**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 10-K

**(Mark One)**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2020**

**OR**

☐ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____ to _____**

**Commission File Number 001-36404**

**INPIXON**
(Exact name of registrant as specified in its charter)

| **Nevada** | **88-0434915** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**2479 E. Bayshore Road**
**Suite 195**
**Palo Alto, CA 94303**
(Address of principal executive offices)
(Zip Code)

**(408) 702-2167**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| **Title of each class** | **Trading Symbol** | **Name of each exchange on which each is registered** |
|---|---|---|
| Common Stock, par value $0.001 | INPX | The Nasdaq Stock Market LLC |

**Securities registered pursuant to Section 12(g) of the Act:**

**None**
**(Title of class)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ Nox

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2020, the last business day of the registrant's most recently completed second fiscal quarter, was $55,039,732 based upon the closing price reported for such date on the Nasdaq Capital Market. As of March 23, 2021, there were 101,382,447 shares of the registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

**INPIXON**

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION CONTAINED IN THIS REPORT

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. You can find many (but not all) of these statements by looking for words such as "approximates," "believes," "hopes," "expects," "anticipates," "estimates," "projects," "intends," "plans," "would," "should," "could," "may," or other similar expressions in this report. In particular, these include statements relating to future actions; prospective products, applications, customers and technologies; future performance or results of anticipated products; and projected expenses and financial results. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- our limited cash and our history of losses;
- our ability to achieve profitability;
- our limited operating history with recent acquisitions;
- risks related to our recent acquisitions;
- our ability to successfully integrate companies or technologies we acquire;
- emerging competition and rapidly advancing technology in our industry that may outpace our technology;
- customer demand for the products and services we develop;
- the impact of competitive or alternative products, technologies and pricing;
- our ability to manufacture any products we develop;
- general economic conditions and events and the impact they may have on us and our potential customers, including, but not limited to supply chain challenges and other impacts resulting from COVID-19;
- our ability to obtain adequate financing in the future;
- our ability to consummate strategic transactions which may include acquisitions, mergers, dispositions or investments; and
- our ability to maintain compliance with other continued listing requirements;
- lawsuits and other claims by third parties or investigations by various regulatory agencies that we are and may be become subject to and are required to report, including but not limited to, the U.S. Securities and Exchange Commission;
- our success at managing the risks involved in the foregoing items; and
- other factors discussed in this report.

The forward-looking statements are based upon management's beliefs and assumptions and are made as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements included in this report. You should not place undue reliance on these forward-looking statements.

This report also contains or may contain estimates, projections and other information concerning our industry and our business, including data regarding the estimated size of our markets and their projected growth rates. Information that is based on estimates, forecasts, projections or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly

stated, we obtained these industry, business, market and other data from reports, studies and similar data prepared by third parties, industry and general publications, government data and similar sources. In some cases, we do not expressly refer to the sources from which these data are derived.

Unless otherwise stated or the context otherwise requires, the terms "Inpixon" "we," "us," "our" and the "Company" refer collectively to Inpixon and, where appropriate, its subsidiaries.

**Note Regarding Reverse Stock Split**

The Company effected a reverse split of its outstanding common stock, par value $0.001, at a ratio of 1-for-45, effective as of January 7, 2020 (the "Reverse Split"), for the purpose of complying with Nasdaq Listing Rule 5550(a)(2). We have reflected the Reverse Split herein, unless otherwise indicated.

# PART I

## ITEM 1: BUSINESS

### Introduction

Inpixon is the Indoor Intelligence™ company. Our business and government customers use our solutions to secure, digitize and optimize their indoor spaces with our positioning, mapping, and analytics products. Inpixon's Indoor Intelligence platform uses sensor technology to detect active cellular, Wi-Fi, Bluetooth, ultra-wide band ("UWB") and Chirp Spread Spectrum ("chirp") signals emitted from devices within a venue providing positional information similar to what global positioning system ("GPS") satellite systems provide for the outdoors. Combining this positional data with our dynamic and interactive mapping solution and a high-performance analytics engine, we are able to offer our customers near real-time insights for increased visibility, security and business intelligence throughout their indoor spaces. Our highly configurable platform can also ingest data from our customers' and other third-party sensors, Wi-Fi access points, Bluetooth beacons, video cameras, and big data sources, among others, to maximize indoor intelligence.

Our Indoor Intelligence offerings consist of a variety of software and hardware products for positioning, mapping, and analytics offerings.

**Positioning**

- Our solutions provide positioning and wireless device detection that cultivates situational awareness by leveraging sensors with proprietary technology that can detect and position active cellular, Wi-Fi, Bluetooth, UWB and chirp signals throughout a venue, as well as GPS technologies. These products allows for the positioning of people and assets homogeneously as they travel between the indoor and outdoor. Utilizing various radio signal technologies permits device positioning with accuracy ranging from several meters down to approximately thirty centimeters, depending on the product deployed and conditions in the indoor space. The technology allows for detailed understanding of space and resource utilization, and in security applications, detection and identification of authorized and unauthorized devices, prevention of rogue devices through alert notification based on rules when unknown devices are detected in restricted areas and asset tracking with centimeter level precision.

- We also provide on-device positioning using internal sensors in smart phones and other IoT wearable devices. The location data is ingested by the positioning system generating accurate coordinates which are displayed on an indoor map. Our on-device indoor positioning solution enables a smartphone's precise location to be displayed to a user in a mobile app. Data is combined from various sensors, including accelerometers, gyroscopes, compass, GPS and BLE radio scanning, to position the blue dot and to correct for drift. Enabling powerful location-based use cases, our patented on-device technology runs on a smartphone, smartwatch or other IoT wearable device and can operate without the internet.

- Our RTLS (real time location systems) or asset tracking is based on our UWB or chirp anchors and tags. Chirp technology is effective for longer range communication while UWB is an important RF standard for pinpoint asset tracking. Organizations across many different industries can leverage the accuracy, quickness, and reliability of UWB technology to track the real-time location and status of key assets and equipment, with greater precision. Users can display and track the location and movement of static and moving assets and asset attribute information within a space on high-fidelity, layer-based indoor maps and navigate to assets that are both fixed and in motion.

**Mapping**

- Our indoor mapping platform provides enterprise organizations with the tools to add intelligence to complex indoor spaces by integrating business data with indoor maps. Our mapping platform gives developers the flexibility and control to create tailored map-enabled solutions that address multiple use cases with a single platform. Comprised of software development tools and a web-based content management system (CMS), our mapping platform is highly configurable and able to address the varying security, extensibility and versatility needs of our customers.

**Analytics**

- Data science analytics, on-premises or in the cloud, along with specially optimized algorithms that are intended to increase the accuracy of location data and maximize system performance. This enables the system to deliver data reporting and visualizations to the user based on our mapping platform. We also provide data output that can be

integrated with common third-party visualization, charting, graphing and dashboard systems. Our analytics capabilities allow for the integration of a customer's existing video surveillance feed with location data collected via radio frequency, enabling customers to ascertain radio frequency coverage and access evidentiary information that can be used for security and customer relations programs.

We can assist a variety of private and public organizations, including corporate enterprises, government agencies, hotels and resorts, gaming operators, airports, healthcare facilities, manufacturing, construction, mining, agriculture and livestock companies, to create smarter, safer and more secure environments.

**Corporate Strategy**

Management continues to pursue a corporate strategy that is focused on building and developing our business as a provider of end-to-end solutions ranging from the collection of data to delivering insights from that data to our customers with a focus on securing, digitizing and optimizing premises with our indoor positioning, mapping and analytics solutions for businesses and governments. In connection with such strategy and to facilitate our long-term growth, we continue to evaluate various strategic transactions, including acquisitions of companies with technologies and intellectual property ("IP") that complement those goals by adding technology, differentiation, customers and/or revenue. We are primarily looking for accretive acquisitions that have business value and operational synergies, but will be opportunistic for other strategic and/or attractive transactions. We believe these complementary technologies will add value to the Company and allow us to provide a comprehensive indoor intelligence platform, offering a one-stop shop to our customers. In addition, we may seek to expand our capabilities around security, artificial intelligence, augmented reality and virtual reality or other high growth sectors. Candidates with proven technologies that complement our overall strategy may come from anywhere in the world, as long as there are strategic and financial reasons to make the acquisition. We are also exploring opportunities that will supplement our revenue growth. We are primarily looking for accretive acquisitions that have business value and operational synergies, yet also opportunistic for other strategic and/or attractive transactions that we believe may increase overall shareholder value, which may include, but not be limited to, other alternative investment opportunities, such as minority investments, joint ventures or special purpose acquisition companies. If we make any acquisitions in the future, we expect that we may pay for such acquisitions using our equity securities and/or cash and debt financings in combinations appropriate for each acquisition.

In furtherance of this strategy, on May 21, 2019, we acquired Locality Systems, Inc. ("Locality"), a technology company based near Vancouver, Canada, specializing in wireless device positioning and radio frequency ("RF") augmentation of video surveillance systems. In addition, on June 27, 2019, we acquired certain GPS products, software, technologies, and intellectual property from GTX Corp ("GTX"), a U.S. based company specializing in GPS technologies. These transactions expand our patent portfolio and include certain granted or licensed patents and GPS and RF technologies. Furthermore, on August 15, 2019, we acquired Jibestream Inc. ("Jibestream"), a provider of a highly configurable intelligent indoor mapping platform to expand our suite of products. During the year ended December 31, 2020, the Company entered into several other additional transactions. On June 19, 2020, we entered into an exclusive license with Cranes Software International Ltd. and Systat Software, Inc. (together the "Systat Parties") to use, market, distribute, and develop the SYSTAT and SigmaPlot software suite of products. On August 19, 2020, we acquired a suite of on-device "blue dot" indoor location and motion technologies, including patents, trademarks, software and related intellectual property (IP), from Ten Degrees, Inc., Ten Degrees International and certain other affiliated parties. On October 6, 2020 we acquired Nanotron Technologies GmbH, a leading provider of wireless electronic location awareness solutions. In addition, on March 25, 2021, we also entered into an agreement to acquire a controlling interest in Game Your Game, Inc., an app-based sports performance analytics firm using IoT sensors, maps and location technologies.

**Industry Overview**

We believe that organizations are increasingly realizing the value of indoor intelligence and how it can be leveraged to understand what is happening indoors for a variety of use cases depending on the industry, including but not limited to, security; wayfinding; building management efficiency; customer experience; asset tracking; loss prevention and many other applications.

Indoor intelligence solutions cross over several market segments, each of which industry researchers have forecasted for significant growth. The following information illustrates the ways in which demand for indoor intelligence and/or indoor positioning systems is expected to grow.

- The global market for Indoor Positioning and Indoor Navigation (IPIN) estimated at US$2.8 Billion in the year 2020, is projected to reach a revised size of US$56.6 Billion by 2027, growing at a CAGR of 53.3% over the analysis period 2020-2027. (Source: ResearchandMarkets; "Indoor Positioning and Indoor Navigation (IPIN) - Global Market Trajectory & Analytics;" report ID: 5030011, July 2020, https://www.researchandmarkets.com/reports/5030011/indoor-positioning-and-indoor-navigation-ipin).

- The global indoor location market size to grow from USD 6.1 billion in 2020 to USD 17.0 billion by 2025, at a Compound Annual Growth Rate (CAGR) of 22.5% during the forecast period. (Source: MarketsandMarkets, “Indoor Location Market by Component (Hardware, Solutions, and Services), Deployment Mode, Organization Size, Technology, Application, Vertical (Retail, Transportation and Logistics, Entertainment), and Region - Global Forecast to 2025;” report code: TC 2878, published 5/6/2020, http://www.marketsandmarkets.com/PressReleases/indoor-location.asp).

- The global location based services (LBS) and real-time location systems (RTLS) market will grow from USD $17.8 billion in 2020 to USD $39.2 billion by 2025, at a CAGR of 17.1%. (Source: MarketsandMarkets, “Location-Based Services (LBS) and Real-Time Location Systems (RTLS) Market by Component (Platform, Services and Hardware), Location Type (Indoor and Outdoor), Application, Vertical, Region - Global Forecast to 2025;” report code: TC 2371, published: June 2020, https://www.marketsandmarkets.com/Market-Reports/location-based-service-market-%2096994431.html).

- The real-time location system market (RTLS) market is expected to grow from USD 3.4 billion in 2020 to USD 10.3 billion by 2025; it is expected to grow at a CAGR of 24.8% during the forecast period. (Source: MarketsandMarkets, “Real-Time Location Systems Market (RTLS) with COVID-19 Impact Analysis by Offering (Hardware, Software, Services), Technology, Vertical (Healthcare, Manufacturing, Retail, Education, Govt., Sports), Application/Use case, Geography- Global Forecast to 2025;” report code: SE 3323, published Sept. 2020, https://www.marketsandmarkets.com/Market-Reports/real-time-location-systems-market-1322.html).

- The Wi-Fi analytics market size is expected to grow from $5.3 billion in 2019 to $16.8 billion by 2024, at a CAGR of 26.0% during the forecast period. (Source: MarketsandMarkets, “Wi-Fi Analytics Market by Component, Application (Wi-Fi Presence Analytics and Wi-Fi Marketing Analytics), End Use (Smart Infrastructure, Retail, Sports and Entertainment, and Hospitality), Deployment Model, and Region - Global Forecast to 2024;” report code: TC 5788, published: June 2019, https://www.marketsandmarkets.com/PressReleases/wi-fi-analytics.asp).

- In 2021, the smart buildings software market will be worth $6.4 billion. The software market encompasses property management, IWMS, CAFM, CMMS as well as energy management, real estate investment and space utilization solutions. The overall smart buildings market has a growth trajectory of 7% CAGR to reach $8.5 billion in 2025. (Source: Verdantix, "Smart Buildings Software: Market Size And Forecast 2020-2025 (Global);" published Jan. 2021, https://research.verdantix.com/report/smart-buildings-software-market-size-and-forecast-2020-2025-global).

We believe the desire for indoor intelligence and the adoption of indoor positioning technologies will continue to evolve and increase across a multitude of use cases. Indoor intelligence solutions can already be utilized in a wide variety of use cases, including:

- Wayfinding/navigation
- RTLS/Asset tracking
- Workforce productivity
- Visitor analytics
- Manufacturing optimization
- Security (find rogue devices, enforce no-phone zones, match with video management systems)
- Customer experience enhancement
- Space utilization
- Facility management and maintenance
- Building energy efficiency
- Collision avoidance
- Worker safety
- Student safety (track students w/ two-way messaging using Bluetooth wristbands)
- First responder (to understand the situation and locate those needing help)
- Retail loss prevention
- Evacuation and muster
- Marketing ROI measurement
- Proximity messaging
- Location sharing
- Intelligent parking
- Indoor-outdoor transition

Based on our experience with customers and others that have expressed an interest in our technology and the businesses of our primary competitors, we believe the industries with the highest adoption rates thus far include the federal government, commercial real estate, corporate enterprises, mining, livestock, hospitality, healthcare, transportation, financial institutions and manufacturing, and that eventually there will be opportunities for nearly every industry segment to benefit from indoor intelligence solutions.

**Corporate Structure**

We have four operating subsidiaries: (i) Inpixon Canada, Inc. (100% ownership) based in Coquitlam, British Columbia ("Inpixon Canada"); (ii) Inpixon Limited (100% ownership) based in Slough, United Kingdom; (iii) Inpixon GmbH (100% ownership) based in Ratingen, Germany; and (iv) Inpixon India Limited (82.5% ownership) based in Hyderabad, India. In addition, Nanotron Technologies GmbH, based in Berlin, Germany is an indirect subsidiary of the Company and the wholly owned subsidiary of Inpixon GmbH.

**Our Products and Services**

We provide the following products and services to deliver actionable insights for people places and things.

*Positioning*

Our on-device indoor positioning solution, Inpixon On-Device Positioning, enables a smartphone's precise location to be displayed to a user in a mobile app. Data is combined from various sensors, including accelerometers, gyroscopes, compass, GPS and BLE radio scanning, to position the blue dot and to correct for drift. The addition of the blue dot allows users to have context of their current location in relation to other locations or points of interests enhancing the navigation experience for the user. Our on-device technology runs entirely on a smartphone, smartwatch or other IoT wearable device and can operate without the internet.

Our RTLS location engine, nanoLES, delivers precise positioning and monitoring to create reliable and efficient chirp and UWB location solutions. With time difference of arrival (TDoA) locations and real-time sensor data, we enable sensor fusion between our IoT Platform and custom applications. From data ingestion to tag functionality, we provide an end-to-end
RTLS solution with two-way tag communication. Our RTLS hardware modules can also perform tag-to-tag ranging to determine the distance between two tags -- independent of anchors and the nanoLES location engine -- for applications such as proximity detection and collision avoidance.

We design, manufacture, sell and/or resell the following sensor, tag, anchor, chip/transmitter and transponder technologies and related positioning products, including

- **Inpixon Aware**, our indoor security solution combines wide-spectrum RF detection, indoor positioning and analytics to create situational awareness, mobile security, and detection that locates devices operating within a monitored area. For use with the Inpixon Sensor 4000, our solution enables users to identify and visualize the location and movement of devices, and can be used to determine their compliance with network security policies for a designated zone.

- **Inpixon MDM Connector** software that enables two-way communication between our Inpixon Aware security software and a third-party mobile device management system (MDM), such as IBM MaaS360, VMware AirWatch, and MobileIron. This makes it possible for the MDM to execute device restrictions based on device location (e.g., to disable a phone's camera, audio recorder and transmission functions while in a high security, no-cell-phones zone). If a managed or identified device is not compliant, policy modification of device apps and/or features can be triggered with many of the leading Enterprise Mobile Management (EMM or MDM).

- **Inpixon Sensor 4000,** a powerful, multi-band, multi-channel, award-winning radio frequency (RF) sensor that delivers comprehensive wireless device detection and positioning. Inpixon Sensor 4000 passively detects and locates signals from active Wi-Fi, Bluetooth, and cellular devices, delivering a thorough view of transmitting devices in the monitored areas and enabling effective situational awareness, policy enforcement, and security alerts.

- **Inpixon Pod,** a lower cost sensor option for RF detection based indoor positioning that uses Wi-Fi for device locationing and tracking capabilities. Leveraging multi-sensor trilateration, advanced algorithms and self-calibration tools to deal with changing RF environments, the Inpixon Pod delivers high positional accuracy. Designed to plug into existing electrical outlets and/or be deployed using PoE drops, the Inpixon Pod can backhaul data over wire or wirelessly and can be deployed in various densities in a given 3D space to match a wide array of customer use cases needing various levels of positional accuracy from the zone-level to room-level to aisle-level.

- The **Inpixon Sensor Ultra** offers more reliable and precise location detection with more frequent location updates than current Bluetooth beacons or Wi-Fi by leveraging UWB technology. This USB-enabled device operates independently, or with other sensors or third-party access points to identify and locate UWB tags and devices. UWB tags can be customized to desired form factor.

- *GPS Technologies*

  - The **Inpixon GPS 900** is a personnel, vehicle and asset tracking solution designed to provide ground situational awareness and real-time surveillance of personnel and equipment traveling within a designated area, ranging from 20 – 200+ square-miles. Inpixon GPS 900 establishes a private (not Internet-connected), hybrid GPS + RF

(900MHz), 256-bit AES-encrypted wide area network (WAN). This product can be used by military commanders to identify the location of persons and assets in connection with base operations and during live-fire exercises.

- The **Inpixon GPS Viewer** is a browser-based portal used to monitor location and movements of GPS-enabled tracking devices. Our global positioning system (GPS) tracking products provide ground positioning, asset tracking, and situational awareness monitoring for those whose intelligence needs expand outdoors.

- *Chips/Transmitters/Anchors*

Our high performance chirp transceiver chip, nanoLOC, offers robust wireless communication, ranging and RTLS capabilities using the chirp technology. Inpixon offers both chirp andUWB real-time location system (RTLS) anchors. Inpixon's anchors run at the edge of the network and when leveraged with our location engine, provides the IoT interface to send location and context data to analytics engines.

- *Hardware Modules* We also offer a variety of hardware modules suitable for a multiple IoT implementations:

  - The **swarm bee LE** is a chirp tag ready ranging, RTLS, communication radio and sensor module and is ideal for personnel, equipment and asset tracking products where indoor and outdoor location sensing is critical.

  - The **swarm bee ER** is a UWB tag ready ranging, RTLS, communication radio and sensor module is ideal for applications requiring very precise and reliable distance or location information.

  - **CO2 Sensor Module SG112A** is a low-profile NDIR carbon dioxide (CO2) sensor module for monitoring indoor air quality to ensure adequate clean air.

  - The **CO2 Sensor Module SG112B** is a self-calibrating NDIR carbon dioxide (CO2) sensor module that measures CO2 at relatively high concentrations ranging from 10% to 30% (up to 300,000 ppm).

*Mapping*

Our indoor mapping solution, Inpixon Mapping, provides users with the tools to add intelligence to complex indoor spaces by integrating business data with geospatially accurate indoor maps to create relevant views of indoor environments. The digital twin of a physical space facilitates use cases for facility management, security safety, customer or worker experiences, asst tracking and more. Inpixon Mapping offers developers the flexibility and control to create tailored map-enabled solutions that address multiple use cases with a single set of maps. Deployed through native SDKs (Web, iOS, Android), maps are broken down into layers and objects that can be associated with third party data sources and used to provide a high-fidelity and fluid user experience.

*Analytics*

- The **Inpixon Aware Core Insights** software product provides our security customers running systems that are not connected to the internet an on-premises application to generate graphical reports on historical data (e.g., to reveal the number of unknown wireless devices per month over time or other alerts generated by the system) captured by Inpixon Aware.

- **Inpixon Analytics** is a high-performance, data analytics solution, that can deliver business intelligence for commercial or government premises worldwide through the use of our products as well as by ingesting data from other sources, such as third-party sensors, Wi-Fi access points, Bluetooth beacons, video cameras, and big data sources to provide actionable intelligence and insights for our customers. This high-performance cloud-based data analytics engine can provide analytics on detected RF devices or active tags to power more advanced visitor or worker analytics. Organizations are able to understand worker visitor behavior, journey, and path analytics. Users can view their data in a configurable dashboard.

- Our **Inpixon RF Video Connector** is an add-on for Inpixon Analytics that utilizes sensor fusion to deliver a new, advanced form of video analytics to help security personnel combat crime and secure indoor locations. This unique, patent-pending process correlates Wi-Fi device presence (e.g., what phones are present) and analytics to each security video frame generated by customers' existing video management systems (VMS) in order to better understand how a device detected in one frame has moved throughout the venue and to provide security-based alerts.

*Other Solutions*

In addition to our positioning, mapping and analytics products, we also offer:

- **Shoom** digital solutions (eTearsheets; eInvoice, adDelivery) are cloud-based applications and analytics for the media and publishing industry. These products also generate critical data analytics for the customers.

- **SAVES by Inpixon** is a comprehensive set of data analytics and statistical visualization solutions for engineers and scientists.

*Product Enhancements*

Our ability to adapt to the technological advancements within our industry is critical to our long-term success and growth. As a result, our senior management must continuously work to ensure that they remain informed and prepared to quickly adapt and leverage new technologies within our product and service offering as such technologies become available. In connection with that goal, our product roadmap development plans include expanding the use of ultra-wideband technology for asset tracking, furthering our efforts towards 3D mapping, including adding augmented reality features, artificial intelligence and machine learning improvements within our positioning algorithms, in addition to understanding worldwide 5G deployments to enhance our positioning capabilities.

*Artificial Intelligence*

In 2021, we intend to continue to expand our use of artificial intelligence ("AI") and machine learning to improve positioning accuracy, enhance anonymous device capture algorithms and offer intelligent solutions, which will continue to be refined over time, for enterprise security and marketing customers. Following these enhancements, our products will be able to assist in providing predictive, more accurate, bidirectional information to secure and optimize management of indoor spaces. These enhanced algorithms will enable better positioning of devices, predictive analytics, faster analysis of data and improved user experience.

*5G*

Building on R&D efforts in 2020, we intend to continue to study the worldwide 5G deployments to build a robust hardware and software solution to detect and position new handsets based on this technology and explore software defined radio solutions, as well as enhancements in antenna technology to provide our customers with additional capabilities in the security field.

*Augmented Reality*

Our advanced mapping platform is built with a set of developer tools to power an infinite number of experiences across multiple platforms. In 2021, we will continue to expand our tools by leveraging AR technologies to capture spatial data and overlay with the rich, profile-based maps in our CMS. This will allow new navigation use cases, applications for deployment of assets and possibilities for optimization in manufacturing and office environments.

*App*

With the addition of our on-device positioning technology in 2020 and the expanding usage of apps in the workplace, particularly campus and large building environments, we are investing R&D resources in improving our app capabilities, enhancing our SDKs and adding new functionality to support integration with workplace systems and tool. By providing the best mapping and app experience our enterprise customers can improve efficiency and experience in offices and guide users in following new health and safety recommendations.

**Research and Development Expenses**

Our future plans include significant investments in research and development and related product enhancement opportunities. Our management believes that we must continue to dedicate a significant amount of resources to research and development efforts to maintain a competitive position. Research and development expenses for the years ended December 31, 2020 and 2019 totaled approximately $6.5 million and $3.9 million, respectively.

**Sales and Marketing**

We utilize direct sales and marketing through approximately 26 sales representatives, who are compensated with a base salary and, in certain instances, may participate in incentive plans such as commissions or bonuses. We also utilize webinars, conferences, tradeshows and other direct and indirect marketing activities to generate demand for our products and services. We also have relationships with channel partners to directly engage with customers, to perform the installation as well as manufacturers (OEM) and systems integrators to assist with the implementation of certain of our products and services. We

train our partners and we have our own channel/partner managers to support and augment partners as needed. We are in the process of expanding our channel partners in both commercial and government markets.

Our Inpixon products are primarily sold on a license (up-front one-time fee) or software-as-a-service (SaaS) model. In our licensing model, we also typically charge an annual maintenance fee. The SaaS model is typically for a 2-3 year contract and includes maintenance upgrades. The SaaS model generates a recurring revenue stream. Our Shoom product is on a monthly subscription model based on 2-3 year contracts. SAVES products are sold as annual or perpetual licenses along with maintenance subscriptions.

**Customers**

The Company's customers include shopping malls, corporate offices, healthcare facilities, government agencies, local publications, among others. Our top three customers accounted for approximately 43% and 66% of our gross revenue during the years ended December 31, 2020 and 2019, respectively. One customer accounted for 26% of our gross revenue in 2020 and 42% in 2019. From time to time, one or two customers can represent a significant portion of our revenue as a result of one-time projects.

**Competition**

Our products compete with positioning companies such as Aruba, Cisco, Mist Networks/Juniper Networks, Aislelabs and Bluevision/HID. For our mapping product, we compete with companies such as MappedIn and Mapwize. For asset tracking, we compete with Zebra Technologies, Stanley Healthcare and other mostly vertical focused RTLS companies. The positioning companies primarily offer only Wi-Fi and/or Bluetooth detection and, therefore, we believe they cannot achieve the same accuracy and comprehensive detection that we do. We have partnered with or replaced some of these companies because we offer Wi-Fi, cellular, RFID, UWB and Bluetooth and have several meters to centimeter level location accuracy depending on the product. Most of the companies above are focused on one product and/or vertical and, at this time, we believe none of them have the complete offering of positioning, mapping, RTLS and analytics.

Mobile device management companies like AirWatch and MobileIron have also integrated with us instead of developing competing products. MerlinOne and PressTeligence compete with the functionality of our Shoom products, but typically provide information only for the specific customer and not for the customer's competitors or for the industry.

We believe we offer a unique and differentiated approach to the market with our indoor intelligence offering which is:

- Comprehensive. We integrate a myriad of indoor data inputs and outputs. The technology supports a multitude of use cases including asset tracking, navigation, facility management, analytics, and security across numerous industries in both the private and public sector.

- Scalable. We are built to support customers' expanding needs and use cases. Unlike other competitive point-solutions, we can offer expansion paths and support for a wide variety of location based use cases. Our multi-layered depiction of indoor data allows users to see the information layer(s) most relevant to their role, in the optimal format for them (e.g., charts, tables, maps, etc.).

- Technology-agnostic. We embrace an ecosystem of hardware, software, integration and distribution partners welcoming integration and synchronization with third party data and systems in combination with our platform. Our open architecture is designed to enable the integration of disparate technologies, preserve investment and avoid obsolesce. APIs make it possible to move data in and out of our platform. Our SDKs enable developers to build new apps or to integrate location data into their existing mobile apps, websites or kiosks.

**Intellectual Property**

We own U.S. trademark registrations for the following nine marks: Inpixon, IPA, Indoor Positioning Analytics, Security Dome, Shoom, ZoneDefense, and Find and Follow, Ten Degrees, as well as certain Inpixon design logos. Each of these registrations is in the first 10-year registration term and we intend to renew each registration for additional 10-year renewal terms, as available. We also have a pending applications for the following marks:ZoneAware, Indoor Intelligence, Inpixon Aware, Inpixon Aware Core Insights, and Workplace Readiness. We have similar trademarks and applications in other jurisdictions including Canada (including registration of two Nanotron marks), China, the European Union (including registration of Nanotron mark), Germany (registration of two Nanotron marks), India, Japan (including registration of a GO2O mark), and the United Kingdom (including registration of Nanotron and Clops marks). We have twenty-four registered patents

and eleven pending applications in the United States relating to the Inpixon products, along with similar patents and applications in other jurisdictions including Australia, Canada, the European Patent Organization, France, Germany, Ireland, Mexico, and the United Kingdom. The registered patents in the United States were issued in 2008, 2010, and in each year 2014 through 2020, 2016, 2017, 2018, and 2019 and will expire in the years 2021, 2025, 2029, and in each year 2031, 2032, 2033, 2034 and 2035 through 2037.

**Government Regulation**

In general, we are subject to numerous federal, state and foreign legal requirements on matters as diverse as data privacy and protection, employment and labor relations, immigration, taxation, anticorruption, import/export controls, trade restrictions, internal and disclosure control obligations, securities regulation and anti-competition.

Violations of one or more of these diverse legal requirements in the conduct of our business could result in significant fines and other damages, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations or contractual obligations related to regulatory compliance in connection with the performance of customer contracts could also result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to compete for certain work and allegations by our customers that we have not performed our contractual obligations. To date, compliance with these regulations has not been financially burdensome.

**Employees**

As of March 23, 2021, we have 190 employees, including 6 part-time employees, which includes all employees of our subsidiaries. This includes 4 officers, 26 sales personnel, 13 marketing personnel, 125 technical and engineering personnel and 22 finance, legal and administration personnel.

**Corporate History**

We were originally formed in the State of Nevada in April 1999. Prior to the spin-off in August 2018 of our wholly owned subsidiary, Sysorex, Inc. (“Sysorex”, our business was primarily focused on providing information technology and telecommunications solutions and services to commercial and government customers primarily in the United States in order to enable their customers to manage, protect, and monetize their enterprise assets whether on-premises, in the cloud, or via mobile. The product and service offerings included enterprise infrastructure solutions for business operations, continuity, data protection, software development, collaboration, IT security, and physical security needs, that help organizations tackle challenges and accelerate business goals, including, third party hardware, software and related maintenance and warranty products and services resold from well-known brands and a full range of information technology development and implementation professional services, from enterprise architecture design to custom application development.

In 2013, we acquired our Shoom business with the acquisition of 100% of the outstanding capital stock of Shoom, Inc. (“Shoom”), allowing us to expand our product offerings to include cloud-based data analytics and enterprise solutions to the media, publishing and entertainment industries.

In 2014, we acquired our IPA Security (previously Zone Defense and ZoneAware) product lines with the acquisition of 100% of the outstanding capital stock of AirPatrol Corporation (“AirPatrol”), with its Canadian based subsidiary AirPatrol Research, initiating our entry into the indoor location positioning market, where are business is focused today.

In 2015, we enhanced our analytics capabilities with the acquisition of substantially all of the assets of LightMiner Systems, Inc. (“LightMiner”), including its in-memory, real-time, data analysis system designed to support traditional SQL-based business intelligence and analytics applications as well as a host of integrated statistical, machine learning and artificial intelligence algorithms.

Effective January 1, 2016, we completed a reorganization pursuant to which (1) AirPatrol and Shoom were merged into Lilien (which changed its name to “Sysorex USA”, and later Inpixon USA) and (2) the Company changed its name to “Sysorex Global” with completion of a statutory merger. Immediately prior to the consummation of these mergers, the Company carried out (i) an assignment from AirPatrol to the Company of all shares of capital stock of AirPatrol Research, pursuant to which AirPatrol Research became a direct subsidiary of the Company; (ii) the amendment of AirPatrol Research’s Notice of Articles to change its name to “Sysorex Canada Corp.”; (iii) the dissolution and winding up of Sysorex Federal, in which Sysorex Federal assigned and transferred all of its assets, including all outstanding shares of capital stock of Sysorex Government, to the Company, and the Company assumed Sysorex Federal’s debts and liabilities; (iv) an assignment from the

Company to Lilien of all outstanding shares of capital stock of Sysorex Government, pursuant to which Sysorex Government became a direct subsidiary of Lilien.

In 2016, we completed the acquisition of the business and certain assets of Integrio Technologies, LLC ("Integrio" or "Integrio Technologies") and Emtec Federal, LLC ("Emtec Federal"). Integrio, together with Emtec Federal, was an IT integration and engineering company that provided solutions for network performance, secure wireless infrastructure, software application lifecycle support, and physical cyber security for federal, state and local government agencies. The Integrio business was spun-off in connection with the spin-off of Sysorex in August of 2018

In 2017, we completed a short form statutory merger with our newly formed wholly-owned subsidiary Inpixon formed solely for the purpose of changing our corporate name from Sysorex Global to Inpixon. As part of the name change, each of our then-existing subsidiaries also amended their corporate charters to change their names from Sysorex USA, Sysorex Government Services, Inc. and Sysorex Canada Corp. to Inpixon USA, Inpixon Federal, Inc. and Inpixon Canada, Inc., respectively, effective as of March 1, 2017. In addition, effective March 1, 2017, the Company filed a Certificate of Amendment to its Articles of Incorporation with the Secretary of State of the State of Nevada to effect a 1-for-15 reverse stock split of the Company's common stock for the purpose of complying with Nasdaq Listing Rule 5550(a)(2).

Effective as of December 31, 2017, we acquired approximately 82.5% of the outstanding equity securities of Inpixon India Limited ("Inpixon India") from Sysorex Consulting, Inc. ("SCI") pursuant to that certain Stock Purchase Agreement dated as of December 31, 2017 by and among us, SCI and Inpixon India, for aggregate consideration for the assignment by us of $666,000 of outstanding receivables.

On January 18, 2018, we sold our 50.2% interest in Sysorex Arabia to SCI in consideration for SCI's assumption of 50.2% of the assets and liabilities of Sysorex Arabia, totaling approximately $11,400 and $1,031,000, respectively.

On February 2, 2018, we filed a Certificate of Amendment to our Articles of Incorporation with the Secretary of State of the State of Nevada to increase the total number of authorized shares of common stock from 50,000,000 to 250,000,000, as approved by our stockholders at a special meeting held on February 2, 2018 and effective upon filing (the "Authorized Share Amendment").

On February 2, 2018, we filed a Certificate of Amendment to our Articles of Incorporation with the Secretary of State of the State of Nevada to effect a 1-for-30 reverse stock split of our issued and outstanding shares of common stock, effective as of February 6, 2018 for the purpose of complying with Nasdaq Listing Rule 5550(a)(2).

On August 31, 2018, we completed the spin-off of Sysorex to separate our legacy enterprise infrastructure solution business from our indoor positioning analytics business.

On November 2, 2018, we effected, a reverse split of our outstanding common stock, at a ratio of 1-for-40, for the purpose of complying with Nasdaq Listing Rule 5550(a)(2).

On May 21, 2019, we completed the acquisition of 100% of the outstanding capital stock of Locality Systems, Inc. ("Locality"), including its wireless device positioning and RF augmentation of video surveillance systems through our subsidiary, Inpixon Canada. The video management system ("VMS") integration, which is currently available for a number of VMS vendors, can assist security personnel in identifying potential suspects and tracking their movements cross-camera and from one facility to another. The solution is designed to enhance traditional security video feeds by correlating RF signals with video images.

On June 27, 2019, we acquired a portfolio of GPS technologies and IP, including, but not limited to (a) an IP portfolio that includes a registered patent, along with more than 20 pending patent applications or licenses to registered patents or pending applications relating to GPS technologies; (b) a smart school safety network solution that consists of a combination of wristbands, gateways and proprietary backend software, which rely on the Bluetooth Low-Energy protocol and a low-power enterprise wireless 2.4Ghz platform, to help school administrators identify the geographic location of students or other people or things (e.g., equipment, vehicles, tools, etc.) in order to, among other things, ensure the safety and security of students while at school; (c) a personnel equipment tracking system and ground personnel safety system, which includes a combination of hardware and software components, for a GPS and RF based personnel, vehicle and asset-tracking solution designed to provide ground situational awareness and near real-time surveillance of personnel and equipment traveling within a designated area for, among other things, government and military applications and (d) a right to 30% of royalty payments that may be received by GTX in connection with its ownership interest in Inventergy LBS, LLC, which is the owner of certain patents related to methods and systems for communicating with a tracking device.

On August 15, 2019, we acquired our Inpixon Mapping product in connection with the acquisition of Jibestream, Inc. ("Jibestream") which was amalgamated into Inpixon Canada on January 1, 2020.

On October 31, 2019, we received stockholder approval for, and subsequently effected, a reverse split of our outstanding common stock at a ratio of 1-for-45, effective as of January 7, 2020 for the purpose of complying with Nasdaq Listing Rule 5550(a)(2).

On June 19, 2020, we acquired an exclusive license to use, market, distribute, and develop the SYSTAT and SigmaPlot software suite of products (referred to as "SAVES") pursuant to an Exclusive Software License and Distribution Agreement, by and among the Company, Cranes Software International Ltd. ("Cranes") and Systat Software, Inc. ("Systat" and, together with Cranes, the "Systat Parties"), as amended on June 30, 2020 and February 22, 2021 (as amended, the "License Agreement"). In connection with the License Agreement, we received an exclusive, worldwide license to use, modify, develop, market, sublicense and distribute the SAVES software, software source, user documentation and related Systat Intellectual Property (as defined in License Agreement) (the "License"); and an option to acquire the assets underlying the License (the "Purchase Option"). On February 22, 2021, we exercised the Purchase Option for a portion of the assets including certain of the SAVES software, trademarks, solutions, domain names and websites.

On August 19, 2020, we entered into an agreement with Ten Degrees Inc. ("TDI"), Ten Degrees International Limited ("TDIL"), mCube International Limited ("MCI"), and the holder of a majority of the outstanding capital of TDIL and mCube, Inc., and the sole shareholder of 100% of the outstanding capital stock of MCI ("mCube," together with TDI, TDIL, and MCI collectively, the "Transferors") to acquire a suite of on-device "blue-dot" indoor location and motion technologies, including patents, trademarks, software and related intellectual property from the Transferors.

On October 6, 2020, we acquired all of the outstanding shares of Nanotron ("Nanotron Shares") through our wholly-owned subsidiary Inpixon GmbH, pursuant to a Share Sale and Purchase Agreement with Nanotron Technologies GmbH, a limited liability company incorporated under the laws of Germany ("Nanotron"), and Sensera Limited ("Sensera"), the sole shareholder of Nanotron. As a result of the acquisition, our asset tracking and RTLS business expanded to include offering wireless location awareness technology for consumers, for solutions such as locating and tracking a pet, livestock, child, or property, while transmitting the data into a useable format.

On March 25, 2021, we entered into a Stock Purchase Agreement (the "GYG Purchase Agreement") with Game Your Game, Inc., a Delaware corporation ("GYG"), and certain selling shareholders (the "Selling Shareholders"), pursuant to which we will acquire an aggregate of 522,000 shares of common stock of GYG (the "GYG Shares"), representing 52.2% of the outstanding shares of common stock of GYG on a fully diluted basis, in exchange for $1,666,932 in cash (the "Cash Consideration"), and a number of shares of our common stock equal to $1,403,103 divided by the lesser of (A) the closing price per share of our common stock, as reported by the Nasdaq Stock Market, immediately prior to the closing of the transaction and (B) the average closing price of our common stock, as reported by the Nasdaq Stock Market, for the 5 trading days immediately preceding the closing date. The Cash Consideration will be used for working capital purposes and to satisfy certain outstanding payroll obligations of GYG. The closing of the transaction is subject to the terms and satisfaction of the conditions set forth in the GYG Purchase Agreement. GYG's business consists of developing and providing solutions using sports data and analytics.

**Corporate Information**

Our principal executive offices are located at 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303, and our telephone number is (408) 702-2167. Our subsidiaries maintain offices in Coquitlam, British Columbia, New Westminster, British Columbia, Toronto, Ontario, Hyderabad, India, Berlin Germany, Ratingen, Germany, and Slough, UK. Our Internet website is www.inpixon.com. The information on, or that can be accessed through, our website is not part of this report, and you should not rely on any such information in making any investment decision relating to our common stock.

## ITEM 1A: RISK FACTORS

*We are subject to various risks that may materially harm our business, prospects, financial condition and results of operations. An investment in our common stock is speculative and involves a high degree of risk. In evaluating an investment in shares of our common stock, you should carefully consider the risks described below, together with the other information included in this report.*

*If any of the events described in the following risk factors actually occurs, or if additional risks and uncertainties later materialize, that are not presently known to us or that we currently deem immaterial, then our business, prospects, results of operations and financial condition could be materially adversely affected. In that event, the trading price of our common stock*

*could decline, and investors in our common stock may lose all or part of their investment in our shares. The risks discussed below include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements.*

**Risks Related to Our Operations**

***We have a strategic acquisition strategy and since 2014 have completed several strategic transactions. In addition, we completed the Spin-off our VAR business in August 2018, which included our legacy value added reseller business, which may make it difficult for potential investors to evaluate our future business. Furthermore, due to the risks and uncertainties related to the acquisition of new businesses, any such acquisition does not guarantee that we will be able to attain profitability.***

We have a strategic acquisition strategy and since 2014 we have completed several strategic transactions. In August 2018, we completed the Spin-off of our VAR business, which included the businesses acquired from Lilien and Integrio, while in 2019 we acquired Locality and Jibestream, in addition to certain assets from GTX. Lastly, in 2020, we completed several additional strategic transactions including, the acquisition of the Nanotron business, an exclusive license for the distribution and marketing of the SAVES software and the acquisition of certain assets and technologies comprising our "blue dot" technology from Ten Degrees. Our limited operating history after such acquisitions and divestiture makes it difficult for potential investors to evaluate our business or prospective operations or the merits of an investment in our securities. With respect to the Spin-off, the risks inherent in such divestiture are described below under "*Risks Related to the Spin-off.*" With respect to acquisitions, we are subject to the risks inherent in the financing, expenditures, complications and delays characteristic of a newly combined business. These risks are described below under the risk factor titled *"Any future acquisitions that we may make could disrupt our business, cause dilution to our stockholders and harm our business, financial condition or operating results."* In addition, while the Company has received indemnification protections in connection with these acquisitions from undisclosed liabilities, there may not be adequate resources to cover such indemnity. Furthermore, there are risks that the vendors, suppliers and customers of any of the businesses we have acquired may not renew their relationships for which there is no indemnification. Accordingly, our business and success faces risks from uncertainties inherent to developing companies in a competitive environment. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability.

***We may not be able to successfully integrate the business and operations of entities that we have acquired or may acquire in the future into our ongoing business operations, which may result in our inability to fully realize the intended benefits of these acquisitions, or may disrupt our current operations, which could have a material adverse effect on our business, financial position and/or results of operations.***

We continue to integrate the technology and operations acquired in connection with our recent acquisitions, including but not limited to the on-device positioning technology acquired from Ten Degrees and the Nanotron technology and operations. This process involves complex operational, technological and personnel-related challenges, which are time-consuming and expensive and may disrupt our ongoing business operations. Furthermore, integration involves a number of risks, including, but not limited to:

- difficulties or complications in combining the companies' operations;
- differences in controls, procedures and policies, regulatory standards and business cultures among the combined companies;
- the diversion of management's attention from our ongoing core business operations;
- increased exposure to certain governmental regulations and compliance requirements;
- the potential loss of key personnel;
- the potential loss of key customers or suppliers who choose not to do business with the combined business;
- difficulties or delays in consolidating the acquired companies' technology platforms, including implementing systems designed to maintain effective disclosure controls and procedures and internal control over financial reporting for the combined company and enable the Company to continue to comply with U.S. GAAP and applicable U.S. securities laws and regulations;

- unanticipated costs and other assumed contingent liabilities;
- difficulty comparing financial reports due to differing financial and/or internal reporting systems;
- making any necessary modifications to internal financial control standards to comply with the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder; and/or
- possible tax costs or inefficiencies associated with integrating the operations of the combined company.

These factors could cause us to not fully realize the anticipated financial and/or strategic benefits of the acquisitions and the recent reorganization, which could have a material adverse effect on our business, financial condition and/or results of operations.

Even if we are able to successfully operate the acquired businesses, we may not be able to realize the revenue and other synergies and growth that we anticipated from these acquisitions in the time frame that we currently expect, and the costs of achieving these benefits may be higher than what we currently expect, because of a number of risks, including, but not limited to:

- the possibility that the acquisition may not further our business strategy as we expected;
- the possibility that we may not be able to expand the reach and customer base for the acquired companies current and future products as expected; and
- the possibility that the carrying amounts of goodwill and other purchased intangible assets may not be recoverable.

As a result of these risks, the acquisitions and integration may not contribute to our earnings as expected, we may not achieve expected revenue synergies or our return on invested capital targets when expected, or at all, and we may not achieve the other anticipated strategic and financial benefits of the acquisitions and the reorganization.

***The risks arising with respect to the historic business and operations of our recent acquisition targets may be different from what we anticipate, which could significantly increase the costs and decrease the benefits of the acquisition and materially and adversely affect our operations going forward.***

Although we performed significant financial, legal, technological and business due diligence with respect to our recent acquisition targets, we may not have appreciated, understood or fully anticipated the extent of the risks associated with the acquisitions. We have secured indemnification for certain matters in connection with our recent acquisitions in order to mitigate the consequences of breaches of representations, warranties and covenants under the merger agreements and the risks associated with historic operations, including those with respect to compliance with laws, accuracy of financial statements, financial reporting controls and procedures, tax matters and undisclosed liabilities, and certain matters known to us. We believe that the indemnification provisions of the merger agreements, together with any applicable holdback escrows and insurance policies that we have in place will limit the economic consequences of the issues we have identified in our due diligence to acceptable levels. Notwithstanding our exercise of due diligence and risk mitigation strategies, the risks of the acquisition and the costs associated with these risks may be greater than we anticipate. We may not be able to contain or control the costs associated with unanticipated risks or liabilities, which could materially and adversely affect our business, liquidity, capital resources or results of operations.

***A significant portion of the purchase price related to our strategic acquisitions are allocated to goodwill and intangible assets that are subject to periodic impairment evaluations. An impairment loss could have a material adverse impact on our financial condition and results of operations.***

The Company acquired approximately $1.2 million of goodwill and approximately $2.8 million of intangible assets relating to our acquisition of Shoom, approximately $7.4 million of goodwill and approximately $13.3 million of intangible assets relating to our acquisition of AirPatrol, approximately $3.5 million of intangible assets relating to our acquisition of LightMiner, approximately $0.7 million of goodwill and approximately $1.7 million of intangible assets relating to our acquisition of Locality, $2,000 of goodwill and approximately $0.9 million of intangibles relating to our acquisition of GTX, approximately $1.5 million of goodwill and approximately $4.9 million of intangible assets relating to our acquisition of Jibestream, approximately $0.5 million of goodwill and approximately $2.4 million of intangible assets relating to the acquisition of the Systat license, approximately $2.1 million of intangible assets relating to our acquisition of Ten Degrees, and

approximately $3.8 million of goodwill and approximately $3.6 million of intangible assets relating to our acquisition of Nanotron. As required by current accounting standards, we review intangible assets for impairment either annually or whenever changes in circumstances indicate that the carrying value may not be recoverable. The risk of impairment to goodwill is higher during the early years following an acquisition. This is because the fair values of these assets align very closely with what we paid to acquire the reporting units to which these assets are assigned. As a result, the difference between the carrying value of the reporting unit and its fair value (typically referred to as "headroom") is smaller at the time of acquisition. Until this headroom grows over time, due to business growth or lower carrying value of the reporting unit, a relatively small decrease in reporting unit fair value can trigger impairment charges. When impairment charges are triggered, they tend to be material due to the size of the assets involved. Our business would be adversely affected, and impairment of goodwill could be triggered, if any of the following were to occur: higher attrition rates than planned as a result of the competitive environment or our inability to provide products and services that are competitive in the marketplace, lower-than-planned adoption rates by customers, higher-than-expected expense levels to provide services to customers, and changes in our business model that may impact one or more of these variables. During the years ended December 31, 2019 and December 31, 2020 we did not record a goodwill or intangibles impairment charge.

