



Accord Financial Corp.

Audited Consolidated Financial Statements

December 31, 2025

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 2025 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 March 31, 2025 Toronto, Canada

INDEPENDENT AUDITOR'S REPORT

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, 2025 and December 31, 2024;
- 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 policy information

(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, 2025 and December 31, 2024, and 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 that 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, 2025. 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.

In addition to the matter described in the “**Material Uncertainty related to Going Concern**” section of the auditor’s report, 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-Bondlt Finance Receivable and Loas

Description of the matter

We draw attention to Notes 2, 3(d), 4, and 20(a) of the financial statements.

The Company’s allowance for expected credit losses (ECL) on finance receivables and loans is \$19,045 thousand, of which \$17,766 thousands relates to ECL on non-Bondlt finance receivables and loans. The Company’s allowance for ECL on non-Bondlt 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-Bondlt 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 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.

Qualitative adjustments or overlays may also be recorded as temporary adjustments using expert credit judgment where the inputs and assumptions do not capture all relevant risk factors. The use of management overlays requires significant judgment that may impact the amount of ACL recognized.

Why the matter is a key audit matter

We identified the assessment of allowance for ECL on non-Bondlt 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-Bondlt 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-Bondlt 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.
- the inputs and assumptions used in the determination of qualitative adjustments or overlays by applying our knowledge of the industry and credit judgment to evaluate the appropriateness of the Company's underlying inputs and assumptions.

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; and
- 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 logo for KPMG LLP, featuring the letters "KPMG" in a bold, sans-serif font, followed by "LLP" in a smaller, similar font. A horizontal line is drawn underneath the text.

Chartered Professional Accountants, Licensed Public Accountants

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

Toronto, Canada

March 31, 2026

Consolidated Statements of Financial Position

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

		December 31, 2025	December 31, 2024
	Note		
Assets			
Cash		\$ 6,990	\$ 16,674
Finance receivables and loans, net	4	326,931	357,554
Income taxes receivable		661	1,028
Other assets	5	8,335	15,459
Assets held for sale	6	425	422
Deferred tax assets, net	14	11,240	20,131
Property and equipment	7	2,120	2,614
		\$ 356,702	\$ 413,882
Liabilities			
Due to clients		\$ 247	\$ 172
Bank indebtedness	8	148,236	145,224
Loans payable	9	90,310	115,934
Accounts payable and other liabilities		8,261	12,246
Income taxes payable		913	-
Notes payable	10	25,075	24,541
Debentures	11	26,966	25,678
Lease liabilities	12	1,795	2,143
Deferred income		898	1,266
Deferred tax liabilities, net	14	171	-
		\$ 302,872	\$ 327,204
Equity			
Capital stock	13	9,448	9,448
Contributed surplus	13	1,886	1,844
Retained earnings		32,500	62,469
Accumulated other comprehensive income		7,157	7,066
Shareholders' equity		50,991	80,827
Non-controlling interests in subsidiary		2,839	5,851
Total equity		53,830	86,678
		\$ 356,702	\$ 413,882

see accompanying notes

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	2025	2024
Revenue			
Interest		\$ 52,402	\$ 67,573
Other income	6	9,496	15,483
		61,898	83,056
Operating expenses			
Interest expense		33,191	36,006
General and administrative		30,076	33,296
Provision for credit losses	4	21,916	16,181
Depreciation		487	562
Amortization of intangible assets		-	104
		85,670	86,149
Loss before income tax		(23,772)	(3,093)
Income tax expense (recovery)	14	8,964	(647)
Net loss		(32,736)	(2,446)
Net earnings (loss) attributable to non-controlling interests in subsidiary		(2,767)	693
Net loss attributable to shareholders		\$ (29,969)	\$ (3,139)
Basic and diluted loss per common share	15	\$ (3.50)	\$ (0.37)

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	2025	2024
Net loss	\$ (29,969)	\$ (3,139)
Other comprehensive income:		
Items that are or may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	91	(8)
Comprehensive loss	\$ (29,878)	\$ (3,147)

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 subsidiary	Total equity
		Number of common shares outstanding	Amount					
Balance at January 1, 2024		8,558,913	\$ 9,448	\$ 1,774	\$ 65,608	\$ 7,074	\$ 4,759	\$ 88,663
Comprehensive loss		-	-	-	(3,139)	(8)	-	(3,147)
Stock-based compensation expense related to stock option grants	13	-	-	70	-	-	-	70
Net earnings attributable to non-controlling interests in subsidiary		-	-	-	-	-	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
Balance at January 1, 2025		8,558,913	\$ 9,448	\$ 1,844	\$ 62,469	\$ 7,066	\$ 5,851	\$ 86,678
Comprehensive income (loss)		-	-	-	(29,969)	91	-	(29,878)
Stock-based compensation expense related to stock option grants	13	-	-	42	-	-	-	42
Net loss attributable to non-controlling interests in subsidiary		-	-	-	-	-	(2,767)	(2,767)
Translation adjustments on non-controlling interests		-	-	-	-	-	(245)	(245)
Balance at December 31, 2025		8,558,913	\$ 9,448	\$ 1,886	\$ 32,500	\$ 7,157	\$ 2,839	\$ 53,830

Consolidated Statements of Cash Flows

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

Year ended December 31

Note

2025

2024

Cash provided by:

Operating activities

Net loss \$ (32,736) \$ (2,446)

Items not affecting cash:

Provision for credit losses 4 21,916 16,181

Amortization of intangible assets - 104

Depreciation of property and equipment 487 562

Loss on disposal of property and equipment - 25

Gain on sale of AEF equipment lease portfolio 6 - (1,070)

Accretion of debentures 6 (5)

