

CROSSROADS SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
JANUARY 31, 2022

	January 31 2022	October 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 157,176,270	\$ 278,984,781
Restricted cash	64,890,773	310,026,085
Interest receivable	12,297,009	15,254,327
Current portion of mortgage notes receivable	1,820,192	1,727,844
Current portion of commercial/other notes receivable	8,332,679	7,880,071
Inventory	10,636,939	10,212,770
Prepaid expenses and other current assets	475,569	1,110,164
Total current assets	255,629,431	625,196,042
MORTGAGE NOTES RECEIVABLE, net of current maturities and allowance of \$0	130,285,200	130,281,822
COMMERCIAL/OTHER NOTES RECEIVABLE, net of current maturities and allowance of \$0	50,378,399	8,533,246
PAYMENT PROTECTION PROGRAM ("PPP") LOANS RECEIVABLE, net of discounts and allowance of \$0	1,715,316,016	2,759,667,440
INVESTMENT IN SOLAR TAX CREDIT FUND (Equity Method)	9,380,944	9,380,944
GOODWILL	18,566,966	18,566,966
TOTAL ASSETS	\$ 2,179,556,956	\$ 3,551,626,460
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 298,652	\$ 315,544
Accrued liabilities	227,741,696	269,448,624
Escrow liabilities	169,919	3,113,208
Income tax payable	39,718,363	28,725,428
Current portion of credit facilities	60,763,864	63,670,466
Current portion of other note payable	152,618	204,151
Current portion of acquisition notes payable	1,871,379	2,495,172
Total current liabilities	330,716,491	367,972,593
CREDIT FACILITIES, net of current maturities	39,411,042	36,451,501
OTHER NOTE PAYABLE, net of current maturities	941,903	940,083
ACQUISITION NOTES PAYABLE, net of current maturities	5,930,753	5,919,412
PPP LOAN PAYABLE	225,891	376,800
FEDERAL PPP LIQUIDITY FACILITY ("PPPLF")	1,754,169,806	3,132,566,332
DEFERRED TAX LIABILITY	-	184,113
OTHER LONG-TERM LIABILITIES	543,580	558,425
TOTAL LIABILITIES	2,131,939,466	3,544,969,259
EQUITY		
Common stock, \$0.001 par value: 75,000,000 shares authorized, 5,971,994 shares issued and outstanding	5,972	5,972
Additional paid in capital	4,076,797	3,889,086
Accumulated deficit	25,482,941	(15,289,637)
Crossroads Systems, Inc. stockholders' deficit	29,565,710	(11,394,579)
Non-controlling interests	18,051,780	18,051,780
TOTAL EQUITY	47,617,490	6,657,201
TOTAL LIABILITIES AND EQUITY	\$ 2,179,556,956	\$ 3,551,626,460

CROSSROADS SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE QUARTER ENDED JANUARY 31, 2022

	For the Three Months Ended	
	January 31,	January 31,
	2022	2021
REVENUES		
Interest income	\$ 8,329,731	\$ 3,269,907
Property sales	4,552,100	3,999,060
Payroll Protection Program (PPP) administrative fees	50,109,886	-
Other revenue	104,348	50,491
Total revenues	63,096,065	7,319,458
COSTS AND EXPENSES		
Interest expense	3,388,489	1,402,949
Cost of properties sold	4,185,609	3,614,442
General and administrative	1,140,747	499,467
Paycheck Protection Program (PPP) processing fees	1,283,971	-
Salaries and wages	1,260,170	743,698
Management Bonus	0	-
Total costs and expenses	11,258,986	6,260,556
Income from operations	51,837,079	1,058,902
OTHER EXPENSES		
Interest expense	(96,884)	(137,771)
Other expenses	-	-
Total other expenses	(96,884)	(137,771)
Income before income tax provision	51,740,195	921,131
INCOME TAX PROVISION	(10,808,822)	(112,445)
NET INCOME	40,931,373	808,686
Less: net income attributable to non-controlling interests	(158,795)	(157,500)
NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	\$ 40,772,578	\$ 651,186
Earnings (loss) per share:		
Cash income attributable to common shareholders	51,581,400	763,631
Weighted average shaes outstanding	5,971,994	5,971,994
Cash income per share	\$ 8.64	\$ 0.13

