



ACCORD
FINANCIAL

Keeping Business Liquid

Second 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 June 30, 2025, together with comparative figures for the second 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 several strategic initiatives to streamline the business, reduce leverage, control operating expenses, and position the Company for a return to growth in 2025. Following these initiatives, notably the successful sale of the AEF leasing portfolio, we recorded modest portfolio growth over the first half of 2025. However, the Company's balance sheet, with its primary and other debt obligations maturing in the next six months is an obstacle to realizing potential growth opportunities. Through the period, the Company working closely with its financial advisors, has continued to focus on strategic initiatives to repay its outstanding debt and further simplify the business.

On July 25, 2025, the Company entered into a short-term extension of its Senior Credit Facility, extending the maturity date to August 8, 2025. A second extension, executed on August 8, 2025, further extended the maturity date to August 15, 2025. The Company has substantially negotiated an amendment to the Senior Credit Facility to extend the maturity date to December 15, 2025 and revise other terms. The amendment is in final documentation, with all material terms agreed in principle, and execution is expected on August 15, 2025. The anticipated extension will provide time for the Company to continue to actively pursue a broad range of strategic initiatives, including potential divestitures of portfolio assets or business units as well as other financing alternatives, to repay or refinance its debt obligations (with \$191.9 million due in December 2025 and \$25.7 million due on January 31, 2026) and maximize shareholder value. While we focus on these initiatives, profitable operating performance and growth will continue to be a challenge.

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MESSAGE FROM THE PRESIDENT AND CEO

The uncertain business environment also continues to present challenges, weighing on many companies in our core markets. While interest rates have come down from cycle highs, many SMEs are facing conditions they haven't dealt with before, including shifting public policy moves in Canada and the U.S. and an unpredictable trade environment. Visibility into near term business conditions remains limited. In addition to dampening our credit appetite, these conditions have an impact on the Company's loan portfolio, with the allowance for expected credit losses remaining above historical averages.

Accord's finance receivables and loans ("portfolio" or "funds employed") closed at \$398 million on June 30, 2025, up 9.0% from \$366 million at the start of the year, but down from \$431 million on June 30, 2024 (impacted by the sale of the AEF portfolio). Despite modest portfolio growth over the first half, average funds employed during the quarter slipped to \$395 million compared to \$428 million in the second quarter of 2024. Reflecting the year-over-year decline in average funds employed, and lower average yields, second quarter revenue was \$16.2 million compared to \$20.0 million in the same period of 2024.

Along with the year-over-year decline in revenue, the Company has reduced overhead, with second quarter general and administrative expenses coming in at \$6.7 million versus \$8.2 million in the same period last year. For the second quarter in a row, the Company earned a pre-provision operating profit, however, the \$1.9 million provision for credit losses pushed the Company to a second quarter net loss attributable to shareholders of \$876,000, compared to a \$1.1 million loss in the second quarter of 2024. The loss of 10 cents per common share caused book value per share to slip to \$9.19.

Within the second quarter provision, actual net write-offs of \$1.0 million represented an improvement over the same period last year (\$2.3 million) and the first quarter of this year (\$1.1 million).

While certain operating metrics are trending in the right direction, successful execution of strategic initiatives to repay or refinance outstanding debt and streamline the balance sheet is the Company's priority over the balance of 2025. As Accord manages through these challenges, our core mission continues. For forty-seven years Accord has been keeping business liquid, delivering much-needed capital to companies from coast to coast.

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MESSAGE FROM THE PRESIDENT AND CEO



Simon Hitzig
President and Chief Executive Officer
August 14, 2025

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FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars, except values per share, or as otherwise noted)	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Average funds employed (millions)	\$ 395.3	\$ 428.1	\$ 387.8	\$ 444.3
Revenue	16,194	19,957	31,703	40,623
Loss before income tax	(363)	(1,105)	(2,538)	(500)
Net loss attributable to shareholders	(876)	(1,149)	(2,222)	(517)
Costs associated with single account write-off	136	463	234	1,555
Restructuring and other expenses	14	61	146	192
Tax impact from adjustments	(40)	(139)	(101)	(463)
Adjusted net earnings (loss)	(766)	(764)	(1,943)	767
Loss per common share (basic and diluted)	(0.10)	(0.13)	(0.26)	(0.06)
Adjusted earnings (loss) per common share (basic and diluted)	(0.09)	(0.09)	(0.23)	0.09
Book value per share			\$ 9.19	\$ 9.78

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 and six months ended June 30, 2025 compared with the quarter and six months ended June 30, 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 August 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 and six months ended June 30, 2025 and 2024, which are included as part of this 2025 Second 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.

Forward-Looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, the Company may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, statements regarding the Company's business plan and financial objectives. The forward-looking statements contained in this MD&A are used to assist readers in obtaining a better understanding of the Company's financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically use the conditional, as well as words such as prospect, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology. By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. The Company operates in a dynamic environment that involves various risks and uncertainties, many of which are beyond its control, which could have an effect on the Company's business, revenues, operating results, cash flow, financial condition and prospects. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove to be inaccurate. Although the Company believes the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. The Company cautions readers against placing undue reliance on forward-looking statements when making decisions, as actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various factors. Among others, these factors include: dependence on continuing availability of capital resources and financing; maturing debt obligations; the outcome of strategic initiatives, including the potential sale of portfolio assets and business units; current state of economic conditions and business uncertainty, competition from alternative sources of capital; credit risk and ability to underwrite finance receivables and loan applications; interest rate risk; foreign currency risk; dependence on key personnel; income tax matters; fraud by lessees, borrowers, vendors or brokers; technology and cyber security; data management and privacy risk; risk of future legal proceedings. The Company further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Company's actual results to differ from current expectations, please also refer to "Risk Factors" in this MD&A and in the Company's Annual Information Form, as well as to other public filings of the Company available at www.sedarplus.com. The Company does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulation.

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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 Second 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;
- 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

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- v) **Financial condition and leverage ratios** – The table on page 18 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 five 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") in the United States.

The Company's business principally involves: (i) asset-based lending by AFIC and AFIU, which entails financing receivables or purchasing receivables on a recourse basis ("factoring"), as well as financing other tangible assets, such as inventory and equipment; (ii) equipment financing (leasing and equipment loans) by Accord Equipment Finance ("AEF") and AFCC. AFCC also provides working capital financing to small businesses; and (iii) film and media production financing by BondIt. Following the sale of its leasing portfolio in 2024, 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*
2025	June 30	\$ 16,194	\$ (876)	\$ (0.10)
	March 31	15,509	(1,346)	(0.16)
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 June 30, 2025 compared with the quarter ended June 30, 2024

Shareholders' net loss for the quarter ended June 30, 2025 was \$876 compared to a net loss of \$1,149 in the same quarter last year. The loss was driven by a combination of lower yields on funds employed and a higher cost of debt relative to the prior year. Basic and diluted loss per common share ("LPS") was \$0.10 compared to \$0.13 in the second quarter of 2024.

Revenue for the second quarter of 2025 declined by 18.9%, or \$3,763, to \$16,194 compared to \$19,957 in the same period last year. Interest income decreased by 25.4%, or \$4,523, to \$13,309, from \$17,832 primarily due to a decline in average funds employed and lower average yields. Average funds employed in the second quarter of 2025 fell \$32.8 million to \$395.3 million, down from \$428.1 million last year. The reduction in funds employed was largely attributable to the sale of the \$58.0 million AEF equipment portfolio ("AEF Sale") in September 2024, partially offset by new originations in 2025. Other income increased by \$760 to \$2,885 compared to \$2,125 in the second quarter of 2024.

Total expenses decreased 21.4% or \$4,505 to \$16,557 in the second quarter of 2025 from \$21,062 in the same period last year. Interest expense declined by 15.6%, or \$1,465 to \$7,903 primarily due to a \$46.7 million reduction in bank indebtedness. G&A expenses decreased by 18.4%, or \$1,502, from the second quarter of 2024 mainly due to: (i) a \$528 reduction in professional fees, which were elevated last year when the Company hired 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

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personnel costs, which represent the largest component, professional fees, information technology expenses, and portfolio servicing costs, among others. The Company continues to closely manage its controllable expenses.