Loss from modification of debentures - 7

Stock-based compensation expense 13 1 119

Deferred tax recovery 14 8,559 (579)

Current income tax expense 14 405 (68)

(1,362) 12,830

Change in operating assets and liabilities

Finance receivables and loans, gross 4 564 48,569

Due to clients 76 27

Other assets 7,018 (1,715)

Accounts payable and other liabilities (1,295) 423

Disposal of assets held for sale 6 63 462

Income tax refund (paid), net 849 (31)

5,913 60,565

Investing activities

Proceeds from sale of AEF equipment lease portfolio 6 - 60,648

Additions to property and equipment (28) (395)

(28) 60,253

Financing activities

Net proceeds from (repayment of) Bank indebtedness 8 3,082 (136,010)

Issuance of loans payable (Canadian dollar loans) 9 - 42,002

Repayment of loans payable (Canadian dollar loans) 9 (22,156) (26,984)

Net proceeds from (repayment of) loans payable (US dollar loans) 9 (98) 13,266

Repayment of notes payable 10 (380) (73)

Lease liabilities principal paid 12 (313) (372)

(19,865) (108,171)

Effect of exchange rate changes on cash 4,296 (5,669)

Increase (decrease) in cash (9,684) 6,978

Cash at January 1 16,674 9,696

Cash at December 31 \$ 6,990 \$ 16,674

Supplemental cash flow information

Net cash used in operating activities includes:

Interest paid \$ 27,999 \$ 31,524

See accompanying notes

Notes to Consolidated Financial Statements

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

Years ended December 31, 2025 and 2024

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) Basis of presentation and statement of compliance

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 4), the carrying value of assets held for sale (note 6) as well as the valuation of deferred tax assets and liabilities (note 14).

These consolidated financial statements were approved for issue by the Company's Board of Directors ("Board") on March 31, 2026.

(b) Basis of measurement and going concern

The financial statements have been prepared on a going concern basis and measured at historical cost, unless otherwise disclosed.

The application of the going concern basis presumes that the Company will continue to be in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In making its assessment, when the Company is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity is required to disclose those uncertainties.

The Company has financial liabilities of \$294.3 million that are due within the next 12 months, which

primarily composed of: i) an outstanding revolving credit facility provided by a syndicate of six banks with a contractual maturity date of February 27, 2026 of \$148.2 million (Note 8), ii) debentures of \$27.0 million to mature on January 31, 2026 (Note 11), iii) BondIt revolving line of credit of \$75.0 million (Note 9) and unsecured term notes maturing on March 6, 2026 (Note 10). The maturity details of the loans due are outlined in Note 20. Please see subsequent events for details related to the extension of the Company's senior revolving credit facility.

The Company is in compliance with all credit facility covenants of the bank indebtedness and continues to work towards establishing a re-financing plan with its creditors and debentureholders. The Company extended the maturity date of its senior credit facility to April 30, 2026 and its debentures to July 31, 2026 (Note 22). The Company continues to seek potential new sources of financing for all its debt. However, there is a risk that the availability of financing options to refinance the debt that matures in 2026 may not be available on terms that provide the necessary covenant accommodations or other conditions acceptable to the Company, or may not be available on any terms at all.

Further, the Company's subsidiary BondIt has breached covenants under its revolving line for the period ended December 31, 2025 and is in default on its revolving line. As part of the Company's strategic initiatives, BondIt was sold on February 10, 2026 (Note 22). Net proceeds were used to repay bank indebtedness.

With respect to near-term debt maturities, the Company continues pursuing plans to refinance its outstanding debt or settle the debt instruments through the sales of the underlying assets securing such debts. However, such activities and actions may be unsuccessful or insufficient to fully address the maturing indebtedness as a result of not being able to dispose of assets or obtain financing on terms and conditions acceptable to the Company or at all. If any or all of the Company's funding sources are not replaced or renewed on terms acceptable to the Company, the Company may not have the financing necessary to conduct its business, which could have a material adverse impact on its business. The above conditions represent a material uncertainty that cast a significant doubt on the Company's ability to continue as a going concern.

These financial statements do not reflect 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 ("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. Qualitative adjustments or overlays may also be recorded as temporary adjustments using expert credit judgment where the inputs, assumptions and/or models do not capture all relevant risk factors. The use of management overlays requires significant judgment that may impact the amount of ECL recognized.

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) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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 consolidated 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 one or more events that have a detrimental impact on the estimated cash flows of that financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties

(l) 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.

(m) Future changes in accounting policies

i) **A Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** – In May 2024, IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related:

- recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features

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. Finance receivables and loans

Finance receivables and loans at December 31 were as follows:

	December 31, 2025	December 31, 2024
Working capital loans	\$ 74,452	\$ 92,333
Receivable loans	89,371	81,723
Inventory & equipment loans	83,565	86,018
Media loans	95,853	102,450
Lease receivables	2,735	3,061
Finance Receivables and loans	345,976	365,585
Less allowance for expected credit losses	19,045	8,031
Finance Receivables and loans, net	\$ 326,931	\$ 357,554

The Company's finance receivables and loans are generally either: (i) collateralized by a charge on substantially all the borrowers' assets; or (ii) leased assets or factored receivables which the Company owns; or (iii) guaranteed by a credit worthy party. Collateral securing the Company's finance receivables and loans is primarily comprised of receivables, inventory, and equipment, as well as other assets such as real estate and guarantees.

Lease receivables comprise the net investment in leases by AFCC and AEF as described in note 3(c). Lease receivables at December 31, 2025 are expected to be collected over a period of up to five years. AEF ceased originations of new lease receivables as of September 30, 2024 and all of its lease receivables were either collected or terminated by December 31, 2025.

