Rand Worldwide Inc. and Subsidiaries
Consolidated Financial Statements

For the quarter ended December 31, 2021

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Rand Worldwide, Inc. and Subsidiaries
Consolidated Balance Sheets
(unaudited)

	December 31, 2021	June 30, 2021
Assets		
Current assets:		
Cash	$ 2,921,000	$ 1,613,000
Accounts receivable, less allowance of $221,000 as of December 31, 2021 and $208,000 as of June 30, 2021	41,410,000	30,706,000
Other receivables	727,000	618,000
Income tax receivable	131,000	105,000
Prepaid expenses and other current assets	2,564,000	2,157,000
Total current assets	47,753,000	35,199,000
Property and equipment:		
Computer software and equipment	3,482,000	3,679,000
Office furniture and equipment	1,421,000	1,563,000
Leasehold improvements	226,000	495,000
	5,129,000	5,737,000
Less accumulated depreciation and amortization	(3,957,000)	(4,538,000)
	1,172,000	1,199,000
Customer lists, net of accumulated amortization of $17,235,000 as of December 31, 2021 and $16,000,000 as of June 30, 2021	26,957,000	28,192,000
Right-of-use assets	3,952,000	4,777,000
Goodwill	16,507,000	16,540,000
Trade name, net of accumulated amortization of $3,292,000 as of December 31, 2021 and $3,205,000 as of June 30, 2021	639,000	726,000
Deferred income taxes	—	550,000
Other assets	207,000	131,000
Total assets	$ 97,187,000	$ 87,314,000

Rand Worldwide, Inc. and Subsidiaries
Consolidated Balance Sheets (Continued)
(unaudited)

	December 31, 2021	June 30, 2021
Liabilities and stockholders' equity		
Current liabilities:		
Borrowings under line of credit	$ —	$ 1,160,000
Current portion of note payable, net	7,600,000	7,600,000
Accounts payable and accrued expenses	30,210,000	20,943,000
Accrued compensation and related benefits	4,907,000	5,440,000
Deferred revenue	9,019,000	8,146,000
Deferred tax liability	219,000	—
Current portion of lease liabilities	1,476,000	1,583,000
Total current liabilities	53,431,000	44,872,000
Long-term liabilities:		
Note payable, net	26,487,000	30,274,000
Accounts payable	—	766,000
Deferred revenue	2,567,000	2,002,000
Lease liabilities	2,577,000	3,286,000
Total liabilities	85,062,000	81,200,000
Series G Junior Preferred Stock	—	11,000
Stockholders' equity:		
Convertible preferred stock (See Footnote 4)	—	—
Common stock, $0.01 par value; 40,000,000 shares authorized; issued and outstanding shares of 33,578,100 and 33,561,433 at December 31, 2021 and June 30, 2021, respectively	336,000	336,000
Additional paid-in capital	5,785,000	5,776,000
Retained earnings	6,144,000	—
Accumulated other comprehensive loss	(140,000)	(9,000)
Total stockholders' equity	12,125,000	6,103,000
Total liabilities and stockholders' equity	$ 97,187,000	$ 87,314,000

See accompanying notes.

Rand Worldwide, Inc. and Subsidiaries
Consolidated Statement of Operations
(unaudited)

	Three months ended December 31, 2021
Revenues:	
Product sales	$ 72,347,000
Service revenue	8,484,000
Commission revenue	2,379,000
Total revenues	83,210,000
Cost of revenues:	
Cost of product sales	50,632,000
Cost of service revenue	5,465,000
Total cost of revenues	56,097,000
Gross margin	27,113,000
Operating expenses:	
Selling, general and administrative	13,342,000
Depreciation and amortization	813,000
Total operating expenses	14,155,000
Operating income	12,958,000
Other (income) expense:	
Interest expense	172,000
Currency exchange gains	(64,000)
Gain on interest rate swap	(78,000)
Loss on disposal of assets	23,000
Total other expense	53,000
Income before income taxes	12,905,000
Income tax expense	3,772,000
Net income	9,133,000
Preferred stock dividends	(2,000)
Net income available to common stockholders	$ 9,131,000
Earnings per common share attributable to common shareholders – basic	$ 0.27
Earnings per common share attributable to common shareholders – diluted	$ 0.27
Shares used for computing income per common share:	
Weighted average shares used in computation - basic	33,578,100
Weighted average shares used in computation - diluted	33,693,440

See accompanying notes.

