



CHESSWOOD ANNOUNCES THE MERGER OF ITS BLUE CHIP LEASING SUBSIDIARY WITH VAULT CREDIT CORPORATION

TORONTO, April 7, 2021 – Chesswood Group Limited (“Chesswood” or the “Company”) (TSX: CHW), a North American commercial equipment finance provider for small and medium-sized businesses, today announces that it has entered into a definitive agreement to merge its subsidiary Blue Chip Leasing Corporation with Vault Credit Corporation (Vault Group of Companies’ leasing division), increasing the scale of its equipment finance business in Canada. The combined entity will be managed by Daniel Wittlin and Vault’s senior management team. The merger will result in Chesswood holding a controlling 51% ownership interest in a newly created corporation which wholly-owns each of Blue Chip and Vault.

“The merger of Blue Chip and Vault is immediately accretive to earnings and increases Chesswood’s net receivables portfolio in Canada to an estimated \$270 million. This combination will leverage our fixed cost base for new originations and allow us to better serve our customers and origination partners with technology to grow in the Canadian marketplace.” said Ryan Marr, Chesswood’s President and CEO.

Vault’s CEO Daniel Wittlin said “I am excited to be working with Chesswood again to continue the expansion of its Canadian equipment leasing operations. We began six years ago with the Blue Chip brand and have further enhanced the operating model with Vault. Partnering with Chesswood combines Vault’s origination capability with Chesswood’s strong balance sheet.”

The proposed Vault merger is expected to close early in the second quarter and is subject to final consent from Chesswood’s syndicate of lenders. In addition to Vault’s beneficial shareholders receiving 49% ownership in the newly formed holding company, they will also be granted 1,600,000 special warrants that are exchangeable into Chesswood common shares, vesting quarterly over three years.

A beneficial shareholder of Vault holds more than 10% of the outstanding common shares of Chesswood. As a result, the proposed Blue Chip – Vault merger is a related party transaction for purposes of Multilateral Instrument 61-101 *Protection of Minority Securityholders in Special Transactions*. The proposed merger is exempt from the formal valuation and minority shareholder approval requirements of such Multilateral Instrument because the value of the transaction and the transaction consideration in respect of such beneficial shareholder are below 25% of Chesswood’s market capitalization. The proposed merger was unanimously approved by Chesswood’s directors (each of whom is unrelated to Vault and its beneficial shareholders).

Under the merger, the shares of Blue Chip and the shares of the corporation which owns Vault will be acquired by the new holding corporation. Closing of the proposed merger is subject to approval of the Toronto Stock Exchange for the granting of the special warrants and the settlement of definitive amendments with Chesswood’s lenders.

ABOUT VAULT CREDIT CORPORATION

Vault is a financial services company dedicated to delivering a variety of credit products to meet the diverse needs of its originator partners and borrowers. Vault, which is one of the companies in the Vault Group of Companies, specializes in equipment leases and commercial loans allowing for customizable financing solutions. Vault serves small to medium businesses across Canada and caters to a wide spectrum of credit tiers, equipment types and industries. Vault has industry-leading service levels with experienced underwriters and account administrators. Vault is led by an experienced management team overseen by Daniel Wittlin with a growing net receivables portfolio of more than \$160MM.

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. Based in Houston, Texas, Tandem Finance Inc. provides equipment financing to small and medium-sized businesses 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, and today operates through a nationwide network of more than 50 independent brokers. Based in Toronto, Canada, Chesswood’s shares trade on the Toronto Stock Exchange under the symbol CHW.

Learn more at: www.Chesswoodgroup.com www.PawneeLeasing.com www.TandemFinance.com and
www.BlueChipLeasing.com

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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 and the successful completion of the proposed Blue Chip Leasing – Vault merger). 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.

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