



CHESSWOOD ANNOUNCES RESULTS FOR Q2 2018
Portfolio Growth of More Than \$100 Million in First Six Months

TORONTO, August 13, 2018 – Chesswood Group Limited (“Chesswood” or “the Company”) (TSX: CHW), a North American commercial equipment finance provider for small and medium-sized businesses, today reported its second quarter results for the periods ended June 30, 2018.

Chesswood’s gross finance receivables grew to \$804 million in the quarter driven by record second quarter originations of \$114 million, a 31% increase from \$87 million in the second quarter of last year. Net income also increased to \$5.6 million from \$3.7 million in the second quarter of 2017, and to \$11.5 million in the first six months of this year compared to \$8.4 million in the same period last year.

Between the adoption of IFRS 9 in 2018, the repayment of the Company’s convertible debentures in early January 2018 and the lower foreign exchange rates compared to last year, there are a number of meaningful adjustments required in order to compare the second quarter and six-month operating income⁽¹⁾ this year with the same periods in 2017. These adjustments are provided for in the chart below:

Financial Highlights

(in CDN \$000’s)

	For the Three Mths Ended		For the Six Mths Ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Average FX Rate	1.2911	1.3449	1.2781	1.3343
Operating income⁽¹⁾	\$8,046	\$9,290	\$16,385	\$17,339
IFRS 9 impact (a)	900	-	1,197	-
Impact of exchange rate difference (b)	442	-	935	-
Interest expense on conv deb (c)	-	(325)	-	(650)
Normalized operating income	\$9,388	\$8,965	\$18,517	\$16,689

- (a) The provision for credit losses for the three and six months ended June 30, 2018 was calculated in accordance with IFRS 9. Prior period comparatives were prepared in accordance with IAS 39, and have not been restated. The Company’s provision for credit losses would have been \$1.2 million lower in the six months ended June 30, 2018 if the same accounting guidelines used in the prior year had been used in 2018.
- (b) U.S. dollar results for the six months ended June 30, 2018 were converted at an exchange rate of 1.2781, which was the average exchange rate for the period (2017 - 1.3343). This lower exchange rate compared to the same quarter in 2017 understates the improvement in our 2018 U.S. operating results compared to the same period in 2017 by \$935,000.
- (c) Prior to redemption in January 2018, convertible debenture interest expense was not part of operating income whereas the interest expense on the funds used to repay the debentures (from the corporate credit facility) is deducted as an expense in calculating operating income in 2018.

“We continue to expand our business relationship with our customers. As we fund transactions from A to C in credit quality, we offer our broker-customers a one-stop shop for their funding needs,” said Barry Shafran, Chesswood’s President and CEO “and our customers have responded by embracing our programs along with our high service levels” added Shafran.

Financial Highlights

(in CDN \$000's, except EPS)

	For the Three Mths Ended		For the Six Mths Ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Average FX Rate	1.2911	1.3449	1.2781	1.3343
Net Income ⁽²⁾	\$5,616	\$3,749	\$11,516	\$8,445
Earnings Per Share - basic	\$0.31	\$0.21	\$0.64	\$0.47

(1) - See "Non-GAAP Measures" below.

(2) - Provision for credit losses included in net income for 2018 is in accordance with IFRS 9. Prior period comparatives were prepared in accordance with IAS 39 and have not been restated.

Net income in the second quarter of 2017 was lowered by a non-cash loss of approximately \$1.1 million on Chesswood's holdings of shares of Dealnet Capital Corp.

Non-GAAP Measures

Operating Income is not a recognized measure under International Financial Reporting Standards and does not have a standard meaning. Accordingly, this measure may not be comparable to similar measures presented by other issuers. Please refer to the Company's Management Discussion and Analysis in Chesswood's 2017 Annual Report and 2018 Second Quarter Report for additional information concerning these measures and a reconciliation of these measures to the Company's consolidated net income.

About Chesswood

Through two wholly-owned subsidiaries in the U.S. and Canada, Chesswood Group Limited is North America's only publicly-traded commercial equipment finance company focused on small and medium-sized businesses. Our Colorado-based Pawnee Leasing Corporation, founded in 1982, finances a highly diversified portfolio of commercial equipment leases and loans through established relationships with over 600 independent brokers in U.S.. In Canada, Blue Chip Leasing Corporation has been originating and servicing commercial equipment leases and loans since 1996, and today operates through a nationwide network of more than 50 independent brokers. Based in Toronto, Canada, Chesswood's shares trade on the Toronto Stock Exchange under the symbol CHW.

Learn more at www.chesswoodgroup.com, www.PawneeLeasing.com and www.BlueChipLeasing.com.

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looking statements is based is provided in its publicly filed documents, including the Company's annual information form and management's discussion and analysis of the financial condition and performance, which are available electronically through the System for Electronic Document Analysis and Retrieval at www.sedar.com.

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