

## Quebec Court of Appeal Rules in Favour of Callidus in Former Bluberi CCAA Matter

TORONTO, Feb. 7, 2019 /CNW/ - Callidus Capital Corporation ("Callidus" or the "Company") (TSX:CBL) today announced that, on February 4, 2019, the Quebec Court of Appeal ("Court of Appeal") ruled in favour of Callidus and reversed the decision rendered by the Quebec Superior Court on March 16, 2017.

The Court of Appeal decided that:

- Callidus is allowed to file its amended plan of arrangement under the *Companies' Creditors Arrangement Act* ("CCAA") in respect of the company formerly known as Bluberi Gaming Technologies Inc. ("former Bluberi") in order to settle the alleged claim of former Bluberi, its former president Gerald Duhamel and Mr. Duhamel's family trusts against it;
- Callidus will have the right to vote on its own amended plan and on any other proposed plan of arrangement;
- The litigation funding agreement ("LFA") negotiated by former Bluberi with IMF Bentham Limited to pursue its litigation against Callidus cannot be implemented unless its terms and conditions are approved by the required majority of former Bluberi's creditors, further to the filing by former Bluberi of a formal competing plan of arrangement under the CCAA.

The Court of Appeal ordered the return of the file to the Quebec Superior Court to schedule a meeting of creditor to vote on Callidus' amended plan of arrangement, and any other matters. The Court of Appeal also ordered that at one and the same meeting, if the Duhamel entities wish to submit a competing plan of arrangement, the complete unredacted terms of the LFA should be presented to members of the Appellant Creditors' Group and their professionals upon signature of a non-disclosure agreement.

Patrick Dalton, Interim CEO of Callidus said, "We are pleased with the findings and decision of the Quebec Court of Appeal. The allegations as presented by Mr. Duhamel are entirely without merit and nothing more than an attempt to damage Callidus through sensational headlines."

In rendering its decision, the Court of Appeal also indicated:

- The quantum of the alleged claim (CDN\$228 million) against Callidus is not supported by the slightest substantiation in the record before it.
- The Court materials indicate that Callidus commenced financing the Respondents in 2012, the hard facts on the ground led it to take a more stringent attitude towards its debtors. In such regard, rather than selling 3,300 machines in 2013 as former Bluberi had apparently forecasted, it sold 324. Forecasted gross revenue of \$46,355,000 in 2013 became \$17,422,000 generating a loss of \$9,661,000, which continued with losses of approximately \$3,800,000 in 2014 \$17,500,000 in the first 9 months of 2015. This appears to predate, at least in part, the alleged heavy-handed behavior of Callidus leading to the CCAA filing.
- Moreover, the proposed litigation does not attempt an explanation of how a company that had generated considerable financial losses by the end of 2015 could subsequently have suffered \$200 million of damage at the hands of Callidus.
- As well, the proceedings and positions of Callidus before the lower court nowhere appear to have been sanctioned by the judge as abusive as permitted by the provisions of Article 51 and following of the Quebec Code of Civil Procedure. The presence of competing facts, which the judge does not mention, underline the perilous nature of the exercise he embarked upon.

Established in 2003, Callidus Capital Corporation is a Canadian company that specializes in innovative and creative financing solutions for companies that are unable to obtain adequate financing from conventional lending institutions. Unlike conventional lending institutions who demand a long list of covenants and make credit decisions based on cash flow and projections, Callidus credit facilities have few, if any, covenants and are based on the value of the borrower's assets, its enterprise value and borrowing needs. Further information is available on our website, [www.calliduscapital.ca](http://www.calliduscapital.ca).

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For further information: Investor Relations | (416) 945-3240 | [investor@calliduscapital.ca](mailto:investor@calliduscapital.ca); Media Contacts: Dan Gagnier | (646) 569-5897 | [dg@gagnierfc.com](mailto:dg@gagnierfc.com)

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