***Our acquisitions may expose us to additional liabilities, and insurance and indemnification coverage may not fully protect us from these liabilities.***

Upon completion of acquisitions, we may be exposed to unknown or contingent liabilities associated with the acquired entity, and if these liabilities exceed our estimates, our results of operations and financial condition may be materially and negatively affected.

***Our ability to successfully execute our business plan may require additional debt or equity financing, which may otherwise not be available on reasonable terms or at all.***

Based on our current business plan, we will need additional capital to support our operations, which may be satisfied with additional debt or equity financings. Future financings through equity offerings by us will be dilutive to existing stockholders. In addition, the terms of securities we may issue in future capital transactions may be more favorable to new investors than our current investors. Newly issued securities may include preferences, superior voting rights, and the issuance of warrants or other derivative securities. We may also issue incentive awards under our equity incentive plans, which may have additional dilutive effects. We may also be required to recognize non-cash expenses in connection with certain securities we may issue in the future such as convertible notes and warrants, which would adversely impact our financial condition and results of operations. Our ability to obtain needed financing may be impaired by factors, including the condition of the economy and capital markets, both generally and specifically in our industry, and the fact that we are not profitable, which could affect the availability or cost of future financing. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, we may need to reduce our operations by, for example, selling certain assets or business segments.

***Failure to manage or protect growth may be detrimental to our business because our infrastructure may not be adequate for expansion.***

Our recent acquisitions required a substantial expansion of our systems, workforce and facilities and our corporate strategy includes plans for continued acquisitions of complementary technologies and businesses in furtherance of our growth plans. We may fail to adequately manage our anticipated future growth. The substantial growth in our operations as a result of our acquisitions has, and is expected to continue to, place a significant strain on our administrative, financial and operational resources, and increase demands on our management and on our operational and administrative systems, controls and other resources. There can be no assurance that our systems, procedures and controls will be adequate to support our operations as they expand. We cannot assure you that our existing personnel, systems, procedures or controls will be adequate to support our operations in the future or that we will be able to successfully implement appropriate measures consistent with our growth strategy. As part of this growth, we may have to implement new operational and financial systems, procedures and controls to expand, train and manage our employee base, and maintain close coordination among our staff. We cannot guarantee that we will be able to do so, or that if we are able to do so, we will be able to effectively integrate them into our existing staff and systems.

Our corporate strategy contemplates potential future acquisitions and to the extent we acquire other businesses, we will also need to integrate and assimilate new operations, technologies and personnel. The integration of new personnel will continue to result in some disruption to ongoing operations. The ability to effectively manage growth in a rapidly evolving market requires effective planning and management processes. We will need to continue to improve operational, financial and managerial controls, reporting systems and procedures, and will need to continue to expand, train and manage our work force.

There can be no assurance that the Company would be able to accomplish such an expansion on a timely basis. If the Company is unable to effect any required expansion and is unable to perform its contracts on a timely and satisfactory basis, its reputation and eligibility to secure additional contracts in the future could be damaged. The failure to perform could also result in contract terminations and significant liability. Any such result would adversely affect the Company's business and financial condition.

***We will need to increase the size of our organization, and we may experience difficulties in managing growth, which could hurt our financial performance.***

In addition to employees hired in connection with our recent acquisitions and any other companies that we may acquire in the future, we anticipate that we will need to expand our employee infrastructure for managerial, operational, financial and other resources at the parent company level. Future growth will impose significant added responsibilities on members of management, including the need to identify, recruit, maintain and integrate additional employees. Our future financial performance and our ability to commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effective.

In order to manage our future growth, we will need to continue to improve our management, operational and financial controls and our reporting systems and procedures. All of these measures will require significant expenditures and will demand the attention of management. If we do not continue to enhance our management personnel and our operational and financial systems and controls in response to growth in our business, we could experience operating inefficiencies that could impair our competitive position and could increase our costs more than we had planned. If we are unable to manage growth effectively, our business, financial condition and operating results could be adversely affected.

***We have a history of operating losses and working capital deficiency and there is no assurance that we will be able to achieve profitability or raise additional financing.***

We have a history of operating losses and working capital deficiency. We have incurred net losses of approximately $29.2 million and $34.0 million for the fiscal years ended December 31, 2020 and 2019, respectively, which includes a $2.4 million and $10.6 million valuation allowance on that certain secured promissory note (the "Sysorex Note") issued to us by Sysorex for the years ended December 31, 2020 and 2019, respectively. The continuation of our Company is dependent upon attaining and maintaining profitable operations and raising additional capital as needed, but there can be no assurance that we will be able to raise any further financing.

Our ability to generate positive cash flow from operations is dependent upon sustaining certain cost reductions and generating sufficient revenues. While our revenues have increased by 48% as compared to the same period for 2019, they are not sufficient to fund our operations and cover our operating losses. Our management is evaluating options and strategic transactions and continuing to market and promote our new products and technologies, however, there is no guarantee that these efforts will be successful or that we will be able to achieve or sustain profitability. We have funded our operations primarily with proceeds from public and private offerings of our common stock and secured and unsecured debt instruments. Our history of operating losses and cash uses, our projections of the level of cash that will be required for our operations to reach profitability, and the terms of the financing transactions that we completed in the past, may impair our ability to raise capital on terms that we consider reasonable and at the levels that we will require over the coming months. We cannot provide any assurances that we will be able to secure additional funding from public or private offerings or debt financings on terms acceptable to us, if at all. If we are unable to obtain the requisite amount of financing needed to fund our planned operations, it would have a material adverse effect on our business and ability to continue as a going concern, and we may have to curtail, or even to cease, certain operations. If additional funds are raised through the issuance of equity securities or convertible debt securities, it will be dilutive to our stockholders and could result in a decrease in our stock price.

***Our business depends on experienced and skilled personnel, and if we are unable to attract and integrate skilled personnel, it will be more difficult for us to manage our business and complete contracts.***

The success of our business depends on the skill of our personnel. Accordingly, it is critical that we maintain, and continue to build, a highly experienced management team and specialized workforce, including those who create software programs and sales professionals. Competition for personnel with skill sets specific to our industry is high, and identifying candidates with the appropriate qualifications can be costly and difficult. We may not be able to hire the necessary personnel to implement our business strategy given our anticipated hiring needs, or we may need to provide higher compensation or more training to our personnel than we currently anticipate.

Our business is labor intensive and our success depends on our ability to attract, retain, train and motivate highly skilled employees, including employees who may become part of our organization in connection with our acquisitions. The

increase in demand for consulting, technology integration and managed services has further increased the need for employees with specialized skills or significant experience in these areas. Our ability to expand our operations will be highly dependent on our ability to attract a sufficient number of highly skilled employees and to retain our employees and the employees of companies that we have acquired. We may not be successful in attracting and retaining enough employees to achieve our desired expansion or staffing plans. Furthermore, the industry turnover rates for these types of employees are high and we may not be successful in retaining, training or motivating our employees. Any inability to attract, retain, train and motivate employees could impair our ability to adequately manage and complete existing projects and to accept new customer engagements. Such inability may also force us to increase our hiring of independent contractors, which may increase our costs and reduce our profitability on customer engagements. We must also devote substantial managerial and financial resources to monitoring and managing our workforce. Our future success will depend on our ability to manage the levels and related costs of our workforce.

In the event we are unable to attract, hire and retain the requisite personnel and subcontractors, we may experience delays in completing contracts in accordance with project schedules and budgets, which may have an adverse effect on our financial results, harm our reputation and cause us to curtail our pursuit of new contracts. Further, any increase in demand for personnel may result in higher costs, causing us to exceed the budget on a contract, which in turn may have an adverse effect on our business, financial condition and operating results and harm our relationships with our customers.

***Any future acquisitions that we may make could disrupt our business, cause dilution to our stockholders and harm our business, financial condition or operating results.***

If we are successful in consummating acquisitions, those acquisitions could subject us to a number of risks, including, but not limited to:

- the purchase price we pay and/or unanticipated costs could significantly deplete our cash reserves or result in dilution to our existing stockholders;
- we may find that the acquired company or technologies do not improve our market position as planned;
- we may have difficulty integrating the operations and personnel of the acquired company, as the combined operations will place significant demands on the Company's management, technical, financial and other resources;
- key personnel and customers of the acquired company may terminate their relationships with the acquired company as a result of the acquisition;
- we may experience additional financial and accounting challenges and complexities in areas such as tax planning and financial reporting;
- we may assume or be held liable for risks and liabilities (including environmental-related costs) as a result of our acquisitions, some of which we may not be able to discover during our due diligence investigation or adequately adjust for in our acquisition arrangements;
- our ongoing business and management's attention may be disrupted or diverted by transition or integration issues and the complexity of managing geographically or culturally diverse enterprises;
- we may incur one-time write-offs or restructuring charges in connection with the acquisition;
- we may acquire goodwill and other intangible assets that are subject to amortization or impairment tests, which could result in future charges to earnings; and
- we may not be able to realize the cost savings or other financial benefits we anticipated.

We cannot assure you that, following any acquisition, our continued business will achieve sales levels, profitability, efficiencies or synergies that justify the acquisition or that the acquisition will result in increased earnings for us in any future period. These factors could have a material adverse effect on our business, financial condition and operating results.

***Insurance and contractual protections may not always cover lost revenue, increased expenses or liquidated damages payments, which could adversely affect our financial results.***

Although we maintain insurance and intend to obtain warranties from suppliers, obligate subcontractors to meet certain performance levels and attempt, where feasible, to pass risks we cannot control to our customers, the proceeds of such insurance or the warranties, performance guarantees or risk sharing arrangements may not be adequate to cover lost revenue, increased expenses or liquidated damages payments that may be required in the future.

***We have a significant amount of debt outstanding. Such indebtedness, along with the other contractual commitments of our Company, could adversely affect our business, financial condition and results of operations.***

As of March 23, 2021, we have an outstanding principal and interest balance of approximately $4.9 million underlying the promissory note issued to Iliad Research and Trading, L.P. which originally matures in March 2021, but was extended on March 17, 2021 to March 18, 2022. In addition, Iliad Research and Trading, L.P may, subject to current standstill agreements, require us to redeem 1/3 of the initial principal balance of their promissory note each month in cash. The ability to meet payment and other obligations under this note depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors beyond our control as described in this Annual Report on Form 10-K. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure debt, exchange debt for other securities, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet debt payment and other obligations, which could have a material adverse effect on our financial condition.

In addition, so long as this note is outstanding, the holder will have a right of first refusal on more favorable equity-linked financings and will be entitled to participate in certain equity or debt financings, in each case, subject to certain exceptions. The existence of these rights may deter potential financing sources and may lead to delays in our ability to close proposed financings. Any delay or inability to complete a financing when needed could have a material adverse effect on our financial condition.

We may also incur additional indebtedness in the future. If new debt or other liabilities are added to our current consolidated debt levels, the related risks that we now face could intensify.

***We may be required to consolidate the financial results of our former subsidiary, Sysorex, which could have a material adverse effect on our operating results and financial condition.***

On August 31, 2018, we completed the spin-off of our value-added reseller business from its indoor positioning analytics business by way of a distribution of all the shares of common stock of its wholly-owned subsidiary, Sysorex, to its stockholders of record as of August 21, 2018 and certain warrant holders. As of such time, Sysorex's financial results was deconsolidated from the Company's financial statements.

As of the date of this Annual Report on Form 10-K, the Company has concluded that Sysorex does not meet the definition of a variable interest entity ("VIE"); however, in the event that in the future Sysorex meets the definition of a VIE under applicable accounting rules, and we are deemed to be the primary beneficiary, we will be required to consolidate line by line Sysorex's financial results in our consolidated financial statements for reporting purposes. If Sysorex's financial results were negative, this would have a corresponding negative impact on our operating results for reporting purposes and could have a material adverse effect on our operating results and financial condition.

***We may be subject to damages resulting from claims that the Company or our employees have wrongfully used or disclosed alleged trade secrets of their former employers.***

Upon completion of any acquisitions by the Company, we may be subject to claims that our acquired companies and their employees may have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of former employers or competitors. Litigation may be necessary to defend against these claims. We may be subject to unexpected claims of infringement of third party intellectual property rights, either for intellectual property rights of which we are not aware, or for which we believe are invalid or narrower in scope than the accusing party. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. If we fail in defending such claims, in addition to paying money claims, we may lose valuable intellectual property rights or personnel or be enjoined from selling certain products or providing certain services. A loss of key research personnel or their work product could hamper or prevent our ability to commercialize certain products, which could severely harm our business.

***We have been and may continue to be subject to regulatory and other government or regulatory investigations or inquiries and may be required to comply with data requests, or requests for information by government authorities and regulators in***

***the United States or other jurisdictions in which we operate and any resulting enforcement action could have a materially adverse effect on us .***

As a publicly trading reporting company with operations in the United States and internationally, we interact regularly with regulatory and self-regulatory agencies in the United States or other jurisdictions in which we operate, including the SEC and the Nasdaq Stock Market. We have been, are currently and may in the future be the subject of SEC and other regulatory investigations and are and may continue to be required to comply with informal or formal orders or other requests for information or documentation from such government authorities and regulators regarding our compliance with laws and regulations, including the rules and regulations under the Securities Act and the Exchange Act. Responding to requests for information from regulators in connection with any such investigations or inquiries could have a materially adverse effect on our business through, among other things, significantly increased legal fees and the time and attention required of the Company's management and employees to be diverted from our normal business operations and growth plans. Moreover, if a regulator were to initiate an enforcement action against us, such any action could further consume our resources, require us to change our business practices and have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Adverse judgments or settlements in legal proceedings could materially harm our business, financial condition, operating results and cash flows.***

We may be a party to claims that arise from time to time in the ordinary course of our business, which may include those related to, for example, contracts, sub-contracts, protection of confidential information or trade secrets, adversary proceedings arising from customer bankruptcies, employment of our workforce and immigration requirements or compliance with any of a wide array of state and federal statutes, rules and regulations that pertain to different aspects of our business. Additionally, we may be made a party to claims against Sysorex that were pending at the time of the Spin-off, or future claims resulting from the Spin-off as described below under the risk factor section titled *"Risks Related to the Spin-off."* We may also be required to initiate expensive litigation or other proceedings to protect our business interests. There is a risk that we will not be successful or otherwise be able to satisfactorily resolve any such claims or litigation. In addition, litigation and other legal claims are subject to inherent uncertainties. Those uncertainties include, but are not limited to, litigation costs and attorneys' fees, unpredictable judicial or jury decisions and the differing laws and judicial proclivities regarding damage awards among the states in which we operate. Unexpected outcomes in such legal proceedings, or changes in management's evaluation or predictions of the likely outcomes of such proceedings (possibly resulting in changes in established reserves), could have a material adverse effect on our business, financial condition, results of operations and cash flows. Due to recurring losses and net capital deficiency, our current financial status may increase our default and litigation risks and may make us more financially vulnerable in the face of threatened litigation.

***The loss of our Chief Executive Officer or other key personnel may adversely affect our operations.***

Our success depends to a significant extent upon the operation, experience, and continued services of certain of our officers, including our CEO, as well as other key personnel. While our CEO and key personnel are employed under employment contracts, there is no assurance we will be able to retain their services. The loss of our CEO or several of the other key personnel could have an adverse effect on the Company. If our CEO or other executive officers were to leave we would face substantial difficulty in hiring a qualified successor and could experience a loss in productivity while any successor obtains the necessary training and experience. Furthermore, we do not maintain "key person" life insurance on the lives of any executive officer and their death or incapacity would have a material adverse effect on us. The competition for qualified personnel is intense, and the loss of services of certain key personnel could adversely affect our business.

***Internal system or service failures could disrupt our business and impair our ability to effectively provide our services and products to our customers, which could damage our reputation and adversely affect our revenues and profitability.***

Any system or service disruptions, on our hosted Cloud infrastructure or those caused by ongoing projects to improve our information technology systems and the delivery of services, if not anticipated and appropriately mitigated, could have a material adverse effect on our business including, among other things, an adverse effect on our ability to bill our customers for work performed on our contracts, collect the amounts that have been billed and produce accurate financial statements in a timely manner. We are also subject to systems failures, including network, software or hardware failures, whether caused by us, third-party service providers, cyber security threats, natural disasters, power shortages, terrorist attacks or other events, which could cause loss of data and interruptions or delays in our business, cause us to incur remediation costs, subject us to claims and damage our reputation. In addition, the failure or disruption of our communications or utilities could cause us to interrupt or suspend our operations or otherwise adversely affect our business. Our property and business interruption insurance may be

inadequate to compensate us for all losses that may occur as a result of any system or operational failure or disruption and, as a result, our future results could be adversely affected.

***Systems failures could damage our reputation and adversely affect our revenues and profitability.***

Many of the systems and networks that we develop, install and maintain for our customers on premise or host on our infrastructure involve managing and protecting confidential information and other sensitive corporate and government information. While we have programs designed to comply with relevant privacy and security laws and restrictions, if a system or network that we develop, install or maintain were to fail or experience a security breach or service interruption, whether caused by us, third-party service providers, cyber security threats or other events, we may experience loss of revenue, remediation costs or face claims for damages or contract termination. Any such event could cause serious harm to our reputation and prevent us from having access to or being eligible for further work on such systems and networks. Our errors and omissions liability insurance may be inadequate to compensate us for all of the damages that we may incur and, as a result, our future results could be adversely affected.

***We may enter into joint venture, teaming and other arrangements, and these activities involve risks and uncertainties. A failure of any such relationship could have material adverse results on our business and results of operations.***

We may enter into joint venture, teaming and other arrangements. These activities involve risks and uncertainties, including the risk of the joint venture or applicable entity failing to satisfy its obligations, which may result in certain liabilities to us for guarantees and other commitments, the challenges in achieving strategic objectives and expected benefits of the business arrangement, the risk of conflicts arising between us and our partners and the difficulty of managing and resolving such conflicts, and the difficulty of managing or otherwise monitoring such business arrangements. A failure of our business relationships could have a material adverse effect on our business and results of operations.

***Our business and operations expose us to numerous legal and regulatory requirements and any violation of these requirements could harm our business.***

We are subject to numerous federal, state and foreign legal requirements on matters as diverse as data privacy and protection, employment and labor relations, immigration, taxation, anticorruption, import/export controls, trade restrictions, internal control and disclosure control obligations, securities regulation and anti-competition. Compliance with diverse and changing legal requirements is costly, time-consuming and requires significant resources. We are also focused on expanding our business in certain identified growth areas, such as health information technology, energy and environment, which are highly regulated and may expose us to increased compliance risk. Violations of one or more of these diverse legal requirements in the conduct of our business could result in significant fines and other damages, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations or contractual obligations related to regulatory compliance in connection with the performance of customer contracts could also result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to compete for certain work and allegations by our customers that we have not performed our contractual obligations.

***If we do not adequately protect our intellectual property rights, we may experience a loss of revenue and our operations and growth prospects may be materially harmed.***

We have not registered copyrights on any of the software we have developed, and while we may register copyrights in the software if needed before bringing suit for copyright infringement, such registration can introduce delays before suit of over three years and can constrain damages for infringement. We rely upon confidentiality agreements signed by our employees, consultants and third parties to protect our intellectual property. We cannot assure you that we can adequately protect our intellectual property or successfully prosecute actual or potential infringement of our intellectual property rights. In addition, we cannot assure you that others will not assert rights in, or ownership of, trademarks and other proprietary rights of ours or that we will be able to successfully resolve these types of conflicts to our satisfaction. Our failure to protect our intellectual property rights may result in a loss of revenue and could materially adversely affect our operations and financial condition.

In addition, any patents issued in the future may not provide us with any competitive advantages, and our patent applications may never be granted. The process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are complex and often uncertain and are subject to change that can affect validity of patents issued under previous legal standards, particularly with

respect to the law of subject matter eligibility. Our inability to protect our property rights could adversely affect our financial condition, operating results and growth prospects.

Our proprietary software is protected by common law copyright laws, as opposed to registration under copyright statutes. We have not registered copyrights on any of the proprietary software we have developed. Our performance and ability to compete are dependent to a significant degree on our proprietary technology. Common law protection may be narrower than that which we could obtain under registered copyrights. As a result, we may experience difficulty in enforcing our copyrights against certain third party infringements. As part of our confidentiality-protection procedures, we generally enter into agreements with our employees and consultants and limit access to, and distribution of, our software, documentation and other proprietary information. There can be no assurance that the steps we have taken will prevent misappropriation of our technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford us little or no protection of our intellectual property. We also rely on a variety of technology that we license from third parties. There can be no assurance that these third party technology licenses will continue to be available to us on commercially reasonable terms, if at all. The loss of or inability to maintain or obtain upgrades to any of these technology licenses could result in delays in completing software enhancements and new development until equivalent technology could be identified, licensed or developed and integrated. Any such delays would materially and adversely affect our business.

***The growth of our business is dependent on increasing sales to our existing customers and obtaining new customers, which, if unsuccessful, could limit our financial performance.***

Our ability to increase revenues from existing customers by identifying additional opportunities to sell more of our products and services and our ability to obtain new customers depends on a number of factors, including our ability to offer high quality products and services at competitive prices, the strength of our competitors and the capabilities of our sales and marketing departments. If we are not able to continue to increase sales of our products and services to existing customers or to obtain new customers in the future, we may not be able to increase our revenues and could suffer a decrease in revenues as well.

***Decreases, or slow growth, in the newspaper publishing industry may negatively affect our results from operation as it relates to our Shoom products.***

The newspaper industry as a whole is experiencing challenges to maintain and grow print circulation and revenues. This results from, among other factors, increased competition from other media, particularly the growth of electronic media, and shifting preferences among some consumers to receive all or a portion of their news other than from a newspaper. The customer base for our Shoom products is focused on the newspaper publishing industry and therefore sales from this operating sector will be subject to the future of the newspaper industry.

***Our competitiveness depends significantly on our ability to keep pace with the rapid changes in our industry. Failure by us to anticipate and meet our customers' technological needs could adversely affect our competitiveness and growth prospects.***

We operate and compete in an industry characterized by rapid technological innovation, changing customer needs, evolving industry standards and frequent introductions of new products, product enhancements, services and distribution methods. Our success depends on our ability to develop expertise with these new products, product enhancements, services and distribution methods and to implement solutions that anticipate and respond to rapid changes in technology, the industry, and customer needs. The introduction of new products, product enhancements and distribution methods could decrease demand for current products or render them obsolete. Sales of products and services can be dependent on demand for specific product categories, and any change in demand for or supply of such products could have a material adverse effect on our net sales if we fail to adapt to such changes in a timely manner.

Through our recent acquisitions, including the on device positioning technology acquired from Ten Degrees and the acquisition of the Nanotron business, we have attempted to diversify our product offerings and increase our presence in new market verticals. There can be no assurances that consumer or commercial demand for our future products will meet, or even approach, our expectations. In addition, our pricing and marketing strategies may not be successful. Lack of customer demand, a change in marketing strategy and changes to our pricing models could dramatically alter our financial results. Unless we are able to release location based products that meet a significant market demand, we will not be able to improve our financial condition or the results of our future operations.

***If we unable to sell additional products and services to our customers and increase our overall customer base, our future revenue and operating results may suffer.***

Our future success depends, in part, on our ability to expand the deployment of newly acquired technologies with existing customers and finding new customers to sell our products and services to. This may require increasingly sophisticated and costly sales efforts and may not result in additional sales. In addition, the rate at which our customers purchase additional products and services, and our ability to attract new customers, depends on a number of factors, including the perceived need for indoor mapping products and services, as well as general economic conditions. If our efforts to sell additional products and services are not successful, our business may suffer.

***We operate in a highly competitive market and we may be required to reduce the prices for some of our products and services to remain competitive, which could adversely affect our results of operations.***

Our industry is developing rapidly and related technology trends are constantly evolving. In this environment, we face, among other things, significant price competition from our competitors. As a result, we may be forced to reduce the prices of the products and services we sell in response to offerings made by our competitors and may not be able to maintain the level of bargaining power that we have enjoyed in the past when negotiating the prices of our products and services.

Our profitability is dependent on the prices we are able to charge for our products and services. The prices we are able to charge for our products and services are affected by a number of factors, including:

- our customers' perceptions of our ability to add value through our products and services;
- introduction of new products or services by us or our competitors;
- our competitors' pricing policies;
- our ability to charge higher prices where market demand or the value of our products or services justifies it;
- procurement practices of our customers; and
- general economic and political conditions.

If we are not able to maintain favorable pricing for our products and services, our results of operations could be adversely affected.

***A delay in the completion of our customers' budget processes could delay purchases of our products and services and have an adverse effect on our business, operating results and financial condition.***

We rely on our customers to purchase products and services from us to maintain and increase our earnings, and customer purchases are frequently subject to budget constraints, multiple approvals and unplanned administrative, processing and other delays. If sales expected from a specific customer are not realized when anticipated or at all, our results could fall short of public expectations and our business, operating results and financial condition could be materially adversely affected.

***Digital threats such as cyber-attacks, data protection breaches, computer viruses or malware may disrupt our operations, harm our operating results and damage our reputation, and cyber-attacks or data protection breaches on our customers' networks, or in cloud-based services provided by or enabled by us, could result in liability for us, damage our reputation or otherwise harm our business.***

Despite our implementation of network security measures, the products and services we sell to customers, and our servers, data centers and the cloud-based solutions on which our data, and data of our customers, suppliers and business partners are stored, are vulnerable to cyber-attacks, data protection breaches, computer viruses, and similar disruptions from unauthorized tampering or human error. Any such event could compromise our networks or those of our customers, and the information stored on our networks or those of our customers could be accessed, publicly disclosed, lost or stolen, which could subject us to liability to our customers, business partners and others, and could have a material adverse effect on our business, operating results, and financial condition and may cause damage to our reputation. Efforts to limit the ability of malicious third parties to disrupt the operations of the Internet or undermine our own security efforts may be costly to implement and meet with resistance, and may not be successful. Breaches of network security in our customers' networks, or in cloud-based services

provided by or enabled by us, regardless of whether the breach is attributable to a vulnerability in our products or services, could result in liability for us, damage our reputation or otherwise harm our business.

***Any failures or interruptions in our services or systems could damage our reputation and substantially harm our business and results of operations.***

Our success depends in part on our ability to provide reliable remote services, technology integration and managed services to our customers. The operations of our Cloud based applications and analytics are susceptible to damage or interruption from human error, fire, flood, power loss, telecommunications failure, terrorist attacks and similar events. We could also experience failures or interruptions of our systems and services, or other problems in connection with our operations, as a result of:

- damage to or failure of our computer software or hardware or our connections;
- errors in the processing of data by our systems;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events;
- increased capacity demands or changes in systems requirements of our customers; and
- errors by our employees or third-party service providers.

Any production interruptions for any reason, such as a natural disaster, epidemic, capacity shortages, or quality problems, at one of our manufacturing partners would negatively affect sales of product lines manufactured by that manufacturing partner and adversely affect our business and operating results.

Any interruptions in our systems or services could damage our reputation and substantially harm our business and results of operations. While we maintain disaster recovery plans and insurance with coverage we believe to be adequate, claims may exceed insurance coverage limits, may not be covered by insurance or insurance may not continue to be available on commercially reasonable terms.

***We rely on a limited number of key customers, the importance of which may vary dramatically from year to year, and a loss of one or more of these key customers may adversely affect our operating results.***

Our top three customers accounted for approximately 43% and 66% of our gross revenue during the years ended December 31, 2020 and 2019, respectively. One customer accounted for 26% of our gross revenue in 2020 and 42% in 2019; however, this customer may or may not continue to be a significant contributor to revenue in 2021. The loss of a significant amount of business from one of our major customers would materially and adversely affect our results of operations until such time, if ever, as we are able to replace the lost business. Significant customers or projects in any one period may not continue to be significant customers or projects in other periods. To the extent that we are dependent on any single customer, we are subject to the risks faced by that customer to the extent that such risks impede the customer's ability to stay in business and make timely payments to us.

***We may need additional cash financing and any failure to obtain cash financing, could limit our ability to grow our business and develop or enhance our service offerings to respond to market demand or competitive challenges.***

We expect that we will need to raise funds in order to continue our operations and implement our plans to grow our business. However, if we decide to seek additional capital, we may be unable to obtain financing on terms that are acceptable to us or at all. If we are unable to raise the required cash, our ability to grow our business and develop or enhance our service offerings to respond to market demand or competitive challenges could be limited.

***If we cannot collect our receivables or if payment is delayed, our business may be adversely affected by our inability to generate cash flow, provide working capital or continue our business operations.***

Our business depends on our ability to successfully obtain payment from our customers of the amounts they owe us for products received from us and any work performed by us. The timely collection of our receivables allows us to generate cash flow, provide working capital and continue our business operations. Our customers may fail to pay or delay the payment of

invoices for a number of reasons, including financial difficulties resulting from macroeconomic conditions or lack of an approved budget. An extended delay or default in payment relating to a significant account will have a material and adverse effect on the aging schedule and turnover days of our accounts receivable. If we are unable to timely collect our receivables from our customers for any reason, our business and financial condition could be adversely affected.

***If our products fail to satisfy customer demands or to achieve increased market acceptance our results of operations, financial condition and growth prospects could be materially adversely affected.***

The market acceptance of our products are critical to our continued success. Demand for our products is affected by a number of factors beyond our control, including continued market acceptance, the timing of development and release of new products by competitors, technological change, and growth or decline in the mobile device management market. We expect the proliferation of mobile devices to lead to an increase in the data security demands of our customers, and our products may not be able to scale and perform to meet those demands. If we are unable to continue to meet customer demands or to achieve more widespread market acceptance of these products, our business operations, financial results and growth prospects will be materially and adversely affected.

***Defects, errors, or vulnerabilities in our products or services or the failure of such products or services to prevent a security breach, could harm our reputation and adversely affect our results of operations.***

Because our location based security products and services are complex, they have contained and may contain design or manufacturing defects or errors that are not detected until after their commercial release and deployment by customers. Defects may cause such products to be vulnerable to advanced persistent threats ("APTs") or security attacks, cause them to fail to help secure information or temporarily interrupt customers' networking traffic. Because the techniques used by hackers to access sensitive information change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques and provide a solution in time to protect customers' data. In addition, defects or errors in our subscription updates or products could result in a failure to effectively update customers' hardware products and thereby leave customers vulnerable to APTs or security attacks.

Any defects, errors or vulnerabilities in our products could result in:

- expenditure of significant financial and product development resources in efforts to analyze, correct, eliminate, or work-around errors or defects or to address and eliminate vulnerabilities;
- delayed or lost revenue;
- loss of existing or potential customers or partners;
- increased warranty claims compared with historical experience, or increased cost of servicing warranty claims, either of which would adversely affect gross margins; and
- litigation, regulatory inquiries, or investigations that may be costly and harm our reputation

***Our current research and development efforts may not produce successful products or features that result in significant revenue, cost savings or other benefits in the near future. If we do not realize significant revenue from our research and development efforts, our business and operating results could be adversely affected.***

Developing products and related enhancements in our field is expensive. Investments in research and development may not result in significant design improvements, marketable products or features or may result in products that are more expensive than anticipated. We may not achieve the cost savings or the anticipated performance improvements expected, and we may take longer to generate revenue from products in development, or generate less revenue than expected.

Our future plans include significant investments in research and development and related product opportunities. Our management believes that we must continue to dedicate a significant amount of resources to research and development efforts to maintain a competitive position. However, we may not receive significant revenue from these investments in the near future, or these investments may not yield the expected benefits, either of which could adversely affect our business and operating results.

***Misuse of our products could harm our reputation.***

Our products, particularly our location based security and detection products, may be misused by customers or third parties that obtain access to such products. For example, location information combined with other information about the same users in the hands of criminals could result in misuse of the data and privacy law violations and result in negative press coverage and negatively affect our reputation.

***If the general level of advanced attacks declines, or is perceived by current or potential customers to have declined, this could harm our location based security and detection operating segment, and our financial condition, operating results and growth prospects.***

Our location based security and detection-operating segment is substantially dependent upon enterprises and governments recognizing that APTs and other security attacks are pervasive and are not effectively prevented by legacy security solutions. High visibility attacks on prominent enterprises and governments have increased market awareness of the problem of APTs and security attacks and help to provide an impetus for enterprises and governments to devote resources to protecting against attacks, such as testing our platform, purchasing it, and broadly deploying it within their organizations. If APTs and other security attacks were to decline, or enterprises or governments perceived that the general level of attacks has declined, our ability to attract new customers and expand its offerings for existing customers could be materially and adversely affected, which would, in turn, have a material adverse effect on our financial condition, results of operations and growth prospects.

***If our location based security and detection products do not effectively interoperate with our customers' IT infrastructure, installations could be delayed or cancelled, which would harm our financial condition, operating results and growth prospects.***

Our products must effectively interoperate with our customers' existing or future IT infrastructure, which often has different specifications, utilizes multiple protocol standards, deploys products from multiple vendors, and contains multiple generations of products that have been added over time. As a result, when problems occur in a company's infrastructure, it may be difficult to identify the sources of these problems. If we find errors in the existing software or defects in the hardware used in our customers' infrastructure, we may have to modify its software or hardware so that our products will interoperate with the infrastructure of our customers. In such cases, our products may be unable to provide significant performance improvements for applications deployed in the infrastructure of our customers. These issues could cause longer installation times for our products and could cause order cancellations, either of which would adversely affect our business, results of operations and financial condition. In addition, other customers may require products to comply with certain security or other certifications and standards. If our products are late in achieving or fail to achieve compliance with these certifications and standards, or competitors sooner achieve compliance with these certifications and standards, we may be disqualified from selling our products to such customers, or may otherwise be at a competitive disadvantage, either of which would harm our business, results of operations, and financial condition.

***Our international business exposes us to geo-political and economic factors, legal and regulatory requirements, public health and other risks associated with doing business in foreign countries***.

We provide our products and services to customers worldwide. These risks differ from and potentially may be greater than those associated with our domestic business.

Our international business is sensitive to changes in the priorities and budgets of international customers and geo-political uncertainties, which may be driven by changes in threat environments and potentially volatile worldwide economic conditions, various regional and local economic and political factors, risks and uncertainties, as well as U.S. foreign policy.

Our international sales are also subject to local government laws, regulations and procurement policies and practices, which may differ from U.S. Government regulations, including regulations relating to import-export control, investments, exchange controls and repatriation of earnings, as well as to varying currency, geo-political and economic risks. Our international contracts may include industrial cooperation agreements requiring specific in-country purchases, manufacturing agreements or financial support obligations, known as offset obligations, and provide for penalties if we fail to meet such requirements. Our international contracts may also be subject to termination at the customer's convenience or for default based on performance, and may be subject to funding risks. We also are exposed to risks associated with using foreign representatives and consultants for international sales and operations and teaming with international subcontractors, partners and suppliers in connection with international programs. As a result of these factors, we could experience award and funding delays on international programs and could incur losses on such programs, which could negatively affect our results of operations and financial condition.

We are also subject to a number of other risks including:

- the absence in some jurisdictions of effective laws to protect our intellectual property rights;
- multiple and possibly overlapping and conflicting tax laws;
- restrictions on movement of cash;
- the burdens of complying with a variety of national and local laws;
- political instability;
- currency fluctuations;
- longer payment cycles;
- restrictions on the import and export of certain technologies;
- price controls or restrictions on exchange of foreign currencies; and
- trade barriers.

In addition, our international operations (or those of our business partners) could be subject to natural disasters such as earthquakes, tsunamis, flooding, typhoons and volcanic eruptions that disrupt manufacturing or other operations. There may be conflict or uncertainty in the countries in which we operate, including public health issues (for example, an outbreak of a contagious disease such as 2019-Novel Coronavirus (2019-nCoV), avian influenza, measles or Ebola), safety issues, natural disasters, fire, disruptions of service from utilities, nuclear power plant accidents or general economic or political factors. For example, as a result of the Coronavirus outbreak, our ability to source internal connection cables for certain of our sensors has been delayed, which will require us to source these components from other vendors at a higher price that may result in an increase in our costs to produce our products In the event our customers are materially impacted by these events, it may impact anticipated orders and planned shipments for our products. With respect to political factors, the United Kingdom's 2016 referendum, commonly referred to as "Brexit," has created economic and political uncertainty in the European Union. Also, the European Union's General Data Protection Regulation imposes significant new requirements on how we collect, process and transfer personal data, as well as significant fines for non-compliance. Any of the above risks, should they occur, could result in an increase in the cost of components, production delays, general business interruptions, delays from difficulties in obtaining export licenses for certain technology, tariffs and other barriers and restrictions, longer payment cycles, increased taxes, restrictions on the repatriation of funds and the burdens of complying with a variety of foreign laws, any of which could ultimately have a material adverse effect on our business.

***Our international operations are subject to special U.S. government laws and regulations, such as the Foreign Corrupt Practices Act, and regulations and procurement policies and practices, including regulations to import-export control, which may expose us to liability or impair our ability to compete in international markets.***

Our international operations are subject to the U.S. Foreign Corrupt Practices Act ("FCPA"), and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. and other business entities for the purpose of obtaining or retaining business. We have operations and deal with governmental customers in countries known to experience corruption, including certain countries in the Middle East and in the future, the Far East. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants or contractors that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. We are also subject to import-export control regulations restricting the use and dissemination of information classified for national security purposes and the export of certain products, services, and technical data, including requirements regarding any applicable licensing of our employees involved in such work.

***Difficult conditions in the global capital markets and the economy generally may materially adversely affect our business and results of operations, and we do not expect these conditions to improve in the near future.***

Our results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. Weak economic conditions generally, sustained uncertainty about global economic conditions, or a prolonged or further tightening of credit markets could cause our customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices, which could have an adverse effect on our business, results of operations or cash flows. Concerns over inflation, energy costs, geopolitical issues and

the availability of credit, in the U.S. have contributed to increased volatility and diminished expectations for the economy and the markets going forward. These factors, combined with volatile oil prices and wavering business and consumer confidence, have precipitated an economic slowdown and uncertain global outlook. Domestic and international equity markets have been experiencing heightened volatility and turmoil. These events and the continuing market upheavals may have an adverse effect on our business. In the event of extreme prolonged market events, such as the global economic recovery, we could incur significant losses.

***Changes in U.S. administrative policy, including changes to existing trade agreements and any resulting changes in international relations, could adversely affect our financial performance and supply chain economics.***

As a result of changes to U.S. administrative policy, among other possible changes, there may be (i) changes to existing trade agreements; (ii) greater restrictions on free trade generally; and (iii) significant increases in tariffs on goods imported into the United States, particularly those manufactured in China. China is currently a leading global source of hardware products, including the hardware products that we use. In January 2020, the U.S. and China entered into Phase One of the Economic and Trade Agreement Between the United States of America and the People's Republic of China (the "Phase One Trade Agreement"). The Phase One Trade Agreement takes steps to ease certain trade tensions between the U.S. and China, including tensions involving intellectual property theft and forced intellectual property transfers by China. Although the Phase One Trade Agreement is an encouraging sign of progress in the trade negotiations between the U.S. and China, questions still remain as to the enforcement of its terms, the resolution of a number of other points of dispute between the parties, and the prevention of further tensions. If the U.S.-China trade dispute re-escalates or relations between the United States and China deteriorate, these conditions could adversely affect our ability to source our hardware products and therefore our ability to manufacture our products. Our ability to manufacture our products could also be affected by economic uncertainty, in China or by our failure to establish a positive reputation and relationships in China. The occurrence of any of these events could have an adverse effect on our ability to source the components necessary to manufacture our products, which, in turn, could cause our long-term business, financial condition and operating results to be materially adversely affected.

There is also a possibility of future tariffs, trade protection measures, import or export regulations or other restrictions imposed on our products or on our customers by the United States, China or other countries that could have a material adverse effect on our business. A significant trade disruption or the establishment or increase of any tariffs, trade protection measures or restrictions could result in lost sales adversely impacting our reputation and business. A trade war, other governmental action related to tariffs or international trade agreements, changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently do business or any resulting negative sentiments towards the United States could adversely affect our supply chain economics, consolidated revenue, earnings and cash flow.

***We intend to use and leverage open source technology in our IPA platform which may create risks of security weaknesses.***

Some parts of our technology may be based on open-source technology, including the technology that we may use in our Indoor Intelligence platform. There is a risk that the development team or other third parties may intentionally or unintentionally introduce weaknesses or bugs into the core infrastructure elements of our technology solutions interfering with the use of such technology or causing loss to the Company.

***We may not be able to develop new products orenhance our product to keep pace with our industry's rapidly changing technology and customer requirements.***

The industry in which we operate is characterized by rapid technological changes, new product introductions, enhancements, and evolving industry standards. Our business prospects depend on our ability to develop new products and applications for our technology in new markets that develop as a result of technological and scientific advances, while improving performance and cost-effectiveness. New technologies, techniques or products could emerge that might offer better combinations of price and performance than the blockchain technology solutions that are being developed by the Company. It is important that we anticipate changes in technology and market demand. If we do not successfully innovate and introduce new technology into our anticipated technology solutions or effectively manage the transitions of our technology to new product offerings, our business, financial condition and results of operations could be harmed.

***Domestic and foreign government regulation and enforcement of data practices and data tracking technologies is expansive, broadly defined and rapidly evolving. Such regulation could directly restrict portions of our business or indirectly affect our business by constraining our customers' use of our technology and services or limiting the growth of our markets.***

Federal, state, municipal and/or foreign governments and agencies have adopted and could in the future adopt, modify, apply or enforce laws, policies, and regulations covering user privacy, data security, technologies that are used to collect, store and/or process data, and/or the collection, use, processing, transfer, storage and/or disclosure of data associated with individuals. The categories of data regulated under these laws vary widely, are often broadly defined, and subject to new applications or interpretation by regulators. The uncertainty and inconsistency among these laws, coupled with a lack of guidance as to how these laws will be applied to current and emerging indoor positioning analytics technologies, creates a risk that regulators, lawmakers or other third parties, such as potential plaintiffs, may assert claims, pursue investigations or audits, or engage in civil or criminal enforcement. These actions could limit the market for our services and technologies or impose burdensome requirements on our services and/or customers' use of our services, thereby rendering our business unprofitable.

Some features of our services may trigger the data protection requirements of certain foreign jurisdictions, such as the EU General Data Protection Regulation (the "GDPR"), and the EU ePrivacy Directive. In addition, our services may be subject to regulation under current or future laws or regulations. For instance, the EU ePrivacy Directive is soon to be replaced in its entirety by the ePrivacy Regulation, which will bring with it an updated set of rules relevant to many aspects of our business. If our treatment of data, privacy practices or data security measures fail to comply with these current or future laws and regulations in any of the jurisdictions in which we collect and/or process information, we may be subject to litigation, regulatory investigations, civil or criminal enforcement, financial penalties, audits or other liabilities in such jurisdictions, or our customers may terminate their relationships with us. In addition, data protection laws, such as the GDPR, foreign court judgments or regulatory actions could affect our ability to transfer, process and/or receive transnational data that is critical to our operations, including data relating to users, customers, or partners outside the United States. For instance, the GDPR restricts transfers of personal data outside of the European Economic Area, including to the United States, subject to certain requirements. Such data protection laws, judgments or actions could affect the manner in which we provide our services or adversely affect our financial results if foreign customers and partners are not able to lawfully transfer data to us.

This area of the law is currently under intense government scrutiny and many governments, including the U.S. government, are considering a variety of proposed regulations that would restrict or impact the conditions under which data obtained from individuals could be collected, processed, stored, transferred, sold or shared with third parties. In addition, regulators such as the Federal Trade Commission and the California Attorney General are continually proposing new regulations and interpreting and applying existing regulations in new ways. For example, in June 2018, California passed the California Consumer Privacy Act (the "CCPA"), which provides new data privacy rights for consumers and new informational, disclosure and operational requirements for companies, effective January 2020. Fines for non-compliance may be up to $7,500 per violation. The burdens imposed by the GDPR and CCPA, and changes to existing laws or new laws regulating the solicitation, collection, processing, or sharing of personal and consumer information, and consumer protection could affect our customers' utilization of our services and technology and could potentially reduce demand, or impose restrictions that make it more difficult or expensive for us to provide our services.

In addition, ongoing legal challenges in Europe to the mechanisms allowing companies to transfer personal data from the European Economic Area to the United States could result in further limitations on the ability to transfer data across borders, particularly if governments are unable or unwilling to reach new or maintain existing agreements that support cross-border data transfers, such as the EU-U.S. and Swiss-U.S. Privacy Shield frameworks and the European Commission's Model Contractual Clauses, each of which are currently under particular scrutiny. Additionally, certain countries have passed or are considering passing laws requiring local data residency. The costs of compliance with, and other burdens imposed by, privacy laws, regulations and standards may limit the use and adoption of our services, reduce overall demand for our services, make it more difficult to meet expectations from or commitments to customers, lead to significant fines, penalties or liabilities for noncompliance, impact our reputation, or slow the pace at which we close sales transactions, any of which could harm our business.

Furthermore, the uncertain and shifting regulatory environment and trust climate may cause concerns regarding data privacy and may cause our customers or our customers' customers to resist providing the data necessary to allow our customers to use our services effectively. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales of our products or services and could limit adoption of our cloud-based solutions.

***If our customers fail to abide by applicable privacy laws or to provide adequate notice and/or obtain any required consent from end users, we could be subject to litigation or enforcement action or reduced demand for our services.***

Our customers utilize our services and technologies to track connected devices anonymously and we must rely on our customers to implement and administer notice and choice mechanisms required under applicable laws. If we or our customers fail to abide by these laws, it could result in litigation or regulatory or enforcement action against our customers or against us directly.

***Any actual or perceived failure by us to comply with our privacy policy or legal or regulatory requirements in one or multiple jurisdictions could result in proceedings, actions or penalties against us.***

Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, industry standards, contractual obligations or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of personal data or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely affect our business.

***Evolving and changing definitions of what constitutes "Personal Information" and "Personal Data" within the EU, the United States and elsewhere, may limit or inhibit our ability to operate or expand our business, including limiting technology alliance partners that may involve the sharing of data.***

If we are perceived to cause, or are otherwise unfavorably associated with, violations of privacy or data security requirements, it may subject us or our customers to public criticism, financial penalties and potential legal liability. Existing and potential privacy laws and regulations concerning privacy and data security and increasing sensitivity of consumers to unauthorized processing of personal data may create negative public reactions to technologies, products and services such as ours. Public concerns regarding personal data processing, privacy and security may cause some of our customers' end users to be less likely to visit their venues or otherwise interact with them. If enough end users choose not to visit our customers' venues or otherwise interact with them, our customers could stop using our platform. This, in turn, may reduce the value of our service, and slow or eliminate the growth of our business, or cause our business to contract.

Around the world, there are numerous lawsuits in process against various technology companies that process personal information and personal data. If those lawsuits are successful, it could increase the likelihood that our company may be exposed to liability for our own policies and practices concerning the processing of personal data and could hurt our business. Furthermore, the costs of compliance with, and other burdens imposed by laws, regulations and policies concerning privacy and data security that are applicable to the businesses of our customers may limit the use and adoption of our technologies and reduce overall demand for it. Privacy concerns, whether or not valid, may inhibit market adoption of our technologies. Additionally, concerns about security or privacy may result in the adoption of new legislation that restricts the implementation of technologies like ours or require us to make modifications to our existing services and technology, which could significantly limit the adoption and deployment of our technologies or result in significant expense.

**Risks Related to the Spin-off**

***The Spin-off could give rise to disputes or other unfavorable effects, which could have a material adverse effect on our business, financial position and results of operations.***

Disputes with third parties could arise out of the Spin-off, and we could experience unfavorable reactions to the Spin-off from employees, investors, or other interested parties. These disputes and reactions of third parties could have a material adverse effect on our business, financial position, and results of operations. In addition, following the Spin-off, disputes between us and Sysorex could arise in connection with any of the Spin-off related agreements.

***We agreed to indemnify Sysorex for certain liabilities.***

Pursuant to the terms of that certain Separation and Distribution Agreement, dated August 7, 2018, as amended, the Company agreed to indemnify Sysorex for certain liabilities. Although no such liabilities are currently anticipated, if we have to indemnify Sysorex for unanticipated liabilities, the cost of such indemnification obligations may have a material and adverse effect on our financial performance.

***A court could deem the Spin-off to be a fraudulent conveyance and void the transaction or impose substantial liabilities upon us.***

If a third party challenged the transaction, a court could deem the Spin-off or certain internal restructuring transactions undertaken in connection with the Spin-off to be a fraudulent conveyance or transfer. Fraudulent conveyances or transfers are defined to include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. In such circumstances, a court could void the transactions or impose substantial liabilities upon us, which could adversely affect our financial condition and our results of operations. Among other things, the court could require our stockholders to return to us some or all of the shares of Sysorex common stock issued in the Spin-off or require us to fund liabilities of Sysorex for the benefit of creditors.