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

	December 31, 2025	December 31, 2024
Less than 1 year	\$ 290,400	\$ 263,708
1 to 2 years	42,458	73,220
2 to 3 years	10,865	21,730
3 to 4 years	1,758	5,028
4 to 5 years	495	1,899
	\$ 345,976	\$ 365,585

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

	December 31, 2025	December 31, 2024
Current	\$ 287,548	\$ 323,252
Past due but not impaired:		
Past due less than 90 days	18,908	21,502
Past due 90 to 180 days	13,834	4,839
Past due 180 days or more	18,249	10,704
Impaired loans	7,437	5,288
	\$ 345,976	\$ 365,585

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, 2025, \$45,361 (2024 – \$27,432) related to BondIt, while \$13,026 (2024 – \$14,589) related to AFCC, of which \$10,604 (December 31, 2024 - \$14,197) benefits from a guarantee from Export Development Canada ("EDC") of up to 80% of the loan balance.

At December 31, 2025, the estimated fair value of the collateral securing the impaired loans totalled \$5,856 (2024 – \$4,350). During 2025, lease receivables totalling \$66 (2024 – \$469) were transferred to assets held for sale upon default of the leases and repossession of the collateral.

Finance receivables and loans classified under the three-stage credit criteria of IFRS 9 were as follows:

	December 31, 2025	December 31, 2024
Stage 1	\$ 271,306	\$ 286,407
Stage 2 (SICR) ⁽¹⁾	67,233	73,890
Stage 3 (Impaired)	7,437	5,288
	\$ 345,976	\$ 365,585

(1) Includes judgmental overlay.

The Company's allowance for ECL on finance receivables and loans is \$19,045 (December 31, 2024 – \$8,031), of which \$17,766 (December 31, 2024 – \$7,164) relates to ECL on non-BondIt finance receivables and loans.

The activity in the allowance for ECL on finance receivables and loans during 2025 by stage of allowance was as follows:

Year ended at December 31, 2025	Stage 1	Stage 2⁽¹⁾	Stage 3	Total
Allowance for expected credit losses at January 1	\$ 2,093	\$ 4,578	\$ 1,360	\$ 8,031
Transfer between stages	(333)	124	209	-
Provision for credit losses	617	10,019	11,280	21,916
Write-offs	-	-	(11,627)	(11,627)
Recoveries	-	-	798	798
Foreign exchange adjustment	(56)	(3)	(14)	(73)
Allowance for expected losses at December 31	\$ 2,321	\$ 14,718	\$ 2,006	\$ 19,045

(1) Includes judgmental overlay.

The activity in the allowance for ECL 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 credit 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 allowance for ECL for some Stage 3 accounts includes the estimated fair value of collateral less associated liquidation costs where the Company intends to or has actively taken possession of its collateral and is currently or will be liquidating that collateral as a means of recovering some or all of the outstanding account balance. In such cases, the finance receivables and loans have been written down to the present value of their fair value and any allowance for ECL thereon reversed.

The Company's allowance for ECL on finance receivables and loans is estimated using statistical models that involve a number of inputs and assumptions. The key drivers of changes in the allowance for ECL include the following:

- Increase or decrease in the amount of finance receivables and loans;
- Transfers between stages due to SICRs, as reflected by changes in 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 overlays in circumstances where the inputs, assumptions and/or models may not capture all the relevant risk factors.

The Company uses judgment to review and analyze the various forecast scenarios and assign probability weightings. If the Company were to assign a 100% probability to the most pessimistic downside scenario forecast considered, the allowance for ECL would have been \$1.1 million higher than the reported estimate of the allowance for ECL as at December 31, 2025. Alternatively, the assignment of a 100% probability to the most optimistic upside scenario forecast considered would have resulted in the allowance for ECL being \$2.1 million lower than that reported.

At December 31, 2025, the Company held cash collateral of \$1,146 (2024 – \$1,303) to help reduce the risk of loss on certain of the Company's finance receivables and loans.

5. Other assets

Other Assets at December 31, 2025 were \$8,335 (2024 – \$15,459) and were primarily comprised of amounts due from EDC of \$5,682 (2024 – \$7,574) pursuant to guarantees provided on AccordExpress loans, royalty receivable of \$nil (2024 - \$2,974), prepaid expenses of \$1,297 (2024 – \$2,682) and amount held as a security for non-recourse borrowings provided by a lender of \$773 (2024 - \$1,884).

6. Assets held for sale and other transactions

(a) Assets held for sale

During 2025 and 2024, 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.

7. Property and equipment

	December 31, 2025	December 31, 2024
Cost	\$ 4,519	\$ 4,731
Accumulated depreciation	(2,399)	(2,117)
Net book value	\$ 2,120	\$ 2,614

Property and equipment include the Company's right-of-use assets, comprising four office leases at December 31, 2025. The Company's right-of-use assets and movements therein during 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Right-of-use assets at January 1	\$ 1,935	\$ 1,662
Additions	-	1,034
Modifications/completions	-	(414)
Depreciation	(338)	(416)
Foreign exchange adjustments	(28)	69
Net book value at December 31	\$ 1,569	\$ 1,935