The provision for credit losses decreased by \$1,475 to \$1,875 in the second quarter of 2025 compared to \$3,350 in the same quarter last year.

Three months ended June 30	2025	2024
Net write-offs	\$ 1,027	\$ 2,270
Increase (decrease) in allowance for expected credit losses	848	1,080
Total provision for credit losses	\$ 1,875	\$ 3,350

Net write-offs declined by \$1,243 to \$1,027 in the second quarter of 2025 compared to \$2,270 last year. The majority of the write-offs in the second 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") decreased by \$232 compared to the same period last year when a higher allowance was established for certain accounts that had a higher probability of default at AEF and AFIC. The accounts at AEF were sold as part of the AEF Sale last September. The AFIC accounts remain in the portfolio as of June 30. The Company's allowance for ECL and its portfolio of Loans are discussed in detail below under Review of Financial Position and in note 14 to 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 \$28 to \$119 (2024 - \$147) in the second quarter of 2025. Depreciation of \$85 (2024 - \$110) was charged on the Company's right-of-use assets in the second quarter of 2025, while the balance of the expense related to capital assets. There were no business acquisition expenses in the second quarter of 2025 (2024 - \$35).

There was Income tax expense of \$459 in the second quarter of 2025 compared to \$216 in the same period last year.

Canadian operations, net of intercompany interest income reported a shareholders' net loss of \$2,431 in the second quarter of 2025 compared to a shareholders' net loss of \$4,532 in the same period of 2024 (see note 13 Segmented Information to the Statements). Revenue, net of intercompany interest income declined by 15.0% or \$2,193 to \$8,788 in the second quarter of 2025 primarily due to lower average funds employed. Total expenses decreased by 31.2% or \$4,785 to \$10,556, primarily due to reductions in interest expense, provision for credit losses and G&A expense, which declined by \$2,264, \$1,903 and \$630, respectively. In addition, income tax expense increased by \$491 to \$663 in the second quarter of 2025 in connection with a return of capital from AFIC's foreign subsidiary, which resulted in an adjustment to reduce the balance of deferred tax assets.

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U.S. operations, net of intercompany interest expense, reported shareholders' net earnings of \$1,555 in the second quarter of 2025 compared to net earnings of \$3,383 in 2024 (see note 13 to the Statements). Revenue declined by 17.5% or \$1,570 to \$7,406 in the second quarter of 2025, primarily due to lower average funds employed. Total expenses, net of intercompany interest expense, rose slightly by \$280 or 3.0% to \$6,001 due to increases in interest expense and the provision for credit losses which increased by \$799 and \$428, respectively. In addition, G&A expense, depreciation expense, and business acquisition expenses decreased by \$872, \$40 and \$35, respectively compared to the prior year. Income tax expense decreased by \$248 resulting in a tax recovery of \$204 in the second quarter of 2025. Net earnings attributable to non-controlling interests was \$54 in the second quarter of 2025 compared to a net loss of \$172 in the second quarter of 2024.

Six months ended June 30, 2025 compared with six months ended June 30, 2024

Shareholders' net loss for the first half of 2025 was \$2,222 compared to a net loss of \$517 in the first half of 2024. Shareholders' net loss increased compared to 2024 primarily due to a combination of lower yields on funds employed relative to the prior year and a higher provision for credit losses. Basic and diluted LPS were \$0.26 compared to of \$0.06 in the first half of 2024.

Revenue for the first half of 2025 declined by 22.0% or \$8,920 to \$31,703 compared to \$40,623 last year. Interest income declined by 27.1% or \$9,670 to \$26,047 compared to \$35,717 in the first half of 2024 primarily due to 12.7% decrease in average funds employed and lower average yields. Other income increased by 15.3% to \$5,656 compared to \$4,906 in the first half of 2024. A significant portion of other income is related to origination and late fees at BondIt, which were \$2,444 in the first half of 2025 (\$1,846 – first half 2024). Average funds employed in the first half of 2024 decreased to \$387.8 million compared to \$444.3 million in 2024 primarily due to the AEF Sale in September 2024.

Total expenses for the first half of 2025 decreased by 16.7% or \$6,882 to \$34,241 compared to \$41,123 last year. Interest expense declined by 20.5% to \$15,360 compared to \$19,323 in the first half of 2024 due primarily due to a reduction in bank indebtedness and a slight decrease in average interest rates. G&A decreased by 19.9% or \$3,515 to \$17,677 in the first half of 2025 compared to \$17,677 last year. The decrease in G&A compared to last year is 2024 mainly due to: (i) a reduction in headcount year over year related to cost-cutting measures and to a larger extent the AEF Sale, and (ii) lower professional fees. Professional fees were elevated last year when the Company hired external advisors in connection with the single account loss in 2023.

The provision for credit losses increased by \$717 to an expense of \$4,478 in the first half of 2025 compared to an expense of \$3,761 last year. The provision comprised:

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Six months ended June 30	2025	2024
Net write-offs	\$ 2,098	\$ 3,849
Increase (decrease) in allowance for expected credit losses	2,380	(88)
Total provision for credit losses	\$ 4,478	\$ 3,761

The increase in the provision is comprised an increase in the change of the non-cash allowance of \$2,468 offset by of lower net write-offs of \$1,751. The increase in the non-cash allowance is primarily related to an increase in (i) impaired small business loans that are partially guaranteed by EDC at AFCC, (ii) the provision related to certain Stage 2 accounts at AFIC and BondIt, and (iii) 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. See discussion under Review of Financial Position and in note 14 to the Statements.

Depreciation expense decreased by \$52 to \$241 in the first half of 2025. Depreciation of \$169 (2024 – \$219) was charged on the Company's right-of-use assets in the first half of 2025, while the balance of the expense related to capital assets.

There was income tax recovery of \$232 in the first half of 2025 compared to an expense of \$402 in 2024.

Canadian operations, net of intercompany interest income, reported a shareholders' net loss of \$5,310 in the first half of 2025 compared to a shareholders' net loss of \$7,497 in the same period of 2024. Revenue, net of intercompany interest income declined by 19.1% or \$5,705 to \$17,178 in the first half of 2025 primarily due to lower average funds employed and lower yields. Total expenses decreased by 26.1% or \$7,871 to \$22,304, primarily due to reductions in interest expense, G&A expense and the provision for credit losses, which declined by \$5,150, \$1,732, and 1,013 respectively. In addition, income tax expense decreased by \$21, resulting in a tax expense of \$184 in the first half of 2025.

U.S. operations, net of intercompany interest expense, reported shareholders' net earnings of \$3,088 in the first half of 2025 compared to net earnings of \$6,980 in 2024 (see note 13 to the Statements). Revenue declined by 18.1% or \$3,215 to \$14,525 in the first half of 2025, primarily due to lower average funds employed and lower yields. Total expenses, net of intercompany interest expense, increased by \$989 or 5.5% to \$11,937 primarily due to increases in the provision for credit losses and interest expense which increased by \$1,730 and \$1,187, respectively. In addition, G&A expenses, depreciation expense, and business acquisition expenses decreased by \$1,783, \$76 and \$69, respectively compared to the prior year. Income tax expense decreased by \$613 resulting in a tax recovery of \$416 in the first half of 2025. Net loss attributable to non-controlling interests was \$84 in the first half of 2025 compared to a net loss of \$385 in the first half of 2024.

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REVIEW OF FINANCIAL POSITION

Shareholders' equity declined by \$2.2 million to \$78.6 million at June 30, 2025, compared to \$80.8 million at December 31, 2024. Book value per common share was \$9.19 at June 30, 2025 compared to \$9.44 at December 31, 2024.