***We entered into a loan arrangement with Sysorex and there can be no guarantee Sysorex will be able to repay any amounts borrowed.***

We entered into a note purchase agreement with Sysorex, as amended from time to time, pursuant to which we agreed to loan Sysorex up to an aggregate principal amount of $10,000,000 on a revolving credit basis. On March 1, 2020, we agreed to extend the maturity date of the note from December 31, 2020 to December 31, 2022. In accordance with the terms of the License Agreement, we partitioned an aggregate of $5.3 million of principal and interest under the Sysorex Note as consideration for the License as of December 31, 2020. During the year ended December 31, 2020, an additional amount of approximately $2.6 million was advanced under the Sysorex Note and approximately $200,000 was repaid. The amount owed for principal and accrued interest by Sysorex to the Company as of December 31, 2020 and 2019 was approximately $7.7 million and $10.6 million, respectively. These amounts exclude an $275,000 of additional interest that the Company is contractually entitled to accrue from October 1, 2019 through December 31, 2019 and approximately $1.1 million of additional interest from January 1, 2020 through December 31, 2020 in accordance with the terms of the Sysorex Note, but did not accrue due to the uncertainty of repayment. On March 19, 2021, an additional $1 million of the principal balance under the Sysorex Note was partitioned into a new note and assigned to Systat pursuant to the Assignment Agreement. Pursuant to Accounting Standards Codification 310 - Receivables, the Sysorex Note has been classified as “held for sale” as of December 31, 2019. In connection with such classification, the Company, with the assistance of a third-party valuation firm, estimated the fair value of using Sysorex financial projections, a discounted cash flow model and a 12.3% discount rate. Following such valuation, the Company established a full valuation allowance as of December 31, 2019. During the year ended December 31, 2020, the Company re-evaluated the carrying value of the Sysorex Note and established an additional valuation allowance of approximately $2.4 million for the net increase to the Sysorex Note during the year due to to the uncertainty of repayment. We are required to periodically re-evaluate the carrying value of the Sysorex Note and the related valuation allowance based on various factors, including, but not limited to, Sysorex’s performance and collectability of the note. Sysorex’s performance against those financial projections will directly impact future assessments of the fair value of the Sysorex Note.

There are no assurances that Sysorex will be able to repay any amounts borrowed when due, and there can be no guarantee that the collateral against which the Sysorex Note is secured pursuant to the loan arrangement, which is subordinated to other creditors, including Systat, would be sufficient to cover any borrowed amounts in the event of a default. If Sysorex were to default, it could have an adverse material impact on our financial condition and cash flows.

## Risks Related to Our Securities

***We do not intend to pay cash dividends to our stockholders, so it is unlikely that stockholders will receive any return on their investment in our Company prior to selling our stock.***

We have never paid any dividends to our common stockholders as a public company. We currently intend to retain any future earnings for funding growth and, therefore, do not expect to pay any cash dividends in the foreseeable future. If we determine that we will pay cash dividends to the holders of our common stock, we cannot assure that such cash dividends will be paid on a timely basis. The success of your investment in our Company will likely depend entirely upon any future appreciation. As a result, you will not receive any return on your investment prior to selling your shares in our Company and, for the other reasons discussed in this “Risk Factors” section, you may not receive any return on your investment even when you sell your shares in our Company.

***Some provisions of our Articles of Incorporation and bylaws may deter takeover attempts, which may inhibit a takeover that stockholders consider favorable and limit the opportunity of our stockholders to sell their shares at a favorable price.***

Under our Articles of Incorporation, our Board may issue additional shares of common or preferred stock. Our Board has the ability to authorize "blank check" preferred stock without future shareholder approval. This makes it possible for our Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us by means of a merger, tender offer, proxy contest or otherwise, including a transaction in which our stockholders would receive a premium over the market price for their shares and/or any other transaction that might otherwise be deemed to be in their best interests, and thereby protects the continuity of our management and limits an investor's opportunity to profit by their investment in the Company. Specifically, if in the due exercise of its fiduciary obligations, the Board were to determine that a takeover proposal was not in our best interest, shares could be issued by our Board without stockholder approval in one or more transactions that might prevent or render more difficult or costly the completion of the takeover by:

- diluting the voting or other rights of the proposed acquirer or insurgent stockholder group,
- putting a substantial voting bloc in institutional or other hands that might undertake to support the incumbent Board, or
- effecting an acquisition that might complicate or preclude the takeover.

***Nevada Anti-Takeover Law may discourage acquirers and eliminate a potentially beneficial sale for our stockholders.***

We are subject to the provisions of Section 78.438 of the Nevada Revised Statutes concerning corporate takeovers. This section prevents many Nevada corporations from engaging in a business combination with any interested stockholder, under specified circumstances. For these purposes, a business combination includes a merger or sale of more than 5% of our assets, and an interested stockholder includes a stockholder who owns 10% or more of our outstanding voting stock, as well as affiliates and associates of these persons. Under these provisions, this type of business combination is prohibited for three years following the date that the stockholder became an interested stockholder unless:

- the transaction in which the stockholder became an interested stockholder is approved by the Board prior to the date the interested stockholder attained that status;
- on consummation of the transaction that resulted in the stockholder's becoming an interested stockholder, the interested stockholder owned at least 90% of the voting stock of the corporation outstanding at the time the transaction was commenced, excluding those shares owned by persons who are directors and also officers; or
- on or subsequent to that date, the business combination is approved by the Board and authorized at an annual or special meeting of stockholders by the affirmative vote of at least a majority of the outstanding voting stock that is not owned by the interested stockholder.

This statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

***Our indemnification of our officers and directors may cause us to use corporate resources to the detriment of our stockholders.***

Our Articles of Incorporation eliminate the personal liability of our directors for monetary damages arising from a breach of their fiduciary duty as directors to the fullest extent permitted by Nevada law. This limitation does not affect the availability of equitable remedies, such as injunctive relief or rescission. Our Articles of Incorporation require us to indemnify our directors and officers to the fullest extent permitted by Nevada law, including in circumstances in which indemnification is otherwise discretionary under Nevada law.

Under Nevada law, we may indemnify our directors or officers or other persons who were, are or are threatened to be made a named defendant or respondent in a proceeding because the person is or was our director, officer, employee or agent, if we determine that the person:

- conducted himself or herself in good faith, reasonably believed, in the case of conduct in his or her official capacity as our director or officer, that his or her conduct was in our best interests, and, in all other cases, that his or her conduct was at least not opposed to our best interests; and

- in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

These persons may be indemnified against expenses, including attorneys' fees, judgments, fines, including excise taxes, and amounts paid in settlement, actually and reasonably incurred by the person in connection with the proceeding. If the person is found liable to the corporation, no indemnification will be made unless the court in which the action was brought determines that the person is fairly and reasonably entitled to indemnity in an amount that the court will establish.

Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers or persons controlling us under the above provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

***The obligations associated with being a public company require significant resources and management attention, which may divert from our business operations.***

We are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The Exchange Act requires that we file annual, quarterly and current reports, proxy statements, and other information. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Our principal executive officer and principal financial officer are required to certify that our disclosure controls and procedures are effective in ensuring that material information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. As a result, we incur significant legal, accounting and other expenses. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, if necessary, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. In addition, we cannot predict or estimate the amount of additional costs we may incur in order to comply with these requirements. We anticipate that these costs could materially increase our selling, general and administrative expenses.

Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting. In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies. Additionally, in the event we are no longer a smaller reporting company, as defined under the Exchange Act, and we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act of 2002, then we may not be able to obtain the independent registered public accountants' certifications required by that act, which may preclude us from keeping our filings with the SEC current, and interfere with the ability of investors to trade our securities and our shares to continue to be listed on the Nasdaq Capital Market.

***If we fail to establish and maintain an effective system of internal controls, we may not be able to report our financial results accurately or prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely affect the trading price of our common stock.***

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. With each prospective acquisition we may make we will conduct whatever due diligence is necessary or prudent to assure us that the acquisition target can comply with the internal controls requirements of the Sarbanes-Oxley Act. Notwithstanding our diligence, certain internal controls deficiencies may not be detected. As a result, any internal control deficiencies may adversely affect our financial condition, results of operations and access to capital. We have not performed an in-depth analysis to determine if historical undiscovered failures of internal controls exist, and may in the future discover areas of our internal controls that need improvement.

If we are unable to maintain effective internal controls, we may not have adequate, accurate or timely financial information, and we may be unable to meet our reporting obligations as a public company, including the requirements of the Sarbanes-Oxley Act , we may be unable to accurately report our financial results in future periods, or report them within the timeframes required by the requirements of the SEC, Nasdaq or the Sarbanes-Oxley Act . Failure to comply with the Sarbanes-Oxley Act, when and as applicable, could also potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in identification of additional material weaknesses or significant deficiencies, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Furthermore, if

we cannot provide reliable financial reports or prevent fraud, our business and results of operations could be harmed and investors could lose confidence in our reported financial information.

***Public company compliance may make it more difficult to attract and retain officers and directors.***

The Sarbanes-Oxley Act and rules implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, these rules and regulations increase our compliance costs and make certain activities more time consuming and costly. As a public company, these rules and regulations may make it more difficult and expensive for us to maintain our director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board or as executive officers, and to maintain insurance at reasonable rates, or at all.

***Our stock price may be volatile.***

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- our ability to execute our business plan and complete prospective acquisitions;
- changes in our industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- limited “public float” in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- sales of our common stock (particularly following effectiveness of this registration statement);
- operating results that fall below expectations;
- regulatory developments;
- economic and other external factors;
- period-to-period fluctuations in our financial results;
- our inability to develop or acquire new or needed technologies;
- the public’s response to press releases or other public announcements by us or third parties, including filings with the SEC;
- changes in financial estimates or ratings by any securities analysts who follow our common stock, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our common stock;
- the development and sustainability of an active trading market for our common stock; and
- any future sales of our common stock by our officers, directors and significant stockholders.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

***Your investment may suffer a decline in value as a result of the volatility of our stock.***

The closing market price for our common stock has varied between a high of $2.84 on February 12, 2020, and a low of $1.00 on October 28, 2020, in the twelve-month period ended February 11, 2021. During this time, the price per share of common stock has ranged from an intra-day low of $0.921 per share to an intra-day high of $3.23 per share. As a result of fluctuations in the price of our common stock, you may be unable to sell your shares at or above the price you paid for them. The market price of our common stock is likely to continue to be volatile and subject to significant price and volume fluctuations in response to market, industry and other factors, including the other risk factors described in this section. The market price of our common stock may also be dependent upon the valuations and recommendations of the analysts who cover our business. If the results of our business do not meet these analysts’ forecasts, the expectations of investors or the financial guidance we provide to investors in any period, the market price of our common stock could decline.

In addition, the stock markets in general, and the markets for technology stocks in particular, have experienced significant volatility that has often been unrelated to the financial condition or results of operations of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock and, consequently, adversely affect the price at which you could sell the shares that you purchase in this offering. In the past, following periods of volatility in the market or significant price declines, securities class-action litigation has often been instituted against companies. Such

litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

***Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.***

If our stockholders sell substantial amounts of our common stock in the public market upon the expiration of any statutory holding period under Rule 144, or shares issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an "overhang" and, in anticipation of which, the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

In general, a non-affiliated person who has held restricted shares for a period of six months, under Rule 144, may sell into the market our common stock all of their shares, subject to the Company being current in its periodic reports filed with the SEC. As of February 16, 2021, except for approximately 14 shares, which are subject to control restrictions, the remainder of our shares of common stock outstanding were free trading.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional shares. For example, in June 2018, the SEC declared effective a shelf registration statement filed by us. This shelf registration statement allows us to issue any combination of our common stock, preferred stock, warrants, units, debt securities and subscription rights from time to time until expiry in June 2021 for an aggregate initial offering price of up to $300 million, subject to certain limitations. The specific terms of future offerings, if any, under this shelf registration statement would be established at the time of such offering. Depending on a variety of factors, including market liquidity of our common stock, the sale of shares under this shelf registration statement may cause the trading price of our common stock to decline. The sale of a substantial number of shares of our common stock under this shelf registration statement, or anticipation of such sales, could cause the trading price of our common stock to decline or make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise desire.

In addition, as of March 5, 2021, there were 5 shares issuable upon conversion of 1 share of Series 4 Convertible Preferred Stock, 841 shares of common stock issuable upon conversion of 126 shares of Series 5 Convertible Preferred Stock, 49,398,338 shares subject to outstanding warrants, 7,029,475 shares subject to outstanding options under the Company's equity incentive plans, 1 share subject to options not under such plans, an additional 5,317,769 shares reserved for future issuance under the Company's Amended and Restated 2011 Employee Stock Incentive Plan and up to an additional 8,700,682 shares of common stock which may be issued under the Company's 2018 Employee Stock Incentive Plan that will become, or have already become, eligible for sale in the public market to the extent permitted by any applicable vesting requirements, lock-up agreements, if any, Rule 144 under the Securities Act or in connection with their registration under the Securities Act.

Historically, we have used our shares of common stock to satisfy our outstanding debt obligations, and, in the future, we expect to continue to issue our securities to raise additional capital or satisfy outstanding debt obligations. The number of new shares of our common stock issued in connection with raising additional capital or satisfying our outstanding debt obligations could constitute a material portion of the then-outstanding shares of our common stock.

***Our common stock may be delisted from the Nasdaq Capital Market if we cannot satisfy Nasdaq's continued listing requirements in the future.***

If we fail to maintain compliance with the continued listing requirements of the Nasdaq Capital Market, our common stock may be delisted and the price of our common stock and our ability to access the capital markets could be negatively affected.

Our common stock currently trades on the Nasdaq Capital Market under the symbol "INPX." This market has continued listing standards that we must comply with in order to maintain the listing of our common stock. The continued listing standards include, among others, a minimum bid price requirement of $1.00 per share and any of: (i) a minimum stockholders' equity of $2.5 million; (ii) a market value of listed securities of at least $35.0 million; or (iii) net income from continuing operations of $500,000 in the most recently completed fiscal year or in the two of the last three fiscal years. Our results of operations and fluctuating stock price directly affect our ability to satisfy these continued listing standards. In the event we are unable to maintain these continued listing standards, our common stock may be subject to delisting from the Nasdaq Capital Market.

Between November 2015 and May 2019, we received five deficiency letters from Nasdaq indicating that we did not comply with certain Nasdaq continued listing requirements. Such deficiencies were later cured.

While the Company is currently compliance with all continued listing rules and it believes that it will be able to maintain compliance with Nasdaq's continued listing rules, there are no assurances that it will be able to meet all continued listing requirements to maintain its listing.

***There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.***

We are generally not restricted from issuing additional common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. Our articles of incorporation allows us to issue up to 250,000,000 shares of our common stock, par value $0.001 per share, and to issue and designate the rights of, without stockholder approval, up to 5,000,000 shares of preferred stock, par value $0.001 per share. To raise additional capital, we may in the future sell additional shares of our common stock or other securities convertible into or exchangeable for our common stock at prices that are lower than the prices paid by existing stockholders, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders, which could result in substantial dilution to the interests of existing stockholders. The market price of our common stock could decline as a result of sales of common stock or securities that are convertible into or exchangeable for, or that represent the right to receive common stock or the perception that such sales could occur.

***If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.***

The trading market for our common stock relies in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our common stock could decline if one or more equity research analysts downgrade our common stock or if they issue other unfavorable commentary or cease publishing reports about us or our business.

***We may be or may become the target of securities litigation, which is costly and time-consuming to defend.***

Following periods of market volatility in the price of a company's securities or the reporting of unfavorable news, security holders may institute class action litigation. If the market value of our securities experience adverse fluctuations and we become involved in this type of litigation, regardless of the outcome, we could incur substantial legal costs and our management's attention could be diverted from the operation of our business, causing our business to suffer.

**ITEM 1B: UNRESOLVED STAFF COMMENTS**

As a smaller reporting company, we are not required to provide this information.

**ITEM 2: PROPERTIES**

We lease office space in several locations in the United States, including Palo Alto, CA where we house our principal headquarters, research and development, sales and marketing and certain administrative functions. Outside of the U.S., through our subsidiary, Inpixon Canada we lease offices in Coquitlam, BC, Toronto, ON, New Westminster, BC for research and development, sales and marketing and administrative activities. Through our majority owned subsidiary Inpixon India Limited, we also lease offices in Hyderabad, India primarily for research and development purposes and Bangalore, India for research and development, sales, marketing and other administrative purposes. We also lease certain property Berlin, Germany through our subsidiary Nanotron for research and development, sales, marketing and administrative activities. We lease additional properties in Ratingen, Germany through our subsidiary Inpixon GmbH and in the United Kingdom through our subsidiary Inpixon Limited sales, marketing and administrative activitiesThe Company also has offices in , India . We also lease certain property in Encino, CA which is subleased to a third party and not used for our operations. We believe our facilities are adequate for our current and reasonably anticipated future needs.

**ITEM 3: LEGAL PROCEEDINGS**

There are no material pending legal proceedings as defined by Item 103 of Regulation S-K, to which we are a party or of which any of our property is the subject, other than ordinary routine litigation incidental to the Company's business.

There are no proceedings in which any of the directors, officers or affiliates of the Company, or any registered or beneficial holder of more than 5% of the Company's voting securities, is an adverse party or has a material interest adverse to that of the Company.

**ITEM 4: MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock currently trades under the symbol "INPX" on the Nasdaq Capital Market.

***Holders of Record***

According to our transfer agent, as of March 23, 2021, we had approximately 191 shareholders of record of our common stock. This number does not include an indeterminate number of shareholders whose shares are held by brokers in street name. Our stock transfer agent is Computershare Trust Company, N.A., Meidinger Tower, 462 S. 4th Street, Louisville, KY 40202.

***Dividends***

We have not declared or paid any cash dividends on our common stock, and we currently intend to retain future earnings, if any, to finance the expansion of our business, therefore, we do not expect to pay any cash dividends in the foreseeable future. The decision whether to pay cash dividends on our common stock will be made by our Board, in their discretion, and will depend on our financial condition, results of operations, capital requirements and other factors that our Board considers significant. Holders of Series 4 Convertible Preferred Stock and Series 5 Convertible Preferred Stock will not be entitled to receive any dividends, unless and until specifically declared by our Board.

***Securities Authorized for Issuance under Equity Compensation Plans***

For information required by this item with respect to our equity compensation plans, please see Item 11 of this report.

***Recent Sales of Unregistered Equity Securities***

Except as set forth below, during the period covered by this Annual Report on Form 10-K, we have not sold any equity securities that were not registered under the Securities Act that were not previously reported in a quarterly report on Form 10-Q or in a current report on Form 8-K.

On February 12, 2020, the Company exchanged approximately $490,000 of the outstanding principal and interest under the June 2019 Note for 175,000 shares of the Company's common stock.

During the three months ended December 31, 2020, the Company issued 1,076,676 shares of common stock under exchange agreements to settle outstanding balances under the March 2020 note totaling approximately $1.2 million under partitioned notes.

The offer and sale of such shares were not registered under the Securities Act and issued in reliance on an exemption from registration under Section 3(a)(9) of the Securities Act, in that (a) the shares of common stock were issued in exchange for the partitioned notes which are other outstanding securities of the Company; (b) there was no additional consideration of value delivered by a note holder in connection with the applicable exchange; and (c) there are no commissions or other remuneration being paid by the Company in connection with the exchanges.

### ITEM 6: SELECTED FINANCIAL DATA.

As a smaller reporting company, we are not required to provide this information.

### ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the audited financial statements and related notes included elsewhere in this Annual Report on Form 10-K. In addition to historical information, this discussion and analysis here and throughout this Annual Report on Form 10-K contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements, due to a number of factors, including but not limited to, risks described in the section entitled "Risk Factors."*

Except where indicated, all share and per share data in this section, as well as the consolidated financial statements, reflect the 1-for-45 reverse split of our common stock effective on January 7, 2020 (the "Reverse Split"). We have reflected the Reverse Split herein, unless otherwise indicated.

**Overview of Our Business**

We are an indoor intelligence company. Our business and government customers use our solutions to secure, digitize and optimize their indoor spaces with our positioning, mapping and analytics products. Our indoor intelligence platform uses sensor technology to detect accessible cellular, Wi-Fi, Bluetooth, ultra-wide band ("UWB") and chirp signals emitted from devices within a venue providing positional information similar to what global positioning system ("GPS") satellite systems provide for the outdoors. Combining this positional data with our dynamic and interactive mapping solution and a high-performance analytics engine, yields near real time insights to our customers providing them with increased visibility, security and business intelligence throughout their indoor spaces. Our highly configurable platform can also ingest data from our customers' and other third party sensors, Wi-Fi access points, Bluetooth beacons, video cameras, and big data sources, among others to maximize indoor intelligence. We also offer digital tear-sheets with optional invoice integration, digital ad delivery, and an e-edition designed for reader engagement for the media, publishing and entertainment industry.

Our Indoor Intelligence products secure, digitize and optimize the interior of any premises with indoor positioning and data analytics that provide rich positional information, similar to a global positioning system, and browser-like intelligence for the indoors.

Revenues increased in the year ended December 31, 2020 over the same period in 2019 by approximately 48% due to revenue earned of approximately $1.2 million from the Systat licensing agreement, approximately $0.9 million from the Nanotron acquisition and approximately $0.9 million from existing product lines over the prior comparable period. We expect to continue to grow our Indoor Intelligence product line in 2021. The Indoor Intelligence product line does have long sales cycles, which result from customer-related issues such as budget and procurement processes but also because of the early stages of indoor-positioning technology and the learning curve required for customers to implement such solutions. Customers also often engage in a pilot program first which prolongs sales cycles and is typical of most emerging technology adoption curves. We anticipate sales cycles to improve in 2021 as our customer base moves from early adopters to mainstream customers. The sales cycle is also improving with the increased presence and awareness of beacon and Wi-Fi locationing technologies in the market. Indoor Intelligence sales can be licensed-based with government customers but commercial customers typically prefer a SaaS or subscription model. Our other digital solutions are also delivered on a SaaS model and allow us to generate industry analytics that complement our indoor-positioning solutions.

We experienced a net loss of approximately $29.2 million and $34.0 million for the years ended December 31, 2020 and 2019, respectively. We cannot assure that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. In order to continue our operations, we have supplemented the revenues we earned with proceeds from the sale of our equity and debt securities and proceeds from loans and bank credit lines.

**Recent Events**

***Financings***

On November 25, 2020, the Company entered into a Securities Purchase Agreement with an institutional investor, pursuant to which we sold in a registered direct offering, 5,000,000 shares of our common stock, and warrants to purchase up to 8,000,000 shares of common stock at an exercise price of $1.25 per share (the "2020 Purchase Warrants") for a combined purchase price of $1.25 per share and pre-funded warrants to purchase up to 3,000,000 shares of common stock ("2020 Pre-funded Warrants") at an exercise price of $0.001 per share at a purchase price of $1.249 per share for net proceeds of $9.2 million after deducting placement agent commissions and offering expenses. Each 2020 Purchase Warrant and 2020 Pre-funded warrant is exercisable for one share of common stock, is immediately exercisable and will expire five years from the issuance date. On December 23, 2020, the 2020 Pre-funded Warrants were exercised in full.

On January 24, 2021, we entered into a Securities Purchase Agreement with an institutional investor, pursuant to which we sold in a registered direct offering, 5,800,000 shares of our common stock, and warrants to purchase up to 19,354,838 shares of common stock at an exercise price of $1.55 per share (the "January 2021 Purchase Warrants") for a combined purchase price of $1.55 per share and pre-funded warrants to purchase up to 13,554,838 shares of common stock ("January 2021 Pre-funded Warrants") at an exercise price of $0.001 per share, at a purchase price of $1.549 per share for net proceeds of $27.8 million after deducting placement agent commissions and offering expenses. Each January 2021 Purchase Warrant and January 2021 Pre-funded Warrant is exercisable for one share of common stock, is immediately exercisable and will expire five

years from the issuance date. The January 2021 Pre-funded Warrants were exercised in full as of February 8th, 2021. In addition, the investor exercised its purchase rights for 3 million shares of common stock pursuant to the the January 2021 Purchase Warrant on February 11, 2021.

On February 12, 2021, we entered into a Securities Purchase Agreement with an institutional investor, pursuant to which we sold in a registered direct offering, 7,000,000 shares of our common stock, and warrants to purchase up to 15,000,000 shares of common stock at an exercise price of $2.00 per share (the "First February 2021 Purchase Warrants") for a combined purchase price of $2.00 per share and pre-funded warrants to purchase up to 8,000,000 shares of common stock ("First February 2021 Pre-funded Warrants") at an exercise price of $0.001 per share, at a purchase price of $1.999 per share for net proceeds of $27.8 million after deducting placement agent commissions and offering expenses. Each First February 2021 Purchase Warrant and First February 2021 Pre-funded Warrant is exercisable for one share of common stock, is immediately exercisable and will expire five years from the issuance date. The First February 2021 Pre-funded warrants were exercised in full as of February 18, 2021.

On February 16, 2021, we entered into a Securities Purchase Agreement with an institutional investor, pursuant to which we sold in a registered direct offering, 3,000,000 shares of our common stock, and warrants to purchase up to 9,950,250 shares of common stock at an exercise price of $2.01 per share (the "Second February 2021 Purchase Warrants") for a combined purchase price of $2.01 per share and pre-funded warrants to purchase up to 6,950,250 shares of common stock ("Second February 2021 Pre-funded Warrants") at an exercise price of $0.001 per share, at a purchase price of $2.009 per share for net proceeds of $18.5 million after deducting placement agent commissions and offering expenses. Each Second February 2021 Purchase Warrant and Second February 2021 Pre-funded Warrant is exercisable for one share of common stock, is immediately exercisable and will expire five years from the issuance date. The Second February 2021 Pre-funded warrants were exercised in full as of March 1, 2021.

***Game Your Game Acquisition of Controlling Interest***

On March 25, 2021, we entered into a Stock Purchase Agreement (the "GYG Purchase Agreement") with Game Your Game, Inc., a Delaware corporation ("GYG"), and certain selling shareholders (the "Selling Shareholders"), pursuant to which we will acquire an aggregate of 522,000 shares of common stock of GYG (the "GYG Shares"), representing 52.2% of the outstanding shares of common stock of GYG on a fully diluted basis, in exchange for $1,666,932 in cash (the "Cash Consideration"), and a number of shares of our common stock equal to $1,403,103 divided by the lesser of (A) the closing price per share of our common stock, as reported by the Nasdaq Stock Market, immediately prior to the closing of the transaction and (B) the average closing price of our common stock, as reported by the Nasdaq Stock Market, for the 5 trading days immediately preceding the closing date. The Cash Consideration will be used for working capital purposes and to satisfy certain outstanding payroll obligations of GYG. The closing of the transaction is subject to the terms and satisfaction of the conditions set forth in the GYG Purchase Agreement. GYG's business consists of developing and providing solutions using sports data and analytics.

***Nanotron Acquisition***

On October 6, 2020, we acquired, through our wholly-owned subsidiary Inpixon GmbH, a limited liability company incorporated under the laws of Germany (the "Purchaser), all of the outstanding capital stock (the "Nanotron Shares") of Nanotron Technologies GmbH, a limited liability company incorporated under the laws of Germany ("Nanotron"), pursuant to the terms and conditions of that certain Share Sale and Purchase Agreement, dated as of October 5, 2020 (the "Purchase Agreement"), among the Purchaser, Nanotron and Sensera Limited, a stock corporation incorporated under the laws of Australia and the sole shareholder of Nanotron (the "Seller").

As a result of the acquisition, we now own 100% of Nanotron. Nanotron's business consists of developing and manufacturing location-aware IoT systems and solutions.

At the closing, the Purchaser paid to the Seller an aggregate purchase price of $8,700,000 (less the Holdback Funds (as defined below) and certain other closing adjustments) for the Nanotron Shares ("Purchase Price"). The Purchase Price may be subject to certain post-Closing adjustments based on actual working capital as of the closing as described in the Purchase Agreement. The Purchaser retained $750,000 (the "Holdback Funds") from the Purchase Price to secure the Seller's obligations under the Purchase Agreement, with any unused portion of the Holdback Funds to be released to the Seller on the date that is 18 months after the closing date. The Purchaser paid the Purchase Price from funds received in connection with a capital contribution from us, and a portion of the Purchase Price was used by the Seller to satisfy outstanding loans payable by the Seller to obtain the release of certain existing security interests on Nanotron's assets. On February 24, 2021, we agreed to the early release of the Holdback Funds, in exchange for a reduction in the total amount payable to the Seller by $225,000. In addition, the amount payable was further reduced by $59,156.74 in connection with a post closing working capital adjustment

and the satisfaction of a claim related to a customer dispute. A balance of $465,843.26 was paid to the Seller in full satisfaction of the Holdback Funds payable by the Purchaser to the Seller pursuant to the Purchase Agreement.

***Subscription of Units of Cardinal Venture Holdings***

On September 30, 2020, we entered into a Subscription Agreement (the "Subscription Agreement") with Cardinal Venture Holdings LLC, a Delaware limited liability company ("CVH"), pursuant to which we agreed to (i) contribute up to $1,800,000 (the "Contribution") to CVH and (ii) purchase up to 599,999 Class A Units of CVH (the "Class A Units") and up to 1,800,000 Class B Units of CVH (the "Class B Units," and, together with the Class A Units, the "Units"). The $1,800,000 purchase price was paid on October 12, 2020 and therefore that is the date the purchase of the Units was closed. On December 16, 2020, the Company increased it capital contribution by $700,000 in exchange for an additional 700,000 Class B Units. The Company owns an aggregate of 599,999 Class A Units and 2,500,000 Class B Units.

CVH owns certain interests in the sponsor entity (the "Sponsor") to a special purpose acquisition company formed for the purpose of pursuing an initial public offering of its securities followed by effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the "SPAC"). It is anticipated that the Contribution will be used by CVH to fund the Sponsor's purchase of securities in the SPAC.

Nadir Ali, our Chief Executive Officer, beneficially owns membership interests in CVH through 3AM LLC, a Delaware limited liability company and a founding member of CVH ("3AM").

Concurrently with our entry into the Subscription Agreement, we entered into the Amended and Restated Limited Liability Company Agreement of CVH (the "LLC Agreement"), dated as of September 30, 2020. Under the terms of the LLC Agreement, in the event the Managing Member (as defined in the LLC Agreement) can no longer manage CVH's affairs due to his death, disability or incapacity, 3AM will serve as CVH's replacement Managing Member. Except as may be required by law, the Company, as a non-managing member under the LLC Agreement, does not have any voting rights and generally cannot take part in the management or control of CVH's business and affairs.

The LLC Agreement provides that each Class A Unit and each Class B Unit represents the right of the Company to receive any distributions made by the Sponsor on account of the Class A Interests and Class B Interests, respectively, of the Sponsor.

We are not required to make additional capital contributions to CVH, unless any such capital contribution is approved by all of CVH's members. In addition, the LLC Agreement contains terms and conditions that provide for limitations on liability, restrictions on rights to distributions and certain indemnification rights for CVH's members.

***"Blue Dot" Technology Acquisition***

On August 19, 2020, in accordance with the terms and conditions of that certain Asset Purchase Agreement, by and among us, Ten Degrees Inc., a Delaware corporation ("TDI"), Ten Degrees International Limited ("TDIL"), a Cayman Islands exempted company limited by shares and the sole shareholder of 100% of the outstanding capital stock of TDI, mCube International Limited ("MCI"), a Cayman Island company, and the holder of a majority of the outstanding capital of TDIL and mCube, Inc., a Delaware corporation, and the sole shareholder of 100% of the outstanding capital stock of MCI ("mCube", together with TDI, TDIL, and MCI collectively, the "Transferors", or "Ten Degrees"), dated August 19, 2020 (the "APA"), we acquired a suite of on-device "blue-dot" indoor location and motion technologies, including patents, trademarks, software and related intellectual property from the Transferors (collectively, the "Assets").

The Assets were acquired for consideration consisting of (i) $1.5 million in cash and (ii) 480,000 shares of our common stock.

In accordance with the terms of the APA, commencing as of the date of the APA, the Transferors, and their affiliates, have agreed to not compete with our business associated with the Assets for a period of five years from the closing date. In addition, each party agreed to not solicit any employees from the other party for a period of one year from the closing date, subject to certain exceptions.

All of Transferors' right, title and interest in and to the Assets were sold, conveyed, transferred, assigned, and delivered to us in accordance with a Bill of Sale and Assignment executed by the Transferors, dated as of the closing date.

***Systat License Acquisition***

On June 19, 2020, we entered into an exclusive license to market, distribute, and develop the SYSTAT and SigmaPlot software suite of products (the "License Grant") pursuant to the terms and conditions of that certain Exclusive Software License and Distribution Agreement, as amended on June 30, 2020 (as amended, the "License Agreement"), with Cranes Software International Ltd. ("Cranes") and Systat Software, Inc. ("Systat," and together with Cranes, the "Systat Parties"). In accordance with the terms of the License Agreement, on June 30, 2020 (the "License Closing Date"), we acquired the License Grant, effective as of June 1, 2020, and we partitioned a portion of the outstanding balance under that certain secured promissory note (the "Sysorex Note") issued to us by Sysorex, Inc. ("Sysorex"), into a new note in an amount equal to $3 million in principal plus accrued interest (the "Closing Note") and assigned the Closing Note and all rights and obligations thereunder to Systat in accordance with the terms and conditions of that certain Promissory Note Assignment and Assumption Agreement. An aggregate of an additional $3.3 million of the principal balance underlying the Sysorex Note was partitioned and assigned to Systat as consideration payable for the rights granted under the license, including $1.3 million on the three month anniversary of the License Closing Date, $1.0 million on the six month anniversary of the License Closing Date and $1.0 million on March 19, 2021. Each assignment under the Sysorex Note was represented by a new secured promissory note and our right to any repayment under the Sysorex Note is subordinate and junior to Sysorex's obligation to make any payment to Systat unless we have exercised our right to offset any losses against such assigned notes as permitted in the License Agreement. In addition, we paid the remaining cash consideration of $2.2 million for the License Grant on July 8, 2020.

In connection with the License Grant, the Systat Parties provided us with equipment for us to use at no additional cost for a minimum period of six months following the License Closing Date. In addition, we have the right, but not the obligation, to assume all of the Systat Parties' rights, interests, and obligations under the Systat Customer Contracts and the Systat Distribution Agreements (as such terms are defined in the License Agreement). We are also entitled to any customer maintenance revenue, new license fees, or license renewal fees, received by any of the Systat Parties after June 1, 2020 in connection with the Systat Customer Contracts and/or Systat Distribution Agreements assigned to and assumed by us in connection with the License Agreement. The License Grant will remain in effect for a period of 15 years following the License Closing Date (the "Term"), unless terminated sooner upon mutual written consent of Systat and us or upon termination by either for the other party's specified breach.

At any time during the first 5-year period of the Term (the "Purchase Option Exercise Period"), we may exercise our option to purchase the Software, Software Source, User Documentation, Systat Intellectual Property, Customer Information and Equipment (as such terms are defined in the License Agreement) from the Systat Parties in exchange for an assignment of our right to receive an additional $1.0 million in principal under the Sysorex Note. On February 22, 2021, we entered into a Second Amendment to the License Agreement to allow for the exercise of the purchase option in whole or in part any time during the Purchase Option Period and to provide for cash consideration in lieu of an assignment of the Sysorex Note at our option. In addition, we exercised our option to purchase a portion of the underlying assets, including certain software, trademarks, solutions, domain names and websites from Systat in exchange for consideration in an amount equal to $900,000.

In connection with the License Grant, the Company expanded its operations into the United Kingdom and Germany. As a result of such expansion, the Company formed Inpixon Limited, a new wholly owned subsidiary in the United Kingdom, and established Inpixon GmbH, a wholly owned subsidiary incorporated under the laws of Germany.

***Promissory Note***

On March 18, 2020, we entered into a note purchase agreement (the "Purchase Agreement") with Iliad Research & Trading, L.P. (the "Holder") (as amended in September 17, 2020 and March 2021), pursuant to which we issued and sold to the Holder an unsecured promissory note (the "March 2020 Note") in an aggregate initial principal amount of $6,465,000.00 (the "Initial Principal Amount"), which is payable on or before March 18, 2022 (the "Maturity Date"). The Initial Principal Amount includes an original issue discount of $1,450,000.00 and $15,000.00 that we agreed to pay to the Holder to cover the Holder's legal fees, accounting costs, due diligence, monitoring and other transaction costs. In exchange for the March 2020 Note, the Holder paid an aggregate purchase price of $5,000,000.00 (the "Transaction"). The March 2020 Note is payable on or before the date that is 12 months from the issuance date. Interest on the note accrues at a rate of 10% per annum and is payable on the maturity date or otherwise in accordance with the note. We may pay all or any portion of the amount owed earlier than it is due in an amount equal to 115% of the portion of the outstanding balance the Company elects to prepay.

*Redemption*. Beginning as of the date that was 6 months from the issuance date and at the intervals indicated below until the March 2020 Note is paid in full, the Holder has the right to redeem up to an aggregate of 1/3 of the initial principal balance of the Note each month (each monthly exercise, a "Monthly Redemption Amount") by providing written notice (each, a "Monthly Redemption Notice"); provided, however, that if the Holder does not exercise any Monthly Redemption Amount in its corresponding month then such Monthly Redemption Amount shall be available for the Holder to redeem in any future

month in addition to such future month's Monthly Redemption Amount. Upon receipt of Monthly Redemption Notice, we are required to the applicable Monthly Redemption Amount in cash to the Holder within five business days of receipt.

*Monitoring Fee.* The terms of the Note included a one-time monitoring fee equal to ten percent (10%) of the then-current outstanding balance if the Note was still outstanding six months following the original issue date, which amount was subsequently amended to five percent (5%) and was added to the Note.

In addition, at any time while the Note is outstanding, if we intend to enter into a financing pursuant to which we will issue securities that (A) have or may have conversion rights of any kind, contingent, conditional or otherwise, in which the number of shares that may be issued pursuant to such conversion right varies with the market price of the Company's common stock, or (B) are or may become convertible into common stock (including without limitation convertible debt, warrants or convertible preferred stock), with a conversion price that varies with the market price of the common stock, even if such security only becomes convertible following an event of default, the passage of time, or another trigger event or condition (a "Future Offering"), then we must first offer such opportunity to the Holder on the same terms no later than five (5) trading days immediately prior to the trading day of the expected announcement of the Future Offering (the "Right of First Refusal"). If the Holder is unwilling or unable to provide such financing then we may obtain such financing upon the exact same terms and conditions offered to the Holder, which must be completed within 30 days after the date of the notice. If we do not receive the financing within 30 days after the date of the notice, then we must again offer the financing opportunity to the Holder as described above, and the process detailed above will be repeated. The Right of First Refusal does not apply to an Exempt Issuance (as defined in the Purchase Agreement) or to a registered offering made pursuant to a registration statement on Form S-1 or Form S-3.

***Note Exchanges***

During the first quarter ended March 31, 2020, we entered into exchange agreements with a noteholder pursuant to which we issued an aggregate of 1,896,557 shares of common stock in exchange for the satisfaction of an aggregate amount of approximately $4,194,030 of the outstanding balance of promissory notes issued on May 3, 2019 and June 27, 2019 to the holders of such notes at exchange prices between $1.12 and $4.05 per share, in each case at a price per share equal to Nasdaq's "minimum price" as defined by Nasdaq Listing Rule 5635(d).

During the quarter ended June 30, 2020, we entered into exchange agreements with noteholders pursuant to which we issued an aggregate of 3,889,990 shares of common stock in exchange for the satisfaction of an aggregate amount of approximately $4.6 million of the outstanding balance of promissory notes issued on December 21, 2018, August 8, 2019, September 17, 2019 and November 22, 2019 to the holders of such notes at exchange prices between $1.09 and $1.362 per share, in each case at a price per share equal to Nasdaq's "minimum price" as defined by Nasdaq Listing Rule 5635(d).

On November 19, 2020, we entered into an exchange agreement pursuant to which we issued an aggregate of 389,863 shares of common stock in exchange for the satisfaction of an aggregate amount of approximately $400,000 of the outstanding balance of the March 2020 Note at a price per share equal to $1.026, which was equal to Nasdaq's "minimum price" as defined by Nasdaq Listing Rule 5635(d).

On November 24, 2020, we entered into an exchange agreement pursuant to which we issued an aggregate of 686,813 shares of common stock in exchange for the satisfaction of an aggregate amount of approximately $750,000 of the outstanding balance of the March 2020 Note at a price per share equal to $1.092, which was equal to Nasdaq's "minimum price" as defined by Nasdaq Listing Rule 5635(d).

On February 11, 2021, we entered into an exchange agreement pursuant to which we issued an aggregate of 893,921 shares of common stock in exchange for the satisfaction of an aggregate amount of approximately $1.5 million of the outstanding balance of the March 2021 Note at a price per share equal to $1.678, which was equal to Nasdaq's "minimum price" as defined by Nasdaq Listing Rule 5635(d).

***Equity Distribution Agreement***

On March 3, 2020, we entered into an Equity Distribution Agreement ("EDA") with Maxim Group LLC ("Maxim") under which we may offer and sell shares of our common stock in connection with the ATM in an aggregate offering amount of up to $50 million from time to time through Maxim, acting exclusively as our sales agent (the "Offering"). We intend to use the net proceeds of the Offering primarily for working capital and general corporate purposes. We may also use a portion of the net proceeds to invest in or acquire businesses or technologies that we believe are complementary to our own.

We issued and sold 33,416,830 shares of common stock during the year ended December 31, 2020, in connection with the ATM at per share prices between $1.07 and $2.11, resulting in net proceeds to the Company of approximately $46.1 million, after subtracting sales commissions and other offering expenses.

Such sales were made pursuant to the Company's effective shelf registration statement on Form S-3 (File No. 333-223960), which was filed with the Securities and Exchange Commission (the "SEC") on March 27, 2018, as amended on May 15, 2018, and declared effective on June 5, 2018 (the "Registration Statement"), and a base prospectus dated as of June 5, 2018 included in the Registration Statement and the prospectus supplements relating to the ATM filed with the SEC on March 3, 2020 and June 22, 2020. The EDA was terminated as of February 12, 2021.

***Reverse Stock Split***

On January 7, 2020, we effected a 1-for-45 reverse split of our outstanding common stock.

**Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). In connection with the preparation of our consolidated financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2 of the audited consolidated financial statements for the years ended December 31, 2020 and 2019 which are included elsewhere in this Annual Report on Form 10-K. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. There have been no changes to estimates during the periods presented in the filing. Historically changes in management estimates have not been material.

***Revenue Recognition***

We recognize revenue when we transfer control of the promised products or services to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. We derive our revenue from software as a service, design and implementation services for our Indoor Intelligence systems, and professional services for work performed in conjunction with our systems.

*Hardware and Software Revenue Recognition*

For sales of hardware and software products, our performance obligation is satisfied at a point in time when they are shipped to the customer. This is when the customer has title to the product and the risks and rewards of ownership. The delivery of products to our customers occurs in a variety of ways, including (i) as a physical product shipped from our warehouse, (ii) via drop-shipment by a third-party vendor, or (iii) via electronic delivery with respect to software licenses. We leverage drop-ship arrangements with many of our vendors and suppliers to deliver products to customers without having to physically hold the inventory at our warehouse. In such arrangements, we negotiate the sale price with the customer, pay the supplier directly for the product shipped, bear credit risk of collecting payment from our customers and are ultimately responsible for the acceptability of the product and ensuring that such product meets the standards and requirements of the customer. Accordingly, we are the principal in the transaction with the customer and record revenue on a gross basis. We receive fixed consideration for sales of hardware and software products. Our customers generally pay within 30 to 60 days from the receipt of a customer approved invoice. We have elected the practical expedient to expense the costs of obtaining a contract when they are incurred because the amortization period of the asset that otherwise would have been recognized is less than a year.

*Software As A Service Revenue Recognition*

With respect to sales of our maintenance, consulting and other service agreements including our digital advertising and electronic services, customers pay fixed monthly fees in exchange for the Company's service. The Company's performance

obligation is satisfied over time as the digital advertising and electronic services are provided continuously throughout the service period. The Company recognizes revenue evenly over the service period using a time-based measure because the Company is providing continuous access to its service.

*Professional Services Revenue Recognition*

Our professional services include milestone, fixed fee and time and materials contracts.

Professional services under milestone contracts are accounted for using the percentage of completion method. As soon as the outcome of a contract can be estimated reliably, contract revenue is recognized in the consolidated statement of operations in proportion to the stage of completion of the contract. Contract costs are expensed as incurred. Contract costs include all amounts that relate directly to the specific contract, are attributable to contract activity, and are specifically chargeable to the customer under the terms of the contract.

Professional services are also contracted on the fixed fee and time and materials basis. Fixed fees are paid monthly, in phases, or upon acceptance of deliverables. Our time and materials contracts are paid weekly or monthly based on hours worked. Revenue on time and material contracts is recognized based on a fixed hourly rate as direct labor hours are expended. Materials, or other specified direct costs, are reimbursed as actual costs and may include markup. We have elected the practical expedient to recognize revenue for the right to invoice because our right to consideration corresponds directly with the value to the customer of the performance completed to date. For fixed fee contracts including maintenance service provided by in house personnel, we recognize revenue evenly over the service period using a time-based measure because we are providing continuous service. Because our contracts have an expected duration of one year or less, we have elected the practical expedient in ASC 606-10-50-14(a) to not disclose information about the remaining performance obligations. Anticipated losses are recognized as soon as they become known. For the years ended December 31, 2020 and 2019, we did not incur any such losses. These amounts are based on known and estimated factors.

*SAVES by Inpixon Revenue Recognition*

SAVES by Inpixon ("SAVES", formerly Systat) is a comprehensive set of data analytics and statistical visualization solutions for engineers and scientists.The Company enters into contracts with its customers whereby it grants a non-exclusive on-premise license for the use of its proprietary software. The contracts provide for either (i) a one-year stated term with a one-year renewal option (ii) a perpetual term or (iii) a two-year term for students with the option to upgrade to a perpetual license at the end of the term. The contracts may also provide for yearly on-going maintenance services for a specified price, which includes maintenance services, designated support, and enhancements, upgrades and improvements to the software (the “Maintenance Services”), depending on the contract. Licenses for on-premises software provide the customer with a right to use the software as it exists when made available to the customer. All software provides customers with the same functionality and differ mainly in the duration over which the customer benefits from the software.

The timing of our revenue recognition related to the SAVES revenue stream is dependent on whether the software licensing agreement entered into represents a good or service. Software that relies on an entity’s IP and is delivered only through a hosting arrangement, where the customer cannot take possession of the software, is a service. A software arrangement that is provided through an access code or key represents the transfer of a good. Licenses for on-premises software represents a good and provide the customer with a right to use the software as it exists when made available to the customer. Customers may purchase perpetual licenses or subscribe to licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software. Revenue from distinct on-premises licenses is recognized upfront at the point in time when the software is made available to the customer.

Renewals or extensions of licenses are evaluated as distinct licenses (i.e., a distinct good or service), and revenue attributed to the distinct good or service cannot be recognized until (1) the entity provides the distinct license (or makes the license available) to the customer and (2) the customer is able to use and benefit from the distinct license. Renewal contracts are not combined with original contracts, and, as a result, the renewal right is evaluated in the same manner as all other additional rights granted after the initial contract. The revenue is not recognized until the customer can begin to use and benefit from the license, which is typically at the beginning of the license renewal period. Therefore, we recognize revenue resulting from renewal of licensed software at a point in time, specifically, at the beginning of the license renewal period.

We recognize revenue related to Maintenance Services evenly over the service period using a time-based measure because we are providing continuous service and the customer simultaneously receives and consumes the benefits provided by our performance as the services are performed.

*Design and Implementation Revenue Recognition*

Design and implementation revenue is accounted for using the percentage of completion method. As soon as the outcome of a contract can be estimated reliably, contract revenue is recognized in the consolidated statement of operations in proportion to the stage of completion of the contract. Contract costs are expensed as incurred. Contract costs include all amounts that relate directly to the specific contract, are attributable to contract activity, and are specifically chargeable to the customer under the terms of the contract.

*Contract Balances*

The timing of our revenue recognition may differ from the timing of payment by our customers. We record a receivable when revenue is recognized prior to payment and we have an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, we record deferred revenue until the performance obligations are satisfied. The Company had deferred revenue of approximately $1,922,000 and $912,000 as of December 31, 2020 and 2019, respectively, related to cash received in advance for product maintenance services and professional services provided by the Company's technical staff. The Company expects to satisfy its remaining performance obligations for these maintenance services and professional services, and recognize the deferred revenue and related contract costs over the next twelve months.