8. Bank indebtedness

The Company has a revolving credit facility provided by a syndicate of six banks. The facility has a maximum commitment of \$190.0 million and a contractual maturity date of February 27, 2026. 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 Senior Credit Facility. The Senior Credit Facility is secured by the Company's finance receivables and loans balance of \$230,750, which excludes finance receivables and loans that secure the BondIt loan and the Accord Small Business Finance ("ASBF") loan. The monthly covenants include (i) a minimum threshold for cumulative adjusted earnings before interest, tax, amortization, and depreciation ("EBITDA"), (ii) total debt to tangible net worth ("TNW") less than 5.0 and (iii) senior debt to TNW ratio less than 4.0, as well as a minimum availability covenant of \$30.0 million, measured as the difference between eligible collateral and outstanding bank indebtedness. The Company amended its revolving credit facility as of December 22, 2025 to extend the maturity date to February 27, 2026, reduce the maximum commitment to \$190.0 million from \$260.0 million, and increase in the borrowing rate by 100 basis points, increase the minimum availability covenant from \$25.0 million to \$30.0 million and update the milestones related to the certain strategic initiatives. The Company was in compliance with all loan covenants and milestones under its revolving credit facility as at December 31, 2025 and expects to be able to comply with the covenants through the maturity date of the facility. The maturity date of the revolving credit facility was extended after year end. Please refer to note 22 for details.

9. Loans payable

	December 31, 2025	December 31, 2024
BondIt loan ^(a)	\$ 74,983	\$ 78,452
ASBF loan ^(b)	15,327	37,482
	\$ 90,310	\$ 115,934

(a) BondIt loan

BondIt has a revolving line of credit with a non-bank lender, which bears a fixed rate of interest. This revolving line is secured by all of BondIt's assets and has a total commitment of US\$62.5 million (\$85.8 million) and a maturity date of May 31, 2027. At December 31, 2025, the amount outstanding under this line of credit totalled \$75.0 million inclusive of accrued interest and fees. The loan agreement contains monthly covenants, including a collateral covenant requiring the trailing six month rolling average delinquency rate not to exceed 15% and a minimum quarterly net income covenant. BondIt was not in compliance with multiple covenants at December 31, 2025 and is in default with the lender. BondIt's lenders have the right to demand repayment or pursue other remedies in the event of non-compliance with covenants. The Company sold its interest in BondIt subsequent to December 31, 2025. Please refer to note 22 for details.

(b) ASBF loan

ASBF, a subsidiary of AFCC, has a non-recourse loan with a life insurance company. This loan is secured by the majority of ASBF's assets and bears a fixed rate of interest. The amount outstanding under this loan at December 31, 2025 was \$15.3 million (December 31, 2024 – \$37.5 million). The Company was in compliance with all covenants at December 31, 2025 and at December 31, 2024 and expects to be in compliance with all covenants for the next 12 months.

10. Related parties

(a) Notes payable

Notes payable comprise: (i) unsecured demand notes due on, or within a week of, demand; and (ii) term notes which are repayable on various dates, the latest of which is November 30, 2027. Notes payable are to individuals or entities and consist of advances from shareholders, management, other related individuals and third parties.

Notes payable at December 31 were as follows:

	December 31, 2025	December 31, 2024
Demand and term notes due within one year:		
Related parties	\$ 17,316	\$ 16,562
Third parties	3,642	3,665
	20,958	20,227
Term notes due after one year:		
Related parties	4,117	4,314
	\$ 25,075	\$ 24,541

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 9.50% and 11.00%.

Interest expense on the notes payable was as follows:

	2025	2024
Related parties	\$ 1,967	\$ 1,847
Third parties	376	352
	\$ 2,343	\$ 2,199

(b) Compensation of directors and key management personnel

The remuneration of directors and key management personnel⁽¹⁾ during 2025 and 2024 was as follows:

	2025	2024
Salaries and directors' fee	\$ 4,219	\$ 3,671
Stock-based compensation ⁽²⁾	1	119
Termination payments	110	-
	\$ 4,330	\$ 3,790

(1) Key management personnel comprise the President and CEO of the Company, the Presidents of its 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 13.

(c) BondIt participations

BondIt utilizes loan participations to provide capital for and reduce the risk of loss on certain client loans, as well as to reduce its overall cost of capital. A number of related parties have participated in BondIt's client loans. At December 31, 2025, participations in BondIt client loans totalled US\$22.2 million (December 31, 2024 – US\$9.8 million), of which US\$1.2 million (December 31, 2024 – US\$1.4 million) was provided by related parties. These participations are not included in the Company's Consolidated Statements of Financial Position.

(d) Debentures

\$3,250 of the unlisted debentures are held by a related party. Details of debentures are set out in note 11.

11. Debentures

Convertible debentures with a face value of \$25,650 (25,650 convertible debentures) carrying a 7.0% coupon rate were issued by the Company in 2018 and 2019. Of these, 20,650 debentures are listed for trading ("Listed Debentures") on the Toronto Stock Exchange ("TSX"), while 5,000 ("Unlisted Debentures") are unlisted, together the "Debentures". Interest on all the Debentures is payable semi-annually on September 30 and December 31 each year. The Debentures are unsecured and subordinated to all senior indebtedness. This includes all debt for borrowed money, such as principal, interest and fees related to bank indebtedness, the unsecured demand notes and the unsecured term notes. Senior indebtedness also comprises other material obligations under lease liabilities, trade payables and financial instruments, such as letters of credit. It also encompasses related guarantees, accrued interest and enforcement costs, unless expressly subordinated or stated to rank pari passu with the Debentures.

The Listed Debentures were amended in August 2023 to modify several key terms:

1. Interest Rate: The interest rate was increased from 7.0% to 10.0% per annum, effective from January 2, 2024.
2. Maturity Date: The maturity date was extended from December 31, 2023 to January 31, 2026.
3. Conversion feature: The conversion option, which permitted holders to convert the debentures into common shares of the Company, was permanently removed. In addition, the Company's ability to settle the debentures in common shares at maturity was also eliminated.