Total assets were \$429.1 million at June 30, 2025, representing a 3.7% 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 52.4% of total assets at June 30, 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 \$398.4 million at June 30, 2025 from \$365.6 million at December 31, 2024. The increase was primarily driven by an increase in asset-based loans and media loan originations partially offset by a decline in working capital loans. As detailed in the Statements, the Company's Loans comprised:

	June 30, 2025	December 31, 2024
Working capital loans	\$ 85,890	\$ 92,333
Receivable loans	90,902	81,723
Inventory & equipment loans	105,741	86,018
Media loans	114,726	102,450
Lease receivables	1,185	3,061
Finance receivables and loans, gross	398,444	365,585
Less allowance for expected credit losses	10,307	8,031
Finance receivables and loans, net	\$ 388,137	\$ 357,554

The Company's Loans principally represent advances made by its asset-based lending subsidiaries, AFIC and AFIU, to approximately 36 clients (December 31, 2024 – 32), lease receivables, equipment and working capital loans made by AFCC to approximately 708 clients (December 31, 2024 – 843) and media finance loans made by Bondit to approximately 51 media productions (December 31, 2024 – 57). The largest individual credit exposure in the diversified loan portfolio is related to a client operating in the wholesale trade industry and is managed by AFIC. As at June 30, 2025, the outstanding balance of this loan was \$29.9 million, representing approximately 7.5% (December 31, 2024 7.0%) of the Company's total finance receivables and loans. This exposure is being closely monitored given its classification as a Stage 2 loan, which reflects the presence of a significant unsecured over-advance and an elevated level of credit risk. An ECL allowance has been recognized for this exposure in an amount that management considers reasonable and supportable, based on information currently available. However, if certain conditions persist or emerge – including the continued negative impact of tariffs, prolonged underperformance of the business, or other unforeseen developments, the allowance may ultimately prove to be insufficient. Note 14 to the Statements

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provides details of the Company's credit exposure by industrial sector. See also "Critical Accounting Policies and Estimates" and "Risk Factors".

Credit approval for transactions in the Company's five 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 two-member 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. subsidiaries) 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 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 ongoing basis to mitigate credit risk. In its asset-based lending and

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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.

The Company also manages credit risk by 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 \$51,649 at June 30, 2025, of which \$35,767 relates to BondIt, AFIU's 60% controlled media finance subsidiary, \$15,776 relates to AFCC. As of June 30, 2025, 21.6% or \$86,074 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 \$8,335 at June 30, 2025 representing 2.1% 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 \$6,877 at June 30, 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:

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Industry sector	June 30, 2025		December 31, 2024	
	Gross finance receivables and loans	% of total	Gross finance receivables and loans	% of total
Media	\$ 115,036	28.9	\$ 102,809	28.1
Wholesale Trade	83,090	20.9	64,651	17.7
Manufacturing	50,235	12.6	44,213	12.1
Finance and Insurance	47,773	12.0	40,576	11.1
Mining	18,175	4.6	17,935	4.9
Construction	16,767	4.2	17,064	4.7
Transportation and Warehousing	11,656	2.9	11,624	3.2
Retail Trade	11,070	2.8	12,466	3.4
Waste Management and Remediation Services	8,533	2.1	13,320	3.6
Information	8,036	2.0	6,503	1.8
Other	28,073	7.0	34,424	9.4
	\$ 398,444	100.0	\$ 365,585	100.0

	June 30, 2025	December 31, 2024
Canada	\$ 189,178	\$ 189,143
United States	209,266	176,442
	\$ 398,444	\$ 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 \$10,307 at June 30, 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. (See "Critical Accounting Policies and Estimates" and "Risk Factors" and note 14 to the Statements)

The activity in the allowance for ECL in the first six 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 the lower of cost or fair value less costs of disposal, totalled \$488 at June 30, 2025 and \$422 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 \$7,547 at June 30, 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 \$6,169 to \$9,290 at June 30, 2025 compared to \$15,459 at December 31, 2024. The largest component of other assets represents \$5,117 (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 \$1,360 (December

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31, 2024 – \$2,922), prepaid expenses balance of \$1,449 at June 30, 2025 (December 31, 2024 - \$2,682) and amount held as a security for non-recourse borrowings provided by a lender of \$1,277 (December 31, 2024 – \$1,884).

Net deferred tax assets increased by \$380 to \$20,511 at June 30, 2025 compared to \$20,131 at December 31, 2024.

Income taxes receivable and property and equipment at June 30, 2025 and December 31, 2024 were not significant.

Total liabilities increased by \$17.9 million to \$345.1 million at June 30, 2025 compared to \$327.2 million at December 31, 2024. The increase since December 31, 2024 mainly resulted from an increase in bank indebtedness.

Bank indebtedness increased by \$27,087 to \$172,311 at June 30, 2025 compared to \$145,224 at December 31, 2024 due to an increase in funds employed. The Company's senior revolving credit facility ("Senior Credit Facility") had a maximum commitment of \$260.0 million and a maturity date of July 26, 2025. On July 25, 2025, the Company entered into a short-term extension of the facility, which was extended again on August 8, 2025. As at August 14, 2025, the Company has substantially negotiated an amendment to extend the maturity date to December 15, 2025 and amend other terms. The amendment is in final documentation and execution is expected on August 15, 2025. (See discussion under Liquidity and Capital Resources). Pricing for drawn amounts under the Senior 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 June 30, 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 \$7,091 to \$108,843 at June 30, 2025 compared to \$115,934 at December 31, 2024. Loans payable consists of a revolving loan extended to BondIt which increased to \$85,032 (December 31, 2024 – \$78,452) and non-recourse debt of \$23,811 (December 31, 2024 – \$37,482). The decrease in loans payable is attributable to repayment of \$13,671 of non-recourse debt provided to ASBF, offset by an increase in the outstanding balance of the BondIt loan of \$6,580. ASBF was in compliance with all loan covenants at June 30, 2025 and December 31, 2024. BondIt was not in compliance with a covenant at June 30, 2025 and multiple covenants at December 31, 2024. BondIt received a waiver for the December 2024 breach after year-end. Additionally, BondIt obtained a waiver for actual or anticipated covenant breaches for the months ended, March 31, April 30, May 31, and June 30, 2025.

Accounts payable and other liabilities decreased by \$2,812 to \$9,434 at June 30, 2025 compared to \$12,246 at December 31, 2024.

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Notes payable totalled \$24,718 at June 30, 2025 compared to \$24,541 at December 31, 2024. Notes payable comprised (i) \$4,500 (\$4,530 – December 31, 2024) of unsecured demand notes, which are due on or within a week of demand and bear interest at variable rates tied to the bank prime rate; and (ii) \$12,394 (\$11,742 - December 31, 2024) of unsecured term notes issued to related and third parties, with an original maturity date of July 31, 2025 which has been extended to December 20, 2025. These notes bear interest at a fixed rate of 10% per annum, payable quarterly; however, in accordance with the terms of the Company's Senior Credit Facility, interest payments on these notes are currently restricted and have been suspended. Interest continues to accrue; (ii) \$7,824 (\$8,269 – December 31, 2024) of notes payable by BondIt. Of this, \$2,721 is due in December 2025, \$1,021 is due in February 2026 and the balance due in November 2027. Included in BondIt's notes payable, is \$5,443 (\$5,752 – December 31, 2024) owed to related parties. BondIt's notes bear interest at rates from 9.50% to 11.00%.

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 subordinated to all senior indebtedness which is defined to include all debt for borrowed money, such as principal, interest and fees related to bank indebtedness, the unsecured demand notes and the unsecured term notes along with other material obligations under lease liabilities, trade payables and financial instruments such as letters of credit. It also encompasses related guarantees, accrued interest and enforcement costs, unless expressly subordinated or stated to rank pari passu with the Debentures. The Debentures pay interest semi-annually on June 30 and December 31 each year and mature on January 31, 2026. The payment of interest is subject to the prior approval of the senior bank indebtedness. 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 June 30, 2025, Debentures totalled \$25,670 compared to \$25,678 at December 31, 2024. Please refer to "Liquidity and Capital Resources" below for further details regarding the Debentures.

Income taxes payable, lease liabilities and deferred income at June 30, 2025 and December 31, 2024 were not material.

Capital stock totalled \$9,448 at June 30, 2025 and December 31, 2024. There were 8,558,913 common shares outstanding at those dates.

Contributed surplus totalled \$1,872 at June 30, 2025 compared to \$1,844 at December 31, 2024.

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Retained earnings decreased by \$2,222 to \$60,247 at June 30, 2025 compared to \$62,469 at December 31, 2024. The decrease in 2025 is due to shareholders' net loss of \$2,222.

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 decreased to \$7,053 at June 30, 2025 compared to \$7,066 at December 31, 2024.

