ACCORD
FINANCIAL

Keeping Business Liquid

Annual Report 2024

Keeping Business Liquid

Accord Financial is one of North America's most dynamic commercial finance companies providing fast, flexible financing solutions to companies from coast to coast. Our range of lending programs is unrivaled, including asset-based lending, factoring, inventory finance, equipment finance (in Canada), as well as unique Canadian small-business solutions.

Whether our clients are shifting into growth mode, or restructuring and rebuilding, Accord is there keeping business liquid. Fueled by Accord's commitment and capital, our clients develop innovative products, drive costs down, nurture the next generation of talent, and deliver the promise of progress.

While our programs are tailored to the needs of each client, our goal remains the same: to boost our clients' financial liquidity, setting the stage for the next phase of growth. Our unique combination of deep experience and creative thinking makes us the lender of choice for private equity partners, finance professionals and their client companies looking to seize opportunity and drive success.

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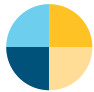
Flexible Financing Solutions from Accord



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.

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.

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.

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.

The Company's financial statements have been prepared in accordance with IFRS. The Company uses a number of other financial measures to monitor its performance and believes that these measures may be useful to investors in evaluating the Company's operating performance and financial position. These measures may not have standardized meanings or computations as prescribed by IFRS that would ensure consistency between companies using these measures and are, therefore, considered to be non-IFRS measures. The non-IFRS measures presented in the Ten Year Financial Summary, Letter to Our Shareholders, Management's Discussion and Analysis and elsewhere in this annual report are summarized on pages 4, 5 and 6 of this Annual Report, as well as set out in detail on pages 28 to 31. Such non-IFRS measures include adjusted net earnings, adjusted earnings per share, book value per share, return on average equity, adjusted return on average equity, average funds employed, etc. Please refer to the above noted pages.

Letter to Our Shareholders

As described in the 2023 Annual Report and subsequent reporting, throughout 2024 Accord focused on a series of strategic initiatives to generate additional cash and capital to strengthen the balance sheet, position for future growth, and unlock shareholder value. These initiatives included exploring alternative funding sources to reduce reliance on our bank syndicate, as well as the opportunity to divest one or more non-core subsidiaries, aiming to streamline the business and reposition for success going forward. We made progress on these initiatives last year and continue to explore further moves in 2025.

In the second quarter the Company established two new financing arrangements, one for BondIt Media Capital, and another for our core Canadian business – a $40 million private securitization facility with a respected life insurance company. Both facilities provide a more competitive cost of funds compared to the funding they replaced.

The third quarter brought continued successful execution, closing the sale of the AEF leasing portfolio on September 30th, an important step in refocusing on the Company's core businesses. Gross proceeds of the transaction were $61.1 million (US$45.2 million), representing a healthy premium over the portfolio carrying value of $55.8 million (US$41.2 million). This transaction reinforced the market value of Accord's assets, and its platform, despite the challenges facing Accord since late 2023.

While the Company grappled with a challenging credit environment throughout the year (with associated loan write-offs), the sale of AEF mitigated the effect on tangible book value per share, which closed at $9.44 at December 31st, essentially flat from $9.45 at the start of the year.

While Accord continues to see a steady flow of loan applications, we remain attuned to the difficult credit environment and selective in onboarding new clients. The uncertain business environment is weighing on many companies in our core markets. Providing some relief, the interest rate cycle has turned down, however, many SMEs are facing conditions they haven't dealt with before, including shifting public policy moves in Canada and the U.S. and a volatile trade environment. Visibility into near term business conditions is cloudy at best. In addition to dampening our credit appetite, these conditions have affected the Company's loan portfolio, with the provision for credit losses continuing above historical norms.

The Company also continues to work with a suboptimal bank facility, which is the primary source of funds for new loans. Less flexibility and higher cost combine to make growth and profitability difficult to achieve. The second

Simon Hitzig

quarter securitization, and the Company's decreased leverage in recent quarters, are helpful in controlling borrowing costs, however, the main bank facility doesn't provide the flexibility to support strong growth. The bank facility matures in late July, and we are actively assessing refinancing alternatives, including with members of our existing bank syndicate. The Company's reduced leverage and more focused portfolio sets the stage for negotiations. While we have a long history of successfully refinancing our debt, the outcome remains uncertain.

Following the sale of the AEF portfolio, Accord's finance receivables and loans ("portfolio") closed at $366 million on December 31, 2024, down from $477 million at the start of the year. Average funds employed during 2024 slipped to $423 million compared to $472 million in 2023. Despite the year-over-year decline in average funds employed, higher average yields and the gain on sale of leasing assets drove 2024 revenue up to $83.1 million compared to $79.7 million in 2023.

The Company also made progress reducing overhead, with general and administrative expenses coming down by $1.3 million year-over-year despite incurring nearly $2.0 million of professional fees related to bank negotiations. Interest expense, however, still presents a headwind. Higher rates, combined with amendment fees incurred in the first quarter (amortizing through July 2025), continue to weigh on results. The provision for credit losses, while substantially improved from 2023 (which had an unusual fraud-related loss in the fourth quarter), came in at $16.2 million, largely due to specific accounts at AFCC and BondIt written off in the fourth quarter.

While the sale of AEF assets contributed a gain, and the Company's cost-control measures took hold, the provision for credit losses tipped the Company to a 2024 net loss attributable to shareholders of $3.1 million, an improvement from the net loss of $14.6 million in 2023. Adjusted net loss came in at $1.4 million, or 16 cents per common share. And as noted, tangible book value per share held relatively steady over the year, closing at $9.44 on December 31st.

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

Simon Hitzig
President & Chief Executive Officer
April 8, 2025

Management's Discussion & Analysis of Results of Operations & Financial Condition ("MD&A")

Year ended December 31, 2024 compared with year ended December 31, 2023

FINANCIAL HIGHLIGHTS

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

Years ended December 31	2024	2023
Average funds employed (millions)	**$ 423**	$ 472
Revenue	**83,056**	79,705
Loss before income tax	**(3,093)**	(27,191)
Net loss attributable to shareholders	**(3,139)**	(14,625)
Gain on of AEF equipment lease portfolio	**(1,068)**	—
Net single account write-off and associated costs	**3,188**	14,913
Restructuring and other expenses	**310**	1,023
Tax impact from adjustments	**(644)**	(7,370)
Adjusted net earnings (loss)	**(1,353)**	5,817
Loss per common share (basic and diluted)	**(0.37)**	(1.71)
Adjusted earnings (loss) per common share (basic and diluted)	**(0.16)**	0.68
Book value per share	**$ 9.44**	$ 9.80

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 year ended December 31, 2024 compared with the year ended December 31, 2023. 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 and Analysis ("MD&A"), which has been prepared as at April 8, 2025, should be read in conjunction with the Company's 2024 audited consolidated financial statements (the "Statements") and notes thereto, the Ten Year Financial Summary (see page 31) and the Letter to Our Shareholders, all of which form part of this 2024 Annual Report.

All amounts discussed in this MD&A are expressed in thousands of Canadian dollars except per share amounts and as otherwise stated and have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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 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.

Irene Eddy

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

NON-IFRS FINANCIAL MEASURES AND RATIOS

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 its 2024 Annual 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 before goodwill impairment, gain on Accord CapX LLC (doing business as Accord Equipment Finance ("AEF")) sale, net single account write off and associated costs, stock-based compensation, business acquisition expenses (namely, business transaction and amortization of intangibles) and restructuring expenses. The Company considers these items 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 17 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, as shown on the Company's balance sheet, 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 on a month-by-month basis, over a defined period relevant in the appendix.

v) **Profitability, yield and efficiency ratios** – Table 1 on page 9 presents certain profitability measures. In addition to ROE and adjusted ROE, net revenue (revenue minus interest expense) expressed as a percentage of average assets, and operating expenses comprising general and administrative expenses ("G&A") and depreciation expressed as a percentage of average assets is shown, as is operating expenses as a percentage of revenue, which is also referred to as the efficiency ratio. These ratios are presented over a three-year period, which enables readers to see at a glance, trends in the Company's profitability, yield and operating efficiency;

vi) **Financial condition and leverage ratios** – Table 2 on page 11 presents the following percentages: (i) total equity expressed as a percentage of total assets; (ii) tangible equity (total equity less goodwill, intangible assets) expressed as a percentage of total assets; and (iii) 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; and

vii) **Credit quality** – Table 3 on page 14 presents information on write-offs and expected credit quality of the Company's total portfolio, namely, its finance receivables and loans. It presents the Company's year-end allowances for expected credit losses ("ECL") as a percentage of its total portfolio and its annual net write-offs. It also presents net write-offs as a percentage of revenue.

The calculations of the above noted non-IFRS financial measures and ratios for the last 3 years are set out in the Appendix to this MD&A on pages 28 to 31 of this 2024 Annual Report.

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, as well as film and media finance and supply chain financing for importers. Its clients operate in a wide variety of industries, examples of which are set out in the Review of Financial Position section below.

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

The Company's business principally involves: (i) asset-based lending by AFIC and AFIU, which entails purchasing receivables ("factoring") or financing receivables on a recourse basis, as well as financing other tangible assets, such as inventory and equipment; (ii) equipment financing

(leasing and equipment loans) by AFCC and AEF. AFCC also provides working capital financing to small businesses through its Accord Small Business Finance ("ASBF") subsidiary; (iii) film and media production financing by BondIt. As part of the transaction described below, AEF is no longer originating new equipment leases.

SALE OF AEF EQUIPMENT LEASE PORTFOLIO

As described in the Company's second quarter report, management has been evaluating a range of strategic initiatives including divesting one or more non-core subsidiaries to generate capital to support portfolio growth and unlock shareholder value. The catalyst for the evaluation of strategic initiatives, a significant write-off of a single account due to a carefully concealed fraud ("single account loss"), which led to a significant decrease in the Company's equity, was reported in the Company's third quarter report from 2023. As a result, the Company was faced with less favorable terms under its bank facility, which is the primary source of funds for new loans. Less flexibility, higher costs, and a mandate to keep bank borrowings under $260 million by January 2, 2025, were the key changes included in an amendment to the Company's primary credit facility agreement on March 15, 2024 ("March Amendment").

In the course of evaluating strategic initiatives, the Company's U.S. portfolio of leases was identified as a non-core product that had the potential to produce a net positive return if sold to a strategic investor. On September 30, 2024, the Company closed the sale of the AEF equipment lease portfolio with a net asset value of US$41.2 million ($55.8 million), in exchange for an amount equal to US$45.2 million ($61.1 million) which is net of client security deposits of US$1.6 million ($2.2 million), (the "AEF Sale"). The proceeds were comprised of US$44.2 million ($59.8 million) in cash and US$1.0 million ($1.3 million) of contingent consideration, which was received on December 4, 2024 upon satisfaction of certain conditions.

The gain on sale was US$0.8 million ($1.1 million) net of transaction expenses of approximately US$1.0 million ($1.3 million) and the elimination of AEF-related intangible assets of US$2.2 million ($3.0 million). The gain is included in Other Income in the statements of comprehensive loss. The proceeds of the sale, net of transaction expenses and client security deposits, have been used to reduce the Company's outstanding bank indebtedness, by US$43.2 million ($58.5 million). Pursuant to the March Amendment, the revolving commitment was reduced from $300 million to $260 million coincident with the closing of this transaction.

The completion of the AEF Sale is one in a series of steps the Company has undertaken to refocus on the core business and create shareholder value.

RESULTS OF OPERATIONS

Year ended December 31, 2024 compared with year ended December 31, 2023

Shareholders' net loss in 2024 was $3,139 compared to net loss of $14,625 in 2023. Shareholders' net loss recovered mainly as a result of decrease in provision for credit losses and absence of a goodwill write-off in 2024, as the impairment was recorded in 2023. Basic and diluted loss per common share ("LPS") was $0.37 compared to basic and diluted LPS of $1.71 last year. The Company's ROE was -3.7% in 2024 compared to -14.8% in 2023.

Adjusted net loss was $1,353 in 2024 compared to last year's adjusted net earnings of $5,817. Adjusted LPS was $0.16 in 2024 compared to adjusted earnings per share ("EPS") of $0.68 in 2023. Adjusted ROE was -1.6%

RESULTS OF OPERATIONS

Years ended December 31		2024	% of revenue		2023	% of revenue
Revenue						
Interest	$	67,573	81.4%	$	68,740	86.2%
Other income		15,483	18.6%		10,965	13.8%
		83,056	100.0%		79,705	100.0%
Operating expenses						
Interest expense		36,006	43.4%		35,299	44.3%
General and administrative		33,296	40.1%		34,545	43.3%
Provision for credit losses		16,181	19.5%		24,476	30.7%
Impairment of goodwill		—	0.0%		11,876	14.9%
Depreciation		562	0.7%		563	0.7%
Amortization of intangible assets		104	0.1%		137	0.2%
		86,149	103.7%		106,896	134.1%
Loss before income tax		(3,093)	(3.7%)		(27,191)	(34.1%)
Income tax recovery		(647)	(0.8%)		(11,798)	(14.8%)
Net Loss		(2,446)	(2.9%)		(15,393)	(19.3%)
Net earnings (loss) attributable to non-controlling interests in subsidiaries		693	0.8%		(768)	(1.0%)
Net loss attributable to shareholders	$	(3,139)	(3.8%)	$	(14,625)	(18.3%)
Goodwill impairment		—	0.0%		11,876	14.9%
Gain on sale of AEF equipment lease portfolio		(1,068)	(1.3%)		—	0.0%
Net single account write off and associated costs		3,188	3.8%		14,913	18.7%
Restructuring and other expenses		310	0.4%		1,023	1.3%
Tax impact from adjustments		(644)	(0.8%)		(7,370)	(9.2%)
Adjusted net earnings	$	(1,353)	(1.6%)	$	5,817	7.3%
Basic and diluted loss per common share	$	(0.37)		$	(1.71)	
Adjusted basic and diluted earnings (loss) per common share	$	(0.16)		$	0.68	

in 2024 compared to 5.9% in 2023. Please refer to the Appendix to the MD&A regarding these non-IFRS measures.

Revenue rose by 4.2% or $3,351 to a record $83,056 in 2024 compared to $79,705 in 2023. Interest income declined by 1.7% or $1,167 to $67,573 in 2024 compared to $68,740 in 2023 on a 10.2% decrease in average funds employed due in part from the AEF Sale on September 30th. Other income increased by 41.2% or $4,518 to $15,483 compared to $10,965 in 2023 mainly due to royalty income of $2,913 at BondIt, gain from the AEF Sale of $1,068 and higher fees at AFCC. Average funds employed in 2024 decreased to $423.4 million compared to $471.7 million in 2023.

Total expenses decreased by 19.4% or $20,747 to $86,149 compared to $106,896 in 2023. Interest expense rose 2.0% or $707 to $36,006 from $35,299 in 2023 despite lower average outstanding bank indebtedness, due to higher average interest rates and costs associated with the March Amendment. The provision for credit losses decreased by $8,295 to $16,181. In 2023, the provision of credit losses was significantly higher due to a large provision associated with a single account of $14,125. G&A decreased by 3.6% or $1,249 from 2023. The Company has trimmed overhead in an effort to offset

higher interest and $2.0 million of professional fees arising from the March 15 bank facility amendments. G&A expenses are comprised of personnel costs, which represent the majority of the Company's G&A costs, as well as professional fees, portfolio servicing costs, and information technology expenses, among others. The Company continues to manage its controllable expenses closely.

