

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

	December 31,	
	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 141	\$ 1,821
Accounts receivable, net	2,310	11,788
Notes and other receivables	183	362
Inventory	790	1,061
Prepaid licenses and maintenance contracts	4,638	13,321
Assets held for sale	23	23
Prepaid assets and other current assets	1,123	1,768
<b>Total Current Assets</b>	<b>9,208</b>	<b>30,144</b>
Prepaid licenses and maintenance contracts, non-current	2,264	5,169
Property and equipment, net	520	1,385
Software development costs, net	2,017	2,058
Intangible assets, net	12,678	17,691
Goodwill	636	9,028
Other assets	368	998
<b>Total Assets</b>	<b>\$ 27,691</b>	<b>\$ 66,473</b>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 25,834	\$ 23,027
Accrued liabilities	5,421	3,959
Deferred revenue	5,611	15,043
Short-term debt	3,058	6,887
Derivative liabilities	48	210
Liabilities held for sale	2059	2,041
<b>Total Current Liabilities</b>	<b>42,031</b>	<b>51,167</b>
<b>Long Term Liabilities</b>		
Deferred revenue, non-current	2,636	5,960
Long-term debt	767	4,047
Other liabilities	113	371
Acquisition liability - Integrio	997	1,648
Acquisition liability - LightMiner	--	567
<b>Total Liabilities</b>	<b>46,544</b>	<b>63,760</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' (Deficit) Equity:</b>		
Preferred Stock - \$0.001 par value; 5,000,000 shares authorized, 0 issued and outstanding as of December 31, 2017 and 2016	--	--
Convertible Series 1 Preferred Stock - \$1,000 stated value, 5,000,000 shares authorized; 0 issued and outstanding at December 31, 2017 and 2,250 issued and outstanding at December 31, 2016		
Liquidation preference of \$0 at December 31, 2017 and \$2,250,000 at December 31, 2016.	--	1,340
Series 2 Convertible Preferred Stock - \$1,000 stated value; 4,669 shares authorized; 0 issued and outstanding at December 31, 2017 and December 31, 2016		
Liquidation preference of \$0 at December 31, 2017 and December 31, 2016.	--	--
Common Stock - \$0.001 par value; 50,000,000 shares authorized; 962,197 and 72,397 issued and 961,666 and 71,866 outstanding		

at December 31, 2017 and December 31, 2016, respectively	1	2
Additional paid-in capital	78,302	64,148
Treasury stock, at cost, 15,922 shares	(695)	(695)
Due from Sysorex Consulting Inc.	--	(666)
Accumulated other comprehensive income	31	52
Accumulated deficit	<u>(94,486)</u>	<u>(59,473)</u>
Stockholders' (Deficit) Equity attributable to Inpixon	<u>(16,847)</u>	<u>4,708</u>
Non-controlling interest	<u>(2,006)</u>	<u>(1,995)</u>
<b>Total Stockholders' (Deficit) Equity</b>	<u><u>(18,853)</u></u>	<u><u>2,713</u></u>
<b>Total Liabilities and Stockholders' (Deficit) Equity</b>	<u><u>\$ 27,691</u></u>	<u><u>\$ 66,473</u></u>

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

	For the Years Ended	
	December 31,	
	2017	2016
<b>Revenues</b>		
Products	\$ 33,928	\$ 37,510
Services	11,206	15,657
<b>Total Revenues</b>	<u>45,134</u>	<u>53,167</u>
<b>Cost of Revenues</b>		
Products	28,804	29,025
Services	5,508	9,215
<b>Total Cost of Revenues</b>	<u>34,312</u>	<u>38,240</u>
<b>Gross Profit</b>	10,822	14,927
<b>Operating Expenses</b>		
Research and development	1,813	2,277
Sales and marketing	6,578	8,500
General and administrative	18,507	15,269
Acquisition related costs	5	876
Impairment of goodwill	8,392	7,400
Amortization of intangibles	5,012	4,328
<b>Total Operating Expenses</b>	<u>40,307</u>	<u>38,650</u>
<b>Loss from Operations</b>	(29,485)	(23,723)
<b>Other Income (Expense)</b>		
Interest expense	(3,821)	(1,743)
Change in fair value of shares to be issued	--	13
Change in fair value of derivative liability	555	51
Reserve for the recoverability of note receivable	--	(1,077)
Extinguishment loss for debt modification	(1,523)	--
Other expense	(721)	(266)
<b>Total Other Income (Expense)</b>	<u>(5,510)</u>	<u>(3,022)</u>
<b>Net Loss from Continuing Operations</b>	(34,995)	(26,745)
<b>Loss from Discontinued Operations, Net of Tax</b>	<u>(35)</u>	<u>(758)</u>
<b>Net Loss</b>	(35,030)	(27,503)
<b>Net Loss Attributable to Non-controlling Interest</b>	<u>(17)</u>	<u>(389)</u>
<b>Net Loss Attributable to Stockholders of Inpixon</b>	<u>\$ (35,013)</u>	<u>\$ (27,114)</u>
Deemed dividend to preferred stockholders	(756)	--
<b>Net Loss Attributable to Common Stockholders</b>	<u>\$ (35,769)</u>	<u>\$ (27,114)</u>
<b>Net Loss Per Basic and Diluted Common Share</b>		
Loss from continuing operations	\$ (137.72)	\$ (461.89)
Loss from discontinued operations	(0.07)	(13.09)
<b>Net Loss Per Share - Basic and Diluted</b>	<u>\$ (137.79)</u>	<u>\$ (468.26)</u>
<b>Weighted Average Shares Outstanding</b>		
Basic and Diluted	<u>259,596</u>	<u>57,904</u>
<b>Comprehensive Loss</b>		
Net Loss	(35,030)	(27,503)
Unrealized foreign exchange gain/(loss) from cumulative translation adjustments	(21)	21
<b>Comprehensive Loss</b>	<u>\$ (35,051)</u>	<u>\$ (27,482)</u>

