



**CHESSWOOD ANNOUNCES RESULTS FOR Q1 2019**  
*Continued Strong Free Cash Flow and the Launch of New U.S. Vendor Channel Business*

TORONTO, May 14, 2019 – 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 results for the first quarter ended March 31, 2019.

- The Company posted a number of strong metrics in the quarter along with the launch of a new business:
- free cash flow was strong once again at \$5.8 million while dividends for the quarter were \$3.7 million,
  - portfolio has grown by 24% since the first quarter of 2018,
  - revenue was \$30.8 million, up by 22% from \$25.2 million in the first quarter of 2018, and
  - launched a new vendor channel business, Tandem Finance Inc (“Tandem”). Tandem has already posted its first US\$1.0 million in originations and operates in a channel many times larger than Chesswood’s historical channel.

Chesswood’s results for the first quarter were highly influenced by large changes, year-over-year, in two non-cash items, the allowance for credit losses and the mark-to-market valuation on interest rate swaps and caps. These two items increased significantly over the first quarter of last year, reducing operating income by \$2.5 million and income before taxes by \$3.8 million. Neither of these two non-cash items (or their changes from 2018) affected free cash flow for the period.

The table below illustrates these affects and the effect from funding Tandem in the first quarter of operations.

<b>Financial Highlights</b> (in CDN \$000's, except EPS)	<b>For the Three Months</b>	
	<b>Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Adjusted Operating Income<sup>(1)</sup></b>	<b>\$7,847</b>	\$7,711
Increase (decrease) in Allowance	1,825	(628)
Tandem Net Expenses	435	0
<b>Operating Income<sup>(1)</sup></b>	<b>5,587</b>	8,339
Mark-to-market Swaps/Caps Expense (Gain)	503	(759)
Other Non-cash Items	445	671
<b>Income before Taxes</b>	<b>\$4,639</b>	\$8,427
<b>Net income</b>	<b>\$3,071</b>	\$5,900
<b>Earnings Per Share - basic</b>	<b>\$0.17</b>	\$0.33

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

“While our financial results were negatively impacted by these two non-cash items this quarter, we’re pleased that our operating earnings before this effect and before the expenses from Tandem increased over the first quarter of last year” said Barry Shafran, Chesswood’s President and CEO. “We have chosen to remain focused on risk levels in our traditional business at this time in the business cycle while launching our new efforts in the vendor-channel of equipment finance, in the U.S. Tandem is the first provider of funding to this market that can truly offer its vendor partners proven in-house expertise in approving, funding and administering transactions in all credit tiers. This value proposition is attractive to current and prospective equipment vendor customers and is a competitive advantage that we intend to take advantage of” said Shafran.

**Non-GAAP Measures**

Operating income, adjusted operating income and free cash flow are not recognized measures under International Financial Reporting Standards and do not have a standard meaning. Accordingly, these measures may not be comparable to similar measures presented by other issuers. Please refer to the Company's Management Discussion and Analysis in Chesswood's 2018 Annual Report and the 2019 First Quarter Report for additional information concerning these measures and a reconciliation of these measures to the Company's consolidated net income.

**About Chesswood**

Through three 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 relationships with over 600 independent brokers in the 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. Located in Houston, Texas, Tandem Finance Inc. provides equipment financing to small and medium sized businesses in the U.S. through the equipment vendor channel.

Based in Toronto, Canada, Chesswood's shares trade on the Toronto Stock Exchange under the symbol CHW.

Learn more at [www.ChesswoodGroup.com](http://www.ChesswoodGroup.com) [www.PawneeLeasing.com](http://www.PawneeLeasing.com) [www.BlueChipLeasing.com](http://www.BlueChipLeasing.com)  
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