CROSSROADS SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED JANUARY 31, 2022

	<u>As of January 31,</u> <u>2022</u>	<u>As of January 31,</u> <u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 40,931,373	\$ 808,687
Adjustments to reconcile net income to net cash used in operating activities:		
Loss on derivative related activity	-	(105,702)
Stock based compensation	187,711	-
Amortization of deferred financing fees	31,188	-
Provision for income taxes	10,808,822	112,445
Changes in operating assets and liabilities:		
Interest receivable	2,957,318	(89,782)
Notes receivable (Mortgage and commercial/other)	(42,393,487)	(786,596)
PPP loans receivable	1,044,351,424	-
Inventory	(424,169)	(647,439)
Prepays and other assets	634,595	92,257
Accounts payable	(16,892)	157,144
Accrued liabilities	(30,728,838)	(25,046)
Escrow liabilities	(2,943,289)	(2,620,158)
Income tax payable	(10,992,935)	-
Net cash used in operating activities	<u>1,012,402,821</u>	<u>(3,104,190)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Rise Line Business Credit, LLC, net of cash acquired	-	-
Cash paid for investment in solar tax credit fund (equity method)	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Preferred equity dividend distributions	(158,795)	(158,795)
Paycheck Protection Program loan	(150,909)	-
Borrowings on credit facilities (mortgage line)	-	1,983,572
Principal payments on credit facilities (mortgage line)	(374,234)	(50,931)
Borrowings on credit facilities (inventory line)	2,752,674	2,688,385
Principal payments on credit facilities (inventory line)	(2,325,501)	(3,529,555)
Principal payments on other notes payable	(49,713)	(46,676)
Principal payments on acquisition note payable	(643,640)	(615,287)
Sale of participations in mortgage notes and other receivables	-	(99,213)
Payments to the PPPLF	(1,378,396,526)	-
Net cash provided by financing activities	<u>(1,379,346,644)</u>	<u>171,500</u>
Net change in cash and cash equivalents and restricted cash	<u>(366,943,823)</u>	<u>(2,932,689)</u>
Cash and cash equivalents and restricted cash at beginning of period	589,010,866	5,131,110
Cash and cash equivalents and restricted cash at end of period	<u>\$ 222,067,043</u>	<u>\$ 2,198,421</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 4,131,930	\$ 1,796,383
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

CROSSROADS SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
JANUARY 31, 2022

