

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

	July 31, 2022	October 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 86,963,090	\$ 278,984,781
Restricted cash	64,270,741	310,026,085
Interest receivable	14,337,015	15,254,327
Current portion of mortgage notes receivable	438,506	1,727,844
Current portion of commercial/other notes receivable	9,503,138	7,880,071
Inventory	11,223,783	10,212,770
Prepaid expenses and other current assets	2,347,727	1,110,164
Total current assets	<u>189,084,000</u>	<u>625,196,042</u>
MORTGAGE NOTES RECEIVABLE, net of current maturities and allowance of \$0	132,098,082	130,281,822
COMMERCIAL/OTHER NOTES RECEIVABLE, net of current maturities and allowance of \$0	106,333,319	8,533,246
PPP LOANS RECEIVABLE, net of discounts and allowance of \$0	1,235,591,471	2,759,667,440
INVESTMENTS - DEBT SECURITIES (Held-to-Maturity)	16,000,000	-
INVESTMENT IN SOLAR TAX CREDIT FUND (Equity Method)	9,380,944	9,380,944
GOODWILL	18,566,966	18,566,966
TOTAL ASSETS	<u>\$ 1,707,054,782</u>	<u>\$ 3,551,626,460</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 583,378	\$ 315,544
Accrued liabilities	220,110,099	269,448,624
Escrow liabilities	2,622,088	3,113,208
Income tax payable	10,248,388	28,725,428
Current portion of credit facilities	28,083,564	63,670,466
Current portion of other note payable	52,285	204,151
Current portion of acquisition notes payable	699,403	2,495,172
Total current liabilities	<u>262,399,205</u>	<u>367,972,593</u>
CREDIT FACILITIES, net of current maturities	68,918,020	36,451,501
OTHER NOTE PAYABLE, net of current maturities	940,084	940,083
ACQUISITION NOTES PAYABLE, net of current maturities	5,796,546	5,919,412
PPP LOAN PAYABLE	-	376,800
FEDERAL PPP LIQUIDITY FACILITY ("PPPLF")	1,260,012,462	3,132,566,332
DEFERRED TAX LIABILITY	-	184,113
OTHER LONG-TERM LIABILITIES	518,917	558,425
TOTAL LIABILITIES	<u>1,598,585,234</u>	<u>3,544,969,259</u>
EQUITY		
Common stock, \$0.001 par value: 175,000,000 shares authorized, 10,618,834 shares issued and outstanding	10,619	5,972
Additional paid in capital	58,954,499	3,889,086
Accumulated deficit	<u>31,451,355</u>	<u>(15,289,637)</u>
Crossroads Systems, Inc. stockholders' deficit	90,416,473	(11,394,579)
Non-controlling interests	<u>18,053,075</u>	<u>18,051,780</u>
TOTAL EQUITY	<u>108,469,548</u>	<u>6,657,201</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,707,054,782</u>	<u>\$ 3,551,626,460</u>

The accompanying notes are an integral part of these consolidated financial statements.

CROSSROADS IMPACT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED JULY 31, 2022

	For the Nine Months Ended	
	July 31, 2022	July 31, 2021
REVENUES		
Interest income	\$ 26,412,840	\$ 23,777,722
Property sales	13,429,700	16,733,791
PPP administrative fees	52,818,217	929,776,569
Other revenue	646,677	207,575
Total revenues	<u>93,307,434</u>	<u>970,495,657</u>
COSTS AND EXPENSES		
Interest expense	8,052,794	9,134,509
Cost of properties sold	12,025,855	14,468,546
General and administrative	4,234,959	8,848,984
PPP processing fees	2,860,734	600,175,295
Salaries and wages	8,988,875	20,731,003
Management bonus	-	-
Total costs and expenses	<u>36,163,217</u>	<u>653,358,337</u>
Income from operations	<u>57,144,217</u>	<u>317,137,320</u>
OTHER INCOME (EXPENSES)		
Other Income	-	3,447,921
Interest expense	(291,878)	(372,859)
Total other income	<u>(291,878)</u>	<u>3,075,062</u>
Income before income tax provision	<u>56,852,339</u>	<u>320,212,382</u>
INCOME TAX PROVISION	<u>(9,638,847)</u>	<u>(69,991,591)</u>
NET INCOME	<u>47,213,492</u>	<u>250,220,791</u>
Less: net income attributable to non-controlling interests	<u>(472,500)</u>	<u>(469,910)</u>
NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	<u>\$ 46,740,992</u>	<u>\$ 249,750,881</u>
EARNINGS PER SHARE		
Income attributable to common shareholders before tax and after non-controlling interest	<u>56,379,839</u>	<u>319,742,472</u>
Earnings per share from operations before tax and after non-controlling interest	<u>\$ 8.72</u>	<u>\$ 53.54</u>
Cash income attributable to common shareholders	<u>46,740,992</u>	<u>271,594,104</u>
Weighted average shares outstanding	<u>6,461,884</u>	<u>5,971,994</u>
Cash income per share	<u>\$ 7.23</u>	<u>\$ 45.48</u>