The provision for credit losses decreased by $8,295 to $16,181 compared to $24,476 in 2023. In 2023, $14,125 of the provision is attributable to the write-off of a single account. The provision for losses is comprised of:

Twelve months ended December 31	2024	2023
Net write-offs	$ 15,298	$ 8,941
Increase (decrease) in allowance for expected credit losses	(299)	1,410
Net single account write-off	1,182	14,125
Total provision for credit losses	$ 16,181	$ 24,476

Total net write-offs excluding the single account loss increased by $6,357 to $15,298 in 2024 compared to $8,941 in the prior year and the non-cash allowance for ECL decreased by $1,709. Higher net write-offs excluding the single account loss are associated with (i) several large write-offs totalling $7,415, comprised of $3,955 from AFCC, $2,910 from BondIt and $560 at AFIC and (ii) the small business loan portfolio at AFCC. 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.

There was no impairment of goodwill taken in 2024 compared to the impairment of goodwill of $11,876 in 2023 related to goodwill at the Company's U.S. operations.

There were no impairment charges taken in 2024 (2023 – $nil) related to assets held for sale. Depreciation expense decreased by $1 to $562 (2023 – $563) in 2024. Depreciation of $416 (2023 – $409) was charged on the Company's right-of-use assets in 2024, while the balance of the expense related to capital assets. Business acquisition expenses in 2024 totalled $104 (2023 – $137).

Income tax recovery declined by $11,151 to a recovery of $647 compared to a recovery of $11,798 in 2023. Income tax recovery declined on a $24.1 million increase in the Company's share of pre-tax earnings. The Company's effective tax rate was -20.9%.

TABLE 1 – PROFITABILITY, YIELD AND EFFICIENCY RATIOS

(as a percentage)	2024	2023
Return on average equity	(3.7%)	(14.8%)
Adjusted return on average equity	(1.6%)	5.9%
Net revenue / average assets	10.1%	8.7%
Operating expenses* / average assets	7.3%	6.9%
Operating expenses* / revenue	40.8%	44.0%

** G&A and depreciation*

Table 1 highlights the Company's profitability in terms of returns on its average assets and equity.

Canadian operations net of intercompany amounts reported a shareholders' net loss of $17,843 compared to net loss of $14,347 last year. Revenue decreased by $5,435 or 11.0% to $43,472. Total expenses decreased by $7,248 to $61,222. Interest expense and depreciation increased by $778 and $10 respectively. The provision for credit losses and G&A decreased by $6,684 and $1,348. Income tax recovery decreased by $5,309 to an expense of $93. Pre-tax loss in 2024 was $17,750, or $1,813 lower than the pre-tax loss of $19,563 in 2023.

U.S. operations net of intercompany amounts reported shareholders' net income of $14,704 compared to net loss of $278 in 2023. Revenue increased by $8,786 or 28.5% to $39,584. Expenses decreased by $13,499 to $24,927. The largest driver of the decrease in expenses

results from the absence of goodwill impairment charge ($11,876 in 2023). The provision for credit losses decreased by $1,611 to $2,059. Interest expense decreased by $67, and G&A expenses increased by $99. Income tax recovery decreased by $5,842 to a recovery of $740. Net income attributable to non-controlling interests in subsidiaries totalled $693 compared to net loss of $768 in 2023.

Fourth Quarter 2024

Quarter ended December 31, 2024 compared to quarter ended December 31, 2023

Shareholders' net loss for the quarter ended December 31, 2024 was $1,848 compared to a net loss of $7,575 last year. The primary drivers of the lower net loss were a (i) decrease in the provision for credit losses, (ii) absence of goodwill impairment and (iii) lower interest costs. The provision for credit losses in the fourth quarter of last year included an amount related to a large single account credit loss. Basic and diluted LPS were $0.22 compared to $0.89 in the fourth quarter of 2023.

Adjusted net loss was $791 in the fourth quarter of 2024 compared to adjusted net earnings of $3,698 last year. Adjusted net LPS was $0.09 compared to adjusted net EPS of $0.43 in 2023. Please refer to the Appendix to the MD&A regarding these non-IFRS measures.

Revenue decreased by $2,678 or 11.2% to $21,220 in the current quarter compared to $23,898 in the fourth quarter of 2023. Interest income decreased by $4,671 or 23.9% to $14,907 compared to $19,578 in the fourth quarter of 2023 on a 24.9% decrease in average funds employed. Other income increased by $1,993 to $6,313 in the current quarter compared to $4,320 in 2023, mainly due to royalty income of $2,913 in the media finance business. Average funds employed in the fourth quarter of 2024 decreased to $377.4 million compared to $502.7 million last year.

Total expenses in the fourth quarter of 2024 decreased by $16,471 to $23,301 compared to $39,772 last year. The primary driver of the decrease was the absence of an impairment of goodwill in 2024. Total expenses included a goodwill impairment of $11,876 in the fourth quarter last year.

The provision for credit losses decreased by $568 to $7,738 in the fourth quarter compared to a provision of $8,306 in the fourth quarter of 2023.

Three months ended December 31	**2024**	2023
Net write-offs	**$ 10,849**	$ 17,744
Decrease in allowance for expected credit losses	**(3,111)**	(9,438)
Total provision for credit losses	**$ 7,738**	$ 8,306

Interest expense decreased by 22.9% or $2,285 to $7,695 for the quarter, primarily due to lower average bank indebtedness, partially offset by costs associated with the March Amendment.

G&A decreased by 17.7% or $1,671 from the fourth quarter of 2023. The Company continues to manage its controllable expenses closely.

No impairment was recorded for assets held for sale in the fourth quarter of 2024 (2023 – $nil).

Income tax recovery declined by $6,833 to a recovery of $1,148 in the current quarter compared to a recovery of $7,981 in the fourth quarter of 2023 as pre-tax losses decreased by $13,793. The Company's effective tax rate was -20.9%.

REVIEW OF FINANCIAL POSITION

Shareholders' equity at December 31, 2024 was $80.8 million compared to $83.9 million at December 31, 2023. Book value per common share was $9.44 at December 31, 2024 compared to $9.80 at December 31, 2023.

SUMMARY OF QUARTERLY RESULTS

Quarters ended (in thousands unless otherwise stated)	2024 Dec. 31	Sep. 30	Jun. 30	Mar. 31	2023 Dec. 31	Sep. 30	Jun. 30	Mar. 31
Average funds employed (millions)	$ 377	$ 427	$ 428	$ 460	$ 503	$ 478	$ 455	$ 451
Revenue								
Interest and other income	$ 21,220	$ 21,213	$ 19,957	$ 20,666	$ 23,898	$ 19,430	$ 17,933	$ 18,444
Expenses								
Interest	7,695	8,988	9,368	9,955	9,980	9,131	8,275	7,913
General and administrative	7,752	7,865	8,162	9,515	9,423	8,051	8,557	8,514
Provision for credit losses	7,738	4,682	3,350	411	8,306	14,435	1,269	466
Impairment of goodwill	—	—	—	—	11,876	—	—	—
Depreciation	116	153	147	146	153	138	119	153
Business acquisition expenses	—	35	35	34	34	34	35	34
	23,301	21,723	21,062	20,061	39,772	31,789	18,225	17,080
Earnings (loss) before income tax	(2,081)	(510)	(1,105)	605	(15,874)	(12,359)	(322)	1,364
Income tax expense (recovery)	(1,148)	99	216	186	(7,981)	(3,342)	72	(547)
Net earnings (loss)	(933)	(609)	(1,321)	419	(7,893)	(9,017)	(394)	1,911
Non-controlling interests in net earnings (loss)	915	163	(172)	(213)	(318)	(211)	(131)	(108)
Net earnings (loss) attributable to shareholders	$ (1,848)	$ (772)	$ (1,149)	$ 632	$ (7,575)	$ (8,806)	$ (263)	$ 2,019
Adjusted net earnings (loss)	$ (791)	$ (1,329)	$ (764)	$ 1,532	$ 3,698	$ 127	$ (166)	$ 2,156
Earnings (loss) per common share **(cents)	(22)	(9)	(13)	7	(89)	(103)	(3)	24
Adjusted net earnings (loss) per common share(cents)**	(9)	(16)	(9)	18	43	1	(2)	25

** Due to rounding the total of the four quarters may not agree with the reported total for a fiscal year.*
*** Basic and diluted*

Total assets were $413.9 million at December 31, 2024, 19.4% lower than the $513.5 million at December 31, 2023. Total assets are largely comprised of Loans (funds employed). Excluding inter-company loans, identifiable assets located in the United States were 49.1% of total assets at December 31, 2024 compared to 43.4% at December 31, 2023 (see note 21 to the Statements).

TABLE 2 – FINANCIAL CONDITION AND LEVERAGE

(as a percentage)	Dec. 31, 2024	Dec. 31, 2023
Tangible equity / assets	20.9%	16.7%
Equity / assets	20.9%	17.3%
Debt* / total equity	3.59x	4.65x

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

Gross finance receivables and loans (also referred to as Loans or funds employed), before the allowance for ECL thereon, decreased 23.3% to $365.6 million at December 31, 2024 compared to $476.7 million at December 31, 2023. As detailed in the Statements, the Company's Loans comprised:

	Dec. 31, 2024	Dec. 31, 2023
Working capital loans	$ 92,333	$ 116,128
Receivable loans	81,723	90,128
Inventory & equipment loans	86,018	113,287
Media loans	102,450	85,246
Lease receivables	3,061	71,885
Finance receivables and loans, gross	365,585	476,674
Less allowance for expected credit losses	8,031	10,551
Finance receivables and loans, net	$ 357,554	$ 466,123

The Company's Loans principally represent advances made by its asset-based lending subsidiaries, AFIC and AFIU, to approximately 32 clients (2023 – 46) in a wide variety of industries, as well as AFCC's and AEF's lease receivables and equipment and working capital loans to approximately 843 clients (2023 – 1,082) and BondIt's media finance loans to approximately 50 media productions (2023 – 57). The largest client in the loan portfolio comprised 7.0% (2023 – 4.0%) of gross Loans.

Credit approval for transactions supported by management in the Company's six operating businesses is delegated to a staff of senior credit officers within each business. Transactions in excess of $1.0 million (US$1.0 million for U.S. Group companies), are approved by the Corporate Credit Committee. Transactions in excess of $2.5 million (US$2.5 million in the case of U.S. group companies) are approved by the Credit Committee of the Board of Directors, which comprises three members of its Board. The Company monitors and controls its risks and exposures through financial, credit and legal systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit risk is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers.

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

Receivables become "ineligible" for lending purposes when they reach a certain pre-determined age, typically 75 to 90 days from invoice date, and are usually charged back to clients, thereby limiting the Company's credit risk on older receivables. Asset-based lending products additionally require focus on the performance of other collateral types (inventory, equipment and in certain cases real estate) as well as the underlying cash flows of the borrower. AFCC's and AEF's lease receivables and equipment and working capital loans are usually structured as term loans with payments spread out evenly over the term of the lease or loan, with terms up to 60 months. AFCC also has revolving loan products, including a revolving equipment loan product, 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 5 to the Statements which presents tables summarizing the Company's finance receivables and loans, by the three-stage credit criteria of IFRS 9, Financial Instruments ("IFRS 9"), as well as an aged analysis thereof. Credit risk is managed by ensuring that, as far as possible, the receivables financed are of good quality and any inventory, equipment or other assets securing loans are appropriately appraised. Collateral is monitored and managed on an on-going basis to mitigate credit risk. In its asset-based lending and equipment finance operations, the Company assesses the financial strength of its clients and its clients' customers and the industries in which they operate on a regular and ongoing basis. Cash flows from a client's ongoing business operations represent the primary source of repayment.

The Company also manages credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables, applying concentration limits, charging back or making receivables ineligible for lending purposes as they become older, and taking cash collateral in certain cases. The Company will also confirm 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 AFCC, the Company's Canadian small business finance operations, security deposits are usually obtained in respect of equipment leases or loans, while a majority of AFCC's working capital loans have the benefit of a strong financial guarantor guaranteeing between 75% to 80% of the loan balance in the event of a loss.

As detailed in note 5 to the Statements, the Company had past due finance receivables and loans of $42,333 at December 31, 2024, of which $27,432 related to BondIt, the Company's media finance subsidiary, and $14,589 related to AFCC. As of December 31, 2024, 20.2% or $73,890 of total finance receivables and loans were considered to have had a significant increase in credit risk ("SICR").

At December 31, 2024, the Company had impaired finance receivables and loans of $5,288 which represented 1.4% 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 which was $4,350 at December 31, 2024. As the vast majority of the Company's finance receivables and loans are secured, past due or impaired accounts do not necessarily lead to 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:

	Dec. 31, 2024	
Industrial sector	**Gross finance receivables and loans**	**% of total**
Media	$ 109,312	29.9
Wholesale Trade	64,651	17.7
Manufacturing	44,213	12.1
Finance and Insurance	40,576	11.1
Mining	17,935	4.9
Construction	17,064	4.7
Waste Management and Remediation Services	13,320	3.6
Retail Trade	12,466	3.4
Transportation and Warehousing	11,624	3.2
Real Estate Rental and Leasing	9,676	2.6
Professional, Scientific, and Technical Services	7,741	2.1
Other	17,007	4.7
	$ 365,585	100.0

	Dec. 31, 2023	
Industrial sector	Gross finance receivables and loans	% of total
Media	$ 92,693	19.4
Wholesale Trade	53,408	11.2
Manufacturing	68,481	14.4
Finance and Insurance	40,839	8.6
Mining	15,861	3.3
Construction	57,920	12.2
Waste Management and Remediation Services	20,894	4.4
Retail Trade	29,826	6.3
Transportation and Warehousing	23,938	5.0
Real Estate Rental and Leasing	20,652	4.3
Professional, Scientific, and Technical Services	13,922	2.9
Other	38,240	8.0
	$ 476,674	100.0

	Dec. 31, 2024	Dec. 31, 2023
Canada	$ 189,143	$ 263,228
United States	176,442	213,446
Finance receivables and loans, net	$ 365,585	$ 476,674

TABLE 3 – CREDIT QUALITY

(as a percentage)	2024	2024*** adjusted
Reserves* / portfolio	2.2%	2.2%
Reserves* / net write-offs and impairment charges**	45.9%	52.5%
Net write-offs and impairment charges / revenue	21.0%	18.4%

**Reserves comprise the total of the allowance for ECL*
***Net write-offs against Loans and impairment charges on assets held for sale.*
****Adjusted net write-offs excluding the single account loss.*

(as a percentage)	2023	2023*** adjusted
Reserves* / portfolio	2.2%	2.2%
Reserves* / net write-offs and impairment charges**	47.8%	118.0%
Net write-offs and impairment charges / revenue	27.7%	11.2%

**Reserves comprise the total of the allowance for ECL*
***Net write-offs against Loans and impairment charges on assets held for sale.*
****Adjusted net write-offs excluding the single account loss.*

Table 3 shows the allowance for ECL at December 31, as a percentage of loans, as well as a comparison of the allowance to net write-offs and impairment charges for the year ending December 31, 2024. Net write-offs in the Company decreased to $17,480 in 2024 compared to $22,066 last year. Adjusting for the impact of the single account loss, there was an increase in net write-offs of $6,357 (Net write-offs adjusted for single account loss were $15,298 in 2024 and $8,941 in 2023). There were no impairment charges against assets held for sale in 2024 (2023 – $nil). After the customary detailed period-end review of the Company's portfolio by its Risk Management Committee, it was determined that all problem loans and accounts were identified and provided for where necessary.

