

Callidus Capital Reports Second Quarter 2019 Results

All amounts in Canadian dollars unless otherwise indicated.

TORONTO, Aug. 14, 2019 /CNW/ - Callidus Capital Corporation (TSX:CBL) (the "Company" or "Callidus") today announced its financial and operating results for the second quarter (unaudited) ended June 30, 2019.

Highlights

- In May 2019, the Company sold its portion of two loans to Catalyst Fund V. Catalyst Fund V now has 100% participation in those two loans resulting in the Company fully derecognizing the two loans.
- Provision for loan losses for the quarter and the year-to-date period of \$36.0 and \$37.7 million (Q2-2018 - \$21.3 million; YTD Q2-2018 - \$36.3 million, respectively), respectively, were recorded in the statements of income. The majority of this provision related to an impairment recorded on a loan to an oil and gas company.
- The Company recorded a net loss of \$79.7 million for the quarter compared to a loss of \$40.8 million in the same period last year. For the year-to-date period, the Company recorded a net loss of \$104.4 million (YTD Q2 2018 - \$47.8 million).
- Loss per share for the quarter of \$1.40 compared to a loss of \$0.75 in the same period last year. Loss per share for the year-to-date period of \$1.83 compared to a loss of \$0.90 in the same period last year.
- The Company and The Catalyst Capital Group Inc. have recently undertaken further discussions with Braslyn Ltd. regarding the specific terms of a privatization transaction. The Company and Braslyn Ltd. intend to undertake further discussions regarding terms and price of such a potential transaction, and accordingly, there can be no assurance that the terms of a transaction will be agreed, or if agreed, of the price at which such a transaction would be undertaken.
- Effective June 30, 2019, the March 28, 2019 arrangement was amended to provide that prior to September 30, 2020 (subject to the terms of any agreement that may be entered into between The Catalyst Capital Group Inc. ("Catalyst Funds") and a third party effective upon a privatization of Callidus provided such terms do not compromise the ability of Callidus to continue as a going concern) (the "Cash Payment Demand Date") no demand of the bridge loan shall be effective for cash to the extent Callidus determines via a board resolution that it would not be prudent to give effect to such demand having regard to its cash position. Other terms and facilities referenced in the March 28, 2019 agreement were also extended to September 30, 2020. All other terms remain unchanged.
- Subsequent to the period-end, in July 2019, the Company sold its shares (the "Bluberi Shares") of Bluberi Gaming Canada Inc. ("Bluberi") to certain investment funds managed by the Catalyst Funds. The purchase price paid by the Catalyst Funds for the Bluberi Shares was \$92.7 million, which was satisfied by reducing \$92.7 million of the indebtedness of Callidus owing to the Catalyst Funds under Callidus' subordinated bridge facility by the same amount. The definitive agreement (the "Agreement") in respect of the Bluberi Transaction contemplated that, if the consent to the lenders (the "CLO Lenders") under the Company's collateralized loan agreement was obtained, Callidus also would assign to the Catalyst Funds the debt (the "Bluberi Debt") owing by Bluberi to Callidus and Callidus' wholly-owned subsidiary, Callidus ABL Corporation. As the consent of the CLO Lenders has not been obtained, the Company has not assigned the Bluberi Debt to the Catalyst Funds and as such the Company continues to recognize Bluberi Debt.
- Subsequent to the period-end, in July 2019, the Company announced that Newton Glassman had asked the board of directors of Callidus not to reappoint him as Chief Executive Officer at this time for health reasons. Mr. Glassman has committed to continue as a director, a member of the Valuation Committee and Chair of the Callidus Credit Committee. It was previously announced on August 13, 2018 that Mr. Glassman was taking a leave of absence from his role as Chief Executive Officer.
- Subsequent to the period-end, in August 2019, the Company converted \$65.0 million of the subordinated bridge facility into \$65.0 million of 9.5% cumulative, redeemable, non-voting preference shares to maintain a minimum shareholders' equity of \$20 million.

For more information, please refer to the Company's unaudited condensed consolidated interim financial statements and management discussion and analysis for the period ended June 30, 2019 filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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.

SOURCE Callidus Capital Corporation

For further information: Investor Relations, (416) 945-3240, investor@calliduscapital.ca

<http://www.calliduscapital.ca/2019-08-14-Callidus-Capital-Reports-Second-Quarter-2019-Results>