

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

| | As of December 31, | |
|--|--------------------|------------------|
| | 2018 | 2017 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,008 | \$ 119 |
| Accounts receivable, net | 1,280 | 429 |
| Notes and other receivables | 4 | 13 |
| Inventory | 568 | 783 |
| Assets held for sale | -- | 23 |
| Current assets of deconsolidated operations | -- | 6,983 |
| Prepaid assets and other current assets | 496 | 859 |
| Total Current Assets | 3,356 | 9,209 |
| Property and equipment, net | 202 | 348 |
| Software development costs, net | 1,690 | 2,017 |
| Intangible assets, net | 4,509 | 7,566 |
| Goodwill | -- | 636 |
| Non-current assets of deconsolidated operations | -- | 7,558 |
| Loan to related party | 2,204 | -- |
| Other assets | 217 | 357 |
| Total Assets | \$ 12,178 | \$ 27,691 |
| LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,129 | \$ 1,562 |
| Accrued liabilities | 1,792 | 2,206 |
| Deferred revenue | 234 | 58 |
| Short-term debt | 4,127 | 3,058 |
| Derivative liabilities | -- | 48 |
| Current liabilities of deconsolidated operations | -- | 33,040 |
| Liabilities held for sale | -- | 2,059 |
| Total Current Liabilities | 7,282 | 42,031 |
| Long Term Liabilities | | |
| Long-term debt | 74 | 767 |
| Other liabilities | 19 | 73 |
| Non-current liabilities of deconsolidated operations | -- | 3,673 |
| Total Liabilities | 7,375 | 46,544 |
| Commitments and Contingencies | | |
| Stockholders' (Deficit) Equity: | | |
| Preferred Stock - \$0.001 par value; 5,000,000 shares authorized, consisting of Series 4 | | |
| Convertible Preferred Stock - \$0.001 par value; 10,185 shares authorized; | | |
| 1 and 0 issued, and 1 and 0 outstanding at December 31, 2018 and 2017, respectively. | | |
| Liquidation preference of \$0 at December 31, 2018 and 2017. | -- | -- |
| Common Stock - \$0.001 par value; 250,000,000 shares authorized; | | |
| 1,581,893 and 24,055 issued and 1,581,880 and 24,042 outstanding | | |
| at December 31, 2018 and 2017, respectively. | 2 | 1 |
| Additional paid-in capital | 123,224 | 78,302 |
| Treasury stock, at cost, 13 shares | (695) | (695) |
| Accumulated other comprehensive income | 26 | 31 |
| Accumulated deficit | (117,772) | (94,486) |
| Stockholders' (Deficit) Equity Attributable to Inpixon | 4,785 | (16,847) |
| Non-controlling interest | 18 | (2,006) |
| Total Stockholders' (Deficit) Equity | 4,803 | (18,853) |
| Total Liabilities and Stockholders' (Deficit) Equity | \$ 12,178 | \$ 27,691 |

