

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

	As of	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,830	\$ 1,008
Accounts receivable, net	1,748	1,280
Notes and other receivables	68	4
Inventory	698	568
Prepaid assets and other current assets	436	496
Total Current Assets	6,780	3,356
Property and equipment, net	133	202
Operating lease right-of-use asset, net	563	--
Software development costs, net	1,705	1,690
Intangible assets, net	3,697	4,509
Loan to related party	7,026	2,204
Other assets	218	217
Total Assets	\$ 20,122	\$ 12,178
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1,118	\$ 1,129
Accrued liabilities	1,281	1,792
Operating lease obligation	331	--
Deferred revenue	173	234
Short-term debt	3,970	4,127
Total Current Liabilities	6,873	7,282
Long Term Liabilities		
Long-term debt	73	74
Operating lease obligations, noncurrent	268	--
Other liabilities	--	19
Total Liabilities	7,214	7,375
Commitments and Contingencies		
Stockholders' Equity:		
Preferred Stock - \$0.001 par value; 5,000,000 shares authorized, consisting of Series 4 Convertible Preferred Stock - 10,185 shares authorized; 1 and 1 issued, and 1 and 1 outstanding as of March 31, 2019 and December 31, 2018, respectively, and Series 5 Convertible Preferred Stock - 12,000 shares authorized; 1,938 and 0 issued, and 1,938 and 0 outstanding as of March 31, 2019 and December 31, 2018, respectively.	--	--
Common Stock - \$0.001 par value; 250,000,000 shares authorized; 6,987,950 and 1,581,893 issued and 6,987,937 and 1,581,880 outstanding as of March 31, 2019 and December 31, 2018, respectively.	7	2
Additional paid-in capital	136,482	123,224
Treasury stock, at cost, 13 shares	(695)	(695)
Accumulated other comprehensive income	18	26
Accumulated deficit (excluding \$2,442 reclassified to additional paid in capital in quasi-reorganization)	(122,917)	(117,772)
Stockholders' Equity Attributable to Inpixon	12,895	4,785
Non-controlling interest	13	18
Total Stockholders' Equity	12,908	4,803
Total Liabilities and Stockholders' Equity	\$ 20,122	\$ 12,178

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

	For the Three Months Ended	
	March 31,	
	2019	December 31, 2018
	(Unaudited)	
Revenues	1,363	849
Cost of Revenues	337	265
Gross Profit	1,026	584
Operating Expenses		
Research and development	956	271
Sales and marketing	633	333
General and administrative	3,351	2,940
Acquisition related costs	137	16
Amortization of intangibles	812	804
Total Operating Expenses	5,889	4,364
Loss from Operations	(4,863)	(3,780)
Other Income (Expense)		
Interest expense	(356)	(822)
Change in fair value of derivative liability	--	48
Gain on the sale of Sysorex Arabia	--	23
Other income/(expense)	69	(1)
Total Other Income (Expense)	(287)	(752)
Net Loss from Continuing Operations	(5,150)	(4,532)
Loss from Discontinued Operations, Net of Tax	--	(1,711)
Net Loss	(5,150)	(6,243)
Net Loss Attributable to Non-controlling Interest	(5)	--
Net Loss Attributable to Stockholders of Inpixon	\$ (5,145)	\$ (6,243)
Deemed dividend to preferred stockholders	--	(1,508)
Deemed dividend for triggering of warrant down round feature	(1,250)	--
Net Loss Attributable to Common Stockholders	\$ (6,395)	\$ (7,751)
Net Loss Per Basic and Diluted Common Share		
Loss from continuing operations	\$ (1.42)	\$ (57.57)
Loss from discontinued operations	--	(16.31)
Net Loss Per Share - Basic and Diluted	\$ (1.42)	\$ (73.88)
Weighted Average Shares Outstanding		
Basic and Diluted	4,495,536	104,915
Comprehensive Loss		
Net Loss	\$ (5,150)	\$ (6,243)
Unrealized foreign exchange gain/(loss) from cumulative translation adjustments	(8)	(21)
Comprehensive Loss	\$ (5,158)	\$ (6,264)

