



**CHESSWOOD ANNOUNCES Q2 2020 RESULTS AND PROVIDES COVID UPDATE**  
**Significant Number of COVID-19 Deferral Accounts Resume Regular Monthly Payments**

TORONTO, Aug 7, 2020 – 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 second quarter and six months ended June 30, 2020 and provides a COVID-19 update.

“Our U.S. and Canadian teams worked diligently throughout the quarter to ensure customers successfully returned to making their regular monthly payments after the expiration of payment accommodation” said Ryan Marr, Chesswood’s President and CEO. “As a result of this successful effort, we were able to reverse a meaningful amount of our allowance for credit losses recognized in Q1. Excluding one time items associated with the management transition, free cash flow remained strong for the quarter resulting from our strong collections effort and expense control.”

“Although charge-offs are likely to remain above 2019 levels for the remainder of the year, we are encouraged by the incremental improvement we have seen throughout Q2. Our portfolio today has a higher proportion of prime credits than at any time in the company’s history, currently at 66% of total. We believe this positioning will support profitability as we move through COVID throughout the remainder of the year” added Marr.

Financial Highlights (in CDN \$000's, except EPS)	For the Three Months		For the Six Months	
	Ended June 30		Ended June 30	
	2020	2019	2020	2019
<b>Adjusted Operating Income<sup>(1)</sup></b>	<b>\$2,823</b>	\$7,178	<b>\$8,603</b>	\$14,521
(Increase)/decrease in Allowance for Credit Losses	5,294	(616)	(10,021)	(2,441)
Amortization – intangible assets	(333)	(333)	(666)	(666)
<b>Operating income (loss)</b>	<b>7,784</b>	6,229	<b>(2,084)</b>	11,414
Goodwill impairment	-	-	(11,868)	-
Restructuring and transaction costs	(5,776)	-	(5,776)	-
Mark-to-market adj. on swaps/caps	133	(626)	(465)	(1,129)
Other non-cash items	19	58	(174)	(54)
<b>Income (loss) before taxes</b>	<b>\$2,160</b>	\$5,661	<b>(\$20,367)</b>	\$10,231
<b>Net income (loss)</b>	<b>\$1,407</b>	\$3,894	<b>(\$18,420)</b>	\$6,965
<b>Earnings Per Share - basic</b>	<b>\$0.08</b>	\$0.22	<b>(\$1.04)</b>	\$0.39

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

**COVID UPDATE**

**Deferrals**

At the end of June, COVID-19 related deferrals at our Pawnee Leasing subsidiary declined to 12% of portfolio accounts representing 15% of portfolio value of our customer base, with approximately 50% of COVID deferred accounts resuming their regular monthly payments in June and less than one-third of the deferred accounts left at the end of July. Blue Chip Leasing deferrals ended the quarter at 12% of the portfolio accounts representing 21% of portfolio value.

For Pawnee customers that have required further assistance, we have introduced phase 2 accommodation programs. These customers have agreed to some level of monthly payment, albeit at a lower level. Approximately 5% of our portfolio accounts have subscribed to these programs.

As outlined in Q1, discussions with customers take place on a one-on-one basis. Our long history in collections provides us with the necessary tools to successfully work with our customers in the current environment.

## **NON-GAAP MEASURES**

Adjusted Operating Income is not a recognized measure under International Financial Reporting Standards and do 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 2020 Second Quarter Report for additional information concerning these measures and a reconciliation of these measures to the Company's consolidated income before taxes.

## **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) and [www.TandemFinance.com](http://www.TandemFinance.com)

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