

Accord Financial Corp.
SPRING 2022



Forward-Looking Information

Certain statements included or incorporated by reference in this document constitute forward-looking statements or information. Forward-looking statements are typically identified by words such as “projected”, “anticipate”, “believe”, “expect”, “plan”, “intend” or similar words suggesting future outcomes or statements regarding an outlook. Recipients are cautioned not to place undue reliance on financial forecasts or forward-looking statements, as there can be no assurance that the assumptions, plans, intentions or expectations upon which they are based will occur. By their nature, financial forecasts and forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the financial forecasts and forward-looking statements will not occur. Although management of Accord Financial Corp. (“Accord” or the “Company”) believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Events or circumstances could cause the Company’s actual results to differ materially from those estimated or projected and expressed in, or implied by, these financial forecasts and forward-looking statements. Except as required under applicable securities laws, the Company undertakes no obligation to update or otherwise revise any financial forecasts and forward-looking statements, whether as a result of new information, future events or otherwise, or the foregoing list of factors affecting this information.

Additional information about the risks and uncertainties of the Company’s business and material factors or assumptions on which information contained in forward-looking statements is discussed in the annual information form dated March 29, 2021 and management’s discussion and analysis of the financial condition and performance for the year ended December 31, 2021 which are available electronically through the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com.

All currencies denoted herein are Canadian dollars unless otherwise noted.

ACCORD FINANCIAL

Leaders in Commercial Finance

Founded 1978

Founded in Toronto and Montreal 44 years ago, Accord is Canada's longest established speciality lender:

- Publicly traded on the TSX since 1992
- Fully transparent, exceptional performance through multiple market cycles
- Profitable 40 straight years



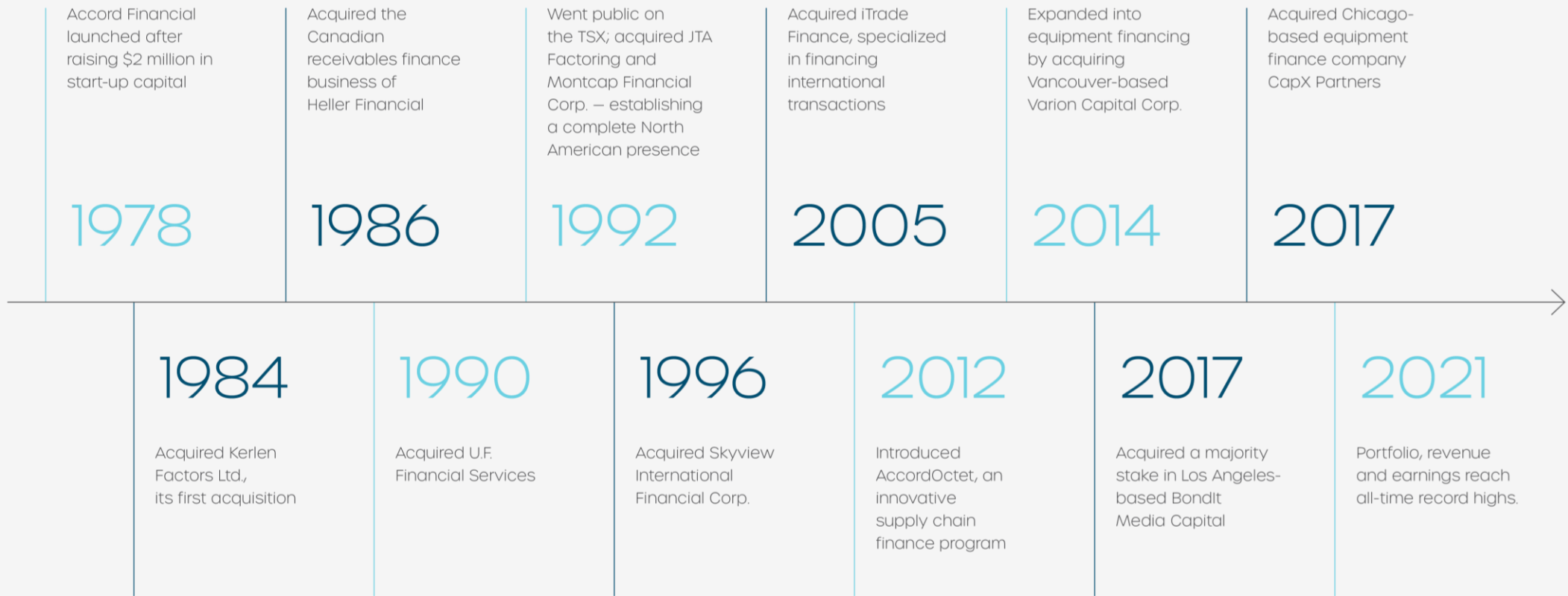
Secured Lending Solutions

Accord offers a variety of secured lending solutions to small and medium sized business in the US and Canada:

