,212	-	7,502	6,392	3,123	-	9,515
Provision for credit losses	1,962	641	-	2,603	1,072	(661)	-	411
Depreciation	84	38	-	122	72	74	-	146
Business acquisition expenses	-	-	-	-	-	34	-	34
	11,748	7,996	(2,060)	17,684	14,834	8,667	(3,440)	20,061
Earnings (loss) before income tax expense	(1,298)	(877)	-	(2,175)	508	97	-	605
Income tax expense (recovery)	(479)	(212)	-	(691)	33	153	-	186
Net earnings (loss)	(819)	(665)	-	(1,484)	475	(56)	-	419
Net loss attributable to non-controlling interest in subsidiaries	-	(138)	-	(138)	-	(213)	-	(213)
Net earnings (loss) attributable to shareholders	\$ (819)	\$ (527)	\$ -	\$ (1,346)	\$ 475	\$ 157	\$ -	\$ 632

### 14. Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework through its Audit Committee. In this respect, the Audit Committee meets with management and the Company's Risk Management Committee at least quarterly. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

#### a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises with respect to loans to and other financial transactions with clients, and any other financial transaction with a counterparty that the Company deals with. The gross amount of loans (March 31, 2025 – \$394.4 million, December 31, 2024 – \$365.6 million) represents the Company's maximum credit exposure as of the reporting dates and is the most significant measurable risk that it faces. The nature of the Company's asset-based lending business involves funding or assuming the credit risk on the receivables offered to it by its clients, as well as financing other assets, such as inventory and equipment. The Company often owns the factored receivables that it finances.

In its asset-based lending business, the Company makes loans that are secured against various forms of collateral. The collateral is generally first ranking security on the client's assets which typically comprise receivables, inventory, equipment and real estate, or a guarantee

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from a counterparty. The Company provides an expected loss allowance on its finance receivables and loans based on the estimated credit risk. There were no significant changes to the Company's collateral policy during the three months ended March 31, 2025 and 2024.

At March 31, 2025, the Company had impaired loans of \$4,242 (December 31, 2024 – \$5,288), while, at that date, it held collateral for these loans with an estimated fair value of \$3,369 (December 31, 2024 – \$4,350). These impaired loans were mainly secured by receivables, inventory and/or equipment.

Credit approval for transactions supported by management in the Company's six operating businesses is delegated to a staff of senior credit officers within each business. Transactions in excess of \$1.0 million (US\$1.0 million U.S. Group companies), are approved by the Company's President and CEO in consultation with the Corporate Credit Committee. Transactions in excess of \$2.5 million (US\$2.5 million in the case of U.S. group companies) are approved by the Credit Committee of the Board of Directors which comprises three members of its Board. The Company monitors and controls its risks and exposures through financial, credit and legal systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit risk is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers. For its factoring products, the Company's primary focus continues to be on the creditworthiness and collectability of its clients' receivables. The clients' customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from the invoice date. Receivables become ineligible for lending purposes when they reach a certain pre-determined age, typically 75 to 90 days from invoice date, and are usually charged back to clients, thereby limiting the Company's credit risk on older receivables. Asset-based lending products additionally require focus on the performance of other collateral types (inventory, equipment and in certain cases real estate) as well as the underlying cash flows of the borrower. AFCC's and AEF's lease receivables and equipment and working capital loans are usually structured as term loans with payments spread out evenly over the term of the lease or loan, with terms up to 60 months. AFCC also has a revolving equipment loan product which has no fixed repayment terms and can be repaid at any time.

The Company uses an internal credit risk rating system for assessing obligor and transaction risk for finance receivables and loan exposures. Risk rating models use internal and external data to assess and assign credit ratings to borrowers, predict future performance and manage limits for existing loans and collection activities. The credit rating of the borrower is used to assess the predicted credit risk for each initial credit approval or significant account management action. Credit ratings improve credit decision quality, adjudication time frames and consistency in the credit decision process and facilitate risk-based pricing.

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Please see note 4 which presents the Company's finance receivables and by the three stage credit criteria of IFRS 9, as well as an aged analysis thereof. Credit risk is managed by ensuring that, as far as possible, the receivables financed are of the highest quality and that any inventory, equipment or other assets securing loans are appropriately appraised. Collateral is monitored and managed on an ongoing basis to mitigate credit risk. In its asset-based lending and equipment finance operations, the Company assesses the financial strength of its clients and its clients' customers and the industries in which they operate on an ongoing basis. Cash flows from a client's ongoing business operations represent the primary source of repayment.

