

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

	As of	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 494	\$ 1,008
Accounts receivable, net	2,451	1,280
Notes and other receivables	219	4
Inventory	764	568
Prepaid assets and other current assets	607	496
Total Current Assets	4,535	3,356
Property and equipment, net	138	202
Operating lease right-of-use asset, net	736	--
Software development costs, net	1,566	1,690
Intangible assets, net	9,338	4,509
Goodwill	3,097	--
Loan to related party	10,366	2,204
Receivable from related party	601	--
Other assets	114	217
Total Assets	\$ 30,491	\$ 12,178
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 2,333	\$ 1,129
Accrued liabilities	1,401	1,792
Operating lease obligation	440	--
Deferred revenue	1,051	234
Short-term debt	10,059	4,127
Acquisition liability	952	--
Total Current Liabilities	16,236	7,282
Long Term Liabilities		
Long-term debt	--	74
Operating lease obligations, noncurrent	317	--
Other liabilities	7	19
Deferred tax liability, noncurrent	1,696	--
Acquisition liability, noncurrent	750	--
Total Liabilities	19,006	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 - 10,415 shares authorized; 1 and 1 issued, and 1 and 1 outstanding as of September 30, 2019 and December 31, 2018, respectively, Series 5 Convertible Preferred Stock - 12,000 shares authorized; 126 and 0 issued, and 126 and 0 outstanding as of September 30, 2019 and December 31, 2018, respectively; and Series 6 Convertible preferred stock - 2,997 shares authorized; and 0 and 0 issued, and 0 and 0 outstanding as of September 30, 2019 and December 31, 2018, respectively.	--	--
Common Stock - \$0.001 par value; 250,000,000 shares authorized; 50,518,513 and 1,581,893 issued and 50,518,500 and 1,581,880 outstanding as of September 30, 2019 and December 31, 2018, respectively.	51	2
Additional paid-in capital	146,854	123,224
Treasury stock, at cost, 13 shares	(695)	(695)
Accumulated other comprehensive income	(10)	26
Accumulated deficit (excluding \$2,442 reclassified to additional paid in capital in quasi-reorganization)	(134,741)	(117,772)
Stockholders' Equity Attributable to Inpixon	11,459	4,785
Non-controlling interest	26	18
Total Stockholders' Equity	11,485	4,803
Total Liabilities and Stockholders' Equity	\$ 30,491	\$ 12,178

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,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Revenues	\$ 1,534	\$ 940	\$ 4,387	\$ 2,627
Cost of Revenues	382	298	1,109	818
Gross Profit	1,152	642	3,278	1,809
Operating Expenses				
Research and development	926	296	2,677	820
Sales and marketing	847	447	2,161	1,259
General and administrative	3,521	2,326	9,890	8,796
Acquisition related costs	573	78	1,220	94
Amortization of intangibles	969	812	2,602	2,419
Total Operating Expenses	6,836	3,959	18,550	13,388
Loss from Operations	(5,684)	(3,317)	(15,272)	(11,579)
Other Income (Expense)				
Interest expense	(1,190)	(78)	(2,053)	(981)
Loss on exchange of debt for equity	(27)	--	(188)	--
Change in fair value of derivative liability	--	--	--	48
Gain on the sale of Sysorex Arabia	--	--	--	23
Other income/(expense)	289	--	518	(11)
Total Other Income (Expense)	(928)	(78)	(1,723)	(921)
Net Loss from Continuing Operations, before tax	(6,612)	(3,395)	(16,995)	(12,500)
Income tax benefit	33	--	35	--
Net Loss from Continuing Operations	(6,579)	(3,395)	(16,960)	(12,500)
Loss from Discontinued Operations, Net of Tax	--	(1,785)	--	(4,778)
Net Loss	(6,579)	(5,180)	(16,960)	(17,278)
Net Income Attributable to Non-controlling Interest	5	4	9	6
Net Loss Attributable to Stockholders of Impixon	\$ (6,584)	\$ (5,184)	\$ (16,969)	\$ (17,284)
Deemed dividend to preferred stockholders	--	--	--	(11,235)
Deemed dividend for triggering of warrant down round feature	--	--	(1,250)	--
Net Loss Attributable to Common Stockholders	\$ (6,584)	\$ (5,184)	\$ (18,219)	\$ (28,519)
Net Loss Per Basic and Diluted Common Share				
Loss from continuing operations	\$ (0.28)	\$ (3.17)	\$ (1.46)	\$ (45.97)
Loss from discontinued operations	--	(1.67)	--	(9.25)
Net Loss Per Share - Basic and Diluted	\$ (0.28)	\$ (4.84)	\$ (1.46)	\$ (55.24)
Weighted Average Shares Outstanding				
Basic and Diluted	23,366,543	1,071,310	12,442,450	516,302
Comprehensive Loss				
Net Loss	\$ (6,579)	\$ (5,180)	\$ (16,960)	\$ (17,278)
Unrealized foreign exchange gain/(loss) from cumulative translation adjustments	(67)	(10)	(36)	(15)
Comprehensive Loss	\$ (6,646)	\$ (5,190)	\$ (16,996)	\$ (17,293)