- Accounts Receivable Finance
- Inventory Finance
- Equipment Finance
- Small Business Loans
- Media Finance

ACCORD FINANCIAL

40+ Years of Evolution

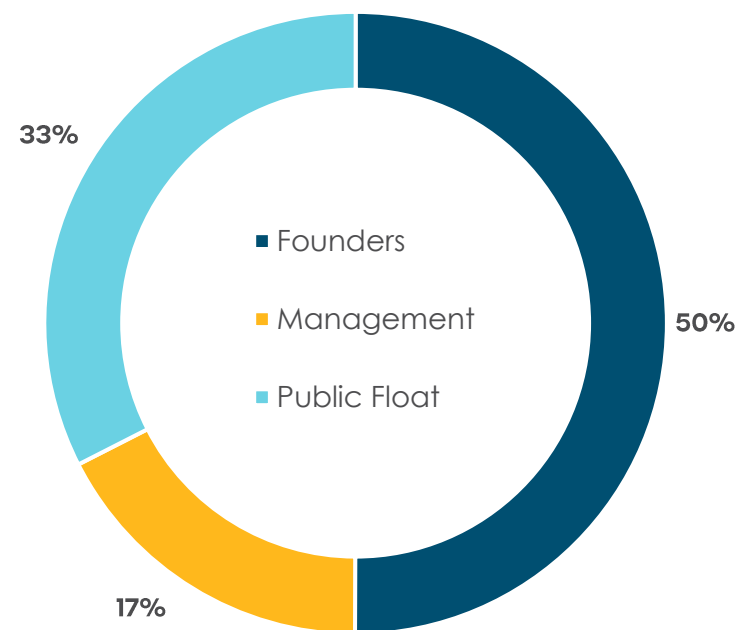


TSX: ACD (Mar 31/22)

Price: \$8.74
EPS: \$1.46 (trailing 12 months)
Yield: 3.4% (div: 7.5 cents/qtr)
P/E: 6.0x (pre-covid: 10x)
P/B: 0.74x (BV/share: \$11.75)
52-Wk range: \$9.20/\$7.50
Market Cap: \$72 Million