The Company also manages credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables, charging back or making receivables ineligible for lending purposes as they become older, and taking cash collateral in certain cases. The Company will also confirm the validity of the receivables that it finances. In its asset-based lending operations, the Company administers and collects the majority of its clients' receivables allowing it to quickly identify problems as and when they arise and act promptly to minimize credit and loan losses. Regular field examinations are conducted to verify collateral such as inventory and equipment. In the Company's Canadian small business finance operations, AFCC, security deposits are usually obtained in respect of equipment leases or loans, while a majority of ASBF's working capital loans have the benefit of a strong financial guarantor guaranteeing up to 80% of the loan balance in the event of a loss.

The Company's Loans principally represent advances made by its asset-based lending subsidiaries, AFIC and AFIU, to approximately 32 clients (2024 – 32) in a wide variety of industries, as well as AFCC's and AEF's lease receivables and equipment and working capital loans to approximately 779 clients (2024 – 843) and BondIt's media finance loans to approximately 47 media productions (2024 – 50). The largest client in the loan portfolio comprised 7.0% (2024 – 7.0%) of gross Loans.

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The Company's credit exposure relating to its finance receivables and loans by industrial sector and by geographic locations were as follows:

Industry sector	March 31, 2025		December 31, 2024	
	Gross finance receivables and loans	% of total	Gross finance receivables and loans	% of total
Media	\$ 119,844	30.4	\$ 109,312	29.9
Wholesale trade	84,181	21.3	64,651	17.7
Manufacturing	47,356	12.0	44,213	12.1
Finance and Insurance	44,458	11.3	40,576	11.1
Mining	18,754	4.8	17,935	4.9
Construction	16,800	4.3	17,064	4.7
Retail Trade	11,490	2.9	12,466	3.4
Transportation and Warehousing	10,959	2.8	11,624	3.2
Real Estate Rental and Leasing	9,271	2.4	9,676	2.6
Waste Management and Remediation Services	8,621	2.2	13,320	3.6
Professional, Scientific, and Technical Services	5,619	1.4	7,741	2.1
Other	17,033	4.2	17,007	4.7
	<b>\$ 394,386</b>	<b>100.0</b>	<b>\$ 365,585</b>	<b>100.0</b>

	March 31, 2025	December 31, 2024
Canada	\$ 192,415	\$ 189,143
United States	201,971	176,442
Finance receivables and loans	<b>\$ 394,386</b>	<b>\$ 365,585</b>

As set out in note 4, the Company maintains an allowance for ECL on its finance receivables and loans in accordance with IFRS 9. The allowance for ECL is estimated using statistical models, including the impact of FLI based on several macroeconomic forecast scenarios. The allowance for ECL is deemed sufficient based on the results of the expected loss modeling and experienced credit judgment.

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### b) Liquidity risk

The Company's financial assets and liabilities at March 31, 2025 by maturity date were as follows:

	0 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
<b>Financial Assets</b>							
Cash	\$ 9,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,473
Finance receivables and loans	301,330	56,723	30,940	4,946	409	38	394,386
All other Assets	26,543	638	71	1	-	-	27,253
<b>Total</b>	<b>\$ 337,346</b>	<b>\$ 57,361</b>	<b>\$ 31,011</b>	<b>\$ 4,947</b>	<b>\$ 409</b>	<b>\$ 38</b>	<b>\$ 431,112</b>
<b>Financial Liabilities</b>							
Due to clients	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139
Bank indebtedness	169,739	-	-	-	-	-	169,739
Loan payable <sup>(1)(2)</sup>	100,459	12,767	1,414	11	-	-	114,651
Notes payable	20,460	-	4,318	-	-	-	24,778
Debentures	26,315	-	-	-	-	-	26,315
All other liabilities	8,297	-	-	-	-	-	8,297
<b>Total</b>	<b>\$ 325,409</b>	<b>\$ 12,767</b>	<b>\$ 5,732</b>	<b>\$ 11</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 343,919</b>

(1) Loan payable includes amounts of \$16,098 maturing within 12 months, \$12,762 maturing in 1 to 2 years, \$1,414 maturing in 2 to 3 years, and \$11 maturing in 3 to 4 years, which are estimated amounts, as the loans do not have a contractual maturity date.