Rand Worldwide, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Equity
(unaudited)

	Convertible Preferred Stock		Common Stock					
	Number of Shares	**Par Value**	**Number of Shares**	**Par Value**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Total**
Balance at June 30, 2021	**42,270**	**$ —**	**33,561,433**	**$ 336,000**	**$ 5,776,000**	**$ —**	**$ (9,000)**	**$ 6,103,000**
Issuance of common stock upon the conversion of Series G preferred stock	—	—	16,667	—	11,000	—	—	11,000
Common stock dividend	—	—	—	—	—	(8,394,000)	—	(8,394,000)
Preferred stock dividend	—	—	—	—	(2,000)	—	—	(2,000)
Foreign currency translation adjustment	—	—	—	—	—	—	(131,000)	(131,000)
Net income	—	—	—	—	—	14,538,000	—	14,538,000
Balance at December 31, 2021	**42,270**	**$ —**	**33,578,100**	**$ 336,000**	**$ 5,785,000**	**$ 6,144,000**	**$ (140,000)**	**$ 12,125,000**

See accompanying notes.

Rand Worldwide, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
(unaudited)

	Three months ended December 31, 2021
Cash flows from operating activities	
Net income	$ 9,133,000
Adjustments to reconcile net income to net cash used in operating activities:	
Loss on disposal of fixed assets	24,000
Bad debt expense	90,000
Depreciation and amortization	813,000
Deferred income taxes	562,000
Changes in operating assets and liabilities:	
Accounts receivable and other receivables	(10,031,000)
Income tax receivable	304,000
Prepaid expenses and other current assets	(19,000)
Other assets	(78,000)
Accounts payable and accrued expenses	7,419,000
Accrued compensation and related benefits	402,000
Deferred revenue	1,442,000
Net cash provided by operating activities	10,061,000
Cash flows from investing activities	
Purchases of property and equipment	(176,000)
Net cash used in investing activities	(176,000)
Cash flows from financing activities	
Payment of borrowings under term note	(1,900,000)
Payment of common stock dividends	(8,394,000)
Payment of preferred stock dividends	(2,000)
Net cash used in financing activities	(10,296,000)
Effect of exchange rate changes on cash	(27,000)
Net change in cash	(438,000)
Cash - beginning of period	3,359,000
Cash - end of period	$ 2,921,000

See accompanying notes.

Rand Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(unaudited)

1. Organization and Basis of Presentation

When used throughout these notes, the terms "Rand Worldwide", "the Company", "we", "us" and "our" refer to Rand Worldwide, Inc. and, unless the context clearly indicates otherwise, its consolidated subsidiaries.

Rand Worldwide is a leading supplier in the design automation, facilities and data management software marketplace. Rand Worldwide also provides value-added services, such as training, technical support and other consulting and professional services to businesses, government agencies and educational institutions worldwide.

The Company is organized into five divisions: IMAGINiT Technologies ("IMAGINiT"), Rand Simulation, Facilities Management, ASCENT, and Rand 3D.

The IMAGINiT division operates in the United States and Canada and is one of the largest value-added resellers of Autodesk, Inc. ("Autodesk") products in the world, providing Autodesk solutions and system integration and consulting services to customers in the manufacturing, infrastructure, building, and media and entertainment industries. As an authorized reseller for Leica Geosystems, IMAGINiT offers a range of 3D laser scanning equipment and related software along with the expertise to help architectural, engineering and construction firms benefit from such technology. Through its partnership with Epic Games, IMAGINiT resells Twinmotion visualization software which provides design professionals the ability to instantly transform architectural models and designs into a vivid experience with photorealistic images and immersive videos. IMAGINiT also sells its own proprietary software products and related services, enhancing its total client solution offerings.

The Rand Simulation division offers Ansys engineering simulation software to help organizations incorporate engineering simulation technology into the product development process. Rand Simulation also provides simulation consulting services to enable organizations to achieve cost savings and design improvements through simulation technology.

The Facilities Management division offers ARCHIBUS products for facilities management software for space planning, strategic planning, and lease/property administration, and provides a full range of training, consulting and support services for the ARCHIBUS products.