Non-controlling interests in subsidiaries totalled \$5,458 at June 30, 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, loans payable, notes payable and debentures. 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 had the following debt obligations outstanding as at June 30:

	Borrower	Amount	Maturity Date
Senior Credit Facility	AFC	\$172.3 million	August 15, 2025*
Unsecured Demand Notes	AFC	4.5 million	On demand within 7 days
Unsecured Term Notes**	AFC	12.4 million	December 20, 2025
Subordinated Debentures	AFC	25.7 million	January 31, 2026
Secured Non-recourse loan	ASBF	23.8 million	Amortizing from asset cash flows
Secured Revolving Facility	BondIt	85.0 million	May 31, 2027
Unsecured Notes Payable	BondIt	7.8 million	Various dates December 2025 through November 2027
Total		331.5 million	

* Note: The Company is working to finalize an extension of the maturity date to December 15, 2025, see discussion below

** Includes interest accrued to date.

At June 30, 2025, the Company's Senior Credit Facility had a facility commitment of \$260.0 million and a maturity date of July 26, 2025. The Company executed two short-term amendments, the first on July 25, 2025, and the second on August 8, 2025, which extended the maturity date to August 15, 2025. As at August 14, 2025, the Company had substantially negotiated an amendment to the Senior Credit Facility to extend the maturity date to December 15, 2025 and amend other terms. The amendment was in final documentation, with all material terms agreed in principle, and execution is expected on August 15, 2025. The Company intends to issue a news release and file a Material Change Report promptly following execution of the amendment. The amendment is expected to include updated milestones, changes to pricing, and

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adjustments to the total commitment. The Company has engaged an advisor to assist it with refinancing any outstanding bank debt prior to the maturity date, as well as additional advisors to support other strategic initiatives, including potential sales of portfolio assets or business divestitures.

The terms of the amended credit agreement are expected to provide some flexibility for Accord to manage its level of borrowings while it pursues strategic initiatives. However, the Company has limited growth capital to invest in new business opportunities. (Refer to discussion in the Outlook section below).

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\$62.5 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 in the immediate term to meet the cash requirements of working capital, operating expenditures, and interest payments. However, there is material uncertainty that the Company will be able to refinance its maturing debt facilities on a timely basis or at all. Please refer to the Outlook and Risk Factors sections.

Cash flow for the six months ended June 30, 2025 compared with the six months ended June 30, 2024

Cash inflow from net earnings before changes in operating assets and liabilities and income tax payments decreased to \$2,223 in the first six months of 2025 compared to \$3,662 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 \$39,429 in the first six months of 2025 compared to an inflow of \$44,701 last year. A net cash outflow of \$46,066 in the first six months of 2025 largely resulted from funding of new and existing Loans partially offset by loan repayments. The net cash inflow of \$48,049 in the first six 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.

Cash outflows from investing activities totalled \$2 in the first six months of 2025. Cash outflows from investing activities totalled \$55 in the first six months of 2024 and comprised property and equipment additions.

Net cash inflow from financing activities totalled \$24,468 in the first six months of 2025 compared to an outflow of \$38,326 last year. The net cash inflow this year primarily resulted from an increase in bank indebtedness of \$27,299 and net proceeds from US dollar loans payable of \$11,044, partially offset by repayment of Canadian dollar loans payable of \$13,671. In the first six months of 2024, the net cash outflow primarily resulted from a decrease in bank indebtedness of \$59,059, repayment of Canadian

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dollar loans payable of \$11,421 and net repayment of US dollar loans payable of \$9,551, offset by issuance of Canadian dollar loans payable of \$42,002.

The effect of exchange rate changes on cash comprised an increase of \$5,836 in the first six months of 2025 compared to a decrease of \$39 in the first six months of 2024.

Overall, there was a net cash outflow of \$9,127 in the first six months of 2025 compared to a net cash inflow of \$6,281 in the first six months of 2024.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS AT JUNE 30, 2025

	Payments due in				Total
	Less than 1 year	1 to 3 years	3 to 5 years	Thereafter	
Debt obligations	\$ 317,842	\$ 13,903	\$ -	\$ -	\$ 331,745
Operating lease obligations	472	722	633	749	2,576
	\$ 318,314	\$ 14,625	\$ 633	\$ 749	\$ 334,321

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, inclusive of accrued interest totalled \$24,718 at June 30, 2025 compared to \$24,541 at December 31, 2024.

Of the notes payable, \$21,157 (December 31, 2024 – \$20,876) inclusive of accrued interest was owing to related parties. Related party interest expense on these notes in the current quarter and first half of 2025 totalled \$558 (2024 – \$488) and \$1,005 (2024 – \$976), respectively. Please refer to note 8 to the Statements.

\$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 June 30, 2025:

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Demand notes payable	Relationship	
Hitzig Bros., Hargreaves & Co. Inc.*	Director	\$ 4,000,000
Ken Hitzig	Founder	\$ 500,000
Term notes payable		
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
Unlisted Debentures		
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 June 30, 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 Senior Credit Facility, 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 with an original principal amount of \$10.5 million and a maturity date of July 31, 2025 accrue interest at a rate of 10.00%. The maturity date of the term notes was extended to December 20, 2025. The Company's Senior 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).

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 June 30, 2025 and December 31, 2024, there were no outstanding foreign exchange contracts entered into by the Company.

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.

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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 Loans 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 comprise an allowance for those Loans which have experienced a SICR since initial recognition. Lifetime ECL are recognized for all Stage 2 Loans. Stage 3 Loans are those that the Company has classified as impaired. The Company classifies a Loan as impaired when the future cash flows of the Loan 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 Loan. In Stage 3, Loans 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.

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

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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 June 30, 2025, and have concluded that the design of the Company's DC&P and ICFR were effective as of that date. During the six months ended June 30, 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 repay or refinance its existing debt obligations, operate the business and grow the portfolio. \$191.9 million of debt matures in 2025, and \$25.7 million of debentures mature in January 2026, contributing to uncertainty about the Company's ability to secure the necessary resources in the near term. In response, the Company is working with external advisors to pursue a broad range of strategic initiatives, including potential divestitures of portfolio assets or subsidiaries as well as other financing alternatives to repay or refinance its debt obligations and maximize shareholder value. There is no assurance that any of these initiatives will be successful, timely or sufficient. While the Company focuses on these initiatives, profitable operating performance and growth will continue to be a challenge.

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Maturing debt obligations

The Company depends on 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 in the immediate term to meet its cash requirements for working capital and operating expenditures but 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 Senior Credit Facility matures on August 15, 2025 and its subordinated debentures mature on January 31, 2026. The Company is pursuing a broad range of strategic initiatives to repay or refinance its debt obligations prior to their maturity. If any or all of the Company's funding sources are not replaced or renewed on terms acceptable to the Company or and if the Company is unsuccessful in generating sufficient additional capital from its strategic initiatives to repay its maturing debt, the Company may not have the financing necessary to conduct its business, which could have a material adverse impact on its business. The above conditions represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Please also see comments regarding Business Conditions, Liquidity and Capital Resources and note 2 to the Statements.

Strategic initiatives and potential asset sales

The Company is pursuing strategic initiatives, including the potential sale of subsidiaries or portfolio assets, with the objective of generating proceeds to repay or refinance its outstanding debt obligation and maximize shareholder value. While these initiatives are intended to improve the Company's liquidity and financial flexibility, they are subject to risks related to execution, valuation, market conditions, and buyer interest. There can be no assurance that any transaction will be completed on acceptable terms or within the necessary timeframes. Sales of portfolio assets or subsidiaries may also lead to a decline in funds employed which may have an adverse impact on the Company's operating performance.

Proceeds from potential asset sales may be lower than expected and could be insufficient to fully address the Company's upcoming debt maturities. If the Company is unable to complete its strategic initiatives or arrange alternative financing, it may be unable to meet its obligations as they come due, resulting in a material adverse effect on its financial condition and ability to continue as a going concern.

In connection with potential strategic transactions, including the sale of portfolio assets or subsidiaries, there is uncertainty regarding the amount of proceeds the Company may ultimately realize. If market conditions or transaction outcomes result

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in proceeds that are lower than the carrying value of the related assets, the Company may be required to recognize cash or non-cash impairment charges, which could materially impact reported financial results in the period recognized.

