

## Accord Announces Third Quarter Financial Results

TORONTO--(BUSINESS WIRE)--November 6, 2024--Accord Financial Corp. (TSX – ACD) today released its financial results for the quarter ended September 30, 2024. The financial figures presented in this release are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards.

<b><u>SUMMARY OF FINANCIAL RESULTS</u></b>	<b>Three Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Average funds employed (millions)</b>	<b>427</b>	<b>478</b>
<b>Revenue (000s)</b>	<b>21,213</b>	<b>19,430</b>
<b>Net loss attributable to shareholders (000s)</b>	<b>(772)</b>	<b>(8,806)</b>
<b>Adjusted net earnings (loss) (000s) (note)</b>	<b>(1,329)</b>	<b>127</b>
<b>Loss per common share (basic and diluted)</b>	<b>(0.09)</b>	<b>(1.03)</b>
<b>Adjusted earnings (loss) per common share (basic and diluted)</b>	<b>(0.16)</b>	<b>0.01</b>
<b>Book value per share (September 30)</b>	<b>\$ 9.69</b>	<b>\$ 10.76</b>

Commenting on third quarter events, the Company’s CEO, Mr. Simon Hitzig, stated: “We continue to execute on key strategic initiatives, closing the sale of the AEF leasing portfolio on September 30th, which is an important step in refocusing on the Company’s core businesses.” Gross proceeds of the transaction, excluding client security deposits, were \$61.1 million (US\$45.2 million), representing a 9.5% premium over the portfolio carrying value of \$55.8 million (US\$41.2 million). After deducting transaction expenses and related intangible assets (\$3.0 million), the sale delivered a pretax gain of \$1.1 million. “This transaction reinforces the market value of Accord’s assets, and its platform, despite the challenging conditions since the fourth quarter of 2023,” added Mr. Hitzig.

Following the sale of leasing assets, Accord’s finance receivables and loans (“funds employed”) closed at \$380 million on September 30, 2024, down from \$477 million at the start of the year. Average funds employed in the third quarter were \$427 million compared to \$478 million in the same period last year. Despite the year-over-year decline in average funds employed, higher average yields and the gain on sale of leasing assets drove third quarter revenue to \$21.2 million, and first nine months revenue up 10.8% to \$61.8 million compared to \$55.8 million in the same period last year.

The Company also made progress reducing operating expenses, holding overhead steady year-over-year despite \$1.8 million of year-to-date professional fees related to bank negotiations. However, interest expense, including 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, at \$4.7 million in the quarter, is clearly improved from the unusual \$14.4 million in the third quarter of 2023. Within the provision, \$1.9 million represents a non-cash increase in the allowance for losses, which now stands at \$11.1 million.

While the sale of AEF assets contributed a gain, and the Company recorded a pre-provision operating profit, the provision for credit losses tipped the Company to a third quarter net loss attributable to shareholders of \$772,000. Year-to-date net loss attributable to shareholders was \$1.3 million, a significant improvement from the net loss of \$7.1 million in the same period last year. The adjusted loss, which excludes the gain on sale of leasing assets, is \$562,000 year-to-date, or 7 cents per common share. Countering the year-to-date operating loss, the successful sale of leasing assets boosted tangible book value per share to \$9.69 at September 30th, up from \$9.45 at the start of the year.

Commenting further Mr. Hitzig noted, “The pre-provision operating performance was positive in the third quarter, setting a path back to profitability. But for now, the difficult business environment is weighing on our core market segments, causing an increased provision for credit losses.” Mr. Hitzig added, “We continue to focus on strategic initiatives within our control, including potential additional non-core asset sales, aiming to strengthen the balance sheet, streamline the business, and reposition for success going forward.”

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

Accord Financial is North America’s most dynamic commercial finance company providing fast, versatile financing solutions including asset-based lending, factoring, inventory finance, equipment finance (in Canada), 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.

### **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) Adjusted net earnings, adjusted net loss, and adjusted EPS/LPS. The Company derives these measures from amounts presented in its IFRS prepared financial statements. Adjusted net earnings (loss) comprise shareholders’ net earnings before goodwill impairment, net single account loss (in 2023), professional fees related to bank negotiations (2024), gain on AEF sale, stock-based compensation, business acquisition expenses (primarily amortization of intangible assets) and restructuring expenses. Adjusted EPS/LPS (basic and diluted) is adjusted net earnings (loss) divided by the weighted average number of common shares outstanding (basic and diluted) in the period. Management believes adjusted net earnings (loss) is a more appropriate measure of operating performance as it excludes items which do not relate to ongoing operating activities. The following table provides a reconciliation of the Company’s net earnings (loss) to adjusted net earnings (loss):

	<b>Three Months Ended Sept 30</b>	
	<b>2024</b>	<b>2023</b>
	\$'000	\$'000
Shareholders' net earnings (loss)	(772)	(8,806)
Adjustments, net of tax:		
Gain on AEF sale	(785)	-
Costs associated with single account write-off	160	8,398
Restructuring and other expenses	68	535
<b>Adjusted net earnings (loss)</b>	<b>(1,329)</b>	<b>127</b>

- 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 or shareholders' equity 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.

### **Forward-Looking Statements**

This news release 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.

## **Contacts**

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