CHESSWOOD ANNOUNCES STRONG YEAR END 2020 RESULTS

TORONTO, March 10, 2021 – Chesswood Group Limited ("Chesswood" or the "Company") (TSX: CHW), a publicly-traded North American commercial equipment finance provider for small and medium-sized businesses, today reported its results for the fourth quarter and year ended December 31, 2020. At year end, Chesswood has 17.7 million shares outstanding (including Exchangeable Shares) and a total market capitalization of $162.0 million.

Highlights

- *Full year Free Cash Flow generation of $19.6 million ($1.10 per share); fourth quarter Free Cash Flow of $6.9 million ($0.39 per share).*
- *Dividend reinstated at annual rate of $0.24 per share (22% of Free Cash Flow) and repurchased 265,760 shares as of February 26th 2021.*
- *Portfolio growth resumed in December 2020. Average net finance receivable portfolio of $801.3 million, up $2.4 million year-over-year.*
- *Record annual recoveries, resulting in net charge-offs of $31.4 million versus $25.6 million in 2019.*
- *Successful completion of ABS offering of US$183.5 million at an interest rate of 2.2%.*
- *Year end COVID-19 related modified leases and loans down substantially to 3.1% of total gross lease receivables.*

"The fourth quarter brought an end to a turbulent year for Chesswood Group and the economy broadly. Despite the noise and disruption, we remained economically healthy and profitable. For the full year, the company generated Adjusted Operating Income of $17.2 million and strong Free Cash Flow, totaling $19.6 million or $1.10 per fully diluted share" said Ryan Marr, Chesswood's President and CEO. "Our portfolio declined modestly from its peak level as we concentrated our efforts on collections over new originations. As a result, net charge-offs were up modestly to $31.3 million for 2020 versus $25.6 million in 2019 on an average net finance receivable portfolio size of $801.3 million versus $798.9 million in 2019."

"For 2021, we are focused on three key aspects of our business to drive profitable per share earnings and Free Cash Flow growth. First is the need for a stable source of funding, in all phases of the market cycle. Historically, this was limited to bank line diversification, whereas today there are new channels of liquidity. Second is the need to embrace technology in all aspects of the business to improve efficiencies, make smarter decisions and better serve customers. We are investing in proprietary commercial lending software to drive our business. Third is the ongoing requirement to support our people in addition to attracting new people to our organization. At the end of the day, our people are our most valuable asset" said Ryan Marr.

Summary of Full Year Results

The Company reported a consolidated net loss of $8.5 million in the year ended December 31, 2020 compared to net income of $12.7 million in 2019, a decrease of $21.2 million year-over-year. COVID-19 induced non-cash goodwill and intangible asset impairment of $20.8 million and $9.3 million of restructuring and other transaction costs incurred in 2020 were primary reasons for the decrease in net income year-over-year. Excluding these items, adjusted after-tax net income was $18.2 million or $1.03 per share for the full year.

The U.S. Equipment Finance segment reported interest revenue on leases and loans of $91.5 million and ancillary and other income of $10.3 million, a total decrease of $6.8 million in revenue year-over-year. The decrease is a result of a smaller average portfolio, lower transaction volume (approximately 3,500 or 52.5 % fewer contracts funded year-over-year) as well as a higher proportion of prime receivables.

The Canadian Equipment Finance segment reported interest revenue on leases and loans of $11.4 million and ancillary and other income of $3.8 million, a total decrease of $2.9 million in revenue year-over-year. The decrease is the result of a smaller average portfolio and lower transaction volume (approximately 950 or 33% fewer contracts funded year-over-year).

The Company reinstated its dividend beginning in November at $0.02 per share payable monthly. In addition, the Company repurchased 85,890 shares in 2020.

Outlook

There is a strong sense of pent-up demand as we enter 2021. Combined with the potential for additional economic stimulus in North America, we are confident that 2021 originations will be significantly greater than 2020. Our teams at Pawnee, Tandem and Blue Chip expect to fund lease and loan volumes in excess of $650 million for the full year 2021, with at least 70% of the volume being prime credits. We anticipate the pace of originations to steadily rise throughout the year as the COVID vaccine is broadly administered and business activity normalizes.

To support these plans, we are hiring across most departments to maintain high levels of service to our clients. In Canada, we are looking to expand with partnerships in the third-party channel to leverage our fixed cost infrastructure in the market.

Financial Highlights (in CDN $000's, except EPS)	**For the Three Months Ended December 31**		**For the Twelve Months Ended December 31**	
	2020	2019	**2020**	2019
Revenue	$26,395	$32,851	$117,056	$126,975
Interest expense	(6,000)	(8,194)	(28,521)	(33,663)
Net charge-offs	(5,925)	(8,220)	(31,374)	(25,641)
	14,470	16,437	57,161	67,671
Expenses:				
Personnel	(5,625)	(4,238)	(20,123)	(19,569)
Other expenses	(4,962)	(5,277)	(18,618)	(19,123)
Depreciation	(298)	(298)	(1,216)	(1,184)
Adjusted Operating Income[1]	**$3,585**	$6,624	**$17,204**	$27,795
Decrease/(Increase) in Allowance for Credit Losses	3,986	(3,531)	5,730	(7,573)
Amortization – intangible assets	(334)	(333)	(1,333)	(1,332)
Operating income (loss)	**7,237**	2,760	**21,601**	18,890
Goodwill and intangible asset impairment	(8,960)	-	(20,828)	-
Restructuring and transaction costs	-	-	(9,250)	-
Mark-to-market adj. on swaps/caps	133	102	(118)	(1,109)
Other non-cash items	158	267	477	77
Income (loss) before taxes	**$(1,432)**	$3,129	**($8,118)**	$17,858
Net income (loss)	**$91**	$2,749	**($8,525)**	$12,691
Earnings Per Share - basic	**$0.01**	$0.14	**($0.48)**	$0.72
Free Cash Flow[1]	**$6,939**	**$5,986**	**$19,606**	**$22,361**
Free Cash Flow Per Share - basic	$0.39	$0.34	$1.10	$1.26

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

Chesswood Announces CFO Retirement

Lisa Stevenson is retiring as Chesswood’s Chief Financial Officer on March 19, 2021. Tobias Rajchel, who is currently Chesswood’s Vice-President Finance, will become Chesswood’s interim Chief Financial Officer.

“We thank Lisa for her 21 years of dedicated service and wish her well” said Ryan Marr.

NON-GAAP MEASURES
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 2020 Annual 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. Tandem Finance Inc. provides equipment financing to small and medium-sized businesses in the U.S. through the equipment vendor channel. 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 www.BlueChipLeasing.com and www.TandemFinance.com

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