OWNERSHIP COMMITMENT

8.6m Shares Outstanding

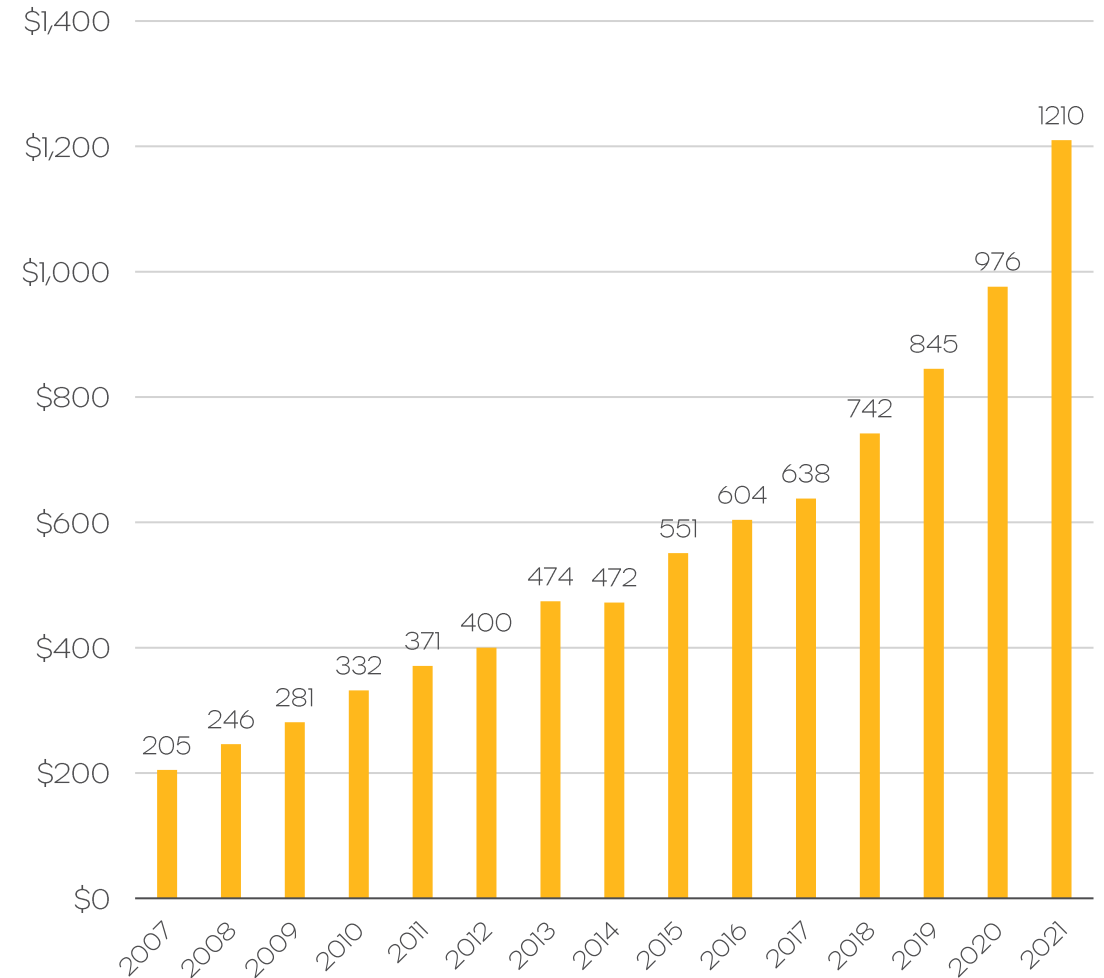


SPECIALTY FINANCE

Market Opportunity

- Non-bank lending continues **unprecedented growth** since the financial crisis
- **Big banks exiting** SME lending because of regulatory change post-financial crisis (Basel III), which forces higher capital requirement for banks when lending to non-investment grade companies
- Small and middle market companies must seek alternatives – **huge market share up for grabs**

Global Private Debt AUM (US\$ billions)



* Source: Prequin Ltd.

Prime examples of “underbanked” borrowers

Growth

ConstructionSolve (2019)

- Technology and equipment rentals for construction industry
- Fast growing, private equity-backed innovator in the space
- Capital One provides a \$1.2 billion bank line
- Accord tops up financing for the equipment rental fleet on top of the bank facility
- **Solution: \$15M, 48-month equipment finance, 11% rate, upsizing in tranches as the company grows**



Transition

School's In (2015)

- Educational supplies company tracing its roots back to 1939
- Transitioned from retail stores to online; their bank wasn't convinced that the transition would be successful
- Accord and BDC stepped up, the company successfully transitioned and grew
- **Solution: \$2M revolving loan on inventory and receivables (school boards), 15% yield, now upsized to \$5M to finance growth**



Small Business

Big-Time Rock (2008)

- Family-owned: stone quarries, serving wholesalers / contractors
- Accord supported growth from \$700K to \$12M in revenue since 2008 (financing for organic growth and acquisitions)
- Returned to Accord after a brief stint with a bank; prefers to work with like-minded entrepreneurs
- **Solution: steadily increasing equipment finance, along with working capital to pay suppliers, currently \$5.4M in total**

DRIVING GROWTH

Transformative Platform Acquisitions

Integrated three platform acquisitions; each sub \$10 million investment with value unlocked by combining strong platforms with Accord's access to capital. Growth and value were created:

- One-stop source of financing to our referral network, channel partners and SMEs directly
- Maximizes growth opportunities via integrated marketing and cross-selling across divisions



Small Business Finance (2014)

- Unique position: ability to deliver multiple solutions to the small business sector
- Current portfolio \$170 million



US Equipment Finance (2017)

- Unique position: history of funding via institutional asset mgmt.
- Current portfolio US\$56 million



Media Finance (2017)