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

| | For the Years Ended | |
|---|---------------------|----------------------|
| | December 31, | |
| | 2018 | 2017 |
| Revenues | | |
| Products | \$ 1,135 | \$ 535 |
| Services | 2,621 | 3,400 |
| Total Revenues | <u>3,756</u> | <u>3,935</u> |
| Cost of Revenues | | |
| Products | 490 | 494 |
| Services | 586 | 738 |
| Total Cost of Revenues | <u>1,076</u> | <u>1,232</u> |
| Gross Profit | 2,680 | 2,703 |
| Operating Expenses | | |
| Research and development | 1,231 | 964 |
| Sales and marketing | 1,726 | 2,367 |
| General and administrative | 14,149 | 10,874 |
| Acquisition related costs | 108 | 5 |
| Impairment of goodwill | 636 | 587 |
| Amortization of intangibles | 3,232 | 2,936 |
| Total Operating Expenses | <u>21,082</u> | <u>17,733</u> |
| Loss from Operations | (18,402) | (15,030) |
| Other Income (Expense) | | |
| Interest expense | (1,241) | (1,884) |
| Change in fair value of derivative liability | 48 | 555 |
| Gain on the sale of Sysorex Arabia | 23 | -- |
| Extinguishment loss for debt modification | -- | (653) |
| Other income/(expense) | (211) | (1,069) |
| Total Other Income (Expense) | <u>(1,381)</u> | <u>(3,051)</u> |
| Net Loss from Continuing Operations | (19,783) | (18,081) |
| Loss from Discontinued Operations, Net of Tax | <u>(4,778)</u> | <u>(16,949)</u> |
| Net Loss | (24,561) | (35,030) |
| Net Income/(Loss) Attributable to Non-controlling Interest | <u>11</u> | <u>(17)</u> |
| Net Loss Attributable to Stockholders of Inpixon | <u>\$ (24,572)</u> | <u>\$ (35,013)</u> |
| Deemed dividend to preferred stockholders | (6,407) | (756) |
| Deemed dividend for triggering of warrant down round feature | (13,645) | -- |
| Net Loss Attributable to Common Stockholders | <u>\$ (44,624)</u> | <u>\$ (35,769)</u> |
| Net Loss Per Basic and Diluted Common Share | | |
| Loss from continuing operations | \$ (51.62) | \$ (2,902.47) |
| Loss from discontinued operations | (6.19) | (2,611.56) |
| Net Loss Per Share - Basic and Diluted | <u>\$ (57.83)</u> | <u>\$ (5,511.40)</u> |
| Weighted Average Shares Outstanding | | |
| Basic and Diluted | <u>771,688</u> | <u>6,490</u> |
| Comprehensive Loss | | |
| Net Loss | (24,561) | (35,030) |
| Unrealized foreign exchange gain/(loss) from cumulative translation adjustments | (5) | (21) |
| Comprehensive Loss | <u>\$ (24,566)</u> | <u>\$ (35,051)</u> |

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

| | For the Years Ended | |
|---|---------------------|-------------|
| | December 31, | |
| | 2018 | 2017 |
| Cash Flows (Used In) From Operating Activities | | |
| Net loss | \$ (24,561) | \$ (35,030) |
| Adjustment to reconcile net loss to net cash (used in) from operating activities: | | |
| Depreciation and amortization | 1,570 | 1,882 |
| Amortization of intangible assets | 4,616 | 5,012 |
| Impairment of goodwill | 636 | 8,392 |
| Stock based compensation | 1,494 | 1,533 |
| Amortization of technology | 66 | 66 |
| Change in fair value of derivative liability | (48) | (555) |
| Amortization of debt discount | 703 | 2,110 |
| Amortization of deferred financing costs | -- | 451 |
| Provision for doubtful accounts | (659) | 952 |
| Gain on earnout | (934) | (561) |
| Gain on the settlement of liabilities | (307) | (430) |
| Gain on the sale of Sysorex Arabia | (23) | -- |
| Forgiveness of debt | -- | 635 |
| Extinguishment loss for debt modification | -- | 1,523 |
| Exchange of warrants for shares | -- | 434 |
| Other | (73) | 379 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable and other receivables | 744 | 8,706 |
| Inventory | 222 | 270 |
| Other current assets | 481 | 645 |
| Prepaid licenses and maintenance contracts | (5) | 11,588 |
| Other assets | (22) | 44 |
| Accounts payable | (8,445) | 5,414 |
| Accrued liabilities | (2,412) | 1,806 |
| Deferred revenue | 246 | (12,756) |
| Other liabilities | (54) | (261) |
| Total Adjustments | (2,204) | 37,279 |
| Net Cash (Used in) Provided By Operating Activities | (26,765) | 2,249 |
| Cash Flows Used in Investing Activities | | |
| Purchase of property and equipment | (88) | (101) |
| Investment in capitalized software | (804) | (1,254) |
| Investment in Pod Technology | (175) | -- |
| Investment in Sysorex India | -- | 37 |
| Cash spun off a result of de-consolidation | (362) | -- |
| Net Cash Flows Used in Investing Activities | (1,429) | (1,318) |
| Cash Flows From (Used in) Financing Activities | | |
| Net repayments to bank facility | (1,119) | (5,576) |
| Net proceeds from issuance of common stock, preferred stock and warrants | 28,960 | 6,581 |
| Repayment of notes payable | (181) | (57) |
| Advances to related party | (3,244) | -- |
| Repayments from related party | 1,040 | -- |
| Repayment of debenture | -- | (4,691) |
| Proceeds from notes received | 3,540 | 1,745 |

