

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

	As of	
	September 30, 2023 <u>(Unaudited)</u>	December 31, 2022 <u>(Audited)</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,489	\$ 10,235
Accounts receivable, net of allowance for credit losses of \$237 and \$272, respectively	1,560	1,889
Other receivables	142	86
Inventory	3,355	2,442
Notes receivable	2,068	150
Prepaid assets and other current assets	1,949	2,803
Current assets of discontinued operations	--	12,261
Total Current Assets	<u>22,563</u>	<u>29,866</u>
Property and equipment, net	1,013	1,064
Operating lease right-of-use asset, net	376	531
Software development costs, net	988	1,265
Investment in equity securities	189	330
Long-term investments	50	716
Intangible assets, net	2,304	2,994
Other assets	164	158
Non-current assets of discontinued operations	--	20,711
Total Assets	<u>\$ 27,647</u>	<u>\$ 57,635</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1,920	\$ 1,503
Accrued liabilities	3,569	2,619
Warrant Liability	1,410	--
Operating lease obligation, current	198	211
Deferred revenue	1,315	1,323
Short-term debt	11,165	13,643
Acquisition liability	--	197
Current liabilities of discontinued operations	--	5,218
Total Current Liabilities	<u>19,577</u>	<u>24,714</u>
Long Term Liabilities		
Operating lease obligations, noncurrent	188	334
Non-current liabilities of discontinued operations	--	472
Total Liabilities	<u>19,765</u>	<u>25,520</u>

Commitments and Contingencies

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, 2023 and December 31, 2022, respectively;

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Series 5 Convertible Preferred Stock - 12,000 shares authorized; 126 issued and 126 outstanding as of September 30, 2023 and December 31, 2022, respectively.

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Common Stock - \$0.001 par value; 500,000,000 shares authorized; 111,692,178 and 3,570,894 issued and 111,692,177 and 3,570,893 outstanding as of September 30, 2023 and December 31, 2022, respectively.

112 4

Additional paid-in capital

358,692 346,668

Treasury stock, at cost, 1 share

(695) (695)

Accumulated other comprehensive income

41 1,061

Accumulated deficit

(347,971) (313,739)

Stockholders' Equity Attributable to Inpixon

10,179 33,299

Non-controlling interest

(2,297) (1,184)

Total Stockholders' Equity

7,882 32,115

Total Liabilities and Stockholders' Equity

\$ 27,647 \$ 57,635

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
			(Unaudited)	
Revenues	\$ 2,016	\$ 2,435	\$ 7,177	\$ 7,660
Cost of Revenues	451	756	1,632	2,409
Gross Profit	1,565	1,679	5,545	5,251
Operating Expenses				
Research and development	2,347	2,136	6,380	6,713
Sales and marketing	1,149	1,036	3,506	2,960
General and administrative	3,747	3,573	13,596	12,705
Acquisition related costs	1,656	2	2,343	254
Transaction costs	1,527	--	2,970	--
Impairment of goodwill	--	--	--	2,030
Amortization of intangibles	221	395	671	1,137
Total Operating Expenses	<u>10,647</u>	<u>7,142</u>	<u>29,466</u>	<u>25,799</u>
Loss from Operations	(9,082)	(5,463)	(23,921)	(20,548)
Other (Expense)/Income				
Interest expense, net	(818)	(234)	(4,300)	(65)
Other income/(expense), net	(44)	830	1,169	802
Unrealized gain/(loss) on equity securities	5,791	(5,854)	5,733	(7,110)
Realized loss on equity securities	(6,692)	(151)	(6,692)	(151)
Total Other Expense	<u>(1,763)</u>	<u>(5,409)</u>	<u>(4,090)</u>	<u>(6,524)</u>
Net Loss from Continuing Operations, before tax	(10,845)	(10,872)	(28,011)	(27,072)
Income tax provision	(3)	--	(2,488)	(22)
Net Loss from Continuing Operations	<u>(10,848)</u>	<u>(10,872)</u>	<u>(30,499)</u>	<u>(27,094)</u>
Loss from Discontinued Operations, Net of Tax	--	(7,121)	(4,856)	(22,786)
Net Loss	<u>(10,848)</u>	<u>(17,993)</u>	<u>(35,355)</u>	<u>(49,880)</u>
Net Loss Attributable to Non-controlling Interest	<u>(464)</u>	<u>(402)</u>	<u>(1,131)</u>	<u>(1,206)</u>
Net Loss Attributable to Stockholders of Inpixon	\$ (10,384)	\$ (17,591)	\$ (34,224)	\$ (48,674)
Accretion of Series 7 preferred stock	--	--	--	(4,555)
Accretion of Series 8 Preferred Stock	--	(6,305)	--	(13,089)
Deemed dividend for the modification related to Series 8 Preferred Stock	--	--	--	(2,627)
Deemed contribution for the modification related to Warrants issued in connection with Series 8 Preferred Stock	--	--	--	1,469
Amortization premium- modification related to Series 8 Preferred Stock	--	1,265	--	2,626
Net Loss Attributable to Common Stockholders	<u>\$ (10,384)</u>	<u>\$ (22,631)</u>	<u>\$ (34,224)</u>	<u>\$ (64,850)</u>
Net Loss Per Share - Basic and Diluted				
Continuing Operations	\$ (0.16)	\$ (7.00)	\$ (0.82)	\$ (20.16)
Discontinued Operations	\$ --	\$ (3.21)	\$ (0.14)	\$ (10.92)
Net Loss Per Share - Basic and Diluted	<u>\$ (0.16)</u>	<u>\$ (10.21)</u>	<u>\$ (0.96)</u>	<u>\$ (31.08)</u>
Weighted Average Shares Outstanding				
Basic and Diluted	<u>65,840,189</u>	<u>2,216,544</u>	<u>35,845,916</u>	<u>2,086,633</u>
Comprehensive Loss				
Net Loss	\$ (10,848)	\$ (17,993)	\$ (35,355)	\$ (49,880)
Unrealized gain on available for sale debt securities	--	(375)	--	--
Unrealized foreign exchange gain (loss) from cumulative translation adjustments	230	1,273	(1,020)	1,452
Comprehensive Loss	<u>\$ (10,618)</u>	<u>\$ (17,095)</u>	<u>\$ (36,375)</u>	<u>\$ (48,428)</u>