***Long-lived Assets***

We account for our long-lived assets in accordance with Accounting Standards Codification ("ASC") 360, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("ASC 360"), which requires that long-lived assets be evaluated whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed. Some of the events or changes in circumstances that would trigger an impairment test include, but are not limited to:

- significant under-performance relative to expected and/or historical results (negative comparable sales growth or operating cash flows for two consecutive years);
- significant negative industry or economic trends;
- knowledge of transactions involving the sale of similar property at amounts below our carrying value; or
- our expectation to dispose of long-lived assets before the end of their estimated useful lives, even though the assets do not meet the criteria to be classified as "held for sale."

Long-lived assets are grouped for recognition and measurement of impairment at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. The impairment test for long-lived assets requires us to assess the recoverability of our long-lived assets by comparing their net carrying value to the sum of undiscounted estimated future cash flows directly associated with and arising from our use and eventual disposition of the assets. If the net carrying value of a group of long-lived assets exceeds the sum of related undiscounted estimated future cash flows, we would be required to record an impairment charge equal to the excess, if any, of net carrying value over fair value.

When assessing the recoverability of our long-lived assets, which include property and equipment and finite-lived intangible assets, we make assumptions regarding estimated future cash flows and other factors. Some of these assumptions involve a high degree of judgment and also bear a significant impact on the assessment conclusions. Included among these assumptions are estimating undiscounted future cash flows, including the projection of comparable sales, operating expenses, capital requirements for maintaining property and equipment and residual value of asset groups. We formulate estimates from historical experience and assumptions of future performance, based on business plans and forecasts, recent economic and business trends, and competitive conditions. In the event that our estimates or related assumptions change in the future, we may be required to record an impairment charge. Based on our evaluation we did not record a charge for impairment for the years ended December 31, 2020 and 2019.

The benefits to be derived from our acquired intangibles, will take additional financial resources to continue the development of our technology. Management believes our technology has significant long-term profit potential, and to date, management continues to allocate existing resources to the develop products and services to seek returns on its investment. We continue to seek additional resources, through both capital raising efforts and meeting with industry experts, as part of our continued efforts. Although there can be no assurance that these efforts will be successful, we intend to allocate financial and personnel resources when deemed possible and/or necessary. If we choose to abandon these efforts, or if we determine that such funding is not available, the related development of our technology (resulting in our lack of ability to expand our business), may be subject to significant impairment.

As described previously, we continue to experience weakness in market conditions, a depressed stock price, and challenges in executing our business plans. The Company will continue to monitor these uncertainties in future periods, to determine the impact.

We evaluate the remaining useful lives of long-lived assets and identifiable intangible assets whenever events or circumstances indicate that a revision to the remaining period of amortization is warranted. Such events or circumstances may include (but are not limited to): the effects of obsolescence, demand, competition, and/or other economic factors including the stability of the industry in which we operate, known technological advances, legislative actions, or changes in the regulatory environment. If the estimated remaining useful lives change, the remaining carrying amount of the long-lived assets and identifiable intangible assets would be amortized prospectively over that revised remaining useful life. We have determined that there were no events or circumstances during the years ended December 31, 2020 and 2019, which would indicate a revision to the remaining amortization period related to any of our long-lived assets. Accordingly, we believe that the current estimated useful lives of long-lived assets reflect the period over which they are expected to contribute to future cash flows and are therefore deemed appropriate.

***Acquired In-Process Research and Development ("IPR&D")***

In accordance with authoritative guidance, we recognize IPR&D at fair value as of the acquisition date, and subsequently account for it as an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. Once an IPR&D project has been completed, the useful life of the IPR&D asset is determined and amortized accordingly. If the IPR&D asset is abandoned, the remaining carrying value is written off. During fiscal year 2014, we acquired IPR&D through the acquisition of AirPatrol, in 2015 through the acquisition of the assets of LightMiner, in 2019 through the acquisitions of Locality, Jibestream and certain assets of GTX and in 2020 through the SYSTAT licensing agreement, the acquisition of certain assets of Ten Degrees, and the acquisition of Nanotron. Our IPR&D is comprised of AirPatrol, LightMiner, Locality, Jibestream, GTX, SYSTAT, Ten Degrees, and Nanotron, which was valued on the date of the acquisition. It will take additional financial resources to continue development of these technologies.

We continue to seek additional resources, through both capital raising efforts and meeting with industry experts, for further development of the AirPatrol, Locality, Jibestream, GTX, SYSTAT, Ten Degrees, and Nanotron technologies. Through December 31, 2020, we have made some progress with raising capital since these acquisitions, building our pipeline and getting industry acknowledgment. We have been recognized by leading industry analysts in a report on leading indoor positioning companies and were also awarded the IoT Security Excellence award by TMC and Crossfire Media. Management remains focused on growing revenue from these products and continues to pursue efforts to recognize the value of the AirPatrol, Locality, Jibestream, GTX, SYSTAT, Ten Degrees, and Nanotron technologies. Although there can be no assurance that these efforts will be successful, we intend to allocate financial and personnel resources when deemed possible and/or necessary. If we choose to abandon these efforts, or if we determine that such funding is not available, the related IPR&D will be subject to significant impairment.

***Goodwill and Indefinite-lived Assets***

We have recorded goodwill and other indefinite-lived assets in connection with our acquisitions of Shoom, Locality, Jibestream, GTX, the Systat Parties, and Nanotron. Goodwill, which represents the excess of acquisition cost over the fair value of the net tangible and intangible assets of the acquired company, is not amortized. Indefinite-lived intangible assets are stated at fair value as of the date acquired in a business combination. The recoverability of goodwill is evaluated at least annually and when events or changes in circumstances indicate that the carrying amount may not be recoverable.

We analyze goodwill first to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a detailed goodwill impairment test as required. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. The Company has determined that the reporting unit is the entire company, due to the integration of the Company's activities.

Events and circumstances for an entity to consider in conducting the qualitative assessment are:

- Macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets.

- Industry and market considerations such as a deterioration in the environment in which an entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics (considered in both

absolute terms and relative to peers), a change in the market for an entity's products or services, or a regulatory or political development.

- Cost factors such as increases in raw materials, labor, or other costs that have a negative effect on earnings and cash flows.
- Overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods.
- Other relevant entity-specific events such as changes in management, key personnel, strategy, or customers, contemplation of bankruptcy, or litigation.
- Events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more-likely-than-not expectation of selling or disposing of all, or a portion, of a reporting unit, the testing for recoverability of a significant asset group within a reporting unit, or recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit.
- If applicable, a sustained decrease in share price (considered in both absolute terms and relative to peers).

***Impairment of Long-Lived Assets Subject to Amortization***

We amortize intangible assets with finite lives over their estimated useful lives and review them for impairment whenever an impairment indicator exists. We continually monitor events and changes in circumstances that could indicate carrying amounts of our long-lived assets, including our intangible assets, may not be recoverable. When such events or changes in circumstances occur, we assess recoverability by determining whether the carrying value of such assets will be recovered through the undiscounted expected future cash flows. If the future undiscounted cash flows are less than the carrying amount of these assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. We did not recognize any intangible asset impairment charges for the years ended December 31, 2020 and 2019. See "Acquired In-Process Research and Development ("IPR&D")" for further information.

***Deferred Income Taxes***

In accordance with ASC 740 "Income Taxes" ("ASC 740"), management routinely evaluates the likelihood of the realization of its income tax benefits and the recognition of its deferred tax assets. In evaluating the need for any valuation allowance, management will assess whether it is more likely than not that some portion, or all, of the deferred tax asset may not be realized on a jurisdictional basis. Ultimately, the realization of deferred tax assets is dependent upon the generation of future taxable income during those periods in which temporary differences become deductible and/or tax credits and tax loss carry-forwards can be utilized. In performing its analyses, management considers both positive and negative evidence including historical financial performance, previous earnings patterns, future earnings forecasts, tax planning strategies, economic and business trends and the potential realization of net operating loss carry-forwards within a reasonable timeframe. To this end, management considered (i) that we have had historical losses in the prior years and cannot anticipate generating a sufficient level of future profits in order to realize the benefits of our deferred tax asset; (ii) tax planning strategies; and (iii) the adequacy of future income as of and for the year ended December 31, 2019, based upon certain economic conditions and historical losses through December 31, 2020. After consideration of these factors, management deemed it appropriate to establish a full valuation allowance with respect to the deferred tax assets for Inpixon and Inpixon Canada.

A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in the Company's tax filings that do not meet these recognition and measurement standards. As of December 31, 2020 and 2019, no liability for unrecognized tax benefits was required to be reported. The guidance also discusses the classification of related interest and penalties on income taxes. The Company's policy is to record interest and penalties on uncertain tax positions as a component of income tax expense. No interest or penalties were recorded during the years ended December 31, 2020 and 2019.

***Allowance for Doubtful Accounts***

We maintain our reserves for credit losses at a level believed by management to be adequate to absorb potential losses inherent in the respective balances. We assign an internal credit quality rating to all new customers and update these ratings regularly, but no less than annually. Management's determination of the adequacy of the reserve for credit losses for our accounts and notes receivable is based on the age of the receivable balance, the customer's credit quality rating, an evaluation of historical credit losses, current economic conditions, and other relevant factors.

As of December 31, 2020 and 2019, reserves for credit losses included a reserve for doubtful accounts of approximately $235,000 and $646,000, respectively, due to the aging of the items greater than 90 days outstanding and other potential non-collections.

***Business Combinations***

We account for business combinations using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. Any changes in the estimated fair values of the net assets recorded for acquisitions prior to the finalization of more detailed analysis, but not to exceed one year from the date of acquisition, will change the amount of the purchase price allocable to goodwill. Any subsequent changes to any purchase price allocations that are material to our consolidated financial results will be adjusted. All acquisition costs are expensed as incurred and in-process research and development costs are recorded at fair value as an indefinite-lived intangible asset and assessed for impairment thereafter until completion, at which point the asset is amortized over its expected useful life. Separately recognized transactions associated with business combinations are generally expensed subsequent to the acquisition date. The application of business combination and impairment accounting requires the use of significant estimates and assumptions.

Upon acquisition, the accounts and results of operations are consolidated as of and subsequent to the acquisition date and are included in our Consolidated Financial Statements from the acquisition date.

***Stock-Based Compensation***

We account for equity instruments issued to non-employees in accordance with accounting guidance, which requires that such equity instruments are recorded at their fair value on the measurement date, which is typically the date the services are performed.

We account for equity instruments issued to employees in accordance with accounting guidance that requires that awards are recorded at their fair value on the date of grant and are amortized over the vesting period of the award. We recognize compensation costs over the requisite service period of the award, which is generally the vesting term of the equity instrument issued.

The Black-Scholes option valuation model is used to estimate the fair value of the options or the equivalent security granted. The model includes subjective input assumptions that can materially affect the fair value estimates. The model was developed for use in estimating the fair value of traded options or warrants. The expected volatility is estimated based on the average of historical volatilities for industry peers.

The principal assumptions used in applying the Black-Scholes model along with the results from the model were as follows:

| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Risk-free interest rate | 0.33-0.35% | 1.77-2.66% |
| Expected life of option grants | 5 years | 7 years |
| Expected volatility of underlying stock | 34.43% | 49.48-106.16% |
| Dividends assumption | $ — | $ — |

During the year ended December 31, 2020 and 2019, the Company recorded a charge of $1.2 million and $3.2 million, respectively, for the amortization of employee stock options.

**RESULTS OF OPERATIONS**

***Year Ended December 31, 2020 compared to the Year Ended December 31, 2019***

The following table sets forth selected consolidated financial data as a percentage of our revenue and the percentage of period-over-period change:

| (in thousands, except percentages) | For the Years Ended 2020 Amount | 2020 % of Revenues | 2019 Amount | 2019 % of Revenues | $ Change | % Change* |
|---|---|---|---|---|---|---|
| Revenues | $ 9,297 | 100 % | $ 6,301 | 100 % | $ 2,996 | 48 % |
| Cost of revenues | $ 2,613 | 28 % | $ 1,609 | 26 % | $ 1,004 | 62 % |
| Gross profit | $ 6,684 | 72 % | $ 4,692 | 74 % | $ 1,992 | 42 % |
| Operating expenses | $ 30,478 | 328 % | $ 25,502 | 405 % | $ 4,976 | 20 % |
| Loss from operations | $ (23,794) | (256) % | $ (20,810) | (330) % | $ (2,984) | 14 % |
| Net loss | $ (29,214) | (314) % | $ (33,982) | (539) % | $ (4,768) | (14) % |
| Net loss attributable to stockholders of Inpixon | $ (29,229) | (314) % | $ (33,991) | (539) % | $ (4,762) | (14) % |

* Amounts used to calculate dollar and percentage changes are based on numbers in the thousands. Accordingly, calculations in this item, which may be rounded to the nearest hundred thousand, may not produce the same results.

**Revenues**

Revenues for the year ended December 31, 2020 were $9.3 million compared to $6.3 million for the comparable period in the prior year for an increase of approximately $3.0 million, or approximately 48%. Revenues increased approximately $1.2 million from the Systat License Agreement, approximately $0.9 million from the Nanotron acquisition and approximately $0.9 million from existing product lines over the prior comparable period.

**Cost of Revenues**

Cost of revenues for the year ended December 31, 2020 were $2.6 million compared to $1.6 million for the comparable period in the prior year. This increase in cost of revenues of approximately $1.0 million, or approximately 62%, was primarily attributable to the increase in revenues from the Systat License Agreement, Nantoron acquisition and the existing product lines.

The gross profit margin for the year ended December 31, 2020 was 72% compared to 74% for the year ended December 31, 2019. This decrease in margin is primarily due to to lower gross profit margins from the Nanotron acquisition.

**Operating Expenses**

Operating expenses for the year ended December 31, 2020 were $30.5 million and $25.5 million for the comparable period ended December 31, 2019. This increase of $5.0 million is primarily attributable to increased operating expenses of the Systat licensing product line, Nanotron acquisition, increased operating expense of the Jibestream division as it was included for a full twelve months during 2020, increased professional fees and marketing expenses offset by a decrease in travel expenses, stock based compensation and amortization of intangibles.

**Loss From Operations**

Loss from operations for the year ended December 31, 2020 was $23.8 million as compared to $20.8 million for the comparable period in the prior year. This increase in loss of approximately $3.0 million was primarily attributable to higher operating expenses offset by the increase in gross profit for the year ended December 31, 2020.

**Other Income/Expense**

Other income/expense for the year ended December 31, 2020 was a loss of $5.5 million compared to a loss of $13.8 million for the comparable period in the prior year. This decrease in loss of approximately $8.3 million is primarily attributable to a decrease in the valuation allowance adjustment in connection with a Note Receivable from Sysorex.

**Provision for Income Taxes**

There was an income tax benefit of $56,000 for the year ended December 31, 2020 related to the acquisition of intangibles and net operating losses of Locality and Jibestream. There was no provision for income taxes for the year ended

December 31, 2019 as the Company was in a net taxable loss position. Deferred tax assets resulting from such losses are fully reserved as of December 31, 2020 and 2019 for Inpixon and Inpixon Canada since, at present, the Company has no history of taxable income and it is more likely than not that such assets will not be realized.

**Net Gain Attributable To Non-Controlling Interest**

Net gain attributable to non-controlling interest for the years ended December 31, 2020 and 2019 was $15,000 and $9,000, respectively. This increase of $6,000 was attributable to the gain from Inpixon India and is immaterial.

**Net Loss Attributable To Stockholders of Inpixon**

Net loss attributable to stockholders for the year ended December 31, 2020 was $29.2 million compared to $34.0 million for the comparable period in the prior year. This decrease in loss of approximately $4.8 million was primarily attributable to the increase in operating expenses offset by the increase in gross margin and the decrease in the valuation allowance adjustment.

**Non-GAAP Financial information**

***EBITDA***

EBITDA is defined as net income (loss) before interest, provision for (benefit from) income taxes, and depreciation and amortization. Adjusted EBITDA is used by our management as the matrix in which it manages the business. It is defined as EBITDA plus adjustments for other income or expense items, non-recurring items and non-cash stock-based compensation.

Adjusted EBITDA for the year ended December 31, 2020 was a loss of $17.1 million compared to a loss of $11.1 million for the prior year period.

The following table presents a reconciliation of net income/loss attributable to stockholders of Inpixon, which is our GAAP operating performance measure, to Adjusted EBITDA for the years ended December 31, 2020 and 2019 (in thousands):

| | For the Years Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Net loss attributable to common stockholders | $ (29,229) | $ (35,241) |
| Adjustments: | | |
| Non-recurring one-time charges: | | |
| Loss on exchange of debt for equity | 210 | 294 |
| Provision for valuation allowance on held for sale loan | 2,370 | 10,627 |
| Provision for the valuation allowance for related party receivable | 648 | — |
| Settlement of litigation | — | 6 |
| Acquisition transaction/financing costs | 1,057 | 1,277 |
| Costs associated with public offering | — | 50 |
| Severance | — | 161 |
| Provision for doubtful accounts | 956 | 558 |
| Deemed dividend for triggering of warrant down round feature | — | 1,250 |
| Stock-based compensation - compensation and related benefits | 1,194 | 3,489 |
| Interest expense, net | 2,426 | 2,277 |
| Income tax benefit | (87) | (584) |
| Depreciation and amortization | 3,371 | 4,752 |
| Adjusted EBITDA | $ (17,084) | $ (11,084) |

We rely on Adjusted EBITDA, which is a non-GAAP financial measure for the following:

- To review and assess the operating performance of our Company as permitted by Accounting Standards Codification Topic 280, Segment Reporting;

- To compare our current operating results with corresponding periods and with the operating results of other companies in our industry;
- As a basis for allocating resources to various projects;
- As a measure to evaluate potential economic outcomes of acquisitions, operational alternatives and strategic decisions; and
- To evaluate internally the performance of our personnel.

We have presented Adjusted EBITDA above because we believe it conveys useful information to investors regarding our operating results. We believe it provides an additional way for investors to view our operations, when considered with both our GAAP results and the reconciliation to net income (loss). By including this information, we can provide investors with a more complete understanding of our business. Specifically, we present Adjusted EBITDA as supplemental disclosure because of the following:

- We believe Adjusted EBITDA is a useful tool for investors to assess the operating performance of our business without the effect of interest, income taxes, depreciation and amortization and other non-cash items including stock based compensation, amortization of intangibles, change in the fair value of shares to be issued, change in the fair value of derivative liability, impairment of goodwill and one time charges including gain/loss on the settlement of obligations, severance costs, provision for doubtful accounts, acquisition costs and the costs associated with the public offering.
- We believe that it is useful to provide to investors with a standard operating metric used by management to evaluate our operating performance; and
- We believe that the use of Adjusted EBITDA is helpful to compare our results to other companies.

Even though we believe Adjusted EBITDA is useful for investors, it does have limitations as an analytical tool. Thus, we strongly urge investors not to consider this metric in isolation or as a substitute for net income (loss) and the other consolidated statement of operations data prepared in accordance with GAAP. Some of these limitations include the fact that:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA does not reflect income or other taxes or the cash requirements to make any tax payments; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, thereby potentially limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business or as a measure of performance in compliance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and providing Adjusted EBITDA only as supplemental information.

***Proforma Non-GAAP Net Loss per Share***

Basic and diluted net loss per share for the year ended December 31, 2020 was ($1.01) compared to ($47.52) for the prior year period. The decreased loss per share in 2020 was attributable to the changes discussed in our results of operations.

Proforma non-GAAP net income (loss) per share is used by our Company's management as an evaluation tool as it manages the business and is defined as net income (loss) per basic and diluted share adjusted for non-cash items including stock based compensation, amortization of intangibles and one time charges including gain on the settlement of obligations, severance costs, provision for doubtful accounts, change in the fair value of shares to be issued, acquisition costs and the costs associated with the public offering.

Proforma non-GAAP net loss per basic and diluted common share for the year ended December 31, 2020 was ($0.71) compared to a loss of ($18.75) per share for the prior year period.

The following table presents a reconciliation of net loss per basic and diluted share, which is our GAAP operating performance measure, to proforma non-GAAP net loss per share for the periods reflected (in thousands, except per share data):

| | For the Years Ended December 31, | |
|---|---|---|
| (thousands, except per share data) | **2020** | **2019** |
| Net loss attributable to common stockholders | $ (29,229) | $ (35,241) |
| Adjustments: | | |
| Non-recurring one-time charges: | | |
| Loss on the exchange of debt for equity | 210 | 294 |
| Provision for valuation allowance on held for sale loan | 2,370 | 10,627 |
| Provision for the valuation allowance for related party receivable | 648 | — |
| Settlement of litigation | — | 6 |
| Acquisition transaction/financing costs | 1,057 | 1,277 |
| Costs associated with public offering | — | 50 |
| Severance | — | 161 |
| Provision for doubtful accounts | 956 | 558 |
| Deemed dividend for triggering of warrant down round feature | — | 1,250 |
| Stock-based compensation - compensation and related benefits | 1,194 | 3,489 |
| Amortization of intangibles | 2,306 | 3,629 |
| Proforma non-GAAP net loss | $ (20,488) | $ (13,900) |
| Proforma non-GAAP net loss per basic and diluted common share | $ (0.71) | $ (18.75) |
| Weighted average basic and diluted common shares outstanding | 28,800,493 | 741,530 |

We rely on proforma non-GAAP net loss per share, which is a non-GAAP financial measure:

- To review and assess the operating performance of our Company as permitted by Accounting Standards Codification Topic 280, Segment Reporting;
- To compare our current operating results with corresponding periods and with the operating results of other companies in our industry;
- As a measure to evaluate potential economic outcomes of acquisitions, operational alternatives and strategic decisions; and
- To evaluate internally the performance of our personnel.

We have presented proforma non-GAAP net loss per share above because we believe it conveys useful information to investors regarding our operating results. We believe it provides an additional way for investors to view our operations, when considered with both our GAAP results and the reconciliation to net income (loss), and that by including this information we can provide investors with a more complete understanding of our business. Specifically, we present proforma non-GAAP net loss per share as supplemental disclosure because:

- We believe proforma non-GAAP net loss per share is a useful tool for investors to assess the operating performance of our business without the effect of non-cash items including stock based compensation,

amortization of intangibles and one time charges including gain on the settlement of obligations, severance costs, provision for doubtful accounts, change in the fair value of shares to be issued, acquisition costs and the costs associated with the public offering.

- We believe that it is useful to provide to investors a standard operating metric used by management to evaluate our operating performance; and
- We believe that the use of proforma non-GAAP net loss per share is helpful to compare our results to other companies.

**Liquidity and Capital Resources as of December 31, 2020**

Our current capital resources and operating results as of and through December 31, 2020, consist of:

1) an overall working capital surplus of approximately $18.2 million;

2) cash of approximately $18.0 million;

3) ATM equity facility in an aggregate offering amount of up to $150 million of which we have raised approximately $46.1 million of net proceeds after subtracting sales commissions and other offering costs as of December 31, 2020; and

4) net cash used by operating activities for the year ended December 31, 2020 of $20.6 million.

The breakdown of our overall working capital deficit is as follows (in thousands):

| Working Capital | Assets | Liabilities | Net |
|---|---|---|---|
| Cash and cash equivalents | $ 17,996 | $ — | $ 17,996 |
| Accounts receivable, net / accounts payable | 1,739 | 908 | 831 |
| Inventory | 1,243 | | 1,243 |
| Short-term investments | 7,998 | | 7,998 |
| Accrued liabilities | | 2,739 | (2,739) |
| Operating lease obligation | — | 647 | (647) |
| Deferred revenue | — | 1,922 | (1,922) |
| Notes and other receivables / Short-term debt | 152 | 5,401 | (5,249) |
| Other | 1,197 | 500 | 697 |
| Total | $ 30,325 | $ 12,117 | $ 18,208 |

Net cash used in operating activities during the year ended December 31, 2020 of $20.6 million consists of net loss of $29.2 million offset by non-cash adjustments of approximately $11.8 million less net cash changes in operating assets and liabilities of approximately $3.2 million.

During the first quarter of 2020, we raised $5 million in gross proceeds in connection with a debt financing, during the year ended December 31, 2020 we raised net proceeds of approximately $46.1 million in connection with sales under the ATM and net proceeds of approximately $9.2 million from a registered direct offering, and subsequent to December 31, 2020 we raised net proceeds of approximately $77.2 million from the sale of our securities in connection with registered direct offerings and the exercise of warrants. Given our current cash balances and budgeted cash flow requirements, the Company believes such funds are sufficient to support ongoing operations for the next 12 months from the issuance date of the financial statements. However, general economic or other conditions resulting from COVID 19 or other events materially may impact the liquidity of our common stock or our ability to continue to access capital from the sale of our securities to support our growth plans. Our business has been impacted by the COVID-19 pandemic and may continue to be impacted. While we have been able to continue operations remotely, we have and continue to experience supply chain constraints and delays in the receipt of certain components of our products impacting delivery times for our products. We have also seen some impact in the demand of certain products and delays in certain projects and customer orders either because they require onsite services which could not be performed while shelter in place orders were in effect, compliance with new rules and regulations resulting from the pandemic or because of the uncertainty of the customer's financial position and ability to invest in our technology. Despite these challenges, including a decline in revenue for certain existing product lines, we were able to realize growth in total revenue for

the year ended December 31, 2020 when compared to the year ended 2019, as a result of the addition of new product lines including a full year of sales associated with our mapping product, the addition of the SAVES product lines following the second quarter of 2020 and the addition of the RTLS product line in the fourth quarter of 2020. The total impact that COVID-19 will have on general economic conditions is continuously evolving and the impact it may continue to have on our results of operations continues to remain uncertain and there are no assurances that we will be able to continue to experience the same growth or not be materially adversely effected. A further discussion of the impact of the COVID-19 pandemic on our business is set forth below in Part II, Item 1A. Risk Factors.The Company is also pursuing possible strategic transactions and may raise such additional capital as needed, using our equity securities, an assignment of the remaining note receivable from Sysorex and/or cash and debt financings in combinations appropriate for each acquisition.

***Liquidity and Capital Resources as of December 31, 2020 Compared With December 31, 2019***

The Company's net cash flows used in operating, investing and financing activities for the years ended December 31, 2020 and 2019 and certain balances as of the end of those periods are as follows (in thousands):

| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Net cash used in operating activities | $ (20,601) | $ (10,665) |
| Net cash used in investing activities | (23,507) | (5,108) |
| Net cash provided by financing activities | 57,259 | 19,406 |
| Effect of foreign exchange rate changes on cash | (4) | 68 |
| Net increase in cash and cash equivalents | $ 13,147 | $ 3,701 |

| | **As of December 31, 2020** | **As of December 31, 2019** |
|---|---|---|
| Cash and cash equivalents | $ 17,996 | $ 4,777 |
| Working capital surplus (deficit) | $ 18,208 | $ (6,975) |

**Operating Activities for the year ended December 31, 2020**

Net cash used in operating activities during the year ended December 31, 2020 was approximately $21.0 million. The cash flows related to the year ended December 31, 2020 consisted of the following (in thousands):

| | |
|---|---|
| Net loss | $ (29,214) |
| Non-cash income and expenses | 11,846 |
| Net change in operating assets and liabilities | (3,233) |
| Net cash used in operating activities | $ (20,601) |

The non-cash income and expense of approximately $12.0 million consisted primarily of the following (in thousands):

| | |
|---|---|
| $ 3,371 | Depreciation and amortization expenses (including amortization of intangibles) primarily attributable to the Shoom, AirPatrol, LightMiner, Locality, GTX, Jibestream, Systat, Ten Degrees and Nanotron, which were acquired effective August 31, 2013, April 16, 2014, November 21, 2016, May 21, 2019, June 27, 2019, August 15, 2019, June 30, 2020, August 19, 2020 and October 6, 2020, respectively. |
| 490 | Amortization of right of use asset |
| (32) | Accrued interest income, related party |
| 1,194 | Stock-based compensation expense attributable to warrants and options issued as part of Company operations |
| 210 | Loss on exchange of debt for equity |
| 2,594 | Amortization of debt discount |
| 2,370 | Provision for the valuation allowance held for sale loan |
| (87) | Income tax benefit |
| 956 | Provision for doubtful accounts |
| 138 | Provision for inventory obsolescence |
| 648 | Provision for the valuation allowance related party receivable |
| (6) | Other |
| $ 11,846 | Total non-cash expenses |

The net cash used in the change in operating assets and liabilities aggregated approximately $3.2 million and consisted primarily of the following (in thousands):

| | |
|---|---|
| $ (964) | Increase in accounts receivable and other receivables |
| (928) | Increase in inventory, other current assets and other assets |
| (1,815) | Decrease in accounts payable |
| 722 | Increase in accrued liabilities and other liabilities |
| (490) | Decrease in operating lease liabilities |
| 242 | Increase in deferred revenue |
| $ (3,233) | Net cash used in the changes in operating assets and liabilities |

**Operating Activities for the year ended December 31, 2019**

Net cash used in operating activities during the years ended December 31, 2019 was approximately $10.7 million. The cash flows related to the year ended December 31, 2019 consisted of the following (in thousands):

| | |
|---|---|
| Net loss | $ (33,982) |
| Non-cash income and expenses | 21,602 |
| Net change in operating assets and liabilities | 1,715 |
| Net cash used in operating activities | $ (10,665) |

The non-cash income and expense of approximately $21.6 million consisted primarily of the following (in thousands):

| | |
|---|---|
| $ 4,756 | Depreciation and amortization expenses (including amortization of intangibles) primarily attributable to the Shoom, AirPatrol, LightMiner, Locality, GTX, and Jibestream, which were acquired effective August 31, 2013, April 16, 2014, November 21, 2016, May 21, 2019, June 27, 2019, and August 15, 2019, respectively. |
| 398 | Amortization of right of use asset |
| 66 | Amortization of technology |
| 3,489 | Stock-based compensation expense attributable to warrants and options issued as part of Company operations and for the Jibestream acquisition |
| 294 | Loss on exchange of debt for equity |
| 2,221 | Amortization of debt discount |
| 10,627 | Provision for the valuation allowance held for sale loan |
| (584) | Income tax benefit |
| 558 | Provision for doubtful accounts |
| (223) | Other |
| $ 21,602 | Total non-cash expenses |

The net use of cash in the change in operating assets and liabilities aggregated approximately $1.7 million and consisted primarily of the following (in thousands):

| | |
|---|---|
| $ 46 | Decrease in accounts receivable and other receivables |
| (85) | Increase in inventory, other current assets and other assets |
| 1,189 | Increase in accounts payable |
| 1,072 | Increase in accrued liabilities and other liabilities |
| (507) | Decrease in deferred revenue |
| $ 1,715 | Net use of cash in the changes in operating assets and liabilities |

**Cash Flows from Investing Activities as of December 31, 2020 and 2019**

Net cash flows used in investing activities during 2020 was approximately $23.5 million compared to net cash flows used in investing activities during 2019 of approximately $5.1 million. Cash flows related to investing activities during the year ended December 31, 2020 include $972,000 for the purchase of property and equipment, $862,000 for investment in capitalized software, $8.0 million for a short term investment, $2.2 million for cash paid the in Systat License Agreement, $1.5 million for cash paid for the Ten Degrees acquisition, $7.8 million for cash paid in the Nanotron acquisition, $311,000 of cash acquired in the Nanotron acquisition, and $2.5 million for a long term investment. Cash flows related to investing activities during the year ended December 31, 2019 include $89,000 for the purchase of property and equipment, $927,000 investment in capitalized software, $250,000 for cash paid for the GTX asset acquisition, $204,000 for cash paid for the Locality acquisition, $70,000 of cash acquired in the Locality acquisition, $3.7 million for cash paid for the Jibestream acquisition, and $6,000 of cash acquired in the Jibestream acquisition..

**Cash Flows from Financing Activities as of December 31, 2020 and 2019**

Net cash flows provided by financing activities during the year ended December 31, 2020 was $57.3 million. Net cash flows provided by financing activities during the year ended December 31, 2019 was $19.4 million. During the year ended December 31, 2020, the Company received incoming cash flows of $55.4 million for the issuance of common stock, preferred stock and warrants, repaid $74,000 of notes payable, loaned $2.6 million to related parties, received $200,000 of repayments from related parties, received $5.0 million of net proceeds from promissory notes, paid a $500,000 acquisition liability to the pre-acquisition shareholders of Locality, and made $150,000 of repayments to a bank facility. During the year ended December 31, 2019, the Company received incoming cash flows of $20.7 million from the issuance of common stock, preferred stock and warrants, $1.8 million of repayments from a related party note, $7.5 million from promissory notes and $127,000 of net proceeds from a bank facility, offset by $10.3 million of loans to related party, $210,000 repayments of an acquisition liability, $141,000 loan to Jibestream, $50,000 loan to GTX, $31,000 of advances to a related party and $70,000 repayments of notes payable.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

**Recently Issued Accounting Standards**

For a discussion of recently issued accounting pronouncements, please see Note 2 to our financial statements, which are included in this report beginning on page F-1.

**ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company, we are not required to provide this information.

**ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**INPIXON**

**INDEX TO FINANCIAL STATEMENTS**

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Inpixon and Subsidiaries

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Inpixon and Subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America**.**

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Intangible Assets for Business Acquisitions

*Description of the Matter*

During the year ended December 31, 2020 the Company completed certain business combinations and asset acquisitions for net aggregate consideration of approximately $13 million. The transactions were accounted for as a business combination. Accordingly, the purchase price was allocated, on a preliminary basis, to the assets acquired and liabilities assumed, based on their respective fair values identified including intangible assets with aggregate fair values of approximately $12.4 million. The Company, with the assistance of third party valuation experts, estimated the fair values of the identified intangible assets using valuation models. Such valuation models require significant assumptions; these assumptions are primarily related to the complexity of the valuation models used to measure the fair values as well as the sensitivity of the fair values identified. The significant assumptions used to estimate the fair value of the identified intangible assets included discount rates, attrition rates, economic lives and financial projections including comparable company specific data. These significant assumptions are forward looking and could be affected by future economic and market conditions.

How We Addressed the Matter in our Audit

Our audit procedures related to the forecasts of future cash flows and the selection of the attrition rates, terminal growth rates and discount rates for the identified intangible assets for the acquired entities included the following:

• We assessed the reasonableness of fiscal year 2020 forecasted cash flows of revenues and operating margins by comparing them to the acquired entities actual 2020 cash flows.

• We assessed the reasonableness of the forecasted revenue growth rates and operating margins including the cash flow forecast period by comparing them to the acquired entities' actual revenue growth rates and operating margins during the most recent historical periods.

• We performed sensitivity analyses of the significant assumptions used in the valuation model to evaluate the change in fair value resulting from changes in the significant assumptions.

• With the assistance of our value specialists, we evaluated the reasonableness of the (1) valuation methodologies; (2) terminal growth rates by comparing them to industry growth rates and the projected nominal gross domestic product (GDP) growth rate; (3) customer attrition rates by testing the mathematical accuracy of the rates used and comparing them to historical customer data; and (4) discount rates, which included testing the source information underlying the determination of the discount rates, testing the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the discount rates selected by management.

/s/ Marcum llp

Marcum llp

We have served as the Company's auditor since 2012.

New York NY
March 31, 2021

**INPIXON AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**(In thousands, except number of shares and par value data)**

| | As of December 31, 2020 | As of December 31, 2019 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 17,996 | $ 4,777 |
| Accounts receivable, net of allowances of $235 and $646, respectively | 1,739 | 1,108 |
| Notes and other receivables | 152 | 74 |
| Inventory | 1,243 | 400 |
| Short-term investments | 7,998 | — |
| Prepaid expenses and other current assets | 1,197 | 406 |
| **Total Current Assets** | 30,325 | 6,765 |
| Property and equipment, net | 1,445 | 145 |
| Operating lease right-of-use asset, net | 2,077 | 1,585 |
| Software development costs, net | 1,721 | 1,544 |
| Long-term investments | 2,500 | — |
| Intangible assets, net | 14,203 | 8,400 |
| Goodwill | 6,588 | 2,070 |
| Receivable from related party | — | 616 |
| Other assets | 152 | 94 |
| **Total Assets** | $ 59,011 | $ 21,219 |

**INPIXON AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS (CONTINUED)**

**(In thousands, except number of shares and par value data)**

| | | |
|---|---|---|
| **Liabilities and Stockholders' Equity** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 908 | $ 2,383 |
| Accrued liabilities | 2,739 | 1,863 |
| Operating lease obligation, current | 647 | 776 |
| Deferred revenue | 1,922 | 912 |
| Short-term debt | 5,401 | 7,304 |
| Acquisition liability | 500 | 502 |
| **Total Current Liabilities** | 12,117 | 13,740 |
| **Long Term Liabilities** | | |
| Operating lease obligation, noncurrent | 1,457 | 837 |
| Other liabilities, noncurrent | 7 | 7 |
| Deferred tax liability, noncurrent | — | 87 |
| Acquisition liability, noncurrent | 750 | 500 |
| **Total Liabilities** | 14,331 | 15,171 |
| **Commitments and Contingencies** | | |
| **Stockholders' Equity** | | |
| Pref Stock - $0.001 par value; 5,000,000 shares authorized | | |
| Series 4 Convertible Pref Stock - 10,415 shares auth; 1 and 1 issued, and 1 and 1 outstanding as of December 31, 2020 and December 31, 2019, respectively | — | — |
| Series 5 Convertible Pref Stock - 12,000 shares auth; 126 and 0 issued, and 126 and 0 outstanding as of December 31, 2020 and December 31, 2019, respectively. | — | — |
| Common Stock - $0.001 par value; 250,000,000 shares authorized; 53,178,462 and 4,234,923 issued and 53,178,461 and 4,234,922 outstanding as of December 31, 2020 and December 31, 2019, respectively. | 53 | 4 |
| Additional paid-in capital | 225,613 | 158,382 |
| Treasury stock, at cost, 1 share | (695) | (695) |
| Accumulated other comprehensive income | 660 | 94 |
| Accumulated deficit (excluding $2,442 reclassified to additional paid in capital in quasi-reorganization) | (180,992) | (151,763) |
| Stockholders' Equity Attributable to Inpixon | 44,639 | 6,022 |
| Non-controlling Interest | 41 | 26 |
| **Total Stockholders' Equity** | 44,680 | 6,048 |
| **Total Liabilities and Stockholders' Equity** | $ 59,011 | $ 21,219 |

The accompanying notes are an integral part of these financial statements

**INPIXON AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**(In thousands, except per share data)**

| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **Revenues** | 9,297 | 6,301 |
| **Cost of Revenues** | 2,613 | 1,609 |
| **Gross Profit** | 6,684 | 4,692 |
| **Operating Expenses** | | |
| Research and development | 6,523 | 3,893 |
| Sales and marketing | 5,331 | 3,043 |
| General and administrative | 15,261 | 13,660 |
| Acquisition-related costs | 1,057 | 1,277 |
| Amortization of intangibles | 2,306 | 3,629 |
| **Total Operating Expenses** | 30,478 | 25,502 |
| **Loss from Operations** | (23,794) | (20,810) |
| **Other Expense** | | |
| Interest expense, net | (2,426) | (2,277) |
| Loss on exchange of debt for equity | (210) | (294) |
| Provision for valuation allowance on related party loan - held for sale | (2,370) | (10,627) |
| Other expense | (470) | (558) |
| **Total Other Expense** | (5,476) | (13,756) |
| **Net Loss, before tax** | (29,270) | (34,566) |
| Income tax benefit | 56 | 584 |
| **Net Loss** | (29,214) | (33,982) |
| **Net Income Attributable to Non-controlling Interest** | 15 | 9 |
| **Net Loss Attributable to Stockholders of Inpixon** | $ (29,229) | $ (33,991) |
| Deemed dividend for triggering of warrant down round feature | — | (1,250) |
| **Net Loss Attributable to Common Stockholders** | (29,229) | (35,241) |
| **Net Loss Per Basic and Diluted Common Share** | | |
| **Net Loss Per Share - Basic and Diluted** | $ (1.01) | $ (47.52) |
| **Weighted Average Shares Outstanding** | | |
| Basic and Diluted | 28,800,493 | 741,530 |

The accompanying notes are an integral part of these financial statements

**INPIXON AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**(In thousands)**

| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **Net Loss** | $ (29,214) | $ (33,982) |
| Unrealized foreign exchange gain from cumulative translation adjustments | 566 | 68 |
| **Comprehensive Loss** | $ (28,648) | $ (33,914) |

The accompanying notes are an integral part of these financial statements

**INPIXON AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**(In thousands)**

| | Series 4 Convertible Preferred Stock | | Series 5 Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Treasury Stock | | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Non-Controlling Interest | Total Stockholders' (Deficit) Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | Shares | Amount | | | | |
| Balance - January 1, 2020 | 1 | $ — | 126 | $ — | 4,234,922 | $ 4 | $ 158,382 | (1) | $ (695) | $ 94 | $ (151,763) | $ 26 | $ 6,048 |
| Common Shares issued for net cash proceeds of a public offering | — | — | — | — | 33,416,830 | 33 | 46,110 | — | — | — | — | — | $ 46,143 |
| Common Shares issued for net cash proceeds from a registered direct offering | — | — | — | — | 5,000,000 | 5 | 9,200 | — | — | — | — | — | $ 9,205 |
| Common shares issued for extinguishment of debt | — | — | — | — | 6,863,223 | 7 | 9,929 | — | — | — | — | — | $ 9,936 |
| Common shares issued for extinguishment of liability | — | — | — | — | 183,486 | 0.2 | 200 | — | — | — | — | — | $ 200 |
| Common shares issued for net proceeds from warrants exercised | — | — | — | — | 3,000,000 | 3 | — | — | — | — | — | — | $ 3 |
| Stock options granted to employees and consultants for services | — | — | — | — | — | — | 1,193 | — | — | — | — | — | $ 1,193 |
| Issuance of Ten Degrees Acquisition shares | — | — | — | — | 480,000 | 0.5 | 599 | — | — | — | — | — | $ 599 |
| Cumulative Translation Adjustment | — | — | — | — | — | — | — | — | — | 566 | — | — | $ 566 |
| Net loss | — | — | — | — | — | — | — | — | — | — | (29,229) | 15 | $ (29,214) |
| Balance - December 31, 2020 | 1 | — | 126 | — | 53,178,461 | $ 53 | $ 225,613 | (1) | $ (695) | $ 660 | $ (180,992) | $ 41 | $ 44,680 |

The accompanying notes are an integral part of these financial statements

**INPIXON AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)

**(In thousands, except per share data)**

| | Series 4 Convertible Preferred Stock | | Series 5 Convertible Preferred Stock | | Series 6 Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Treasury Stock | | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Non-Controlling Interest | Total Stockholders' (Deficit) Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | | Shares | Amount | | | | |
| Balance - January 1, 2019 | 1 | $ — | — | $ — | — | $ — | 35,154 | $ — | $ 123,226 | (1) | $ (695) | $ 26 | $ (117,772) | $ 18 | $ 4,803 |
| Common and Preferred Shares issued for net cash proceeds of a public offering | — | — | 12,000 | — | 2,997 | — | 1,615,287 | 2 | 20,679 | — | — | — | — | — | 20,681 |
| Common shares issued for extinguishment of debt | — | — | — | — | — | — | 1,542,633 | 1 | 7,301 | — | — | — | — | — | 7,302 |
| Common shares issued for net proceeds from warrants exercised | — | — | — | — | — | — | 306 | — | 46 | — | — | — | — | — | 46 |
| Common shares issued for warrants exercised | — | — | — | — | — | — | 425,952 | 1 | (1) | — | — | — | — | — | — |
| Common stock issued for stock options exercised | — | — | — | — | — | — | 14 | — | — | — | — | — | — | — | — |
| Redemption of convertible Series 5 Preferred Stock | — | — | (11,874) | — | — | — | 79,242 | — | — | — | — | — | — | — | — |
| Redemption of convertible Series 6 Preferred Stock | — | — | — | — | (2,997) | — | 240,001 | — | — | — | — | — | — | — | — |
| Common shares issued for extinguishment of liability | — | — | — | — | — | — | 16,655 | — | 1,130 | — | — | — | — | — | 1,130 |
| Common shares issued for services | — | — | — | — | — | — | 4,445 | — | 242 | — | — | — | — | — | 242 |
| Stock options granted to employees and consultants for services | — | — | — | — | — | — | — | — | 3,247 | — | — | — | — | — | 3,247 |
| Issuance of Locality Acquisition Shares | — | — | — | — | — | — | 14,445 | — | 513 | — | — — | — | — | — | 513 |
| Issuance of GTX Acquisition Shares | — | — | — | — | — | — | 22,223 | — | 650 | — | — — | — | — | — | 650 |
| Issuance of Jibestream Acquisition Shares | — | — | — | — | — | — | 176,289 | — | 1,349 | — | — — | — | — | — | 1,349 |
| Fractional shares issued for stock split | — | — | — | — | — | — | 62,276 | — | — | — | — — | — | — | — | — |
| Cumulative Translation Adjustment | — | — | — | — | — | — | — | — | — | — | — | 68 | — | — | 68 |
| Net loss | — | — | — | — | — | — | — | — | — | — | — | — | (33,991) | 8 | (33,983) |
| Balance - December 31, 2019 | 1 | $ — | 126 | $ — | — | $ — | 4,234,922 | $ 4 | $ 158,382 | (1) | $ (695) | $ 94 | $ (151,763) | $ 26 | $ 6,048 |

**INPIXON AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **Cash Flows Used in Operating Activities** | | |
| Net loss | $ (29,214) | $ (33,982) |
| Adjustment to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 826 | 1,123 |
| Amortization of intangible assets | 2,545 | 3,633 |
| Amortization of right of use asset | 490 | 398 |
| Stock based compensation | 1,194 | 3,489 |
| Amortization of technology | — | 66 |
| Loss on exchange of debt for equity | 210 | 294 |
| Amortization of debt discount | 2,594 | 2,221 |
| Accrued interest income, related party | (32) | — |
| Provision for doubtful accounts | 956 | 558 |
| Provision for inventory obsolescence | 138 | — |
| Provision for the valuation allowance held for sale loan | 2,370 | 10,627 |
| Provision for the valuation allowance related party receivable | 648 | — |
| Income tax benefit | (87) | (584) |
| Other expenses | (6) | (223) |
| | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable and other receivables | (964) | 46 |
| Inventory | (117) | 171 |
| Prepaid expenses and other current assets | (563) | 156 |
| Other assets | (248) | (412) |
| Accounts payable | (1,815) | 1,189 |
| Accrued liabilities | 269 | 521 |
| Deferred revenue | 242 | (507) |
| Operating lease obligation | (490) | — |
| Other liabilities | 453 | 551 |
| Total Adjustments | 8,613 | 23,317 |
| | | |
| **Net Cash Used in Operating Activities** | (20,601) | (10,665) |
| | | |
| **Cash Flows Used in Investing Activities** | | |
| Purchase of property and equipment | (972) | (89) |
| Investment in capitalized software | (862) | (927) |
| Investment in short term investment | (7,998) | — |
| Investment in Systat Licensing Agreement | (2,200) | — |
| Investment in Ten Degrees | (1,500) | — |
| Investment in Nanotron | (7,786) | — |
| Investment in long term investment | (2,500) | — |
| Cash paid for the acquisition of GTX | — | (250) |
| Cash paid for the acquisition of Locality | — | (204) |

**INPIXON AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

**(In thousands)**

| | | |
|---|---|---|
| Cash paid for the acquisition of Jibestream | — | (3,714) |
| Cash acquired in the Locality acquisition | — | 70 |
| Cash acquired in the Jibestream acquisition | — | 6 |
| Cash acquired in the Nanotron acquisition | 311 | — |
| **Net Cash Flows Used in Investing Activities** | $ (23,507) | $ (5,108) |
| | | |
| **Cash Flows From Financing Activities** | | |
| Net (repayments) proceeds to bank facility | (150) | 127 |
| Net proceeds from issuance of common stock, preferred stock and warrants | 55,352 | 20,725 |
| Repayment of notes payable | (74) | (70) |
| Loans to related party | (2,569) | (10,276) |
| Repayments from related party | 200 | 1,832 |
| Advances to related party | — | (31) |
| Loan to Jibestream | — | (141) |
| Loan to GTX | — | (50) |
| Net proceeds from promissory notes | 5,000 | 7,500 |
| Repayment of acquisition liability to Locality shareholders | (500) | (210) |
| **Net Cash Provided By Financing Activities** | 57,259 | 19,406 |
| | | |
| **Effect of Foreign Exchange Rate on Changes on Cash** | (4) | 68 |
| | | |
| **Net Increase in Cash, Cash Equivalents and Restricted Cash** | 13,147 | 3,701 |
| | | |
| Cash, Cash Equivalents and Restricted Cash - Beginning of period | 4,849 | 1,148 |
| | | |
| Cash, Cash Equivalents and Restricted Cash - End of period (Note 2) | $ 17,996 | $ 4,849 |
| | | |
| **Supplemental Disclosure of cash flow information:** | | |
| Cash paid for: | | |
| Interest | $ 4 | $ 20 |
| Income Taxes | $ — | $ — |
| | | |
| **Non-cash investing and financing activities** | | |
| Common shares issued for extinguishment of liability | $ 200 | $ 1,130 |
| Common shares issued for extinguishment of debt | $ 9,936 | $ 7,302 |
| Right of use asset obtained in exchange for lease liability | $ 557 | $ 1,675 |
| Common shares issued for GTX acquisition | $ — | $ 650 |
| Common shares issued for Locality acquisition | $ — | $ 513 |
| Common shares issued for Jibestream acquisition | $ — | $ 1,349 |
| Common shares issued for Ten Degrees acquisition | $ 600 | $ — |

The accompanying notes are an integral part of these financial statements

**INPIXON AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Nature of Business**

Inpixon, and its wholly-owned subsidiaries, Inpixon Canada, Inc. (“Inpixon Canada”) and Jibestream, Inc. (“Jibestream”), which was amalgamated into Inpixon Canada on January 1, 2020, Inipixon Limited ("Inpixon UK"), Inpixon GmbH ("Inpixon Germany"), as well as Inpixon Germany's wholly-owned subsidiary, Nanotron GmbH ("Nanotron"), and its majority-owned subsidiary Inpixon India Limited (“Inpixon India”) (unless otherwise stated or the context otherwise requires, the terms “Inpixon” “we,” “us,” “our” and the “Company” refer collectively to Inpixon and the aforementioned subsidiaries), are an indoor intelligence company. Our business and government customers use our solutions to secure, digitize and optimize their indoor spaces with our positioning, mapping, RTLS (real time location systems) and analytics products. Our indoor intelligence platform uses sensor technology to detect accessible cellular, Wi-Fi, Bluetooth, ultra-wide band (“UWB”) and chirp signals emitted from devices within a venue providing positional information similar to what global positioning system (“GPS”) satellite systems provide for the outdoors. Combining this positional data with our dynamic and interactive mapping solution and a high-performance analytics engine, yields near real time insights to our customers providing them with visibility, security and business intelligence within their indoor spaces. Our highly configurable platform can also ingest data from our customers’ and other third-party sensors, Wi-Fi access points, Bluetooth beacons, video cameras, and big data sources, among others, to maximize indoor intelligence. The Company also offers digital tear-sheets with optional invoice integration, digital ad delivery, and an e-edition designed for reader engagement for the media, publishing and entertainment industry and a comprehensive set of data analytics and statistical visualization solutions with its SAVES product line catering to the needs of engineers and scientists. The Company is headquartered in Palo Alto, California, and has subsidiary offices in Coquitlam, Canada, New Westminster, Canada, Toronto, Canada, Slough, United Kingdom, Ratingen, Germany, Berlin, Germany, Bangalore, India and Hyderabad, India.