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

	For the Three Months Ended	
	March 31,	
	2019	2018
	(Unaudited)	
Cash Flows (Used In) From Operating Activities		
Net loss	\$ (5,150)	\$ (6,243)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	231	513
Amortization of intangible assets	812	1,323
Amortization of right of use asset	83	--
Adoption of accounting standards	--	1,288
Stock based compensation	890	286
Amortization of technology	17	17
Change in fair value of derivative liability	--	(48)
Amortization of debt discount	250	417
Provision for doubtful accounts	105	116
Gain on earnout	--	(577)
Gain on the settlement of liabilities	--	(133)
Gain on the sale of Sysorex Arabia	--	(23)
Other	79	--
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	(639)	958
Inventory	(130)	(72)
Other current assets	61	(521)
Prepaid licenses and maintenance contracts	--	6,902
Other assets	(100)	--
Accounts payable	(12)	(3,680)
Accrued liabilities	77	(3,272)
Deferred revenue	(62)	(8,220)
Other liabilities	(5)	(7)
Total Adjustments	1,657	(4,733)
Net Cash Used in Operating Activities	(3,493)	(10,976)
Cash Flows Used in Investing Activities		
Purchase of property and equipment	(16)	(11)
Investment in capitalized software	(239)	(156)
Net Cash Flows Used in Investing Activities	(255)	(167)
Cash Flows From (Used in) Financing Activities		
Net repayments to bank facility	(23)	(1,128)
Net proceeds from issuance of common stock, preferred stock and warrants	10,859	18,944
Repayment of notes payable	(1)	(113)
Advances to related party	(4,909)	--
Repayments from related party	652	--
Net Cash Provided By Financing Activities	6,578	17,703
Effect of Foreign Exchange Rate on Changes on Cash	(8)	(7)
Net Increase in Cash, Cash Equivalents and Restricted Cash	2,822	6,553
Cash, Cash Equivalents and Restricted Cash - Beginning of period	1,148	351
Cash, Cash Equivalents and Restricted Cash - End of period	\$ 3,970	\$ 6,904

Reconciliation of Non-GAAP Financial Measures:

(In thousands)	Three Months Ended	
	March 31,	
	2019	2018
Net loss attributable to common stockholders	\$ (6,395)	\$ (7,751)
Adjustments:		
Non-recurring one-time charges:		
Acquisition transaction/financing costs	137	16
Costs associated with public offering	--	81
Gain on the settlement of obligations	--	(133)
Gain on earnout	--	(577)
Gain on the sale of Sysorex Arabia	--	(23)
Change in the fair value of derivative liability	--	(48)
Provision for doubtful accounts	105	116
Severance	--	15
Settlement of litigation	6	--
Deemed dividend to preferred stockholders	--	1,508
Deemed dividend for triggering of warrant down round feature	1,250	--
Stock-based compensation – compensation and related benefits	890	286
Interest expense	356	1,283
Depreciation and amortization	1,043	1,836
Adjusted EBITDA	<u>\$ (2,608)</u>	<u>\$ (3,391)</u>

(In thousands, except share data)	Three Months Ended	
	March 31,	
	2019	2018
Net loss attributable to common stockholders	\$ (6,395)	\$ (7,751)
Adjustments:		
Non-recurring one-time charges:		
Acquisition transaction/financing costs	137	16
Costs associated with public offering	--	81
Gain on the settlement of obligations	--	(133)
Gain on earnout	--	(577)
Gain on the sale of Sysorex Arabia	--	(23)
Change in the fair value of derivative liability	--	(48)
Provision for doubtful accounts	105	116
Severance	--	15
Settlement of litigation	6	--
Deemed dividend to preferred stockholders	--	1,508
Deemed dividend for triggering of warrant down round feature	1,250	--
Stock-based compensation – compensation and related benefits	890	286
Amortization of intangibles	812	1,322
Proforma non-GAAP net loss	<u>\$ (3,195)</u>	<u>\$ (5,188)</u>
Proforma non-GAAP net loss per basic and diluted common share	<u>\$ (0.71)</u>	<u>\$ (49.45)</u>
Weighted average basic and diluted common shares outstanding	<u>4,495,536</u>	<u>104,915</u>