ASCENT is the courseware division of Rand Worldwide and is a leading developer of professional training materials and knowledge products for engineering software tools.

The Rand 3D division specializes in training solutions for Dassault Systèmes and PTC products including Pro/ENGINEER, CREO, and Windchill.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. The interim financial statements are unaudited, and reflect all adjustments (consisting of normal recurring accruals) which are, in management's opinion, necessary to present a fair statement of results of the interim periods presented. Operating results for the three months ended December 31, 2021 are not necessarily indicative of results for the full fiscal year or any future interim period.

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation.

2. Supplemental Disclosure of Cash Flow Information

The Company paid interest of approximately $166,000 and federal and state taxes of approximately $2.7 million for the three months ended December 31, 2021.

3. Borrowings Under Line of Credit and Note Payable

On June 11, 2021, the Company entered into an amended and restated credit agreement with JP Morgan Chase Bank ("Chase") consisting of two credit facilities which replaced the Company's previous credit agreements. The first facility is a five-year $10 million line of credit, secured by all assets of the Company with borrowing levels subject to borrowing base limits. The interest rate on the line of credit is the one-month LIBOR rate plus a margin of 1.5%. The second facility is a five-year, $38 million term note loan ("note payable") with scheduled principal payments of $633,000 per month over the five-year term, and interest paid quarterly based on one-month LIBOR rate plus a margin of 1.5%. Proceeds of the $38 million term note were used to refinance the $9 million of outstanding loans to Chase and to fund $29 million of the total $33.6 million common stock dividend paid on June 28, 2021 to stockholders of record as of June 21, 2021. The Chase loans contain certain financial covenants including a maximum leverage ratio and a minimum fixed charge coverage ratio, as defined in the credit agreement. The Company was in compliance with all covenants as of December 31, 2021.

On December 9, 2021, the Company entered into an interest rate swap agreement for a notional amount of $20 million related to its note payable. The purpose of the interest rate swap is to hedge against fluctuations in benchmark interest rates associated with variable rate debt. As a result of the swap, the Company's interest rate on the notional amount of the swap is 2.63%, and the Company will pay the variable interest rate of one-month LIBOR plus a margin of 1.5% on the remaining amount of the note payable. Due to the swap, for the three months ended December 31, 2021, the Company incurred an additional $12,000 of interest expense as well as a $78,000 gain due to the increase in the fair value of the swap.

The Company had no outstanding borrowings and $1.2 million outstanding borrowings from Chase under its line of credit as of December 31, 2021 and June 30, 2021, respectively.

4. Preferred Stock

Convertible Preferred Stock

In 2004, the Company issued 813,050 shares of Series D Convertible Preferred Stock for cash proceeds totaling $330,000 and a reduction in notes payable to a related party of $98,000. At December 31, 2021 and June 30, 2021, 42,250 shares of Series D Convertible Preferred Stock were outstanding with the following terms:

> Redemption Feature- The Series D shares are redeemable in the event that the Company is engaged in a business combination that is approved by the Board of Directors and subsequently submitted and approved by a vote of the Company's stockholders. The redemption price is $0.30 (upon conversion) per share plus an amount equal to all declared and unpaid dividends accrued on such shares since the original issue date.
>
> Voting Rights- Each holder of the Series D shares shall vote together with all other classes and series of stock of the Company as a single class on all actions. Each share shall entitle the holder to one vote per share of common stock into which the preferred stock is then convertible on each such action. In addition, these holders have special voting rights in connection with certain matters, including the issuance of senior stock or debentures, certain mergers, the dissolution of the Company and any amendment to the charter or the terms of the securities that would impair their rights.
>
> Dividend Rate- The holders of the Series D shares are entitled to receive cumulative dividends at a rate of 10% per annum when and as declared by the Board of Directors. Dividends are paid quarterly to preferred stockholders.
>
> Conversion Feature- The Series D shares are convertible at any time beginning 120 days after the original issuance date at the option of the holder and automatically convert into common stock if the common stock is listed on the NASDAQ exchange and trades for more than $2.25 per share for 60 consecutive trading days. Each Series D share is convertible into shares of common stock by multiplying the appropriate conversion rate in effect by the number of shares of preferred stock being converted. As of December 31, 2021, the conversion

rate would yield approximately two shares of common stock for each share of Series D share; however, this rate may be adjusted due to stock splits, dividends, and other events defined in the stock purchase agreement between the Company and the holders of the Series D shares.

