



CHESSWOOD ANNOUNCES RESULTS FOR 2019

Record Originations of \$442 million, Free Cash Flow of \$22.4 million, Portfolio of \$1.0 Billion

TORONTO, March 18, 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 fourth quarter and year ended December 31, 2019.

“We had a record year of originations once again while our free cash flow, reduced by the \$2.2 million of net expenses from our new startup Tandem Finance, remained strong at \$22.4 million, well above our dividend level of \$14.9 million” said Barry Shafran, Chesswood’s President and Chief Executive Officer. “This was a very exciting and especially busy year for us, as we launched Tandem, renewed our two largest credit facilities, successfully completed our first marketed ABS transaction in the U.S. for US\$254 million and achieved \$1.0 billion in total gross portfolio receivables” added Shafran.

“Our fourth quarter and year-end results were also significantly affected by the IFRS 9 rules for the non-cash allowance for credit losses” added Shafran. These new rules, adopted in 2018, continue to produce volatility in results. The rules penalize a company’s earnings when new business grows over the prior year, by requiring the immediate recording of an estimate of the next twelve months’ expected losses on all performing receivables, which includes all new originations in the period.

“We recorded \$7.3 million of increased allowance in 2019 compared to the prior year. While it’s a non-cash measure that does not affect Free Cash Flow, it has increased our overall allowance as well as unpredictability and volatility, in comparison to the prior method” said Shafran. “Some of this increase comes because as is typical, there was a rise in delinquencies and non-accruals in the fourth quarter in 2019 but there was an unexpected improvement in the fourth quarter of 2018. Consequently, our fourth quarter this year reflected a very large increase in the allowance over the same quarter of 2018” Shafran said.

Financial Highlights (in CDN \$000's, except EPS)	For the Three Months		For the Years Ended	
	Ended December 31 st		December 31 st	
	2019	2018	2019	2018
Adjusted Operating Income⁽¹⁾	\$7,208	\$7,926	\$29,979	\$33,456
Increase in Allowance	(3,531)	(268)	(7,573)	(210)
Tandem Net Expenses	(584)	0	(2,184)	0
Intangible Asset Amortization	(333)	(333)	(1,332)	(1,512)
Operating Income	2,760	7,325	18,890	31,734
Mark-to-market Swaps (Loss)/Gain	102	(870)	(1,109)	705
Other Non-cash Items	267	87	77	(181)
Income before Taxes	\$3,129	\$6,542	\$17,858	\$32,258
Net Income	\$2,749	\$5,277	\$12,691	\$22,885
Free Cash Flow⁽¹⁾	\$5,986	\$6,912	\$22,361	\$25,403
Earnings Per Share - basic	\$0.16	\$0.30	\$0.72	\$1.28

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

As of today, Canada and the U.S. are only weeks into the new Coronavirus pandemic. Financial markets and businesses across many industries are beginning to experience challenges. While it will be some time before the economic impact of the Coronavirus will be known, today Chesswood has a strong balance sheet with more than \$150 million of equity, modest leverage with our banks, significant liquidity and availability in each of our funding facilities.

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 2019 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. 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 www.PawneeLeasing.com www.BlueChipLeasing.com and www.TandemFinance.com

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