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Crossroads Systems Reports 2022 Fiscal First Quarter Report

DALLAS, March 15, 2022 /PRNewswire/ -- Crossroads Systems, Inc. (OTCQX: CRSS) ("Crossroads" or the "Company"), a holding company focused on investing in businesses that promote economic vitality and community development, reported financial results for its fiscal first quarter ended January 31, 2022.

Management Commentary

During the first quarter of 2022, we began to execute our new business strategy focused on funding impact loans across the country. We added \$42M of impact loans and are beginning to see accretion to both interest and fee income. Our goal is to continue to serve our borrowers as we advance and expand our services across the nation. Our relationship with Enhanced Capital and its ESG lending platform is transformative for communities and businesses nationwide. As investors and regulatory agencies continue to expect financial institutions to not only show Environmental, Social, and Governance (ESG) asset allocation, but to demonstrate concrete impact metrics, we believe that Enhanced Capital's 20+ year adherence to disciplined credit underwriting and documentable Sustainable Development Goals will serve us, our bank partners, and our shareholders well; we all win.

As well, we continue to see demand for housing spike across the nation, with inventory, continuing to be constricting. As housing demand has increased, loan demand continues to rise as well. As we have seen throughout the past year, inventory has remained a challenge. As we continue to grow our business, more homes are becoming available. Seeking more available and affordable homes is a place we remain optimistic.

While PPP has ended, we continue to process the forgiveness of loans. We recognized \$50M of the \$70M of deferred fees from the prior period into earnings and currently have approximately 25% of the loans remaining to process for forgiveness.

Finally, In the spirit of our mission, and our commitment to ESG, last month we launched a \$2 million social impact venture competition in concert with the Community Consulting Lab at Johns Hopkins Carey Business School and the Latino Business Action Network, a partner of the Business School at Stanford University. This initiative will inject capital into minority-owned small businesses across the country and undeniably have a positive impact with those with whom we serve.

2022 Fiscal First Quarter Key Performance Indicators (KPIs)

Highlights for the quarter:

- Throughout the first quarter, we've continued to see forgiveness of PPP loans. Crossroads has recognized \$50M into income, approximately 25% of which remains to be forgiven.
- Total home sales revenue increased by \$500K as the demand for housing continues to grow throughout Texas. With this increase, we've seen inventory continue to be tight. However, our 90 day+ delinquency is approximately 0.6%.
- Continued execution of expanding our impact loan portfolio across the country and were able to add \$42M in new impact loans during the quarter.
- Book value per share as currently reported is \$7.97, upon the adjustment of deferred income, the book value will increase to \$11.68per share.
- Currently, Crossroads has a strong cash position, and we continue to invest in the growth of our strategies.

About

Crossroads

Systems

Crossroads Systems, Inc. (OTCQX: CRSS) is a holding company focused on investing in businesses that promote economic vitality and community development. Crossroads' subsidiary, Capital Plus Financial (CPF), is a certified Community Development Financial Institution (CDFI) and certified B- Corp, which supports Hispanic homeownership with a long-term, fixed-rate single-family mortgage product.

Important

Cautions

Regarding

Forward-Looking

Statements

This press release includes forward-looking statements that relate to the business and expected future events or future performance of Crossroads Systems, Inc. and Capital Plus Financial and involves known and unknown risks, uncertainties, and other factors that may cause its actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as but not limited to, "believe," "expect," "anticipate," "estimate," "intend," "plan," "targets," "likely," "will," "would," "could," and similar expressions or phrases identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about Crossroads Systems' and Capital Plus Financial's ability to implement their business strategy, and their ability to achieve or maintain profitability. Future performance of Crossroads Systems and Capital Plus Financial may be adversely affected by the following risks and uncertainties: economic changes affecting homeownership in the geographies where Capital Plus Financial conducts business, developments in lending markets that may not align with Capital Plus Financial's expectations and that may affect Capital Plus Financial's plans to grow its portfolio, variations in quarterly results, developments in litigation to which we may be a party, technological change in the industry, future capital requirements, regulatory actions or delays and other factors that may cause actual results to be materially different from those described or anticipated by these forward-looking statements. For a more detailed discussion of these factors and risks, investors should review Crossroads Systems' annual and quarterly reports. Forward-looking statements in this press release are based on management's beliefs and opinions at the time the statements are made. All forward-looking statements are qualified in their entirety by this cautionary statement and Crossroads Systems undertakes no duty to update this information to reflect future events, information, or circumstances.

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