The Company maintains an allowance for ECL on its Loans at amounts which, in management's judgment, are sufficient to cover ECL thereon. The Company's allowance for ECL on Loans, calculated under the ECL criteria of IFRS 9, totalled $8,031 at December 31, 2024 compared to $10,551 at December 31, 2023. This represents management's best estimate of ECL based on information available at those dates. The challenging economic environment continues to affect the Company's loan portfolio to varying degrees and the measurement of the allowance could fluctuate substantially in future periods.

The activity in the allowance for ECL in 2024 and 2023 is set out in note 5 to the Statements. The estimates of the allowances for ECL involve judgment which management considers to be reasonable and supportable.

Assets held for sale, reported at lower of cost or fair value less cost of disposal, totalled $422 at December 31, 2024 (2023 – $440) and comprised certain assets securing defaulted finance receivables and loans from a number of clients and repossessed long-lived assets.

Cash increased to $16,674 at December 31, 2024 compared to $5,914 at December 31, 2023. The Company endeavors to minimize cash balances as far as possible when it has bank indebtedness outstanding. Fluctuations in cash balances are normal.

Restricted cash comprises cash held as security for non-recourse borrowings. Restricted cash totalling 5% of the outstanding loan balance is held in a cash reserve account and is partially released as the loan balance is repaid. Further, cash receipts from the loan collateral securing the non-recourse borrowings are deposited in a cash collection account and can only be used to repay the related debt. The Company did not hold any restricted cash as at December 31, 2024 (2023 – $3,782).

Intangible assets, net of accumulated amortization, totalled $nil at December 31, 2024 compared to $2,996 at December 31, 2023. Intangible assets were related to AEF and comprised a portion of the net assets disposed of in connection with the AEF Sale.

Other assets increased by $3,167 to $15,459 at December 31, 2024 compared to $12,292 at December 31, 2023. The largest component of other assets represents $7,573 (2023 – $7,372) due from Export Development Canada ("EDC") related to claims made on defaulted loans which benefit from an EDC guarantee of up to 80%. Other assets also include a royalty receivable of $2,974 (2023 – $nil), prepaid expenses of $2,682 (2023 – $4,587) and an amount held as a security for non-recourse borrowings of $1,884 (2023 – $nil). Income taxes receivable, and property and equipment at December 31, 2024 and 2023 were not significant.

Deferred tax assets increased by $1,509 to $20,131 at December 31, 2024 compared to $18,622 at December 31, 2023. The increase is due to an increase in temporary differences between the book value and tax basis of certain assets and liabilities. The Company expects to generate future earnings to utilize the deferred tax asset balance to reduce income taxes payable.

Total liabilities decreased by $97.6 million to $327.2 million at December 31, 2024 compared to $424.8 million at December 31, 2023. The decrease is primarily due to a decrease in bank indebtedness, partially offset by an increase in loans payable.

Amounts due to clients increased by $28 to $172 at December 31, 2024 compared to $144 at December 31, 2023. Amounts due to clients principally consist of collections of receivables not yet remitted to clients or security deposits held on account. Contractually, the Company remits collections within a week of receipt. Fluctuations in amounts due to clients are not unusual.

Bank indebtedness decreased by $135,900 or 48.3% to $145,053 at December 31, 2024 compared to $281,124 at December 31, 2023 due in part to the application of $58.5 million of proceeds from the AEF Sale to repay bank indebtedness. In addition, bank indebtedness of $39,866 related to certain receivables was re-financed in May. The remainder of the reduction is due to lower funds employed. The Company's revolving credit facility was amended in March 2024 reducing the maximum commitment from $375.0 million to $300.0 million. The maximum commitment was further reduced to $260.0 million coincident with the AEF Sale, on September 30, 2024. These reductions are consistent with the size of the Company's current tangible equity and portfolio of Loans. Pricing for drawn amounts under the revolving credit facility are primarily based on the Canadian Overnight Repo Rate Average ("CORRA") plus a margin for Canadian dollar borrowings or the secured overnight financing rate ("SOFR") plus a margin for U.S. dollar borrowings. The margin is based on a measure of leverage at each month end. The margin decreased by 50 basis points in June as the decrease in bank indebtedness improved the ratio of total debt to tangible net worth as defined in the revolving credit agreement ("Leverage Ratio"). The margin decreased an additional 50 basis points on October 1, 2024 as a result of the AEF Sale (25 basis points) and a further reduction in the Leverage Ratio (25 basis points). The Company was not in compliance with one covenant in its revolving credit facility at December 31, 2023. In addition to receiving a waiver from its banking syndicate for 2023, certain terms and covenants of the credit agreement were amended as of March 15, 2024. The Company was in compliance with all covenants at 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 increased by $33,522 to $115,934 at December 31, 2024 compared to $82,412 at December 31, 2023. Loans payable consists of a revolving loan extended to BondIt which increased to $78,452 (2023 – $59,947) and non-recourse debt of $37,482 ($22,465). The increase is attributable to: (i) an additional tranche of non-recourse debt of $42,002 provided by a life insurance company in May to ASBF, offset by repayments of $26,985 and (ii) an increase in the outstanding balance of the BondIt loan of $18,505. ASBF experienced a trigger event as a result of the breached covenant under the Company's revolving credit facility at December 31, 2023, which was waived subsequent to December 31, 2023. ASBF was in compliance with all loan covenants at December 31, 2024. BondIt was not in compliance with multiple covenants at December 31, 2024 and December 31, 2023. BondIt received a waiver for the 2023 breach from the lender after December 31, 2023. BondIt received a waiver for the 2024 breach in February 2025.

Accounts payable and other liabilities increased by $4,190 to $12,246 at December 31, 2024 compared to $8,057 at December 31, 2023.

Notes payable increased by $1,626 to $24,541 at December 31, 2024 compared to $22,915 at December 31, 2023 as a result of accrued interest.

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. All debentures are unsecured and pay interest semi-annually on June 30 and December 31 each year. On August 10, 2023, debenture holders approved amendments to extend the maturity date of the Listed Debentures to January 31, 2026, increase the interest rate to 10.0%, remove the conversion feature and remove the right of the Company to repay the debentures in common shares. As of December 31, 2023, the Company agreed with the holders of Unlisted Debentures to extend the maturity date of the Unlisted Debentures to July 15, 2024, increase the interest rate to 10.0%, remove the conversion feature and remove the right of the Company to repay the debentures in common shares. The Company performed an assessment in accordance with the requirements of IFRS 9 and determined that removing the conversion feature represents a substantial modification, triggering a derecognition of the original Listed Debentures and Unlisted Debentures, and recognition of new liabilities. On July 8, 2024, the Company agreed with the holders of the Unlisted Debentures to extend the maturity date to January 31, 2026. On July 8, 2024, $3,250 of the Unlisted Debentures were acquired by a related party. At December 31, 2024, the debt component of all debentures totalled $25,678 compared to $25,717 at December 31, 2023.

Income taxes payable, lease liabilities, deferred income and net deferred tax liabilities at December 31, 2024 and 2023 were not material.

Capital stock totalled $9,448 at December 31, 2024 and 2023. There were 8,558,913 common shares outstanding at those dates.

Contributed surplus totalled $1,844 at December 31, 2024 (2023 – $1,774).

Retained earnings decreased by $3,139 to $62,469 at December 31, 2024 compared to $65,608 at December 31, 2023. The decrease in 2024 comprised shareholders' net loss of $3,139.

The Company's accumulated other comprehensive income ("AOCI") account solely comprises 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 slightly to $7,066 at December 31, 2024 compared to $7,074 at December 31, 2023.

Non-controlling interests in subsidiaries totalled $5,851 at December 31, 2024 compared with $4,759 at December 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

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

On March 15, 2024, the Company finalized an amendment to its primary revolving credit facility which matures in July 2025 (the "facility agreement"). The March Amendment modifies certain key elements of the facility agreement, providing a longer-term, more stable operating scenario.

The March Amendment reset the total facility limit to $300.0 million (from $375.0 million) to be more appropriate to the Company's current tangible equity and level of borrowings, and at the same time allows the Company to reduce its standby fees for the unused portion of the facility. With the completion of the AEF Sale, the facility limit was further reduced to $260.0 million on October 1, 2024. In addition, a minimum availability requirement was amended and is measured as the difference between eligible collateral and the outstanding bank indebtedness. While the Company has historically carried excess collateral as a matter of course, the amendment provides for specific levels that started at $15.0 million and increased to $25.0 million on October 1, 2024 after the completion of the AEF Sale. This provides for more conservative leverage overall, but restricts growth in earning assets.

Further, the amendment reset the interest coverage ratio covenant ("ICR covenant") and adds a new EBITDA performance metric, both of which are more consistent with the Company's 2024 and 2025 operating plans. Also, the margin added to the applicable index rate for drawn amounts under the revolving facility was increased by 100 basis points. However, since the March Amendment the margin has been reduced by 100 basis points, in part by achieving lower Leverage Ratios in June (50 basis point reduction) and September (25 basis points) and closing the AEF Sale on September 30, 2024 (25 basis points).

While the March Amendment provides adequate time and flexibility for Accord to manage its level of borrowings, for the immediate future, the Company has limited growth capital to invest in new business opportunities. In response, the Company is evaluating a number of strategic initiatives to generate additional cash and capital to maximize shareholder value. Initiatives under consideration include alternative financing arrangements to support, replace or add to current debt facilities in the private market. Additionally, a review of the fundamental core businesses may result in decisions to change product mix, and/or divest one or more non-core subsidiaries. The March Amendment also contains milestones related to initiating discovery for certain strategic initiatives. As noted above, the Company closed a new tranche of non-recourse financing in May and completed the AEF Sale on September 30, 2024 demonstrating the Company's ability to achieve certain of its strategic initiatives. The Company has met all required milestones for the period ending as of the date of this report and continues to work towards establishing a re-financing plan for its primary credit facility which matures in July 2025.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS AT DECEMBER 31, 2024

	Payments due in				
	Less than 1 year	**1 to 3 years**	**3 to 5 years**	**Thereafter**	**Total**
Debt obligations	$ 263,521	$ 47,798	$ 59	$ —	$ 311,549
Operating lease obligations	478	829	644	975	2,926
	$ 263,999	$ 48,627	$ 703	$ 975	$ 314,304

On May 31, 2024, BondIt refinanced its US$50.0 million revolving line of credit with a new revolving line of credit provided by a non-bank lender, which bears a fixed rate of interest. This revolving line, which is secured by all of BondIt's assets, has a total commitment of US$60.0 million and a maturity date of May 31, 2027.

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

Fiscal 2024 cash flows

Year ended December 31, 2024 compared with the year ended December 31, 2023

Cash inflow from net earnings before changes in operating assets and liabilities and income tax payments increased to $12,830 in 2024 compared to $10,750 last year. After changes in operating assets and liabilities and income tax paid there was a net cash inflow of $60,565 in 2024 compared to an outflow of $51,116 last year. The net cash inflow in 2024 largely resulted from collections of or proceeds from refinancing of Loans of $48,569. The net cash outflow in 2023 largely resulted funding of Loans of $51,566.

Cash inflow from investing activities in 2024 totalled $60,253 (2023 – $236) comprised mainly of proceeds from the AEF Sale.

Net cash outflow from financing activities totalled $108,171 in 2024 compared to an inflow of $43,192 last year. The net cash outflow in 2024 primarily resulted from a decrease in bank indebtedness of $136,010 and repayment of Canadian dollar loans payable of $26,984, partially offset by the issuance of Canadian dollar loans payable of $42,002 and net proceeds from US dollar loans payable of $13,266. The net cash inflow in 2023 primarily resulted from an increase in bank indebtedness of $66,470, partially offset by a repayment of Canadian dollar loans payable of $21,903.

The effect of foreign exchange rate changes on cash comprised a decrease of $5,669 in 2024 compared to a decrease of $399 in 2023.

Overall, there was a net cash inflow of $6,978 in 2024 compared to a net cash outflow of $8,559 in 2023.

RELATED PARTY TRANSACTIONS

The Company has borrowed funds (notes payable and debentures) on an unsecured basis from shareholders,

management, other related individuals and third parties.

Notes payable totalled $24,541 at December 31, 2024 compared to $22,915 at December 31, 2023. Notes payable comprise: (i) unsecured demand notes due on, or within a week of, demand of $4,530 (December 31, 2023 – $4,565); (ii) unsecured subordinated term notes (“term notes”) totalling $20,011 (December 31, 2023 – $18,350), which are repayable on various dates the latest of which is November 30, 2027. Term notes totalling $15,697 are repayable within the next 12 months. Notes due on, or within a week of demand, bear interest at rates that vary with the bank prime rate, while the term notes bear interest at rates between 8.75% and 11.00%.

Of the notes payable, $20,876 (December 31, 2023 – $20,494) was owing to related parties and $3,665 (December 31, 2023 – $2,421) to third parties. Interest expense on these notes in 2024 totalled $2,199 (2023 – $1,523). Please refer to note 12(a) to the Statements.

$3,250 of Unlisted Debentures with a maturity date of January 31, 2026 were acquired by a related party in July of 2024.

The following table provides the principal amounts owed to related parties from the Company at December 31, 2024.

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 Accord has an ownership interest in the company*

Accord pays a rate of interest related to Canadian prime (as of December 31, 2024, the rate was 5.45%) on its Canadian dollar unsecured demand notes payable. This interest rate is typically below the interest rate the Company pays on its primary revolving credit facility, agented by The Bank of Nova Scotia (“BNS”) resulting in interest savings to the Company.

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

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

FINANCIAL INSTRUMENTS

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

At December 31, 2024 and 2023, there were no outstanding foreign exchange contracts entered into by the Company.

CRITICAL ACCOUNTING POLICIES AND ESTIMATE

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

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

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

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 above and in notes 3(d), 5 and 22(a) to the Statements.

Control environment

There have been no changes to the Company's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") during 2024 that have materially affected, or are reasonably likely to materially affect, DC&P or 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.

Disclosure controls and procedures

The Company's management, including its President and Chief Financial Officer, are responsible for establishing and maintaining the Company's disclosure controls and procedures and has designed same to provide reasonable assurance that material information relating to the Company is made known to it by others within the Company on a timely basis. The Company's management has evaluated the effectiveness of its disclosure controls and procedures (as defined in the rules of the Canadian Securities Administrators ("CSA")) as at December 31, 2024 and has concluded that such disclosure controls and procedures are effective.

Management's annual report on internal control over financial reporting

The following report is provided by the Company's management, including its President and Chief Financial Officer, in respect of the Company's internal control over financial reporting (as defined in the rules of the CSA):

(i) the Company's management is responsible for establishing and maintaining adequate internal control over financial reporting within the Company. All 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;

(ii) the Company's management has used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework to evaluate the design of the Company's internal control over financial reporting and test its effectiveness; and

(iii) the Company's management has designed and tested the effectiveness of its internal control over financial reporting as at December 31, 2024 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS and advises that there are no material weaknesses in the design of internal control over financial reporting that have been identified by management.

