



## **CHESSWOOD PROVIDES STRATEGIC REVIEW UPDATE**

TORONTO, June 14, 2024 – Chesswood Group Limited (“**Chesswood**” or the “**Company**”) (TSX: CHW) is providing an update on its previously announced evaluation of the strategic direction of the Company being supervised by a special committee of its board of directors (the “**Committee**”).

Over the course of its review to date, the Committee has come to the view that, based on a variety of factors, including the challenging economic conditions facing specialty finance companies, together with ongoing capital constraints of the Company, it is in the best interests of the Company to actively pursue a sale of one or more of its business units or the Company as a whole, and failing such sale or sales, to commence an orderly winddown of one or more of its business units. During this process, several parties have indicated an interest in acquiring the Company or certain of its business units, although the current macro-economic environment has dampened valuations from what may be achievable in the future once interest rates are lowered and other performance issues are resolved.

Recently, it came to the Company’s attention that, after properly adjusting for a system error, the Company is not in compliance with its minimum borrowing base covenants under its U.S. \$300,000,000 syndicated revolving credit facility (the “**Credit Facility**”). The system error does not affect the calculation of the Company’s receivables and other assets or the liabilities reported in its financial statements and related MD&A.

Chesswood has received a waiver from its syndicate of lenders under the Credit Facility for the period to July 15, 2024 which will permit it to pursue transactions to remedy the breach, all while allowing its day-to-day operating activities to substantially continue. This waiver will need to be revised and extended as Chesswood executes on its plans that will bring it back into compliance with the terms of the Credit Facility.

The Company’s intention is to continue negotiations with the various parties that have expressed an interest in the Company or its business units while at the same time, augmenting its capital position through various initiatives, including capital-raising activities.

While the Company has obtained an initial waiver in relation to the Credit Facility covenant breach, there can be no assurance that any required changes or extensions to the waiver will be obtained. Further, there can be no assurance as to the timing for completion of any other capital raise or sale transaction for the Company or one or more of its business units. As such, no undue reliance should be placed on any expectations as to the occurrence of any of the foregoing and any impact on the Company or shareholder value arising therefrom.

### **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](http://www.ChesswoodGroup.com)  
[www.PawneeLeasing.com](http://www.PawneeLeasing.com)  
[www.VaultPay.ca](http://www.VaultPay.ca)

[www.TandemFinance.com](http://www.TandemFinance.com)  
[www.VaultCredit.com](http://www.VaultCredit.com)

www.Rifco.net  
www.EasyLegal.ca

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, the revision and extension of the temporary waiver of the Company's breach under the Credit Facility and impact of such breach on its operations, 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 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](http://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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