

crossroads impact



Crossroads Impact Corp 2022 Fiscal Third Quarter Report

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DALLAS, Sept. 13, 2022 / — Crossroads Impact Corp (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 third quarter ended July 31, 2022.

During the quarter, Crossroads significantly expanded its balance sheet through two strategic equity investments of \$180 million to be funded through January 31, 2023. This newly injected equity capital and the Company’s ability to leverage responsibly well beyond the company’s current leverage ratio of 1.08 will allow Crossroads to further extend its relationship and joint mission with Enhanced Capital Group to continue to make loans available across the core verticals of climate finance, impact real estate and small business lending to underserved businesses.

On the heels of an eventful second quarter 2022, Crossroads’ third quarter yielded more modest results as we built a strong capital platform to support the \$500 million-plus pipeline of environmental and social loans. Total revenue from operations was \$13.5 million for the quarter ended July 31, 2022, compared with \$487 million for the prior fiscal year’s quarter ended July 31, 2021. This decrease can be attributed to one-time fees revenue from participating in the PPP in 2021.

During the quarter, the company recognized a noncash stock option compensation expense of \$4.2 million related to the equity transactions, resulting in a net operating income before taxes and noncontrolling interest of \$4,200, compared with \$166 million the prior year. Adjusted net operating income after the one-time, noncash charge was \$4.2 million. Net earnings per share from operations before taxes and after non-controlling interest for the quarter was a negative 2 cents, adjusted net earnings per share was \$0.56 compared to \$27.70 for the same period of 2021.

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Management Commentary

As we mark the end of our fiscal third quarter in 2022, we celebrate the successful closing of our debt facility and capital raise and the impact loan pipeline. These strategic moves make it an exciting time at Crossroads, one that signals substantial growth of the business ahead. Since its inception just a year ago, as of the close of the third quarter, we have seen \$121 million in impact loans and investments. In the third quarter alone, we added \$68 million to our portfolio, maintaining our delinquency-free track record. The ripple effect of these loans can be felt deeply within the communities in which their businesses call home. The opportunity to support small businesses throughout a sustained volatile market is a privilege we covet tremendously.

Our mortgage portfolio reached \$133 million with a 90-day delinquency rate of 1%. Our PPP loan portfolio balance was \$1.2 billion, representing an 80% forgiveness rate with a net margin of 65 basis points and a net contribution of \$2.6 million for the quarter. Our impact loan and investment portfolio reached \$121.4 million generating interest income of \$2.3 million in the quarter and no delinquencies to date.

2022 Fiscal Third Quarter Key Performance Indicators (KPIs)

Highlights for the quarter:

- PPP loan balance lowered to approximately \$1.2 billion, with 80% of loans forgiven
- Addition of \$68 million in impact loans and investments in the quarter
- Impact loans generated \$2.3 million of income for the quarter (\$4.6 million for the year)
- Fully diluted book value per share is \$9.77 as currently reported, \$11.09 upon the recognition of deferred PPP income

About Crossroads Impact Corp.

Crossroads Impact Corp (OTCQX: CRSS) Crossroads Impact Corp's mission is to promote economic vitality through community development and equitable access to capital; harnessing the power for good to tackle systemic issues within underserved communities. Building on our history of serving minority individuals and small businesses through environmental and responsible social lending, we look to be the leader in providing innovative and sustainable lending solutions.

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 Impact Corp and Capital Plus Financial 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-

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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 Impact’s and Capital Plus Financial’s ability to implement their business strategy, and their ability to achieve or maintain profitability. The future performance of Crossroads Impact 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 Impact’s 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 Impact undertakes no duty to update this information to reflect future events, information, or circumstances.

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