(2) Included in loans payable maturing within 12 months is \$84,362 of debt related to BondIt, which has been classified as current as BondIt was in breach of its debt covenants at March 31, 2025.

The Company's financial assets and liabilities at December 31, 2024 by maturity date were as follows:

	0 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
<b>Financial Assets</b>							
Cash	\$ 15,781	\$ 712	\$ 178	\$ 3	\$ -	\$ -	\$ 16,674
Finance receivables and loans	263,708	73,220	21,730	5,028	1,861	38	365,585
All other Assets	26,785	-	-	-	-	-	26,785
<b>Total</b>	<b>\$ 306,274</b>	<b>\$ 73,932</b>	<b>\$ 21,908</b>	<b>\$ 5,031</b>	<b>\$ 1,861</b>	<b>\$ 38</b>	<b>\$ 409,044</b>
<b>Financial Liabilities</b>							
Due to clients	\$ 172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172
Bank indebtedness	145,224	-	-	-	-	-	145,224
Loan payable <sup>(1)(2)</sup>	98,069	14,242	3,564	59	-	-	115,934
Notes payable	20,227	-	4,314	-	-	-	24,541
Debentures	-	25,678	-	-	-	-	25,678
All other liabilities	14,390	-	-	-	-	-	14,390
<b>Total</b>	<b>\$ 278,082</b>	<b>\$ 39,920</b>	<b>\$ 7,878</b>	<b>\$ 59</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 325,939</b>

(1) Loan payable includes amounts of \$19,617 maturing within 12 months, \$14,242 maturing in 1 to 2 years, \$3,564 maturing in 2 to 3 years, and \$59 maturing in 3 to 4 years, which are estimated amounts, as the loans do not have a contractual maturity date.

(2) Included in loans payable maturing within 12 months is \$78,452 of debt related to BondIt, which has been classified as current as BondIt was in breach of its debt covenants at December 31, 2024.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and support business growth. The Company's approach to managing liquidity risk is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when they come due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its

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bank indebtedness, loans payable, notes payable, debentures, due to clients, accounts payable and other liabilities.

The Company's operations are financed by bank indebtedness, loans payable, notes payable and debentures, with a significant concentration in bank indebtedness. The bank indebtedness is maturing in July 2025 and there is a risk that the bank debt indebtedness may not renew with the same or similar syndicate or refinancing terms. As part of the Company's normal course of operations and in order to reduce reliance on the bank debt indebtedness, management continually looks for other sources of liquidity and sources of funding.

### **c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Company may also be exposed to market risk from external trade policy actions, including the imposition of tariffs by the United States on goods or services related to the industries of its clients. Such tariffs could adversely impact the credit quality or borrowing needs of certain clients, add to financial volatility and reduce growth opportunities, thereby indirectly increasing the Company's credit and market risk exposure. While the Company cannot currently quantify the potential impact of such tariffs on its financial performance, it continues to monitor developments in trade policy and assess potential implications for its clients and lending portfolio.

### **d) Currency risk**

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally finance receivables and loans, cash, bank indebtedness, due to clients and notes payable. These assets and liabilities are usually economically hedged, although the Company enters into foreign exchange contracts from time to time to hedge its currency risk when there is no economic hedge. At March 31, 2025, the Company's unhedged foreign currency positions in its Canadian operations totalled \$2,681 (December 31, 2024 – \$3,273). The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies on a spot or forward basis to address short-term imbalances. The impact of a 1% change in the value of the Company's foreign currency holdings against the Canadian dollar would not have a material impact on the Company's net earnings.

### **e) Interest rate risk**

Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates include both fixed rates and floating rates. The Company manages its interest rate exposure where possible, through the use of securitization or other

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match funding strategies. If the Company's floating rate borrowings exceed its floating rate finance receivables and loans, the Company could be exposed to fluctuations in interest rates, such that an increase in floating interest rates could increase the Company's interest expense beyond its ability to pass the increase on to its clients.

