

Callidus Capital Announces Liquidity and Recapitalization Arrangements and Provides Update on Timing of Release of Financial Statements

TORONTO, March 29, 2019 /CNW/ - Callidus Capital Corporation (the "Company" or "Callidus") announced today that the Company has entered into an agreement with certain investment funds (the "Catalyst Funds") managed by The Catalyst Capital Group Inc. ("CCGI"), related to the following credit facilities, which have been made available to the Company by the Catalyst Funds:

- the US\$250 million bridge facility (the "bridge loan");
- the CDN\$15.5 million facility to refinance a loan obtained from a Canadian financial institution (the "refinance facility"); and
- the credit facility in respect of certain loans guaranteed by certain Catalyst Funds (the "guaranty loan").

Among other things, it was agreed that, with effect as of January 1, 2019, the bridge loan will be payable on demand. However, no demand for repayment in cash can be made prior to June 30, 2020 to the extent the Company's board of directors determines that repayment of any such loan in cash would not be prudent having regard to the Company's cash position. The agreement also provides that, until June 30, 2020, Callidus will have the right at its discretion to accrue all interest and fees payable under the bridge loan. The relevant Catalyst Funds waived compliance with the bridge loan debt covenants as of December 31, 2018 and waived compliance with future financial debt covenants.

The refinance facility was amended on a similar basis to the bridge loan including so that the repayment date coincides with the June 30, 2020 date on which demand in cash may be made in respect of the bridge loan.

Certain Catalyst Funds also agreed to advance to Callidus up to an additional \$35 million under the bridge loan if the Company's Board of Directors determines that the Company has liquidity issues that, in the absence of such advance, would bring into question the Company's ability to continue as a going concern.

CCGI agreed to backstop certain Catalyst Funds with up to \$25 million to enable them to comply with their obligations to the Company, if needed. CCGI's obligation will terminate once those Catalyst Funds have certified to the Company that they have the required liquidity to satisfy their obligations to the Company.

Prior to June 30, 2020, if the Company determines that its shareholders' equity is less than \$20 million, or would be less than \$20 million if a demand on the bridge loan were made and satisfied in cash, the Company may repay a portion of the principal amount of the bridge loan and/or accrued fees and interest by issuing to the Catalyst Funds 9.5% cumulative, redeemable, non-voting preference shares in the capital of the Company in such amount as is required to ensure that the Company's shareholders' equity would be \$20 million after giving effect to such repayment. It is not intended that such shares will be listed on any stock exchange. As well, the Catalyst Funds have the option to require that such repayment be effected by the issuance of common shares rather than preference shares, subject to receipt of all necessary regulatory approvals, unless Callidus' Board of Directors determines that it would not be in the best interests of Callidus to issue such common shares. Callidus has a similar right under the refinance facility provided that the right to issue preference or common shares in repayment of the refinance facility will only apply after the bridge loan has been settled.

The agreement provides that Catalyst Fund Limited Partnership V ("Catalyst Fund V") will be responsible for funding all additional advances to borrowers under the four loans in which Catalyst Fund V currently has a participation interest, following which the respective participation interests in such loans will be adjusted accordingly.

If the Company requires funding for a new loan or wishes to reduce its interest in a participation loan, the Company can obtain such funding from Catalyst Fund V, subject to Catalyst Fund V being satisfied in its reasonable discretion with the terms of the loan and the creditworthiness of the borrower. Catalyst Fund V agreed to provide such funding in an amount up to US\$300 million, less the amount that Catalyst Fund V has already advanced or committed in respect of participation interest loans. Catalyst Fund V has agreed to purchase the Company's interests in two participation loans as and when requested by the Company, which as of the date of the agreement amounted to \$12.0 million.

In consideration of the arrangements described above, certain Catalyst Funds are able, at their discretion prior to June 30, 2020, to charge a fee equal to 1% of the aggregate amount owing under the bridge loan. If the Company is notified that such fee is being charged, the amount of the fee will be added to the bridge loan balance.

Callidus also announced that it will release its financial results for the year ended December 31, 2018 on Monday, April 1, 2019 after the close of markets.

About Callidus Capital Corporation

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.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company or in any investment fund to be managed by the Company. Any such securities have not been and will not be registered under the United States Securities Act of 1933, as amended or any U.S. state securities law and may not be offered or sold in the United States except in compliance with the registration requirements of said Act and applicable U.S. state securities laws or pursuant to an exemption therefrom.

SOURCE Callidus Capital Corporation

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