

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

	October 31, 2022	October 31, 2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 68,574,333	\$ 278,984,781
Restricted cash	76,121,783	310,026,085
Interest receivable	14,821,272	15,254,327
Current portion of mortgage notes receivable	2,395,602	1,727,844
Current portion of commercial/other notes receivable	66,250,443	7,880,071
Inventory	9,922,826	10,212,770
Prepaid expenses and other current assets	930,120	1,110,164
Total current assets	239,016,379	625,196,042
MORTGAGE NOTES RECEIVABLE, net of current maturities and allowance of \$0	129,531,130	130,281,822
COMMERCIAL/OTHER NOTES RECEIVABLE, net of current maturities and allowance of \$0	128,091,326	8,533,246
PPP LOANS RECEIVABLE, net of discounts and allowance of \$0	1,082,510,518	2,759,667,440
INVESTMENTS - DEBT SECURITIES (Held-to-Maturity)	38,000,000	-
INVESTMENT IN SOLAR TAX CREDIT FUND (Equity Method) , net of allowance	(538,259)	9,380,944
GOODWILL	18,566,966	18,566,966
<b>TOTAL ASSETS</b>	<b>\$ 1,635,178,060</b>	<b>\$ 3,551,626,460</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 321,304	\$ 315,544
Accrued liabilities	210,195,896	269,448,624
Escrow liabilities	3,963,631	3,113,208
Income tax payable	928,483	28,725,428
Current portion of credit facilities	62,917,816	63,670,466
Current portion of other note payable	-	204,151
Current portion of acquisition notes payable	-	2,495,172
Total current liabilities	278,327,130	367,972,593
CREDIT FACILITIES, net of current maturities	35,491,185	36,451,501
OTHER NOTE PAYABLE, net of current maturities	940,084	940,083
ACQUISITION NOTES PAYABLE, net of current maturities	5,805,051	5,919,412
PPP LOAN PAYABLE	-	376,800
FEDERAL PPP LIQUIDITY FACILITY ("PPPLF")	1,108,965,758	3,132,566,332
DEFERRED TAX LIABILITY	(1,616,191)	184,113
OTHER LONG-TERM LIABILITIES	516,291	558,425
<b>TOTAL LIABILITIES</b>	<b>1,428,429,308</b>	<b>3,544,969,259</b>
<b>EQUITY</b>		
Common stock, \$0.001 par value: 175,000,000 shares authorized, 18,853,032 shares issued and outstanding	18,853	5,972
Additional paid in capital	146,510,527	3,889,086
Accumulated deficit	42,167,592	(15,289,637)
Crossroads Systems, Inc. stockholders' deficit	188,696,972	(11,394,579)
Non-controlling interests	18,051,780	18,051,780
<b>TOTAL EQUITY</b>	<b>206,748,752</b>	<b>6,657,201</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,635,178,060</b>	<b>\$ 3,551,626,460</b>

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

**CROSSROADS SYSTEMS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED OCTOBER 31, 2022**

	<b>For the Year Ended</b>	
	<b>October 31, 2022</b>	<b>October 31, 2021</b>
<b>REVENUES</b>		
Interest income	\$ 37,367,003	\$ 40,267,184
Property sales	\$ 18,407,000	21,372,291
PPP administrative fees	\$ 50,774,445	868,422,947
Other revenue	\$ 464,763	580,914
Total revenues	\$ 107,013,211	930,643,336
<b>COSTS AND EXPENSES</b>		
Interest expense	\$ 10,466,970	15,165,963
Cost of properties sold	\$ 16,355,114	18,284,646
General and administrative	\$ (3,967,614)	3,197,133
PPP processing fees	\$ (8,597,435)	628,095,999
Salaries and wages	\$ 10,297,921	3,841,942
Management bonus	\$ -	20,798,948
Total costs and expenses	\$ 24,554,956	689,384,631
Income from operations	\$ 82,458,255	241,258,705
<b>OTHER INCOME (EXPENSES)</b>		
Grant Income - CDFI rapid response program	\$ -	1,826,265
Interest expense	\$ (424,356)	(476,746)
Total other income	\$ (424,356)	1,349,519
Income before income tax provision	\$ 82,033,899	242,608,224
<b>INCOME TAX PROVISION</b>	\$ (12,846,670)	(47,209,875)
	\$ (11,100,000)	
<b>NET INCOME</b>	\$ 58,087,229	195,398,349
Less: net income attributable to non-controlling interests	\$ (630,000)	(630,000)
<b>NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS</b>	\$ 57,457,229	\$ 194,768,349
<b>EARNINGS PER SHARE</b>		
Income attributable to common shareholders before tax and after non-controlling interest	81,403,899	241,978,224
Earnings per share from operations before tax and after non-controlling interest	\$ 8.42	\$ 40.52
Cash income attributable to common shareholders	57,457,229	216,611,572
Weighted average shares outstanding	9,666,258	5,971,994
Cash income per share	\$ 5.94	\$ 36.27