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 22 to the Statements, which discuss the Company's principal financial risk management practices.

The Company's business is dependent on its capital resources

The Company's ability to operate is dependent on future profitable operations and the future availability of equity and/or debt financing. The Company will require additional financing from debt, equity, and/or other alternatives in order to grow the portfolio and to refinance its existing debt obligations. A substantial portion of debt is due for refinancing in 2025 contributing to material uncertainty about the Company's ability to obtain the necessary resources in near term. In response, the Company is evaluating a number of strategic initiatives to generate additional capital, including alternative financing arrangements to support, replace or add to current debt facilities in the private market. Additionally, a review of the fundamental core businesses may result

in decisions to change product mix or undertake divestures of business lines or assets. There is no assurance that any of these initiatives will be successful, timely or sufficient.

Deterioration in economic conditions and business uncertainty

The Company's operating results may be negatively impacted by various economic factors and business conditions, including the level of economic activity in Canada and the United States. Protectionist trade policies and the imposition of cross-border tariffs, whether broad based or targeted to specific industries, could affect input costs, lower investment and disrupt supply chains. Other potential negative conditions or significant events include public health emergencies including pandemics, geo-political 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 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 financings, designed to serve small- and medium-sized businesses, which are often owner-operated and have limited access to traditional financing. There is a high degree of risk associated with providing financing to such parties as a result of their

lower creditworthiness. Even with an appropriately diversified lending business, operating results can be adversely affected by large bankruptcies and/or insolvencies. Losses from client loans in excess of the Company's expectations could have a material adverse impact on the Company's business, financial condition and results of operations. In addition, since defaulted loans as well as certain delinquent loans cannot be used as collateral under the Company's credit facilities, higher than anticipated defaults and delinquencies could adversely affect the Company's liquidity by reducing the amount of funding available to the Company under these financing arrangements. Furthermore, increased rates of delinquencies or loss levels could cause the Company to be in breach of its financial covenants under its credit facilities, and could also result in adverse changes to the terms of future financing arrangements available to the Company, including increased interest rates payable to lenders and the imposition of more burdensome covenants and increased credit enhancement requirements.

Interest rate risk

The Company has floating rate debt, as well as fixed rate debt. The Company's 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 large 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.

External financing

The Company depends and will continue to depend on the availability of credit from external financing sources, to continue to, among other things, finance new and refinance existing loans and satisfy the Company's other working capital needs. In March 2024, the Company entered an amendment to its credit facility which, among other things, reduced the total facility limit and modified operating and financial covenants. The Company believes that with this amendment, current cash balances and existing credit lines, together with cash flow from operations, will be sufficient to meet its cash requirements for working capital and operating expenditures but expects that for the immediate future the Company will have limited growth capital to invest in new business opportunities. There is no guarantee that the Company will continue to have financing available to it or if the Company were to require additional financing that it would be able to obtain it on acceptable terms or at all.

The Company's primary credit facility matures on July 26, 2025 and its unsecured subordinated debentures mature on January 31, 2026. If any or all of the Company's funding sources become unavailable on terms acceptable to the Company or at all, or if any of the Company's credit facilities are not renewed or re-negotiated upon expiration of their terms, the Company may not have access to the financing necessary to conduct its businesses, which would limit the Company's ability to finance its operations and could

have a material adverse impact on its business, financial condition and results of operations. Please also see comments regarding business conditions on page 22 and Liquidity and Capital Resources on page 17.

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.

Recent and future acquisitions and investments

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

Fraud by borrowers, lessees, 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 receivable or 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 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.

OUTLOOK

The path to future financial performance of the Company hinges on several key factors, including access to capital, the overall business environment influencing growth potential and the strength of its team and operating platforms. The Company continues to take positive steps to improve access to capital, and the Company's team and operating platforms remain strong. The economic environment has grown more complex due to escalating trade tensions, including discussions of substantial U.S. tariffs on Canadian exports and increased protectionist policies on both sides of the border.

The Company has made steady progress in setting the foundation for improved access to capital in 2025. However, reduced tangible equity in the wake of the 2023 write-offs, and the March Amendment to the Company's primary credit facility, have contributed to elevated interest expense, and a decline in Accord's funds employed. In response, throughout 2024 Accord has successfully executed a series of strategic initiatives to generate additional cash and capital to strengthen the balance sheet, position for future portfolio growth, and unlock shareholder value.

In the second quarter the Company established two new financing arrangements, one for BondIt Media Capital, and a securitization facility for the Canadian small business portfolio. Both facilities provide a more competitive cost of funds compared to the funding they replaced. The successful sale of the AEF equipment lease portfolio on September 30th was another significant step forward. While these initiatives strengthen the Company's balance sheet, and reduce bank debt, new loans continue to be funded by the primary bank facility. The AEF transaction increased the Company's tangible equity and reduced its leverage, putting the Company in a stronger position to refinance its main bank facility on more favorable terms in the 3rd quarter of 2025, which is a key ingredient for future growth and profitability. However, a substantial portion of debt is due for refinancing in 2025 creating material uncertainty about the Company's ability to obtain the necessary resources in near term.

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

The current business environment has supported steady deal flow for non-bank lenders, including Accord, as traditional banks continue to tighten their lending activities. However, uncertainties surrounding trade relations, potential tariffs, and their effects on supply chains, interest rates, and inflation contribute to market volatility, which may impact the credit quality of our portfolio. Overall credit risk remains elevated, and short-term business conditions are unpredictable. While we are receiving a steady stream of applications, our teams are acutely aware of the challenging credit environment and are maintaining a cautious approach to onboarding new clients.

In early 2024, AFCC, the Company's Canadian small business finance division, partnered with EDC to launch

the Accord|EDC Trade Expansion Lending Program ("TELP"). This initiative builds on Accord's success in tailoring EDC programs specifically for the small business sector. Accord|EDC TELP supports companies engaged in the export supply chain (including companies supporting exporters with goods and services), offering working capital from $250 to $3.0 million through revolving or term loan structures. However, the evolving political landscape may significantly affect the volume of Canadian exports to the U.S., directly affecting growth trajectory of this program.

The current economic conditions, including an increasingly risk-averse banking sector, are conducive to growth of the Company's two ABL/factoring units, AFIC and AFIU. We are seeing steady new business opportunities in both divisions, however, given the general increase in credit risk across numerous sectors, we intend to remain highly selective in closing new transactions, and as a result, expect modest growth. BondIt Media Capital refinanced its dedicated senior credit facility in the second quarter of 2024 with a more flexible and lower priced facility, which paves the way for renewed growth and improved net interest margins. While its financing arrangement is stronger, BondIt is facing an increasingly competitive landscape, creating additional pressure on growth and pricing. Against this backdrop, modest growth is anticipated in 2025.

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

Throughout 2024 the Company has taken steps to streamline its operations. This includes reductions in staff at the Accord Financial Corp. level, as well as the U.S. operating business. Certain other expenses, including technology-related and professional fees, have also been reduced. While these overhead improvements have been overshadowed by year-to-date professional fees related to bank negotiations, and the Company's provision for credit losses, the more streamlined operating platform is expected to contribute to future financial performance as other less permanent expenses recede.

While the Company's platforms remain strong, the challenging economic environment is weakening the payment performance of some of the Company's existing clients, in particular in the small business portfolio. While the allowance for expected loan losses fully reflects our expert credit judgment and third-party economic forecasts, it is possible that the economy underperforms expectations. And finally, in the current environment, the Company is favoring financially stronger clients, which has the effect of lowering average yields.

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

Irene Eddy
Senior Vice President, Chief Financial Officer
April 8, 2025

Appendix to MD&A: Non-IFRS Measures and Ratios

($000s, except percentages, earnings per share and book value per share)

Fiscal Year Non-IFRS Calculations

	Year ended Dec. 31, 2024	2023	2022
Return on Equity			
Net earnings (loss) attributable to shareholders	$ (3,139)	$ (14,625)	$ 1,427
Weighted average shareholders' equity (note)	83,793	98,545	101,981
Return on equity	(3.7%)	(14.8%)	1.4%

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.

	Year ended Dec. 31, 2024	2023	2022
Adjusted net earnings (loss)			
Net earnings (loss) attributable to shareholders	$ (3,139)	$ (14,625)	$ 1,427
Adjustments, net of tax:			
Goodwill impairment	—	8,729	1,384
Gain on sale of AEF equipment lease portfolio	(785)	—	—
Net single account write-off and associated costs	2,343	10,961	—
Restructuring and other expenses	228	752	652
Adjusted net earnings (loss) attributable to shareholders	$ (1,353)	$ 5,817	$ 3,463

	Year ended Dec. 31, 2024	2023	2022
Adjusted earnings (loss) per share			
Adjusted net earnings (loss)	$ (1,353)	$ 5,817	$ 3,463
Weighted average number of common shares outstanding in the period	8,559	8,559	8,559
Adjusted earnings (loss) per share	$ (0.16)	$ 0.68	$ 0.40

	Year ended Dec. 31, 2024	2023	2022
Adjusted return on equity			
Adjusted net earnings (loss)	$ (1,353)	$ 5,817	$ 3,463
Weighted average shareholders' equity (note)	83,793	98,545	101,981
Adjusted return on equity	(1.6%)	5.9%	3.4%

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 months in the period.

	Year ended Dec. 31, 2024	2023	2022
Average funds employed (note)			
Fiscal year	$ 423,365	$ 471,713	$ 449,830
Quarter 1	$ 460,450	$ 451,419	$ 457,395
Quarter 2	$ 428,146	$ 455,204	$ 454,011
Quarter 3	$ 427,429	$ 477,524	$ 444,603
Quarter 4	$ 377,433	$ 502,705	$ 443,310

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

	Year ended Dec. 31, 2024	2023	2022
Return on average assets			
Net earnings (loss) attributable to shareholders	$ (3,139)	$ (14,625)	$ 1,427
Average assets (note)	$ 466,256	$ 512,238	$ 492,386
Return on average assets	(0.7%)	(2.9%)	0.3%

Note: average assets is calculated as the average of the opening and closing assets for the fiscal year as taken from the Company's Balance Sheets.

	Year ended Dec. 31, 2024	2023	2022
Net revenue / average assets			
Net revenue (note)	$ 47,050	$ 44,406	$ 43,403
Average assets	$ 466,256	$ 512,238	$ 492,386
Net revenue / average assets	10.1%	8.7%	8.8%

Note: net revenue is revenue less interest expense as taken from the Company’s Statements of Earnings for the year.

	2024	Year ended Dec. 31, 2023	2022
Operating expenses / average assets			
Operating expenses (note)	$ 33,858	$ 35,108	$ 30,301
Average assets	$ 466,256	$ 512,238	$ 492,386
Operating expenses / average assets	7.3%	6.9%	6.2%

Note: operating expenses is the total of general & administrative expenses and depreciation as taken from the Company's Statement of Earnings for the year.

	2024	Year ended Dec. 31, 2023	2022
Operating expenses / revenue			
Operating expenses	$ 33,858	$ 35,108	$ 30,301
Revenue	$ 83,056	$ 79,705	$ 67,490
Operating expenses / revenue (Table 1)	40.8%	44.0%	44.9%

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Book value per share			
Shareholders' equity	$ 80,427	$ 83,904	$ 100,971
Common shares outstanding	8,559	8,559	8,559
Book value per share	$ 9.44	$ 9.80	$ 11.80

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Tangible equity			
Total equity	$ 86,678	$ 88,663	$ 106,611
Less: Intangible assets	—	2,996	3,201
Less: goodwill	—	—	12,075
Tangible equity	$ 86,678	$ 85,667	$ 91,335

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Tangible equity / assets			
Tangible equity	$ 86,678	$ 85,667	$ 91,335
Assets	413,882	513,480	491,762
Tangible equity / assets	20.9%	16.7%	18.6%

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Equity / assets			
Total equity	$ 86,678	$ 88,663	$ 106,611
Assets	413,882	513,480	491,762
Equity / assets	20.9%	17.3%	21.7%

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Debt / equity			
Debt (note)	$ 311,377	$ 412,168	$ 366,563
Total equity	86,678	88,663	106,611
Debt / equity	3.59x	4.65x	3.44x

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

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Portfolio			
Finance receivables and loans	$ 365,585	$ 476,674	$ 452,678
Managed receivables (note)	—	—	5,309
Portfolio	$ 365,585	$ 476,674	$ 457,987

Note: managed receivables represent those off-balance sheet receivables on which the Company has assumed the credit risk and/or collection responsibilities.

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Reserves			
Allowance for expected losses on loans	$ 8,031	$ 10,551	$ 8,189
Allowance for expected losses on managed receivables	—	—	31
Reserves	$ 8,031	$ 10,551	$ 8,220

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Reserves / portfolio			
Reserves	$ 8,031	$ 10,551	$ 8,220
Portfolio	365,585	476,674	457,987
Reserves / portfolio (Table 3)	2.2%	2.2%	1.8%

	2024	2023	2022
Net write-offs & impairment of assets held for sale			
Net write-offs (note)	$ 17,480	$ 22,066	$ 5,523
Impairment of assets held for sale ("impairment charges")	—	—	148
Net write-offs and impairment charges	$ 17,480	$ 22,066	$ 5,671

Note: net write-offs are write-offs less recoveries of finance receivables and loans and the guarantee of managed receivables.

