CHESSWOOD ANNOUNCES STRONG FIRST QUARTER 2022 RESULTS

TORONTO, May 12, 2022 – Chesswood Group Limited ("Chesswood" or the "Company") (TSX: CHW), a publicly traded North American specialty finance company providing commercial equipment leases and loans, automotive loans, and home improvement financing, today reported its results for the quarter ended March 31, 2022.

Q1 2022 Highlights

- *Successful acquisition of Rifco Inc. (thereby indirectly acquiring Rifco National Auto Finance Corporation ("Rifco")) on January 14, 2022, providing Chesswood with a platform to enter the Canadian auto financing sector.*

- *Renewal of corporate revolving credit facility allowing borrowings of up to US$300 million, with a further US$100 million accordion feature.*

- *Strong origination volumes of $383.4 million in the equipment finance segment and $28.1 million in the automotive finance segment, resulting in record gross finance receivables of $2.2 billion as at March 31, 2022.*

- *Adjusted earnings of $8.8 million[1] ($0.46 per fully diluted share) and record free cash flow generation of $15.2[2] million ($0.73[2] per fully diluted share).*

- *Adjusted return on equity[1] of 18.3%.*

"Chesswood achieved record first quarter free cash flow generation of $15.2[2] million or $0.73[2] per fully diluted share" said Ryan Marr, Chesswood's President & CEO. "Our teams' efforts across all operating divisions are delivering exceptionally strong results as evidenced by their portfolio performance and operating results."

In the quarter, Chesswood announced its first off-balance sheet investment collaboration with a third-party institutional investor. In exchange for delivering receivables originated by Chesswood's U.S. Equipment Financing Segment, Chesswood will earn origination fees, as well as, recurring management fees and servicing fees. "We are pleased to have successfully launched our first forward flow agreement that provides Chesswood with additional funding to maintain the rapid growth experienced by our vendor programs in the U.S. while also providing another source of revenues without the associated balance sheet risk," said Marr.

Summary of Q1 Results

The Company reported consolidated net income of $1.7 million in the first quarter ended March 31, 2022 compared to a net income of $6.3 million in the first quarter of 2021. The Q1 2022 net income was significantly impacted by an accounting requirement to immediately recognize the full loss provision ($9.3 million) for Rifco's portfolio on the date of the acquisition through the consolidated statements of income. The adjusted net income[1] excluding that one-time non-recurring item was $8.8 million, an increase of $2.5 million year-over-year.

The U.S. Equipment Financing Segment reported interest revenue on leases and loans of $30.6 million and ancillary and other income of $3.6 million, a total increase of $11.0 million year over year. The increase is the result of the growing finance receivables portfolio, offset by an increasing mix of prime receivables.

The Canadian Equipment Financing Segment reported interest revenue on leases and loans of $11.0 million and ancillary and other income of $3.4 million, a total increase of $11.2 million year over year. The increase reflects the expansion of the Canadian Equipment Financing Segment as a result of the merger with Vault Credit Corporation in Q2 2021 and the tremendous portfolio receivable growth since then.

The Canadian Auto Financing Segment reported interest revenue on leases and loans of $8.3 million and ancillary and other income of $0.3 million. Excluding the $9.3 million initial provision for the purchased portfolio

($7.2[1] million tax adjusted), the segment would have contribution a total of $0.7 million of net income to the Company's consolidated net income after tax.

Overall operating costs were up $14.7 million period over period to $25.8 million. The acquisition of Rifco increased operating expenses by $2.8 million, with a majority related to costs associated with personnel, collections, marketing, and other operating costs.

Other expenses from the equipment financing segments mainly consisting of costs directly attributable to originations were up $3.5 million as a result of scaling the businesses. In addition, the growth of the equipment financing segments and their originations required a 94% increase in the number of employees from the same period in the prior year, increasing personnel costs by $5.5 million.

Free cash flow[2] for the period was $15.2 million, up $11.5 million from Q1 2021. The increase in free cash flow is the result of growing revenues, lower net charge-offs due to strong collections, and the acquisition of Rifco.

Outlook

Credit performance remains high, as evidenced by our 2021 ABS tranche rating upgrades received in May from Moody's. Our teams expect gross charge-offs to normalize throughout the year, however supply chain disruption is likely to keep recovery levels high relative to historical performance. As a result, net charge-offs are expected to remain low.

Rising inflation data led to a shift in the U.S. and Canadian central bank interest rate policy beginning in March. The current projection for rate increases places short term rates up 2.5% by the beginning of 2023. Our teams are evaluating relevant product pricing in the context of the current market environment. As the broader market increases loan rates, we expect loan demand to decline moderately.

We expect our off-balance sheet funding strategy to accelerate throughout 2022 as Chesswood Capital Management is in discussions with other private credit investors. These collaborations provide investors with the opportunity to earn strong risk adjusted returns while Chesswood benefits from a reduction in balance sheet risk and the ability to earn recurring fee-based revenue. As we expand this initiative, we expect Chesswood's return on equity to rise as less balance sheet equity is required to fund loan growth.