	Crossroads Systems, Inc.	Capital Plus Financial, LLC	Rise Line Business Credit, LLC	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 52,199	\$ 154,997,036	\$ 2,127,035	\$ -	\$ 157,176,270
Restricted cash	-	64,890,773	-	-	64,890,773
Interest receivable	-	12,297,009	-	-	12,297,009
Current portion of mortgage notes receivable	-	1,820,192	-	-	1,820,192
Current portion of commercial/other notes receivable	-	370,244	7,962,435	-	8,332,679
Intercompany receivables	-	304,602,816	-	(304,602,816)	-
Inventory	-	10,636,939	-	-	10,636,939
Prepaid expenses and other current assets	193,677	273,084	8,808	-	475,569
Total current assets	245,876	549,888,093	10,098,278	(304,602,816)	255,629,431
MORTGAGE NOTES RECEIVABLE, net of current maturities and allowance of \$0	-	130,285,200	-	-	130,285,200
COMMERCIAL/OTHER NOTES RECEIVABLE, net of current maturities and allowance of \$0	-	50,378,399	-	-	50,378,399
PPP LOANS RECEIVABLE	-	1,715,316,016	-	-	1,715,316,016
INVESTMENT IN SOLAR TAX CREDIT FUND (Equity Method)	9,380,944	-	-	-	9,380,944
GOODWILL	18,566,966	-	-	-	18,566,966
INVESTMENT IN SUBSIDIARY	40,134,750	-	-	(40,134,750)	-
TOTAL ASSETS	\$ 68,328,536	\$ 2,445,867,708	\$ 10,098,278	\$ (344,737,566)	\$ 2,179,556,956
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable	\$ -	\$ 296,121	\$ 2,531	\$ -	\$ 298,652
Accrued liabilities	3,033,450	224,708,246	-	-	227,741,696
Escrow liabilities	-	169,919	-	-	169,919
Income taxes payable	39,718,363	-	-	-	39,718,363
Intercompany payables	304,602,816	-	-	(304,602,816)	-
Current portion of credit facilities	-	60,763,864	-	-	60,763,864
Current portion of other note payable	-	152,618	-	-	152,618
Current portion of acquisition notes payable	1,871,379	-	-	-	1,871,379
Total current liabilities	349,226,008	286,090,768	2,531	(304,602,816)	330,716,491
CREDIT FACILITIES, net of current maturities	-	39,411,042	-	-	39,411,042
OTHER NOTE PAYABLE, net of current maturities	-	941,903	-	-	941,903
ACQUISITION NOTES PAYABLE, net of current maturities	5,930,753	-	-	-	5,930,753
PPP LOAN PAYABLE	-	225,891	-	-	225,891
FEDERAL PPP LIQUIDITY FACILITY ("PPPLF")	-	1,754,169,806	-	-	1,754,169,806
OTHER LONG-TERM LIABILITIES	-	543,580	-	-	543,580
TOTAL LIABILITIES	355,156,761	2,081,382,990	2,531	(304,602,816)	2,131,939,466
EQUITY					
Common stock, \$0.001 par value: 75,000,000 shares authorized, 5,971,994 shares issued and outstanding	5,972	-	-	-	5,972
Additional paid in capital	4,076,797	-	10,091,008	(10,079,046)	4,088,759
Accumulated earnings (deficit)	(290,910,994)	346,434,233	4,739	(30,055,704)	25,472,274
Crossroads Systems, Inc. stockholders' equity/deficit	(286,828,225)	346,434,233	10,095,747	(40,134,750)	29,567,005
Non-controlling interests	-	18,050,485	-	-	18,050,485
TOTAL EQUITY	(286,828,225)	364,484,718	10,095,747	(40,134,750)	47,617,490
TOTAL LIABILITIES AND EQUITY	\$ 68,328,536	\$ 2,445,867,708	\$ 10,098,278	\$ (344,737,566)	\$ 2,179,556,956

CROSSROADS SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE QUARTER ENDED JANUARY 31, 2022

	Crossroads Systems, Inc.	Capital Plus Financial, LLC	Rise Line Business Credit, LLC	Eliminations	Total
REVENUES					
Interest income	\$ -	\$ 8,128,059	\$ 201,672	\$ -	\$ 8,329,731
Property sales	-	4,552,100	-	-	4,552,100
PPP administrative fees	-	50,109,886	-	-	50,109,886
Other revenue	-	96,594	7,754	-	104,348
Total revenues	-	62,886,639	209,426	-	63,096,065
COSTS AND EXPENSES					
Interest expense	-	3,388,489	-	-	3,388,489
Cost of properties sold	-	4,185,609	-	-	4,185,609
General and administrative	173,956	935,592	31,199	-	1,140,747
PPP processing fees	-	1,283,971	-	-	1,283,971
Salaries and wages	187,711	898,971	173,488	-	1,260,170
Management bonus	-	-	-	-	-
Total costs and expenses	361,667	10,692,632	204,687	-	11,258,986
Income (loss) from operations	(361,667)	52,194,007	4,739	-	51,837,079
OTHER INCOME (EXPENSES)					
Other Income	-	-	-	-	-
Interest expense	(96,884)	-	-	-	(96,884)
Total other income (expenses)	(96,884)	-	-	-	(96,884)
Income (loss) before income tax provision	(458,551)	52,194,007	4,739	-	51,740,195
INCOME TAX PROVISION	(10,808,822)	-	-	-	(10,808,822)
NET INCOME (LOSS)	(11,267,373)	52,194,007	4,739	-	40,931,373
Less: net income attributable to non-controlling interests	-	(158,795)	-	-	(158,795)
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTERESTS	<u>\$ (11,267,373)</u>	<u>\$ 52,035,212</u>	<u>\$ 4,739</u>	<u>\$ -</u>	<u>\$ 40,772,578</u>