On May 21, 2019, the Company acquired Locality Systems Inc. (“Locality”), a technology company based near Vancouver, Canada, specializing in wireless device positioning and radio frequency augmentation of video surveillance systems (See **Note 3**). On June 27, 2019, the Company acquired certain global positioning system (“GPS”) products, software, technologies, and intellectual property from GTX Corp (“GTX”), a U.S. based company specializing in GPS technologies (See **Note 4**). These transactions expanded our patent portfolio and included certain granted or licensed patents and GPS and radio frequency (“RF”) technologies. Additionally, on August 15, 2019, the Company acquired Jibestream, a provider of indoor mapping and location technology based in Toronto, Canada (See Note 5). On June 19, 2020, the Company entered into an exclusive license with Cranes Software International Ltd. and Systat Software, Inc. (together the “Systat Parties”) to use, market, distribute, and develop the SYSTAT and SigmaPlot software suite of products (See Note 6). On August 19, 2020, the Company entered into an Asset Purchase Agreement with Ten Degrees Inc. (“TDI”), Ten Degrees International Limited (“TDIL”), mCube International Limited (“MCI”), and the holder of a majority of the outstanding capital of TDIL and mCube, Inc., and the sole shareholder of 100% of the outstanding capital stock of MCI (“mCube,” together with TDI, TDIL, and MCI collectively, the “Transferors”), we acquired a suite of on-device “blue-dot” indoor location and motion technologies, including patents, trademarks, software and related intellectual property from the Transferors (See Note 7). Additionally, on October 6, 2020, the Company acquired Nanotron Technologies GmbH (“Nanotron”), a manufacturer and developer of location-aware IoT systems and solutions based in Berlin, Germany (See Note 8).

***Liquidity***

As of December 31, 2020, the Company has a working capital surplus of approximately $18.2 million. For the year ended December 31, 2020, the Company incurred a net loss of approximately $29.2 million.

On March 3, 2020, the Company entered into an Equity Distribution Agreement (“EDA”) with Maxim Group LLC (“Maxim”) under which the Company may offer and sell shares of its common stock in connection with an at-the-market equity facility (“ATM”) in an aggregate offering amount of up to $50 million, which was increased on June 19, 2020 to $150 million pursuant to an amendment to the EDA, from time to time through Maxim, acting exclusively as the Company’s sales agent. The Company issued 33,416,830 shares of common stock during the year ended December 31, 2020 in connection with the ATM resulting in net proceeds to the Company of approximately $46.1 million after deduction of sales commissions and other offering expenses. The EDA was terminated by the parties on February 12, 2021.

On November 25, 2020, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with an institutional investor, pursuant to which it sold in a registered direct offering, 5,000,000 shares of its common stock, and warrants to purchase up to8,000,000 shares of common stock at an exercise price of $1.25 per share (the "2020 Purchase Warrants") for a combined purchase price of $1.25 per share and pre-funded warrants to purchase up to3,000,000 shares of common stock ("2020 Pre-funded Warrants") at an exercise price of $0.001 per share at a purchase price of $1.249 per share for net proceeds of $9.2 million after deduction of sales commissions and other offering expenses.

***Risks and Uncertainties***

The Company cannot assure you that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. In order to continue our operations, we have supplemented the revenues we earned with proceeds from the sale of our equity and debt securities and proceeds from loans and bank credit lines. Our business has been impacted by the COVID-19 pandemic and may continue to be impacted. While we have been able to continue operations remotely, we have and continue to experience supply chain constraints and delays in the receipt of certain components of our products impacting delivery times for our products. We have also seen some impact in the demand of certain products and delays in certain projects and customer orders either because they require onsite services which could not be performed while shelter in place orders were in effect, compliance with new rules and regulations resulting from the pandemic or because of the uncertainty of the customer's financial position and ability to invest in our technology. Despite these challenges, including a decline in revenue for certain existing product lines, we were able to realize growth in total revenue for the year ended December 31, 2020 when compared to the year ended 2019, as a result of the addition of new product lines including a full year of sales associated with our mapping product, the addition of the SAVES product lines following the second quarter of 2020 and the addition of the RTLS product line in the fourth quarter of 2020. The total impact that COVID-19 will have on general economic conditions is continuously evolving and the impact it may continue to have on our results of operations continues to remain uncertain and there are no assurances that we will be able to continue to experience the same growth or not be materially adversely effected. A further discussion of the impact of the COVID-19 pandemic on our business is set forth below in Part II, Item 1A. Risk Factors. There are no assurances that we will be able to continue to experience the same growth or not be materially adversely affected.

**Note 2 - Summary of Significant Accounting Policies**

***Consolidations***

The consolidated financial statements have been prepared using the accounting records of Inpixon, Inpixon Canada, Inpixon Germany, Inpixon UK, Nanotron and Inpixon India. All material inter-company balances and transactions have been eliminated.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during each of the reporting periods. Actual results could differ from those estimates. The Company's significant estimates consist of:

- the valuation of stock-based compensation;
- the valuation of the assets and liabilities acquired of Locality, GTX, Jibestream, Sysat, Ten Degrees, and Nanotron as described in Note 3, Note 4, Note 5, Note 6, Note 7, and Note 8 respectively, as well as the valuation of the Company's common shares issued in the transaction;
- the allowance for doubtful accounts;
- The valuation of loans receivable;
- the valuation allowance for deferred tax assets; and

- impairment of long-lived assets and goodwill.

***Business Combinations***

The Company accounts for business combinations under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations" using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. All acquisition costs are expensed as incurred. Upon acquisition, the accounts and results of operations are consolidated as of and subsequent to the acquisition date.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash, checking accounts, money market accounts and temporary investments with maturities of three months or less when purchased. As of December 31, 2020 and 2019, the Company had no cash equivalents.

***Restricted Cash***

In connection with certain transactions, the Company may be required to deposit assets, including cash or investment shares, in escrow accounts. The assets held in escrow are subject to various contingencies that may exist with respect to such transactions. Upon resolution of those contingencies or the expiration of the escrow period, some or all the escrow amounts may be used and the balance released to the Company. As of December 31, 2019, the Company had and $ 72,000 deposited in escrow as restricted cash for the Shoom acquisition, of which any amounts not subject to claims shall be released to the pre-acquisition stockholders of Shoom pro-rata on the next anniversary of the closing date of the Shoom acquisition. The restricted cash balance was included in Prepaid Assets and Other Current Assets on the consolidated balance sheet. As of December 31, 2020, there was no balance of restricted cash as all amounts related to the Shoom acquisition were released from escrow and paid to the Shoom pre-acquisition stockholders prior to that date.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the balance sheets that sum to the total of the same amounts show in the statement of cash flows.

| | As of December 31, | |
|---|---|---|
| **(in thousands)** | **2020** | **2019** |
| Cash and cash equivalents | $ 17,996 | $ 4,777 |
| Restricted cash | — | 72 |
| Total cash, cash equivalents, and restricted cash in the balance sheet | $ 17,996 | $ 4,849 |

***Accounts Receivable, net and Allowance for Doubtful Accounts***

Accounts receivables are stated at the amount the Company expects to collect. The Company recognizes an allowance for doubtful accounts to ensure accounts receivables are not overstated due to un-collectability. Bad debt reserves are maintained for various customers based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. An additional reserve for individual accounts is recorded when the Company becomes aware of a customer's inability to meet its financial obligation, such as in the case of bankruptcy filings, or deterioration in such customer's operating results or financial position. If circumstances related to a customer change, estimates of the recoverability of receivables would be further adjusted. The Company has recorded an allowance for doubtful accounts of approximately $235,000 and $646,000 as of December 31, 2020 and 2019, respectively.

***Inventory***

Finished goods are measured at the cost of manufactured products including direct materials and subcontracted services. The Company's latest acquisition, Nanotron, states finished goods at the lower of cost and net realizable value on an average cost basis. As the inventory held by Nanotron is typically small dollar value items with small variances in price, an estimate or average is used to determine the balance of inventory. All other subsidiaries of the Company state inventory utilizing the first-

in, first-out method. The Company continually analyzes its slow-moving, excess and obsolete inventories. Based on historical and projected sales volumes and anticipated selling prices, the Company establishes reserves. If the Company does not meet its sales expectations, these reserves are increased. Products that are determined to be obsolete are written down to net realizable value. As of December 31, 2020 and 2019, the Company recognized inventory obsolescence of approximately $138,000 and $0, respectively.

***Short-term investments***

Investments with maturities greater than 90 days but less than one year are classified as short-term investments on the consolidated balance sheets and consist of US Treasury Bills. Accrued interest on US Treasury bills are also classified as short term investment.

Our short-term investments are considered available for use in current operations, are classified as available-for-sale securities Available for sale securities are carried at fair value, with an unrealized loss of approximately $2,000.

***Property and Equipment, net***

Property and equipment are recorded at cost less accumulated depreciation and amortization. The Company depreciates its property and equipment for financial reporting purposes using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the initial lease term. Expenditures for maintenance and repairs, which do not extend the economic useful life of the related assets, are charged to operations as incurred, and expenditures, which extend the economic life, are capitalized. When assets are retired, or otherwise disposed of, the costs and related accumulated depreciation or amortization are removed from the accounts and any gain or loss on disposal is recognized.

***Intangible Assets***

Intangible assets primarily consist of developed technology, customer lists/relationships, non-compete agreements, intellectual property agreements, export licenses and trade names/trademarks. They are amortized ratably over a range of 1 to 15 years, which approximates customer attrition rate and technology obsolescence. The Company assesses the carrying value of its intangible assets for impairment each year. Based on its assessments, the Company did not incur any impairment charges for the years ended December 31, 2020 and 2019.

***Acquired In-Process Research and Development ("IPR&D")***

In accordance with authoritative guidance, the Company recognizes IPR&D at fair value as of the acquisition date, and subsequently accounts for it as an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. Once an IPR&D project has been completed, the useful life of the IPR&D asset is determined and amortized accordingly. If the IPR&D asset is abandoned, the remaining carrying value is written off. During fiscal year 2014, the Company acquired IPR&D through the acquisition of AirPatrol, in 2015 through the acquisition of the assets of LightMiner, in 2019 through the acquisitions of Locality, Jibestream and certain assets of GTX and in 2020 through the SYSTAT licensing agreement, the acquisition of certain assets of Ten Degrees, and the acquisition of Nanotron. The Company's IPR&D is comprised of AirPatrol, LightMiner, Locality, Jibestream, GTX, SYSTAT, Ten Degrees, and Nanotron, which was valued on the date of the acquisition. It will take additional financial resources to continue development of these technologies.

The Company continues to seek additional resources, through both capital raising efforts and meeting with industry experts, for further development of the AirPatrol, Locality, Jibestream, GTX, SYSTAT, Ten Degrees, and Nanotron technologies. Through December 31, 2020, the Company has made some progress with raising capital since these acquisitions, building their pipeline and getting industry acknowledgment. The Company has been recognized by leading industry analysts in a report on leading indoor positioning companies and was also awarded the IoT Security Excellence award by TMC and Crossfire Media. Management remains focused on growing revenue from these products and continues to pursue efforts to recognize the value of the AirPatrol, Locality, Jibestream, GTX, SYSTAT, Ten Degrees. and Nanotron technologies. Although there can be no assurance that these efforts will be successful, the Company intends to allocate financial and personnel resources when deemed

possible and/or necessary. If the Company chooses to abandon these efforts, or if the Company determines that such funding is not available, the related IPR&D will be subject to significant impairment.

***Goodwill***

The Company tests goodwill for potential impairment at least annually, or more frequently if an event or other circumstance indicates that the Company may not be able to recover the carrying amount of the net assets of the reporting unit. The Company has determined that the reporting unit is the entire company, due to the integration of all of the Company's activities. In evaluating goodwill for impairment, the Company may assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount. If the Company bypasses the qualitative assessment, or if the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company performs a quantitative impairment test by comparing the fair value of a reporting unit with its carrying amount.

The Company calculates the estimated fair value of a reporting unit using a weighting of the income and market approaches. For the income approach, the Company uses internally developed discounted cash flow models that include the following assumptions, among others: projections of revenues, expenses, and related cash flows based on assumed long-term growth rates and demand trends; expected future investments to grow new units; and estimated discount rates. For the market approach, the Company uses internal analyses based primarily on market comparables. The Company bases these assumptions on its historical data and experience, third party appraisals, industry projections, micro and macro general economic condition projections, and its expectations.

The Company performed the annual impairment test as of December 31, 2020 and did not record impairment of goodwill during the years ended December 31, 2020 and 2019, respectively.

***Other Long Term Investments***

The Company invests in certain equity-method investments: When the Company does not have a controlling financial interest in an entity but can exert significant influence over the entity's operating and financial policies, the investment is accounted for either (i) under the equity method of accounting or (ii) at fair value by electing the fair value option available under U.S. GAAP. The Company accounted for its equity investment under the equity method of accounting, as the Company is deemed to have significant influence. The Company generally recognizes its share of the equity method investee's earnings on a three-month lag in instances where the investee's financial information is not sufficiently timely from the Company's reporting period.

***Software Development Costs***

The Company develops and utilizes internal software for the processing of data provided by its customers. Costs incurred in this effort are accounted for under the provisions of ASC 350-40, "Internal Use Software" and ASC 985-20, "Software – Cost of Software to be Sold, Leased or Marketed", whereby direct costs related to development and enhancement of internal use software is capitalized, and costs related to maintenance are expensed as incurred. The Company capitalizes its direct internal costs of labor and associated employee benefits that qualify as development or enhancement. These software development costs are amortized over the estimated useful life which management has determined ranges from 1 to 5 years.

***Research and Development***

Research and development costs consist primarily of professional fees and compensation expense. All research and development costs are expensed as incurred. Research and development costs as of December 31, 2020 and 2019 were $6.5 million and $3.9 million, respectively.

***Loans and Notes Receivable***

The Company evaluates loans and notes receivable that don't qualify as securities pursuant to ASC 310 – "Receivables", wherein such loans would first be classified as either "held for investment" or 'held for sale". Loans would be classified as

"held for investment", if the Company has the intent and ability to hold the loan for the foreseeable future, or to maturity or pay-off. Loans would be classified as "held for sale", if the Company intends to sell the loan. Loan receivables classified as "held for investment" are carried on the balance sheet at their amortized cost and are periodically evaluated for impairment. Loan receivables classified as "held for sale" are carried on the balance sheet at the lower of their amortized cost or fair value, with a valuation allowance being recorded (with a corresponding income statement charge) if the amortized cost exceeds the fair value. For loans carried on the balance sheet at fair value, changes to the fair value amount that relate solely to the passage of time will be recorded as interest income.

***Income Taxes***

The Company accounts for income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income or expense in the period that the change is effective. Income tax benefits are recognized when it is probable that the deduction will be sustained. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain.

***Non-Controlling Interest***

The Company has an 82.5% equity interest in Inpixon India as of December 31, 2020. The portion of the Company's equity attributable to this third party non-controlling interest was approximately $41,000 and $26,000 as of December 31, 2020 and 2019, respectively.

***Foreign Currency Translation***

Assets and liabilities related to the Company's foreign operations are calculated using the Indian Rupee, Canadian Dollar, British Pound and Euro, and are translated at end-of-period exchange rates, while the related revenues and expenses are translated at average exchange rates prevailing during the period. Translation adjustments are recorded as a separate component of consolidated stockholders' equity, totaling a gain of approximately $ 566,000 and $68,000 for the years ended December 31, 2020 and 2019, respectively. Gains or losses resulting from transactions denominated in foreign currencies are included in other income (expense) in the consolidated statements of operations. The Company engages in foreign currency denominated transactions with customers that operate in functional currencies other than the U.S. dollar. Aggregate foreign currency net transaction losses were not material for the years ended December 31, 2020 and 2019.

***Comprehensive Income (Loss)***

The Company reports comprehensive income (loss) and its components in its consolidated financial statements. Comprehensive loss consists of net loss, foreign currency translation adjustments and unrealized gains and losses from marketable securities, affecting stockholders' (deficit) equity that, under GAAP, are excluded from net loss.

***Revenue Recognition***

The Company recognizes revenue when control is transfered of the promised products or services to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. The Company derives revenue from software as a service, design and implementation services for its Indoor Intelligence systems, and professional services for work performed in conjunction with its systems.

*Hardware and Software Revenue Recognition*

For sales of hardware and software products, the Company's performance obligation is satisfied at a point in time when they are shipped to the customer. This is when the customer has title to the product and the risks and rewards of ownership. The delivery of products to Inpixon's customers occurs in a variety of ways, including (i) as a physical product shipped from the Company's warehouse, (ii) via drop-shipment by a third-party vendor, or (iii) via electronic delivery with respect to software licenses. The

Company leverages drop-ship arrangements with many of its vendors and suppliers to deliver products to customers without having to physically hold the inventory at its warehouse. In such arrangements, the Company negotiates the sale price with the customer, pays the supplier directly for the product shipped, bears credit risk of collecting payment from its customers and is ultimately responsible for the acceptability of the product and ensuring that such product meets the standards and requirements of the customer. Accordingly, the Company is the principal in the transaction with the customer and records revenue on a gross basis. The Company receives fixed consideration for sales of hardware and software products. The Company's customers generally pay within 30 to 60 days from the receipt of a customer approved invoice. The Company has elected the practical expedient to expense the costs of obtaining a contract when they are incurred because the amortization period of the asset that otherwise would have been recognized is less than a year.

*Software As A Service Revenue Recognition*

With respect to sales of the Company's maintenance, consulting and other service agreements including the Company's digital advertising and electronic services, customers pay fixed monthly fees in exchange for the Company's service. The Company's performance obligation is satisfied over time as the digital advertising and electronic services are provided continuously throughout the service period. The Company recognizes revenue evenly over the service period using a time-based measure because the Company is providing continuous access to its service.

*Professional Services Revenue Recognition*

The Company's professional services include milestone, fixed fee and time and materials contracts.

Professional services under milestone contracts are accounted for using the percentage of completion method. As soon as the outcome of a contract can be estimated reliably, contract revenue is recognized in the consolidated statement of operations in proportion to the stage of completion of the contract. Contract costs are expensed as incurred. Contract costs include all amounts that relate directly to the specific contract, are attributable to contract activity, and are specifically chargeable to the customer under the terms of the contract.

Professional services are also contracted on the fixed fee and time and materials basis. Fixed fees are paid monthly, in phases, or upon acceptance of deliverables. The Company's time and materials contracts are paid weekly or monthly based on hours worked. Revenue on time and material contracts is recognized based on a fixed hourly rate as direct labor hours are expended. Materials, or other specified direct costs, are reimbursed as actual costs and may include markup. The Company has elected the practical expedient to recognize revenue for the right to invoice because the Company's right to consideration corresponds directly with the value to the customer of the performance completed to date. For fixed fee contracts including maintenance service provided by in house personnel, the Company recognizes revenue evenly over the service period using a time-based measure because the Company is providing continuous service. Because the Company's contracts have an expected duration of one year or less, the Company has elected the practical expedient in ASC 606-10-50-14(a) to not disclose information about its remaining performance obligations. Anticipated losses are recognized as soon as they become known. For the years ended December 31, 2020 and 2019, the Company did not incur any such losses. These amounts are based on known and estimated factors.

*SAVES by Inpixon Revenue Recognition*

SAVES by Inpixon ("SAVES", formerly Systat) is a comprehensive set of data analytics and statistical visualization solutions for engineers and scientists.The Company enters into contracts with its customers whereby it grants a non-exclusive on-premise license for the use of its proprietary software. The contracts provide for either (i) a one year stated term with a one year renewal option, (ii) a perpetual term or (iii) atwo year term for students with the option to upgrade to a perpetual license at the end of the term. The contracts may also provide for yearly on-going maintenance services for a specified price, which includes maintenance services, designated support, and enhancements, upgrades and improvements to the software (the "Maintenance Services"), depending on the contract. Licenses for on-premises software provide the customer with a right to use the software as it exists when made available to the customer. All software provides customers with the same functionality and differ mainly in the duration over which the customer benefits from the software.

The timing of the Company's revenue recognition related to the SAVES revenue stream is dependent on whether the software licensing agreement entered into represents a good or service. Software that relies on an entity's IP and is delivered only through a hosting arrangement, where the customer cannot take possession of the software, is a service. A software arrangement

that is provided through an access code or key represents the transfer of a good. Licenses for on-premises software represents a good and provide the customer with a right to use the software as it exists when made available to the customer. Customers may purchase perpetual licenses or subscribe to licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software. Revenue from distinct on-premises licenses is recognized upfront at the point in time when the software is made available to the customer.

Renewals or extensions of licenses are evaluated as distinct licenses (i.e., a distinct good or service), and revenue attributed to the distinct good or service cannot be recognized until (1) the entity provides the distinct license (or makes the license available) to the customer and (2) the customer is able to use and benefit from the distinct license. Renewal contracts are not combined with original contracts, and, as a result, the renewal right is evaluated in the same manner as all other additional rights granted after the initial contract. The revenue is not recognized until the customer can begin to use and benefit from the license, which is typically at the beginning of the license renewal period. Therefore, the Company recognizes revenue resulting from renewal of licensed software at a point in time, specifically, at the beginning of the license renewal period.

The Company recognizes revenue related to Maintenance Services evenly over the service period using a time-based measure because the Company is providing continuous service and the customer simultaneously receives and consumes the benefits provided by the Company's performance as the services are performed.

*Contract Balances*

The timing of the Company's revenue recognition may differ from the timing of payment by its customers. The Company records a receivable when revenue is recognized prior to payment and the Company has an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. The Company had deferred revenue of approximately $1,922,000 and $912,000 as of December 31, 2020 and 2019, respectively, related to cash received in advance for product maintenance services and professional services provided by the Company's technical staff. The Company expects to satisfy its remaining performance obligations for these maintenance services and professional services, and recognize the deferred revenue and related contract costs over the next twelve months.

***Shipping and Handling Costs***

Shipping and handling costs are expensed as incurred as part of cost of revenues. These costs were deemed to be nominal during each of the reporting periods.

***Advertising Costs***

Advertising costs are expensed as incurred. The Company incurred advertising costs, which are included in selling, general and administrative expenses of approximately $1.3 million and $19,000 during the years ended December 31, 2020 and 2019, respectively. During the year ended December 31, 2020, the Company initiated an advertising campaign totaling approximately $1.3 million, resulting in the substantial increase of advertising costs compared to the year ended December 31, 2019.

***Stock-Based Compensation***

The Company accounts for options granted to employees by measuring the cost of services received in exchange for the award of equity instruments based upon the fair value of the award on the date of grant. The fair value of that award is then ratably recognized as an expense over the period during which the recipient is required to provide services in exchange for that award.

Options and warrants granted to consultants and other non-employees are recorded at fair value as of the grant date and subsequently adjusted to fair value at the end of each reporting period until such options and warrants vest, and the fair value of such instruments, as adjusted, is expensed over the related vesting period.

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. The fair value of the award is measured on the grant date and recognized over the period services are required to be provided in exchange for the award, usually the vesting period. Forfeitures of unvested stock options are recorded when they occur.

The Company incurred stock-based compensation charges of approximately $1.2 million and $3.5 million for each of the years ended December 31, 2020 and 2019, respectively, which are included in general and administrative expenses. The following table summarizes such charges for the periods then ended (in thousands):

| | For the Years Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Compensation and related benefits | $ 1,194 | $ 3,247 |
| Professional and legal fees | — | 242 |
| Totals | $ 1,194 | $ 3,489 |

***Net Loss Per Share***

The Company computes basic and diluted earnings per share by dividing net loss by the weighted average number of common shares outstanding during the period. Basic and diluted net loss per common share were the same since the inclusion of common shares issuable pursuant to the exercise of options and warrants in the calculation of diluted net loss per common shares would have been anti-dilutive.

The following table summarizes the number of common shares and common share equivalents excluded from the calculation of diluted net loss per common share for the years ended December 31, 2020 and 2019:

| | For the Years Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Options | 5,450,057 | 121,796 |
| Warrants | 8,093,250 | 93,252 |
| Convertible preferred stock | 846 | 846 |
| **Totals** | 13,544,153 | 215,894 |

***Preferred Stock***

The Company relies on the guidance provided by ASC 480, "Distinguishing Liabilities from Equity", to classify certain redeemable and/or convertible instruments. Preferred shares subject to mandatory redemption are classified as liability instruments and are measured at fair value. Conditionally redeemable preferred shares (including preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, preferred shares are classified as permanent equity.

The Company also follows the guidance provided by ASC 815 "Derivatives and Hedging", which states that contracts that are both, (1) indexed to its own stock and (2) classified in stockholders' equity in its statement of financial position, are not classified as derivative instruments, and to be recorded under stockholder's equity on the balance sheet of the financial statements. Management assessed the preferred stock and determined that it did meet the scope exception under ASC 815, and would be recorded as equity, and not a derivative instrument, on the balance sheet of the Company's financial statements.

***Fair Value Measurements***

ASC 820, Fair Value Measurements, provides guidance on the development and disclosure of fair value measurements. The Company follows this authoritative guidance for fair value measurements, which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles in the United States, and expands disclosures about fair value measurements. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.
- Level 3: Unobservable inputs which are supported by little or no market activity and values determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of and during the years ended December 31, 2020 and 2019.

***Fair Value of Financial Instruments***

Financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, accounts payable, and short-term debt. The Company determines the estimated fair value of such financial instruments presented in these financial statements using available market information and appropriate methodologies. These financial instruments, except for short-term debt, are stated at their respective historical carrying amounts, which approximate fair value due to their short-term nature. Short-term debt approximates market value based on similar terms available to the Company in the market place.

***Carrying Value, Recoverability and Impairment of Long-Lived Assets***

The Company has adopted Section 360-10-35 of the FASB Accounting Standards Codification for its long-lived assets. Pursuant to ASC Paragraph 360-10-35-17, an impairment loss shall be recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). That assessment shall be based on the carrying amount of the asset (asset group) at the date it is tested for recoverability. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value. Pursuant to ASC Paragraph 360-10-35-20 if an impairment loss is recognized, the adjusted carrying amount of a long-lived asset shall be its new cost basis. For a depreciable long-lived asset, the new cost basis shall be depreciated (amortized) over the remaining useful life of that asset. Restoration of a previously recognized impairment loss is prohibited.

Pursuant to ASC Paragraph 360-10-35-21, the Company's long-lived asset (asset group) is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company considers the following to be some examples of such events or changes in circumstances that may trigger an impairment review: (a) significant decrease in the market price of a long-lived asset (asset group); (b) a significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used or in its physical condition; (c) a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset (asset group), including an adverse action or assessment by a regulator; (d) an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset (asset group); (e) a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset (asset group); and (f) a current expectation that, more likely than not, a long-lived asset (asset group) will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The Company tests its long-lived assets for potential impairment indicators at least annually and more frequently upon the occurrence of such events.

Based on its assessments, the Company did not record any impairment charges for the years ended December 31, 2020 and 2019.

***Recently Issued and Adopted Accounting Standards***

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). ASU 2016-13 introduces a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information and reasonable and supportable forecasts. ASU 2016-13 also expands the disclosure requirements to enable users of financial

statements to understand the entity's assumptions, models and methods for estimating expected credit losses. In November 2019, the FASB issued ASU No. 2019-10 Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842) clarifying effective dates for the impacted ASUs. For public business entities that meet the definition of an SEC filer and smaller reporting company, ASU 2016-13 is effective for annual and interim reporting periods beginning after December 15, 2022, and the guidance is to be applied using the modified retrospective approach. Earlier adoption is permitted for annual and interim reporting periods beginning after December 15, 2018. The Company has adopted this standard and the adoption of this standard did not have a material impact on its condensed consolidated financial statements or disclosures.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement," ("ASU 2018-13"). ASU 2018-13 requires application of the prospective method of transition (for only the most recent interim or annual period presented in the initial fiscal year of adoption) to the new disclosure requirements for (1) changes in unrealized gains and losses included in other comprehensive income and (2) the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. ASU 2018-13 also requires prospective application to any modifications to disclosures made because of the change to the requirements for the narrative description of measurement uncertainty. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within that fiscal year. The Company has evaluated this standard and adoption does not have a material impact on its condensed consolidated financials or disclosures.

In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("ASU 2019-04") and in May 2019, the FASB issued Accounting Standards Update No. 2019-05, Financial Instruments--Credit Losses (Topic 326) ("ASU 2019-05"). These amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years with early application permitted. The Company has adopted this standard and the adoption of this standard did not have a material impact on its condensed consolidated financial statements or disclosures.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes," ("ASU 2019-12") which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for the Company beginning January 1, 2021. The Company does not expect this ASU will have a material effect on its condensed consolidated financial statements or disclosures.

In January 2020, the FASB issued ASU 2020-01, "Investments—Equity Securities, Investments—Equity Method and Joint Ventures, and Derivatives and Hedging" ("ASU 2020-01"), which clarifies the interaction of the accounting for equity securities under Topic 321, the accounting for equity method investments in Topic 323, and the accounting for certain forward contracts and purchased options in Topic 815. The effective date of the standard will be for annual periods beginning after December 15, 2020, and interim periods within those fiscal years. The Company is currently evaluating the impact of the new guidance and does not expect the adoption of this guidance will have a material impact on its condensed consolidated financial statements or disclosures.

In February 2020, the FASB issued ASU 2020-02, "Financial Statements - Credit losses (Topic 326) and Leases (Topic 842) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Relating to Accounting Standards Update No. 2016-02, Leases (Topic 842)" ("ASU 2020-02"), which provides guidance on the measurement and requirements related to credit losses. The new guidance was effective upon issuance of this final accounting standards update. The Company has adopted this standard and the adoption did not have a material impact on its condensed consolidated financial statements or disclosures.

In October 2020, the FASB issued ASU 2020-10, "Codification Improvements" ("ASU 2020-10"), which updates various codification topics by clarifying or improving disclosure requirements to align with the SEC's regulations. The effective date of the standard will be for interim and annual reporting periods beginning after December 15, 2020 for public entities. The Company will adopt ASU 2020-10 as of the reporting period beginning January 1, 2021. The adoption of this update is not expected to have a material effect on the Company's consolidated financial statements.

***Reverse Stock Split***

On January 7, 2020, the Company effected a 1-for-45 reverse stock split of its outstanding common stock. The consolidated financial statements and accompanying notes give effect to the reverse stock split as if it occurred at the beginning of the first period presented.

***Subsequent Events***

The Company evaluates events and/or transactions occurring after the balance sheet date and before the issue date of the consolidated financial statements to determine if any of those events and/or transactions requires adjustment to or disclosure in the consolidated financial statements.

**Note 3 - Locality Acquisition**

On May 21, 2019, the Company, through its wholly owned subsidiary, Inpixon Canada as purchaser, completed its acquisition of Locality in which Locality's stockholders sold all of their shares to the purchaser in exchange for consideration of (i) $1,500,000 (the "Aggregate Cash Consideration") minus a working capital adjustment equal to $85,923, and (ii) 14,445 shares of the Company's common stock with a fair market value of $514,000. Locality was a technology company specializing in wireless device positioning and radio frequency augmentation of video surveillance systems. The Locality acquisition allows the Company to accept wireless device positioning from third-party Wi-Fi access points as well as surveillance systems and combine that information with Inpixon's own location data into their analytics platform, providing customers with additional data and ability to see video and radio frequency data concurrently.

The Aggregate Cash Consideration, less the working capital adjustment applied against the Aggregate Cash Consideration of $85,923, is payable in installments as follows: (i) the initial installment representing $250,000 minus $46,422 of the working capital adjustment was paid on the closing date; (ii) $210,499 was paid on November 21, 2019, which was comprised of a $250,000 installment less $39,501 of the working capital adjustment; (iii) two additional installments, each equal to $250,000, were paid twelve months and eighteen months after the closing date; and (iv) one final installment representing $500,000 will be paid on the second anniversary of the closing date, in each case minus the cash fees payable to the advisor in connection with the acquisition. Inpixon Canada will have the right to offset any loss, as defined in the purchase agreement, first, against any installment of the installment cash consideration that has not been paid and second, against the sellers and the advisor on a several basis, in accordance with the indemnification provisions of the purchase agreement.

The total recorded purchase price for the transaction was approximately $1,928,000, which consisted of cash at closing of $204,000, approximately $1,210,000 of cash that will be paid in installments as discussed above and $514,000 representing the value of the stock issued upon closing.

The purchase price was allocated and modified for measurement period adjustments due to the receipt of the valuation report and updated tax provision estimates as follows (in thousands):

| | Preliminary Allocation | Valuation Measurement Period Adjustments | Tax Provision Measurement Period Adjustments | Adjusted Allocation |
|---|---|---|---|---|
| Assets Acquired: | | | | |
| Cash | $ 70 | $ — | $ — | $ 70 |
| Accounts receivable | 7 | — | — | 7 |
| Other current assets | 4 | — | — | 4 |
| Inventory | 2 | — | — | 2 |
| Fixed assets | 1 | — | — | 1 |
| Developed technology | 1,523 | (78) | — | 1,445 |
| Customer relationships | 216 | (31) | — | 185 |
| Non-compete agreements | 49 | — | — | 49 |
| Goodwill | 619 | 80 | (46) | 653 |
| | $ 2,491 | $ (29) | $ (46) | $ 2,416 |
| Liabilities Assumed: | | | | |
| Accounts payable | $ 13 | $ — | $ — | $ 13 |
| Accrued liabilities | 48 | — | — | 48 |
| Deferred revenue | 28 | — | — | 28 |
| Deferred tax liability | 474 | (29) | (46) | 399 |
| | 563 | (29) | (46) | 488 |
| Total Purchase Price | $ 1,928 | $ — | $ — | $ 1,928 |

The value of the intangibles and goodwill were calculated by a third party valuation firm based on projections and financial data provided by management of the Company. The deferred revenue included in the financial statements is the expected liability to service the projects. The goodwill represents the excess fair value after the allocation to the intangibles. The calculated goodwill is not deductible for tax purposes. The financial data of Locality is included in the Company's financial statements starting on the acquisition date through the year ended December 31, 2020. Proforma information has not been presented as it has been deemed to be immaterial.

**Note 4 - GTX Acquisition**

On June 27, 2019, the Company completed its acquisition of certain assets of GTX, consisting of a portfolio of GPS technologies and intellectual property (the "Assets") that allow Inpixon to provide positioning and positioning solutions for assets and devices homogenously from the indoors to the outdoors. Prior to this asset acquisition, the Company was only providing indoor location.

The Assets were acquired for aggregate consideration consisting of (i) $250,000 in cash delivered at the closing and (ii) 22,223 shares of Inpixon's restricted common stock.

The total recorded purchase price for the transaction was $900,000, which consisted of the cash paid of $250,000 and $650,000 representing the value of the stock issued upon closing.

The purchase price was allocated based on the receipt of a final valuation report as follows (in thousands):

| | Fair Value Allocation |
|---|---|
| Assets Acquired: | |
| Developed technology | $ 830 |
| Non-compete agreements | 68 |
| Goodwill | 2 |
| | |
| Total Purchase Price | $ 900 |

On September 16, 2019, the Company loaned GTX $50,000 in accordance with the terms of the asset purchase agreement. The note began to accrue interest at a rate of 5% per annum beginning on November 1, 2019. The note was amended on May 11, 2020 to extend the maturity date from April 13, 2020 to September 13, 2020 and require monthly payments against the outstanding balance of the note. The note was amended on October 28, 2020 to extend the maturity date from September 13, 2020 to December 31, 2020 and waive the requirement for the monthly repayment installment obligation provided for in the May 11, 2020 amendment. This note is included as part of other receivables in the Company's consolidated financial statements. As of December 31, 2020, the balance of the note including interest was approximately $ 53,000. Proforma information has not been presented as it has been deemed to be immaterial

**Note 5 - Jibestream Acquisition**

On August 15, 2019, the Company, through its wholly owned subsidiary, Inpixon Canada as purchaser (the "Purchaser"), completed its acquisition of Jibestream, a provider of indoor mapping and location technology, for consideration consisting of: (i) CAD $5,000,000, plus an amount equal to all cash and cash equivalents held by Jibestream at the closing, minus, if a negative number, the absolute value of the Estimated Working Capital Adjustment (as defined in the acquisition agreement), minus any amounts loaned by the Purchaser to Jibestream to settle any Indebtedness (as defined in the Purchase Agreement (the "Purchase Agreement")) or other fees, minus any cash payments to the holders of outstanding options to settle any in-the-money options, minus the deferred revenue costs of CAD $150,000, and minus the costs associated with the audit and review of the financial statements of Jibestream required by the Purchase Agreement (collectively, the "Estimated Cash Closing Amount"); plus (ii) 176,289 shares of the Company's common stock which was equal to CAD $3,000,000, converted to U.S. dollars based on the exchange rate at the time of the closing, divided by $12.4875 which was the price per share at which shares of the Company's common stock are issued in of the Company's common stock the Offering on August 12, 2019 ("Inpixon Shares").

Jibestream, provided a dynamic interactive map that allowed customers to put their digitized map into their mobile app or provide the map on a kiosk or other interface. Inpixon can now utilize the Jibestream map to offer a more intuitive interface to see its locationing data and analytics.

The Nasdaq listing rules required the Company to obtain the approval of the Company's stockholders for the issuance of 63,645 of the Inpixon Shares (the "Excess Shares"), which was obtained on October 31, 2019 and the shares were issued on November 5, 2019. A number of Inpixon Shares representing fifteen percent ( 15%) of the value of the Purchase Price (the "Holdback Amount") were subject to stop transfer restrictions and forfeiture to secure the indemnification and other obligations of the Vendors in favor of the Company arising out of or pursuant to Article VIII of the Purchase Agreement and, at the option of the Company, to secure the obligation of the Vendors' to pay any adjustment to the Purchase Price pursuant to Section 2.5 of the Purchase Agreement.

The total recorded purchase price for the transaction was approximately $5,062,000, which consisted of cash at closing of approximately $3,714,000 and $1,348,000 representing the value of the stock issued upon closing determined based on the closing price of the Company's common stock as of the closing date on August 15, 2019. Subsequently, the Company agreed not to enforce any right of setoff resulting from a Working Capital Adjustment.

The purchase price was allocated based on the receipt of a final valuation report and modified for measurement period adjustments due to updated tax provision estimates as follows (in thousands):

| | Preliminary Allocation | Tax Provision Measurement Period Adjustments | Adjusted Allocation |
|---|---|---|---|
| Assets Acquired: | | | |
| Cash | $ 5 | $ — | $ 5 |
| Accounts receivable | 309 | — | 309 |
| Other current assets | 138 | — | 138 |
| Fixed assets | 10 | — | 10 |
| Other assets | 430 | — | 430 |
| Developed technology | 3,193 | — | 3,193 |
| Customer relationships | 1,253 | — | 1,253 |
| Non-compete agreements | 420 | — | 420 |
| Goodwill | 2,407 | (919) | 1,488 |
| | $ 8,165 | $ (919) | $ 7,246 |
| Liabilities Assumed: | | | |
| Accounts payable | 51 | — | 51 |
| Accrued liabilities | 94 | — | 94 |
| Deferred revenue | 1,156 | — | 1,156 |
| Other liabilities | 513 | — | 513 |
| Deferred tax liability | 1,289 | (919) | 370 |
| | 3,103 | (919) | 2,184 |
| Total Purchase Price | $ 5,062 | $ — | $ 5,062 |

The value of the intangibles and goodwill were calculated by a third party valuation firm based on projections and financial data provided by management of the Company. The deferred revenue included in the financial statements is the expected liability to service the projects. The goodwill represents the excess fair value after the allocation to the intangibles. The calculated goodwill is not deductible for tax purposes. As part of the acquisition, the Company acquired a lease obligation with an operating lease right of use asset of approximately $371,000 and an operating lease obligation of approximately $371,000 which are included in other assets and other liabilities, respectively, in the purchase price allocation. The financial data of Jibestream is included in the Company's financial statements starting on the acquisition date through the year ended December 31, 2020.

Jibestream was amalgamated into Inpixon Canada on January 1, 2020.

**Note 6 - Systat Licensing Agreement**

On June 19, 2020, the Company entered into an exclusive license with Cranes Software International Ltd. and Systat Software, Inc. (together the "Systat Parties") to use, market, distribute, and develop the SYSTAT and SigmaPlot software suite of products (the "License Grant") pursuant to the terms and conditions of that certain Exclusive Software License and Distribution Agreement, deemed effective as of June 1, 2020 (the "Effective Date"), and amended on June 30, 2020 (as amended, the "License Agreement"). In accordance with Rule 11-01(d) and ASC 805, the transaction was deemed to be the acquisition of a business and accounted for as a business combination with an acquisition date of June 30, 2020 (the "Closing Date"). In accordance with the terms of the License Agreement, on the Closing Date, we partitioned a portion of that certain promissory note (the "Sysorex Note") issued to us by Sysorex, Inc. ("Sysorex"), into a new note in an amount equal to $3.0 million in principal plus accrued interest (the "Closing Note") and assigned the Closing Note and all rights and obligations thereunder to Systat Software, Inc. in accordance with the terms and conditions of that certain Promissory Note Assignment and Assumption Agreement. An additional $ 3.3 million of the principal balance underlying the Sysorex Note was partitioned and assigned to Systat Software, Inc. as consideration payable for the rights granted under the license as follows: (i) $1.3 million on the three

month anniversary of the Closing Date; (ii) $1.0 million on the six month anniversary of the Closing Date; and (iii) $1.0 million on March19, 2021. In addition, the cash consideration of $2.2 million was delivered on July 8, 2020.

In connection with the License Grant, the Systat Parties provided Inpixon with equipment to use at no additional cost for a minimum period of six months following the Closing Date. The Company is also entitled to any customer maintenance revenue, new license fees, or license renewal fees, received by any of the Systat Parties after June 1, 2020 in connection with the Systat Customer Contracts and/or Systat Distribution Agreements (as such terms are defined in the License Agreement) assigned to and assumed by us in connection with the License Agreement. The net amount owed to the Company for this period is included in the Other Receivable line item listed in the assets acquired below. The License Grant will remain in effect for a period of 15 years years following the Closing Date, unless terminated sooner upon mutual written consent of Systat Software, Inc. and us or upon termination by either for the other party's specified breach.

In connection with the License Grant, the Company expanded its operations into the United Kingdom and Germany. As a result of such expansion, the Company formed Inpixon Limited, a new wholly owned subsidiary in the United Kingdom, and established Inpixon GmbH, a wholly owned subsidiary incorporated under the laws of Germany.

The total recorded purchase price for the transaction was $2.2 million, which consisted of the $2.2 million cash consideration as a full valuation allowance was retained against the Sysorex Note.

The preliminary purchase price is allocated as follows (in thousands):

| | | **Fair Value Allocation** |
|---|---|---|
| Assets Acquired: | | |
| Other receivable | $ | 44 |
| Developed technology | | 1,200 |
| Customer relationships | | 395 |
| Tradename & Trademarks | | 279 |
| Non-compete agreements | | 495 |
| Goodwill | | 520 |
| | $ | 2,933 |
| Liabilities Assumed: | | |
| Deferred Revenue | $ | 733 |
| | | 733 |
| Total Purchase Price | $ | 2,200 |

The value of the intangibles and goodwill were calculated by a third party valuation firm based on projections and financial data provided by management of the Company. The deferred revenue included in the consolidated financial statements is the expected liability to service the projects. The goodwill represents the excess fair value after the allocation to the intangibles. The calculated goodwill is not deductible for tax purposes. The financial data of the License Grant is included in the Company's financial statements as of deemed acquisition date of June 30, 2020.

A final valuation of the assets and purchase price allocation of the License Grant has not been completed as of the end of this reporting period as the third party valuation has not been finalized. Consequently, the purchase price was preliminarily allocated based upon the Company's best estimates at the time of this filing. These amounts are subject to revision upon the completion of formal studies and valuations, as needed, which the Company expects to occur during the first quarter of 2021.

**Note 7 - Ten Degrees Acquisition**

On August 19, 2020, in accordance with the terms and conditions of that certain Asset Purchase Agreement ("APA"), by and among the Company, Ten Degrees Inc. ("TDI"), Ten Degrees International Limited ("TDIL"), mCube International Limited

("MCI"), and the holder of a majority of the outstanding capital of TDIL and mCube, Inc., and the sole shareholder of 100% of the outstanding capital stock of MCI ("mCube," together with TDI, TDIL, and MCI collectively, the "Transferors"), the Company acquired a suite of on-device "blue-dot" indoor location and motion technologies, including patents, trademarks, software and related intellectual property from the Transferors (collectively, the "TDI Assets"). In accordance with Rule 11-01(d) and ASC 805, the transaction was deemed to be the acquisition of a group of assets, and not to be accounted for as a business combination, with an asset acquisition date of August 19, 2020. The TDI Assets were acquired for consideration consisting of (i) $1.5 million in cash and (ii) 480,000 shares of the Company's common stock. In accordance with the terms of the APA, commencing as of the date of the APA, the Transferors, and their affiliates, have agreed to not compete with our business associated with the TDI Assets for a period of five years from the closing date. In addition, each party agreed to not solicit any employees from the other party for a period of one year from the closing date, subject to certain exceptions.

The total recorded purchase price for the transaction was $2.1 million, which consisted of the cash paid of $1.5 million and $600,000 representing the value of the stock issued upon closing.

The preliminary purchase price is allocated as follows (in thousands):

| | | Fair Value Allocation |
|---|---|---|
| Assets Acquired: | | |
| Developed technology | $ | 1,701 |
| Non-compete agreements | | 399 |
| Total Purchase Price | $ | 2,100 |

The value of the intangibles were calculated by a third party valuation firm based on projections and financial data provided by management of the Company. The developed technology and non-compete agreements acquired are included in the consolidated balance of intangible assets as of December 31, 2020. There was no goodwill acquired or recognized as a result of the acquisition of Ten Degrees.

**Note 8 – Nanotron Acquisition**

On October 6, 2020, the Company, through its wholly-owned subsidiary, Inpixon GmbH, a limited liability company incorporated under the laws of Germany, completed the acquisition of all the outstanding capital stock of Nanotron, a limited liability company incorporated under the laws of Germany, pursuant to the terms and conditions of that certain Share Sale and Purchase Agreement, dated as of October 5,2020, among the Company, Nanotron and Sensera Limited (the "Seller", and the owner of all outstanding shares of Nanotron), a stock corporation incorporated under the laws of Australia and the sole shareholder of Nanotron. As a result of the acquisition, the Company now owns 100% of Nanotron. Nanotron's business consists of developing and manufacturing location-aware IoT systems and solutions.