The Unlisted Debentures were amended in December 2023 to modify several key terms:

1. Interest rate: The interest rate was increased from 7.0% to 10.0% per annum, effective from January 2, 2024.
2. Maturity date: The maturity date was extended from December 31, 2023 to July 15, 2024.
3. Conversion feature: The conversion option, which permitted holders to convert the debentures into common shares of the Company, was permanently removed. In addition, the Company's ability to settle the debentures in common shares at maturity was also eliminated.

The Unlisted Debentures were amended in July 2024 to extend the maturity date to January 31, 2026.

As a result of the removal of the conversion feature, the Debentures are repayable solely in cash at maturity.

The Company performed an assessment in accordance with the requirements of IFRS 9 and concluded that removing the conversion feature represented a substantial modification, triggering a derecognition of the original Debentures and recognition of a new liability.

As a result, the amortized cost of the original Debentures of \$25,553 was extinguished and the amended debentures with a nominal value of \$25,650 were recognized on the balance sheet at the date of modification. A loss of \$604 was recognized in the period ending December 31, 2023, arising from the substantial modification, and was comprised of \$508 of transaction costs, including \$330 of consent fees paid to Listed holders that voted in favor of the amendment, \$25 of extension fees paid to Unlisted holders and \$95 as the difference between the carrying value of the extinguished original debentures and the fair value of the amended Debentures. There is no longer an equity component associated with these Debentures.

The balance outstanding as at December 31, 2025 and December 31, 2024 is presented below:

	December 31, 2025	December 31, 2024
Debt Issued	\$ 25,650	\$ 25,650
Accretion in carrying value of debt liability	1,316	28
	\$ 26,966	\$ 25,678

An amendment to extend the maturity date of the debentures was approved by debentureholders subsequent to December 31, 2025. Refer to note 22 for details.

12. Lease liabilities

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

	December 31, 2025	December 31, 2024
Less than one Year	\$ 459	\$ 461
One to five years	1,425	1,742
Thereafter	403	585
Total undiscounted lease obligation	2,287	2,788
Less : future interest	(492)	(645)
	\$ 1,795	\$ 2,143

During 2025, principal and interest payments for the four office leases recognized as right-of-use assets under IFRS 16 totalled \$313 (2024 – \$372) and \$144 (2024 – \$134) respectively, for total lease payments of \$457 (2024 – \$506). No variable lease payments are included in the measurement of the Company's lease liabilities.

13. 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, 2025 and 2024, there were no first preferred shares outstanding.

The Company's issued and outstanding common shares during 2025 and 2024 are set out in the consolidated statements of changes in equity.

Dividends in respect of the Company's common shares are declared in Canadian dollars. During 2025 and 2024, no dividends were declared and paid.

(b) Stock option plans

The Company has a stock option plan (the "2021 SOP") for employees and directors. Under the terms of the plan, an aggregate of 850,000 common shares, representing 9.9% of the Company's issued and outstanding common shares, have been reserved for issuance upon the exercise of stock options granted. The options granted vest one-third on the date of the grant, and one-third on each of the first two anniversaries of the date of grant. The options are exercisable for a period of seven years after the date of grant. The exercise price of all options granted under the 2021 SOP is not lower than the volume-adjusted average trading 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	December 31, 2025	December 31, 2024
August 4, 2021	80,100	8.83	Aug. 3, 2028	45,000	45,000
October 12, 2021	12,000	8.83	Aug. 3, 2028	12,000	12,000
September 19, 2022	72,000	8.34	Sep. 18, 2029	63,000	63,000
September 25, 2023	127,500	5.69	Sep. 24, 2030	109,500	109,500
September 23, 2024	114,000	4.20	Sep. 23, 2031	114,000	114,000
	405,600			343,500	343,500

Of the outstanding options, 305,000 were vested at December 31, 2025.

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

	September 23, 2024
Risk Free Interest Rate	2.81%
Expected Dividend Yield	5.01%
Expected Share Price Volatility	30.13%
Expected life of option (years)	7.0
Fair Value per option	\$ 0.68

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

The Company introduced a DSU plan effective January 1, 2022 for its board of directors. During 2025, the Company granted 26,658 DSUs (2024 – 17,678). DSUs are issued quarterly at fair market value at the date of grant and vest immediately.

(d) Stock-based compensation

During 2025, the Company recorded stock-based compensation expense of \$1 (2024 – \$119), of which \$42 (2024 – \$70) related to stock option grants under the 2021 SOP and a recovery of \$41 (2024 – \$49) related to DSUs.

14. Income taxes

The Company's income taxes comprises:

	2025	2024
Current income tax expense (recovery)	\$ 405	\$ (69)
Deferred tax expense (recovery)	\$ 8,559	\$ (578)
income tax expense (recovery)	\$ 8,964	\$ (647)

During 2025 and 2024, 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:

	2025	%	2024	%
Income tax expense computed at statutory rates	\$ (6,300)	(26.5%)	\$ (820)	(26.5%)
Increase (decrease) resulting from:				
current year true-up	1,091	4.6%	-	0.0%
Non-deductible items	582	2.4%	-	0.0%
Unrecognized deferred tax assets	13,065	55.0%	-	0.0%
Effective tax rate on income of subsidiary	543	2.3%	135	4.4%
Non-controlling interests in subsidiary	(152)	(0.6%)	38	1.2%
Other	135	0.6%	-	0.0%
	\$ 8,964	37.7%	\$ (647)	(20.9%)