Financial Highlights (in CDN $000's, except EPS)	**For the Three Months Ended March 31**	
	2022	**2021**
Revenue	$57,250	$26,309
Interest expense	(12,087)	(5,895)
Net recoveries (charge-offs)	407	(4,899)
	45,570	15,515
Expenses:		
Personnel	(14,589)	(5,699)
Other expenses	(10,166)	(4,805)
Depreciation	(433)	(238)
Adjusted Operating Income[(1)]	**$20,382**	$4,773
Decrease/(Increase) in Allowance for Credit Losses	(17,073)	4,439
Amortization – intangible assets	(591)	(333)
Operating income (loss)	**2,718**	8,879
Mark-to-market adj. on swaps/caps	-	126
Other non-cash items	59	(26)
Income (loss) before taxes	**$2,777**	$8,979
Net income (loss)	**$1,679**	$6,313
Earnings Per Share – Basic	**$0.10**	$0.36
Earnings Per Share – Diluted	**$0.09**	$0.35

Free Cash Flow	**$15,208**	$3,756
Free Cash Flow Per Share – Diluted	$0.73	$0.21

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

NON-GAAP MEASURES

Adjusted Operating Income, Adjusted Net Income, Adjusted Return on Equity, 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.

[1] "Adjusted Net Income (Loss)" is Net Income (Loss) as presented in the consolidated statements of income adjusted for one-time non-recurring items.

"Adjusted Return on Equity" is a non-GAAP ratio representing Adjusted Net Income (Loss) divided by average equity as presented in the consolidated statements of financial position.

($ thousands)	Three months ended March 31, 2022
Net income	1,679
Business combination initial allowance on a purchased portfolio	7,166
Adjusted net income (loss)	8,845
Annualized	x 4
Average equity, excluding one time items	193,426
Adjusted return on equity	18.3%

The total provision for credit losses booked on the acquired Rifco portfolio was $9.3 million. This provision was tax adjusted using Alberta's statutory rate of 23% to determine the adjustment to net income.

[2] “EBITDA” is Net Income (Loss) as presented in the consolidated statements of income, adjusted to exclude interest expense, income taxes, depreciation and amortization, and goodwill and intangible asset impairment. EBITDA is included in one of the Company’s significant bank agreements where it is used for financial covenant purposes.

“Adjusted EBITDA” is EBITDA as further adjusted for inclusion of interest on debt facilities as a deduction from net income (loss), and further removal of other non-cash or non-recurring items such as (i) non-cash gain (loss) on interest rate derivatives and investments, (ii) non-cash unrealized gain (loss) on foreign exchange, (iii) non-cash share-based compensation expense, (iv) non-cash change in finance receivable allowance for credit losses ("ACL"), (v) restructuring and other transaction costs, and (vi) any unusual and material one-time gains or expenses. Adjusted EBITDA is a measure of performance defined in one of the Company’s significant bank agreements and is the basis for the Company's Free Cash Flow calculation as defined below. Adjusted EBITDA is therefore included as a non-GAAP measure that is relevant for a wider audience of users of the Company’s financial reporting.

"Free Cash Flow" or "FCF" is defined as Adjusted EBITDA less maintenance capital expenditures, tax effect of the non-cash change in the allowance for credit losses and tax expense. Cash receives significant attention from primary users of financial reporting. Free Cash Flow provides an indication of the cash the Company generates which is available for servicing and repaying debt, investing for future growth and providing dividends to our shareholders. The FCF measure provides information relevant to assessing the resilience of the Company to shocks and the ability to act on opportunities. Free Cash Flow is a calculation that reflects the agreement with one of the Company's significant lenders as to a measure of the cash flow produced by the Company's businesses in a period. It is also management’s concurrent view that the measure significantly reduces the impact of large non-cash charges and/or recoveries that do not reflect actual cash flows of the businesses and can vary greatly in amounts from period to period.

"Free Cash Flow per diluted share" is defined as FCF divided by the weighted average number of shares outstanding during the period for income attributable to common shares and Exchangeable Securities (as defined below in the "Statement of Financial Position" section) on a fully diluted basis.

ABOUT CHESSWOOD GROUP LIMITED
Through three wholly-owned subsidiaries in the United States and five subsidiaries in Canada, two of which are wholly-owned, Chesswood Group Limited is a North American specialty finance company publicly traded on the Toronto Stock Exchange. Colorado-based Pawnee Leasing Corporation, founded in 1982, finances a highly diversified portfolio of commercial equipment leases and loans through relationships with over 600 brokers in the United States. Tandem Finance Inc. provides financing 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. Vault Credit Corporation specializes in equipment leases and commercial loans across Canada, allowing for customizable financing solutions while catering to a wide spectrum of credit tiers, equipment types and sectors by offering industry-leading service levels, experienced underwriters and account administrators. Blue Chip and Vault Credit operate through a nationwide network of more than 60 brokers. Vault Home was launched in September 2021 and focuses on providing home improvement and other consumer financing solutions in Canada. Rifco National Auto Finance Corporation, with the mission to help Canadians own automobiles, seeks to create sustainable long-term competitive advantages through personalized partnerships with dealers, innovative products, the use of industry-leading data and analytics, and leading collection practices. Chesswood Capital Management ("CCM") and Chesswood Capital Management USA ("CCM USA") will provide private credit alternatives to investors seeking exposure to lease and loan receivables, including those originated by Chesswood subsidiaries.

Based in Toronto, Canada, Chesswood Group Limited's shares trade on the TSX under the symbol CHW.

To learn more about Chesswood Group Limited, visit www.ChesswoodGroup.com.

The websites of Chesswood Group Limited's operating businesses are:

www.PawneeLeasing.com	www.BlueChipLeasing.com
www.TandemFinance.com	www.VaultCredit.com
www.VaultPay.com	www.Rifco.net

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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 (including the ultimate duration and severity of the COVID-19 pandemic, the impact of the military conflict in Ukraine and related multinational sanctions, the successful growth of Vault Home, the successful integration of RIFCO Inc., and the successful launch of CCM and CCM USA). 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.