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

	For the Nine Months Ended	
	September 30,	
	2023	2022
	(Unaudited)	
Cash Flows Used In Operating Activities		
Net loss	\$ (35,355)	\$ (49,880)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	834	1,008
Amortization of intangible assets	1,476	4,559
Amortization of right of use asset	206	536
Stock based compensation	797	2,962
Amortization of warrant liability to redemption value	20	--
Earnout expense valuation benefit	--	(2,827)
Gain on settlement with FOXO	(1,142)	--
Amortization of debt issuance costs	2,103	121
Accrued interest income, related party	--	(278)
Unrealized gain on note	--	1,870
Unrealized loss on foreign currency transactions	176	--
Distribution of equity method investment shares to employees as compensation	666	--
Deferred income tax	2,591	(1)
Unrealized (gain) loss on equity securities	(5,733)	7,110
Impairment of goodwill	--	7,570
Gain on fair value of warrant liability	71	--
Realized loss on sale of equity securities	6,692	151
Gain on conversion of note receivable	--	(791)
Loss on exchange of debt for equity	124	--
Other	24	202
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	(652)	336
Inventory	(951)	(1,002)
Prepaid expenses and other current assets	1,110	1,545
Other assets	3	28
Accounts payable	(372)	237
Accrued liabilities	2,018	1,059
Income tax liabilities	(119)	(38)
Deferred revenue	530	(915)
Operating lease obligation	(207)	(505)
Net Cash Used in Operating Activities	\$ (25,090)	\$ (26,943)
Cash Flows Used in Investing Activities		
Purchase of property and equipment	(142)	(221)
Investment in capitalized software	(135)	(611)
Purchase of convertible note	--	(5,500)
Sales of equity securities	323	229
Sales of treasury bills	--	43,001
Proceeds from repayment of note receivable	150	--
Issuance of note receivable	(2,025)	(150)
Net Cash (Used in) Provided By Investing Activities	\$ (1,829)	\$ 36,748

Cash From Financing Activities

Net proceeds from issuance of preferred stock	\$	--	46,906
Net proceeds from promissory note		125	5,539
Net proceeds from ATM stock offerings		26,510	--
Cash paid for redemption of preferred stock series 7		--	(49,250)
Taxes paid related to net share settlement of restricted stock units		--	(336)
Net proceeds from issuance of warrants		1,409	--
Repayment of CXApp acquisition liability		(197)	(1,957)
Distribution to shareholders related to spin-off of CXApp		(10,003)	--
Common shares issued for net proceeds from warrants		2,341	--
Net Cash Provided By Financing Activities	\$	<u>20,185</u>	\$ <u>902</u>
Effect of Foreign Exchange Rate on Changes on Cash		(12)	(34)
Net (Decrease) Increase in Cash and Cash Equivalents		(6,746)	10,673
Cash and Cash Equivalents - Beginning of year		<u>20,235</u>	<u>52,480</u>
Cash and Cash Equivalents - End of year	\$	<u><u>13,489</u></u>	\$ <u><u>63,153</u></u>

