

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

	As of September 30, 2018 (Unaudited)	As of December 31, 2017 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,461	\$ 119
Accounts receivable, net	878	429
Notes and other receivables	64	13
Inventory	810	783
Assets held for sale	--	23
Related party receivable	750	--
Current assets of deconsolidated operations	--	6,983
Prepaid assets and other current assets	923	859
Total Current Assets	4,886	9,209
Property and equipment, net	219	348
Software development costs, net	1,680	2,017
Intangible assets, net	5,321	7,566
Goodwill	636	636
Non-current assets of deconsolidated operations	--	7,558
Other assets	249	357
Total Assets	\$ 12,991	\$ 27,691
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current Liabilities		
Accounts payable	\$ 777	\$ 1,562
Accrued liabilities	1,149	2,206
Deferred revenue	52	58
Short-term debt	1,815	3,058
Derivative liabilities	--	48
Current liabilities of deconsolidated operations	--	33,040
Liabilities held for sale	--	2,059
Total Current Liabilities	3,793	42,031
Long Term Liabilities		
Long-term debt	142	767
Other liabilities	29	73
Non-current liabilities of deconsolidated operations	--	3,673
Total Liabilities	3,964	46,544
Commitments and Contingencies		
Stockholders' (Deficit) Equity:		
Preferred Stock - \$0.001 par value; 5,000,000 shares authorized, 0 issued and outstanding as of September 30, 2018 and December 31, 2017	--	--
Series 4 Convertible Preferred Stock - \$1,000 stated value; 10,185 shares authorized; 7 and 0 issued and 7 and 0 outstanding at September 30, 2018 and December 31, 2017. Liquidation preference of \$0 at September 30, 2018 and December 31, 2017.	--	--
Common Stock - \$0.001 par value; 250,000,000 shares authorized; 1,281,126 and 24,055 issued and 1,281,113 and 24,042 outstanding at September 30, 2018 and December 31, 2017, respectively.	51	1
Additional paid-in capital	120,124	78,302
Treasury stock, at cost, 13 shares	(695)	(695)
Accumulated other comprehensive income	16	31
Accumulated deficit	(110,482)	(94,486)
Stockholders' (Deficit) Equity Attributable to Inpixon	9,014	(16,847)
Non-controlling interest	13	(2,006)
Total Stockholders' (Deficit) Equity	9,027	(18,853)

Total Liabilities and Stockholders' (Deficit) Equity

\$ 12,991 \$ 27,691

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,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Revenues				
Products	\$ 271	\$ 52	\$ 554	\$ 476
Services	669	819	2,073	2,531
Total Revenues	<u>940</u>	<u>871</u>	<u>2,627</u>	<u>3,007</u>
Cost of Revenues				
Products	107	94	259	410
Services	191	173	559	580
Total Cost of Revenues	<u>298</u>	<u>267</u>	<u>818</u>	<u>990</u>
Gross Profit	642	604	1,809	2,017
Operating Expenses				
Research and development	296	224	820	713
Sales and marketing	447	441	1,259	1,917
General and administrative	2,326	3,239	8,796	8,325
Acquisition related costs	78	--	94	5
Impairment of goodwill	--	587	--	587
Amortization of intangibles	812	808	2,419	2,536
Total Operating Expenses	<u>3,959</u>	<u>5,299</u>	<u>13,388</u>	<u>14,083</u>
Loss from Operations	(3,317)	(4,695)	(11,579)	(12,066)
Other Income (Expense)				
Interest expense	(78)	(252)	(981)	(1,317)
Change in fair value of derivative liability	--	46	48	254
Gain on the sale of Sysorex Arabia	--	--	23	--
Other income/(expense)	--	14	(11)	(54)
Total Other Income (Expense)	<u>(78)</u>	<u>(192)</u>	<u>(921)</u>	<u>(1,117)</u>
Net Loss from Continuing Operations	(3,395)	(4,887)	(12,500)	(13,183)
Loss from Discontinued Operations, Net of Tax	<u>(1,785)</u>	<u>(9,754)</u>	<u>(4,778)</u>	<u>(13,946)</u>
Net Loss	(5,180)	(14,641)	(17,278)	(27,129)
Net Loss Attributable to Non-controlling Interest	<u>4</u>	<u>(4)</u>	<u>6</u>	<u>(13)</u>
Net Loss Attributable to Stockholders of Inpixon	<u>\$ (5,184)</u>	<u>\$ (14,637)</u>	<u>\$ (17,284)</u>	<u>\$ (27,116)</u>
Deemed dividend to preferred stockholders	--	--	(11,235)	--
Net Loss Attributable to Common Stockholders	<u>\$ (5,184)</u>	<u>\$ (14,637)</u>	<u>\$ (28,519)</u>	<u>\$ (27,116)</u>
Net Loss Per Basic and Diluted Common Share				
Loss from continuing operations	\$ (3.17)	\$ (620.65)	\$ (45.97)	\$ (3,372.47)
Loss from discontinued operations	(1.67)	(1,238.76)	(9.25)	(3,567.66)
Net Loss Per Share - Basic and Diluted	<u>\$ (4.84)</u>	<u>\$ (1,858.90)</u>	<u>\$ (55.24)</u>	<u>\$ (6,936.81)</u>
Weighted Average Shares Outstanding				
Basic and Diluted	<u>1,071,310</u>	<u>7,874</u>	<u>516,302</u>	<u>3,909</u>
Comprehensive Loss				
Net Loss	\$ (5,180)	\$ (14,641)	(17,278)	(27,129)

