

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

	As of	
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 39,458	\$ 4,777
Accounts receivable, net	1,155	1,108
Notes and other receivables	160	74
Inventory	378	400
Prepaid assets and other current assets	1,306	406
Total Current Assets	42,457	6,765
Property and equipment, net	122	145
Operating lease right-of-use asset, net	1,191	1,585
Software development costs, net	1,632	1,544
Intangible assets, net	8,987	8,400
Goodwill	2,318	2,070
Receivable from related party	--	616
Other assets	105	94
Total Assets	\$ 56,812	\$ 21,219
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 630	\$ 2,383
Accrued liabilities	1,254	1,863
Operating lease obligation	589	776
Deferred revenue	1,509	912
Short-term debt	5,523	7,304
Acquisition liability	2,950	502
Total Current Liabilities	12,455	13,740
Long Term Liabilities		
Operating lease obligations, noncurrent	623	837
Other liabilities	7	7
Deferred tax liability, noncurrent	--	87
Acquisition liability, noncurrent	--	500
Total Liabilities	13,085	15,171
Commitments and Contingencies		
Stockholders' Equity		
Preferred Stock - \$0.001 par value; 5,000,000 shares authorized, consisting of Series 4 Convertible Preferred Stock - 10,415 shares authorized; 1 and 1 issued, and 1 and 1 outstanding as of June 30, 2020 and December 31, 2019, respectively, Series 5 Convertible Preferred Stock - 12,000 shares authorized; 126 and 126 issued, and 126 and 126 outstanding as of June 30, 2020 and December 31, 2019, respectively.	--	--
Common Stock - \$0.001 par value; 250,000,000 shares authorized; 40,175,002 and 4,234,923 issued and 40,175,001 and 4,234,922 outstanding as of June 30, 2020 and December 31, 2019, respectively.	40	4
Additional paid-in capital	209,789	158,382
Treasury stock, at cost, 1 share	(695)	(695)
Accumulated other comprehensive income	(199)	94
Accumulated deficit (excluding \$2,442 reclassified to additional paid in capital in quasi-reorganization)	(165,242)	(151,763)
Stockholders' Equity Attributable to Inpixon	43,693	6,022
Non-controlling interest	34	26
Total Stockholders' Equity	43,727	6,048
Total Liabilities and Stockholders' Equity	\$ 56,812	\$ 21,219

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Revenues	\$ 1,076	\$ 1,491	\$ 2,880	\$ 2,854
Cost of Revenues	305	391	814	727
Gross Profit	771	1,100	2,066	2,127
Operating Expenses				
Research and development	1,278	796	2,612	1,752
Sales and marketing	1,468	681	2,159	1,314
General and administrative	2,476	3,018	6,268	6,368
Acquisition related costs	169	510	196	647
Amortization of intangibles	508	820	1,524	1,633
Total Operating Expenses	5,899	5,825	12,759	11,714
Loss from Operations	(5,128)	(4,725)	(10,693)	(9,587)
Other Income (Expense)				
Interest expense, net	(777)	(509)	(1,397)	(865)
Provision for valuation allowance on held for sale loan	(835)	--	(835)	--
Loss on exchange of debt for equity	(47)	(160)	(132)	(160)
Other income (expense)	(517)	163	(499)	232
Total Other Income (Expense)	(2,176)	(506)	(2,863)	(793)
Net Loss from Operations, before tax	(7,304)	(5,231)	(13,556)	(10,380)
Income tax benefit	--	--	87	--
Net Loss	(7,304)	(5,231)	(13,469)	(10,380)
Net Income Attributable to Non-controlling Interest	19	9	9	4
Net Loss Attributable to Stockholders of Inpixon	\$ (7,323)	\$ (5,240)	\$ (13,478)	\$ (10,384)
Deemed dividend for triggering of warrant down round feature	--	--	--	(1,250)
Net Loss Attributable to Common Stockholders	\$ (7,323)	\$ (5,240)	\$ (13,478)	\$ (11,634)
Net Loss Per Share - Basic and Diluted	\$ (0.32)	\$ (25.47)	\$ (0.97)	\$ (75.99)
Weighted Average Shares Outstanding				
Basic and Diluted	22,823,976	205,730	13,931,245	153,108
Comprehensive Loss				
Net Loss	\$ (7,304)	\$ (5,231)	\$ (13,469)	\$ (10,380)
Unrealized foreign exchange gain/(loss) from cumulative translation adjustments	318	39	(295)	31
Comprehensive Loss	\$ (6,986)	\$ (5,192)	\$ (13,764)	\$ (10,349)