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CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

AS OF JULY 31, 2022

	For the Three Months Ended	
	July 31, 2022	July, 2021
REVENUES		
Interest income	\$ 9,931,747	\$ 14,910,841
Property sales	3,284,200	6,092,931
Payroll Protection Program (PPP) administrative fees	55,322	465,547,952
Other revenue	324,880	62,337
Total revenues	13,596,149	486,614,061
COSTS AND EXPENSES		
Interest expense	2,291,441	5,576,284
Cost of properties sold	2,887,270	5,391,903
General and administrative	1,491,718	3,501,782
Paycheck Protection Program (PPP) processing fees	738,797	287,264,283
Salaries and wages	6,078,192	19,204,171
Management Bonus	-	-
Total costs and expenses	13,487,418	320,938,423
Income from operations	108,731	165,675,638
OTHER EXPENSES		
Interest expense	(104,565)	(111,250)
Other expenses	-	-
Total other expenses	(104,565)	(111,250)
Income before income tax provision	4,166	165,564,388
INCOME TAX PROVISION	2,229,717	(38,452,695)
NET INCOME	2,233,883	127,111,693
Less: net income attributable to non-controlling interests	(157,500)	(155,773)
NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	\$ 2,076,383	\$ 126,955,920
Earnings (loss) per share:		
Cash income attributable to common shareholders	(153,334)	126,955,920
Weighted average shares outstanding	7,425,690	5,971,994
Cash income per share	\$ (0.02)	\$ 21.26

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CROSSROADS SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED JULY 31, 2022

	<u>As of July 31, 2022</u>	<u>As of July 31, 2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 47,213,492	\$ 250,220,790
Adjustments to reconcile net income to net cash used in operating activities:		
Loss on derivative related activity	-	(105,702)
Stock based compensation	5,362,339	224,697
Amortization of deferred financing fees	31,188	(132,673)
Provision for income taxes	9,638,847	18,300,334
Changes in operating assets and liabilities:		
Interest receivable	917,312	(14,270,414)
Notes receivable (Mortgage and commercial/other)	(99,950,062)	(6,148,983,964)
PPP loans receivable	1,524,075,969	-
Inventory	(1,011,013)	(62,183)
Prepays and other assets	(1,237,563)	106,450
Accounts payable	267,834	26,485
Accrued liabilities	(67,855,073)	302,511,385
Escrow liabilities	(491,120)	(395,749)
Income tax payable	(9,822,960)	-
Net cash provided/(used) in operating activities	<u>1,407,139,190</u>	<u>(5,592,560,544)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Investments - Debt Securities	<u>(16,000,000)</u>	-
Net cash used in investing activities	<u>(16,000,000)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Preferred equity contributions		
Preferred equity dividend distributions	(471,205)	(471,206)
Common equity distributions	49,707,721	(238,879,760)
Paycheck Protection Program loan	(376,800)	-
Borrowings on credit facilities (mortgage line)	-	2,752,674
Principal payments on credit facilities (mortgage line)	(1,462,248)	(17,953,429)
Borrowings on credit facilities (inventory line)	2,752,674	-
Principal payments on credit facilities (inventory line)	(4,410,809)	-
Principal payments on other notes payable	(151,865)	(142,333)
Principal payments on acquisition note payable	(1,949,823)	(4,045,236)
Proceeds from the PPPLF	-	6,422,368,423
Payments to the PPPLF	<u>(1,872,553,870)</u>	-
Net cash provided/(used) by financing activities	<u>(1,828,916,225)</u>	<u>6,163,629,133</u>
Net change in cash and cash equivalents and restricted cash	<u>(437,777,035)</u>	<u>571,068,589</u>
Cash and cash equivalents and restricted cash at beginning of period	<u>589,010,866</u>	<u>5,131,110</u>
Cash and cash equivalents and restricted cash at end of period	<u>\$ 151,233,831</u>	<u>\$ 576,199,699</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	<u>\$ 8,239,986</u>	<u>\$ 4,289,921</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.