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 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

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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. The Company's largest individual credit exposure had an outstanding balance of \$29.9 million as at June 30, 2025, representing approximately 7.5% of the Company's total finance receivables and loans. An ECL allowance has been recognized for this exposure in an amount that management considers reasonable and supportable, based on information currently available. However, if certain conditions persist or emerge – including the continued negative impact of tariffs, prolonged underperformance of the business, or other unforeseen developments, the allowance may ultimately prove to be insufficient. See also "Critical Accounting Policies and Estimates" and "Risk Factors".

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

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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.

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 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

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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.

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.

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OUTLOOK

The path to future financial performance of the Company depends 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 is actively pursuing a broad range of strategic initiatives, including potential divestitures of portfolio assets or subsidiaries, as well as alternatives to repay or refinance its debt. The recently negotiated amendment to its Senior Credit Facility, which is expected to be executed on August 15, 2025, will extend the maturity date to December 15, 2025, and should provide additional time to address upcoming debt maturities. These include \$172.5 million of bank indebtedness, \$19.6 million of other term debt maturing in December 2025, and \$25.7 million of subordinated debentures mature on January 31, 2026. Strategic initiatives are aimed at streamlining the business, strengthening the balance sheet, and returning to growth in 2026. While we focus on these initiatives, profitable operating performance and growth of new loan originations will continue to be a challenge.

The current business environment continues to support steady deal flow for non-bank lenders, like Accord, as traditional banks continue to tighten their lending activities. However, ongoing uncertainties related to trade relations, tariffs, interest rates, and inflation contribute to market volatility and may affect the credit quality of our portfolio. Overall credit risk remains elevated, and short-term business conditions are unpredictable. In response, the Company's lending teams remain focused on prudent portfolio management, balancing opportunity with caution while operating within the Company's current funding capacity.

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.

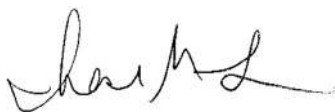
The Company also continues to look for operational efficiencies following cost-cutting measures taken in 2024. While these improvements have been overshadowed by elevated professional fees related to bank negotiations, and higher provisions for credit losses, the streamlined operating platform is expected to contribute to improved financial performance once temporary 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, particularly in the small business portfolio. While the allowance for expected credit losses fully reflects our expert credit judgment and incorporates third-

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party economic forecasts, there remains a risk that economic conditions deteriorate beyond current expectations and the allowance proves to be insufficient. 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 ongoing economic and business challenges, the Company remains focused on executing both balance sheet-related and strategic initiatives for the remainder of 2025. Accord has nearly five decades of experience navigating multiple economic cycles, bringing valuable perspective and resilience as the current environment continues to evolve.



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

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

	Three months ended June 30,	
	2025	2024
Adjusted net loss		
Net loss attributable to shareholders	\$ (876)	\$ (1,149)
Adjustments, net of tax:		
Net single account write-off and associated costs	100	340
Restructuring and other expenses	10	45
Adjusted net loss attributable to shareholders	\$ (766)	\$ (764)

	Three months ended June 30,	
	2025	2024
Adjusted loss per share		
Adjusted net loss	\$ (766)	\$ (764)
Weighted average number of common shares outstanding in the period	8,559	8,559
Adjusted loss per share	\$ (0.09)	\$ (0.09)

	Three months ended June 30,	
	2025	2024
Average funds employed (note)		
Average fund employed	\$ 395,286	\$ 428,146

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.

	Six months ended Jun 30,	
	2025	2024
Return on equity		
Net loss attributable to shareholders	\$ (2,222)	\$ (517)
Weighted average shareholders' equity (note)	79,647	84,734
Return on equity (annualized)	(5.6%)	(1.2%)

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.

	Six months ended Jun 30,	
	2025	2024
Adjusted net earnings (loss)		
Net loss attributable to shareholders	\$ (2,222)	\$ (517)
Adjustments, net of tax:		
Costs associated with single account write-off	172	1,143
Restructuring and other expenses	107	141
Adjusted net earnings (loss) attributable to shareholders	\$ (1,943)	\$ 767

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	Six months ended Jun 30,	
	2025	2024
Adjusted earnings (loss) per share		
Adjusted net earnings (loss)	\$ (1,943)	\$ 767
Weighted average number of common shares outstanding in the period	8,559	8,559
Adjusted earnings (loss) per share	\$ (0.23)	\$ 0.09

	Six months ended Jun 30,	
	2025	2024
Adjusted return on equity		
Adjusted net earnings (loss)	\$ (1,943)	\$ 767
Weighted average shareholders' equity (note)	79,647	84,734
Adjusted return on equity (annualized)	(4.9%)	1.8%

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.

	Six months ended Jun 30,	
	2025	2024
Average funds employed (note)		
Average funds employed	\$ 387,834	\$ 444,298

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.

	Jun 30,		Dec 31,
	2025		2024
Book value per share			
Shareholders' equity	\$ 78,620	\$	80,827
Common shares outstanding	8,559		8,559
Book value per share	\$ 9.19	\$	9.44

	Jun 30,		Dec 31,
	2025		2024
Equity / assets			
Total equity	\$ 84,078	\$	86,678
Assets	429,137		413,882
Equity / assets	19.6%		20.9%

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	Jun 30, 2025	Dec 31, 2024
Debt / equity		
Debt (note)	\$ 331,542	\$ 311,377
Total equity	84,078	86,678
Debt / equity	3.94x	3.59x

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

	Jun 30, 2025	Dec 31, 2024
Portfolio		
Finance receivables and loans	\$ 398,445	\$ 365,585
Portfolio	\$ 398,445	\$ 365,585

ACCORD FINANCIAL CORP.

Consolidated Statements of Financial Position (unaudited)

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

	Note	June 30, 2025	December 31, 2024
Assets			
Cash		\$ 7,547	\$ 16,674
Finance receivables and loans, net	4	388,137	357,554
Income taxes receivable		830	1,028
Other assets		9,290	15,459
Assets held for sale	5	488	422
Deferred tax assets, net		20,511	20,131
Property and equipment		2,334	2,614
		\$ 429,137	\$ 413,882
Liabilities			
Due to clients		\$ 203	\$ 172
Bank indebtedness	6	172,311	145,224
Loans payable	7	108,843	115,934
Accounts payable and other liabilities		9,434	12,246
Income taxes payable		595	-
Notes payable	8	24,718	24,541
Debentures	9	25,670	25,678
Lease liabilities		1,948	2,143
Deferred income		1,337	1,266
		\$ 345,059	\$ 327,204
Equity			
Capital stock	10	9,448	9,448
Contributed surplus		1,872	1,844
Retained earnings		60,247	62,469
Accumulated other comprehensive income		7,053	7,066
Shareholders' equity		78,620	80,827
Non-controlling interests in subsidiaries		5,458	5,851
Total equity		84,078	86,678
		\$ 429,137	\$ 413,882

see accompanying notes

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 Loss (unaudited)

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

Three and six months ended June 30	Note	Three months		Six months	
		2025	2024	2025	2024
Revenue					
Interest		\$ 13,309	\$ 17,832	\$ 26,047	\$ 35,717
Other income		2,885	2,125	5,656	4,906
		16,194	19,957	31,703	40,623
Operating expenses					
Interest expense		7,903	9,368	15,360	19,323
General and administrative		6,660	8,162	14,162	17,677
Provision for credit losses	4	1,875	3,350	4,478	3,761
Depreciation		119	147	241	293
Amortization of intangible assets		-	35	-	69
		16,557	21,062	34,241	41,123
Loss before income tax		(363)	(1,105)	(2,538)	(500)
Income tax expense (recovery)		459	216	(232)	402
Net loss		(822)	(1,321)	(2,306)	(902)
Net earnings (loss) attributable to non-controlling interests in subsidiaries		54	(172)	(84)	(385)
Net loss attributable to shareholders		\$ (876)	\$ (1,149)	\$ (2,222)	\$ (517)
Basic and diluted loss per common share	11	\$ (0.10)	\$ (0.13)	\$ (0.26)	\$ (0.06)

see accompanying notes

Consolidated Statements of Comprehensive Loss (unaudited)