| | | |
|--|-----------------|----------------|
| Net proceeds from convertible promissory notes | -- | 2,000 |
| Repayment of convertible promissory notes | -- | <u>(2,662)</u> |
| Net Cash Flows From (Used in) Financing Activities | 28,996 | (2,660) |
| Effect of Foreign Exchange Rate on Changes on Cash | (5) | (21) |
| Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash | 797 | (1,750) |
| Cash, Cash Equivalents and Restricted Cash - Beginning of Period | <u>351</u> | <u>2,101</u> |
| Cash, Cash Equivalents and Restricted Cash - End of Period | <u>\$ 1,148</u> | <u>\$ 351</u> |

Reconciliation of Non-GAAP Financial Measures:

| (In thousands) | For the Years Ended | |
|--|---------------------|--------------------|
| | December 31, | |
| | 2018 | 2017 |
| Net loss attributable to common stockholders | \$ (44,624) | \$ (35,769) |
| Adjustments: | | |
| Non-recurring one-time charges: | | |
| Acquisition transaction/financing costs | 108 | 5 |
| Costs associated with public offering | 327 | 212 |
| Impairment of goodwill | 636 | 8,392 |
| Write off of project expenses | 726 | -- |
| Gain on earnout | (934) | (561) |
| Gain on the sale of Sysorex Arabia | (23) | -- |
| Change in the fair value of derivative liability | (48) | (555) |
| Severance | 15 | 27 |
| Stock based compensation - acquisition costs | -- | 7 |
| Provision for doubtful accounts | (659) | 952 |
| Gain on the sale of contracts | (601) | -- |
| Gain on the settlement of obligations | (307) | (430) |
| Exchange of warrants for shares | -- | 434 |
| Extinguishment loss for debt modification | -- | 1,523 |
| Debt forgiveness | -- | 635 |
| Settlement of litigation | 559 | -- |
| Deemed dividend to preferred stockholders | 6,407 | 756 |
| Deemed dividend for triggering of warrant down round feature | 13,645 | -- |
| Stock-based compensation – compensation and related benefits | 1,494 | 1,526 |
| Interest expense | 2,044 | 3,821 |
| Depreciation and amortization | 6,186 | 6,895 |
| Adjusted EBITDA | <u>\$ (15,049)</u> | <u>\$ (12,130)</u> |

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| Adjustments: | | |
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| Acquisition transaction/financing costs | 108 | 5 |
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| Extinguishment loss for debt modification | -- | 1,523 |
| Debt forgiveness | -- | 635 |
| Settlement of litigation | 559 | -- |
| Deemed dividend to preferred stockholders | 6,407 | 756 |
| Deemed dividend for triggering of warrant down round feature | 13,645 | -- |
| Stock-based compensation – compensation and related benefits | 1,494 | 1,526 |
| Amortization of intangibles | 4,617 | 5,012 |
| Proforma non-GAAP net loss | <u>\$ (18,662)</u> | <u>\$ (17,834)</u> |
| Proforma non-GAAP net loss per basic and diluted common share | <u>\$ (24.18)</u> | <u>\$ (2,747.92)</u> |
| Weighted average basic and diluted common shares outstanding | <u>771,688</u> | <u>6,490</u> |