- Unique position: sister companies control risk (payroll & production)
- Current portfolio US\$104 million

GROWTH ENGINE

Core Divisions

1. Equipment Finance

- Loan Size: \$1-\$10 million
- Wide range of industries and collateral types



Average Yield (%)

10.5%

Cost of Debt (%)

3.0%

Spread (%)

7.5%

Growth Target (%)

15.0%

2. Asset-based Lending

- Loan Size: \$1-\$10 million
- Core collateral: receivables, inventory, equipment



12.5%

3.0%

9.5%

15.0%

3. Small Business Lending

- Loan Size: \$1-\$10 million
- Core collateral: receivables, inventory, equipment



15.0%

3.5%

11.5%

15.0%

4. Media Finance

- Loan Size: \$100K - \$3 million
- Guaranteed payments from Netflix, Amazon, etc.



21.0%

11.5%

9.5%

10.0%

GROWTH ENGINE

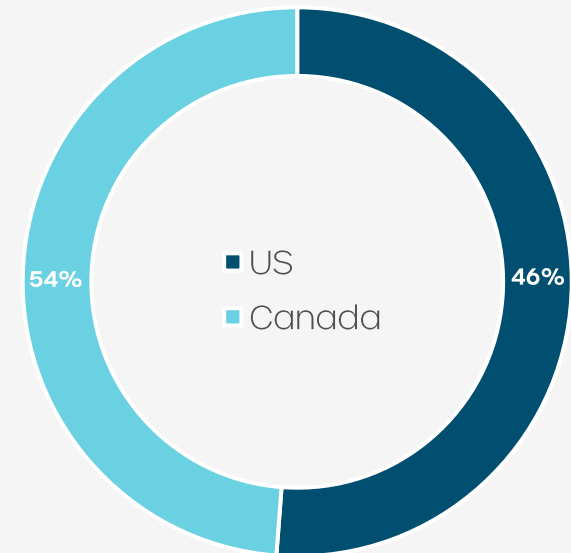
Across the US and Canada



COAST TO COAST PRESENCE

- Toronto
- Montreal
- Vancouver
- New York
- Chicago, IL
- Los Angeles

BALANCED PORTFOLIO \$478 MILLION

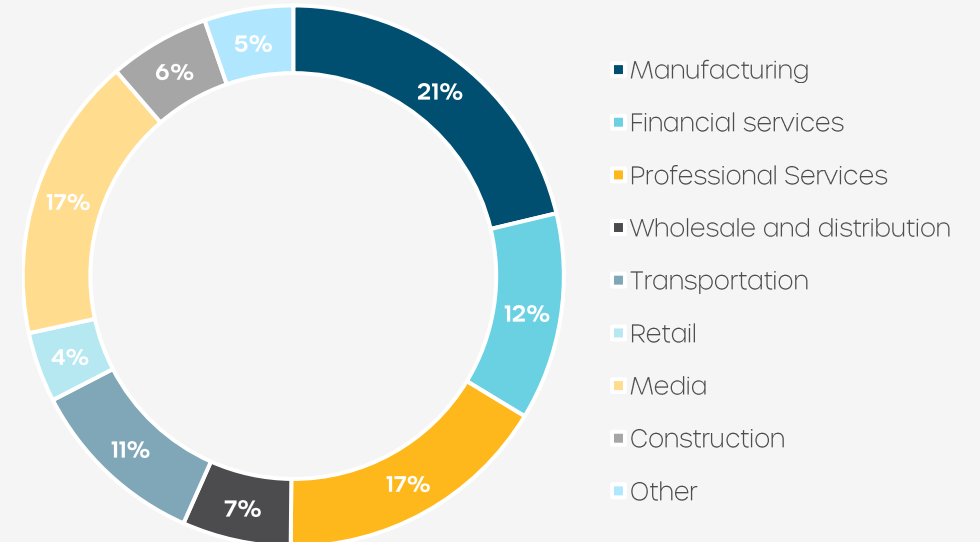
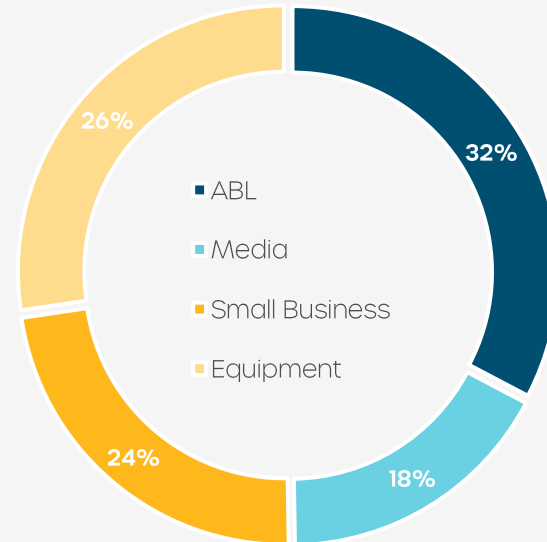