The following table shows the gap between floating rate debt and floating rate assets at March 31, 2025:

	Floating rate	Fixed Rate	Non-rate sensitive	Total
<b>Assets</b>				
Cash	\$ 7,301	\$ -	\$ 2,172	\$ 9,473
Finance receivables and loans, net	217,260	177,126	(9,564)	384,822
All other assets	-	-	36,072	36,072
	\$ 224,561	\$ 177,126	\$ 28,680	\$ 430,367
<b>Liabilities</b>				
Due to clients	\$ -	\$ -	\$ 139	\$ 139
Bank indebtedness	169,739	-	-	169,739
Loan payable	-	114,651	-	114,651
Notes payable	4,500	20,278	-	24,778
Debentures	-	26,315	-	26,315
All other liabilities	-	-	9,531	9,531
<b>Equity</b>	-	-	85,214	85,214
	\$ 174,239	\$ 161,244	\$ 94,884	\$ 430,367
Interest rate sensitivity gap	\$ 50,322	\$ 15,882	\$ (66,204)	\$ -

The Company's floating rate assets exceed the Company's floating rate debt, net of unrestricted cash, by \$64.9 million. Incorporated into that calculation is the assumption that fixed rate assets that are not match-funded with term debt, maturing in less than twelve months, if not redeployed in new Loans, would be used to pay down bank indebtedness. A 100 basis point increase in interest rates would decrease pre-tax earnings by approximately \$649 over a twelve-month period. A 100 basis point decrease in interest rates would add a similar amount to pre-tax earnings. The analysis is a static measurement of interest rates at a specific point in time, and there is the potential for these gaps to change significantly over a short time period.

### 15. Capital disclosure

The Company considers its capital structure to include equity and debt; namely, its bank indebtedness, loans payable, notes payable and debentures. The Company's objectives when managing capital are to: (a) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (b) maintain a capital

## ACCORD FINANCIAL CORP.

### Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

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structure that allows the Company to finance its growth using internally-generated cash flow and debt capacity; and (c) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. To manage its capital structure, the Company may, from time to time, change the amount of dividends paid to shareholders, return capital to shareholders by way of a normal course issuer bid, issue new shares or debt, or reduce liquid assets to repay other debt. The Company monitors the ratio of its debt to total equity and its total equity to total assets. At March 31, 2025, these ratios were 3.94x (December 31, 2024 – 3.59x) and 0.20 (December 31, 2024 – 0.21), respectively. The Company's debt will usually rise with an increase in finance receivables and loans and vice-versa. The Company's share capital is not subject to external restrictions. However, the Company's credit facilities include debt to TNW covenants. At March 31, 2025, the Company is required to maintain a senior debt to TNW ratio of less than 4.0 to 1.0 on its syndicated bank facility. BondIt, which has entered into a loan facility with a non-bank lender, is required to maintain a TNW of at least US \$5,000. There were no changes in the Company's approach to capital management from previous periods.

## Board of Directors

**David Beutel**, Toronto, Ontario <sup>1,3,4</sup>

**Burt Feinberg**, New York, New York <sup>3</sup>

**Simon Hitzig**, Toronto, Ontario

**Jean Holley**, Sanger, Texas <sup>2</sup>

**Gary Prager**, Wake Forest, North Carolina <sup>2,3</sup>

**David Spivak**, Vancouver, British Columbia <sup>1</sup>

**Stephen Warden**, Oakville, Ontario <sup>1,2</sup>

<sup>1</sup> Member of Audit Committee

<sup>2</sup> Member of Compensation Committee

<sup>3</sup> Member of Credit Committee

<sup>4</sup> Chairman of the Board

## Officers

**Simon Hitzig**, President, CEO

**Irene Eddy**, Senior Vice President,  
Chief Financial Officer

**Cathy Osborne**, Senior Vice President,  
Human Resources

## Subsidiaries

### **Accord Financial Ltd.**

Simon Hitzig, President

### **Accord Financial Inc.**

Jason Rosenfeld, President

### **Accord Financial, Inc.**

Jim Hogan, President

### **Accord Financial Canada Corp**

James Jang, President

### **Accord Equipment Finance**

Jim Hogan, President

### **BondIt Media Capital**

Matthew Helderman, President

## Auditors

KPMG LLP

## Legal Counsel

Stikeman Elliott LLP

## Stock Exchange Listings

Toronto Stock Exchange Symbols:

Common Shares: ACD

Debentures: ACD.DB

## Bankers

Bank of Montreal

The Bank of Nova Scotia

Canadian Imperial Bank of Commerce

Royal Bank of Canada

Regions Bank

M&T Bank

The Toronto-Dominion Bank

## Registrar & Transfer Agent

Computershare Trust Company of  
Canada

602-40 Eglinton Avenue East, Toronto, Ontario, M4P 3A2

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