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Reserves / net write-offs and impairment charges			
Reserves	$ 8,031	$ 10,551	$ 8,220
Net write-offs and impairment charges	17,480	22,066	5,671
Reserves / net write-offs and impairment charges (Table 3)	45.9%	47.8%	144.9%

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Net write-offs and impairment charges / revenue			
Net write-offs and impairment charges	$ 17,480	$ 22,066	$ 5,671
Revenue	83,056	79,705	67,490
Net write-offs and impairment charges / revenue (Table 3)	21.0%	27.7%	8.4%

Quarterly Non-IFRS Calculations

	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023
Adjusted net earnings (loss)								
Net earnings (loss) attributable to shareholders	$ (1,848)	$ (772)	$ (1,149)	$ 632	$ (7,575)	$ (8,806)	$ (263)	$ 2,019
Adjustments, net of tax:								
Goodwill impairment	—	—	—	—	8,729	—	—	—
Gain on sale of AEF equipment lease portfolio	—	(785)	—	—	—	—	—	—
Net single account write-off and associated costs	1,040	160	340	803	2,563	8,398	—	—
Restructuring and other expenses	17	68	45	97	(19)	535	97	139
Adjusted net earnings (loss) attributable to shareholders	$ (791)	$ (1,329)	$ (764)	$ 1,532	$ 3,698	$ 127	$ (166)	$ 2,158

	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023
Adjusted earnings (loss) per share								
Adjusted net earnings (loss)	$ (791)	$ (1,329)	$ (764)	$ 1,532	$ 3,698	$ 127	$ (166)	$ 2,158
Weighted average number of common shares outstanding in the period	8,559	8,559	8,559	8,559	8,559	8,559	8,559	8,559
Adjusted earnings (loss) per share	$ (0.09)	$ (0.16)	$ (0.09)	$ 0.18	$ 0.43	$ 0.01	$ (0.02)	$ 0.25

Note: due to rounding the total of the four quarters may not agree with the reported total for a fiscal year

Ten Year Financial Summary 2015-2024

All figures are in thousands of dollars except earnings per common share, dividends per common share, book value per share, share price history and return on average equity.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	**2024**
	$	$	$	$	$	$	$	$	$	**$**
Revenue	31,577	28,523	31,409	46,927	56,175	48,501	63,481	67,490	79,705	**83,056**
Interest	2,258	2,281	3,847	9,407	17,089	14,596	15,887	24,087	35,299	**36,006**
General and administrative	17,484	17,427	16,945	23,524	26,151	26,458	31,456	29,599	34,545	**33,296**
Provision for credit losses	374	964	2,898	2,025	7,105	9,403	(614)	8,293	24,476	**16,181**
Impairment of goodwill	—	—	—	—	—	—	—	1,883	11,876	**—**
Impairment of assets held for sale	51	44	24	25	—	1,087	873	148	—	**—**
Depreciation	136	153	161	279	727	721	695	702	563	**562**
Business acquisition expenses	575	510	932	336	(1,818)	298	235	132	137	**104**
Total expenses	20,878	21,379	24,807	35,596	49,254	52,563	48,532	64,844	106,896	**86,149**
Earnings (loss) before income tax expense	10,699	7,144	6,602	11,331	6,921	(4,062)	14,949	2,646	(27,191)	**(3,093)**
Income tax expense (recovery)	1,940	578	391	104	1,579	(4,670)	1,727	1,001	(11,798)	**(647)**
Net earnings (loss)	8,759	6,566	6,211	11,227	5,342	608	13,222	1,644	(15,393)	**(2,446)**
Net earnings (loss) attributable to non-controlling interests in subsidiaries	—	—	201	871	(1,102)	191	1,335	218	(768)	**693**
Net earnings (loss) attributable to shareholders	8,759	6,566	6,010	10,356	6,444	417	11,887	1,426	(14,625)	**(3,139)**
Earnings (loss) per share (basic and diluted)	1.05	0.79	0.72	1.24	0.76	0.05	1.39	0.17	(1.71)	**(0.37)**
Dividends per share	0.35	0.36	0.36	0.36	0.36	0.24	0.20	0.30	0.23	**—**
Finance receivables and loans, net	134,259	138,115	217,975	335,652	368,637	354,023	472,899	444,458	466,123	**357,554**
Other assets	20,301	20,450	33,045	38,131	37,577	30,889	47,210	47,304	47,357	**56,328**
Total assets	154,560	158,566	251,020	373,783	406,214	384,913	520,109	491,762	513,480	**413,882**
Bank indebtedness	54,094	62,483	138,140	222,862	242,781	210,940	207,382	214,055	281,124	**145,224**
Loans payable	—	—	—	5,696	11,227	21,376	149,437	109,039	82,412	**115,934**
Notes payable	13,201	11,370	15,862	18,079	18,939	17,434	15,992	18,605	22,915	**24,541**
Debentures	—	—	—	15,955	22,928	23,510	24,153	24,864	25,717	**25,678**
Other liabilities	14,199	9,031	16,885	16,006	13,971	17,894	19,185	18,589	12,649	**15,998**
Total liabilities	81,494	82,884	170,887	278,597	309,847	291,155	416,149	385,151	424,817	**327,204**
Shareholders' equity	73,066	75,682	76,449	89,818	92,515	89,850	99,967	100,971	83,904	**80,827**
Non-controlling interests in subsidiaries	—	—	3,684	5,367	3,853	3,909	3,992	5,640	4,759	**5,851**
Total equity	73,066	75,682	80,133	95,185	96,368	93,759	103,960	106,611	88,663	**86,678**
Total liabilities and equity	154,560	158,566	251,020	373,782	406,215	384,914	520,109	491,762	513,480	**413,882**
Shares outstanding at Dec. 31	8,308	8,308	8,308	8,429	8,589	8,559	8,559	8,559	8,559	**8,559**
Share price - high	12.05	9.95	9.55	10.45	10.42	10.15	9.20	9.50	8.09	**5.70**
- low	9.00	8.70	8.40	8.22	8.37	3.51	6.23	7.50	4.00	**3.66**
- close at Dec. 31	9.60	8.99	9.20	9.09	10.07	6.70	8.40	7.70	4.61	**3.86**

Management's Report to the Shareholders

The management of Accord Financial Corp. is responsible for the preparation, fair presentation and integrity of the audited consolidated financial statements, financial information and MD&A contained in its 2024 annual report. This responsibility includes the selection of the Company's accounting policies in addition to judgments and estimates in accordance with IFRS Accounting Standards ("IFRS"). The accounting principles which form the basis of the consolidated financial statements and the more significant policies applied are described in note 3 to the consolidated financial statements. The MD&A has been prepared in accordance with the requirements of the CSA's National Instrument 51-102.

In order to meet its responsibility for the reliability and timeliness of financial information, management maintains systems of accounting and administrative controls that assure, on a reasonable basis, the reliability of financial information and the orderly and efficient conduct of the Company's business. A report on the design and effectiveness of the Company's disclosure controls and procedures and the design and operating effectiveness of its internal control over financial reporting is set out in the MD&A as required by CSA's National Instrument 52-109.

The Company's Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through its Audit Committee, which is composed of three independent directors. The Committee meets at least quarterly with management and periodically with the Company's auditors to satisfy itself that management's responsibilities are properly discharged, to review the Company's financial reports, including consolidated financial statements and MD&A, and to recommend approval of the consolidated financial statements and MD&A to the Board.

KPMG LLP, independent auditors appointed by the shareholders, expresses an opinion on the fair presentation of the consolidated financial statements. They have full and unrestricted access to the Audit Committee and management to discuss matters arising from their audit, which includes a review of the Company's accounting records and consideration of its internal controls.

Irene Eddy
Chief Financial Officer
April 8, 2025
Toronto, Canada

Independent Auditor's Report to the Shareholders

TO THE SHAREHOLDERS OF ACCORD FINANCIAL CORP.

OPINION

We have audited the consolidated financial statements of Accord Financial Corp. (The Company), which comprise:

- *the consolidated statements of financial position as at December 31, 2024 and December 31, 2023*
- *the consolidated statements of loss for the years then ended*
- *the consolidated statements of comprehensive loss for the years then ended*
- *the consolidated statements of changes in equity for the years then ended*
- *the consolidated statements of cash flows for the years then ended*
- *and notes to the consolidated financial statements, including a summary of material accounting policies (Hereinafter referred to as the "financial statements").*

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2(b) in the financial statements, which indicates the Company will need to refinance a significant amount of borrowings that are coming due in the next 12 months. As stated in Note 2(b) in the financial statements, these events or conditions, along with other matters as set forth in Note 2(b) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the

financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

ASSESSMENT OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON NON-BONDIT FINANCE RECEIVABLES AND LOANS

Description of the matter

We draw attention to Notes 2, 3(d), 5, and 22(a) of the financial statements.

The Company's allowance for expected credit losses (ECL) on finance receivables and loans is $8,031 thousand, of which $7,164 relates to ECL on non-BondIt finance receivables and loans. The Company's allowance for ECL on non-BondIt finance receivables and loans is estimated using statistical models that involve a number of assumptions. Significant modeled inputs used in the measurement of allowance for ECL for non-BondIt finance receivables and loans include probability of default (PD) and loss given default (LGD). The Company uses forward-looking macroeconomic variables in estimating the allowance for ECL, and considers a range of possible forecasted economic scenarios and employs a mix of those scenarios in applying forward-looking information to the ECL process. A significant methodology is also used related to staging to identify finance receivables and loans which have experienced a significant increase in credit risk since initial recognition (SICR) or are impaired.

Why the matter is a key audit matter

We identified the assessment of allowance for ECL on non-BondIt finance receivables and loans as a key audit matter. Significant auditor judgment was required because there was a high degree of measurement uncertainty due to the significant management judgment inherent in the significant models and assumptions used in the measurement of allowance for ECL on these finance receivables and loans.

The assessment of the allowance for ECL on non-BondIt finance receivables and loans required significant auditor attention and specialized skills and knowledge to apply audit procedures and evaluate the results of those procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's allowance for ECL on non-BondIt finance receivables and loans process with the involvement of credit risk professionals with specialized skills and knowledge. This included internal controls related to:

- performance assessment of the models and assumptions used to determine the allowance for ECL for certain loan portfolios
- the review of the methodology for identifying finance receivables and loans which have experienced a SICR
- the review of the forward-looking macroeconomic variables and probability weightings assigned to the range of possible forecasted economic scenarios.

We involved credit risk professionals with specialized skills and industry knowledge who assisted in evaluating:

- the models and assumptions used to determine the allowance for ECL by applying our knowledge of the industry and credit judgment and by comparing to actual historical loss experience
- the methodology for identifying finance receivables and loans which have experienced a SICR by comparing to relevant accounting standards
- the forward-looking macroeconomic variables and the probability weightings assigned to the range of possible forecasted economic scenarios by comparing

to external economic data and applying our knowledge of the economy.

For a selection of finance receivables and loans, we evaluated the Company's assignment of staging against the Company's staging methodology.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis ("MD&A") filed with the relevant Canadian Securities Commissions
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report"

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in MD&A filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional

judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor’s report is Mario Douvelos.

Toronto, Canada
April 8, 2025

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars, except share price and as otherwise indicated)

	Note	December 31, 2024	December 31, 2023
Assets			
Cash		$ 16,674	$ 5,914
Restricted cash	4	—	3,782
Finance receivables and loans, net	5	357,554	466,123
Income taxes receivable		1,028	1,196
Other assets	6	15,459	12,292
Assets held for sale	7	422	440
Deferred tax assets, net	16	20,131	18,622
Property and equipment	8	2,614	2,115
Intangible assets	9	—	2,996
		$ 413,882	$ 513,480
Liabilities			
Due to clients		$ 172	$ 144
Bank indebtedness	10	145,224	281,124
Loans payable	11	115,934	82,412
Accounts payable and other liabilities		12,246	8,057
Income taxes payable		—	234
Notes payable	12	24,541	22,915
Debentures	13	25,678	25,717
Lease liabilities	14	2,143	1,877
Deferred income		1,266	2,337
		$ 327,204	$ 424,817
Equity			
Capital stock	15	9,448	9,448
Contributed surplus	15	1,844	1,774
Retained earnings		62,469	65,608
Accumulated other comprehensive income		7,066	7,074
Shareholders' equity		80,827	83,904
Non-controlling interests in subsidiaries		5,851	4,759
Total equity		86,678	88,663
		$ 413,882	$ 513,480

See accompanying notes

On behalf of the Board

David Beutel
Chairman of the Board

Simon Hitzig
President and Chief Executive Officer

Consolidated Statements of Loss

(Expressed in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

Years ended December 31	Note	2024	2023
Revenue			
Interest		$ 67,573	$ 68,740
Other income	7	15,483	10,965
		83,056	79,705
Operating expenses			
Interest expense		36,006	35,299
General and administrative		33,296	34,545
Provision for credit losses	5	16,181	24,476
Impairment of goodwill		—	11,876
Depreciation		562	563
Amortization of intangible assets		104	137
		86,149	106,896
Loss before income tax		(3,093)	(27,191)
Income tax recovery	16	(647)	(11,798)
Net loss		(2,446)	(15,393)
Net earnings (loss) attributable to non-controlling interests in subsidiaries		693	(768)
Net loss attributable to shareholders		$ (3,139)	$ (14,625)
Basic and diluted loss per common share	17	$ (0.37)	$ (1.71)

See accompanying notes

Consolidated Statements of Comprehensive Loss

(Expressed in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

Years ended December 31	2024	2023
Net loss	$ (3,139)	$ (14,625)
Other comprehensive income:		
Items that are or may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(8)	(585)
Comprehensive loss	$ (3,147)	$ (15,210)

See accompanying notes

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

	Note	Capital stock		Contributed surplus	Retained earnings	Accumulated other comprehensive income	Non-controlling interests in subsidiaries	Total equity
		Number of common shares outstanding	Amount					
Balance at January 1, 2023		8,558,913	$ 9,448	$ 1,705	$ 82,159	$ 7,659	$ 5,640	$106,611
Comprehensive loss		—	—	—	(14,625)	(585)	—	(15,210)
Dividends paid	15	—	—	—	(1,926)	—	—	(1,926)
Stock-based compensation expense related to stock option grants	15	—	—	69	—	—	—	69
Net loss attributable to non-controlling interests in subsidiaries		—	—	—	—	—	(768)	(768)
Translation adjustments on non-controlling interests		—	—	—	—	—	(113)	(113)
Balance at December 31, 2023		8,558,913	$ 9,448	$ 1,774	$ 65,608	$ 7,074	$ 4,759	$ 88,663
Balance at January 1, 2024		**8,558,913**	**$ 9,448**	**$ 1,774**	**$ 65,608**	**$ 7,074**	**$ 4,759**	**$ 88,663**
Comprehensive loss		**—**	**—**	**—**	**(3,139)**	**(8)**	**—**	**(3,147)**
Stock-based compensation expense related to stock option grants	15	**—**	**—**	**70**	**—**	**—**	**—**	**70**
Net earnings attributable to non-controlling interests in subsidiaries		**—**	**—**	**—**	**—**	**—**	**693**	**693**
Translation adjustments on non-controlling interests		**—**	**—**	**—**	**—**	**—**	**399**	**399**
Balance at December 31, 2024		**8,558,913**	**$ 9,448**	**$ 1,844**	**$ 62,469**	**$ 7,066**	**$ 5,851**	**$ 86,678**

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

	Note	2024	2023
Cash provided by:			
Operating activities			
Net loss		$ (2,446)	$ (15,393)
Items not affecting cash:			
Provision for credit losses	5	16,181	24,476
Amortization of intangible assets		104	137
Depreciation of property and equipment		562	563
Loss on disposal of property and equipment		25	—
Gain on sale of AEF equipment lease portfolio	6	(1,070)	26
Accretion of debentures		(5)	602
Loss from modification of debentures		7	96
Impairment of goodwill		—	11,876
Stock-based compensation expense	15	119	165
Deferred tax recovery	16	(579)	(12,133)
Current income tax expense (recovery)	16	(68)	335
		12,830	10,750
Changes in operating assets and liabilities			
Finance receivables and loans, gross	5	48,569	(51,566)
Due to clients		27	(1,685)
Other assets		(1,715)	(6,658)
Accounts payable and other liabilities		423	1,350
Disposal of assets held for sale	6	462	352
Income tax paid, net		(31)	(3,659)
		60,565	(51,116)
Investing activities			
Proceeds from sale of AEF equipment lease portfolio	6	60,648	—
Additions to property and equipment		(395)	(236)
		60,253	(236)
Financing activities			
Net proceeds from (repayment of) bank indebtedness	10	(136,010)	66,470
Issuance of loans payable (Canadian dollar loans)	11	42,002	—
Repayment of loans payable (Canadian dollar loans)	11	(26,984)	(21,903)
Net proceeds from (repayment of) loans payable (US dollar loans)	11	13,266	(3,318)
Issuance of notes payable	12	—	4,234
Repayment of notes payable	12	(73)	—
Dividends paid	15	—	(1,926)
Lease liabilities principal paid	14	(372)	(365)
		(108,171)	43,192
Effect of exchange rate changes on cash		(5,669)	(399)
Increase (decrease) in cash and restricted cash		6,978	(8,559)
Cash and restricted cash at January 1		9,696	18,255
Cash and restricted cash at December 31		$ 16,674	$ 9,696
Supplemental cash flow information			
Net cash used in operating activities includes:			
Interest paid		$ 31,524	$ 32,995

See accompanying notes

Notes to Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except per share amount and as otherwise indicated)

Years ended December 31, 2024 and 2023

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, working capital financing, and media 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) These consolidated financial 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 IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The preparation of the consolidated financial statements in conformity with IFRS 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 5), the carrying value of assets held for sale (note 7) as well as the valuation of deferred tax assets and liabilities (note 16).