The total paid to Nanotron was an aggregate purchase price of $8.7 million in cash (less the Holdback Funds (as defined below) and certain other closing adjustments) for the outstanding shares of Nanotron. The price was subject to certain post-Closing adjustments based on actual working capital as of the closing as described in the Purchase Agreement. Inpixon retained $750,000 (the "Holdback Funds") from the purchase price to secure Nanotron's obligations under the purchase agreement, with any unused portion of the Holdback Funds to be released to the Seller on the date that is 18 months after the Closing Date. As discussed above, the certain adjustments to the Purchase Price are adjustments for severance payments and calculations of Net Working Capital versus the Working Capital Target (calculation defined as "Net Working Capital Adjustment"). The adjustment for severance payments includes a $214,000 reduction in purchase price for severance payments due after the closing date offset by a return credit of $50,000 for severance payments owed by Sensera Limited. As for Net Working Capital Adjustment, Net Working Capital was determined to be less than the Working Capital Target by an amount of $30,000, resulting in a reduction in the purchase price of $30,000. Inpixon Germany paid the purchase price from funds received in connection with a capital contribution from Inpixon, and a portion of the purchase price was used by the Seller to satisfy outstanding loans payable by Sensera Limited to obtain the release of certain existing security interests on Nanotron's assets.

The preliminary purchase price is allocated as follows (in thousands):

| | Fair Value Allocation |
|---|---|
| Assets acquired: | |
| Cash and cash equivalents | 301 |
| Trade and other receivables | 576 |
| Inventory | 827 |
| Prepaid expenses and other current assets | 103 |
| Operating lease right-of-use asset | 557 |
| Property, plant, and equipment | 433 |
| Tradename | 51 |
| Proprietary Technology | 1,213 |
| Customer Relationships | 1,055 |
| Non-compete Agreements | 610 |
| In-Process R&D | 505 |
| IP Agreement | 178 |
| Goodwill | 3,755 |
| Total assets acquired | $ 10,164 |
| | |
| Liabilities assumed: | |
| Accounts payable | 526 |
| Lease liabilities | 557 |
| Restructuring Costs | 214 |
| Accrued Liabilities | 361 |
| Total liabilities assumed | 1,658 |
| Estimated fair value of net assets acquired: | $ 8,506 |

The value of the intangibles and goodwill were calculated by a third party valuation firm based on projections and financial data provided by management of the Company. The goodwill represents the excess fair value after the allocation to the intangibles. The calculated goodwill is not tax deductible for local tax purposes, but will be amortizable in the computation of the shareholder's U.S. tax liability.

**Note 9 - Proforma Financial Information**

***Jibestream Proforma Financial Information***

The following unaudited proforma financial information presents the consolidated results of operations of the Company and Jibestream for the years ended December 31, 2020 and 2019, as if the acquisition had occurred as of the beginning of the first period presented instead of on August 15, 2019. The proforma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during those periods.

The proforma financial information for the Company and Jibestream is as follows (in thousands):

**INPIXON AND SUBSIDIARIES**
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| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Revenues | $ 9,297 | 7,558 |
| Net loss attributable to common stockholders | $ (29,229) | (36,513) |
| Net loss per basic and diluted common share | (1.01) | (36.59) |
| Weighted average common shares outstanding: | | |
| Basic and Diluted | 28,800,493 | 997,856 |

***Nanotron Proforma Financial Information***

The following unaudited proforma financial information presents the consolidated results of operations of the Company and Nanotron for the years ended December 31, 2020 and 2019, as if the acquisition had occurred as of the beginning of the first period presented instead of on October 6, 2020. The proforma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during those periods.

The proforma financial information for the Company and Nanotron is as follows (in thousands):

| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Revenues | $ 13,059 | $ 15,044 |
| Net loss attributable to common stockholders | $ (29,541) | $ (39,532) |
| Net loss per basic and diluted common share | $ (1.03) | $ (53.31) |
| Weighted average common shares outstanding: | | |
| Basic and Diluted | 28,800,493 | 741,530 |

**Note 10 - Inventory**

Inventory as of December 31, 2020 and 2019 consisted of the following (in thousands):

| | December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Raw materials | $ 210 | $ 13 |
| Work-in-process | 137 | — |
| Finished goods | 1,033 | 387 |
| Inventory obsolescence reserve | (138) | — |
| **Total Inventory** | **$ 1,243** | **$ 400** |

**Note 11 - Property and Equipment, net**

Property and equipment as of December 31, 2020 and 2019 consisted of the following (in thousands):

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| | As of December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Computer and office equipment | $ 1,421 | $ 774 |
| Furniture and fixtures | 287 | 228 |
| Leasehold improvements | 45 | 25 |
| Software | 829 | 39 |
| Total | 2,581 | 1,066 |
| Less: accumulated depreciation and amortization | (1,136) | (921) |
| | | |
| **Total Property and Equipment, Net** | **$ 1,445** | **$ 145** |

Depreciation and amortization expense were approximately $128,000 and $98,000 for the years ended December 31, 2020 and 2019, respectively.

**Note 12 - Software Development Costs, net**

Capitalized software development costs as of December 31, 2020 and 2019 consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Capitalized software development costs | $ 5,275 | $ 6,029 |
| Accumulated amortization | (3,554) | (4,485) |
| **Software development costs, net** | **$ 1,721** | **$ 1,544** |

The weighted average remaining amortization period for the Company's software development costs is2.8 years.

Amortization expense for capitalized software development costs was $0.7 million and $1.03 million for each of the years ended December 31, 2020 and 2019.

Future amortization expense on the computer software is anticipated to be as follows (in thousands):

| **For the Years Ending December 31,** | **Amount** |
|---|---|
| 2021 | $ 789 |
| 2022 | 478 |
| 2023 | 256 |
| 2024 | 198 |
| 2025 and thereafter | — |
| **Total** | **$ 1,721** |

**Note 13 - Intangible Assets**

Intangible assets at December 31, 2020 and 2019 consisted of the following (in thousands):

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| | Gross Carrying Amount December 31, | | Accumulated Amortization December 31, | | Remaining Weighted Average Useful Life |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | |
| Trade Name/Trademarks | $ 1,112 | $ 780 | $ (854) | $ (724) | 0.03 |
| Customer Relationships | 5,590 | 4,070 | (2,972) | (2,574) | 1.10 |
| Developed Technology | 26,216 | 21,422 | (16,647) | (14,996) | 6.52 |
| Non-compete Agreements | 2,485 | 923 | (902) | (501) | 0.37 |
| IP Agreement | 186 | — | (12) | — | 0.05 |
| **Totals** | **$ 35,589** | **$ 27,195** | **$ (21,386)** | **$ (18,795)** | |

Aggregate Amortization Expense:

Aggregate amortization expense for the years ended December 31, 2020 and 2019 were $2.3 million and $3.6 million, respectively.

Future amortization expense on intangibles assets is anticipated to be as follows (in thousands):

| For the Years Ending December 31, | Amount |
|---|---|
| 2021 | 2,356 |
| 2022 | 2,176 |
| 2023 | 1,985 |
| 2024 | 1,745 |
| 2025 and thereafter | 5,940 |
| **Total** | **$ 14,202** |

**Note 14 - Goodwill**

The Company has recorded goodwill and other indefinite-lived assets in connection with its acquisition of Shoom, Locality, GTX, Jibestream, Systat, and Nanotron. Goodwill, which represents the excess of acquisition cost over the fair value of the net tangible and intangible assets of the acquired company, is not amortized. Indefinite-lived intangible assets are stated at fair value as of the date acquired in a business combination. The Company's goodwill balance and other assets with indefinite lives were evaluated for potential impairment during the years ended December 31, 2020 and 2019, as certain indications on a qualitative and quantitative basis were identified that an impairment exists as of the reporting date.

During the years ended December 31, 2020 and 2019, the Company did not recognize any impairment on the balance of goodwill. The Company utilized qualitative factors in determining if the carrying amounts of the Company's reporting units exceeded the fair value of the Company, and noted that no such factors indicated impairment on any of its goodwill.

During the year ended December 31, 2019, the corporate income tax returns were filed for the periods ending as of the acquisition dates of Locality and Jibestream. After reviewing those tax returns, it was determined that there were additional tax benefits the Company would receive primarily related to net operating losses and research tax credits. As a result, the deferred tax asset of Jibestream was increased by approximately $1,023,000 and the deferred tax asset of Locality was increased by $48,000 with a corresponding decrease to goodwill. Additionally, during the year ended December 31, 2019, upon receipt of the Locality valuation report, the values of the intangibles were updated with a corresponding $80,000 increase to goodwill.

**INPIXON AND SUBSIDIARIES**
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The following table summarizes the changes in the carrying amount of Goodwill for the year ended December 31, 2020 (in thousands):

| | Locality | Jibestream | GTX | Systat | Nanotron | Total |
|---|---|---|---|---|---|---|
| Balance as of January 1, 2019 | — | — | — | — | — | — |
| Goodwill additions through acquisitions | 619 | 2,407 | — | — | — | 3,026 |
| Valuation Measurement Period Adjustments | 80 | — | $ — | — | — | 80 |
| Tax Provision Measurement Period Adjustments | (46) | (919) | — | — | — | (965) |
| Adjusted Allocation | 653 | 1,488 | — | — | — | 2,141 |
| Exchange rate fluctuation at December 31, 2019 | 19 | (90) | — | — | — | (71) |
| Balance as of December 31, 2019 | 672 | 1,398 | — | — | — | 2,070 |
| Goodwill additions through acquisitions | — | 15 | 2 | 520 | 3,755 | 4,292 |
| Exchange rate fluctuation at December 31, 2020 | $ — | $ 50 | $ — | $ — | $ 176 | $ 226 |
| Balance as of December 31, 2020 | 672 | 1,463 | 2 | 520 | 3,931 | 6,588 |

**Note 15 - Other Long Term Investments**

During the fourth quarter, the Company purchased $2.5 million of Cardinal Ventures Holdings LLC, ("CVH") for 600,000 Class A Units and 2,500,000 Class B Units. CVH is a Delaware limited liability company formed to conduct any business, enterprise or activity permitted to owning certain interests in a sponsor of a special purpose acquisition company ("SPAC"). CVH will receive distributions from the sponsor to the extent there is activity at the SPAC.

As described in Note 1, the Company generally records its share of earnings in its equity method investments using a three-month lag methodology and within net investment income. During the period October 6, 2020 through December 31, 2020, CVH had no operating results, as such, there were no share of earnings recognized by the Company in its statement of operations on its proportional equity investment.

The following component represents components of Other long-term investments as of December 31, 2020:

| | Ownership interest as of December 31, 2020 | Instrument Held |
|---|---|---|
| **Investee** | | |
| CVH LLC Class A | 14.1 % | Units |
| CVH LLC Class B | 28.1 % | Units |

The following table presents summarized financial information for Inpixon's investment in equity method eligible entities:

| | As of December 31, 2020 |
|---|---|
| **Balance Sheet Data** | |
| Total assets | $ 6,508 |
| Total liabilities | $ — |

| | For the period from October 6 through December 31, 2020 |
|---|---|
| **Income Statement Data** | |
| Revenues | $ — |
| Expenses | $ — |

**Note 16 - Deferred Revenue**

Deferred revenue as of December 31, 2020 and 2019 consisted of the following (in thousands):

| | As of December 31, 2020 | As of December 31, 2019 |
|---|---|---|
| **Deferred Revenue, Current** | | |
| Maintenance agreements | $ 892 | $ 633 |
| Service agreements | 147 | 279 |
| Deferred revenue assumed from Systat agreement | 883 | — |
| **Total Deferred Revenue, Current** | 1,922 | 912 |
| **Total Deferred Revenue** | **$ 1,922** | **$ 912** |

The fair value of the deferred revenue approximates the services to be rendered.

**Note 17 - Debt**

Debt as of December 31, 2020 and 2019 consisted of the following (in thousands):

| **Short-Term Debt** | Maturity | **Principal** | **Unamortized Debt Discount** | **2020** | **2019** |
|---|---|---|---|---|---|
| March 2020 10% Note | 3/18/2021 | $ 5,655 | $ (254) | $ 5,401 | — |
| November 2019 10% Note | | — | — | — | 953 |
| September 2019 10% Note | | — | — | — | 1,050 |
| August 2019 10% Note | | — | — | — | 1,895 |
| June 2019 10% Note | | — | — | — | 2,087 |
| May 2019 10% Note | | — | — | — | 1,694 |
| December 2018 10% Note | | — | — | — | 29 |
| Debt discount | | — | — | — | (628) |
| Revolving line of credit | | — | — | — | 150 |
| Other short term debt | | — | — | — | 74 |
| **Total Short-Term Debt** | | | | **$ 5,401** | **$ 7,304** |

Interest expense on the short-term debt totaled approximately $0.7 million and $0.8 million and approximately $1.6 million and $1.7 million was amortized to interest expense from the combined amortization of deferred financing costs and note discounts recorded at issuance for the Short Term Debt for the periods ending December 31, 2020 and 2019, respectively.

***(A) Notes Payable***

***March 2020 10% Note Purchase Agreement and Promissory Note***

On March 18, 2020, the Company entered into a note purchase agreement with Iliad, pursuant to which the Company agreed to issue and sell to the holder an unsecured promissory note (the "March 2020 10% Note") in an aggregate initial principal amount of $6,465,000, which is payable on or before the date that is 12 months from the issuance date. The initial principal amount includes an original issue discount of $1,450,000 and $15,000 that the Company agreed to pay to the holder to cover the holder's legal fees, accounting costs, due diligence, monitoring and other transaction costs.

In exchange for the March 2020 Note, the holder paid an aggregate purchase price of $5,000,000. Interest on the March 2020 Note accrues at a rate of 10% per annum and is payable on the maturity date or otherwise in accordance with the March 2020 Note. The Company may pay all or any portion of the amount owed earlier than it is due; provided, that in the event the Company elects to prepay all or any portion of the outstanding balance, it shall pay to the holder 115% of the portion of the outstanding balance the Company elects to prepay.

Beginning on the date that is 6 months from the issuance date and at the intervals indicated below until the March 2020 Note is paid in full, the holder shall have the right to redeem up to an aggregate of 1/3 of the initial principal balance of the March 2020 Note each month by providing written notice delivered to the Company; provided, however, that if the holder does not exercise any monthly redemption amount in its corresponding month then such monthly redemption amount shall be available for the holder to redeem in any future month in addition to such future month's monthly redemption amount.

Upon receipt of any monthly redemption notice, the Company shall pay the applicable monthly redemption amount in cash to the holder within five business days of the Company's receipt of such Monthly Redemption Notice. The March 2020 Note includes customary event of default provisions, subject to certain cure periods, and provides for a default interest rate of 22%. Upon the occurrence of an event of default (except a default due to the occurrence of bankruptcy or insolvency proceedings, the holder may, by written notice, declare all unpaid principal, plus all accrued interest and other amounts due under the March 2020 Note to be immediately due and payable. Upon the occurrence of a bankruptcy-related event of default, without notice, all unpaid principal, plus all accrued interest and other amounts due under the March 2020 Note will become immediately due and payable at the mandatory default amount. On September 17, 2020, we amended the one time monitoring fee applicable in the event the note was outstanding on the date that was 6 months from the issuance date, from (10%) to 5% which was added to the March 2020 Note balance.

***November 2019 10% Note Purchase Agreement and Promissory Note***

On November 22, 2019, we issued a promissory note to St. George Investments LLC ("St. George"), an affiliate of Iliad and Chicago Venture, pursuant to which the Company agreed to issue and sell to the Holder an unsecured promissory note (the "November 2019 10% Note") in the initial principal amount of $952,500, which is payable on or before the date that is 6 months from the issuance date, subject to extension in accordance with the terms of the note. The initial principal amount includes an original issue discount of $187,500 and $15,000 that the Company agreed to pay to St. George to cover its legal fees, accounting costs, due diligence, monitoring and other transaction costs. In exchange for the note, St. George paid an aggregate purchase price of $750,000.

Under the terms of the note, since it was still outstanding on February 22, 2020, a one-time monitoring fee equal to ten percent (10%) of the then-current outstanding balance, or approximately $97,688, was added to the note.

As of December 31, 2020 this note was re-paid in full.

***September 2019 10% Note Purchase Agreement and Promissory Note***

On September 17, 2019, the Company entered into a note purchase agreement with Iliad, pursuant to which the Company agreed to issue and sell to the Holder an unsecured promissory note (the "September 2019 10% Note") in an aggregate principal amount of $952,500, which is payable on or before the date that is 9 months from the issuance date. The Initial Principal Amount includes an original issue discount of $187,500 and $15,000 that the Company agreed to pay to the Holder to cover the Holder's legal fees, accounting costs, due diligence, monitoring and other transaction costs. In exchange for the Note, the Holder paid an aggregate purchase price of $750,000.

Under the terms of the September 2019 Note, since it was still outstanding on December 17, 2019, a one-time monitoring fee equal to ten percent (10%) of the then outstanding balance, or $97,661, was added to the September 2019 Note.

As of December 31, 2020 this note was re-paid in full.

***August 2019 10% Note Purchase Agreement and Promissory Note***

On August 8, 2019, the Company entered into a note purchase agreement with Chicago Venture, pursuant to which the Company agreed to issue and sell to the holder an unsecured promissory note (the "August 2019 10% Note") in an aggregate principal amount of $1,895,000, which is payable on or before the date that is 9 months from the issuance date. The Initial Principal Amount includes an original issue discount of $375,000 and $20,000 that the Company agreed to pay to the holder to cover the holder's legal fees, accounting costs, due diligence, monitoring and other transaction costs. In exchange for the August 2019 Note, the holder paid an aggregate purchase price of $1,500,000.

As of December 31, 2020 this note was re-paid in full.

***June 2019 10% Note Purchase Agreement and Promissory Note***

On June 27, 2019, the Company entered into a note purchase agreement (the "Purchase Agreement") with Chicago Venture, pursuant to which the Company agreed to issue and sell to the holder an unsecured promissory note (the "June 2019 10% Note") in an aggregate principal amount of $1,895,000, which is payable on or before the date that is 9 months from the issuance date. The initial principal amount includes an original issue discount of $375,000 and $20,000 that the Company agreed to pay to the holder to cover the holder's legal fees, accounting costs, due diligence, monitoring and other transaction costs. In exchange for the June 2019 Note, the holder paid an aggregate purchase price of $1,500,000.

Effective as of August 12, 2019, the Company and Chicago Venture entered into an amendment agreement, dated as of August 14, 2019, to provide that the Company's obligation to repay all or a portion of the outstanding balance of the June 2019 Note upon the completion of any offering of equity securities of the Company would not apply or be effective until December 27, 2019. As consideration for the amendment, a fee of $191,883 was added to the outstanding balance of the June 2019 Note.

As of December 31, 2020 this note was re-paid in full.

***May 2019 10% Note Purchase Agreement and Promissory Note***

On May 3, 2019, the Company entered into a note purchase agreement (the "Purchase Agreement") with Chicago Venture, pursuant to which the Company agreed to issue and sell to the investor an unsecured promissory note (the "May 2019 Note") in an aggregate principal amount of $3,770,000, which is payable on or before the date that is10 months from the issuance date. The initial principal amount includes an original issue discount of $750,000 and $20,000 that the Company agreed to pay to the holder to cover the holder's legal fees, accounting costs, due diligence, monitoring and other transaction costs. In exchange for the May 2019 Note, the holder paid an aggregate purchase price of $3,000,000.

As of December 31, 2020 this note was re-paid in full.

***December 2018 10% Note Purchase Agreement and Promissory Note***

On December 21, 2018, the Company entered into a note purchase agreement with Iliad, pursuant to which the Company agreed to issue and sell to Iliad an unsecured promissory note (the "December 2018 10% Note") in an aggregate principal amount of $1,895,000, which is payable on or before December 31, 2019 (as provided in the Exchange Agreement, dated October 24, 2019, described below (the "October 24th Exchange Agreement")). The initial principal amount includes an original issue discount of $375,000 and $20,000 that the Company agreed to pay to the Holder to cover its legal fees, accounting costs, due diligence, monitoring and other transaction costs. In exchange for the December 2018 Note, the Holder paid an aggregate purchase price of $1,500,000.

On February 8, 2019, the Company entered into a global amendment (the "Global Amendment") to the note purchase agreements entered into on October 12, 2018 and December 21, 2018, in connection with the notes issued as of such dates, to delete the phrase "by cancellation or exchange of the Note, in whole or in part" from Section 8.1 of those agreements. The Company also agreed to pay Iliad's fees and other expenses in an aggregate amount of $80,000 (the "Fee") in connection with the preparation of the Global Amendment by adding $40,000 of the Fee to the outstanding balance of each of the notes.

On August 8, 2019, the Company and Iliad entered into a standstill agreement with respect to the December 2018 Note (the "Standstill Agreement"). Pursuant to the Standstill Agreement, Iliad agreed that it will not redeem all or any portion of the December 2018 Note for a period beginning on August 8, 2019, and ending on the date that is 90 days from August 8, 2019. As consideration for this, the outstanding balance of the December 2018 Note was increased by $206,149.

As of December 31, 2020 this note was re-paid in full.

***November 2017 10% Note Purchase Agreement and Promissory Note***

On January 29, 2019, the Company and Chicago Venture Partners, L.P., the holder convertible promissory note ("Chicago Venture" or the "Note Holder"), issued on November 17, with an outstanding balance of $383,768 entered into an exchange agreement (the "Exchange Agreement"), pursuant to which the Company and the Note Holder agreed to (i) partition a new convertible promissory note in the form of the Original Note (the "Partitioned Note") in the original principal amount equal to the Remaining Balance (the "Exchange Amount") and then cause the Remaining Balance to be reduced by the Exchange Amount; and (ii) exchange the Partitioned Note for the delivery of 3,842 shares of the Company's common stock at an effective price share equal to $99.90. Following such partition of the Original Note, the Original Note was deemed paid in full, was automatically deemed cancelled, and shall not be reissued.

As of December 31, 2020 this note was re-paid in full.

***Note Exchanges***

The following table summarizes the Company's exchanges of outstanding principal and interest for shares of common stock The Company analyzed the exchanges of principal as an extinguishment and compared the net carrying value of the debt being extinguished to the re-acquisition price (shares of common stock being issued) and recorded a loss on the exchange of debt for equity as a separate item in the other income/expense section of the condensed consolidated statements of operations.

As of and for the year ended December 31, 2020 (in thousands, except number of shares):

| Short-Term Debt | Principal and Interest | Shares | Exchange Price | Loss on Exchange |
|---|---|---|---|---|
| March 2020 10% Note | $ 1,150 | 1,076,676 | $ 1.03 to $ 1.09 | $ 78 |
| November 2019 10% Note | 1,215 | 894,549 | 1.35 to 1.36 | — |
| September 2019 10% Note | 1,120 | 975,704 | 1.14 to 1.17 | 22 |
| August 2019 10% Note | 2,034 | 1,832,220 | 1.09 to 1.13 | 25 |
| June 2019 10% Note | 2,236 | 1,372,417 | 1.12 to 3.05 | 33 |
| May 2019 10% Note | 1,958 | 524,140 | 3.65 to 4.05 | 52 |
| December 2018 10% Note | 223 | 187,517 | 1.19 to 1.19 | — |
| **Total Short-Term Debt** | **$ 9,936** | **6,863,223** | | **$ 210** |

As of and for the year ended December 31, 2019 (in thousands, except number of shares):

| Short-Term Debt | Principal and Interest | Shares | Exchange Price | Loss on Exchange |
|---|---|---|---|---|
| May 2019 10% Note | $ 2,076 | 738,891 | $ 1.80 to $ 3.51 | $ 96 |
| October 2018 10% Note | 2,729 | 92,831 | $ 22.95 to $ 40.45 | 188 |
| December 2018 10% Note | 2,112 | 707,078 | $ 1.80 to $ 4.95 | 10 |
| **Total Short-Term Debt** | **$ 6,917** | **1,538,800** | | **$ 294** |

***(B) Revolving Line of Credit***

***Payplant Accounts Receivable Bank Line***

In accordance with the Payplant Loan and Security Agreement, dated as of August 14, 2017 (the "Loan Agreement"), the Loan Agreement allows the Company to request loans from the Lender (in the manner provided therein) with a term of no greater than 360 days days in amounts that are equivalent to80% of the face value of purchase orders received. The Lender is not obligated to make the requested loan, however, if the Lender agrees to make the requested loan, before the loan is made, the Company must provide Lender with (i) one or more promissory notes for the amount being loaned in favor of Lender, (ii) one or more guaranties executed in favor of Lender and (iii) other documents and evidence of the completion of such other matters as Lender may request. The principal amount of each loan shall accrue interest at a 30 day rate of2% (the "Interest Rate"), calculated per day on the basis of a year of 360 days days and, when combined with all fees that may be characterized as interest will not exceed the maximum rate allowed by law. Upon the occurrence and during the continuance of any event of default, interest shall accrue at a rate equal to the Interest Rate plus 0.42% per 30 days. All computations of interest shall be made on the basis of a year of 360 days. The promissory note is subject to the interest rates described in the Loan Agreement and is secured by the assets of the Company pursuant to the Loan Agreement and will be satisfied in accordance with the terms of the Payplant Client Agreement.

On August 31, 2018, Inpixon, Sysorex, SGS, and Payplant executed Amendment 1 to Payplant Client Agreement (the "Amendment"). Pursuant to the Amendment, Sysorex and SGS are no longer parties to the Payplant Client Agreement, originally entered into on August 14, 2017, and have been released from any and all obligations and liabilities arising under the Payplant Client Agreement, whether such obligations and liabilities were in existence prior to or on the date of the Amendment or arise after the date of the Amendment.

On August 13, 2020, we provided Payplant a Notice of Termination (the "Notice") of (i) that certain Loan and Security Agreement, dated as of August 14, 2017 (the "Loan Agreement"), by and among the Company, Payplant and Lender and (ii) that certain Payplant Client Agreement, dated as of August 14, 2017, as amended (the "Client Agreement"), by and between the Company and Payplant, pursuant to which we are able to request loans from the Lender.

***(C) Other Short Term Debt***

As of December 31, 2020, the Company paid the remaining $74,065 to the pre-acquisition stockholders of Shoom and the outstanding balance owed is $0.

**Note 18 - Capital Raises**

***January 2019 Capital Raise***

On January 15, 2019, the Company closed a rights offering whereby it sold an aggregate of12,000 units consisting of an aggregate of 12,000 shares of Series 5 Convertible Preferred Stock and 80 warrants to purchase common stock exercisable for one share of common stock at an exercise price of $49.85 per share in accordance with the terms and conditions of a warrant agency agreement, resulting in gross proceeds to the Company of approximately $12 million, and net proceeds of approximately $10.77 million after deducting expenses relating to dealer-manager fees and expenses, and excluding any proceeds received upon exercise of any warrants.

Following the rights offering, the conversion price of the Series 4 Convertible Preferred Stock was reduced to the floor price of $223.20, the exercise price of the warrants issued in the April 2018 public offering were also reduced to the floor price of $223.20 and the number of shares issuable upon exercise of such warrants was increased to 61,562 shares of common stock. The maximum deemed dividend under the Series 4 Convertible Preferred Stock has been recognized so there is no accounting effect from the conversion price reduction of the Series 4 Convertible Preferred Stock. However, the Company recorded a $1.3 million deemed dividend for the reduction to the exercise price of the April 2018 warrants. As of December 31, 2020, there were 126 shares of Series 5 Convertible Preferred Stock outstanding.

***August 2019 Financing***

On August 12, 2019, the Company sold an aggregate of (i) 144,387 shares of our common stock, (ii)2,997 shares of our Series 6 Convertible Preferred Stock, with a stated value $1,000 per share, convertible into shares of our common stock (the "Series 6 Preferred Stock"), and (iii) Series A warrants to purchase up to an aggregate of 384,387 shares of common stock at an exercise price per share of $12.4875, resulting in gross proceeds to the Company of approximately $4.8 million, and net proceeds of approximately $4 million after deducting the underwriting discounts and offering expenses. As of December 31, 2020, there were0 shares of Series 6 Convertible Preferred Stock outstanding.

***March 2020 Distribution Agreement***

On March 3, 2020, the Company entered into an Equity Distribution Agreement ("EDA") with Maxim Group LLC ("Maxim") under which the Company may offer and sell shares of our common stock in connection with an at-the-market equity facility ("ATM") in an aggregate offering amount of up to $50 million, which was increased on June 19, 2020 to $150 million pursuant to an amendment to the EDA, from time to time through Maxim, acting exclusively as our sales agent. The Company intends to use the net proceeds of the ATM primarily for working capital and general corporate purposes. The Company may also use a portion of the net proceeds to invest in or acquire businesses or technologies that it believes are complementary to its own, although the Company has no current plans, commitments or agreements with respect to any acquisitions as of the date of this filing. Maxim will be entitled to compensation at a fixed commission rate of 4.0% of the gross sales price per share sold for the initial $50 million of shares and 3.25% for any sales in excess of such amount. In addition, the Company has agreed to reimburse Maxim for its costs and out-of-pocket expenses incurred in connection with its services, including the fees and out-of-pocket expenses of its legal counsel.

The Company is not obligated to make any sales of the shares under the EDA and no assurance can be given that the Company will sell any shares under the EDA, or if it does, as to the price or amount of shares that the Company will sell, or the dates on which any such sales will take place. The EDA will continue until the earliest of (i) December 3, 2021, (ii) the sale of shares having an aggregate offering price of $150 million, and (iii) the termination by either Maxim or the Company upon the provision of 15 days written notice or otherwise pursuant to the terms of the EDA. The EDA was mutually terminated by the parties on February 12, 2021.

**Note 18 - Capital Raises (continued)**

During the year ended December 31, 2020 under an at-the-market ("ATM") program, we sold an aggregate of 33,416,830 shares of common stock, at a weighted average price of approximately $1.45 per share resulting in net proceeds of approximately $46.1 million to us after deduction of sales commissions equal to 4.0% of the gross sales and other offering expenses. We raised total aggregate gross proceeds of approximately $48.5 million in connection with the ATM program as of December 31, 2020.

***Registered Direct Offering***

On November 25, 2020, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with an institutional investor, pursuant to which it sold in a registered direct offering, 5,000,000 shares of its common stock, and warrants to purchase up to 8,000,000 shares of common stock at an exercise price of $1.25 per share (the "2020 Purchase Warrants") for a combined purchase price of $1.25 per share and pre-funded warrants to purchase up to 3,000,000 shares of common stock ("2020 Pre-funded Warrants") at an exercise price of $0.001 per share at a purchase price of $1.249 per share for net proceeds net proceeds of $9.2 million. Each 2020 Purchase Warrant and 2020 Pre-funded warrant is exercisable for one share of common stock, is immediately exercisable and will expire five years from the issuance date. On December 23, 2020, the 2020 Pre-funded Warrants were exercised in full.

**Note 19 - Common Stock**

On January 29, 2019, the Company issued 3,842 shares of common stock under an exchange agreement to settle the outstanding balance of $383,768 under a partitioned note. (see Note 17)

On February 20, 2019, the Company issued 16,655 shares of common stock under a settlement agreement for an arbitration proceeding.

During the three months ended March 31, 2019, the Company issued 306 shares of common stock in connection with the exercise of 306 warrants at $149.85 per share.

During the three months ended March 31, 2019, the Company issued 27,741 shares of common stock in connection with the exercise of 46,235 warrants through cashless exercises.

During the three months ended March 31, 2019, 10,062 shares of Series 5 Convertible Preferred Stock were converted into 67,149 shares of the Company's common stock.

During the three months ended March 31, 2019, the Company issued 4,445 shares of common stock for services, which were fully vested upon grant. The Company recorded an expense of approximately $242,000.

During the three months ended June 30, 2019, the Company issued 61,636 shares of common stock under an exchange agreement to settle the outstanding balance of $2,005,000 under a partitioned note (See Note 17).

During the three months ended June 30, 2019, the Company issued 18,572 shares of common stock in connection with the exercise of 30,954 warrants through cashless exercises.

During the three months ended June 30, 2019, 1,812 shares of Series 5 Convertible Preferred Stock were converted into 12,093 shares of the Company's common stock.

On May 21, 2019, the Company issued 14,445 shares of common stock to Locality as part of an acquisition (See Note 3).

On June 27, 2019, the Company issued 22,223 shares of common stock to GTX as part of an acquisition (See Note 4).

On August 12, 2019, the Company issued 144,387 shares of common stock as part of a public offering (See Note 18).

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**Note 19 - Common Stock (continued)**

On August 15, 2019, the Company issued 112,644 shares of common stock to security holders of Jibestream as part of an acquisition (See Note 5).

During the three months ended September 30, 2019, the Company issued 31,195 shares of common stock under an exchange agreement to settle the outstanding balance of approximately $725,000 under a partitioned note (See Note 17).

During the three months ended September 30, 2019, the Company issued 310,154 shares of common stock in connection with the exercise of 310,154 warrants through cashless exercises.

During the three months ended September 30, 2019, 2,997 shares of Series 6 Convertible Preferred Stock were converted into 240,001 shares of the Company's common stock.

On November 5, 2019, the Company issued 63,645 shares of common stock to security holders of Jibestream as part of an acquisition (See Note 5).

During the three months ended December 31, 2019, the Company issued 1,470,900 shares of common stock as part of an ATM program (See Note 18).

During the three months ended December 31, 2019, the Company issued 1,445,960 shares of common stock under an exchange agreement to settle the outstanding balance of approximately $4.2 million under a partitioned note (See Note 17).

During the three months ended December 31, 2019, the Company issued 69,485 shares of common stock in connection with the exercise of 69,485 warrants through cashless exercises.

During the three months ended December 31, 2019, the Company issued 14 shares of common stock in connection with the exercise of 14 employee stock options.

During the three months ended March 31, 2020, the Company issued 1,896,557 shares of common stock under exchange agreements to settle outstanding balances totaling approximately $4,194,000 under partitioned notes.

During the three months ended March 31, 2020, the Company issued 937,010 shares of common stock in connection with the ATM at per share prices between $1.23 and $2.11, resulting in net proceeds to the Company of approximately $1.25 million after subtracting sales commissions and other offering expenses (See Note 18 ).

During the three months ended June 30, 2020, the Company issued 3,889,990 shares of common stock under exchange agreements to settle outstanding balances totaling approximately $4,592,000 under partitioned notes.

During the three months ended June 30, 2020, the Company issued 29,033,036 shares of common stock in connection with the ATM at per share prices between $1.13 and $2.02, resulting in net proceeds to the Company of approximately $40.52 million after subtracting sales commissions and other offering expenses (See Note 18 ).

During the three months ended June 30, 2020, the Company issued 183,486 shares of common stock for the extinguishment of liability totaling approximately $200,000.

On August 19, 2020, the Company issued 480,000 shares of common stock to the security holders of Ten Degrees as part of an acquisition (See Note 7).

During the three months ended September 30, 2020, the Company issued 1,604,312 shares of common stock in connection with the ATM at per share prices between $1.5064 and $1.5134, resulting in net proceeds to the Company of approximately $2.27 million after subtracting sales commissions and other offering expenses (See Note 18).

During the three months ended December 31, 2020, the Company issued 1,842,472 shares of common stock in connection with the ATM at per share prices between $1.0706 and $1.1793, resulting in net proceeds to the Company of approximately $2.1 million after subtracting sales commissions and other offering expenses (See Note 18).

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**Note 19 - Common Stock (continued)**

During the three months ended December 31, 2020, the Company issued 1,076,676 shares of common stock under exchange agreements to settle outstanding balances totaling approximately $1.2 million under partitioned notes.

During the three months ended December 31, 2020, the Company issued 5,000,000 shares of common stock in connection with the an offering of common stock and warrants pursuant to a Securities Purchase Agreement which resulted in net proceeds of $9.2 million. (See Note 23)

During the three months ended December 31, 2020, the Company issued 3,000,000 shares of common stock in connection with the exchange of Pre-Funded Warrants (as defined in Note 23) offered under the Securities Purchase Agreement, resulting in net proceeds of $3,000. See Note Note 18 and Note 23 for further details.

**Note 20 - Preferred Stock**

The Company is authorized to issue up to 5,000,000 shares of preferred stock with a par value of $0.001 per share with rights, preferences, privileges and restrictions as to be determined by the Company's Board of Directors.

***Series 4 Convertible Preferred Stock***

On April 20, 2018, the Company filed with the Secretary of State of the State of Nevada the Certificate of Designation that created the Series 4 Convertible Preferred Stock ("Series 4 Preferred"), authorized 10,415 shares of Series 4 Preferred and designated the preferences, rights and limitations of the Series 4 Preferred. The Series 4 Preferred is non-voting (except to the extent required by law) and was convertible into the number of shares of common stock, determined by dividing the aggregate stated value of the Series 4 Preferred of $1,000 per share to be converted by $828.00.

As of December 31, 2020, there was one share of Series 4 Preferred outstanding.

***Series 5 Convertible Preferred Stock***

On January 14, 2019, the Company filed with the Secretary of State of the State of Nevada the Certificate of Designation that created the Series 5 Convertible Preferred Stock, authorized 12,000 shares of Series 5 Convertible Preferred Stock and designated the preferences, rights and limitations of the Series 5 Convertible Preferred Stock. The Series 5 Convertible Preferred Stock is non-voting (except to the extent required by law). The Series 5 Convertible Preferred Stock is convertible into the number of shares of Common Stock, determined by dividing the aggregate stated value of the Series 5 Convertible Preferred Stock of $1,000 per share to be converted by $149.85.

As of December 31, 2020, there were 126 shares of Series 5 Convertible Preferred Stock outstanding.

**Note 21 - Authorized Share Increase and Reverse Stock Split**

On January 3, 2020, the Company filed a Certificate of Amendment to its Articles of Incorporation with the Secretary of State of the State of Nevada to effect a 1-for-45 reverse stock split of the Company's issued and outstanding shares of common stock, effective as of January 7, 2020.

The consolidated financial statements and accompanying notes give effect to the 1-for-45 reverse stock split and increase in authorized shares as if they occurred at the first period presented.

**Note 22 - Stock Options**

In September 2011, the Company adopted the 2011 Employee Stock Incentive Plan (the "2011 Plan") which provides for the granting of incentive and non-statutory common stock options and stock based incentive awards to employees, non-employee directors, consultants and independent contractors. The plan was amended and restated in May 2014. Unless terminated sooner by the Board of Directors, this plan will terminate on August 31, 2021.

**Note 22 - Stock Options (continued)**

In February 2018, the Company adopted the 2018 Employee Stock Incentive Plan (the "2018 Plan" and together with the 2011 Plan, the "Option Plans"), which will be utilized with the 2011 Plan for employees, corporate officers, directors, consultants and other key persons employed. The 2018 Plan will provide for the granting of incentive stock options, NQSOs, stock grants and other stock-based awards, including Restricted Stock and Restricted Stock Units (as defined in the 2018 Plan).

Incentive stock options granted under the Option Plans are granted at exercise prices not less than 100% of the estimated fair market value of the underlying common stock at date of grant. The exercise price per share for incentive stock options may not be less than 110% of the estimated fair value of the underlying common stock on the grant date for any individual possessing more that 10% of the total outstanding common stock of the Company. Options granted under the Option Plans vest over periods ranging from immediately to four years and are exercisable over periods not exceeding ten years.

On August 10, 2020, our Board of Directors approved an amendment to the Company's 2018 Plan to remove the limit on the amount of non-qualified stock options that can be issued under the 2018 Plan to any one individual.

The aggregate number of shares that may be awarded under the 2011 Plan as of December 31, 2020 is 417,270 and awarded under the 2018 Plan as of December 31, 2020 is 14,230,073. As of December 31, 2020, 5,450,057 of options were granted to employees, directors and consultants of the Company (including one share outside of our plan) and 9,197,287 options were available for future grant under the Option Plans.

During the year ended December 31, 2019, the Company granted options under the 2018 Plan for the purchase of 130,651 shares of common stock to employees and consultants of the Company. These options are 100% vested or vest pro-rata over 12, 24, 36, 40 or 48 months, have a life of ten years and an exercise price between $6.30 and $101.70 per share. The Company valued the stock options using the Black-Scholes option valuation model and the fair value of the awards was determined to be $1,364,000. The fair value of the common stock as of the grant date was determined to be between $6.30 and $101.70 per share.

During the year ended December 31, 2020, the Company granted options under the 2018 Plan for the purchase of 5,567,500 shares of common stock to employees and consultants of the Company. These options are 100% vested or vest pro-rata over 24, 36 or 48 months, have a life of ten years and an exercise price between $1.10 and $1.29 per share. The Company valued the stock options using the Black-Scholes option valuation model and the fair value of the awards was determined to be $1,911,000. The fair value of the common stock as of the grant date was determined to be between $1.10 and $1.29 per share.

During the year ended December 31, 2020 and 2019, the Company recorded a charge of $1,194,000 and $3,247,000, respectively, for the amortization of employee stock options.

As of December 31, 2020, the fair value of non-vested options totaled approximately $1,626,000, which will be amortized to expense over the weighted average remaining term of 0.86 years.

The fair value of each employee option grant is estimated on the date of the grant using the Black-Scholes option-pricing model. Key weighted-average assumptions used to apply this pricing model during the years ended December 31, 2020 and 2019 were as follows:

| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Risk-free interest rate | 0.33-0.35% | 1.77-2.66% |
| Expected life of option grants | 5 years | 7 years |
| Expected volatility of underlying stock | 34.43% | 49.48-106.16% |
| Dividends assumption | $ — | $ — |

The expected stock price volatility for the Company's stock options was determined by the historical volatilities for industry peers and used an average of those volatilities. The Company attributes the value of stock-based compensation to operations on the straight-line single option method. Risk free interest rates were obtained from U.S. Treasury rates for the applicable periods. The dividends assumptions was $0 as the Company historically has not declared any dividends and does not expect to.

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**Note 22 - Stock Options (continued)**

The following table summarizes the changes in options outstanding during the years ended December 31, 2020 and 2019:

| | Number of Options | Weighted Average Exercise Price | Aggregate Intrinsic Value (in thousands) |
|---|---|---|---|
| Outstanding at January 1, 2019 | 1,624 | $ 5,229.00 | — |
| Granted | 130,651 | 61.79 | — |
| Exercised | (14) | — | — |
| Expired | (2,106) | 353.19 | — |
| Forfeitures | (8,359) | 91.67 | — |
| Outstanding at December 31, 2019 | 121,796 | $ 123.66 | — |
| Granted | 5,567,500 | 1.10 | — |
| Exercised | — | — | — |
| Expired | (37,404) | 272.92 | — |
| Forfeitures | (201,835) | 1.26 | — |
| Outstanding at December 31, 2020 | 5,450,057 | $ 23.76 | — |
| Exercisable at December 31, 2019 | 77,576 | $ 167.88 | — |
| Exercisable at December 31, 2020 | 1,752,968 | $ 70.84 | — |

**Note 23 - Warrants**

On January 15, 2019, the Company issued warrants for the purchase of80,000 shares of common stock in connection with a rights offering more fully described in Note 18. The warrants are exercisable for 5 years at an exercise price of $149.85 per share.

Following the rights offering on January 15, 2019, the exercise price of the warrants issued in the April 2018 public offering were reduced to the floor price of $23.20 and the number of shares issuable upon exercise of such warrants was increased by 33,366 shares of common stock.

On August 12, 2019, the Company issued Series A warrants to purchase up to an aggregate of 384,387 shares of common stock in connection with the August 2019 capital raise more fully described in Note 18. The warrants are exercisable for five years at an exercise price per share of $12.4875.

During the three months ended March 31, 2019, the Company issued306 shares of common stock in connection with the exercise of306 warrants at $149.85 per share.

During the twelve months ended December 31, 2019, the Company issued425,952 shares of common stock in connection with the exercise of456,826 warrants through cashless exercises.

On November 25, 2020, Inpixon entered into a Securities Purchase Agreement with an institutional investor named therein (the “Investor”), pursuant to which the Company agreed to issue and sell, in a registered direct offering, 5,000,000 shares of the Company’s common stock, par value $0.001 per share, and warrants to purchase up to 8,000,000 shares of common stock (the “Purchase Warrants”) at a combined offering price of $ 1.25 per share. The Purchase Warrants have an exercise price of $1.25 per share. Each Purchase Warrant is exercisable for one share of common stock and will be immediately exercisable and will expire five years from the issuance date.

The Company also offered and sold to the Purchaser pre-funded warrants to purchase up to3,000,000 shares of common stock (the "Pre-Funded Warrants" and, together with the 5,000,000 shares and the Purchase Warrants, the "Securities"), in lieu of shares of common stock at the Investor's election. Each Pre-Funded Warrant is exercisable for one share of common stock. The purchase price of each Pre-Funded Warrant is $1.249, and the exercise price of each Pre-Funded Warrant is $0.001 per share. The Pre-Funded Warrants are immediately exercisable and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full.

During the three months ended December 31, 2020, the Company issued3,000,000 shares of common stock in connection with the exercise of3,000,000 warrants at $0.001 per share .

The following table summarizes the changes in warrants outstanding during the years ended December 31, 2020 and 2019:

| | Number of Options | Weighted Average Exercise Price | Aggregate Intrinsic Value (in thousands) |
|---|---|---|---|
| Exercisable at January 1, 2019 | 52,632 | $ 866.70 | $ — |
| Granted | 497,753 | 48.66 | — |
| Exercised | (457,132) | 35.78 | — |
| Expired | (1) | 6,075,000.00 | — |
| Cancelled | — | — | — |
| Outstanding at December 31, 2019 | 93,252 | $ 503.09 | $ — |
| | | | |
| Granted | 11,000,000 | $ 0.91 | — |
| Exercised | (3,000,000) | — | — |
| Expired | (2) | 1,336,500.00 | — |
| Cancelled | — | — | — |
| Outstanding at December 31, 2020 | 8,093,250 | $ 6.70 | $ — |
| | | | |
| Exercisable at December 31, 2019 | 93,252 | $ 503.09 | — |
| | | | |
| Exercisable at December 31, 2020 | 8,093,250 | $ 6.70 | — |

**Note 24 - Income Taxes**

The domestic and foreign components of loss before income taxes for the years ended December 31, 2020 and 2019 are as follows (in thousands):

| | For the Years Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Domestic | $ (24,387) | $ (32,116) |
| Foreign | (4,883) | (2,450) |
| | | |
| **Loss from Continuing Operations before Provision for Income Taxes** | $ (29,270) | $ (34,566) |

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The income tax benefit for the years ended December 31, 2020 and 2019 consists of the following (in thousands):

| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Foreign | | |
| Current | $ 31 | $ — |
| Deferred | (1,815) | (844) |
| U.S. federal | — | — |
| Current | — | — |
| Deferred | (5,367) | (5,177) |
| State and local | — | — |
| Current | 3 | — |
| Deferred | (1,181) | (898) |
| | (8,329) | (6,919) |
| Change in valuation allowance | 8,273 | 6,335 |
| **Income Tax Benefit** | $ (56) | $ (584) |

The reconciliation between the U.S. statutory federal income tax rate and the Company's effective rate for the years ended December 31, 2020 and 2019 is as follows:

| | For the Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| U.S. federal statutory rate | 21.0 % | 21.0 % |
| State income taxes, net of federal benefit | 3.2 % | 2.0 % |
| Incentive stock options | (0.4)% | (0.7)% |
| US-Foreign income tax rate difference | 1.0 % | 0.4 % |
| Other permanent items | — % | 0.1 % |
| Provision to return adjustments | (0.8)% | — % |
| Deferred only adjustment | 4.5 % | (2.7)% |
| Change in valuation allowance | (28.3)% | (18.3)% |
| **Effective Rate** | 0.2 % | 1.8 % |

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As of December 31, 2020 and 2019, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

| | As of December 31, | |
|---|---|---|
| (in 000s) | **2020** | **2019** |
| **Deferred Tax Asset** | | |
| Net operating loss carryovers | $ 30,731 | $ 8,918 |
| Stock based compensation | 1,253 | 1,114 |
| Research credits | 138 | 135 |
| Accrued compensation | 86 | 36 |
| Reserves | 151 | 242 |
| Intangibles | 7,411 | 2,361 |
| Fixed assets | 471 | 39 |
| Other | 3,349 | 3,046 |
| | | |
| Total Deferred Tax Asset | 43,590 | 15,891 |
| Less: valuation allowance | (38,287) | (13,902) |
| | | |
| **Deferred Tax Asset, Net of Valuation Allowance** | $ 5,303 | $ 1,989 |

| | As of December 31, | |
|---|---|---|
| **Deferred Tax Liabilities** | **2020** | **2019** |
| Intangible assets | $ (4,362) | $ (1,671) |
| Fixed assets | (135) | — |
| Other | (440) | (53) |
| Capitalized research | (366) | (352) |
| Total deferred tax liabilities | (5,303) | (2,076) |
| | | |
| **Net Deferred Tax Asset (Liability)** | $ — | $ (87) |

The transition tax is based on total post-1986 earnings and profits which were previously deferred from U.S. income taxes. At December 31, 2020, the Company did not have any undistributed earnings of our foreign subsidiaries. As a result, no additional income or withholding taxes have been provided for. The Company does not anticipate any impacts of the global intangible low taxed income ("GILTI") and base erosion anti-abuse tax ("BEAT) and as such, the Company has not recorded any impact associated with either GILTI or BEAT.