Three and six months ended June 30	Three months		Six months	
	2025	2024	2025	2024
Net loss	\$ (876)	\$ (1,149)	\$ (2,222)	\$ (517)
Other comprehensive income:				
Items that are or may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	(16)	84	(13)	268
Comprehensive loss	\$ (892)	\$ (1,065)	\$ (2,235)	\$ (249)

see accompanying notes

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 (loss)		-	-	-	(517)	268	-	(249)
Stock-based compensation expense related to stock option grants	10	-	-	13	-	-	-	13
Net loss attributable to non-controlling interests in subsidiaries		-	-	-	-	-	(385)	(385)
Translation adjustments on non-controlling interests		-	-	-	-	-	149	149
Balance at June 30, 2024		8,558,913	\$ 9,448	\$ 1,787	\$ 65,091	\$ 7,342	\$ 4,523	\$ 88,191
Balance at January 1, 2025		8,558,913	\$ 9,448	\$ 1,844	\$ 62,469	\$ 7,066	\$ 5,851	\$ 86,678
Comprehensive loss		-	-	-	(2,222)	(13)	-	(2,235)
Stock-based compensation expense related to stock option grants	10	-	-	28	-	-	-	28
Net loss attributable to non-controlling interests in subsidiaries		-	-	-	-	-	(84)	(84)
Translation adjustments on non-controlling interests		-	-	-	-	-	(309)	(309)
Balance at June 30, 2025		8,558,913	\$ 9,448	\$ 1,872	\$ 60,247	\$ 7,053	\$ 5,458	\$ 84,078

ACCORD FINANCIAL CORP.

Consolidated Statements of Cash Flows (unaudited)

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

Six months ended June 30	Note	2025	2024
Cash provided by:			
Operating activities			
Net loss		\$ (2,306)	\$ (902)
Items not affecting cash:			
Provision for credit losses	4	4,478	3,761
Amortization of intangible assets		-	69
Depreciation of property and equipment		241	293
Loss on disposal of property and equipment		-	25
Accretion of debentures	9	(8)	(18)
Stock-based compensation expense	10	50	32
Deferred tax recovery		(1,033)	(310)
Current income tax expense		801	712
		2,223	3,662
Change in operating assets and liabilities			
Finance receivables and loans, gross	4	(46,066)	48,049
Due to clients		32	(33)
Other assets		6,047	(1,666)
Accounts payable and other liabilities		(1,632)	(4,715)
Disposal of assets held for sale		-	377
Income tax paid, net		(33)	(973)
		(39,429)	44,701
Investing activities			
Additions to property and equipment		(2)	(55)
		(2)	(55)
Financing activities			
Net proceeds from (repayment of) Bank indebtedness	6	27,299	(59,059)
Issuance of loans payable (Canadian dollar loans)	7	-	42,002
Repayment of loans payable (Canadian dollar loans)	7	(13,671)	(11,421)
Net proceeds from (repayment of) loans payable (US dollar loans)	7	11,044	(9,551)
Repayment of notes payable	8	(30)	(73)
Lease liabilities principal paid		(174)	(224)
		24,468	(38,326)
Effect of exchange rate changes on cash		5,836	(39)
Increase (decrease) in cash and restricted cash		(9,127)	6,281
Cash and restricted cash at January 1		16,674	9,696
Cash and restricted cash at June 30		\$ 7,547	\$ 15,977
Supplemental cash flow information			
Net cash used in operating activities includes:			
Interest paid		\$ 9,147	\$ 17,845
<i>See accompanying notes</i>			

ACCORD FINANCIAL CORP.

Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three and six months ended June 30, 2025 and 2024

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

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 and six months ended June 30, 2025 and 2024

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

The Company has financial liabilities of \$329.8 million that are due within the next 12 months comprised primarily of a revolving Senior Credit Facility provided by a syndicate of six banks with a contractual maturity date of July 26, 2025. The Company entered into two short-term extensions, one on July 25, 2025 and the second on August 8, 2025, extending the maturity date to August 15, 2025. The Company expects to execute an amendment to the Senior Credit Facility to extend the maturity date to December 15, 2025. In addition, \$15.1 million of the Company's term notes payable mature in December 2025, along with \$2.7 million of BondIt's notes payable and \$25.7 million of debentures mature on January 31, 2026 (see Note 14 to the Statements). The Company is in compliance with all Senior 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, breached loan covenants under its revolving line for the months ended March 31, April 30, May 31, and June 30, 2025. A waiver for these actual and anticipated breaches was obtained in May 2025. As noted in Note 7(a) to the Statements, BondIt expects to receive additional waivers as needed. The Company anticipates that BondIt will continue working to remediate covenant breaches and will engage with its lenders to revise covenants or obtain further waivers, as circumstances require.

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)

ACCORD FINANCIAL CORP.

Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three and six months ended June 30, 2025 and 2024

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

These condensed interim unaudited consolidated financial statements for the three and six months ended June 30, 2025 were approved for issuance by the Company's Board of Directors ("Board") on August 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, 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

	June 30, 2025	December 31, 2024
Working capital loans	\$ 85,890	\$ 92,333
Receivable loans	90,902	81,723
Inventory & equipment loans	105,741	86,018
Media loans	114,726	102,450
Lease receivables	1,185	3,061
Finance Receivables and loans	398,444	365,585
Less allowance for expected credit losses	10,307	8,031
Finance Receivables and loans, net	\$ 388,137	\$ 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 June 30, 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 and all of its lease receivables were either collected or terminated by June 30, 2025.

ACCORD FINANCIAL CORP.

Notes to Condensed Interim Unaudited Consolidated Financial Statements

Three and six months ended June 30, 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:

	June 30, 2025	December 31, 2024
Less than 1 year	\$ 286,739	\$ 263,708
1 to 2 years	72,679	73,220
2 to 3 years	36,685	21,730
3 to 4 years	2,047	5,028
4 to 5 years	294	1,899
	\$ 398,444	\$ 365,585

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

	June 30, 2025	December 31, 2024
Current	\$ 346,795	\$ 324,959
Past due but not impaired:		
Past due less than 90 days	17,880	19,795
Past due 90 to 180 days	10,907	4,839
Past due 180 days or more	14,527	10,704
Impaired loans	8,335	5,288
	\$ 398,444	\$ 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 June 30, 2025, \$35,767 (December 31, 2024 – \$27,432) relates to BondIt Media Capital ("BondIt"), AFIU's 60% controlled media finance subsidiary, and \$15,776 (December 31, 2024 – \$14,589) relates to AFCC, of which \$14,673 (December 31, 2024 – \$14,197) benefits from a guarantee from Export Development Canada ("EDC") between 75% to 80% of the loan balance.

At June 30, 2025, the estimated fair value of the collateral securing the impaired loans totalled \$6,877 (December 31, 2024 – \$4,350). During the six months ended March 2025, lease receivables totalling \$66 (December 31, 2024 – \$469) were transferred to assets held for sale upon default of the leases and repossession of the collateral.

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

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	June 30, 2025	December 31, 2024
Stage 1	\$ 304,035	\$ 286,407
Stage 2 (SICR)	86,074	73,890
Stage 3 (Impaired)	8,335	5,288
	\$ 398,444	\$ 365,585

The Company's allowance for ECL on finance receivables and loans is \$10,307 (December 31, 2024 – \$8,031), of which \$8,228 (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 June 30, 2025 by stage of allowance was as follows:

Three months ended at June 30, 2025	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses at April 1	\$ 2,080	\$ 6,189	\$ 1,295	\$ 9,564
Transfer between stages	(15)	(108)	123	-
Provision for credit losses	259	62	1,554	1,875
Write-offs	-	-	(1,194)	(1,194)
Recoveries	-	-	167	167
Foreign exchange adjustment	(67)	(39)	1	(105)
Allowance for expected credit losses at June 30	\$ 2,257	\$ 6,104	\$ 1,946	\$ 10,307

The activity in the allowance for ECL on finance receivables and loans during the three months ended June 30, 2024 by stage of allowance was as follows:

Three months ended at June 30, 2024	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses at April 1	\$ 3,172	\$ 4,153	\$ 2,132	\$ 9,457
Transfer between stages	(256)	(68)	324	-
Provision for credit losses	(16)	48	3,326	3,358
Write-offs	-	-	(2,308)	(2,308)
Recoveries	-	-	30	30
Foreign exchange adjustment	12	14	2	28
Allowance for expected credit losses at June 30	\$ 2,912	\$ 4,147	\$ 3,506	\$ 10,565

The activity in the allowance for ECL on finance receivables and loans during the six months ended June 30, 2025 by stage of allowance was as follows:

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Six months ended at June 30, 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	(328)	15	313	-
Provision for credit losses	557	1,552	2,369	4,478
Write-offs	-	-	(2,564)	(2,564)
Recoveries	-	-	466	466
Foreign exchange adjustment	(65)	(40)	1	(104)
Allowance for expected credit losses at June 30	\$ 2,257	\$ 6,104	\$ 1,946	\$ 10,307

The activity in the allowance for ECL on finance receivables and loans during the six months ended June 30, 2024 by stage of allowance was as follows:

Six months ended at June 30, 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	110	(682)	572	-
Provision for credit losses	(523)	(341)	4,633	3,769
Write-offs	-	-	(4,036)	(4,036)
Recoveries	-	5	174	179
Foreign exchange adjustment	32	68	2	102
Allowance for expected credit losses at June 30	\$ 2,912	\$ 4,147	\$ 3,506	\$ 10,565

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.

