

INPIXON AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except number of shares and par value data)

	As of	
	September 30, 2021 <u>(Unaudited)</u>	December 31, 2020 <u>(Audited)</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 66,785	\$ 17,996
Accounts receivable, net of allowances of \$334 and \$235, respectively	3,432	1,739
Notes and other receivables	888	152
Inventory, net of reserve of \$437 and \$138, respectively	1,540	1,243
Short-term investments	43,223	7,998
Prepaid assets and other current assets	1,120	1,197
Total Current Assets	<u>116,988</u>	<u>30,325</u>
Property and equipment, net	1,483	1,445
Operating lease right-of-use asset, net	1,587	2,077
Software development costs, net	1,893	1,721
Investment in Equity Securities	7,655	--
Long-term investments	2,500	2,500
Intangible assets, net	34,775	14,203
Goodwill	24,017	6,588
Other assets	139	152
Total Assets	<u>\$ 191,037</u>	<u>\$ 59,011</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1,394	\$ 908
Accrued liabilities	6,623	2,739
Income tax liabilities	3,509	--
Operating lease obligation, current	587	647
Deferred revenue	4,474	1,922
Short-term debt	3,251	5,401
Acquisition liability	336	500
Total Current Liabilities	<u>20,174</u>	<u>12,117</u>
Long Term Liabilities		
Operating lease obligations, noncurrent	1,030	1,457
Other liabilities, noncurrent	28	7
Acquisition liability, noncurrent	5,425	750
Total Liabilities	<u>26,657</u>	<u>14,331</u>
Commitments and Contingencies	--	--
Mezzanine Equity		
Series 7 Convertible Preferred Stock - 58,750 shares authorized; 49,250 and - issued and outstanding as of September 30, 2021 and December 31, 2020, respectively. (Liquidation preference of \$49,250,000)	39,495	--
Stockholders' Equity		

Preferred Stock - \$0.001 par value; 5,000,000 shares authorized; Series 4 Convertible Preferred Stock - 10,415 shares authorized; 1 issued, and 1 outstanding as of September 30, 2021 and December 31, 2020, respectively; Series 5 Convertible Preferred Stock - 12,000 shares authorized; 126 issued, and 126 outstanding as of September 30, 2021 and December 31, 2020, respectively.	--	--
Common Stock - \$0.001 par value; 250,000,000 shares authorized; 124,593,720 and 53,178,462 issued and 124,593,719 and 53,178,461 outstanding as of September 30, 2021 and December 31, 2020, respectively.	125	53
Additional paid-in capital	335,940	225,613
Treasury stock, at cost, 1 share	(695)	(695)
Accumulated other comprehensive (loss) income	(352)	660
Accumulated deficit	<u>(212,593)</u>	<u>(180,992)</u>
Stockholders' Equity Attributable to Inpixon	122,425	44,639
Non-controlling interest	<u>2,460</u>	<u>41</u>
Total Stockholders' Equity	<u>124,885</u>	<u>44,680</u>
Total Liabilities, Mezzanine Equity and Stockholders' Equity	<u>\$ 191,037</u>	<u>\$ 59,011</u>

INPIXON AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except per share data)

	For the Three Months Ended,		For the Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Revenues	\$ 4,450	\$ 2,554	\$ 10,857	\$ 5,434
Cost of Revenues	1,186	645	2,966	1,459
Gross Profit	3,264	1,909	7,891	3,975
Operating Expenses				
Research and development	3,254	1,717	9,185	4,329
Sales and marketing	2,407	1,703	6,119	3,862
General and administrative	8,571	4,103	26,570	10,371
Acquisition related costs	93	344	1,098	540
Amortization of intangibles	1,395	288	3,088	1,811
Total Operating Expenses	15,720	8,155	46,060	20,913
Loss from Operations	(12,456)	(6,246)	(38,169)	(16,938)
Other Income (Expense)				
Interest income (expense), net	(15)	(537)	1,191	(1,934)
Loss on exchange of debt for equity	--	--	(30)	(132)
Benefit (provision) for valuation allowance on related party loan - held for sale	--	(679)	7,345	(1,514)
Other income (expense)	(47)	11	464	(488)
Gain on related party loan - held for sale	--	--	49,817	--
Unrealized loss on equity securities	(22,285)	--	(51,250)	--
Total Other Income (Expense)	(22,347)	(1,205)	7,537	(4,068)
Net Loss, before tax	(34,803)	(7,451)	(30,632)	(21,006)
Income tax benefit (provision)	854	--	(1,350)	87
Net Loss	(33,949)	(7,451)	(31,982)	(20,919)
Net (Loss) Income Attributable to Non-controlling Interest	(309)	16	(544)	25
Net Loss Attributable to Stockholders of Inpixon	\$ (33,640)	\$ (7,467)	\$ (31,438)	\$ (20,944)
Net Loss Per Share - Basic and Diluted	\$ (0.29)	\$ (0.18)	\$ (0.31)	\$ (0.90)
Weighted Average Shares Outstanding				
Basic and Diluted	117,753,206	41,544,961	102,387,641	23,203,004
Comprehensive Loss				
Net Loss	\$ (33,949)	\$ (7,451)	\$ (31,982)	\$ (20,919)
Unrealized foreign exchange (loss) gain from cumulative translation adjustments	(404)	69	(1,012)	(226)
Comprehensive Loss	\$ (34,353)	\$ (7,382)	\$ (32,994)	\$ (21,145)