Liquidation Preference- In the event of a liquidation, dissolution or winding up of the Company, the holders of Series D shares are entitled to receive for each share, prior and in preference to any distribution of any of the assets or surplus funds to the holders of common stock, an amount equal to $0.60 per share plus all accumulated but unpaid dividends. If upon the occurrence of such event, the assets and funds thus distributed among the holders are insufficient to permit the payment of the preferential amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the preferred stockholders.

In July 2005, the Company issued 1,191 shares of Series E Convertible Preferred Stock which raised $1,191,000 for working capital purposes. At December 31, 2021 and June 30, 2021, 20 shares of Series E Convertible Preferred Stock (the "Series E shares") were outstanding with the following terms:

Redemption Feature- The Series E shares are redeemable in the event that the Company is engaged in a business combination that is approved by the Board of Directors and subsequently submitted and approved by a vote of the Company's stockholders. The redemption price is $0.65 per share (upon conversion) plus an amount equal to all declared and unpaid dividends accrued on such shares since the original issue date.

Voting Rights- Each holder of the Series E shares shall vote together with all other classes and series of stock of the Company as a single class on all actions. Each share shall entitle the holder to one vote per share of common stock into which the preferred stock is then convertible on each such action. In addition, these holders have special voting rights in connection with certain matters, including the issuance of senior stock or debentures, certain mergers, the dissolution of the Company and any amendment to the charter or the terms of the securities that would impair their rights.

Dividend Rate- The holders of the Series E shares are entitled to receive cumulative dividends at a rate of 10% per annum when and as declared by the Board of Directors. Dividends are paid quarterly to preferred stockholders.

Conversion Feature- The Series E shares are convertible at any time beginning 120 days after the original issuance date at the option of the holder and automatically converts into common stock if the common stock is listed on the NASDAQ exchange and trades for more than $2.25 per share for 60 consecutive trading days. Each Series E share is convertible into shares of common stock by multiplying the appropriate conversion rate in effect by the number of shares of preferred stock being converted. As of December 31, 2021, the conversion rate would yield 1,538 shares of common stock for each share of Series E; however, this rate may be adjusted due to stock splits, dividends, and other events defined in the stock purchase agreements between the Company and the holders of the Series E shares.

Liquidation Preference- In the event of a liquidation, dissolution or winding up of the Company, the holders of Series E shares are entitled to receive for each share, prior and in preference to any distribution of any of the assets or surplus funds to the holders of common stock, an amount equal to $0.65 per share (upon conversion) plus all accumulated but unpaid dividends. If upon the occurrence of such event, the assets and funds thus distributed among the holders are insufficient to permit the payment of the preferential amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the preferred stockholders.

5. Series G Junior Preferred Stock

During the year ended June 30, 2016, the Company designated 2,000,000 shares of Series G Junior Preferred Stock ("Series G") as part of a long-term incentive plan for its senior management team and certain members of its Board of Directors. During the year ended June 30, 2018, the Company designated an additional 300,000 shares of the Series G, bringing the total designated shares to 2,300,000 as of June 30, 2018. As of December 31, 2021 and June

30, 2021, zero shares and 16,667 shares, respectively, of Series G were outstanding. The Series G stock has the following terms:

Vesting- The stock vests ratably over three years, one third each year from the date issued, so long as each Series G stockholder continues their employment with the Company or continues to serve on its Board of Directors. Vesting is accelerated upon a liquidation event in which a majority ownership is transacted in a stock sale, asset sale or merger. As of December 31, 2021 and June 30, 2021, zero shares and 16,667 shares were vested, respectively.

Share valuation- The Series G shares are convertible to shares of common stock at future dates based upon the growth in the value of the Company's common stock in excess of an assumed annual 8% hurdle rate. The Board of Directors determines, and reports in an annual valuation notice to each Series G holder, the per share value of the Series G stock, the conversion ratio which the Series G shares may be converted to common stock, and, when applicable as described below, the put option value. Should a liquidation event occur, as defined in the Series G Certificate of Designations, the common stock and the Series G value will be based on the amount paid or distributed to the holders of capital stock of the Company upon such a liquidation event.