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

	December 31, 2025	December 31, 2024
Deferred tax assets:		
Unused tax losses	\$ 6,170	\$ 18,936
Allowances for expected credit losses	4,635	1,914
Debentures accretion	69	89
Leasing timing difference	285	484
Other	640	529
	\$ 11,799	\$ 21,952
Deferred tax liabilities:		
Basis differential on pass through subsidiary	\$ -	\$ (971)
Leasing timing difference	(286)	(492)
Property and equipment	(259)	(304)
Other	(14)	(54)
	\$ (559)	\$ (1,821)
	\$ 11,240	\$ 20,131

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

	December 31, 2025	December 31, 2024
Deferred tax assets:		
Allowances for expected credit losses	\$ 17	\$ -
Leasing timing difference	7	-
Other	15	-
	\$ 39	\$ -
Deferred tax liabilities:		
Basis differential on pass through subsidiary	\$ (206)	\$ -
Leasing timing difference	(4)	-
	\$ (210)	\$ -
	\$ (171)	\$ -

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 \$1,885 (2024 - \$1,407) has not been recognized on the statements of financial position. The restricted interest and financing expense of \$1,885 (2024 - \$1,407) does not expire and can be carried forward indefinitely.

The US deferred tax assets balance of \$12,938 (2024 - nil) has not been recognized on the statements of financial position. At December 31, 2025, deferred income tax assets of \$12,938 (2024 - nil) have not been recognized as it is not probable that future taxable profit will be available against which the Company can utilize the tax losses and deductible temporary differences. The tax losses do not expire and can be carried forward indefinitely.

At December 31, 2025 and 2024, 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.

15. Earnings per common share

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

	2025	2024
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, 2025, and December 31, 2024 because they were considered to be anti-dilutive for earnings per common share purposes. Details of outstanding options are set out in note 13(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 consists of stock options.

16. Contingent liabilities

At December 31, 2025, the Company was contingently liable with respect to letters of guarantee issued on behalf of a client in the amount of \$769 (2024 - \$805). There were no letters of credit issued on behalf of clients for which the Company was contingently liable at those dates. These amounts were considered in determining the allowance for ECL on finance receivables and loans.

17. Non-controlling interests in subsidiaries

Non-controlling interests in subsidiaries at December 31, 2025 comprised an effective 40% (December 31, 2024 - 40%) interest in BondIt's common member units.

18. Fair values of financial assets and liabilities

Financial assets or liabilities, other than finance receivables and loans, lease liabilities, notes payable, and debentures are short term in nature and, therefore, their carrying values approximate fair values.

Finance receivables and loans, lease liabilities, notes payable, and debentures are classified as amortized cost and 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.

19. 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	2025				2024			
	Canada	United States	Inter-company	Total	Canada	United States	Inter-company	Total
Identifiable assets	\$ 439,593	\$ 182,518	\$(265,409)	\$ 356,702	\$ 210,603	\$ 206,155	\$(2,876)	413,882
Revenue								
Interest income	\$ 51,737	\$ 22,869	\$(22,204)	\$ 52,402	\$ 50,699	\$ 29,347	\$(12,473)	\$ 67,573
Other income	17,691	5,067	(13,262)	9,496	5,246	10,237	-	15,483
	69,428	27,936	(35,466)	61,898	55,945	39,584	(12,473)	83,056
Expenses								
Interest	34,112	21,283	(22,204)	33,191	26,033	22,446	(12,473)	36,006
General and administrative	34,115	9,223	(13,262)	30,076	20,767	12,529	-	33,296
Provision for credit losses	14,546	7,370	-	21,916	14,122	2,059	-	16,181
Depreciation	338	149	-	487	300	262	-	562
Business acquisition expenses	-	-	-	-	-	104	-	104
	83,111	38,025	(35,466)	85,670	61,222	37,400	(12,473)	86,149
Loss before income tax expense (recovery)	(13,683)	(10,089)	-	(23,772)	(5,277)	2,184	-	(3,093)
Income tax expense (recovery)	(2,583)	11,547	-	8,964	93	(740)	-	(647)
Net earnings (loss)	(11,100)	(21,636)	-	(32,736)	(5,370)	2,924	-	(2,446)
Net earnings (loss) attributable to non-controlling interest in subsidiary	-	(2,767)	-	(2,767)	-	693	-	693
Net earnings (loss) attributable to shareholders	\$ (11,100)	\$ (18,869)	\$ -	\$ (29,969)	\$ (5,370)	\$ 2,231	\$ -	\$ (3,139)

20. 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 (2025 - \$346.0 million, 2024 - \$365.6 million) represents the Company's maximum credit exposure as of the reporting dates and is the most significant measurable risk that it faces. The nature of the Company's asset-based lending business involves funding or assuming the credit risk on the receivables offered to it by its clients, as well as financing other assets, such as inventory and equipment. The Company often owns the factored receivables that it finances.

In its asset-based lending business, the Company makes loans that are secured against various forms of collateral. The collateral is generally first ranking security on the client's assets which typically comprise receivables, inventory, equipment and real estate, or a guarantee from a counterparty. The Company provides an expected loss allowance on its finance receivables and loans based on the estimated credit risk. There were no significant changes to the Company's collateral policy during 2025 and 2024.

At December 31, 2025, the Company had impaired loans of \$7,437 (2024 – \$5,288), while at that date, it held collateral for these loans with an estimated fair value of \$5,856 (2024 – \$4,350). These impaired loans were mainly secured by receivables, inventory, and/or equipment.