INPIXON AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the Six Months Ended	
	June 30,	
	2020	2019
	(Unaudited)	
Cash Flows Used In Operating Activities		
Net loss	\$ (13,469)	\$ (10,380)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	384	527
Amortization of intangible assets	1,524	1,633
Amortization of right of use asset	356	164
Stock based compensation	685	1,748
Amortization of technology	--	33
Loss on exchange of debt for equity	132	160
Amortization of debt discount	1,909	798
Accrued interest income, related party	(32)	--
Provision for doubtful accounts	--	105
Provision for the valuation allowance held for sale loan	835	--
Provision for the valuation allowance related party receivable	648	--
Income tax benefit	(87)	--
Other	21	26
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	(107)	(1,198)
Inventory	22	(109)
Other current assets	(905)	55
Other assets	(13)	(182)
Accounts payable	(1,539)	132
Accrued liabilities	(593)	53
Deferred revenue	105	(67)
Operating lease liabilities	(362)	--
Other liabilities	117	(66)
Total Adjustments	<u>3,100</u>	<u>3,812</u>
Net Cash Used in Operating Activities	<u>(10,369)</u>	<u>(6,568)</u>
Cash Flows Used in Investing Activities		
Purchase of property and equipment	(39)	(44)
Investment in capitalized software	(433)	(465)
Investment in GTX	--	(250)
Investment in Locality	--	(204)
Net Cash Flows Used in Investing Activities	<u>(472)</u>	<u>(963)</u>
Cash Flows From Financing Activities		
Net repayments to bank facility	(150)	(23)
Net proceeds from issuance of common stock, preferred stock and warrants	--	10,859
Net proceeds from issuance of common stock	41,771	--
Net proceeds from notes payable	1	--
Repayment of notes payable	--	(1)
Loans to related party	(1,035)	(8,945)
Repayments from related party	200	1,683
Net proceeds from promissory notes	5,000	4,500
Repayment of acquisition liability to Locality shareholders	(250)	--
Net Cash Provided By Financing Activities	<u>45,537</u>	<u>8,073</u>
Effect of Foreign Exchange Rate on Changes on Cash	(15)	31
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	34,681	573
Cash, Cash Equivalents and Restricted Cash - Beginning of period	<u>4,849</u>	<u>1,218</u>
Cash, Cash Equivalents and Restricted Cash - End of period	<u>\$ 39,530</u>	<u>\$ 1,791</u>

Reconciliation of Non-GAAP Financial Measures:

(In thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net loss attributable to common stockholders	\$ (7,323)	\$ (5,240)	\$ (13,478)	\$ (11,634)
Adjustments:				
Non-recurring one-time charges:				
Loss on exchange of debt for equity	47	160	132	160
Provision for valuation allowance on held for sale loan	835	--	835	--
Provision for the valuation allowance related party receivable	648	--	648	--
Settlement of litigation	--	--	--	6
Acquisition transaction/financing costs	169	510	196	647
Costs associated with public offering	--	50	--	50
Severance	--	100	--	100
Provision for doubtful accounts	--	--	--	105
Deemed dividend for triggering of warrant down round feature	--	--	--	1,250
Stock-based compensation – compensation and related benefits	286	858	685	1,748
Interest expense, net	777	508	1,397	864
Depreciation and amortization	682	1,117	1,908	2,160
Income tax benefit	--	(2)	(87)	(2)
Adjusted EBITDA	<u>\$ (3,879)</u>	<u>\$ (1,939)</u>	<u>\$ (7,764)</u>	<u>\$ (4,546)</u>

(In thousands, except share data)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net loss attributable to common stockholders	\$ (7,323)	\$ (5,240)	\$ (13,478)	\$ (11,634)
Adjustments:				
Non-recurring one-time charges:				
Loss on exchange of debt for equity	47	160	132	160
Provision for valuation allowance on held for sale loan	835	--	835	--
Provision for the valuation allowance related party receivable	648	--	648	--
Settlement of litigation	--	--	--	6
Acquisition transaction/financing costs	169	510	196	647
Costs associated with public offering	--	50	--	50
Severance	--	100	--	100
Provision for doubtful accounts	--	--	--	105
Deemed dividend for triggering of warrant down round feature	--	--	--	1,250
Stock-based compensation – compensation and related benefits	286	858	685	1,748
Amortization of intangibles	508	820	1,524	1,633
Proforma non-GAAP net loss	<u>\$ (4,830)</u>	<u>\$ (2,742)</u>	<u>\$ (9,458)</u>	<u>\$ (5,935)</u>
Proforma non-GAAP net loss per basic and diluted common share	<u>\$ (0.21)</u>	<u>\$ (13.33)</u>	<u>\$ (0.68)</u>	<u>\$ (38.76)</u>
Weighted average basic and diluted common shares outstanding	<u>22,823,976</u>	<u>205,730</u>	<u>13,931,245</u>	<u>153,108</u>