

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Accord Financial Corp (“**Accord**” or the “**Company**”)
40 Eglinton Avenue East, Suite 602
Toronto Ontario M4P 3A2

Item 2 Date of Material Change

September 30, 2024

Item 3 News Release

A news release in respect of the material change was disseminated through Business Wire on September 30, 2024 and subsequently filed under the Company’s profile on SEDAR+.

Item 4 Summary of Material Change

On September 30, 2024, the Company announced that it sold a portfolio of financial assets (“Leases”) of Accord Equipment Finance (“AEF”), the Company’s US equipment leasing division, to a division of Rosenthal & Rosenthal, Inc., a US-based factoring, asset based lending, purchase order financing and inventory financing firm in the United States (“R&R” or “Purchaser”) pursuant to an asset purchase agreement dated September 30, 2024 (the “**APA**”).

Pursuant to the terms of the APA, the Purchaser acquired the Leases for an amount equal to C\$63.2 million, (US\$46.8 million) the net proceeds of which have been used to pay down the Company’s bank indebtedness under its primary credit facility (the “**Transaction**”). Additionally, the revolving commitment under the Company’s primary credit facility was reduced from \$300 million to \$260 million coincident with the closing of the Transaction

The Transaction achieves one of the Company’s strategic initiatives, which include efforts to refocus on the core business and create shareholder value.

Item 5 Full Description of Material Change

The Transaction

On September 30, 2024, the Company announced that pursuant to the terms of the APA, the Company sold a portfolio of Leases from its US-based equipment finance subsidiary, AEF, in exchange for an amount equal to C\$63.2 million. The proceeds of the sale, net of transaction expenses and client deposits held by AEF and transferred to the Purchaser, have been used to reduce the Company’s outstanding bank indebtedness, by C\$58.4 million (US \$43.2 million). Pursuant to the terms of a March 15, 2024 amendment to the Company’s primary credit facility agreement (“Bank Amendment”), the revolving commitment was reduced from \$300 million to \$260 million coincident with the closing of the Transaction.

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

Strategic Initiatives

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 evaluation of strategic initiatives was deemed necessary based on the challenges facing the Company due to 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 the Bank Amendment.

In the course of evaluating strategic initiatives, the Leases were identified as a non-core product that had the potential to produce a net positive return if sold to a strategic investor. Gross proceeds from the sale exceeded the net book value of the Leases when the Transaction closed. The accounting results related to the transaction are being finalized, including income taxes, and the elimination of AEF-related intangible assets (\$3.0 million as of June 30, 2024), and will be reported in the Company's third quarter report.

Following the completion of the Transaction, the Company will continue to review and evaluate various initiatives to strengthen the balance sheet, renew growth in the core operating businesses and increase shareholder value.

Notice Regarding Forward-Looking Statements

This report contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements in this news release include, but are not limited to, statements, management's beliefs, expectations or intentions regarding the financial position of the Company, and the duration of the suspension of the quarterly dividend announced in November 2023. Forward-looking statements are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are subject to various risks and uncertainties including the ability of the Company to reinstate dividends and those risks identified in the Accord's periodic filings with Canadian securities regulators. See Accord's most recent annual information form and most recent management's discussion and analysis of results of operations and financial condition for a detailed discussion of the risk factors affecting Accord. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

This report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted from this report.

Item 8 Executive Officer

The following executive officer of Accord is knowledgeable about the material change described in this report:

Simon Hitzig
President and Chief Executive Officer
Accord Financial Corp.
hitzig@accordfinancial.com
(416) 961-0304

Item 9 Date of Report

October 9, 2024