RISK CONTROL

Portfolio Diversification

Loan Portfolio Breakdown (as of 3/31/2022)

Broad market coverage and product line deliver diversification by asset class and industry sector

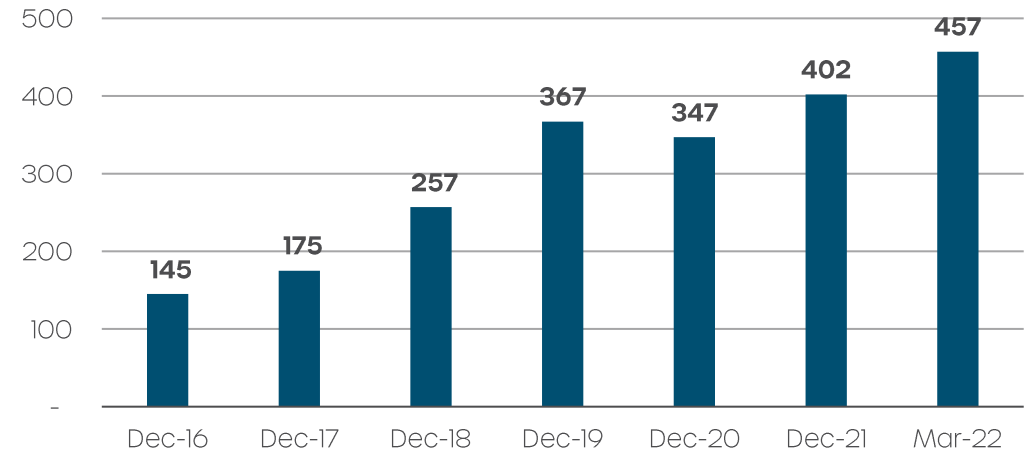


OUTSTANDING

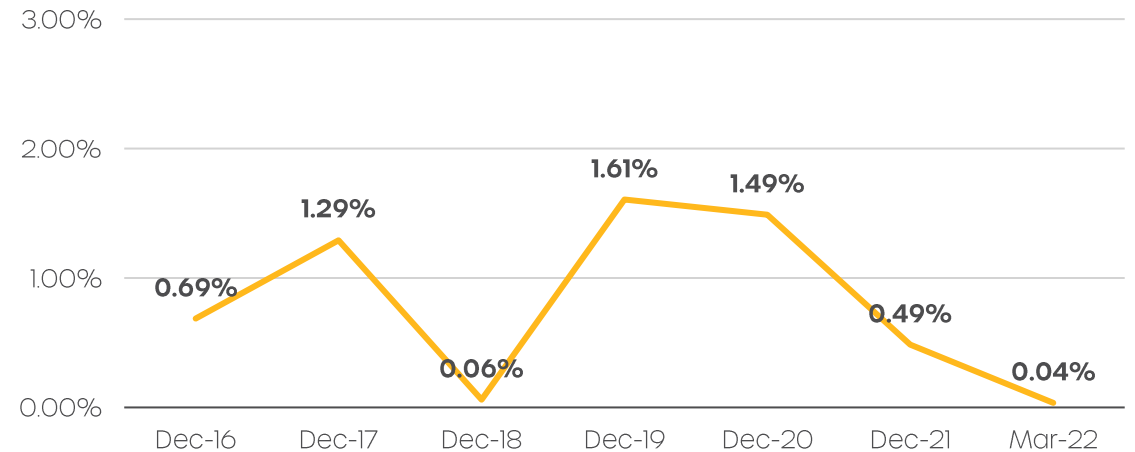
Credit Performance

- Disciplined risk management culture since 1978
- Strong credit fundamentals: security/collateral bolstered by credit scoring and financial analysis
- Conservative single name / sector limits
- Three levels of credit authority:
 - I. Divisional CRO approval
 - II. > \$1 million, corporate credit committee approval
 - III. > \$2.5 million, Board Credit Committee approval