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

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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 \$1.4 million higher than the reported estimate of the allowance for ECL as at June 30, 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 \$2.8 million lower than that reported.

At June 30, 2025, the Company held cash collateral of \$1,274 (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 June 30, 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.

6. Bank indebtedness

The Company has a revolving Senior 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 Senior 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 Senior Credit Facility. The Senior 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.

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The Company was in compliance with all loan covenants and milestones under its revolving Senior Credit Facility during the first six months of 2025 and expects to be able to comply with the covenants through the maturity date of the facility. The Company expects to execute an amendment to the Senior Credit Facility on August 15, 2025, to extend the maturity date to December 15, 2025 and amend other terms. See note 16.

7. Loans payable

Loans payable comprise:

	June 30, 2025	December 31, 2024
BondIt loan ^(a)	\$ 85,032	\$ 78,452
ASBF loan ^(b)	23,811	37,482
	\$ 108,843	\$ 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 is secured by all of BondIt's assets has a total commitment of US\$62.5 million (\$85.0 million) and a maturity date of May 31, 2027. At June 30, 2025, the amount outstanding under this line of credit totalled \$85.0 million inclusive of accrued interest and fees. The loan agreement contains monthly covenants, including a collateral covenant requiring the trailing six month rolling average delinquency rate not to exceed 15% and a minimum quarterly net income covenant. BondIt was not in compliance with the covenant related to the six-month rolling average delinquency rate at June 30, 2025. A waiver for earlier actual and anticipated breaches was obtained in May 2025. 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.

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 June 30, 2025 was \$23.8 million (December 31, 2024 – \$37.5 million). The Company was in compliance with all covenants at June 30, 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 November 30, 2027, including \$15.1 million of term notes due by December 31, 2025. Notes payable are to

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individuals or entities and consist of advances from shareholders, management, other related individuals and third parties.

Notes payable were as follows:

	June 30, 2025		December 31, 2024	
Demand and term notes due within one year:				
Related parties	\$	17,075	\$	16,562
Third parties		3,561		3,665
		20,636		20,227
Term notes due after one year:				
Related parties		4,082		4,314
	\$	24,718	\$	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 and six months ended June 30 was as follows:

	Three months		Six Months	
	2025	2024	2025	2024
Related parties	\$ 558	\$ 488	\$ 1,005	\$ 976
Third parties	99	63	190	125
	\$ 657	\$ 551	\$ 1,195	\$ 1,101

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 June 30, 2025, participations in BondIt client loans totalled US\$20.5 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.

c) Debentures

\$3,250 of the unlisted 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

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Debentures is payable semi-annually on June 30 and December 31 each year. The Debentures are unsecured and subordinated to all senior indebtedness. This includes all debt for borrowed money, such as principal, interest and fees related to bank indebtedness, the unsecured demand notes and the unsecured term notes. Senior indebtedness also comprises other material obligations under lease liabilities, trade payables and financial instruments, such as letters of credit. It also encompasses related guarantees, accrued interest and enforcement costs, unless expressly subordinated or stated to rank pari passu with the Debentures.

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 June 30, 2025 and December 31, 2024 is presented below:

	June 30, 2025	December 31, 2024
Debentures Issued	\$ 25,650	\$ 25,650
Accretion in carrying value of debenture liability	20	28
	\$ 25,670	\$ 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 June 30, 2025 and 2024, there were no first preferred shares outstanding.

The Company's issued and outstanding common shares during the first six 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 and six months ended June 30, 2025 and three and six months ended June 30, 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	June 30, 2025	December 31, 2024
August 4, 2021	80,100	8.83	Aug. 3,2028	45,000	45,000
October 12, 2021	12,000	8.83	Aug. 3,2028	12,000	12,000
September 19, 2022	72,000	8.34	Sep. 18,2029	63,000	63,000
September 25, 2023	127,500	5.69	Sep. 24,2030	109,500	109,500
September 23, 2024	114,000	4.20	Sep. 23,2031	114,000	114,000
	405,600			343,500	343,500

Of the outstanding options, 231,000 were vested as of June 30, 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 and six months ended June 30, 2025, the Company granted 5,270 DSUs (2024 – 4,569) and 10,156 DSUs (2024 – 8,405) respectively. 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 June 30, 2025, the Company recorded a stock-based compensation expense of \$50 (2024 – recovery of \$9), of which \$28 (2024 – recovery of \$8) related to stock option grants under the 2021 SOP and \$22 (2024 – recovery of \$1) related to DSU. For the six months ended June 30, 2025, the Company recorded a stock-based compensation expense of \$50 (2024 – \$32), of which \$28 (2024 – \$13) related to stock option grants under the 2021 SOP and \$22 (2024 – \$19) related to DSU.

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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 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 and six months ended June 30, 2025 and three and six months ended June 30, 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 June 30, 2025 the Company was contingently liable with respect to letters of guarantee issued on behalf of a client in the amount of \$762 (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 June 30	2025				2024			
	Canada	United States	Inter-company	Total	Canada	United States	Inter-company	Total
Identifiable assets	\$ 204,454	\$ 227,404	\$ (2,721)	\$ 429,137	\$ 254,729	\$ 224,530	\$ (2,736)	\$ 476,523
Revenue								
Interest income	\$ 9,722	\$ 5,768	\$ (2,181)	\$ 13,309	\$ 13,502	\$ 7,931	\$ (3,601)	\$ 17,832
Other income	1,247	1,638	-	2,885	1,080	1,045	-	2,125
	10,969	7,406	(2,181)	16,194	14,582	8,976	(3,601)	19,957
Expenses								
Interest	4,782	5,302	(2,181)	7,903	7,046	5,923	(3,601)	9,368
General and administrative	4,401	2,259	-	6,660	5,031	3,131	-	8,162
Provision for credit losses	1,289	586	-	1,875	3,192	158	-	3,350
Depreciation	84	35	-	119	72	75	-	147
Business acquisition expenses	-	-	-	-	-	35	-	35
	10,556	8,182	(2,181)	16,557	15,341	9,322	(3,601)	21,062
Earnings (loss) before income tax expense	413	(776)	-	(363)	(759)	(346)	-	(1,105)
Income tax expense (recovery)	663	(204)	-	459	172	44	-	216
Net loss	(250)	(572)	-	(822)	(931)	(390)	-	(1,321)
Net earnings (loss) attributable to non-controlling interest in subsidiaries	-	54	-	54	-	(172)	-	(172)
Net loss attributable to shareholders	\$ (250)	\$ (626)	\$ -	\$ (876)	\$ (931)	\$ (218)	\$ -	\$ (1,149)
Six months ended June 30								
Identifiable assets	\$ 204,454	\$ 227,404	\$ (2,721)	\$ 429,137	\$ 254,729	\$ 224,530	\$ (2,736)	\$ 476,523
Revenue								
Interest income	\$ 19,235	\$ 11,053	\$ (4,241)	\$ 26,047	\$ 27,260	\$ 15,498	\$ (7,041)	\$ 35,717
Other income	2,184	3,472	-	5,656	2,664	2,242	-	4,906
	21,419	14,525	(4,241)	31,703	29,924	17,740	(7,041)	40,623
Expenses								
Interest	9,194	10,407	(4,241)	15,360	14,344	12,020	(7,041)	19,323
General and administrative	9,691	4,471	-	14,162	11,423	6,254	-	17,677
Provision for credit losses	3,251	1,227	-	4,478	4,264	(503)	-	3,761
Depreciation	168	73	-	241	144	149	-	293
Business acquisition expenses	-	-	-	-	-	69	-	69
	22,304	16,178	(4,241)	34,241	30,175	17,989	(7,041)	41,123
Loss before income tax expense	(885)	(1,653)	-	(2,538)	(251)	(249)	-	(500)
Income tax expense (recovery)	184	(416)	-	(232)	205	197	-	402
Net loss	(1,069)	(1,237)	-	(2,306)	(456)	(446)	-	(902)
Net loss attributable to non-controlling interest in subsidiaries	-	(84)	-	(84)	-	(385)	-	(385)
Net loss attributable to shareholders	\$ (1,069)	\$ (1,153)	\$ -	\$ (2,222)	\$ (456)	\$ (61)	\$ -	\$ (517)

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.