(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 will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has financial liabilities of $278 million that are due within the next 12 months primarily due to an outstanding revolving credit facility provided by a syndicate of six banks with a contractual maturity date of July 26, 2025. In addition, the Company's debentures of $25.6 million are to mature on January 31, 2026 (Note 13). The Company is in compliance with all credit facility covenants and continues to work towards establishing 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 the necessary covenant accommodations in place and other conditions acceptable to the Company or on any terms at all.

Further, the Company's subsidiary BondIt has breached its loan covenants on December 31, 2024 on its revolving line for which it obtained a waiver in February 2025 and expects to receive further waivers as described in Note 11(a). The Company expects that BondIt will continue to work to remediate covenant breaches and work with its lenders to revise covenants or seek waivers as the need arises.

With respect to near-term debt maturities, the Company believes it will be successful in refinancing liabilities as they come due, can issue additional common shares, 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.

3. Material accounting policy information

(a) Basis of consolidation

These 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.

(b) Revenue recognition

Revenue principally comprises interest, including discount fees, factoring commissions and other fees from the Company's asset-based financial services, including factoring and leasing, and is measured at the fair value of the consideration received. Interest charged on finance receivables and loans is recognized as revenue using the effective interest rate method. For receivables purchased in its recourse factoring business, discount fees are calculated as a discount percentage of the gross amount of the factored invoice and are recognized as revenue over the initial discount period. Additional discount fees are charged on a per diem basis if the invoice is not paid by the end of the initial discount period. In the Company's leasing business, interest is recognized over the term of the lease agreement or installment payment agreement using the effective interest rate; the effective interest rate is that rate which exactly discounts estimated future cash receipts through the expected life of the lease, installment payment or loan agreement to the initial cost or loan amount of the asset. Fees related to direct finance leases, installment payment agreements and loan receivables of AFCC and Accord CapX LLC (doing business as Accord Equipment Finance ("AEF")), a wholly owned subsidiary of AFIU, are considered an integral part of the yield earned on the debtor balance and are accounted for using the effective interest rate method. Other revenue, such as royalty income, management fees, due diligence fees, documentation fees, setup fees, commitment fees and service fees, is recognized as revenue when earned.

(c) Finance receivables and loans

The Company finances its clients principally by providing asset-based loans, including factoring

receivables and financing equipment leases, as well as providing guarantee backed working capital loans. Finance receivables and loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Finance receivables and loans are initially measured at fair value plus incremental direct transaction costs and subsequently measured at amortized cost using the effective interest rate method. The Company's finance receivables and loans are financial assets that are measured at amortized cost as the following conditions are met:

(i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The Company's leasing operations have standard lease contracts that are non-cancellable direct financing leases and provide for monthly lease payments, usually for periods of one to five years. The present value of the minimum lease payments and residual values expected to be received under the lease terms is recorded at the commencement of the lease. The difference between this total value, net of execution costs, and the cost of the leased asset is unearned revenue, which is recorded as a reduction in the asset value, with the net amount being shown as the net investment in leases (specifically, the Company's lease receivables). The unearned revenue is then recognized over the life of the lease using the effective interest rate method, which provides a constant rate of return on the net investment throughout the lease term.

(d) Allowances for expected credit losses

The Company maintains allowances for ECL on its finance receivables and loans pursuant to the provisions of IFRS 9, Financial Instruments ("IFRS 9"), under which allowances for ECL are recognized on all financial assets that are classified either at amortized cost or fair value through other comprehensive income ("FVOCI") and for all loan commitments and financial guarantees that are not measured at fair value through profit and loss ("FVTPL").

ECL allowances represent credit losses that reflect an unbiased and probability weighted amount which is determined by evaluating a range of possible outcomes and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Forward-looking information ("FLI") is explicitly incorporated into the estimation of ECL allowances, which involves significant judgment.

The Company's allowances for ECL are measured at amounts equal to either: (i) 12-month ECL also referred to as Stage 1 ECL which comprises an allowance for all non-impaired financial instruments which have not experienced a significant increase in credit risk ("SICR") since initial recognition. Stage 1 ECL is the portion of lifetime ECL that represent the ECL that result from default events on the financial instrument that are possible within the twelve-month period after the reporting date; or (ii) lifetime ECL also referred to as Stage 2 ECL which comprises allowances for those financial instruments which have experienced a SICR since initial recognition. Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument. Judgment is required in the application of staging criteria. The Company has established quantitative and qualitative criteria to determine SICR. The Company recognizes lifetime ECL for

Stage 2 financial instruments compared to twelve months of ECL for Stage 1 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then the Company will revert to recognizing twelve months of ECL as the financial instrument has migrated back to Stage 1.

The calculation of ECL is based on the expected value of three probability-weighted input to measure the expected cash shortfalls. A cash shortfall is the difference between the contractual cash flows that are due and the cash flows that the Company expects to receive. The key inputs in the measurement of ECL allowances are as follows: (i) probability of default ("PD") which is an estimate of the likelihood of default over a given time horizon; (ii) loss given default ("LGD") which is an estimate of the loss arising in the case where a default occurs at a given time; and (iii) 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 macroeconomic conditions through the incorporation of FLI. Stage 3 financial instruments are those that the Company has classified as impaired. For Stage 3 finance receivables and loans, either a lifetime allowance for ECL is provided thereon or, where the Company intends to or has actively taken possession of its collateral with a view to realizing on same as a means of recovering some or all of the outstanding account balance, the financial instrument is written down to its estimated net recoverable value.

The Company classifies a financial instrument as impaired when the future cash flows of the financial instrument could be adversely impacted by events after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or a severe delinquency has occurred. Included in the definition of default for all financial instruments, except media production related loans at BondIt Media Capital ("BondIt"), AFIU's 60% controlled media finance subsidiary, is financial instruments with one or more delinquent payments that are 90 days past due. It is not uncommon for borrower payments to age beyond 90 days past due in BondIt's portfolio due to irregular cash flow cycles stemming from unique loan structures inherent in the media production industry. Therefore, delinquencies of 90 days past due or more are not generally considered an indicator of higher risk for those loans. Accounts are in "workout" as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated and could include significant financial difficulty of the borrower, default or delinquency in interest or principal payments, a high probability of the borrower entering a phase of bankruptcy or a financial reorganization, or a measurable decrease in the estimated future cash flows from the loan or the underlying assets that back the loan. A financial instrument is no longer considered impaired when all or the vast majority of past due amounts, including interest, have been recovered, and it is determined that the principal and interest are fully collectable in accordance with the original contractual terms or revised market terms of the financial instrument with all for the impaired classification having been remedied.

Financial instruments are written off, either partially or in full, against the related allowance for ECL when we determine that there is no realistic prospect of future recovery in respect of those amounts. Any subsequent recoveries of amounts previously written-off are credited to the respective provision for credit losses.

(e) Property and equipment

Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets using the following bases and annual rates:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Automobiles	Declining balance	30%
Leasehold improvements	Straight line	Over remaining lease term
Right-of-use assets	Straight line	Over lease term

Upon retirement or sale of an asset, its cost and related accumulated depreciation are removed from the accounts and any gain or loss is recorded in income or expense. The Company reviews property and equipment on a regular basis to determine that its carrying value has not been impaired.

(f) Intangible assets

Purchased intangible assets are recognized as assets in accordance with IAS 38, Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be reliably determined. Intangible assets acquired are initially recognized at cost of purchase, which is also the fair value at the date acquired, and are subsequently carried at cost less accumulated amortization and, if applicable, accumulated impairment losses. The Company's intangible assets, with the exception of the acquired brand name which is considered to have an indefinite life and is not amortized, have a finite life and are amortized over their useful economic life. Intangible assets are also assessed for impairment each reporting period. The amortization period and method of amortization are reassessed annually. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and are treated as a change in accounting estimates. The amortization expense is recorded as a charge against earnings. The Company's intangible assets comprise existing customer contracts, customer relationships, broker relationships and brand name in its leasing and small business finance operations. With the exception of the brand name, these are amortized over a period of five to fifteen years.

(g) Income taxes

The Company follows the balance sheet liability method of accounting for income taxes, whereby deferred tax assets and liabilities are recognized based on temporary differences between the tax and accounting bases of assets and liabilities, as well as losses available to be carried forward to future years for income tax purposes.

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized through the statement of earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting dates, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, as well as the available losses carried forward to future years for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset

is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized in respect of taxes payable in the future based on taxable temporary differences.

Income taxes receivable and payable, and deferred tax assets and liabilities, are offset if there is a legally enforceable right of set off, they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realized simultaneously.

(h) Foreign subsidiaries

The Company's foreign subsidiaries report in U.S. dollars and their assets and liabilities are translated into Canadian dollars at the exchange rate prevailing at the period end. Revenue and expenses are translated into Canadian dollars at the average monthly exchange rate then prevailing. Resulting translation gains and losses are credited or charged to other comprehensive income and presented in the accumulated other comprehensive income component of equity.

(i) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than the Canadian dollar are translated into Canadian dollars at the exchange rate prevailing at each reporting date. Any non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates. Revenue and expenses are translated into Canadian dollars at the prevailing average monthly exchange rate. Translation gains and losses are credited or charged to earnings.

(j) Earnings per common share

The Company presents basic and diluted earnings per share ("EPS") for its common shares. Basic EPS is calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is calculated by dividing net earnings attributable to common shareholders by the diluted weighted average number of common shares outstanding in the year, which comprises the weighted average number of common shares outstanding plus the effects of all dilutive common share equivalents.

(k) Stock-based compensation

The Company accounts for stock options and deferred share units (“DSUs”) issued to directors and/or employees using fair value-based methods. The Company utilizes the Black-Scholes option-pricing model to calculate the fair value of the stock options on the grant date. The fair value of the stock options is recorded in general and administrative expenses over the awards vesting period. DSUs vest at the award date and the fair value thereof is recorded as an expense. Subsequent adjustments are recorded in general and administrative expense, based on the difference between the fair value of the DSUs at the end of a reporting period and the fair value at the grant date.

(l) Financial assets and liabilities

Financial assets and liabilities are recorded at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly manner between participants in an active (or in its absence, the most advantageous) market to which the Company has access at the transaction date. The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the transaction date on which the

Company becomes a party to the contractual provisions. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the consolidate statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be reliably estimated.

(m) Assets held for sale

Assets acquired or repossessed on realizing security on defaulted finance receivables and loans are held for sale and are stated at the lower of cost or fair value less cost of disposal amount.

(n) Adoptions and changes in accounting policies

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements (“IAS 1”) and IFRS Practice Statements 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Company has reviewed the accounting policies and made updates to the information disclosed in Note 3 in certain instances in line with the amendments.

(o) Future changes in accounting policies

(i) **IFRS 9, Financial Instruments** – In May 2024, IASB issued amendments to IFRS 9, which introduces an additional guidance relates to the timing of derecognition of financial liabilities when payment takes place through an electronic payment system and certain conditions are met. These amendments will be effective for our fiscal year beginning January 1, 2026. We are currently assessing the impact of these amendments on our consolidated financial statements.

(ii) **IFRS 18, Presentation and Disclosure in Financial Statements** – In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements, which will replace IAS 1 and will be effective for our fiscal year beginning January 1, 2027. IFRS 18 changes how information is grouped and presented in the financial statements, and requires that certain management performance measures be included in the financial statements. We are currently assessing the impact of the standard on the presentation of our consolidated financial statements.

4. Restricted cash

Restricted cash represents cash held as security for non-recourse borrowings provided by a lender. A cash reserve account held by the lender is required to be maintained at an amount equal to 5% of the loan principal outstanding. Additionally, cash collections related to certain financial assets securing the non-recourse borrowing can only be used to repay that debt on certain specified dates.

5. Finance receivables and loans

Finance receivables and loans at December 31 were as follows:

	Dec. 31, 2024	Dec. 31, 2023
Working capital loans	$ 92,333	$ 116,128
Receivable loans	81,723	90,128
Inventory & equipment loans	86,018	113,287
Media loans	102,450	85,246
Lease receivables	3,061	71,885
Finance receivables and loans	365,585	476,674
Less allowance for expected credit losses	8,031	10,551
Finance receivables and loans, net	$ 357,554	$ 466,123

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 AEF as described in note 3(c). Lease receivables at December 31, 2024 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.

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

	Dec. 31, 2024	Dec. 31, 2023
Less than 1 year	$ 263,708	$ 241,114
1 to 2 years	73,220	114,593
2 to 3 years	21,730	69,913
3 to 4 years	5,028	35,776
4 to 5 years	1,899	15,278
	$ 365,585	$ 476,674

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

	Dec. 31, 2024	Dec. 31, 2023
Current	$ 323,252	$ 427,631
Past due but not impaired:		
Past due less than 90 days	21,502	17,541
Past due 90 to 180 days	4,839	6,253
Past due 180 days or more	10,704	13,687
Impaired loans	5,288	11,562
	$ 365,585	$ 476,674

Past due finance receivables and loans, including those past due over 90 days, do not necessarily represent a SICR, or an impairment, due to circumstances where payments are delayed for non-credit related reasons such as those noted in Note 3(d) for media production related loans. 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 but not impaired and impaired finance receivables and loans at December 31, 2024, $27,432 (2023 – $26,975) related to BondIt, while $14,589 (2023 – $19,427) related to AFCC, of which $14,197 benefits from a guarantee from Export Development Canada ("EDC") of up to 80% of the loan balance.

At December 31, 2024, the estimated fair value of the collateral securing the impaired loans totalled $4,350 (2023 – $9,839). During 2024, lease receivables totalling $469 (2023 – $684) 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 were as follows:

	Dec. 31, 2024	Dec. 31, 2023
Stage 1	**$ 286,407**	$ 382,533
Stage 2 (SICR)	**73,890**	82,579
Stage 3 (Impaired)	**5,288**	11,562
	$ 365,585	$ 476,674

The Company's allowance for ECL on finance receivables and loans is $8,031, of which $7,164 relates to ECL on non-BondIt finance receivables and loans.