Avg. Funds Employed (Cdn\$ millions)



Net Credit Loss as % of Avg. Funds Employed



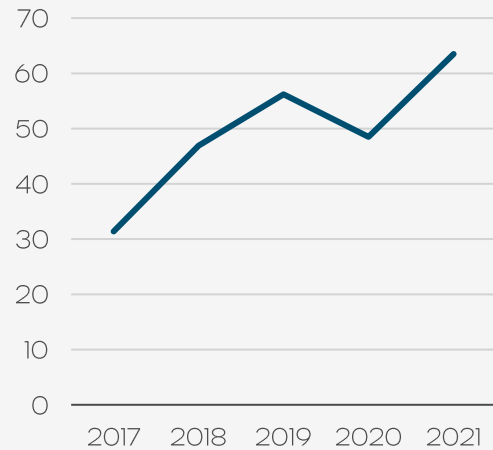
* Excluding the credit & collections division, which wound down in 2021

FINANCIAL PERFORMANCE

All Key Metrics Accelerating

REVENUE

(in CDN \$ Millions)

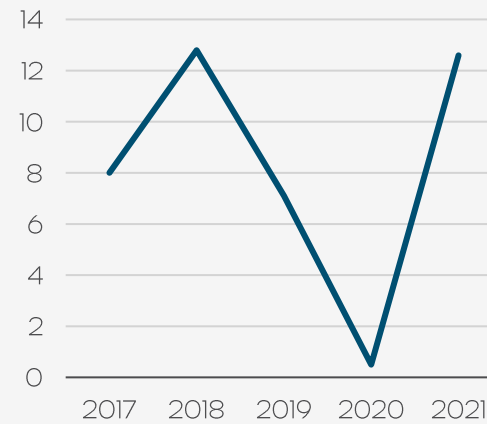


EPS



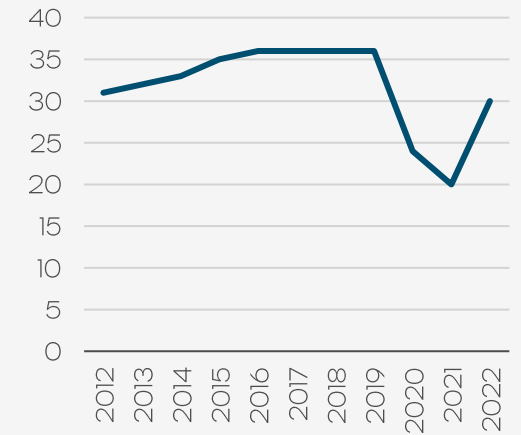
RETURN ON EQUITY

(as a % per annum on average shareholders' equity)



