

Acquired Subsidiary Companies - Newton Glassman, Executive Chairman and Chief Executive Officer of Callidus Capital said "As an asset based lender, Callidus extends loans initially based on the collateral available to support them. During 2017 three businesses were removed from the loan portfolio and consolidated on our statements as we took action in order to protect our collateral in each of those loans."

"We have strengthened, and in some cases replaced the management teams at what are now our subsidiaries and have been working with them to implement strategic decisions and execute new business plans as part of their respective turnarounds. While the acquired companies are at various stages in said turnarounds, we are pleased in particular with the progress to date achieved at C&C Resources ("C&C"), a forestry products company, and at Bluberi Gaming Technologies, a gaming company."

"After completing a strategic capital investment program C&C is well positioned to benefit from record commodity prices for dimensional lumber. A new CEO has been brought in to expand C&C's existing products along with a line of new value-added, engineered wood products that would redefine and improve both revenue and EBITDA by employing lower grade output from sawmills as the inputs for its value added process. Importantly, these value added products would not be subject to current U.S. softwood lumber duties. C&C's new management team is also investigating opportunities to improve efficiency and increase lumber recovery across all mills through a reasonable capital expenditure program."