INPIXON AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Nine Months Ended	
	September 30,	
	2021	2020
	(Unaudited)	
Cash Flows Used In Operating Activities		
Net loss	\$ (31,982)	\$ (20,919)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	970	568
Amortization of intangible assets	3,571	1,929
Amortization of right of use asset	527	322
Stock based compensation	8,813	941
Loss on exchange of debt for equity	30	132
Amortization of debt discount	224	2,272
Accrued interest income, related party	(1,627)	(32)
Provision for doubtful accounts	100	--
Unrealized gain on note	(638)	--
Provision for inventory obsolescence	300	--
(Recovery) provision for the valuation allowance for held for sale loan	(7,345)	1,514
Provision for the valuation allowance for related party receivable	--	648
Gain on settlement of related party promissory note and loan related party receivable	(49,817)	--
Deferred income tax	(4,507)	(87)
Unrealized loss on equity securities	51,250	--
Other	137	74
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	(678)	(1,111)
Inventory	(499)	(14)
Prepaid expenses and other current assets	(70)	(814)
Other assets	200	(20)
Accounts payable	(653)	(1,359)
Accrued liabilities	3,421	54
Income tax liabilities	3,471	--
Deferred revenue	1,214	224
Operating lease obligation	(519)	(325)
Other liabilities	89	453
Net Cash Used in Operating Activities	(24,018)	(15,550)
Cash Flows Used in Investing Activities		
Purchase of property and equipment	(258)	(546)
Purchases of capitalized software	(857)	(688)
Purchases of other short term investments	(2,000)	--
Sales of other short term investments	2,000	--
Purchases of treasury bills	(63,362)	--
Sales of treasury bills	28,000	--
Purchase of Systat licensing agreement	(900)	(2,200)
Issuance of note receivable	(268)	--
Acquisition of Ten Degrees	--	(1,500)
Acquisition of Game Your Game	184	--

Acquisition of CXApp	(15,186)	--
Acquisition of Visualix	(61)	--
Net Cash Used in Investing Activities	(52,708)	(4,934)
Cash From Financing Activities		
Net repayments to bank facility	--	(150)
Net proceeds from issuance of preferred stock and warrants	50,584	--
Net proceeds from issuance of common stock and warrants	77,853	44,041
Taxes paid related to net share settlement of restricted stock units	(1,687)	--
Net proceeds from notes payable	--	(74)
Loans to related party	(117)	(1,806)
Repayments from related party	--	292
Net proceeds from promissory notes	--	5,000
Repayment of CXApp acquisition liability	(241)	--
Repayment of acquisition liability to Nanotron shareholders	(467)	--
Repayment of acquisition liability to Locality shareholders	(500)	(250)
Net Cash Provided By Financing Activities	125,425	47,053
Effect of Foreign Exchange Rate on Changes on Cash	90	(42)
Net Increase in Cash and Cash Equivalents	48,789	26,527
Cash and Cash Equivalents - Beginning of period	17,996	4,849
Cash and Cash Equivalents - End of period	<u>\$ 66,785</u>	<u>\$ 31,376</u>

Reconciliation of Non-GAAP Financial Measures:

(In thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss attributable to common stockholders	(33,640)	(7,467)	(31,438)	(20,944)
Adjustments:				
Non-recurring one-time charges:				
Loss on exchange of debt for equity	-	-	30	132
(Recovery) provision for valuation allowance on held for sale loan	-	679	(7,345)	1,514
Provision for the valuation allowance related party receivable	-	-	-	648
Gain (loss) on related party loan held for sale	-	-	(49,817)	-
Unrealized loss on equity securities	22,285	-	51,250	-
Acquisition transaction/financing costs	93	344	1,098	540
Earnout Compensation Expense	835	-	2,893	-
Professional service fees	418	-	1,189	-
Unrealized gains on notes, loans, investments	(6)	-	(497)	-
Bad debts expense/provision	100	444	100	444
Reserve for inventory obsolescence	300	-	300	-
Stock-based compensation – compensation and related benefits	1,664	256	8,813	941
Severance costs	210	-	210	-
Interest expense, net	15	537	(1,191)	1,934
Income tax provision (benefit)	(854)	-	1,350	(87)
Depreciation and amortization	1,903	589	4,541	2,497
Adjusted EBITDA	<u>(6,677)</u>	<u>(4,618)</u>	<u>(18,514)</u>	<u>(12,381)</u>

(In thousands, except share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss attributable to common stockholders	(33,640)	(7,467)	(31,438)	(20,944)
Adjustments:				
Non-recurring one-time charges:				
Loss on exchange of debt for equity	-	-	30	132
(Recovery) provision for valuation allowance on held for sale loan	-	679	(7,345)	1,514
Provision for the valuation allowance related party receivable	-	-	-	648
Gain (loss) on related party loan held for sale	-	-	(49,817)	-
Unrealized loss on equity securities	22,285	-	51,250	-
Acquisition transaction/financing costs	93	344	1,098	540
Earnout Compensation Expense	835	-	2,893	-
Professional service fees	418	-	1,189	-
Unrealized gains on notes, loans, investments	(6)	-	(497)	-
Bad debts expense/provision	100	444	100	444
Reserve for inventory obsolescence	300	-	300	-
Stock-based compensation – compensation and related benefits	1,664	256	8,813	941
Severance costs	210	-	210	-
Amortization of intangibles	1,560	288	3,571	1,811
Proforma non-GAAP net loss	<u>(6,181)</u>	<u>(5,456)</u>	<u>(19,643)</u>	<u>(14,914)</u>
Proforma non-GAAP net loss per common share - basic and diluted	<u>(0.05)</u>	<u>(0.13)</u>	<u>(0.19)</u>	<u>(0.64)</u>
Weighted average basic and diluted common shares outstanding	<u>117,753,206</u>	<u>41,544,961</u>	<u>102,387,641</u>	<u>23,203,004</u>