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

	For the Years Ended	
	December 31,	
	2017	2016
<b>Cash Flows From Operating Activities</b>		
Net loss	\$ (35,030)	\$ (27,503)
Adjustment to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,882	1,333
Amortization of intangible assets	5,012	4,328
Impairment of goodwill	8,392	7,400
Stock based compensation	1,533	1,377
Change in fair value of shares to be issued	--	(13)
Amortization of technology	66	133
Change in fair value of derivative liability	(555)	(51)
Amortization of debt discount	2,110	491
Amortization of deferred financing costs	451	--
Provision for doubtful accounts	952	93
Other	379	62
Forgiveness of debt	635	--
Extinguishment loss for debt modification	1,523	--
Gain on the settlement of liabilities	(430)	(1,541)
Exchange of warrants for shares	434	--
Reserve for settlement of bond	--	749
Reserve for note receivable	--	1,077
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	8,706	2,968
Inventory	270	(305)
Other current assets	645	66
Prepaid licenses and maintenance contracts	11,588	(232)
Other assets	114	(711)
Accounts payable	5,414	6,907
Accrued liabilities	1,806	623
Deferred revenue	(12,756)	(10)
Other liabilities	(822)	(29)
Total Adjustments	<u>37,349</u>	<u>24,715</u>
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>2,319</b>	<b>(2,788)</b>
<b>Cash Flows Used in Investing Activities</b>		
Purchase of property and equipment	(101)	(526)
Investment in capitalized software	(1,254)	(1,576)
Cash acquired in Integrio Technologies acquisition	--	189
Investment in Integrio Technologies	--	(753)
Investment in Sysorex India	37	--
<b>Net Cash Flows Used in Investing Activities</b>	<b>(1,318)</b>	<b>(2,666)</b>
<b>Cash Flows From Financing Activities</b>		
Net proceeds from convertible promissory notes	2,000	--
Repayment of convertible promissory notes	(2,662)	--
Net repayments to bank facility	(5,576)	(1,863)
Repayment of term loan	--	(1,611)
Net proceeds from issuance of common stock, preferred stock and warrants	6,581	1,734
Repayment of debenture	(4,691)	--
Repayment of notes payable	(57)	(66)
Advances to related party	--	(3)
Advances from related party	--	3
Proceeds from debenture and convertible preferred stock	--	5,000
Proceeds from notes received	1,745	--
<b>Net Cash (Used in) Provided By Financing Activities</b>	<b>(2,660)</b>	<b>3,194</b>
<b>Effect of Foreign Exchange Rate on Changes on Cash</b>	<b>(21)</b>	<b>21</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,680)</b>	<b>(2,239)</b>
<b>Cash and Cash Equivalents - Beginning of Period</b>	<b>1,821</b>	<b>4,060</b>
<b>Cash and Cash Equivalents - End of Period</b>	<b>\$ 141</b>	<b>\$ 1,821</b>

## Reconciliation of Non-GAAP Financial Measures:

(In thousands)	Year Ended	
	December 31,	
	2017	2016
Net loss attributable to common stockholders	\$ (35,013)	\$ (27,114)
Adjustments:		
Non-recurring one-time charges:		
Acquisition transaction/financing costs	5	876
Costs associated with public offering	212	4
Impairment of goodwill	8,392	7,400
Gain on earnout	(561)	--
Change in the fair value of shares to be issued	--	(13)
Change in the fair value of derivative liability	(555)	(51)
Severance	27	55
Stock based compensation - acquisition costs	7	--
Provision for doubtful accounts	952	685
Reserve for recoverability of note receivable	--	1,077
Gain on the settlement of obligations	(430)	(1,541)
Exchange of warrants for shares	434	--
Extinguishment Loss for debt modification	1,523	--
Debt forgiveness	635	--
Stock-based compensation – compensation and related benefits	1,526	1,377
Interest expense	3,821	1,743
Depreciation and amortization	6,895	5,662
Adjusted EBITDA	<u>\$ (12,130)</u>	<u>\$ (9,840)</u>

(In thousands, except share data)	Year Ended	
	December 31,	
	2017	2016
Net loss attributable to common stockholders	\$ (35,013)	\$ (27,114)
Adjustments:		
Non-recurring one-time charges:		
Acquisition transaction/financing costs	5	876
Costs associated with public offering	212	4
Impairment of goodwill	8,392	7,400
Gain on earnout	(561)	--
Change in the fair value of shares to be issued	--	(13)
Change in the fair value of derivative liability	(555)	(51)
Severance	27	55
Stock based compensation - acquisition costs	7	--
Provision for doubtful accounts	952	685
Reserve for recoverability of note receivable	--	1,077
Gain on the settlement of obligations	(430)	(1,541)
Exchange of warrants for shares	434	--
Extinguishment Loss for debt modification	1,523	--
Debt Forgiveness	635	--
Stock-based compensation – compensation and related benefits	1,526	1,377
Amortization of intangibles	5,012	4,328
Proforma non-GAAP net loss	<u>\$ (17,834)</u>	<u>\$ (12,917)</u>
Proforma non-GAAP net loss per basic and diluted common share	<u>\$ (68.70)</u>	<u>\$ (223.08)</u>
Weighted average basic and diluted common shares outstanding	<u>259,596</u>	<u>57,904</u>