In accordance with Section 382 of the Internal Revenue Code, deductibility of the Company's NOL carryover is subject to an annual limitation in the event of a change of control, as defined by the regulations. The Company performed an analysis to determine the annual limitation as a result of the changes in ownership that occurred during 2019 and 2020. Based on the Company's analysis, the NOL available to offset future taxable income after these ownership changes was approximately $16.3 million and $35.2 million, respectively. The NOLs generated in 2017, $1.5 million, will expire beginning in December 31, 2037 if not utilized. The remaining NOLs were generated after 2017 have an indefinite life and do not expire.

As of December 31, 2020 and 2019, Inpixon Canada, which was acquired on April 18, 2014 as part of the AirPatrol Merger Agreement, had approximately $16.8 million and $12.0 million, respectively, of Canadian NOL carryovers available to offset future taxable income. These NOLs, if not utilized, begin expiring in the year 2023. The NOLs as of December 31, 2020 include Jibestream, which was acquired on August 15, 2019 and amalgamated with Inpixon Canada effective January 1, 2020.

As of December 31, 2020, Nanotron GmbH, which was acquired on October 5, 2020, had approximately $53.1 million German NOL carryovers available to offset future taxable income. Although these NOLs do not expire, minimum taxation restrictions apply such that only a percentage of taxable income may be offset by NOL carryovers.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In assessing the realization of deferred tax assets, management considers, whether it is "more likely than not", that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible.

ASC 740, "Income Taxes" requires that a valuation allowance be established when it is "more likely than not" that all, or a portion of, deferred tax assets will not be realized. A review of all available positive and negative evidence needs to be considered, including the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. After consideration of all the information available, management believes that uncertainty exists with respect to future realization of its deferred tax assets with respect to Inpixon, Inpixon Canada and Nanotron GmbH and has, therefore, established a full valuation allowance as of December 31, 2020 and 2019. As of December 31, 2020 and 2019, the change in valuation allowance was $9.1 million and $6.3 million, respectively.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company is required to file income tax returns in the United States (federal), Canada, India, Germany, United Kingdom and in various state jurisdictions in the United States. Based on the Company's evaluation, it has been concluded that there are no material uncertain tax positions requiring recognition in the Company's consolidated financial statements for the years ended December 31, 2020 and 2019.

The Company's policy for recording interest and penalties associated with unrecognized tax benefits is to record such interest and penalties as interest expense and as a component of selling, general and administrative expense, respectively. There were no amounts accrued for interest or penalties for the years ended December 31, 2020 and 2019. Management does not expect any material changes in its unrecognized tax benefits in the next year.

The Company operates in multiple tax jurisdictions and, in the normal course of business, its tax returns are subject to examination by various taxing authorities. Such examinations may result in future assessments by these taxing authorities. The Company is subject to examination by U.S. tax authorities beginning with the year ended December 31, 2016. In general, the Canadian Revenue Authority may reassess taxes four years from the date the original notice of assessment was issued. The tax years that remain open and subject to Canadian reassessment are 2016 – 2020. The tax years that remain open and subject to India reassessment are tax years beginning March 31, 2015. The German tax authorities may reassess taxes four years generally four years from the end of the calendar year in which the return is filed. The tax years that remain open and subject to German reassessment are 2014 – 2020.

On March 27, 2020, the CARES Act was enacted in response to COVID-19 pandemic. Under ASC 740, the effects of changes in tax rates and laws are recognized in the period which the new legislation is enacted. The CARES Act made various tax law changes including among other things (i) increasing the limitation under Section 163(j) of the Internal Revenue Code of 1986, as amended (the "IRC") for 2019 and 2020 to permit additional expensing of interest (ii) enacting a technical correction so that qualified improvement property can be immediately expensed under IRC Section 168(k), (iii) making modifications to the federal net operating loss rules including permitting federal net operating losses incurred in 2018, 2019, and 2020 to be carried back to the five preceding taxable years in order to generate a refund of previously paid income taxes and (iv) enhancing the recoverability of alternative minimum tax credits. The CARES Act did not have a material impact on the Company.

**Note 25 - Credit Risk and Concentrations**

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**Note 25 - Credit Risk and Concentrations (continued)**

Financial instruments that subject the Company to credit risk consist principally of trade accounts receivable and cash and cash equivalents. The Company performs certain credit evaluation procedures and does not require collateral for financial instruments subject to credit risk. The Company believes that credit risk is limited because the Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk of its customers, establishes an allowance for uncollectible accounts and, consequently, believes that its accounts receivable credit risk exposure beyond such allowances is limited.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. Cash is also maintained at foreign financial institutions for its Canadian subsidiary, UK subsidiary, German subsidiaries and its majority-owned India subsidiary. Cash in foreign financial institutions as of December 31, 2020 and 2019 was immaterial. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

The following table sets forth the percentages of revenue derived by the Company from those customers, which accounted for at least 10% of revenues during the years ended December 31, 2020 and 2019 (in thousands):

| | For the Year Ended December 31, 2020 | | For the Year Ended December 31, 2019 | |
|---|---|---|---|---|
| | $ | % | $ | % |
| Customer A | 2,460 | 26% | 2,661 | 42% |
| Customer B | 1,221 | 13% | 1,224 | 19% |

As of December 31, 2020, Customer C represented approximately 18% and Customer D represented approximately 11% of total accounts receivable. As of December 31, 2019, Customer D represented approximately 29%, Customer A represented approximately 14%, and Customer E represented approximately 10% of total accounts receivable.

As of December 31, 2020, one vendor represented approximately 19% of total gross accounts payable. Purchases from this vendor during the year ended December 31, 2020 was $154,000. As of December 31, 2019, three vendors represented approximately 36%, 12%, and 10% of total gross accounts payable. Purchases from these vendors during the year ended December 31, 2019 was $0.

For the year ended December 31, 2020, three vendors represented approximately 30%, 14%, and 13% of total purchases. For the year ended December 31, 2019, three vendors represented approximately 32%, 27%, and 21% of total purchases.

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**Note 26 - Foreign Operations**

The Company's operations are located primarily in the United States, Canada, India, Germany, and the United Kingdom. Revenues by geographic area are attributed by country of domicile of our subsidiaries. The financial data by geographic area are as follows (in thousands):

| | United States | Canada | India | Germany | United Kingdom | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **For the Year Ended December 31, 2020:** | | | | | | | |
| Revenues by geographic area | $ 5,935 | $ 5,270 | $ 1,089 | $ 1,029 | $ 87 | $ (4,113) | $ 9,297 |
| Operating income (loss) by geographic area | $ (22,727) | $ (434) | $ 188 | $ (686) | $ (136) | $ — | $ (23,795) |
| Net income (loss) by geographic area | $ (28,276) | $ (283) | $ 161 | $ (680) | $ (137) | $ — | $ (29,215) |
| **For the Year Ended December 31, 2019:** | | | | | | | |
| Revenues by geographic area | $ 5,786 | $ 1,516 | $ 569 | $ — | $ — | $ (1,570) | $ 6,301 |
| Operating income (loss) by geographic area | $ (18,371) | $ (2,488) | $ 49 | $ — | $ — | $ — | $ (20,810) |
| Net income (loss) by geographic area | $ (32,117) | $ (1,914) | $ 49 | $ — | $ — | $ — | $ (33,982) |
| **As of December 31, 2020:** | | | | | | | |
| Identifiable assets by geographic area | $ 61,469 | $ 9,652 | $ 661 | $ 19,379 | $ 212 | $ (32,362) | $ 59,011 |
| Long lived assets by geographic area | $ 7,755 | $ 6,775 | $ 280 | $ 4,610 | $ 25 | $ — | $ 19,445 |
| Goodwill by geographic area | $ 522 | $ 2,135 | $ — | $ 3,931 | $ — | $ — | $ 6,588 |
| **As of December 31, 2019:** | | | | | | | |
| Identifiable assets by geographic area | $ 11,061 | $ 9,675 | $ 483 | $ — | $ — | $ — | $ 21,219 |
| Long lived assets by geographic area | $ 4,348 | $ 6,981 | $ 345 | $ — | $ — | $ — | $ 11,674 |
| Goodwill by geographic area | $ — | $ 2,070 | $ — | $ — | $ — | $ — | $ 2,070 |

**Note 27 - Related Party Transactions**

***Sysorex Note Purchase Agreement***

Nadir Ali, the Company's Chief Executive Officer and a member of its Board of Directors, is also a member of the Board of Directors of Sysorex.

On December 31, 2018, the Company and Sysorex entered into a note purchase agreement (the "Note Purchase Agreement") pursuant to which the Company agreed to purchase from Sysorex at a purchase price equal to the Loan Amount (as defined below), a secured promissory note (the "Secured Note") for up to an aggregate principal amount of $3 million (the "Principal Amount"), including any amounts advanced through the date of the Secured Note (the "Prior Advances"), to be borrowed and disbursed in increments (such borrowed amount, together with the Prior Advances, collectively referred to as the "Loan Amount"), with interest to accrue at a rate of 10% percent per annum on all such Loan Amounts, beginning as of the date of disbursement with respect to any portion of such Loan Amount. In addition, Sysorex agreed to pay $ 20,000 to the Company to cover the Company's legal fees, accounting costs, due diligence, monitoring and other transaction costs incurred in connection with the purchase and sale of the Secured Note (the "Transaction Expense Amount"), all of which amount is included in the Principal Amount. Sysorex may borrow repay and borrow under the Secured Note, as needed, for a total outstanding balance, exclusive of any unpaid accrued interest, not to exceed the Principal Amount at any one time.

All sums advanced by the Company to the Maturity Date (as defined below) pursuant to the terms of the Note Purchase Agreement will become part of the aggregate Loan Amount underlying the Secured Note. All outstanding principal amounts and accrued unpaid interest owing under the Secured Note shall become immediately due and payable on the earlier to occur of (i) 24 month anniversary of the date the Secured Note is issued (the "Maturity Date"), (ii) at such date when declared due and payable by the Company upon the occurrence of an Event of Default (as defined in the Secured Note), or (iii) at any such earlier date as set forth in the Secured Note. All accrued unpaid interest shall be payable in cash. On February 4, 2019, April 2, 2019, and May 22, 2019, the Secured Note was amended to increase the Principal Amount from $ 3 million to $5 million, $5 million to $8 million and $8 million to $10 million, respectively. On March 1, 2020, the Company extended the maturity date of the Secured Note to December 31, 2022. In addition, the Secured Note was amended to increase the default interest rate from 18% to 21% or the maximum rate allowable by law and to require a cash payment to the Company by Sysorex against the Loan Amount in an amount equal to no less than 6% of the aggregate gross proceeds raised following the completion of any financing, or series of related financings, in which Sysorex raises aggregate gross proceeds of at least $5 million.

In accordance with the terms of the Systat License Agreement (see Note 6), on June 30, 2020, the Company partitioned a portion of the outstanding balance of the Secured Note into a new note in an amount equal to $3 million in principal plus accrued interest (the "Closing Note") and assigned the Closing Note and all rights and obligations thereunder to Systat in accordance with the terms and conditions of that certain Promissory Note Assignment and Assumption Agreement ("Assignment Agreement"). An additional $ 2.3 million of the principal balance underlying the Sysorex Note was partitioned into a new note and assigned to Systat as consideration payable for the rights granted under the license as of December 31, 2020. During the year ended December 31, 2020, an additional amount of approximately $2.6 million was advanced under the Secured Note and approximately $200,000 was repaid. The amount owed for principal as of December 31, 2020 and accrued interest through September 30, 2019 by Sysorex to the Company as of December 31, 2020 and 2019 was approximately $7.7 million and $10.6 million, respectively. These amounts exclude $275,000 of additional interest that the Company is contractually entitled to accrue from October 1, 2019 through December 31, 2019 and approximately $1.1 million of additional interest from January 1, 2020 through December 31, 2020 in accordance with the terms of the Sysorex Note, but did not accrue due to the uncertainty of repayment. An additional $1 million of the principal balance under the Secured Note was assigned to Systat on March 19, 2021, as the final portion of the total consideration due in connection with the license.

The Secured Note has been classified as "held for sale" and the Company, with the assistance of a third party valuation firm, the Company estimated the fair value of the Secured Note as of December 31, 2019, using Sysorex financial projections, a discounted cash flow model and a 12.3% discount rate. Following such valuation, the Company established a $10.6 million valuation allowance as of December 31, 2019 due to the uncertainty of repayment. During the year ended December 31, 2020, the Company re-evaluated the carrying value of the note and established an additional valuation allowance of approximately $2.4 million for the net increase to the note during the year. We are required to periodically re-evaluate the carrying value of the note and the related

valuation allowance based on various factors, including, but not limited to, Sysorex's performance and collectability of the note. Sysorex's performance against those financial projections will directly impact future assessments of the fair value of the note.

***Sysorex Receivable***

On February 20, 2019, the Company, Sysorex and Atlas Technology Group, LLC ("Atlas") entered into a settlement agreement resulting in a net award of $941,796 whereby Atlas agreed to accept an aggregate of 16,655 shares of freely-tradable common stock of the Company in full satisfaction of the award. The Company and Sysorex each agreed pursuant to the terms and conditions of that certain Separation and Distribution Agreement, dated August 7, 2018, as amended, that 50% of the costs and liabilities related to the arbitration action would be shared by each party following the Spin-off. As a result, Sysorex owes the Company $559,121 for the settlement plus the interest accrued during the fiscal year ended December 31, 2019 of $57,238 and interest accrued during the fiscal year ended December 31, 2020 of $31,824. The total owed to the Company for this settlement as of December 31, 2020 and 2019 was $648,183 and $616,359, respectively. The Company established a full valuation allowance against this balance as of December 31, 2020.

**Systat License Agreement**

Nadir Ali, our Chief Executive Officer and a member of our Board, is a related party in connection with the acquisition of the Licenses as a result of his service as a director of Sysorex, the issuer of the Sysorex Note that was assigned in accordance with the terms and conditions of the License Agreement. In addition, Tanveer Khader and Kareem Irfan, members of our Board, are also related parties in connection with the acquisition of the Licenses as a result of their respective employment relationships with the Systat Parties. (See Note 6).

***Jibestream Promissory Note***

On August 12, 2019, prior to the acquisition of Jibestream, the Company loaned Jibestream $140,600 for operating expenses. The note accrues interest at a rate of 5% per annum and has a maturity date of December 31, 2020. However, upon the acquisition of Jibestream by Inpixon Canada, Inpixon Canada assumed the loan through consolidation. This note is recorded as a current note receivable on the Company books, however, it is eliminated in the consolidated financial statements. As of December 31, 2020, the balance of the note including principal and interest was approximately $151,000.

***Cardinal Health Ventures Investment***

Nadir Ali, our Chief Executive Officer and director, is also a member in CVH through 3AM, which may, in certain circumstances, be entitled to manage the affairs of CVH. Mr. Ali's relationship may create conflicts of interest between Mr. Ali's obligations to our company and its shareholders and his economic interests and possible fiduciary obligations in CVH through 3AM. For example, Mr. Ali may be in a position to influence or manage the affairs of CVH in a manner that may be viewed as contrary to the best interests of either the Company or CVH and their respective stakeholders. (See Note 15).

**Note 28 - Leases**

The Company has an operating lease for its administrative office in Palo Alto, California, effective October 1, 2014, for 8.3 years. The initial lease rate was $14,225 per month with escalating payments. In connection with the lease, the Company is obligated to pay $8,985 monthly for operating expenses for building repairs and maintenance. The Company also has an operating lease for its administrative office in Encino, CA. This lease was effective June 1, 2014 and will end on July 31, 2021. The current lease rate is $6,984 per month and $276 per month for the common area maintenance. Additionally, the Company has an amended operating lease for its administrative office in Coquitlam, Canada, from May 1, 2020 through September 30, 2022. The initial lease rate was CAD $4,479 per month with escalating payments. In connection with the lease, the Company is obligated to pay CAD $2,566 monthly for operating expenses for building repairs and maintenance. The Company has an operating lease for its administrative office in Toronto, Canada, from August 15, 2019 through July 31, 2021. The monthly lease rate is CAD $24,506 per month with no escalating payments. In connection with the lease, the Company is obligated to pay CAD $9,561 monthly for operating expenses for building repairs and maintenance. Starting in January 2021, the lease rate for the Toronto office space will be reduced due to a smaller leased office space. The extension agreement for the reduced office space is through June 30, 2026 with escalating payments. Additionally, the Company has an operating lease for its administrative office in New Westminster, Canada, from August 1, 2019 through July 31, 2021. The initial lease rate was CAD $575 per month. The Company has an operating lease for its administrative office in Hyderabad, India, from January 1, 2019 through February 28, 2024. The monthly lease rate is 482,720 INR per month with 5% escalating payments. In connection with the lease, the Company is obligated to pay 68,960 INR monthly for operating expenses for building repairs and maintenance. The Company has an operating lease for its administrative office in Ratingen, Germany, from July 1, 2020 through June 30, 2022 with an initial lease rate of 641 EUR per month. The Company has an operating lease for its administrative office in Slough, United Kingdom, from July 1, 2020 through October 31, 2021. The monthly lease rate is 1,600 GBP per month with 4% escalating payments.

As part of the acquisition of Nanotron on October 5, 2020, the Company acquired right-of-use assets and lease liabilities related to an operating lease for an office suite (the Nanotron office) located in Berlin, Germany. The office space leased by Nanotron occupies one floor of the building with a predetermined fixed annual increase to the monthly payment, effective on June 1 of every year. The initial lease rate was €7,118 per month for the first year prior to annual rent increases. The lease was effective on June 1, 2020, and expires May 31, 2026. There are three lease extension options, on June 1, 2023, June 1, 2024 and June 1, 2025. The Company anticipates extending the lease on each date. As a result, the Company will evaluate the lease under the expected lease term through May 31, 2026.

The Company has no other operating or financing leases with terms greater than 12 months.

The Company adopted ASC Topic 842, Leases (“ASC Topic 842”) effective January 1, 2019 using the modified-retrospective method, and thus, the prior comparative period continues to be reported under the accounting standards in effect for that period.

The Company elected to use the package of practical expedients permitted which allows (i) an entity not to reassess whether any expired or existing contracts are or contain leases; (ii) an entity need not reassess the lease classification for any expired or existing leases; and (iii) an entity need not reassess any initial direct costs for any existing leases. At the time of adoption, the Company did not have any leases with terms of 12 months or less, which would have resulted in short-term lease payments being recognized in the consolidated statements of income on a straight-line basis over the lease term. All of the Company’s leases were previously classified as operating and are similarly classified as operating lease under the new standard.

On January 1, 2019, upon adoption of ASC Topic 842, the Company recorded right-of-use asset of $641,992, lease liability of $683,575 and eliminated deferred rent of $41,583. The adoption of ASC 842 did not have a material impact to prior year comparative periods and a result, a cumulative-effect adjustment was not required. The Company determined the lease liability using the Company’s estimated incremental borrowing rate of 8.0% to estimate the present value of the remaining monthly lease payments. With the Locality acquisition, the Company adopted ASC Topic 842 effective May 21, 2019 for the Westminster, Canada office operating lease. With the Jibestream acquisition, the Company adopted ASC Topic 842 effective August 15, 2019 for the Toronto, Canada office operating lease. With the India acquisition, the Company adopted ASC Topic 842 effective January 1, 2019 for the Hyderabad, India office operating lease. With the Systat license agreement, the Company adopted ASC Topic 842 effective July 1, 2020 for the Ratingen, Germany and Slough, United Kingdom office operating leases. In regards to the Nanotron acquisition, Nanotron had adopted IFRS 16, which is the new leasing standard that parallels ASC 842, effective January 1, 2019. Per ASC 805 - "Business Combinations", lease assets and liabilities acquired as part of a business combination should be remeasured at their present value, as if the lease were a new lease as of the acquisition date. As

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**Note 28 - Leases (continued)**

a result, the Company recalculated the present value of the lease as of the acquisition date, which will represent the balance of the operating lease right-of-use asset and operating lease liability moving forward.

Right-of-use assets is summarized below (in thousands):

| | As of December 31, 2020 | As of December 31, 2019 |
|---|---|---|
| Palo Alto, CA Office | $ 630 | $ 808 |
| Encino, CA Office | 194 | 188 |
| Hyderabad, India Office | 365 | 375 |
| Coquitlam, Canada Office | 96 | 273 |
| Westminster, Canada Office | 10 | 10 |
| Toronto, Canada Office | 949 | 405 |
| Ratingen, Germany Office | 18 | — |
| Berlin, Germany Office | 583 | — |
| Slough, United Kingdom Office | 34 | — |
| Less accumulated amortization | (802) | (474) |
| Right-of-use asset, net | $ 2,077 | $ 1,585 |

Lease expense for operating leases recorded in the balance sheet is included in operating costs and expenses and is based on the future minimum lease payments recognized on a straight-line basis over the term of the lease plus any variable lease costs. Operating lease expenses, inclusive of short-term and variable lease expenses, recognized in our consolidated statement of income for the period ended December 31, 2020 was $1.1 million.

During the year ended December 31, 2020, the Company recorded $656,110 as rent expense to the right-of-use assets.

Lease liability is summarized below (in thousands):

| | As of December 31, 2020 | As of December 31, 2019 |
|---|---|---|
| Total lease liability | $ 2,104 | $ 1,613 |
| Less: short term portion | (647) | (776) |
| Long term portion | $ 1,457 | $ 837 |

Maturity analysis under the lease agreement is as follows (in thousands):

| | |
|---|---|
| Year ending December 31, 2021 | $ 694 |
| Year ending December 31, 2022 | 618 |
| Year ending December 31, 2023 | 369 |
| Year ending December 31, 2024 | 276 |
| Year ending December 31, 2025 | 261 |
| Year ending December 31, 2026 | 109 |
| Total | $ 2,327 |
| Less: Present value discount | (223) |
| Lease liability | $ 2,104 |

Operating lease liabilities are based on the net present value of the remaining lease payments over the remaining lease term. In determining the present value of lease payments, the Company used its incremental borrowing rate based on the information

**Note 28 - Leases (continued)**

available at the date of adoption of Topic 842. As of December 31, 2020, the weighted average remaining lease term is3.92 and the weighted average discount rate used to determine the operating lease liabilities was 8.0%.

**Note 29 - Commitments and Contingencies**

***Litigation***

Certain conditions may exist as of the date the consolidated financial statements are issued which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed. There can be no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

***Compliance with Nasdaq Continued Listing Requirement***

Between November 2015 and May 2018, we received four deficiency letters from Nasdaq indicating that we did not comply with certain Nasdaq continued listing requirements. Such deficiencies were later cured. However, on May 30, 2019, we received another deficiency letter from Nasdaq indicating that, based on our closing bid price for the last 30 consecutive business days, we did not comply with the minimum bid price requirement of $1.00 per share, as set forth in Nasdaq Listing Rule 5550(a)(2). In accordance with the Nasdaq Listing Rules, the Company was provided with a 180 calendar day period, through November 26, 2019 (the "Compliance Deadline"), to regain compliance with the Minimum Bid Price Requirement. On November 27, 2019, the Company received notice from the Nasdaq Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market LLC ("Nasdaq") that based upon the Company's continued non-compliance with the Minimum Bid Price Requirement (as defined below), the Company's common stock would be subject to delisting from Nasdaq (the "Staff Delisting Determination"), unless the Company timely requested an appeal hearing before the Nasdaq Hearings Panel (the "Panel"). The Company requested such hearing, which was held on January 23, 2020, following the Company's implementation of a reverse stock split effective on January 7, 2020.

On February 5, 2020, the Company received a letter from the Office of General Counsel of Nasdaq informing us that the Nasdaq Hearings Panel (the "Panel") granted the Company's request to continue the listing of the Company's common stock on Nasdaq, subject to a "Panel Monitor" period pursuant to Nasdaq Listing Rule 5815(d)(4)(A) which expired on February 5, 2021.

**Note 30 - Subsequent Events**

**Capital Raises**

On January 24, 2021, the Company entered into a Securities Purchase Agreement with an institutional investor, pursuant to which it sold in a registered direct offering, 5,800,000 shares of its common stock, and warrants to purchase up to19,354,838 shares of common stock at an exercise price of $1.55 per share (the "January 2021 Purchase Warrants") for a combined purchase price of $1.55 per share and pre-funded warrants to purchase up to13,554,838 shares of common stock ("January 2021 Pre-funded Warrants") at an exercise price of $0.001 per share, at a purchase price of $1.549 per share for net proceeds of approximately $27.8 million. Each January 2021 Purchase Warrant and January 2021 Pre-funded Warrant is exercisable for

one share of common stock, is immediately exercisable and will expire5 years from the issuance date. The January 2021 Pre-funded Warrants were exercised in full as of February 8, 2021. In addition, the investor exercised its purchase rights for 3,000,000 shares of common stock pursuant to the the January 2021 Purchase Warrant on February 11, 2021.

On February 12, 2021, the Company entered into a Securities Purchase Agreement with an institutional investor, pursuant to which it sold in a registered direct offering, 7,000,000 shares of its common stock, and warrants to purchase up to15,000,000 shares of common stock at an exercise price of $2.00 per share (the "First February 2021 Purchase Warrants") for a combined purchase price of $2.00 per share and pre-funded warrants to purchase up to8,000,000 shares of common stock ("First February 2021 Pre-funded Warrants") at an exercise price of $0.001 per share, at a purchase price of $1.999 per share for net proceeds of approximately $27.8 million. Each First February 2021 Purchase Warrant and First February 2021 Pre-funded Warrant is exercisable for one share of common stock, is immediately exercisable and will expire5 years from the issuance date. The First February 2021 Pre-funded warrants were exercised in full as of February 18, 2021.

On February 16, 2021, we entered into a Securities Purchase Agreement with an institutional investor, pursuant to which we sold in a registered direct offering,3,000,000 shares of our common stock, and warrants to purchase up to 9,950,250 shares of common stock at an exercise price of $2.01 per share (the "Second February 2021 Purchase Warrants") for a combined purchase price of $2.01 per share and pre-funded warrants to purchase up to6,950,250 shares of common stock ("Second February 2021 Pre-funded Warrants") at an exercise price of $0.001 per share, at a purchase price of $2.009 per share for net proceeds of $18.5 million after deducting placement agent commissions and offering expenses. Each Second February 2021 Purchase Warrant and Second February 2021 Pre-funded Warrant is exercisable for one share of common stock, is immediately exercisable and will expire five years from the issuance date. The Second February 2021 Pre-funded warrants were exercised in full as of March 1, 2021.

**Termination of Equity Distribution Agreement (ATM)**

On February 12, 2021, we terminated that certain Equity Distribution Agreement, dated March 3, 2020, with Maxim Group LLC.

**Stock Option Exercises**

On February 5, 2021, the Company issued 4,977 shares of common stock in connection with the cashless exercise of14,583 employee stock options.

**Exchanges**

On February 11, 2021, the Company entered into an exchange agreement (the "Exchange Agreement") with the holder of that certain outstanding unsecured promissory note, issued on March 18, 2020 in an aggregate initial principal amount of $6,465,000 (the "Original Note"), pursuant to which the Company and the holder agreed to: (i) partition a new promissory note in the form of the Original Note equal to $1.5 million and then cause the outstanding balance of the Original Note to be reduced by $1.5 million; and (ii) exchange the partitioned note for the delivery of 893,921 shares of the Company's Common Stock, at an effective price per share equal to $1.678.

**Stock Option and Restricted Stock Awards**

On February 18, 2021, the Company granted 1,480,500 stock options to employees of the Company. These options vest pro-rata over 12, 24, or 36 months, have a life of ten years and an exercise price of $1.78 per share.

On February 18, 2021, the Company granted 120,000 stock options to the directors of the Company. These options vest upon grant, have a life of ten years and an exercise price of $1.78 per share.

On February 18, 2021, the Company granted 5,250,000 restricted stock awards to employees of the Company. These stock awards vest either 25% on the Grant Gate and 25% on each one year anniversary of Grant Date or 50% on Grant Gate and 50% on one year anniversary.

**Systat License Agreement**

On February 22, 2021, the Company entered into a Second Amendment to the License Agreement to allow for the exercise of the purchase option in whole or in part anytime during the Purchase Option Period and to provide for cash consideration in lieu of an assignment of the Note at our option. In addition, we exercised our option to purchase a portion of the underlying assets, including certain software, trademarks, solutions, domain names and websites from Systat in exchange for consideration in an amount equal to $900,000.

**Nanotron Purchase Agreement**

On February 24, 2021, the Company entered into an amendment to the Nanotron share sale and purchase agreement pursuant to which we agreed to the early release of the Holdback Funds, in exchange for a reduction in the total amount payable to the Seller by $225,000. In addition, the amount payable was further reduced by $59,156.74 in connection with a post closing working capital adjustment and the satisfaction of a claim related to a customer dispute. A balance of $465,843.26 was paid to the Seller in full satisfaction of the Holdback Funds payable by the Purchaser to the Seller pursuant to the Purchase Agreement.

**Game Your Game Purchase Agreement**

On March 25, 2021, we entered into a Stock Purchase Agreement (the “GYG Purchase Agreement”) with Game Your Game, Inc., a Delaware corporation (“GYG”), and certain selling shareholders (the "Selling Shareholders"), pursuant to which we will acquire an aggregate of 522,000 shares of common stock of GYG (the “GYG Shares”), representing 52.2% of the outstanding shares of common stock of GYG on a fully diluted basis, in exchange for $1,666,932 in cash (the “Cash Consideration”), and a number of shares of our common stock equal to $1,403,103 divided by the lesser of (A) the closing price per share of our common stock, as reported by the Nasdaq Stock Market, immediately prior to the closing of the transaction and (B) the average closing price of our common stock, as reported by the Nasdaq Stock Market, for the 5 trading days immediately preceding the closing date. The Cash Consideration will be used for working capital purposes and to satisfy certain outstanding payroll obligations of GYG. The closing of the transaction is subject to the terms and satisfaction of the conditions set forth in the GYG Purchase Agreement. GYG’s business consists of developing and providing solutions using sports data and analytics.

**Iliad Note Extension**

On March 17, 2021, we extended the maturity date of the March 2020 Note with Iliad from March 18, 2021 to March 18, 2022.

**GTX Note Extension**

On February 28, 2021 we agreed to extend the maturity date of the GTX Note to December 31, 2021. In addition, we agreed that from June 1, 2020 until the earlier of the maturity date, the date on which the outstanding balance is paid in full or the date on which certain property is removed from GTX premises an amount equal to $585 per month would be offset as payment against the outstanding balance, applied first against the interset amount and then against the principal amount.

## ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

## ITEM 9A: CONTROLS AND PROCEDURES

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

### Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer (our principal executive officer) and our chief financial officer (our principal financial and accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. The evaluation was undertaken in consultation with our accounting personnel. Based on that evaluation, our chief executive officer and our chief financial officer concluded that as of December 31, 2020, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

### Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with our annual report on Form 10-K for the year ended December 31, 2019, we reported a material weakness in our internal control over financial reporting resulting from the determination following initial audit procedures that the documentation underlying the preparation of forward projections, which included copies of customer contracts underlying the basis of projecting revenues and support for the projected cost structures associated with determining the fair value of the Sysorex Note as of December 31, 2019, was not sufficient thereby requiring material adjustments to be made to the carrying value of the Sysorex Note as determined by management as of December 31, 2019. To address the material weakness, during the year ended December 31, 2020, we enhanced our internal technical accounting capabilities by engaging and using third-party advisors to assist in areas requiring specialized technical accounting expertise, including with respect to designing the procedures and processes associated with assessing the fair value of our equity and debt instruments. We have tested these

measures and believe these measures have enabled us to remediate the underlying control deficiency that gave rise to the previously disclosed material weakness.

Following such remediation, our principal executive officer and our principal financial officer assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework issued in 2013.

Based on the assessment, our principal executive officer and our principal financial officer determined that, as of December 31, 2020, our internal control over financial reporting is effective.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) during the fourth quarter of the last fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B: OTHER INFORMATION**

The disclosure set forth below is provided in connection with Item 1.01, Item 2.03 and Item 3.02.

***Stock Purchase Agreement***

On March 25, 2021 (the "Signing Date"), we entered into a Stock Purchase Agreement (the "Purchase Agreement") with Game Your Game, Inc., a Delaware corporation ("GYG"), Rick Clemmer ("Clemmer") and Martin Manniche who is also a director of GYG ("Manniche," and, together with Clemmer, the "Sellers"), pursuant to which we will acquire an aggregate of 522,000 shares of common stock of GYG (the "Purchased Shares"), representing 52.2% of the outstanding shares of common stock of GYG on a fully diluted basis, on the terms and subject to the satisfaction of the conditions set forth in the Purchase Agreement (the "Acquisition"). GYG's business consists of developing and providing solutions using sports data and analytics. All defined terms used herein and not otherwise defined have the meanings set forth in the Purchase Agreement.

Subject to the terms and conditions of the Purchase Agreement, we will acquire the Purchased Shares as follows: (i) 283,473 Purchased Shares from GYG in exchange for $1,666,932 in cash (the "Cash Consideration"), and (ii) 238,527 Purchased Shares from the Sellers, in exchange for a number of our shares of common stock, par value $0.001 per share, equal to $1,403,103 divided by the lesser of (A) the closing price per share of our common stock, as reported by the Nasdaq Stock Market, immediately prior to the Closing and (B) the average closing price of Inpixon's common stock, as reported by the Nasdaq Stock Market, for the 5 trading days immediately preceding the Closing (the "Buyer Shares," and, together with the Cash Consideration, the "Purchase Price"). The Cash Consideration will be used for working capital purposes and to satisfy certain outstanding payroll obligations of GYG.

We intend to issue the Buyer Shares in reliance upon an exemption from registration under Section 4(a)(2) of the Securities Act.

The Closing of the Acquisition will be subject to a number of closing conditions, including the entry into or delivery of certain ancillary agreements and documents by the parties, such as the Stockholders' Agreement (as defined below), as well as other closing conditions customary for transactions of this type. We anticipate that all closing conditions will be satisfied or waived on or around April 1, 2021; however, there can be no assurance that the closing conditions will be satisfied or waived or that other events will not intervene to delay or result in the failure to close.

The Purchase Agreement includes representations, warranties and covenants made by the parties that are customary for agreements of this type. The Sellers and/or GYG will be required to indemnify us for breaches of their representations and warranties, breaches of certain covenants, and for losses arising out of other specified matters, in each case, to the extent set forth and as more fully described in the Purchase Agreement. Such indemnification obligations are subject to a cap equal to the amount of the Purchase Price, except in cases of the Sellers' and/or GYG's fraud or breaches of certain specified representations and warranties.

In addition, we will be entitled to certain information rights with respect to GYG's financials, certain inspection rights with respect to GYG's properties and books and records and anti-dilution protection in the event GYG issues additional shares of capital stock.

The Purchase Agreement contains certain customary termination rights, including, among others, (i) the right to terminate the Purchase Agreement prior to the Closing for GYG's or the Sellers' breach of any representations, warranties, agreements or covenants, subject to a 30 day cure period, and (ii) the right to terminate the Purchase Agreement if the Closing has not occurred within 120 days of the Signing Date, provided that such failure to close is not the result of the terminating party's breach of the Purchase Agreement.

The foregoing description of the Purchase Agreement does not purport to be a complete description of the rights and obligations of the parties thereunder and is qualified in its entirety by reference to the full text of the Purchase Agreement, a copy of which is attached hereto as Exhibit 2.23 to this Annual Report on Form 10-K and is incorporated herein by reference.

***Other Agreements***

The Purchase Agreement contemplates the execution of additional agreements and instruments, on or before the Closing, including, among others, the following:

*Board Adviser Agreement*

On the Signing Date, we entered into a Board Adviser Agreement (the "Adviser Agreement") with Clemmer, under which Clemmer will serve as a member of our newly-formed advisory board and provide advice to our board of directors with respect to certain matters relating to our business.

*Stockholders' Agreement*

In connection with the Closing, the Company will enter into a Stockholders' Agreement (the "Stockholders' Agreement") with GYG and certain other stockholders of GYG, including the Sellers and such stockholders identified on Exhibit A of the Stockholders' Agreement (collectively, the "Minority Stockholders"). Pursuant to the terms of the Stockholders' Agreement, the Minority Stockholders will vote their shares to (i) ensure that GYG's board of directors is comprised of one director and (ii) elect the person we designate from time to time to serve as GYG's sole director.

The Stockholders' Agreement will impose certain transfer restrictions on the Minority Stockholders, with limited exceptions for Minority Stockholders other than the Sellers. In addition, we will be entitled to a right of first refusal in the event a Minority Stockholder wants to transfer shares to a third party, as well as customary drag-along rights in the event a third party offers to purchase all of GYG's outstanding capital stock.

The Stockholders' Agreement will also grant us an option (the "Purchase Option") to purchase all of the remaining outstanding capital stock, on a fully diluted basis, of GYG (the "Remaining Shares"). The Purchase Option will be exercisable by us at any time prior to the 3rd anniversary of the Closing of the Acquisition. Upon exercise of the Purchase Option, we will be entitled to purchase the Remaining Shares for an aggregate purchase price of $7,170,000, subject to a downward adjustment if GYG is unable to achieve certain financial-based performance targets during a specified period of time.

## PART III

### ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the names and ages of all of our current directors and executive officers. Our officers are appointed by, and serve at the pleasure of, the Company's Board of Directors (referred to herein as the "Board") and/or our Chief Executive Officer.

| Name | Age | Position |
|---|---|---|
| Nadir Ali | 52 | Chief Executive Officer and Director |
| Soumya Das | 48 | Chief Operating Officer |
| Tyler Hoffman | 51 | Chief Revenue Officer |
| Wendy Loundermon | 50 | Chief Financial Officer and Secretary of Inpixon and Secretary of Inpixon Canada, Inc. and Director |
| Leonard Oppenheim | 74 | Director |
| Kareem Irfan | 60 | Director |
| Tanveer Khader | 52 | Director |

**Nadir Ali**

Mr. Ali has served as our Chief Executive Officer and as a member of our Board since September 2011. As the Chief Executive Officer of Inpixon, Mr. Ali is responsible for establishing the vision, strategy and the operational aspects of Inpixon. Mr. Ali works with the Inpixon executive team to deliver both operational and strategic leadership and has over 20 years of experience in the consulting and high-tech industries. From November 2015 until the completion of the Spin-off in August 2018, Mr. Ali served as the Chief Executive Officer of Sysorex Inc. (OTCQB: SYSX) and continues to serve on its board of directors.

From 1998 to 2001, Mr. Ali was the co-founder and Managing Director of Tira Capital, an early stage technology fund. Immediately prior thereto, Mr. Ali served as Vice President of Strategic Planning for Isadra, Inc., an e-commerce software start-up, which was acquired by VerticalNet. From 1995 through 1998, Mr. Ali was Vice President of Strategic Programs at Sysorex Information Systems, a computer systems integrator, which was acquired by Vanstar Government Systems in 1997. Mr. Ali received a Bachelor of Arts degree in Economics from the University of California at Berkeley in 1989. Mr. Ali's valuable entrepreneurial, management, mergers and acquisitions and technology experience together with his in-depth knowledge of the business of Inpixon led us to the conclusion that he should serve as a member of our Board.

**Soumya Das**

Mr. Das has served as our Chief Operating Officer since February 2018 and served as our Chief Marketing Officer from November 2016 until March 2021. Prior to joining Inpixon, from November 2013 until January 2016, Mr. Das was the Chief Marketing Officer of Identiv, a security technology company. From January 2012 until October 2013, Mr. Das was the Chief Marketing Officer of SecureAuth, a provider of multi-factor authentication, single sign-on, adaptive authentication and self-services tools for different applications. Prior to joining SecureAuth, Mr. Das was the Vice President, Marketing and Strategy of CrownPeak, a provider of web content management solutions, from April 2010 until January 2012. Mr. Das earned an MBA from Richmond College, London, United Kingdom, and Bachelor of Business Management from Andhra University in India.

**Tyler Hoffman**

Mr. Hoffman has served as our Chief Revenue Officer since May 2020. Prior to joining Inpixon, from January 2018 until January 2020, Mr. Hoffman was Vice President of Enterprise Sales, North America for Visa, Inc. From November 2016 until January 2018, Mr. Hoffman served as a consultant to early stage companies with a focus on sales and execution. From December 2015 until November 2016, Mr. Hoffman served as Vice President of Sales for Ticketfly, a division of Pandora providing technology and services for live events. Prior to Ticketfly, Mr. Hoffman was Vice President of Sales at Quid, Inc., a software platform specializing in machine learning and augmented intelligence, from May 2014 to May 2015. Mr. Hoffman received a Bachelor of Arts degree in humanities with honors from the University of Oregon.

**Wendy Loundermon**

Ms. Loundermon, who was appointed our Principal Financial and Accounting Officer on July 19, 2017, has overseen all of Inpixon's finance, accounting and HR activities from 2002 until October 2014 at which time she became the Vice President of Finance until December 2014. From January 2015 and October 2015, she was appointed Interim CFO of the Company. Thereafter, she continued with the Company as Vice President of Finance and was re- appointed as CFO on September 16, 2019. She was also appointed as a member of our Board on May 14, 2019. Ms. Loundermon has over 20 years of finance and accounting experience. She is currently responsible for the preparation and filing of financial statements and reports for all companies, tax return filings, and managing the accounting staff. Ms. Loundermon received a Bachelor of Science degree in Accounting and a Master of Science degree in Taxation from George Mason University. Ms. Loundermon's extensive knowledge about the Company and strong financial experience provides her with the qualifications and skills to serve as a director of our Company.

**Leonard A. Oppenheim**

Mr. Oppenheim has served as a member of our Board since July 2011. Mr. Oppenheim retired from business in 2001 and has since been active as a private investor. From 1999 to 2001, he was a partner in Faxon Research, a company offering independent research to professional investors. From 1983 to 1999, Mr. Oppenheim was a principal in the Investment Banking and Institutional Sales division of Montgomery Securities. Prior to that, he was a practicing attorney. Mr. Oppenheim is a graduate of New York University Law School. Mr. Oppenheim served on the Board of Apricus Biosciences, Inc. (Nasdaq: APRI), a publicly held bioscience company, from June 2005 to May 2014. Mr. Oppenheim's public company board experience is essential to the Company. Mr. Oppenheim also meets the Audit Committee Member requirements as a financial expert. Mr. Oppenheim's public company board experience and financial knowledge provide him with the qualifications and skills to serve as a director of our Company.

**Kareem M. Irfan**

Mr. Irfan has served as a member of our Board since July 2014. Since 2014, Mr. Irfan has been the CEO (Global Businesses) of Cranes Software International (Cranes), a business group offering business intelligence, data analytics and engineering software solutions and services. Previously, Mr. Irfan was Chief Strategy Officer at Cranes starting in 2011. From 2005 until 2011, he was General Counsel at Schneider Electric, a Paris-based global company that specializes in electricity distribution, automation and energy management solutions. Mr. Irfan served earlier as Chief IP & IT Counsel at Square D Co., a US-based electrical distribution and automation business, and also practiced law at two international IP law firms in Chicago. Mr. Irfan is a graduate of DePaul University College of Law, holds a MS in Computer Engineering from the University of Illinois, and a BS in Electronics Engineering from Bangalore University. Mr. Irfan's extensive experience in advising information technology companies, managing corporate governance and regulatory management policies, and over fifteen years of executive management leadership give him strong qualifications and skills to serve as a director of our Company.

**Tanveer A. Khader**

Mr. Khader has served as a member of our Board since July 2014. Since 2010, Mr. Khader has been the Executive Vice President of Systat Software Inc., a company offering scientific software products for statisticians and researchers. Prior thereto he was Senior Vice President from 2008-2010, Vice President from 2004-2008, and General Manager from 2002-2004. Mr. Khader holds a BE in Engineering from Bangalore University and a degree in Business Administration from St. Joseph's Commerce College. Mr. Khader's extensive experience with software development, data analytics and strategic planning give him the qualifications and skills to serve as director of our Company.

**Board of Directors**

Our Board may establish the authorized number of directors from time to time by resolution. The current authorized number of directors is seven. Our current directors, if elected, will continue to serve as directors until the next annual meeting of stockholders and until his or her successor has been elected and qualified, or until his or her earlier death, resignation, or removal.

We continue to review our corporate governance policies and practices by comparing our policies and practices with those suggested by various groups or authorities active in evaluating or setting best practices for corporate governance of public companies. Based on this review, we have adopted, and will continue to adopt, changes that the Board believes are the appropriate corporate governance policies and practices for our Company.

Our Board held 9 meetings during 2020 and acted through 8 written consents. No member of our Board attended fewer than 75% of the aggregate of (i) the total number of meetings of the Board (held during the period for which he or she was a

director) and (ii) the total number of meetings held by all committees of the Board on which such director served (held during the period that such director served). Members of our Board are invited and encouraged to attend our annual meeting of stockholders.

**Independence of Directors**

In determining the independence of our directors, we apply the definition of "independent director" provided under the listing rules of Nasdaq. Pursuant to these rules, the Board has determined that all of the directors currently serving on the Board are independent within the meaning of Nasdaq Listing Rule 5605 with the exception of Nadir Ali and Wendy Loundermon, who are executive officers.

**Committees of our Board**

The Board has three standing committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee.

***Audit Committee***

The Audit Committee consists of Leonard Oppenheim, Tanveer Khader, and Kareem Irfan, all of whom are "independent" as defined under section 5605(a)(2) of the Nasdaq Listing Rules. Mr. Oppenheim is the Chairman of the Audit Committee. In addition, the Board has determined that Leonard Oppenheim qualifies as an "audit committee financial expert" as defined in the rules of the SEC. The Audit Committee operates pursuant to a charter, which can be viewed on our website at http://www.inpixon.com (under "Investors"). The Audit Committee met 4 times during 2020. All members attended more than 75% of such committee meetings. The role of the Audit Committee is to:

- oversee management's preparation of our financial statements and management's conduct of the accounting and financial reporting processes;
- oversee management's maintenance of internal controls and procedures for financial reporting;
- oversee our compliance with applicable legal and regulatory requirements, including without limitation, those requirements relating to financial controls and reporting;
- oversee the independent auditor's qualifications and independence;
- oversee the performance of the independent auditors, including the annual independent audit of our financial statements;
- prepare the report required by the rules of the SEC to be included in our Proxy Statement; and
- discharge such duties and responsibilities as may be required of the Committee by the provisions of applicable law, rule or regulation.

***Compensation Committee***

The Compensation Committee consists of Kareem Irfan, Leonard Oppenheim and Tanveer Khader, all of whom are "independent" as defined in section 5605(a)(2) of the Nasdaq Listing Rules. Mr. Irfan is the Chairman of the Compensation Committee. The Compensation Committee met 2 times during 2020. All members attended 75% or more of such committee meetings. The role of the Compensation Committee is to:

- develop and recommend to the independent directors of the Board the annual compensation (base salary, bonus, stock options and other benefits) for our President/Chief Executive Officer;
- review, approve and recommend to the independent directors of the Board the annual compensation (base salary, bonus and other benefits) for all of our Executive Officers (as used in Section 16 of the Securities Exchange Act of 1934 and defined in Rule 16a-1 thereunder);
- review, approve and recommend to the Board the aggregate number of equity grants to be granted to all other employees; and

- ensure that a significant portion of executive compensation is reasonably related to the long-term interest of our stockholders.

A copy of the charter of the Compensation Committee is available on our website at http://www.inpixon.com (under "Investors").

The Compensation Committee may form and delegate a subcommittee consisting of one or more members to perform the functions of the Compensation Committee. The Compensation Committee may engage outside advisers, including outside auditors, attorneys and consultants, as it deems necessary to discharge its responsibilities. The Compensation Committee has sole authority to retain and terminate any compensation expert or consultant to be used to provide advice on compensation levels or assist in the evaluation of director, President/Chief Executive Officer or senior executive compensation, including sole authority to approve the fees of any expert or consultant and other retention terms. In addition, the Compensation Committee considers, but is not bound by, the recommendations of our Chief Executive Officer with respect to the compensation packages of our other executive officers.