The activity in the allowance for expected losses on finance receivables and loans during 2024 by stage of allowance was as follows:

Year ended at December 31, 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for expected losses at January 1	**$ 3,293**	**$ 5,095**	**$ 2,163**	**$ 10,551**
Transfer between stages	**282**	**(1,156)**	**874**	**—**
Provision for credit losses	**(695)**	**1,061**	**15,827**	**16,193**
Write-offs	**—**	**—**	**(17,990)**	**(17,990)**
Recoveries	**—**	**—**	**498**	**498**
Derecognition of finance receivables and loans	**(811)**	**(548)**	**—**	**(1,359)**
Foreign exchange adjustment	**24**	**126**	**(12)**	**138**
Allowance for expected losses at December 31	**$ 2,093**	**$ 4,578**	**$ 1,360**	**$ 8,031**

The activity in the allowance for expected losses on finance receivables and loans during 2023 by stage of allowance was as follows:

Year ended at December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Allowance for expected losses at January 1	$ 2,903	$ 2,803	$ 2,483	$ 8,189
Transfer between stages	(326)	227	99	—
Provision for credit losses	1,032	2,263	21,219	24,514
Write-offs	(296)	(324)	(21,690)	(22,310)
Recoveries	—	61	176	237
Foreign exchange adjustment	(20)	65	(124)	(79)
Allowance for expected losses at December 31	$ 3,293	$ 5,095	$ 2,163	$10,551

The allowance for expected losses 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 expected losses 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 expected losses 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 PD; and

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

The Company uses judgment to review and analyze the various forecast scenarios and assign probability weightings. If the Company were to assign a 100% probability to the most pessimistic downside scenario forecast considered, the allowance for expected losses would have been $1.3 million higher than the reported estimate of the allowance for expected losses as at December 31, 2024. Alternatively, the assignment of a 100% probability to the most optimistic upside scenario forecast considered would have resulted in the allowance for expected losses being $2.0 million lower than that reported.

At December 31, 2024, the Company held cash collateral of $1,303 (2023 – $2,675) to help reduce the risk of loss on certain of the Company's finance receivables and loans.

6. Other assets

Other Assets at December 31, 2024 were $15,459 (2023 – $12,292) and were primarily comprised of amounts due from EDC of $7,574 (2023 – $7,372) pursuant to guarantees provided on AccordExpress loans, royalty receivable of $2,974 (2023 – $nil), prepaid expenses of $2,682 (2023 – $4,587) and amount held as a security for non-recourse borrowings of $1,884 (2023 – $nil).

7. Assets held for sale and other transactions

(a) Assets held for sale

During 2024 and 2023, the Company obtained title to or repossessed certain long-lived assets securing defaulted finance receivables and loans from one or more clients. These assets have been sold or 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.

(b) Sale of AEF equipment lease portfolio

On September 30, 2024, the Company sold US$43.4 million ($58.7 million) of net assets comprised primarily of lease receivables to a third-party purchaser, for total proceeds of US$45.2 million ($61.1 million) (the "AEF Sale"). The sale price is comprised of US$44.2 million ($59.8 million) in cash and US$1.0 million ($1.3 million) as contingent consideration, which was received on December 4, 2024. The gain on sale was US$0.8 million ($1.1 million) after the elimination of intangible assets of US$2.2 million ($3.0 million) and transaction expenses

of US$1.0 million ($1.3 million). The gain on the sale is reported in Other Income in the Consolidated Statements of Earnings.

8. Property and equipment

	Dec. 31, 2024	Dec. 31, 2023
Cost	$ 4,731	$ 4,279
Accumulated depreciation	(2,117)	(2,164)
Net book value	$ 2,614	$ 2,115

Property and equipment include the Company's right-of-use assets, comprising four office leases at December 31, 2024. The Company's right-of-use assets and movements therein during 2024 and 2023 were as follows:

	Dec. 31, 2024	Dec. 31, 2023
Right-of-use assets at January 1	$ 1,662	$ 1,342
Additions	1,034	754
Modifications / completions	(414)	—
Depreciation	(416)	(409)
Foreign exchange adjustment	69	(25)
Net book value at December 31	$ 1,935	$ 1,662

9. Intangible assets

Intangible assets and movements therein during 2024 and 2023 were as follows:

2024	Customer and referral relationships	Broker relationships	Brand name	Total
Cost				
January 1, 2024	$ 2,018	$ 1,344	$ 1,806	$ 5,168
Disposal	(2,060)	(1,344)	(1,842)	(5,246)
Foreign exchange adjustment	42	—	36	78
December 31, 2024	$ —	$ —	$ —	$ —
Accumulated amortization				
January 1, 2024	$ (828)	$ (1,344)	$ —	$ (2,172)
Amortization expense	(104)	—	—	(104)
Disposal	951	1,344	—	2,295
Foreign exchange adjustment	(19)	—	—	(19)
December 31, 2024	$ —	$ —	$ —	$ —
Book value				
January 1, 2024	$ 1,190	$ —	$ 1,806	$ 2,996
December 31, 2024	$ —	$ —	$ —	$ —

2023	Customer and referral relationships	Broker relationships	Brand name	Total
Cost				
January 1, 2023	$ 2,064	$ 1,344	$ 1,846	$ 5,254
Foreign exchange adjustment	(46)	—	(40)	(86)
December 31, 2023	$ 2,018	$ 1,344	$ 1,806	$ 5,168
Accumulated amortization				
January 1, 2023	$ (709)	$ (1,344)	$ —	$ (2,053)
Amortization expense	(137)	—	—	(137)
Foreign exchange adjustment	18	—	—	18
December 31, 2023	$ (828)	$ (1,344)	$ —	$ (2,172)
Book value				
January 1, 2023	$ 1,355	$ —	$ 1,846	$ 19,801
December 31, 2023	$ 1,190	$ —	$ 1,806	$ 2,996

10. Bank indebtedness

The Company has a revolving credit facility provided by a syndicate of six banks. The facility has a maximum commitment of $260.0 million and a contractual maturity date of July 26, 2025. Floating rate indices for drawn amounts under the revolving credit facility are primarily based on the Canadian overnight repo rate average ("CORRA"), the secured overnight financing rate ("SOFR") or Prime rate. A margin is added to the applicable indices based on a ratio of debt to the tangible net worth of subsidiaries that borrow from the revolving credit facility. The credit facility is secured by the Company's finance receivables and loans, except for finance receivables and loans that secure the BondIt loan and the Accord Small Business Finance ("ASBF") loan. The Company and its lenders amended the revolving credit facility as of March 15, 2024, with the primary changes being: (i) a reduction of the maximum commitment to $300.0 million from $375.0 million with a further reduction to $260.0 million upon consummation of the AEF Sale, (ii) an increase in the borrowing rate and (iii) the inclusion of milestones related to the initiation of discovery for certain strategic initiatives. Upon the completion of the AEF Sale, the revolving credit facility commitment was reduced to $260.0 million and the margin charged on bank indebtedness decreased by 25 basis points, effective October 1, 2024. The amendment includes monthly covenants including (i) a minimum threshold for cumulative adjusted earnings before interest, tax, amortization, and depreciation ("EBITDA"), (ii) total debt to TNW less than 5.0 and (iii) senior debt to TNW ratio less than 4.0, as well as a minimum availability covenant of $25.0 million, measured as the difference between eligible collateral and outstanding bank indebtedness. The Company was in compliance with all loan covenants and milestones under its revolving credit facility during 2024 and expects to be able to comply with the covenants through the maturity date of the facility.

11. Loans payable

	Dec. 31, 2024	Dec. 31, 2023
BondIt loan [a]	$ 78,452	$ 59,947
ASBF loan [b]	37,485	22,465
	$ 115,934	$ 82,412

(a) BondIt loan

On May 31, 2024, BondIt entered into a revolving line of credit with a non-bank lender, which bears a fixed rate of interest. This revolving line, which is secured by all of BondIt's assets, has a total commitment of US$60.0 million ($86.3 million) and a maturity date of May 31, 2027. At December 31, 2024, the amount outstanding under this line of credit totalled $78.5 million inclusive of accrued interest and fees. The loan agreement contains a collateral covenant that requires the trailing six month rolling average delinquency rate not to exceed 15% at December 31, 2024, as well as a post-closing covenant requiring execution of a master participation agreement with a third party as of December 31, 2024. BondIt was not in compliance with these covenants at December 31, 2024, and received a waiver in February 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 facility was increased in May 2024 by $42.0 million and at December 31, 2024 has a balance of $37.5 million (December 31, 2023 – $22.5 million). ASBF experienced a trigger event at December 31, 2023 as a result of the breached covenant under the Company's revolving credit facility, which was subsequently waived. The Company was in compliance with all covenants at December 31, 2024 and expects to be in compliance with all covenants for the next 12 months.

12. Related parties

(a) Notes payable

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

Notes payable at December 31 were as follows:

	Dec. 31, 2024	Dec. 31, 2023
Demand and term notes due within one year:		
Related parties	$ 16,562	$ 5,826
Third parties	3,665	2,421
	20,227	8,247
Term notes due after one year:		
Related parties	4,314	14,668
	$ 24,541	$ 22,915

Notes due on, or within a week of, demand bear interest at rates that vary with the bank prime rate, while the term notes bear interest at rates between 8.75% and 11.00%.

Interest expense on the notes payable was as follows:

	2024	2023
Related parties	$ 1,847	$ 1,253
Third parties	352	270
	$ 2,199	$ 1,523

(b) Compensation of directors and key management personnel

The remuneration of directors and key management personnel[1] during 2024 and 2023 was as follows:

	2024	2023
Salaries and directors' fees	$ 3,671	$ 3,754
Stock-based compensation [2]	119	165
	$ 3,790	$ 3,919

(1) Key management personnel comprise the President and CEO of the Company, the Presidents of its six operating businesses, and the Company's Senior Vice Presidents, including its Chief Financial Officer.

(2) Stock-based compensation comprises the expense related to the Company's stock option grants and DSUs. Please see note 15.

(c) 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 BondIt's client loans. At December 31, 2024, participations in BondIt client loans totalled US$9.8 million (December 31, 2023 – US$22.6 million), of which US$1.4 million (December 31, 2023 – US$8.6 million) was provided by related parties. These participations are not included in the Company's Consolidated Statements of Financial Position.

(d) Debentures

On July 8, 2024, $3,250 of the debentures were acquired by a related party. Details of debentures are set out in note 13.

13. 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. Interest on all the convertible debentures is payable semi-annually on June 30 and December 31 each year.

The Company used the residual method to calculate the allocation between the debt and equity components of the debentures. Gross proceeds were allocated to the debt component of the debentures by discounting the future principal and interest payments at the rate of interest prevailing on the issue date for similar non-convertible debentures. The equity component was initially determined to be the difference between the gross proceeds and the debt component. Transaction costs were then allocated to the debt and equity components on a pro-rata basis. The equity component is carried net of deferred taxes and is included in contributed surplus.

At a meeting held on August 10, 2023, the Company announced that holders of $20,650 of 7.0% Listed Debentures, due on December 31, 2023, passed an extraordinary resolution approving certain amendments to the debentures. The amendments include (i) an extension of the maturity date to January 31, 2026, (ii) an increased interest rate of 10% effective January 2, 2024, (iii) removal of the conversion feature and (iv) removal of the Company's right to repay the debentures with common shares. The Company performed an assessment in accordance with the requirements of IFRS 9 and determined that removing the conversion feature represents a substantial modification, triggering a derecognition of the original Listed Debentures and recognition of a new liability.

On December 31, 2023, the unit holders of $5,000 of 7.0% Unlisted Debentures, due on December 31, 2023 agreed to amend those debentures. The amendments include (i) an extension of the maturity date to July 15, 2024, (ii) an increased interest rate of 10.0% effective January 1, 2024, (iii) removal of the conversion feature and (iv) removal of the Company's right to repay the debentures with common shares. The Company performed an assessment in accordance with the requirements of IFRS 9 and determined that removing the conversion feature represents a substantial modification, triggering a derecognition of the original Series B Debentures and recognition of a new liability.

As a result of the amendments, the amortized cost of the original Debentures of $25,553 was extinguished and the amended Listed Debentures and Unlisted Debentures with a nominal value of $25,650 were recognized on the balance sheet at the date of modification. A loss of $604, arising as a result of the substantial modification, is comprised of $508 of transaction costs, including $330 of consent fees paid to Listed unit holders that voted in favor of the amendment, $25 of extension fees paid to Unlisted unit holders and $95 as the difference between the carrying value of the extinguished original Listed Debentures and Unlisted Debentures and the fair value of the amended Listed Debentures and Unlisted Debentures.

On July 8, 2024, holders of $5,000 of Unlisted Debentures agreed to extend the maturity date from July 15, 2024 to January 31, 2026. The Company performed an assessment in accordance with the requirements of IFRS 9 and determined that the maturity extension is not a substantial modification and did not result in a derecognition of the Unlisted Debentures. The Company recognized a loss of $7 from the modification.

On July 8, 2024, $3,250 of the Unlisted Debentures were acquired by a related party.

The balance outstanding as at December 31, 2024 and December 31, 2023 is presented below:

	Dec. 31, 2024	Dec. 31, 2023
Debentures issued	$ 25,650	$ 25,650
Accretion on carrying value of debenture liability	28	67
	$ 25,678	$ 25,717

14. Lease liabilities

The following table presents the contractual undiscounted cash flows for lease obligations at December 31:

	Dec. 31, 2024	Dec. 31, 2023
Less than one year	$ 461	$ 481
One to five years	1,742	1,413
Thereafter	585	348
Total undiscounted lease obligations	2,788	2,242
Less: future interest	(645)	(365)
	$ 2,143	$ 1,877

During 2024, principal and interest payments for the four office leases recognized as right-of-use assets under IFRS 16 totalled $372 (2023 – $365) and $134 (2023 – $697) respectively, for total lease payments of $506 (2023 – $462). No variable lease payments are included in the measurement of the Company's lease liabilities.

15. Capital stock and stock-based compensation

(a) Authorized 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 December 31, 2024 and 2023, there were no first preferred shares outstanding.

The Company's issued and outstanding common shares during 2024 and 2023 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 2024, no dividends were declared and paid. During 2023, dividends totalling $1,926 or $0.225 per common share 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 price of the Company's common shares on the TSX during the ten 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	**Dec. 31, 2024**	Dec. 31, 2023
Aug. 4, 2021	80,100	8.83	Aug. 3, 2028	**45,000**	45,000
Oct. 12, 2021	12,000	8.83	Aug. 3, 2028	**12,000**	12,000
Sep. 19, 2022	72,000	8.34	Sep. 18, 2029	**63,000**	72,000
Sep. 25, 2023	127,500	5.69	Sep. 24, 2030	**109,500**	127,000
Sep. 23, 2024	114,000	4.20	Sep. 22, 2031	**114,000**	—
	405,600			**343,500**	256,500

On September 23, 2024 the Company granted 114,000 stock options at an exercise price of $4.20 to its President and senior employees. On September 25, 2023, the Company granted 127,500 stock options to its President and senior employees.

Of the outstanding options 231,000 were vested at December 31, 2024. The decrease in outstanding options for the grant date of September 19, 2022 and September 25, 2023 are due to the cancellation of options granted to certain employees that left the Company.

The fair value of the options granted in 2024 and 2023 was determined using the Black-Scholes option pricing model with the following assumptions on the grant date:

	Sep. 23, 2024	Sep. 25, 2023
Risk free interest rate	2.81%	4.02%
Expected dividend yield	5.01%	5.29%
Expected share price volatility	30.13%	27.48%
Expected life of option (years)	7.0	7.0
Fair value per option	$ 0.68	$ 0.98

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

The Company introduced a DSU plan effective January 1, 2022 for its board of directors. During 2024, the Company granted 17,678 DSUs (2023 – 13,002). DSUs are issued quarterly at fair market value at the date of grant and vest immediately.