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**CROSSROADS SYSTEMS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED OCTOBER 31, 2022**

	For the Three Month Ended	
	October 31, 2022	October 31, 2021
<b>REVENUES</b>		
Interest income	\$ 10,954,163	\$ 16,489,461
Property sales	\$ 4,977,300	4,638,500
PPP administrative fees	\$ (2,043,772)	(61,102,705)
Other revenue	\$ (182,289)	1,949,877
Total revenues	\$ 13,705,402	(38,024,867)
<b>COSTS AND EXPENSES</b>		
Interest expense	\$ 2,414,176	6,070,946
Cost of properties sold	\$ 4,329,259	3,816,101
General and administrative	\$ (8,202,214)	(5,658,279)
PPP processing fees	\$ (11,458,169)	27,920,704
Salaries and wages	\$ 1,309,046	909,887
Management Bonus	\$ -	3,000,000
Total costs and expenses	\$ (11,607,902)	36,059,359
Income from operations	\$ 25,313,304	(74,084,226)
<b>OTHER EXPENSES</b>		
Interest expense	\$ (132,477)	(103,887)
Other expenses	\$ -	(3,447,921)
Total other expenses	\$ (132,477)	(3,551,808)
Income before income tax provision	\$ 25,180,827	(77,636,034)
	\$ (11,100,000)	
<b>INCOME TAX PROVISION</b>	\$ (3,207,823)	22,781,716
<b>NET INCOME</b>	\$ 10,873,004	(54,854,318)
Less: net income attributable to non-controlling interests	\$ (157,500)	(158,795)
<b>NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS</b>	<u>\$ 10,715,504</u>	<u>\$ (55,013,113)</u>
<b>EARNINGS PER SHARE</b>		
Income attributable to common shareholders before tax and after non-controlling interest	25,023,327	(77,794,829)
Earnings per share from operations before tax and after non-controlling interest	<u>\$ 1.43</u>	<u>\$ (13.03)</u>
Cash income attributable to common shareholders	25,023,327	(55,013,113)
Weighted average shares outstanding	17,542,318	5,971,994
Cash income per share	<u>\$ 1.43</u>	<u>\$ (9.21)</u>

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

**CROSSROADS SYSTEMS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED OCTOBER 31, 2022**

	<u>As of October 31,</u> <u>2022</u>	<u>As of October 31,</u> <u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 58,087,229	\$ 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	5,444,124	224,697
Amortization of deferred financing fees	31,188	(132,673)
Provision for income taxes	12,846,670	18,300,334
Changes in operating assets and liabilities:		
Interest receivable	433,055	(14,270,414)
Notes receivable (Mortgage and commercial/other)	(177,845,518)	(6,148,983,964)
PPP loans receivable	1,677,156,922	-
Inventory	289,944	(62,183)
Prepays and other assets	180,044	106,450
Accounts payable	5,760	26,485
Accrued liabilities	(87,091,807)	302,511,385
Escrow liabilities	850,423	(395,749)
Income tax payable	(14,646,974)	-
Net cash provided/(used) in operating activities	<u>1,475,741,060</u>	<u>(5,592,560,544)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Paid for Investments - Debt Securities	(38,000,000)	-
Net cash used in investing activities	<u>(28,080,797)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Preferred equity contributions		
Preferred equity dividend distributions	(630,000)	(471,206)
Common equity distributions and contributions	137,190,198	(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)	(3,003,392)	-
Principal payments on other notes payable	(204,150)	(142,333)
Principal payments on acquisition note payable	(2,640,721)	(4,045,236)
Proceeds from the PPPLF	-	6,422,368,423
Payments to the PPPLF	(2,023,600,574)	-
Net cash provided/(used) by financing activities	<u>(1,891,975,013)</u>	<u>6,163,629,133</u>
Net change in cash and cash equivalents and restricted cash	<u>(444,314,750)</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>\$ 144,696,116</u>	<u>\$ 576,199,699</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	<u>\$ 10,654,162</u>	<u>\$ 4,289,921</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

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