



## CHESSWOOD ANNOUNCES RESULTS FOR Q2 2019

### *Continued Growth and Build-Out at Tandem Finance*

TORONTO, August 1, 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 second quarter and six-months ended June 30, 2019.

Adjusted operating income (see Financial Highlights below) for the second quarter was \$8.0 million compared to \$9.0 million in the second quarter of 2018. This measures Chesswood’s operating income before the change in the allowance for credit losses in the period and Tandem Finance’s net expenses. Free cash flow remained strong and well in excess of our dividend levels.

Chesswood continues to focus on the build-out of its vendor-channel business Tandem Finance Inc. (“Tandem”). In just its first five months, Tandem has generated originations in excess of initial expectations. “We’re very pleased with Tandem’s first full quarter of results, after having launched business development efforts just five months ago, in March of this year” said Barry Shafran, Chesswood’s President and CEO. “At the same time, we continue to build out the Tandem team and its infrastructure, including the vendor portal through which vendor-partners and borrowers can transact entirely through electronic documents, if desired.”

With decisioning in three hours or less, a product suite of multiple credit grades from prime through “C” and a portal that can conduct business completely online, Tandem is very well equipped to offer superior service and a comprehensive product offering, which is being well received in the market.

Chesswood’s third-party businesses, Pawnee Leasing and Blue Chip Leasing are focused today on matching risk with pricing in markets that are, in management’s opinion, mismatching this relationship and continuing to drive pricing lower. “While we recognize that our risk management focus impacts growth in our third-party channel businesses during this stage of the economic cycle, we believe it is the prudent course of action for Chesswood, in this market environment.”

Financial Highlights (in CDN \$000’s, except EPS)	For the Three Months		For the Six Months	
	Ended June 30		Ended June 30	
	2019	2018	2019	2018
<b>Adjusted Operating Income<sup>(1)</sup></b>	<b>\$7,961</b>	\$9,025	<b>\$15,808</b>	\$16,736
Increase in Allowance for Credit Losses	616	979	2,441	351
Tandem Net Expenses	572	-	1,007	-
<b>Operating Income<sup>(1)</sup></b>	<b>6,773</b>	<b>8,046</b>	<b>12,360</b>	<b>16,385</b>
Mark-to-market Swaps/Caps Expense (Gain)	626	(560)	1,129	(1,319)
Other Non-cash Items	275	385	720	1,056
<b>Income before Taxes</b>	<b>\$5,872</b>	<b>\$8,221</b>	<b>\$10,511</b>	<b>\$16,648</b>
<b>Net income</b>	<b>\$3,894</b>	\$5,616	<b>\$6,965</b>	\$11,516
<b>Earnings Per Share - basic</b>	<b>\$0.22</b>	\$0.31	<b>\$0.39</b>	\$0.64

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

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

### **For more information contact:**

Barry Shafran  
Chesswood Group Limited  
416-386-3099  
[bshafran@chesswoodgroup.com](mailto:bshafran@chesswoodgroup.com)

*This press release contains forward-looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Many factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. Additional information about the risks and uncertainties of the Company's businesses and material factors or assumptions on which information contained in forward-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](http://www.sedar.com).*

NO STOCK EXCHANGE, SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE INFORMATION CONTAINED HEREIN.