Credit approval for transactions supported by management in the Company's five operating businesses is delegated to a staff of senior credit officers within each business. Transactions in excess of \$1.0 million (US\$1.0 million U.S. 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 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 4 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 36 clients (2024 – 32) in a wide variety of industries, as well as AFCC's and AEF's lease receivables and equipment and working capital loans to approximately 590 clients (2024 – 843) and BondIt's media finance loans to approximately 50 media productions (2024 – 50). The largest client in the loan portfolio comprised 8.5% (2024 – 7.0%) 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:

	December 31, 2025		December 31, 2024	
Industry sector	Gross finance receivables and loans	% of total	Gross finance receivables and loans	% of total
Media	\$ 96,368	27.9	\$ 102,809	28.1
Wholesale Trade	54,618	15.8	64,651	17.7
Manufacturing	49,578	14.3	44,213	12.1
Finance and Insurance	46,489	13.4	40,576	11.1
Mining	17,600	5.1	17,935	4.9
Construction	14,321	4.1	17,064	4.7
Retail Trade	12,153	3.5	12,466	3.4
Waste Management and Remediation Services	11,744	3.4	13,320	3.6
Transportation and Warehousing	11,707	3.4	11,624	3.2
Information	7,344	2.1	6,503	1.8
Other	24,054	7.0	34,424	9.4
	\$ 345,976	100.0	\$ 365,585	100.0

Included in Wholesale Trade is the Company's largest individual credit exposure, which is managed by AFIC. As at December 31, 2025, the outstanding balance was \$29.4 million, representing approximately 8.5% of the Company's total finance receivables and loans. This exposure is being closely monitored given its classification as a Stage 2 loan, which reflects the presence of a significant unsecured over-advance and an elevated level of credit risk. An ECL allowance including an overlay, has been recognized for this exposure in an amount that management considers reasonable and supportable, based on information currently available. However, if certain conditions persist or emerge – including the continued negative impact of tariffs, prolonged underperformance of the business, or other unforeseen developments, the allowance may ultimately prove to be insufficient.

	December 31, 2025	December 31, 2024
Canada	\$ 177,736	\$ 189,143
United States	168,240	176,442
	\$ 345,976	\$ 365,585

As set out in notes 3(d) and 4, the Company maintains an allowance for ECL on its finance receivables and loans in accordance with IFRS 9. The allowance for ECL is estimated based on statistical models, including the impact of FLI based on several macroeconomic forecast scenarios. The allowance for ECL is deemed sufficient based on the results of the expected loss modeling and experienced credit judgment.

(b) Liquidity risk

The Company's financial assets and liabilities at December 31, 2025 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	\$ 6,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,990
Finance receivables and loans	290,400	42,458	10,865	1,758	462	33	345,976
All other Assets	13,506	128	48	-	-	-	13,682
Total	\$ 310,896	\$ 42,586	\$ 10,913	\$ 1,758	\$ 462	\$ 33	\$ 366,648
Financial Liabilities							
Due to clients	\$ 247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247
Bank indebtedness	148,236	-	-	-	-	-	148,236
Loan payable ⁽¹⁾⁽²⁾	86,798	2,556	956	-	-	-	90,310
Notes payable	20,958	4,117	-	-	-	-	25,075
Debentures	26,966	-	-	-	-	-	26,966
All other liabilities	11,139	-	-	-	-	-	11,139
Total	\$ 294,344	\$ 6,673	\$ 956	\$ -	\$ -	\$ -	\$ 301,973

(1) Loan payable includes amounts of \$11,815 maturing within 12 months, \$2,556 maturing in 1 to 2 years and \$956 maturing in 2 to 3 years, which are estimated amounts, as the loans do not have a contractual maturity date.

(2) Included in loans payable maturing within 12 months is \$74,983 of debt related to BondIt, which has been classified as current as BondIt was in breach of its debt covenants at December 31, 2025.

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
Loan payable ⁽¹⁾⁽²⁾	98,069	14,242	3,564	59	-	-	115,934
Notes payable	20,227	-	4,314	-	-	-	24,541
Debentures	-	25,678	-	-	-	-	25,678
All other liabilities	14,390	-	-	-	-	-	14,390
Total	\$ 278,082	\$ 39,920	\$ 7,878	\$ 59	\$ -	\$ -	\$ 325,939

(1) Loan payable includes amounts of \$19,617 maturing within 12 months, \$14,242 maturing in 1 to 2 years, \$3,564 maturing in 2 to 3 years, and \$59 maturing in 3 to 4 years, which are estimated amounts, as the loans do not have a contractual maturity date.

(2) Included in loans payable maturing within 12 months is \$78,452 of debt related to BondIt, which has been classified as current as BondIt was in breach of its debt covenants at December 31, 2024.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and support business growth. The Company has material going concern uncertainties (Note 2). 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 had the following debt obligations outstanding as at December 31, 2025:

	Borrower	Amount	Maturity Date
Senior Credit Facility	AFC	\$148.2 million	February 27, 2026
Unsecured Demand Notes	AFC	4.5 million	On demand within 7 days
Unsecured Term Notes*	AFC	13.0 million	March 6, 2026
Subordinated Debentures	AFC	27.0 million	January 31, 2026
Secured Non-recourse loan	ASBF	15.3 million	Amortizing from asset cash flows
Secured Revolving Facility**	BondIt	75.0 million	May 31, 2027
Unsecured Notes Payable	BondIt	7.5 million	Various dates December 2025 through November 2027***
Total		290.5 million	

* Note: Amount includes interest accrued to date

** Note: currently in default due to multiple covenant breaches as at December 31, 2025

***Note: Unsecured notes payable due on December 2025 was in negotiation as at December 31, 2025 and is not in default

The Company's operations are financed by bank indebtedness, loans payable, notes payable and debentures, with a significant concentration in bank indebtedness. Including the Company's Senior Credit Facility and Debentures (but excluding non-recourse loans under ASBF and BondIt associated debt obligations), the Company has debt obligations with amounts of \$192.7 million due in 2026. The Company is working with external advisors to pursue financing alternatives to repay or refinance its maturing debt obligations. If any or all of the Company's funding sources are not replaced or renewed on terms acceptable to the Company and/or if the Company is unsuccessful in generating sufficient additional capital from its strategic initiatives to repay its maturing debt, the Company may not have the financing necessary to conduct its business, which could have a material adverse impact on its business. The above conditions represent a material uncertainty that cast a significant doubt on the Company's ability to continue as a going concern.

