

# Accord Financial Announces Third Quarter Financial Results and Quarterly Dividend

TORONTO, Nov. 2, 2022 /CNW/ - Accord Financial Corp. (TSX: ACD) today released its financial results for the three and nine months ended September 30, 2022. The financial figures presented in this release are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards.

<u>SUMMARY OF FINANCIAL RESULTS</u>	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2022	2021	2022	2021
Average funds employed (millions)	\$ 445	\$ 414	\$ 452	\$ 383
Revenue (000's)	16,452	16,119	49,120	45,015
Pre-provision operating income (000's)	2,925	3,468	10,122	9,743
Provision for credit and loan losses	1,069	336	5,170	(340)
Earnings before income tax (000's)	1,856	3,132	4,952	10,083
Net earnings attributable to shareholders (000's)	1,831	2,643	5,091	8,313
Earnings per common share (basic and diluted)	0.21	0.31	0.59	0.97
Book value per share (September 30)			\$12.34	\$11.31

While navigating a challenging business environment, the Company's third quarter performance reflected careful growth of funds employed, which lifted year-to-date revenue and pre-provision operating income into record territory.

Average funds employed were \$445 million in the third quarter, up 7% over the same quarter last year, and averaged \$452 million for the first nine months, up 18% over the same period last year. Funds employed at September 30, 2022 were \$457 million. Third quarter revenue increased to \$16,452,000 compared to \$16,119,000 in the third quarter of 2021. Revenue for the first nine months of 2022 rose 9% to a first nine-month record of \$49,120,000 compared to \$45,015,000 last year. Pre-provision operating income remained healthy, with strong cash flow year-to-date boosting book value per common share to \$12.34 at quarter end, up from \$11.31 at September 30, 2021 and \$11.68 at the start of the year.

Commenting on the financial results, the Company's President and CEO, Mr. Simon Hitzig, stated: "We've maintained steady progress this year, but remain vigilant as credit conditions evolve." Mr. Hitzig added, "The lack of visibility into the near-term business climate causes some of the segments we serve to reduce their use of debt for growth initiatives and capital investment. And the deteriorating conditions in some industries make it tougher for prospective clients to meet our credit standards."

Despite continuing growth, the Company's third quarter net earnings included a \$1.1 million provision for credit and loan losses, compared to \$336,000 during the same quarter last year, reflecting the economic headwinds and their impact on certain businesses within the portfolio. Given the uncertain economic forecast, the Company continues to carry an allowance for expected losses on the balance sheet: \$7.2 million at September 30, 2022 compared to \$5.7 million a year earlier.

Affected by the provision for losses, net earnings attributable to shareholders were \$1,831,000 in the third quarter of 2022 compared to \$2,643,000 in the same quarter last year, resulting in earnings per common share ("EPS") of 21 cents compared to 31 cents last year. Third quarter earnings rebounded strongly from \$122,000 in the second quarter owing primarily to a lower provision for losses. Net earnings in the first nine months of 2022 were \$5,091,000 compared to \$8,313,000 in 2021, for nine months EPS of 59 cents compared to 97 cents last year.

During the third quarter the Company announced that it expanded its primary loan facility, provided by a syndicate of six banks, to a commitment size of \$437 million and extended the term to July

2025. With \$215 million drawn at September 30<sup>th</sup>, this provides ample funding for expected growth. Looking ahead, Mr. Hitzig added "The foundational elements for the next phase of growth, from market presence to financial strength, are in place. When the economy finds its footing, we're well-positioned to accelerate growth and unlock potential for our investors."

Reflecting continued strong cash flow, the Company's Board of Directors declared a quarterly dividend of 7.5 cents per common share, payable December 1, 2022, to shareholders of record November 15, 2022.

### **About Accord Financial Corp.**

Accord Financial is North America's most dynamic commercial finance company providing fast, versatile financing solutions for companies in transition including factoring, inventory finance, equipment leasing, trade finance and film/media finance. By leveraging our unique combination of financial strength, deep experience and independent thinking, we craft winning financial solutions for small and medium-sized businesses, simply delivered, so our clients can thrive. For 44 years, Accord has helped businesses manage their cash flows and maximize financial opportunities.

### **Note: Non-IFRS measures**

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 this press release are as follows:

- 1) Pre-provision operating income: the Company derives this measure from amounts presented in its IFRS prepared financial statements. Operating income is earnings before income tax, adding back the provision for credit and loan losses.
- 2) Book value per share: book value is shareholders' equity and is the same as the net asset value (calculated as total assets minus total liabilities) of the Company less non-controlling interests. Book value per share is the book value divided by the number of common shares outstanding as of a particular date.
- 3) Funds employed are the Company's finance receivables and loans, an IFRS measure. Average funds employed are the average finance receivables and loans calculated over a particular period.

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