Unrealized foreign exchange gain/(loss) from cumulative translation adjustments

(10)

(5)

(15)

(15)

Comprehensive Loss

\$ (5,190)

\$ (14,646)

\$ (17,293)

\$ (27,144)

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

	For the Nine Months Ended	
	September 30,	
	2018	2017
	(Unaudited)	
Cash Flows from Operating Activities		
Net loss	\$ (17,278)	\$ (27,129)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,334	1,324
Amortization of intangible assets	3,804	4,094
Impairment of goodwill	--	8,392
Stock based compensation	979	1,282
Amortization of technology	50	50
Change in fair value of derivative liability	(48)	(254)
Amortization of debt discount	417	1,545
Amortization of deferred financing costs	--	167
Provision for doubtful accounts	221	773
Gain on the settlement of liabilities	(307)	--
Gain on the sale of Sysorex Arabia	(23)	--
Other	(37)	129
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	207	5,223
Inventory	(19)	270
Other current assets	54	455
Prepaid licenses and maintenance contracts	(5)	9,787
Other assets	34	46
Accounts payable	(8,797)	4,751
Accrued liabilities	(3,057)	455
Deferred revenue	64	(10,704)
Other liabilities	(978)	(438)
Total Adjustments	(6,107)	27,347
Net Cash (Used in) Provided by Operating Activities	(23,385)	218
Cash Flows Used in Investing Activities		
Purchase of property and equipment	(39)	(91)
Investment in capitalized software	(661)	(1,063)
Investment in technology	(175)	--
Cash spun off a result of de-consolidation	(362)	--
Net Cash Flows Used in Investing Activities	(1,237)	(1,154)
Cash Flows from Financing Activities		
Repayments to bank facility	(1,141)	(3,348)
Net proceeds from issuance of common stock, preferred stock and warrants	27,961	6,117
Repayment of notes payable	(113)	(20)
Advances to related party	(774)	--
Repayments from related party	24	--
Repayment of debenture	--	(2,850)
Net proceeds from convertible promissory notes	--	2,000
Repayment of convertible promissory notes	--	(2,662)
Net Cash Flows Provided by (Used in) Financing Activities	25,957	(763)
Effect of Foreign Exchange Rate on Changes on Cash	(15)	(15)

Net Increase (Decrease) in Cash and Cash Equivalents	1,320	(1,714)
Cash and Cash Equivalents - Beginning of Period	<u>141</u>	<u>1,821</u>
Cash and Cash Equivalents - End of Period	<u>\$ 1,461</u>	<u>\$ 107</u>

Reconciliation of Non-GAAP Financial Measures:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net loss attributable to common stockholders	\$ (5,184)	\$ (14,637)	\$ (17,284)	\$ (27,116)
Adjustments:				
Non-recurring one-time charges:				
Acquisition transaction/financing costs	78	--	94	5
Costs associated with public offering	4	159	85	159
Impairment of goodwill	--	8,392	--	8,392
Gain on the settlement of obligations	(45)	--	(307)	--
Gain on earnout	--	(561)	(934)	(561)
Gain on the sale of Sysorex Arabia	--	--	(23)	--
Gain on the sale of contracts	--	--	(601)	--
Change in the fair value of derivative liability	--	(46)	(48)	(254)
Provision for doubtful accounts	--	773	221	773
Severance	--	--	15	27
Stock based compensation - acquisition costs	--	--	--	7
Stock-based compensation – compensation and related benefits	122	288	979	1,275
Interest expense	146	694	1,785	2,721
Depreciation and amortization	1,452	1,817	5,137	5,418
Adjusted EBITDA	\$ (3,427)	\$ (3,121)	\$ (10,881)	\$ (9,154)

(In thousands, except share data)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net loss attributable to common stockholders	\$ (5,184)	\$ (14,637)	\$ (17,284)	\$ (27,116)
Adjustments:				
Non-recurring one-time charges:				
Acquisition transaction/financing costs	78	--	94	5
Costs associated with public offering	4	159	85	159
Impairment of goodwill	--	8,392	--	8,392
Gain on the settlement of obligations	(45)	--	(307)	--
Gain on earnout	--	(561)	(934)	(561)
Gain on the sale of Sysorex Arabia	--	--	(23)	--
Gain on the sale of contracts	--	--	(601)	--
Change in the fair value of derivative liability	--	(46)	(48)	(254)
Provision for doubtful accounts	--	773	221	773
Severance	--	--	15	27
Stock based compensation - acquisition costs	--	--	--	7
Stock-based compensation – compensation and related benefits	122	288	979	1,275
Amortization of intangibles	1,158	1,327	3,804	4,094
Proforma non-GAAP net loss	\$ (3,867)	\$ (4,305)	\$ (13,999)	\$ (13,199)
Proforma non-GAAP net loss per basic and diluted common share	\$ (3.61)	\$ (546.74)	\$ (27.11)	\$ (3,376.57)
Weighted average basic and diluted common shares outstanding	1,071,310	7,874	516,302	3,909