Reconciliation of Non-GAAP Financial Measures:

(In thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss attributable to common stockholders	\$ (10,384)	\$ (22,631)	\$ (34,224)	\$ (64,850)
Loss from discontinued operations, net of tax	-	7,121	4,856	22,786
Interest expense, net	818	234	4,300	65
Income tax provision	3	-	2,488	22
Depreciation and amortization	433	705	1,277	2,123
EBITDA	(9,130)	(14,571)	(21,303)	(39,854)
<i>Adjusted for:</i>				
Non-recurring one-time charges:				
Unrealized (gain)/loss on equity securities	(5,791)	5,854	(5,733)	7,110
Realized loss on equity securities	6,692	151	6,692	151
Unrealized gain on note	-	153	-	325
Acquisition transaction/financing costs	1,656	2	2,343	254
Professional service fees	-	-	-	8
Impairment of goodwill	-	-	-	2,030
Transaction costs	1,527	-	2,970	-
Accretion of series 7 preferred stock	-	-	-	4,555
Accretion of series 8 preferred stock	-	6,305	-	13,089
Deemed dividend for the modification related to Series 8 preferred stock	-	-	-	2,627
Deemed contribution for the modification related to warrants issued in connection with the Series 8 Preferred Stock	-	-	-	(1,469)
Amortization premium - modification to Series 8 preferred stock	-	(1,265)	-	(2,626)
Distribution of equity method investment shares to employees as compensation	-	-	666	-
Gain on equity securities	-	-	(1,142)	-
Loss on exchange of debt for equity	124	-	124	-
Unrealized foreign exchange losses	354	1,019	209	1,143
Bad debts expense/provision	-	-	24	-
Reserve for inventory obsolescence	(8)	-	8	-
Stock-based compensation – compensation and related benefits	227	688	797	2,962
Severance costs	244	239	371	301
Adjusted EBITDA	\$ (4,105)	\$ (1,425)	\$ (13,974)	\$ (9,394)

(In thousands, except share data)	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net loss attributable to common stockholders	\$ (10,384)	\$ (22,631)	\$ (34,224)	\$ (64,850)
Adjustments:				
Non-recurring one-time charges:				
Loss from discontinued operations, net of tax	-	7,121	4,856	22,786
Unrealized (gain)/loss on equity securities	(5,791)	5,854	(5,733)	7,110
Realized loss on equity securities	6,692	151	6,692	151
Unrealized gain on note	-	153	-	325
Acquisition transaction/financing costs	1,656	2	2,343	254
Professional service fees	-	-	-	8
Impairment of goodwill	-	-	-	2,030
Transaction costs	1,527	-	2,970	-
Accretion of series 7 preferred stock	-	-	-	4,555
Accretion of series 8 preferred stock	-	6,305	-	13,089
Deemed dividend for the modification Series 8 preferred stock	-	-	-	2,627
Deemed contribution for the modification related to warrants issued in connection with the Series 8 Preferred Stock	-	-	-	(1,469)
Amortization premium - modification to Series 8 preferred stock	-	(1,265)	-	(2,626)
Distribution of equity method investment shares to employees as compensation	-	-	666	-
Gain on equity securities	-	-	(1,142)	-
Loss on exchange of debt for equity	124	-	124	-
Unrealized foreign exchange losses	354	1,019	209	1,143
Bad debts expense/provision	-	-	24	-
Reserve for inventory obsolescence	(8)	-	8	-
Stock-based compensation - compensation and related benefits	227	688	797	2,962
Severance costs	244	239	371	301
Amortization of intangibles	221	511	671	1,640
Proforma non-GAAP net loss	<u>\$ (5,138)</u>	<u>\$ (1,853)</u>	<u>\$ (21,368)</u>	<u>\$ (9,964)</u>
Proforma non-GAAP net loss per common share - basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.84)</u>	<u>\$ (0.60)</u>	<u>\$ (4.78)</u>
Weighted average basic and diluted common shares outstanding	<u>65,840,189</u>	<u>2,216,544</u>	<u>35,845,916</u>	<u>2,086,633</u>