ANNUAL DIVIDENDS PER SHARE

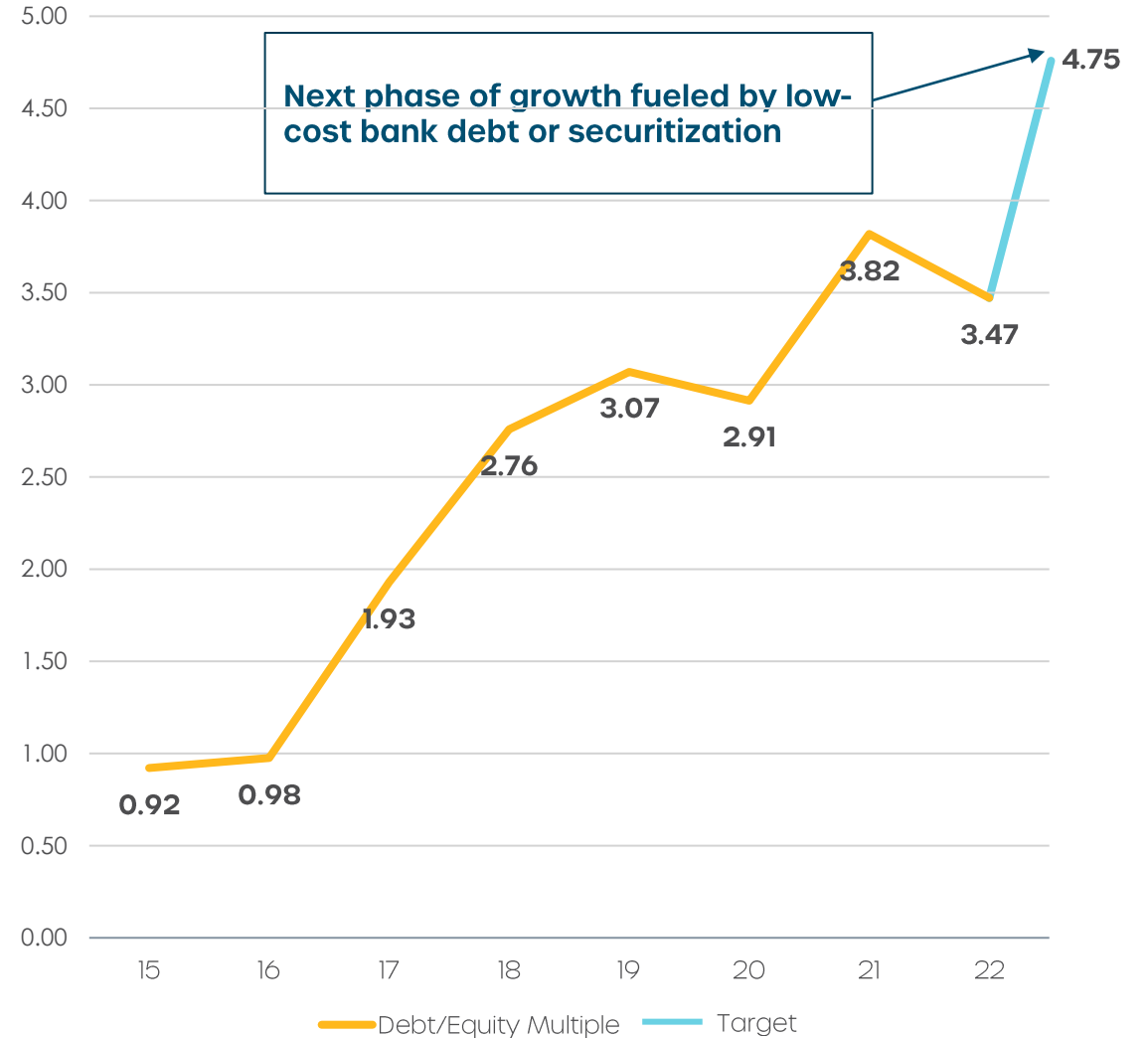
(in cents)



Balance Sheet Runway

- Economic crisis has kept Accord's leverage well below target debt/equity ratio of 4.75 to 1
- This next growth phase will drive average cost of capital down and EPS & ROE up
- **The next \$100 million of portfolio growth is easily funded by dry powder on the current balance sheet**

Debt/Equity Target (x)



GROWTH TRAJECTORY

Sweet Spot for Organic Growth

- Streamlined platform after consolidating acquisitions is complete
- Operating leverage within the existing platform will drive **accelerated EPS growth**

**This is an illustration; growth is not guaranteed, but the strategy and momentum are in place*

		Run Rate	Next \$100M	% Change
Portofilo	(\$mm)	\$480.0	\$580.0	21.0%
Revenue	(\$mm)	\$71.5	\$86.4	21%
(-) Interest	(\$mm)	\$18.8	\$22.7	21%
(-) Overhead	(\$mm)	\$37.7	\$41.8	11%
(-) Tax	(\$mm)	\$1.9	\$2.7	42%
Profit	(\$mm)	\$13.1	\$19.2	47%
EPS	(\$/sh)	\$1.53	\$2.01	31%