Subsequent to December 31, 2026 the Company finalized an amendment extending the maturity date of its revolving credit facility to May 15, 2026. Please refer to note 22 for details.

(c) Market risk

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

The Company may also be exposed to market risk from external trade policy actions, including the imposition of tariffs by the United States on goods or services related to the industries of its clients. Such tariffs could adversely impact the credit quality or borrowing needs of certain clients, add to financial volatility and reduce growth opportunities, thereby indirectly increasing the Company's credit and market risk exposure. While the Company cannot currently quantify the potential impact of such tariffs on its financial performance, it continues to monitor developments in trade policy and assess potential implications for its clients and lending portfolio.

(d) Currency risk

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally finance receivables and loans, cash, bank indebtedness, due to clients and notes payable. These assets and liabilities are usually economically hedged, although the Company enters into foreign exchange contracts from time to time to hedge its currency risk when there is no economic hedge. At December 31, 2025, the Company's unhedged foreign currency

positions in its Canadian operations totalled \$1,551 (2024 – \$3,273). The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies on a spot or forward basis to address short-term imbalances. The impact of a 1% change in the value of the Company's foreign currency holdings against the Canadian dollar would not have a material impact on the Company's net earnings.

(e) **Interest rate risk**

Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates include both fixed rates and floating rates. The Company 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, 2025:

	Floating rate	Fixed Rate	Non-rate sensitive	Total
Assets				
Cash	\$ -	\$ 854	\$ 6,136	\$ 6,990
Finance receivables and loans, net	211,380	134,596	-	345,976
All other assets	-	-	13,682	13,682
	\$ 211,380	\$ 135,450	\$ 19,818	\$ 366,648
Liabilities				
Due to clients	\$ -	\$ -	\$ 247	\$ 247
Bank indebtedness	148,236	-	-	148,236
Loan payable	-	90,310	-	90,310
Notes payable	4,500	20,575	-	25,075
Debentures	-	26,966	-	26,966
All other liabilities	-	-	11,139	11,139
	\$ 152,736	\$ 137,851	\$ 11,386	\$ 301,973
Interest rate sensitivity gap	\$ 58,644	\$ (2,401)	\$ 8,432	\$ 64,675

The Company's floating rate assets exceed the Company's floating rate debt, net of unrestricted cash by \$70.0 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 \$696 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.

21. Capital disclosure

The Company considers its capital structure to include equity and debt; namely, its bank indebtedness, loan payable, notes payable and 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, 2025, these ratios were 5.40x (2024 – 3.59x) and 0.15 (2024 – 0.21), 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, 2025, the Company is required to maintain a senior debt to TNW ratio of less than 4.0 to 1.0 on its syndicated bank facility. BondIt, which has entered into a loan facility with a non-bank lender, is required to maintain a TNW of at least US\$5,000. There were no changes in the Company's approach to capital management from previous periods.

As of the reporting date, the Company was focused on strategic refinancing initiatives, to address upcoming debt maturities. These initiatives may result in changes to the Company's capital structure and use of capital in future periods.

22. Subsequent events

a) Debentures amendment

On January 27, 2026, the holders of the Company's Debentures approved amendments to the terms thereof at a special meeting. The amended terms include (i) extending the maturity date of the Debentures from January 31, 2026 to July 31, 2026, and (ii) increasing the interest rate to 12% commencing January 31, 2026 such that on the July 31, 2026 maturity date Debentureholders will receive 13 months' worth of accrued interest, calculated at a rate of 10% for the period from July 1, 2025 to and including January 30, 2026 and a rate of 12% for the period from January 31, 2026 to and excluding July 31, 2026. The amendment also included a waiver of the breach caused by the Company's failure to pay interest on the Debentures on December 31, 2025 interest payment date.

b) Sale of BondIt

On February 10, 2026, the Company completed the sale of its equity interest in BondIt, a 60% owned indirect subsidiary of the Company, for approximate total proceeds of US\$6.8 million (\$9.2 million). The sale price is comprised of US\$5.0 million (\$6.8 million), US\$1.6 million (\$2.2 million) minority investment in the acquiring entity and US\$0.1 million (\$0.2 million) of warrants to purchase additional shares of the acquiring entity. The acquiring entity is a diversified media services company. Due to the

proximity of the close date, the Company has not finalized the 2026 accounting impact for the disposition. Cash proceeds, net of transaction expenses, of \$6.5 million were used to repay bank indebtedness.

c) **Sale of AFIU Assets**

The Company sold US Loans to a third party on March 13, 2026. Additional sales of US Loans were completed through the period ending March 27, 2026. The combination of these activities resulted in net proceeds of US\$19.6 million (\$26.9 million), which were used to repay bank indebtedness.

d) **Senior Credit Facility Amendments**

On February 24, 2026, the Company finalized an amendment, extending the maturity date of its senior credit facility to March 31, 2026, reducing the facility limit from \$190.0 million to \$160.0 million and establishing milestones related to certain strategic initiatives. Under the terms of the amendment, the maximum facility commitment is subject to mandatory reductions equal to 80% of the net proceeds from the disposition of loan assets.

On March 31, 2026, a further extension to May 15, 2025 was completed, along with a further reduction in the maximum facility commitment to \$108.5 million and new milestones related to refinancing the Company's debt.

