



CHESSWOOD PROVIDES UPDATE ON FILING FINANCIAL STATEMENTS

TORONTO, August 7, 2024 – Chesswood Group Limited ("**Chesswood**") (TSX: CHW) announces that the Company will be unable to meet its filing deadline of August 14, 2024, for its interim condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023 and management's discussion and analysis ("**MD&A**") for the corresponding period (collectively, the "**Interim Filings**").

The Company will not be able to complete the Interim Filings within the time periods required by National Instrument 51-102 – *Continuous Disclosure Obligations*, primarily due to the Company's determination, as announced on July 22, 2024, that it is required to refile and restate its interim condensed consolidated financial statements for the three months ended March 31, 2024 and 2023 and corresponding MD&A (the "**Q1 Filings**"). The requirement to restate and refile the Q1 Filings is as a result of the Company becoming aware, as previously announced on June 14, 2024, that after properly adjusting for a system error, the Company was not in compliance with its minimum borrowing base covenants under its syndicated revolving credit facility (the "**Credit Facility**"), for which the Company has obtained a waiver until September 16, 2024. The Company is also undergoing a review to determine whether a restatement of any of its prior year's financial statements and associated MD&A are also going to be required.

In response to the Interim Filings delay, the Company has applied to the Ontario Securities Commission ("**OSC**") for a management cease trade order ("**MCTO**") under National Policy 12-203 – *Management Cease Trade Orders* ("**NP 12-203**") that will prohibit the management of the Company from trading in the securities of the Company until such time as the Interim Filings are filed. No decision has yet been made by the OSC on this application. The OSC may grant the application and issue the MCTO or it may impose an issuer cease trade order if the Interim Filings are not filed in a timely fashion.

The Company is continuing to complete the work necessary to amend and restate the Q1 Filings and to determine whether any further restatements of any 2023 filings will be required in order to be in a position to finalize its Interim Filings as soon as practicable. Until the Company files the Interim Filings, it will comply with the alternative information guidelines set out in NP 12-203. The guidelines, among other things, require the Company to issue bi-weekly default status reports, in the form of news releases, for so long as the Interim Filings have not been filed.

Until the Company has filed the Interim Filings, members of the Company's management and other insiders are subject to an insider trading black-out policy as per its internal Insider Trading Policy that is consistent with the principles in Section 9 of National Policy 11-207 - *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*. The Company confirms that, all material information concerning the affairs of the Company have been disclosed in prior press releases and material change reports. There are currently no insolvency proceedings involving the Company.

There can be no assurance that any required further extensions to the waiver under the Credit Facility will be obtained or that any elements of the Credit Facility action plan as further described in the Company's press release dated August 6, 2024 will be completed. As such, no undue reliance should be placed on any expectations as to the occurrence of any of the foregoing.

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 MCTO application and the ongoing efforts to complete the restated Q1 Filings, to complete the review and determine whether the prior year financial statements and associated MD&A are required to be restated, the ability to finalize the Interim Filings and to meet reasonable timelines for the filing thereof, 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, that the restatement of the Q1 Filings may take longer than anticipated, that a review by the Company will take longer than expected or result in a determination that the prior year financial statements and associated MD&A will also be required to be restated and refiled which will further delay management's attention and ability to prepare and file the Interim Filings. 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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