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

	For the Nine Months Ended	
	September 30,	
	2019	2018
	(Unaudited)	
Cash Flows (Used In) from Operating Activities		
Net loss	\$ (16,960)	\$ (17,278)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	826	1,334
Amortization of intangible assets	2,602	3,804
Amortization of right of use asset	267	--
Stock based compensation	2,618	979
Amortization of technology	50	50
Loss on exchange of debt for equity	188	--
Change in fair value of derivative liability	--	(48)
Amortization of debt discount	1,543	417
Provision for doubtful accounts	358	221
Gain on earnout	--	(934)
Gain on the settlement of liabilities	--	(307)
Gain on the sale of Sysorex Arabia	--	(23)
Income tax benefit	(35)	--
Other	23	(37)
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	(1,241)	207
Inventory	(194)	(19)
Other current assets	(45)	54
Prepaid licenses and maintenance contracts	--	(5)
Other assets	(284)	(36)
Accounts payable	1,140	(8,797)
Accrued liabilities	56	(3,057)
Deferred revenue	(369)	64
Other liabilities	400	(44)
Total Adjustments	<u>7,903</u>	<u>(6,177)</u>
Net Cash Used in Operating Activities	<u>(9,057)</u>	<u>(23,455)</u>
Cash Flows Used in Investing Activities		
Purchase of property and equipment	(58)	(39)
Investment in capitalized software	(658)	(661)
Investment in Athentek	--	(175)
Cash spun off as a result of de-consolidation	--	(362)
Cash paid for acquisition of GTX	(250)	--
Cash paid for acquisition of Locality	(204)	--
Cash paid for acquisition of Jibestream	(3,714)	--
Net Cash Flows Used in Investing Activities	<u>(4,884)</u>	<u>(1,237)</u>
Cash Flows From (Used in) Financing Activities		
Net repayments to bank facility	237	(1,141)
Net proceeds from issuance of common stock, preferred stock and warrants	14,791	27,961
Repayment of notes payable	(71)	(113)
Loans to related party	(9,866)	(774)
Repayments from related party	1,683	24
Advances to related party	(15)	--
Loan to Jibestream	(141)	--
Loan to GTX	(50)	--
Net proceeds from promissory notes	6,750	--
Net Cash Provided By Financing Activities	<u>13,318</u>	<u>25,957</u>
Effect of Foreign Exchange Rate on Changes on Cash	(36)	(15)
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	(659)	1,250
Cash, Cash Equivalents and Restricted Cash - Beginning of period	<u>1,224</u>	<u>351</u>
Cash, Cash Equivalents and Restricted Cash - End of period	<u>\$ 565</u>	<u>\$ 1,601</u>

Reconciliation of Non-GAAP Financial Measures:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Net loss attributable to common stockholders	\$ (6,584)	\$ (5,184)	\$ (18,219)	(28,519)
Adjustments:				
Non-recurring one-time charges:				
Acquisition transaction/financing costs	573	78	1,220	94
Costs associated with public offering	--	4	50	85
Gain on the settlement of obligations	--	(45)	--	(307)
Gain on earnout	--	--	--	(934)
Gain on the sale of Sysorex Arabia	--	--	--	(23)
Gain on the sale of contracts	--	--	--	(601)
Change in the fair value of derivative liability	--	--	--	(48)
Provision for doubtful accounts	253	--	358	221
Severance	26	--	126	15
Settlement of litigation	--	--	6	--
Loss on exchange of debt for equity	27	--	188	--
Deemed dividend to preferred stockholders	--	--	--	11,235
Deemed dividend for triggering of warrant down round feature	--	--	1,250	--
Stock-based compensation – compensation and related benefits	871	122	2,618	979
Interest expense	1,190	146	2,054	1,784
Depreciation and amortization	1,268	1,452	3,428	5,138
Income tax benefit	(33)	--	(35)	--
Adjusted EBITDA	\$ (2,409)	\$ (3,427)	\$ (6,956)	\$ (10,881)

(In thousands, except share data)	Three Months Ended		Nine Months Ended	
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Net loss attributable to common stockholders	\$ (6,584)	\$ (5,184)	\$ (18,219)	\$ (28,519)
Adjustments:				
Non-recurring one-time charges:				
Acquisition transaction/financing costs	573	78	1,220	94
Costs associated with public offering	--	4	50	85
Gain on the settlement of obligations	--	(45)	--	(307)
Gain on earnout	--	--	--	(934)
Gain on the sale of Sysorex Arabia	--	--	--	(23)
Gain on the sale of contracts	--	--	--	(601)
Change in the fair value of derivative liability	--	--	--	(48)
Provision for doubtful accounts	253	--	358	221
Severance	26	--	126	15
Settlement of litigation	--	--	6	--
Loss on exchange of debt for equity	27	--	188	--
Deemed dividend to preferred stockholders	--	--	--	11,235
Deemed dividend for triggering of warrant down round feature	--	--	1,250	--
Stock-based compensation – compensation and related benefits	871	122	2,618	979
Amortization of intangibles	969	1,158	2,602	3,804
Proforma non-GAAP net loss	\$ (3,865)	\$ (3,867)	\$ (9,801)	\$ (13,999)
Proforma non-GAAP net loss per basic and diluted common share	\$ (0.17)	\$ (3.61)	\$ (0.79)	\$ (27.11)
Weighted average basic and diluted common shares outstanding	23,366,543	1,071,310	12,442,450	516,302