Conversion rights- Following each fiscal year ended through June 30, 2022, each Series G holder may elect to convert their vested shares into common stock based on the ratio of Series G share value to common stock per share value as determined by the Board of Directors and reported to the holders in the annual valuation notice.

Put option- Following the fiscal year ending June 30, 2022, any holder of Series G will have the option to require the Company to redeem all of the holder's shares of Series G stock, payable in three equal installments with the first payment made the month after the put exercise, and the next two payments one and two years thereafter. The put option value will be determined by the Board of Directors based on an earnings multiple applied to its trailing 12 months earnings before interest, taxes depreciation and amortization. The put option value will be reported within the annual valuation notice for the periods which the put option is available.

Redemption feature- The Company will have the right, but not the obligation, to redeem the Series G stock at any time after June 30, 2023 for a value that is based upon the growth in the value of the Company's common stock in excess of an assumed annual 8% hurdle rate.

Voting rights- Other than for the election of directors, each holder of outstanding shares of Series G stock is entitled to cast one vote for each whole share of Series G stock held.

Liquidation rights- In the event of a liquidation, dissolution or winding up of the Company, the holders of shares of common stock will be entitled payment of a preferred return, which is equivalent to $1.272 per share, plus a compound return of 8% per year, from August 1, 2015, before any payment will be made to the holders of the Series G shares. The holders of Series D and Series E Convertible Preferred stock, or any other securities with liquidation preferences senior to the common stock will also be paid their liquidation preference before any payment will be made to the holders of the Series G shares. After payment of all the preferential amounts to the holders of common and senior securities, the remaining assets available for distribution or payment to the Company's shareholders will be distributed among the holders of the shares of Series G and common stock (including holders of common stock issued upon conversion of Series D and E preferred stock), pro rata based on the number of shares held by each such shareholder.

As a result of the previously-described put option, the carrying value of the Series G Junior Preferred Stock is classified as temporary equity in the accompanying consolidated balance sheets as the terms of the issuance do not warrant classification as a liability nor as equity. The Series G shares have a $0.01 par value and have no liquidation preference.

6. Earnings Per Share

Basic earnings per common share is computed by dividing net earnings available to common stockholders by the weighted-average number of common shares outstanding for the period. Such outstanding shares include those issued through equity compensation plans and Board compensation. Diluted earnings per common share include the potential dilution that would occur from common shares issuable upon the exercise of outstanding stock options and the conversion of preferred stock. As of December 31, 2021 and June 30, 2021, 115,340 and 129,306 shares of common stock were issuable upon the conversion or exercise of options and preferred stock. The following summarizes the computations of basic and diluted earnings per common share:

	Three months ended December 31, 2021
Numerator for basic and diluted earnings per share:	
Net income	$ 9,133,000
Payment of preferred stock dividends	(2,000)
Net income available to common stockholders	$ 9,131,000
Weighted average shares used in computing basic net earnings per share:	33,578,100
Assumed conversion of preferred stock	115,340
Weighted average shares used in computing diluted net earnings per share:	33,693,440
Earnings per common share attributable to common shareholders – basic	$ 0.27
Earnings per common share attributable to common shareholders – diluted	$ 0.27

7. Director and Employee Stock Compensation Plans

Series G Junior Preferred Stock

The Company issued 1,900,000 shares of Series G Junior Preferred Stock during the twelve months ended June 30, 2016 as part of a long-term incentive plan for its senior management. The grant-date fair value of the stock was $0.25 per share, or an aggregate value of $475,000 for all shares granted, based on a market-based valuation performed by an independent appraiser. This issuance of stock was fully vested as of June 30, 2018.

In May 2018, the Company issued an additional 50,000 shares of Series G Junior Preferred Stock with a grant-date fair value of $0.74 per share or an aggregate value of $37,000 for the shares granted. This stock grant vested ratably over three years and became fully vested on May 31, 2021.

All shares of Series G Junior Preferred Stock have been converted into common stock and there are no outstanding shares of Series G Junior Preferred Stock as of December 31, 2021.

