



CHESSWOOD PROVIDES FURTHER UPDATE ON CREDIT FACILITY ACTION PLAN

Lenders Provide Significant Waiver Extension and Set Out Expectations for Next Phase of Action Plan

TORONTO, August 6, 2024 – Chesswood Group Limited (“**Chesswood**” or the “**Company**”) (TSX: CHW) is providing a further update on its plan to remedy its previously announced non-compliance with the borrowing base covenants under its syndicated senior revolving credit facility (the “**Credit Facility**”).

The waiver provided by the lending syndicate under the Credit Facility, which was to expire on August 2, 2024, has been amended and significantly extended to September 16, 2024 (the “**Amended Waiver**”). As detailed below, the Amended Waiver is intended to provide the time for the Company to complete important elements of its Credit Facility action plan.

The Amended Waiver provides for a staged reduction in the permitted maximum outstanding amount under the Credit Facility in the event of certain sales of portfolio receivables and in the event of sales of the Company’s interest in (or the assets of) certain subsidiaries, in each case the proceeds of which are to be used for repayments under the Credit Facility. The Amended Waiver also provides for future borrowings to fund payments contemplated in the cash flow forecast agreed to by the Company and the lending syndicate.

The Amended Waiver requires the Company to complete sales during the extended waiver period of a portion of its portfolio receivables, its interests in Vault Credit and Vault Home and its interest in the operations and certain portfolio receivables of Pawnee Leasing.

The Company also announces that it has received notices of default from certain securitizers under the related securitization facility agreements. The Company notes that the securitizers are not purporting to exercise any termination rights and, more importantly, believes that if it can successfully pursue its restructuring initiatives as contemplated in the Amended Waiver it will be able to co-operatively resolve any concerns of its securitizers.

There can be no assurance that any required further extension to the Amended Waiver will be obtained, or that (although the Company has engaged in co-operative and promising discussions in respect of the required sale transactions) the sales of portfolio receivables or the sales of interests in (or assets of) the Company’s subsidiaries, as contemplated in the Amended Waiver, will be completed during the new waiver period (or ever). As such, no undue reliance should be placed on any expectations of completion of any such transactions or any other elements of the Company’s action plan.

ABOUT CHESSWOOD GROUP LIMITED

Chesswood Group Limited is a Toronto, Canada based holding company whose subsidiaries engage in the business of specialty finance (including equipment finance throughout North America and vehicle finance and legal sector finance in Canada), as well as the origination and management of private credit alternatives for North American investors. Our shares trade on the Toronto Stock Exchange (under the symbol CHW).

For information on Chesswood Group Limited and its operating subsidiaries:

www.ChesswoodGroup.com
www.PawneeLeasing.com
www.VaultPay.ca
www.Rifco.net
www.EasyLegal.ca

www.TandemFinance.com
www.VaultCredit.com
www.WaypointInvestmentPartners.com

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FORWARD-LOOKING INFORMATION

This press release contains forward-looking statements within the meaning of applicable securities laws. Forward-looking statements in this press release may include, but are not limited to, statements relating to the Committee's strategic review process including the ongoing pursuit of selling one or more of the Company's business units or the Company itself or any resulting winddown and evaluation of value enhancement opportunities, the Company's pursuit of arrangements to remedy, or in furtherance of an extension to the temporary waiver of, the Company's breach under the Credit Facility, if any, and other statements that are not material facts. Forward-looking statements are typically identified by words such as "believe", "expect", "anticipate", "project", "intend", "plan", "will", "may", "estimate" and other similar expressions or the negative of these words or variations of them or similar expressions.

Although the Company believes that the forward-looking statements in this press release are based on information and assumptions that are current, reasonable and complete, these statements are by their nature subject to a number of factors, risks and uncertainties, both general and specific in nature, that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including, without limitation, the possibility that a further extension to the waiver in relation to the Credit Facility covenant breach may not be obtained and the availability, timing or completion of any other capital raise or sale transaction for all or part of the Company's business. The Company cautions that the foregoing assumptions and factors are not exhaustive and other factors could also adversely affect its results. For more information on the risks, uncertainties and assumptions that could cause the Company's actual results to differ from current expectations, please refer to the Company's publicly filed documents, including the Company's annual information form and management's discussion and analysis of financial condition and performance, which are available electronically at www.sedarplus.ca.

Unless otherwise noted or the context otherwise indicates, the forward-looking statements contained in this press release describe the Company's expectations as at the date of this press release and, accordingly are subject to change after such date. Except as may be required by applicable securities laws, the Company does not undertake any obligation to update or revise any forward-looking statements contained in this press release, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

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