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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 (June 30, 2025 – \$398.4 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 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 six months ended June 30, 2025 and 2024.

At June 30, 2025, the Company had impaired loans of \$8,335 (December 31, 2024 – \$5,288), while, at that date, it held collateral for these loans with an estimated fair value of \$6,877 (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 five 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. subsidiaries), 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. subsidiaries) 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

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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.

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 36 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 708 clients (2024 – 843) and BondIt's media finance loans to approximately 51 media productions (2024 – 50). The largest client in the loan portfolio comprised 7.5% (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	June 30, 2025		December 31, 2024	
	Gross finance receivables and loans	% of total	Gross finance receivables and loans	% of total
Media	\$ 115,036	28.9	\$ 102,809	28.1
Wholesale Trade	83,090	20.9	64,651	17.7
Manufacturing	50,235	12.6	44,213	12.1
Finance and Insurance	47,773	12.0	40,576	11.1
Mining	18,175	4.6	17,935	4.9
Construction	16,767	4.2	17,064	4.7
Transportation and Warehousing	11,656	2.9	11,624	3.2
Retail Trade	11,070	2.8	12,466	3.4
Waste Management and Remediation Services	8,533	2.1	13,320	3.6
Information	8,036	2.0	6,503	1.8
Other	28,073	7.0	34,424	9.4
	\$ 398,444	100.0	\$ 365,585	100.0

Included in Wholesale Trade is the Company's largest individual credit exposure, which is managed by AFIC. As at June 30, 2025, the outstanding balance was \$29.9 million, representing approximately 7.5% of the Company's total finance receivables and loans. This exposure is being closely monitored given its classification as a Stage 2 loan, which reflects the presence of a significant unsecured over-advance and an elevated level of credit risk. An ECL allowance has been recognized for this exposure in an amount that management considers reasonable and supportable, based on information currently available. However, if certain conditions persist or emerge – including the continued negative impact of tariffs, prolonged underperformance of the business, or other unforeseen developments, the allowance may ultimately prove to be insufficient.

	June 30, 2025	December 31, 2024
Canada	\$ 189,178	\$ 189,143
United States	209,266	176,442
	\$ 398,444	\$ 365,585

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 June 30, 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
Financial Assets							
Cash	\$ 7,547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,547
Finance receivables and loans	286,739	72,679	36,685	2,047	258	36	398,444
All other Assets	24,063	467	24	-	-	-	24,554
Total	\$ 318,349	\$ 73,146	\$ 36,709	\$ 2,047	\$ 258	\$ 36	\$ 430,545
Financial Liabilities							
Due to clients	\$ 203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203
Bank indebtedness	172,311	-	-	-	-	-	172,311
Loan payable ⁽¹⁾⁽²⁾	99,022	9,337	484	-	-	-	108,843
Notes payable	20,636	-	4,082	-	-	-	24,718
Debentures	25,670	-	-	-	-	-	25,670
All other liabilities	11,978	-	-	-	-	-	11,978
Total	\$ 329,820	\$ 9,337	\$ 4,566	\$ -	\$ -	\$ -	\$ 343,723

(1) Loan payable includes amounts of \$13,990 maturing within 12 months, \$9,337 maturing in 1 to 2 years, and \$484 maturing in 2 to 3 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 \$85,032 of debt related to BondIt, which has been classified as current as BondIt was in breach of its debt covenants at June 30, 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
Financial Assets							
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
Total	\$ 306,274	\$ 73,932	\$ 21,908	\$ 5,031	\$ 1,861	\$ 38	\$ 409,044
Financial Liabilities							
Due to clients	\$ 172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172
Bank indebtedness	145,224	-	-	-	-	-	145,224
Loan payable ⁽¹⁾⁽²⁾	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
Total	\$ 278,082	\$ 39,920	\$ 7,878	\$ 59	\$ -	\$ -	\$ 325,939

(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 on August 15, 2025 and there is a risk that it may not renew with the same or similar syndicate or refinancing terms. The Company is working with external advisors to pursue a broad range of strategic initiatives, including potential divestitures of portfolio assets or subsidiaries as well as other financing alternatives to repay or refinance its debt obligations

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 June 30, 2025, the Company's unhedged foreign currency positions in its Canadian operations totalled \$464 (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

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manages its interest rate exposure where possible, through the use of securitization or other 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 June 30, 2025:

	Floating rate	Fixed Rate	Non-rate sensitive	Total
Assets				
Cash	\$ 6,651	\$ -	\$ 896	\$ 7,547
Finance receivables and loans, net	231,127	167,317	(10,307)	388,137
All other assets	-	-	33,453	33,453
	\$ 237,778	\$ 167,317	\$ 24,042	\$ 429,137
Liabilities				
Due to clients	\$ -	\$ -	\$ 203	\$ 203
Bank indebtedness	172,311	-	-	172,311
Loan payable	-	108,843	-	108,843
Notes payable	4,500	20,218	-	24,718
Debentures	-	25,670	-	25,670
All other liabilities	-	-	13,314	13,314
Equity	-	-	84,078	84,078
	\$ 176,811	\$ 154,731	\$ 97,595	\$ 429,137
Interest rate sensitivity gap	\$ 60,967	\$ 12,586	\$ (73,553)	\$ -

The Company's floating rate assets exceed the Company's floating rate debt, net of unrestricted cash, by \$73.7 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 \$737 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) preserve financial flexibility to meet financial obligations

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and continue as a going concern; (b) maintain a capital structure that supports growth using internally-generated cash flow and prudent use of debt; and (c) optimize the deployment of capital to provide an appropriate risk-adjusted return for shareholders.

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 June 30, 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 June 30, 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.

As of the reporting date, the Company is focused on strategic initiatives, including potential asset sales and refinancing efforts, to address upcoming debt maturities in December 2025 and January 2026. These initiatives may result in changes to the Company's capital structure and use of capital in future periods.

16. Subsequent event

a) Bank indebtedness

On July 25, 2025, the Company entered into a short-term extension of its Senior Credit Facility, extending the maturity date to August 8, 2025. A second extension, executed on August 8, 2025, further extended the maturity date to August 15, 2025. The Company has substantially negotiated an amendment to the Senior Credit Facility to extend the maturity date to December 15, 2025 and revise other terms. The amendment is in final documentation, with all material terms agreed in principle, and execution is expected on August 15, 2025.

b) Related parties

The related party term notes with an original maturity date of July 31, 2025 were extended to December 20, 2025.

Board of Directors

David Beutel, Toronto, Ontario ^{1,3,4}

Burt Feinberg, New York, New York ³

Simon Hitzig, Toronto, Ontario

Jean Holley, Sanger, Texas ²

Gary Prager, Wake Forest, North Carolina ^{2,3}

David Spivak, Vancouver, British Columbia ¹

Stephen Warden, Oakville, Ontario ^{1,2}

¹ Member of Audit Committee

² Member of Compensation Committee

³ Member of Credit Committee

⁴ 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

Tel (800) 967-0015; Fax (416) 961-9443

www.accordfinancial.com



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