8. Fair Value Measurements

Our balance sheets include non-financial assets and liabilities that are measured at fair value on a non-recurring basis. Fair value is the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of observability of inputs used in measuring fair value. These tiers include:

Level 1 – defined as observable inputs such as quoted prices in active markets for identical assets;

Level 2 – defined as observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At each reporting period, the Company performs a detailed analysis of our assets and liabilities that are measured at fair value. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The interest rate swap related to the Company's note payable is measured at fair value on a recurring basis based on valuations performed by Chase. The fair value is derived by discounting future cash flows of the swap to arrive at a current value of the swap. Future cash flows that are not certain (estimated using forward curves and volatility levels), along with future cash flows that are known with certainty, are discounted to their present value using discount factors derived from relevant market inputs. The netted value of these discounted future cash flows is the fair value of the swap. Changes in the fair value of the swap are recorded to gain (loss) on interest rate swap on the accompanying Consolidated Statement of Operations.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Property and equipment, intangible assets and goodwill are measured at fair value on a non-recurring basis (upon impairment). The grant-date value of the Series G Junior Preferred Stock, which forms the basis of share-based compensation expense over the requisite service period, is measured at fair value on a non-recurring basis (at the date of the grant) based on an independent expert valuation. The Series G Junior Preferred Stock grant-date fair value measurement utilized a combination of valuation methods including applying multiples of current and weighted average EBITDA to those of peer group public companies, an analysis of the OTC Markets stock price, and an income-based valuation on discounted cash flow, and the results of the various methods were weighted into an average in arriving at the grant-date fair value.

9. Income Taxes

The Company uses the liability method to account for income taxes. Income tax expense includes income taxes currently payable and deferred taxes arising from temporary differences between financial reporting and income tax bases of assets and liabilities. Deferred income taxes are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established when the realization of deferred tax assets are not considered more likely than not. The Company records liabilities from uncertain tax positions in accordance with ASC 740-10, Income Taxes.

The Company believes that its income tax filing positions taken or expected to be taken in its tax returns will more likely than not be sustained upon audit by the taxing authorities and does not anticipate any adjustments that will result in a material adverse impact on the Company's financial condition, results of operations, or cash flow. Therefore, no reserves for uncertain income tax position have been recorded.

Interest and penalties related to unrecognized tax benefits are recorded as part of income tax expense.

10. Leases

The Company leases certain office space and equipment under non-cancellable operating lease agreements that expire in various years through 2025, and generally do not contain significant renewal options.

The following table presents lease cost and other information for the three months ended December 31, 2021:

		Three months ended December 31, 2021
Lease cost:		
Operating lease cost	$	458,000
Sublease income		—
Total lease cost	$	458,000
Other information:		
Weighted-average remaining lease term		3.0 years
Weighted-average discount rate		5%

The following table presents a reconciliation of the total amount of lease payments, on an undiscounted basis, to the lease liability in the Consolidated Balance Sheet as of December 31, 2021:

		Year ended December 31, 2021
Year ending December 31:		
2022	$	1,956,000
2023		1,523,000
2024		1,074,000
2025		485,000
2026		224,000
Thereafter		—
Total undiscounted cash flows	$	5,262,000
Present value:		
Current portion of lease liabilities	$	1,476,000
Long-term lease liabilities		2,577,000
Total lease liabilities	$	4,053,000
Difference between undiscounted cash flows and discounted cash flows	$	1,209,000

11. Recent Developments

Effects of COVID-19

The Company is closely monitoring the impact of the outbreak of the COVID-19 virus and how it continues to impact its business. While COVID-19 did not appear to have a material impact on the Company's reported results for its quarter ended December 31, 2021, the Company cannot predict the full extent of impacts that the virus may have on its future operations.

Effect of three year Autodesk subscriptions

A significant portion of revenues from the Company's IMAGINiT division are from the resale of Autodesk software subscriptions. Since December of 2018, Autodesk has offered a pricing advantage to customers who purchase three-year subscriptions rather than annual subscriptions, and many of our customers have taken advantage of this discount. Since Rand Worldwide Inc. has no material post-sale obligation on these subscriptions, the Company recognizes revenues for the entire subscription term at the time of sale.

For the three months ended December 31, 2021, the Company's revenues from three-year deals were approximately $6.7 million higher than in the same period in the prior fiscal year.