(d) Stock-based compensation

During 2024, the Company recorded stock-based compensation expense of $119 (2023 – $165), of which $70 (2023 – $129) related to stock option grants under the 2021 SOP and $49 (2023 – $36) related to DSUs.

16. Income taxes

The Company's income tax expense comprises:

	2024	2023
Current income tax expense (recovery)	$ (69)	$ 335
Deferred tax recovery	(578)	(12,133)
Income tax recovery	$ (647)	$ (11,798)

During 2024 and 2023, the Company's statutory income tax rate was 26.5%. The Company's income tax expense varies from the amount that would be computed using the Canadian statutory income tax rate due to the following:

	Dec. 31, 2024	%
Income tax recovery computed at statutory rates	$ (820)	(26.5%)
Increase (decrease) resulting from:		
Effective tax rate on income of subsidiaries	135	4.4%
Non-controlling interests in subsidiaries	38	1.2%
	$ (647)	(20.9%)

	Dec. 31, 2023	%
Income tax recovery computed at statutory rates	$ (7,206)	(26.5%)
Increase (decrease) resulting from:		
Effective tax rate on income of subsidiaries	(4,550)	(16.7%)
Non-controlling interests in subsidiaries	(42)	(0.2%)
	$ (11,798)	(43.4%)

The tax effects that give rise to the net deferred tax assets at December 31 were as follows:

	Dec. 31, 2024	Dec. 31, 2023
Deferred tax assets:		
Unused tax losses	$ 18,936	$ 18,072
Allowances for expected credit losses	1,914	2,461
Debenture accretion	89	108
Leasing timing difference	484	355
Other	529	919
	$ 21,952	$ 21,915
Deferred tax liabilities:		
Basis differential on pass through subsidiaries	$ (971)	$ (1,655)
Leasing timing difference	(492)	(1,592)
Property and equipment	(304)	(46)
Other	(54)	—
	$ (1,821)	$ (3,293)
	$ 20,131	$ 18,622

There were no net deferred tax liabilities at December 31, 2024 and 2023.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Management's estimate of future taxable profits and the recognition of deferred tax assets are reviewed at each reporting date and deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The benefit of the deductible temporary difference related to restricted interest and financing expenses of $1,407 has not been recognized on the statements of financial position. The restricted interest and financing expense of $1,407 does not expire and can be carried forward indefinitely.

At December 31, 2024 and 2023, deferred tax liabilities for temporary differences associated with investments in domestic and foreign subsidiaries were not recognized as the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

17. Earnings per common share

The following is a reconciliation of common shares used in the calculation for the 12 months ended December 31:

	2024	2023
Basic weighted average number of common shares outstanding	**8,558,913**	8,558,913
Effect of dilutive stock options	**—**	—
Dilutive weighted average number of common shares outstanding	**8,558,913**	8,558,913

All outstanding options were excluded from the calculation of diluted shares outstanding in the twelve months ended December 31, 2024 and December 31, 2023 because they were considered to be anti-dilutive for earnings per common share purposes. Details of outstanding options are set out in note 15(b).

Basic earnings per share have been calculated based on the weighted average number of common shares outstanding in the year, 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.

18. Contingent liabilities

At December 31, 2024, the Company was contingently liable with respect to letters of guarantee issued on behalf of a client in the amount of $805 (2023 – $742). 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 expected losses on finance receivables and loans.

19. Non-controlling interests in subsidiaries

Non-controlling interests in subsidiaries at December 31, 2024 comprised an effective 40% (December 31, 2023 – 40%) interest in BondIt's common member units.

20. Fair values of financial assets and liabilities

Financial assets or liabilities, other than lease receivables and loans to clients in our equipment and small business finance operations, lease liabilities, term loan payable, and convertible debentures are short term in nature and, therefore, their carrying values approximate fair values. Changes in interest rates, credit spreads and liquidity costs are the main cause of changes in the fair value of the Company's financial instruments resulting in a favorable or unfavorable variance compared to carrying value. For the Company's financial instruments carried at cost or amortized cost, the carrying value is not adjusted to reflect increases or decreases in fair value due to market fluctuations, including those due to interest rate changes.

21. 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. There were no significant changes to property and equipment during the periods under review.

Year ended December 31, 2024	**Canada**	**United States**	**Intercompany**	**Total**
Identifiable assets	**$ 210,603**	**$ 206,155**	**$ (2,876)**	**$ 413,882**
Revenue				
Interest income	**$ 50,699**	**$ 29,347**	**$ (12,473)**	**$ 67,573**
Other income	**5,246**	**10,237**	**—**	**15,483**
	55,945	**39,584**	**(12,473)**	**83,056**
Expenses				
Interest	**26,033**	**22,446**	**(12,473)**	**36,006**
General and administrative	**20,767**	**12,529**	**—**	**33,296**
Provision for credit losses	**14,122**	**2,059**	**—**	**16,181**
Depreciation	**300**	**262**	**—**	**562**
Amortizations of intangible assets	**—**	**104**	**—**	**104**
	61,222	**37,400**	**(12,473)**	**86,149**
Earnings (loss) before income tax expense	**(5,277)**	**2,184**	**—**	**(3,093)**
Income tax expense (recovery)	**93**	**(740)**	**—**	**(647)**
Net earnings (loss)	**(5,370)**	**2,924**	**—**	**(2,446)**
Net loss attributable to non-controlling interest in subsidiaries	**—**	**693**	**—**	**693**
Net earnings (loss) attributable to shareholders	**$ (5,370)**	**$ 2,231**	**$ —**	**$ (3,139)**

Year ended December 31, 2023	Canada	United States	Intercompany	Total
Identifiable assets	$ 290,694	$ 381,494	$ (158,708)	$ 513,480
Revenue				
Interest income	$ 45,031	$ 24,224	$ (515)	$ 68,740
Other income	4,391	6,574	—	10,965
	49,422	30,798	(515)	79,705
Expenses				
Interest	25,259	10,555	(515)	35,299
General and administrative	22,115	12,430	—	34,545
Provision for credit losses	20,806	3,670	—	24,476
Impairment of goodwill	—	11,876	—	11,876
Depreciation	290	273	—	563
Business acquisition expenses	—	137	—	137
	68,470	38,941	(515)	106,896
Earnings (loss) before income tax expense	(19,048)	(8,143)	—	(27,191)
Income tax expense	(5,216)	(6,582)	—	(11,798)
Net loss	(13,832)	(1,561)	—	(15,393)
Net loss attributable to non-controlling interest in subsidiaries	—	(768)	—	(768)
Net loss attributable to shareholders	$ (13,832)	$ (793)	$ —	$ (14,625)

22. Financial risk management

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

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises with respect to loans to and other financial transactions with clients, and any other financial transaction with a counterparty that the Company deals with. The gross amount of loans (2024 – $365.6 million, 2023 – $476.7 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 2024 and 2023.

At December 31, 2024, the Company had impaired loans of $5,288 (2023 – $11,562), while at that date, it held collateral for these loans with an estimated fair value of $4,350 (2023 – $9,839). These impaired loans were mainly secured by receivables, inventory, and/or equipment.

Credit approval for transactions supported by management in the Company's six operating businesses is delegated to a staff of senior credit officers within each business. Transactions in excess of $1.0 million (US$1.0 million U.S. Group companies), are approved by Corporate Credit Committee. Transactions in excess of $2.5 million (US$2.5 million in the case of U.S. group companies) are approved by the Credit Committee of the Board of Directors which comprises three members of its Board.
The Company monitors and controls its risks and exposures through financial, credit and legal systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit risk is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers. For its factoring products, the Company's primary focus continues to be on the creditworthiness and collectability of its clients' receivables. The clients' customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from the invoice date. Receivables become ineligible for lending purposes when they reach a certain pre-determined age,

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

The Company uses 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 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 5 which presents the Company's finance receivables by the three-stage credit criteria of IFRS 9, as well as an aged analysis thereof. Credit risk is managed by ensuring that, as far as possible, the receivables financed are of the highest quality and that any inventory, equipment or other assets securing loans are appropriately appraised. Collateral is monitored and managed on an ongoing basis to mitigate credit risk. In its asset-based lending and equipment finance operations, the Company assesses the financial strength of its clients and its clients' customers and the industries in which they operate on an ongoing basis. Cash flows from a client's ongoing business operations represent the primary source of repayment.

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

The Company's Loans principally represent advances made by its asset-based lending subsidiaries, AFIC and AFIU, to approximately 32 clients (2023 – 46) in wide variety of industries, as well as AFCC's and AEF's lease receivables and equipment and working capital loans to approximately 843 clients (2023 – 1,082) and BondIt's media finance loans to approximately 50 media productions (2023 – 57). The largest client in the loan portfolio comprised 7.0% (2023 – 4.0%) of gross Loans.

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

	Dec. 31, 2024	
Industrial sector	Gross finance receivables and loans	% of total
Media	$ 109,312	29.9
Wholesale Trade	64,651	17.7
Manufacturing	44,213	12.1
Finance and Insurance	40,576	11.1
Mining	17,935	4.9
Construction	17,064	4.7
Waste Management and Remediation Services	13,320	3.6
Retail Trade	12,466	3.4
Transportation and Warehousing	11,624	3.2
Real Estate Rental and Leasing	9,676	2.6
Professional, Scientific, and Technical Services	7,741	2.1
Other	17,007	4.7
	$ 365,585	100.0

	Dec. 31, 2023	
Industrial sector	Gross finance receivables and loans	% of total
Media	$ 92,693	19.4
Wholesale Trade	53,408	11.2
Manufacturing	68,481	14.4
Finance and Insurance	40,839	8.6
Mining	15,861	3.3
Construction	57,920	12.2
Waste Management and Remediation Services	20,894	4.4
Retail Trade	29,826	6.3
Transportation and Warehousing	23,938	5.0
Real Estate Rental and Leasing	20,652	4.3
Professional, Scientific, and Technical Services	13,922	2.9
Other	38,240	8.0
	$ 476,674	100.0

	Dec. 31, 2024	Dec. 31, 2023
Canada	$ 189,143	$ 263,228
United States	176,442	213,446
	$ 365,585	$ 476,674

As set out in notes 3(d) and 5, the Company maintains an allowance for expected losses on its finance receivables and loans in accordance with IFRS 9. The allowance for expected losses is estimated based on statistical models, including the impact of FLI based on several macroeconomic forecast scenarios. The allowance for expected losses is deemed sufficient based on the results of the expected loss modeling and experienced credit judgment.

(b) Liquidity risk

The Company's financial assets and liabilities at December 31, 2024 by contractual 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
Loans 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.

The Company's financial assets and liabilities at December 31, 2023 by contractual 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	$ 9,301	$ 380	$ 15	$ —	$ —	$ —	$ 9,696
Finance receivables and loans	241,114	114,593	69,913	35,776	14,227	1,051	476,674
All other assets	20,636	—	—	—	—	—	20,636
Total	$ 271,051	$ 114,973	$ 69,928	$ 35,776	$ 14,227	$ 1,051	$ 507,006
Financial liabilities							
Due to clients	$ 144	$ —	$ —	$ —	$ —	$ —	$ 144
Bank indebtedness (1)	281,124	—	—	—	—	—	281,124
Loans payable (2)	74,522	7,595	295	—	—	—	82,412
Notes payable	12,223	10,692	—	—	—	—	22,915
Debentures	5,000	—	20,717	—	—	—	25,717
All other liabilities	10,168	—	—	—	—	—	10,168
Total	$ 383,181	$ 18,287	$ 21,012	$ —	$ —	$ —	$ 422,480

(1) Bank indebtedness maturing within 12 months is debt which has been classified as current as the Company was in breach of one of its debt covenants at December 31, 2023. In addition to receiving a waiver from its lenders for December 31, 2023, certain terms and covenants of the credit facility agreement were amended after December 31, 2023.

(2) Loan payable includes amount of $14,575 maturing within 12 months, $7,595 maturing in 1 to 2 years, and $295 maturing in 2 to 3 years, which are estimated amounts, as the loans do not have a contractual maturity date.

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

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

(c) Market risk

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

(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 December 31, 2024, the Company's unhedged foreign currency positions in its Canadian operations totalled $3,273 (2023 – $2,703). The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies on a spot or forward basis to address short-term imbalances. The impact of a 1% change in the value of the Company’s foreign currency holdings against the Canadian dollar would not have a material impact on the Company's net earnings.

(e) Interest rate risk

Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates include both fixed rates and floating rates. The Company manages its interest rate exposure where possible, through the use of securitization or other 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 interest rate sensitivity gap at December 31, 2024:

	Floating rate	Fixed rate	Non-rate sensitive	Total
Assets				
Cash	$ 13,993	$ —	$ 2,681	$ 16,674
Finance receivables and loans, net	178,833	186,752	(8,031)	357,554
All other assets	—	—	39,654	39,654
	$ 192,826	$ 186,752	$ 34,304	$ 413,882
Liabilities				
Due to clients	$ —	$ —	$ 172	$ 172
Bank indebtedness	145,224	—	—	145,224
Loans payable	—	115,934	—	115,934
Notes payable	4,530	20,011	—	24,541
Debentures	—	25,678	—	25,678
All other liabilities	—	—	15,655	15,655
Equity	—	—	86,678	86,678
	$ 149,754	$ 161,623	$ 102,505	$ 413,882
Interest rate sensitivity gap	$ 43,072	$ 25,129	$ (68,201)	$ —

The Company's floating rate assets exceed the Company's floating rate debt, net of unrestricted cash by $61.7 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. Based on the Company's interest rate positions at December 31, a 100 basis point rise in interest rates would increase pre-tax earnings by approximately $617 over a twelve month period. A 100 basis point decrease in interest rates would cause a decrease of a similar amount in 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.

23. Capital disclosure

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

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. To manage its capital structure, the Company may, from time to time, change the amount of dividends paid to shareholders, return capital to shareholders by way of a normal course issuer bid, issue new shares or debt, or reduce liquid assets to repay other debt. The Company monitors the ratio of its debt to total equity and its total equity to total assets. At December 31, 2024, these ratios were 3.59x (2023 – 4.65x) and 0.21 (2023 – 0.17), respectively. The Company's debt and leverage 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 December 31, 2024, the Company is required to maintain a senior debt to TNW ratio of less than 4.0 to 1.0 on its syndicated bank facility. BondIt, which has entered into a loan facility with a non-bank lender, is required to maintain a TNW of at least US$5,000. There were no changes in the Company's approach to capital management from previous periods.

Corporate Information

Board of Directors

David Beutel, Toronto, Ontario [1, 3, 4]

Burt Feinberg, New York, New York [3]

Simon Hitzig, Toronto, Ontario

Jean Holley, Alpharetta, Georgia [2]

Gary Prager, Wake Forest, North Carolina [2, 3]

David Spivak, Vancouver, British Columbia [1]

Stephen D. 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
Convertible 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

Canada M4P 3A2

Tel (800) 967-0015

Fax (416) 961-9443

www.accordfinancial.com

Annual Meeting

The Annual Meeting of Shareholders will be held at **Stikeman Elliott LLP**, Suite 5300, Commerce Court West, 199 Bay St., Toronto, Ontario on **Wednesday, May 14, 2025** at 4:15 pm.

www.accordfinancial.com | Canada (800) 967-0015 | United States (800) 231-2757