Inflection Point is Now

Book Value Discount

The discount to book value remains significant

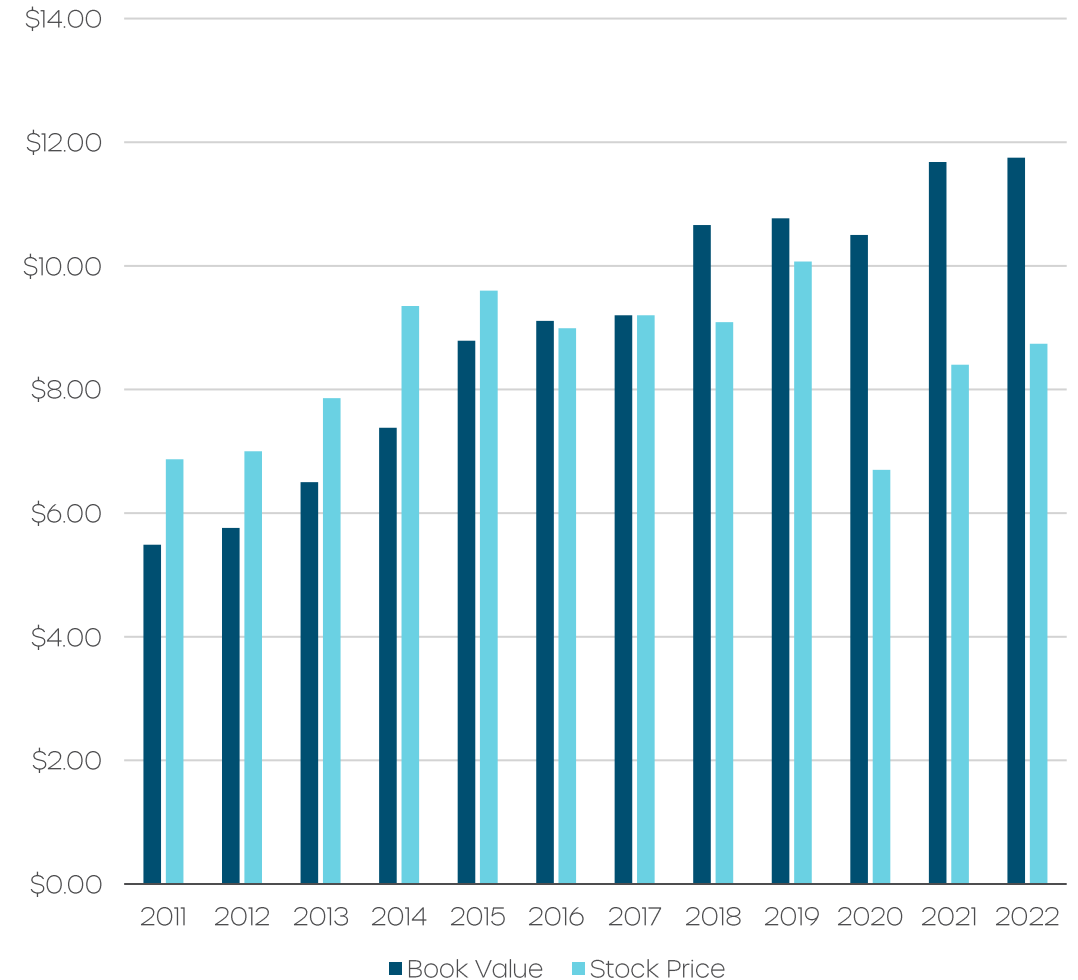
- Unusual hangover from covid year
- ACD BV acted as a stock price floor through the last economic cycle

Unlocking Potential

PE and BV multiple expansion has significant runway

- Pre-covid long-term PE multiple was 10x
- Reversion will be driven by earnings and ROE growth
- Both measures on track

Share Price and BVPS Trend*



* In CAD as of December 31st (2022 as of 3/31)

ACCORD FINANCIAL

Outstanding Leadership Team



Simon Hitzig, *President & CEO*

- Joined Accord in 2011
- Previously led marketing, product development and US strategy at DundeeWealth / Dynamic Funds
- B.A. from York University and MBA from Georgetown University



David Beutel, *Chairman*

- Joined the Board in 2014
- Chairman of Diamond Estates Wines and Spirits, Inc.
- B.A. from University of Pennsylvania and MBA from Schulich School of Business



Stuart Adair, *SVP & CFO*

- CFO of Accord since 2002
- Prior to Accord worked at PwC UK and Toronto
- B.A. from Sheffield University and M.A. from Queens University



Irene Eddy, *SVP, Capital Markets*

- Joined Accord in 2019
- Held executive positions at DBRS and GE Capital
- Certified public accountant and law degree from Fordham University