***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee, or the "Governance Committee," consists of Tanveer Khader, Leonard Oppenheim and Kareem Irfan, all of whom are "independent" as defined in section 5605(a)(2) of the Nasdaq Listing Rules. Mr. Khader is the Chairman of the Governance Committee. The Nominating and Corporate Governance Committee did not meet in person during 2020 and acted by written consent one time during 2020. The role of the Governance Committee is to:

- evaluate from time to time the appropriate size (number of members) of the Board and recommend any increase or decrease;
- determine the desired skills and attributes of members of the Board, taking into account the needs of the business and listing standards;
- establish criteria for prospective members, conduct candidate searches, interview prospective candidates, and oversee programs to introduce the candidate to us, our management, and operations;
- annually recommend to the Board persons to be nominated for election as directors;
- recommend to the Board the members of all standing Committees;
- periodically review the "independence" of each director;
- adopt or develop for Board consideration corporate governance principles and policies; and
- provide oversight to the strategic planning process conducted annually by our management.

A copy of the charter of the Governance Committee is available on our website at http://www.inpixon.com (under "Investors").

**Stockholder Communications**

Stockholders may communicate with the members of the Board, either individually or collectively, by writing to the Board at 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303. These communications will be reviewed by the Secretary as agent for the non-employee directors in facilitating direct communication to the Board. The Secretary will treat communications containing complaints relating to accounting, internal accounting controls, or auditing matters as reports under our Whistleblower Policy. Further, the Secretary will disregard communications that are bulk mail, solicitations to purchase products or services not directly related either to us or the non-employee directors' roles as members of the Board, sent other than by stockholders in their capacities as such or from particular authors or regarding particular subjects that the non-employee directors may specify from time to time, and all other communications which do not meet the applicable requirements or criteria described below, consistent with the instructions of the non-employee directors.

General Communications. The Secretary will summarize all stockholder communications directly relating to our business operations, the Board, our officers, our activities or other matters and opportunities closely related to us. This summary and copies of the actual stockholder communications will then be circulated to the Chairman of the Governance Committee.

Stockholder Proposals and Director Nominations and Recommendations. Stockholder proposals are reviewed by the Secretary for compliance with the requirements for such proposals set forth in our Bylaws and in Regulation 14a-8 promulgated under the Exchange Act. Stockholder proposals that meet these requirements will be summarized by the Secretary. Summaries and copies of the stockholder proposals are circulated to the Chairman of the Governance Committee.

Stockholder nominations for directors are reviewed by the Secretary for compliance with the requirements for director nominations that are set forth in our Bylaws. Stockholder nominations for directors that meet these requirements are summarized by the Secretary. Summaries and copies of the nominations or recommendations are then circulated to the Chairman of the Governance Committee.

The Governance Committee will consider director candidates recommended by stockholders. If a director candidate is recommended by a stockholder, the Governance Committee expects to evaluate such candidate in the same manner it evaluates director candidates it identifies. Stockholders desiring to make a recommendation to the Governance Committee should follow the procedures set forth above regarding stockholder nominations for directors.

Retention of Stockholder Communications. Any stockholder communications which are not circulated to the Chairman of the Governance Committee because they do not meet the applicable requirements or criteria described above will be retained by the Secretary for at least ninety calendar days from the date on which they are received, so that these communications may be reviewed by the directors generally if such information relates to the Board as a whole, or by any individual to whom the communication was addressed, should any director elect to do so.

Distribution of Stockholder Communications. Except as otherwise required by law or upon the request of a non-employee director, the Chairman of the Governance Committee will determine when and whether a stockholder communication should be circulated among one or more members of the Board and/or Company management.

**Director Qualifications and Diversity**

The Board seeks independent directors who represent a diversity of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. Candidates should have substantial experience with one or more publicly traded companies or should have achieved a high level of distinction in their chosen fields. The Board is particularly interested in maintaining a mix that includes individuals who are active or retired executive officers and senior executives, particularly those with experience in technology; research and development; finance, accounting and banking; or marketing and sales.

There is no difference in the manner in which the Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder. In evaluating nominations to the Board, the Governance Committee also looks for depth and breadth of experience within the Company's industry and otherwise, outside time commitments, special areas of expertise, accounting and finance knowledge, business judgment, leadership ability, experience in developing and assessing business strategies, corporate governance expertise, and for incumbent members of the Board, the past performance of the incumbent director. Each of the candidates nominated for election to our Board at our last annual meeting of stockholders was recommended by the Governance Committee.

**Code of Business Conduct and Ethics**

The Board has adopted a code of business conduct and ethics (the "Code") designed, in part, to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to the SEC and in the Company's other public communications, compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of Code violations to an appropriate person or persons, as identified in the Code and accountability for adherence to the Code. The Code applies to all directors, executive officers and employees of the Company. The Code is periodically reviewed by the Board. In the event we determine to amend or waive certain provisions of the Code, we intend to disclose such amendments or waivers on our website at http://www.inpixon.com under the heading "Investors" within four business days following such amendment or waiver or as otherwise required by the Nasdaq Listing Rules.

**Risk Oversight**

Our Board provides risk oversight for our entire company by receiving management presentations, including risk assessments, and discussing these assessments with management. The Board's overall risk oversight, which focuses primarily on risks and exposures associated with current matters that may present material risk to our operations, plans, prospects or reputation, is supplemented by the various committees. The Audit Committee discusses with management and our independent registered public accounting firm our risk management guidelines and policies, our major financial risk exposures and the steps taken to monitor and control such exposures. Our Compensation Committee oversees risks related to our compensation programs and discusses with management its annual assessment of our employee compensation policies and programs. Our Nomination and Governance Committee oversees risks related to corporate governance and management and director succession planning.

**Board Leadership Structure**

The Chairman of the Board presides at all meetings of the Board, unless such position is vacant, in which case, the Chief Executive Officer of the Company presides. The office of Chairman of the Board has been vacant since the resignation of Abdus Salam Qureishi in September 2016.

The Company has no fixed policy with respect to the separation of the offices of the Chairman of the Board and Chief Executive Officer. The Board believes that the separation of the offices of the Chairman of the Board and Chief Executive Officer is in the best interests of the Company and will review this determination from time to time.

**ITEM 11: EXECUTIVE COMPENSATION**

The table below sets forth, for the last two fiscal years, the compensation earned by (i) each individual who served as our principal executive officer and (ii) our two other most highly compensated executive officers, other than our principal executive officer, who were serving as an executive officer at the end of the last fiscal year. Together, these individuals are sometimes referred to as the "Named Executive Officers."

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Option Awards ($)(1) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|
| Nadir Ali, | 2020 | $ 280,000 | $ 175,000 | $ 336,000 (1) | $ 239,999 (2) | $ 1,030,999 |
| Chief Executive Officer | 2019 | $ 280,000 | $ 150,000 | $ 804,000 (1) | $ 323,926 (3) | $ 1,557,926 |
| Soumya Das | 2020 | $ 290,625 | $ 48,950 | $ 168,000 (1) | $ 136,728 (4) | $ 644,303 |
| Chief Operating Officer; Chief Marketing Officer | 2019 | $ 275,000 | $ 50,000 | $ 482,400 (1) | $ 92,501 (4) | $ 899,901 |
| Wendy Loundermon | 2020 | $ 250,000 | $ 80,000 | 168,000 (1) | $ 8,413 (5) | $ 506,413 |
| Chief Financial Officer | 2019 | $ 250,000 | $ 60,000 | $ 562,800 (1) | $ 17,021 (5) | $ 889,821 |

(1) The fair value of employee option grants are estimated on the date of grant using the Black-Scholes option pricing model with key weighted average assumptions, expected stock volatility and risk free interest rates based on US Treasury rates from the applicable periods.
(2) Automobile allowance and housing allowance.
(3) Accrued vacation paid as compensation, automobile allowance and housing allowance.
(4) Commission and automobile allowance.
(5) Accrued vacation paid as compensation.

***Outstanding Equity Awards at Fiscal Year-End***

Other than as set forth below, there were no outstanding unexercised options, unvested stock, and/or equity incentive plan awards issued to our Named Executive Officers as of December 31, 2020.

| | | Option Awards | | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name | Grant Date | Number of securities underlying unexercised options (#) exercisable | Number of securities underlying unexercised options (#) unexercisable | Equity incentive plan awards: number of securities underlying unexercised unearned options (#) | Option exercise price ($) | Option expiration date | Number of shares or units of stock that have not vested # | Market value of shares of units of stock that have not vested ($) | Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#) | Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested ($) |
| Nadir Ali | 12/21/2012 | 1 (1) | 0 | 0 | 225,643.05 | 12/21/2022 | 0 | 0 | 0 | 0 |
| | 08/14/2013 | 1 (1) | 0 | 0 | 1,952,678.70 | 08/14/2023 | 0 | 0 | 0 | 0 |
| | 04/17/2015 | 1 (2) | 0 | 0 | 1,677,857.40 | 04/17/2025 | 0 | 0 | 0 | 0 |
| | 05/17/2018 | 312 (1) | 0 | 0 | 570.60 | 05/17/2028 | 0 | 0 | 0 | 0 |
| | 01/25/2019 | 10186 (3) | 926 (3) | 0 | 101.70 | 01/25/2029 | 0 | 0 | 0 | 0 |
| | 05/10/2019 | 7408 (3) | 3704 (3) | 0 | 33.75 | 05/10/2029 | 0 | 0 | 0 | 0 |
| | 5/08/20202 | 333,333 (4) | 666,667 (4) | 0 | 1.10 | 05/08/2030 | 0 | 0 | 0 | 0 |
| Soumya Das | 02/03/2017 | 0 | 1 (2) | 0 | 188,035.74 | 02/03/2027 | 0 | 0 | 0 | 0 |
| | 05/17/2018 | 187 (1) | 0 | 0 | 570.60 | 05/17/2028 | 0 | 0 | 0 | 0 |
| | 01/25/2019 | 6112 (3) | 555 (3) | 0 | 101.70 | 01/25/2029 | 0 | 0 | 0 | 0 |
| | 05/10/2019 | 4445 (3) | 2222 (3) | 0 | 33.75 | 05/10/2029 | 0 | 0 | 0 | 0 |
| | 5/08/20202 | 166,666 (4) | 333,334 (4) | 0 | 1.10 | 05/08/2030 | 0 | 0 | 0 | 0 |
| Wendy Loundermon | 12/05/2011 | 1 (1) | 0 | 0 | 1,012,500.00 | 12/05/2021 | 0 | 0 | 0 | 0 |
| | 12/21/2012 | 1 (1) | 0 | 0 | 225,643.05 | 12/21/2022 | 0 | 0 | 0 | 0 |
| | 11/18/2013 | 1 (1) | 0 | 0 | 1,851,428.70 | 11/18/2023 | 0 | 0 | 0 | 0 |
| | 05/09/2014 | 1 (1) | 0 | 0 | 3,507,589.35 | 05/09/2024 | 0 | 0 | 0 | 0 |
| | 08/05/2015 | 1 (2) | 0 | 0 | 1,265,625.00 | 08/05/2025 | 0 | 0 | 0 | 0 |
| | 02/25/2016 | 0 | 1 (2) | 0 | 376,071.30 | 02/25/2026 | 0 | 0 | 0 | 0 |
| | 07/20/2016 | 0 | 1 (2) | 0 | 339,910.65 | 07/20/2026 | 0 | 0 | 0 | 0 |
| | 05/17/2018 | 218 (1) | 0 | 0 | 570.60 | 05/17/2028 | 0 | 0 | 0 | 0 |
| | 01/25/2019 | 7130 (3) | 648 (3) | 0 | 101.70 | 01/25/2029 | 0 | 0 | 0 | 0 |
| | 05/10/2019 | 5186 (3) | 2592 (3) | 0 | 33.75 | 05/10/2029 | 0 | 0 | 0 | 0 |
| | 5/08/20202 | 166,666 (4) | 333,334 (4) | 0 | 1.10 | 05/08/2030 | 0 | 0 | 0 | 0 |

(1) This option is 100% vested.
(2) This option vests 1/48th per month at the end of each month starting on the grant date.
(3) This option vests 1/12th per month at the end of each month starting on the grant date.
(4) This option vests 1/24th per month at the end of each month starting on the grant date.

***Employment Agreements and Arrangements***

Nadir Ali

On July 1, 2010, Nadir Ali entered into an at-will Employment and Non-Compete Agreement, as subsequently amended, with Inpixon Federal, Inc., Inpixon Government Services and Inpixon Consulting prior to their acquisition by the Company. Under the terms of the Employment Agreement Mr. Ali serves as President. The employment agreement was assumed by the Company and Mr. Ali became CEO in September 2011. Mr. Ali's salary under the agreement was initially $240,000 per annum plus other benefits including a bonus plan, a housing allowance, health insurance, life insurance and other standard Inpixon employee benefits. If Mr. Ali's employment is terminated without Cause (as defined), he will receive his base salary for 12 months from the date of termination. Mr. Ali's employment agreement provides that he will not compete with the Company and will be subject to non-solicitation provisions relating to employees, consultants and customers, distributors, partners, joint ventures or suppliers of the Company during the term of his employment or consulting relationship with the Company. On April 17, 2015, the compensation committee approved the increase of Mr. Ali's annual salary to $252,400, effective January 1, 2015. Effective May 16, 2018 the compensation committee approved an increase in Mr. Ali's annual salary to $280,000 and an auto allowance of $1,000 a month.

Soumya Das

On November 4, 2016, and effective as of November 7, 2016, Mr. Das entered into an employment agreement to serve as Chief Marketing Officer of the Company. On February 2, 2018, he was promoted to Chief Operating Officer. In accordance with the terms of the agreement, Mr. Das will receive a base salary of $250,000 per annum. In addition, Mr. Das will receive a bonus up to $75,000 annually, provided that he completes the required tasks before their deadlines, and the tasks, their deadlines and the amount of corresponding bonuses shall be determined by the Company and the CEO. The agreement was effective for an initial term of twenty-four (24) months and was automatically renewed for one additional twelve (12) month period. The Company may terminate the services of Mr. Das with or without "just cause," (as defined). If the Company terminates Mr. Das' employment without just cause, or if Mr. Das resigns within twenty-four (24) months following a change of control (as defined) and as a result of a material diminution of his position or compensation, Mr. Das will receive (1) his base salary at the then current rate and levels for one (1) month if Mr. Das has been employed by the Company for at least six (6) months but not more than twelve (12) months as of the date of termination or resignation, for three (3) months if Mr. Das has been employed by the Company more than twelve (12) but not more than twenty-four (24) months as of the date of termination or resignation, or for six (6) months if Mr. Das has been employed by the Company for more than twenty-four (24) months as of the date of resignation or termination; (2) 50% of the value of any accrued but unpaid bonus that Mr. Das otherwise would have received; (3) the value of any accrued but unpaid vacation time; and (4) any unreimbursed business expenses and travel expenses that are reimbursable under the agreement. If the Company terminates Mr. Das' employment with just cause, Mr. Das will receive only the portion of his base salary and accrued but unused vacation pay that has been earned through the date of termination. On August 31, 2018, the Company amended Mr. Das' employment agreement to make the following changes to his compensation effective May 14, 2018: (1) increase in base salary to $275,000 per year, (2) have up to $50,000 in MBO's annually, (3) commissions equal to 2% of recognized revenue associated with the IPA product line paid quarterly and subject to the Company policies in connection with commissions payable and (4) provide a transportation allowance of $1,000 per month. On May 10, 2019, the Company amended Mr. Das' commission plan to include a 1% commission on recognized revenue associated with the Shoom product line paid quarterly and subject to Company commission plan policies. Effective as of March 2021, Mr. Das resigned from his position as Chief Marketing Officer.

Wendy Loundermon

On October 21, 2014, and effective as of October 1, 2014, the Company entered into an at-will employment agreement with Wendy Loundermon. Ms. Loundermon currently serves as CFO, Director and Secretary of the Company and Secretary of Inpixon Canada, Inc. Pursuant to the agreement, Ms. Loundermon was compensated at an annual rate of $200,000 and is entitled to benefits customarily provided to senior management including equity awards and cash bonuses subject to the satisfaction of certain performance goals determined by the Company. The standards and goals and the bonus targets is set by the compensation committee, in its sole discretion. The Company may terminate the services of Ms. Loundermon with or without "cause" (as defined). If the Company terminates Ms. Loundermon's employment without cause or in connection with a change of control (as defined), Ms. Loundermon will receive (1) severance consisting of her base salary at the then current rate for twelve (12) months from the date of termination, and (2) her accrued but unpaid salary. If Ms. Loundermon's employment is terminated under any circumstances other than the above, Ms. Loundermon will receive her accrued but unpaid salary. Ms. Loundermon's salary was increased to $228,500 effective April 1, 2017, $250,000 effective March 1, 2018 and $280,000 effective January 2021.

Employee Stock Incentive Plans

*2018 Employee Stock Incentive Plan*

The following is a summary of the material terms of our 2018 Employee Stock Incentive Plan, as amended to date (the "2018 Plan"). This description is not complete. For more information, we refer you to the full text of the 2018 Plan.

The 2018 Plan is an important part of our compensation program. It promotes financial saving for the future by our employees, fosters good employee relations, and encourages employees to acquire shares of our common stock, thereby better aligning their interests with those of the other stockholders. Therefore, the Board believes it is essential to our ability to attract, retain, and motivate highly qualified employees in an extremely competitive environment both in the United States and internationally.

*Amount of Shares of Common Stock.* The number of shares of our common stock initially reserved for issuance under the 2018 Plan was 2,000,000, which number is automatically increased on the first day of each quarter, beginning on April 1, 2018 and for each quarter thereafter through October 1, 2028, by a number of shares of common stock equal to the least of (i) 1,500,000 shares, (ii) twenty percent (20%) of the outstanding shares of common stock on the last day of the immediately

preceding calendar quarter, or (iii) such number of shares that may be determined by the Board. The amount of shares available for issuance is not adjusted in connection with a change in the outstanding shares of common stock by reason of stock dividends, stock splits, reverse stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations or liquidations; provided; however, that in no event will the Company issue more than 63,000,000 shares of common stock under the 2018 Plan, including the maximum amount of shares of common stock that may be added to the 2018 Plan in accordance with the automatic quarterly increases.

*Types of Awards*. The 2018 Plan provides for the granting of incentive stock options, non-qualified stock options ("NQSOs"), stock grants and other stock-based awards, including Restricted Stock and Restricted Stock Units (as defined in the 2018 Plan).

- Incentive and Nonqualified Stock Options. The plan administrator determines the exercise price of each stock option. The exercise price of an NQSO may not be less than the fair market value of our common stock on the date of grant. The exercise price of an incentive stock option may not be less than the fair market value of our common stock on the date of grant if the recipient holds 10% or less of the combined voting power of our securities, or 110% of the fair market value of a share of our common stock on the date of grant otherwise.

- Stock Grants. The plan administrator may grant or sell stock, including restricted stock, to any participant, which purchase price, if any, may not be less than the par value of shares of our common stock. The stock grant will be subject to the conditions and restrictions determined by the administrator. The recipient of a stock grant shall have the rights of a stockholder with respect to the shares of stock issued to the holder under the 2018 Plan.

- Stock-Based Awards. The plan administrator of the 2018 Plan may grant other stock-based awards, including stock appreciation rights, restricted stock and restricted stock units, with terms approved by the administrator, including restrictions related to the awards. The holder of a stock-based award shall not have the rights of a stockholder except to the extent permitted in the applicable agreement.

*Plan Administration*.Our Board is the administrator of the 2018 Plan, except to the extent it delegates its authority to a committee, in which case the committee shall be the administrator. Our Board has delegated this authority to our compensation committee. The administrator has the authority to determine the terms of awards, including exercise and purchase price, the number of shares subject to awards, the value of our common stock, the vesting schedule applicable to awards, the form of consideration, if any, payable upon exercise or settlement of an award and the terms of award agreements for use under the 2018 Plan.

*Eligibility*.The plan administrator will determine the participants in the 2018 Plan from among our employees, directors and consultants. A grant may be approved in advance with the effectiveness of the grant contingent and effective upon such person's commencement of service within a specified period.

*Termination of Service*.Unless otherwise provided by the administrator or in an award agreement, upon a termination of a participant's service, all unvested options then held by the participant will terminate and all other unvested awards will be forfeited.

*Transferability*.Awards under the 2018 Plan may not be transferred except by will or by the laws of descent and distribution, unless otherwise provided by the plan administrator in its discretion and set forth in the applicable agreement, provided that no award may be transferred for value.

*Adjustment*.In the event of a stock dividend, stock split, recapitalization or reorganization or other change in change in capital structure, the plan administrator will make appropriate adjustments to the number and kind of shares of stock or securities subject to awards.

*Corporate Transaction*.If we are acquired, the plan administrator will: (i) arrange for the surviving entity or acquiring entity (or the surviving or acquiring entity's parent company) to assume or continue the award or to substitute a similar award for the award; (ii) cancel or arrange for cancellation of the award, to the extent not vested or not exercised prior to the effective time of the transaction, in exchange for such cash consideration, if any, as the plan administrator in its sole discretion, may consider appropriate; or (iii) make a payment, in such form as may be determined by the plan administrator equal to the excess, if any, of (A) the value of the property the holder would have received upon the exercise of the award immediately prior to the effective time of the transaction, over (B) any exercise price payable by such holder in connection with such exercise. In addition in connection with such transaction, the plan administrator may accelerate the vesting, in whole or in part, of the award

(and, if applicable, the time at which the award may be exercised) to a date prior to the effective time of such transaction and may arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by us with respect to an award.

*Amendment and Termination*.The 2018 Plan will terminate on January 4, 2028 or at an earlier date by vote of our Board; provided, however, that any such earlier termination shall not affect any awards granted under the 2018 Plan prior to the date of such termination. The 2018 Plan may be amended by our Board, except that our Board may not alter the terms of the 2018 Plan if it would adversely affect a participant's rights under an outstanding stock right without the participant's consent.

The Board may at any time amend or terminate the 2018 Plan; provided that no amendment may be made without the approval of the stockholder if such amendment would increase either the maximum number of shares which may be granted under the 2018 Plan or any specified limit on any particular type or types of award, or change the class of employees to whom an award may be granted, or withdraw the authority to administer the 2018 Plan from a committee whose members satisfy the independence and other requirements of Section 162(m) and applicable SEC and Nasdaq requirements. Pursuant to the listing standards of the Nasdaq Stock Market, certain other material revisions to the 2018 Plan may also require stockholder approval.

*Federal Income Tax Consequences of the 2018 Plan.* The federal income tax consequences of grants under the 2018 Plan will depend on the type of grant. The following is a general summary of the principal United States federal income taxation consequences to participants and us under current law with respect to participation in the 2018 Plan. This summary is not intended to be exhaustive and does not discuss the income tax laws of any city, state or foreign jurisdiction in which a participant may reside or the rules applicable to deferred compensation under Section 409A of the Code. Our ability to realize the benefit of any tax deductions described below depends on our generation of taxable income as well as the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of our tax reporting obligations.

From the grantees' standpoint, as a general rule, ordinary income will be recognized at the time of delivery of shares of our common stock or payment of cash under the 2018 Plan. Future appreciation on shares of our common stock held beyond the ordinary income recognition event will be taxable as capital gain when the shares of our common stock are sold. The tax rate applicable to capital gain will depend upon how long the grantee holds the shares. We, as a general rule, will be entitled to a tax deduction that corresponds in time and amount to the ordinary income recognized by the grantee, and we will not be entitled to any tax deduction with respect to capital gain income recognized by the grantee.

Exceptions to these general rules arise under the following circumstances:

- If shares of our common stock, when delivered, are subject to a substantial risk of forfeiture by reason of any employment or performance-related condition, ordinary income taxation and our tax deduction will be delayed until the risk of forfeiture lapses, unless the grantee makes a special election to accelerate taxation under section 83(b) of the Code.

- If an employee exercises a stock option that qualifies as an ISO, no ordinary income will be recognized, and we will not be entitled to any tax deduction, if shares of our common stock acquired upon exercise of the stock option are held until the later of (A) one year from the date of exercise and (B) two years from the date of grant. However, if the employee disposes of the shares acquired upon exercise of an ISO before satisfying both holding period requirements, the employee will recognize ordinary income at the time of the disposition equal to the difference between the fair market value of the shares on the date of exercise (or the amount realized on the disposition, if less) and the exercise price, and we will be entitled to a tax deduction in that amount. The gain, if any, in excess of the amount recognized as ordinary income will be long-term or short-term capital gain, depending upon the length of time the employee held the shares before the disposition.

- A grant may be subject to a 20% tax, in addition to ordinary income tax, at the time the grant becomes vested, plus interest, if the grant constitutes deferred compensation under section 409A of the Code and the requirements of section 409A of the Code are not satisfied.

Section 162(m) of the Code generally disallows a publicly held corporation's tax deduction for compensation paid to its chief executive officer or certain other officers in excess of $1 million in any year. Qualified performance-based compensation is excluded from the $1 million deductibility limit, and therefore remains fully deductible by the corporation that pays it. We intend that options and SARs granted under the 2018 Plan will be qualified performance-based compensation. Stock units, stock awards, dividend equivalents, and other stock-based awards granted under the 2018 Plan may be designated as qualified performance-based compensation if the Committee conditions such grants on the achievement of specific performance goals in accordance with the requirements of section 162(m) of the Code.

We have the right to require that grantees pay to us an amount necessary for us to satisfy our federal, state or local tax withholding obligations with respect to grants. We may withhold from other amounts payable to a grantee an amount necessary to satisfy these obligations. The Committee may permit a grantee to satisfy our withholding obligation with respect to grants paid in shares of our common stock by having shares withheld, at the time the grants become taxable, provided that the number of shares withheld does not exceed the individual's minimum applicable withholding tax rate for federal, state and local tax liabilities.

*2011 Employee Stock Incentive Plan*

Except as set forth below, the material terms of our 2011 Employee Stock Incentive Plan, as amended to date (the "2011 Plan") are substantially similar to the material terms of the 2018 Plan. However, this description is not complete. For more information, we refer you to the full text of the 2011 Plan.

The 2011 Plan is intended to encourage ownership of common stock by our employees and directors and certain of our consultants in order to attract and retain such people, to induce them to work for the benefit of us and to provide additional incentive for them to promote our success. The number of shares of our common stock available for issuance under the 2011 Plan is 158,424 as of December 31, 2019, which number is automatically increased on January 1 of each of year by 10% of the aggregate number of shares of common stock issued by the Company in the prior calendar year.

***Securities Authorized for Issuance under Equity Compensation Plans***

The following table provides information as of December 31, 2020 regarding the shares of our common stock to be issued upon exercise of outstanding options or available for issuance under equity compensation plans and other compensation arrangements that were (i) adopted by our security holders and (ii) were not approved by our security holders.

| Plan Category | Number of securities to be issued upon exercise of outstanding options (a) | | Weighted-average exercise price of outstanding (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a) (c) | |
|---|---|---|---|---|---|
| Equity compensation plans approved by security holders | 5,450,056 | (1) | $ 23.41 | 9,197,287 | (2) |
| Equity compensation plans not approved by security holders | 1 | (3) | $ 1,952,678.70 | — | |
| **Total** | 5,450,057 | | $ 23.76 | 9,197,287 | |

(1) Represents 89 shares of common stock that may be issued pursuant to outstanding stock options granted under the 2011 Plan and 5,449,967 shares of common stock that may be issued pursuant to outstanding stock options granted under the 2018 Plan.
(2) Represents 417,181 shares of common stock available for future issuance in connection with equity award grants under the 2011 Plan and 8,780,106 shares of common stock available for future issuance in connection with equity award grants under the 2018 Plan.
(3) Represents shares of common stock issuable upon the exercise of stock options granted to Nadir Ali on August 14, 2013 outside of the 2011 Plan and the 2018 Plan.

**Director Compensation**

The following table provides certain summary information concerning compensation awarded to, earned by or paid to our Directors in the year ended December 31, 2020 except Nadir Ali and Wendy Loundermon, whose aggregate compensation information has been disclosed above.

| Name | Fees Earned or paid in cash ($) | Stock awards ($) | Option awards ($) | Non-equity Incentive plan compensation ($) | Nonqualified deferred compensation earnings ($) | All other compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Leonard Oppenheim | $ 56,000 | — | $ 6,720 | — | — | $ — | $ 62,720 |
| Kareem Irfan | $ 53,000 | — | $ 6,720 | — | — | $ — | $ 59,720 |
| Tanveer Khader | $ 47,000 | — | $ 6,720 | — | — | $ — | $ 53,720 |

Directors are entitled to reimbursement of ordinary and reasonable expenses incurred in exercising their responsibilities and duties as a director.

Effective July 1, 2015, the Board approved the following compensation plan for the independent directors payable in accordance with each independent director's services agreement: $30,000 per year for their services rendered on the Board, $15,000 per year for service as the audit committee chair, $10,000 per year for service as the compensation committee chair, $6,000 per year for service on the audit committee, $4,000 per year for service on the compensation committee, $2,500 per year for service on the nominating committee, a one-time non-qualified stock option grant to purchase 20,000 shares (on a pre-Reverse Splits basis) of the Company's common stock under the 2011 Plan and restricted stock awards of 20,000 shares (on a pre-Reverse Splits basis) of common stock under the 2011 Plan, which are granted in four equal installments on a quarterly basis and are each 100% vested upon grant.

On January 25, 2019, each independent director entered into an amendment to his respective director services agreement pursuant to which the Company agreed to grant each independent director, so long as such director continues to fulfill his duties and provide services pursuant to their services agreement, an annual non-qualified stock option to purchase up to 20,000 shares of common stock in lieu of the above-mentioned equity awards. Each stock option grant will be subject to the approval of the Board, which shall determine the appropriate vesting schedule, if any, and the exercise price.

During the year ended December 31, 2020, the independent directors received 20,000 non-qualified stock options and did not receive any restricted stock awards.

**ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth certain information as of March 5, 2021, regarding the beneficial ownership of our common stock by the following persons:

- our Named Executive Officers;
- each director;
- all of our executive officers and directors as a group; and
- each person or entity who, to our knowledge, owns more than 5% of our common stock.

Except as indicated in the footnotes to the following table, subject to applicable community property laws, each stockholder named in the table has sole voting and investment power. Unless otherwise indicated, the address for each stockholder listed is c/o Inpixon, 2479 E. Bayshore Road, Suite 195, Palo Alto, California 94303. Shares of common stock subject to options, warrants, or other rights currently exercisable or exercisable within 60 days of March 5, 2021, are deemed to be beneficially owned and outstanding for computing the share ownership and percentage of the stockholder holding the options, warrants or other rights, but are not deemed outstanding for computing the percentage of any other stockholder. The information provided in the following table is based on our records, information filed with the SEC, and information furnished by our stockholders.

| Name of Beneficial Owner | Amount and nature of beneficial ownership | | Percent of Class(1) |
|---|---|---|---|
| **Named Executive Officers and Directors** | | | |
| Nadir Ali | 2,022,543 | (2) | 1.9 % |
| Leonard Oppenheim | 60,449 | (3) | * |
| Kareem Irfan | 60,448 | (4) | * |
| Tanveer Khader | 60,451 | (5) | * |
| Soumya Das | 1,013,526 | (6) | * |
| Tyler Hoffman | 525,000 | (7) | * |
| Wendy Loundermon | 1,015,786 | (8) | * |
| All executive officers and directors as a group (7 persons) | 4,758,203 | (9) | 4.5 % |

* Represents beneficial ownership of less than 1%.

(1) Based on 101,382,447 shares outstanding as of March 5, 2021.

(2) Includes (i) 1,500,002 shares of common stock held of record by Nadir Ali, which includes 1,500,000 shares of common stock issuable pursuant to a restricted stock grant, subject to certain tax withholding and forfeiture provisions (ii) 522,539 shares of common stock issuable upon exercise of options exercisable within 60 days of March 5, 2021, (iii) 1 shares of common stock held of record by Lubna Qureishi, Mr. Ali's wife, and (iv) 1 shares of common stock held of record by the Qureishi Ali Grandchildren Trust, of which Mr. Ali is the joint-trustee (with his wife Lubna Qureishi) of the Qureishi Ali Grandchildren Trust and has shared voting and investment control over the shares held. Excludes an additional 500,000 shares of common stock underlying options that are not exercisable within 60 days of March 5, 2021.

(3) Includes (i) 2 shares of common stock held of record by Mr. Oppenheim, and (ii) 60,447 shares of common stock issuable upon exercise of options exercisable within 60 days of March 5, 2021.

(4) Includes (i) 1 shares of common stock held of record by Mr. Irfan and (ii) 60,447 shares of common stock issuable upon exercise of options exercisable within 60 days of March 5, 2021.

(5) Includes (i) 3 shares of common stock owned directly by SyHolding Corp., (ii) 1 shares of common stock held of record by Mr. Khader and (iii) 60,447 shares of common stock issuable upon exercise of options exercisable within 60 days of March 5, 2021. Tanveer Khader holds the power to vote and dispose of the SyHolding Corp. shares.

(6) Includes (i) 750,001 shares of common stock held of record by Mr. Das, which includes 750,000 shares of common stock issuable pursuant to a restricted stock grant, subject to certain tax withholding and forfeiture provisions and (ii) 263,525 shares of common stock issuable upon exercise of options exercisable within 60 days of March 5, 2021. Excludes an additional 250,000 shares of common stock underlying options that are not exercisable within 60 days of March 5, 2021.

(7) Includes (i) 450,000 shares of common stock held of record by Mr. Hoffman which includes 450,000 shares of common stock issuable pursuant to a restricted stock grant, subject to certain tax withholding and forfeiture provisions and (ii) 75,000 shares of common stock issuable upon exercise of options exercisable within 60 days of March 5, 2021 held by Mr. Hoffman. Excludes an additional 225,000 shares of common stock underlying options that are not exercisable within 60 days of March 5, 2021.

(8) Includes (i) 750,002 shares of common stock held of record by Ms. Loundermon which includes 750,000 shares of common stock issuable pursuant to a restricted stock grant, subject to certain tax withholding and forfeiture provisions and (ii) 265,784 shares of common stock issuable upon exercise of options exercisable within 60 days of March 5, 2021. Excludes an additional 250,000 shares of common stock underlying options that are not exercisable within 60 days of March 5, 2021.

(9) Includes (i) 3,450,010 shares of common stock held directly, or by spouse or relative, (ii) 4 shares of common stock held of record by entities, and (iii) 1,308,189 shares of common stock issuable upon exercise of options exercisable within 60 days of March 5, 2021.

## ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

**Review, Approval or Ratification of Transactions with Related Persons.**

The Board reviews issues involving potential conflicts of interest, and reviews and approves all related party transactions, including those required to be disclosed as a "related party" transaction under applicable federal securities laws.

The Board has not adopted any specific procedures for conducting reviews of potential conflicts of interest and considers each transaction in light of the specific facts and circumstances presented. However, to the extent a potential related party transaction is presented to the Board, the Company expects that the Board would become fully informed regarding the potential transaction and the interests of the related party, and would have the opportunity to deliberate outside of the presence of the related party. The Company expects that the Board would only approve a related party transaction that was in the best interests of the Company, and further would seek to ensure that any completed related party transaction was on terms no less favorable to the Company than could be obtained in a transaction with an unaffiliated third party. Other than as described below, no transaction requiring disclosure under applicable federal securities laws occurred during fiscal year 2020 that was submitted to the Board for approval as a "related party" transaction.

**Related Party Transactions**

SEC regulations define the related person transactions that require disclosure to include any transaction, arrangement or relationship in which the amount involved exceeds the lesser of $120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years in which we were or are to be a participant and in which a related person had or will have a direct or indirect material interest. A related person is: (i) an executive officer, director or director nominee, (ii) a beneficial owner of more than 5% of our common stock, (iii) an immediate family member of an executive officer, director or director nominee or beneficial owner of more than 5% of our common stock, or (iv) any entity that is owned or controlled by any of the foregoing persons or in which any of the foregoing persons has a substantial ownership interest or control.

For the period from January 1, 2019, through the date of this report (the "Reporting Period"), described below are certain transactions or series of transactions between us and certain related persons.

**Sysorex Transactions**

Nadir Ali, Chief Executive Officer and member of the Board, is also a member of the board of directors of Sysorex.

*Sysorex Revolving Loan*

On December 31, 2018, the Company and Sysorex entered into a note purchase agreement (the "Note Purchase Agreement") pursuant to which the Company agreed to purchase from Sysorex at a purchase price equal to the Loan Amount (as defined below), a secured promissory note (the "Secured Note") for up to an aggregate principal amount of $3 million (the "Principal Amount"), including any amounts advanced through the date of the Secured Note (the "Prior Advances"), to be borrowed and disbursed in increments (such borrowed amount, together with the Prior Advances, collectively referred to as the "Loan Amount"), with interest to accrue at a rate of 10% percent per annum on all such Loan Amounts, beginning as of the date of disbursement with respect to any portion of such Loan Amount. In addition, Sysorex agreed to pay $20,000 to the Company to cover the Company's legal fees, accounting costs, due diligence, monitoring and other transaction costs incurred in connection with the purchase and sale of the Secured Note (the "Transaction Expense Amount"), all of which amount is included in the Principal Amount. Sysorex may borrow repay and borrow under the Secured Note, as needed, for a total outstanding balance, exclusive of any unpaid accrued interest, not to exceed the Principal Amount at any one time.

All sums advanced by the Company to the Maturity Date (as defined below) pursuant to the terms of the Note Purchase Agreement will become part of the aggregate Loan Amount underlying the Secured Note. All outstanding principal amounts and accrued unpaid interest owing under the Secured Note shall become immediately due and payable on the earlier to occur of (i) 24 month anniversary of the date the Secured Note is issued (the "Maturity Date"), (ii) at such date when declared due and payable by the Company upon the occurrence of an Event of Default (as defined in the Secured Note), or (iii) at any such earlier date as set forth in the Secured Note. All accrued unpaid interest shall be payable in cash. On February 4, 2019, the Secured Note was amended to increase the maximum principal amount that may be outstanding at any time under the Secured Note from $3 million to $5 million. On April 2, 2019, the Secured Note was amended to increase the maximum principal amount that may be outstanding at any time under the Secured Note from $5 million to $8 million. On May 22, 2019, the Secured Note was amended to increase the maximum principal amount that may be outstanding at any time under the Secured Note from $8 million to $10 million. The largest aggregate principal amount owed by Sysorex to the Company during the Reporting Period was approximately $10 million, the amount of principal paid during the Reporting Period was approximately $1.8 million and the interest paid during the Reporting Period was $0. The amount owed by Sysorex to the Company as of December 31, 2020 was approximately $7.7 million. These amounts exclude $275,000 of additional interest that the Company is contractually entitled to accrue from October 1, 2019 through December 31, 2019 and approximately $1.1 million of additional interest from January 1, 2020 through December 31, 2020 in accordance with the terms of the Sysorex Note, but did not accrue due to the uncertainty of repayment. The Secured Note has been classified as "held for sale" and the Company, with the assistance of a third-party valuation firm, estimated the fair value of such using Sysorex financial projections, a discounted cash flow model and a 12.3% discount rate. As a result, the Company established a full valuation allowance as of December 31, 2020. We are required to periodically re-evaluate the carrying value of the note and the related valuation allowance based on

various factors, including, but not limited to, Sysorex's performance and collectability of the note. Sysorex's performance against those financial projections will directly impact future assessments of the fair value of the note. On March 1, 2020, the Company amended the Secured Note to extend the maturity date of the Secured Note to December 31, 2022, to increase the default interest rate from 18% to 21% or the maximum rate allowable by law and to require a cash payment to the Company by Sysorex against the Loan Amount in an amount equal to no less than 6% of the aggregate gross proceeds raised following the completion of any financing, or series of related financings, in which Sysorex raises aggregate gross proceeds of at least $5 million.

***Sysorex Receivable***

On February 20, 2019, the Company, Sysorex and Atlas Technology Group, LLC ("Atlas") entered into a settlement agreement resulting in a net award of $941,796 whereby Atlas agreed to accept an aggregate of 16,655 shares of freely-tradable common stock of the Company in full satisfaction of the award. The Company and Sysorex each agreed pursuant to the terms and conditions of that certain Separation and Distribution Agreement, dated August 7, 2018, as amended, that 50% of the costs and liabilities related to the arbitration action would be shared by each party following the Spin-off. As a result, Sysorex owes the Company $616,359 as of December 31, 2019 for the settlement plus the interest accrued during the fiscal year ended December 31, 2020 of $31,824. There were no repayments during 2020, the highest balance during the fiscal year ended December 31, 2020 was $648,183 and total owed to the Company for this settlement as of December 31, 2020 was $648,183.

***Systat License Acquisition***

On June 19, 2020, we entered into an exclusive license to market, distribute, and develop the SYSTAT and SigmaPlot software suite of products (the "License Grant") pursuant to the terms and conditions of that certain Exclusive Software License and Distribution Agreement, as amended on June 30, 2020 (as amended, the "License Agreement"), with Cranes Software International Ltd. ("Cranes") and Systat Software, Inc. ("Systat," and together with Cranes, the "Systat Parties"). In accordance with the terms of the License Agreement, on June 30, 2020 (the "License Closing Date"), we acquired the License Grant, effective as of June 1, 2020, and we partitioned a portion of the outstanding balance under that certain promissory note (the "Sysorex Note") issued to us by Sysorex, Inc. ("Sysorex"), into a new note in an amount equal to $3 million in principal plus accrued interest (the "Closing Note") and assigned the Closing Note and all rights and obligations thereunder to Systat in accordance with the terms and conditions of that certain Promissory Note Assignment and Assumption Agreement (the "Assignment Agreement"). An additional $3.3 million of the principal balance underlying the Sysorex Note was partitioned and assigned to Systat as consideration payable for the rights granted under the license, including $1.3 million on the three month anniversary of the License Closing Date, $1.0 million on the six month anniversary of the License Closing Date and an additional $1.0 million on March 19, 2021. Each assignment under the Sysorex Note was represented by a new secured promissory note and our right to any repayment under the Sysorex Note is subordinate and junior to Sysorex's obligation to make any payment to Systat unless we have exercised our right to offset any losses against such assigned notes as permitted in the License Agreement. In addition, we paid the remaining cash consideration of $2.2 million for the License Grant on July 8, 2020.

In connection with the License Grant, the Systat Parties provided us with equipment for us to use at no additional cost for a minimum period of six months following the License Closing Date. In addition, we have the right, but not the obligation, to assume all of the Systat Parties' rights, interests, and obligations under the Systat Customer Contracts and the Systat Distribution Agreements (as such terms are defined in the License Agreement). We are also entitled to any customer maintenance revenue, new license fees, or license renewal fees, received by any of the Systat Parties after June 1, 2020 in connection with the Systat Customer Contracts and/or Systat Distribution Agreements assigned to and assumed by us in connection with the License Agreement. The License Grant will remain in effect for a period of 15 years following the License Closing Date (the "Term"), unless terminated sooner upon mutual written consent of Systat and us or upon termination by either for the other party's specified breach.

At any time during the first 5-year period of the Term (the "Purchase Option Exercise Period"), we may exercise our option to purchase the Software, Software Source, User Documentation, Systat Intellectual Property, Customer Information and Equipment (as such terms are defined in the License Agreement) from the Systat Parties in exchange for an assignment of our right to receive an additional $1.0 million in principal under the Sysorex Note. On February 22, 2021, we entered into a Second Amendment to the License Agreement to allow for the exercise of the purchase option in whole or in part any time during the Purchase Option Period and to provide for cash consideration in lieu of an assignment of the Sysorex Note at our option. In addition, we exercised our option to purchase a portion of the underlying assets, including certain software, trademarks, solutions, domain names and websites from Systat in exchange for consideration in an amount equal to $900,000.

Nadir Ali, our Chief Executive Officer and a member of our Board, is a related party in connection with the acquisition of the Licenses as a result of his service as a director of Sysorex, the issuer of the Sysorex Note that was assigned in accordance with the terms and conditions of the License Agreement. In addition, Tanveer Khader and Kareem Irfan, members of our Board, are also related parties in connection with the acquisition of the Licenses as a result of their respective employment relationships with the Systat Parties.

***Subscription of Units of Cardinal Venture Holdings***

On September 30, 2020, we entered into a Subscription Agreement (the "Subscription Agreement") with Cardinal Venture Holdings LLC, a Delaware limited liability company ("CVH"), pursuant to which we agreed to (i) contribute up to $1,800,000 (the "Contribution") to CVH and (ii) purchase up to 599,999 Class A Units of CVH (the "Class A Units") and up to 1,800,000 Class B Units of CVH (the "Class B Units," and, together with the Class A Units, the "Units"). The aggregate purchase price of $1,800,000 for the Units is deemed to be satisfied in part through the Contribution.

CVH owns certain interests in the sponsor entity (the "Sponsor") to a special purpose acquisition company formed for the purpose of pursuing an initial public offering of its securities followed by effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the "SPAC"). It is anticipated that the Contribution will be used by CVH to fund the Sponsor's purchase of securities in the SPAC.

Nadir Ali, our Chief Executive Officer and a director, beneficially owns membership interests in CVH through 3AM LLC, a Delaware limited liability company and a founding member of CVH ("3AM").

Concurrently with our entry into the Subscription Agreement, we entered into the Amended and Restated Limited Liability Company Agreement of CVH (the "LLC Agreement"), dated as of September 30, 2020. Under the terms of the LLC Agreement, in the event the Managing Member (as defined in the LLC Agreement) can no longer manage CVH's affairs due to his death, disability or incapacity, 3AM will serve as CVH's replacement Managing Member. Except as may be required by law, we, as a non-managing member under the LLC Agreement, do not have any voting rights and generally cannot take part in the management or control of CVH's business and affairs.

The LLC Agreement provides that each Class A Unit and each Class B Unit represents the right of the Company to receive any distributions made by the Sponsor on account of the Class A Interests and Class B Interests, respectively, of the Sponsor.

We not required to make additional capital contributions to CVH, unless any such capital contribution is approved by all of CVH's members. In addition, the LLC Agreement contains terms and conditions that provide for limitations on liability, restrictions on rights to distributions and certain indemnification rights for CVH's members.

**ITEM 14: PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Set forth below are approximate fees for services rendered by Marcum LLP, our independent registered public accounting firm, for the fiscal years ended December 31, 2020 and 2019.

| | 2020 | 2019 |
|---|---|---|
| Audit Fees(1) | $ 355,024 | $ 399,382 |
| Audit Related Fees | $ — | $ — |
| Tax Fees | $ — | $ — |
| All Other Fees | $ — | $ — |

(1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

**Audit Fees**. The "Audit Fees" are the aggregate fees of Marcum attributable to professional services rendered in 2020 and 2019 for the audit of our annual financial statements, for review of financial statements included in our quarterly reports on Form 10-Q or for services that are normally provided by Marcum in connection with statutory and regulatory filings or engagements for that fiscal year. These fees include fees billed for professional services rendered by Marcum for the review of registration statements or services that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

**Audit-Related Fees**. Marcum billed us for professional services that were reasonably related to the performance of the audit or review of financial statements in 2020 and 2019, which are not included under Audit Fees above including the filing of our registration statements, including our Registration Statement on Form S-3. This amount also includes audit fees related to acquisitions.

**Tax Fees**. Marcum did not perform any tax advice or planning services in 2020 or 2019.

**All Other Fees**. Marcum did not perform any services for us or charge any fees other than the services described above in 2020 and 2019.

**Pre-approval Policies and Procedures**

The Audit Committee is required to review and approve in advance the retention of the independent auditors for the performance of all audit and lawfully permitted non-audit services and the fees for such services. The Audit Committee may delegate to one or more of its members the authority to grant pre-approvals for the performance of non-audit services, and any such Audit Committee member who pre-approves a non-audit service must report the pre-approval to the full Audit Committee at its next scheduled meeting. The Audit Committee is required to periodically notify the Board of their approvals. The required pre-approval policies and procedures were complied with during 2020.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules

**15(a)(1) Financial Statements**

The financial statements filed as part of this report are listed and indexed in the table of contents. Financial statement schedules have been omitted because they are not applicable or the required information has been included elsewhere in this report.

**15(a)(2) Financial Statement Schedules**

Not applicable.

**15(a)(3) Exhibits**

The exhibits filed as part of this Annual Report on Form 10-K are listed in the Exhibit Index immediately preceding the exhibits. The Company has identified in the Exhibit Index each management contract and compensation plan filed as an exhibit to this Annual Report on Form 10-K in response to Item 15(a)(3) of Form 10-K.

### ITEM 16. FORM 10-K SUMMARY.

Not applicable.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**INPIXON**

Date: March 31, 2021

By: /s/ Nadir Ali
Nadir
Chief Executive Officer

Each person whose signature appears below constitutes and appoints Nadir Ali and Wendy Loundermon, and each of them, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

| Signature | Title | Date |
|---|---|---|
| /s/ Nadir Ali<br>Nadir Ali | Chief Executive Officer and Director<br>(Principal Executive Officer) | March 31, 2021 |
| /s/ Wendy Loundermon<br>Wendy Loundermon | Chief Financial Officer and Director<br>(Principal Financial and Accounting Officer) | March 31, 2021 |
| /s/ Leonard A. Oppenheim<br>Leonard A. Oppenheim | Director | March 31, 2021 |
| /s/ Kareem Irfan<br>Kareem Irfan | Director | March 31, 2021 |
| /s/ Tanveer Khader<br>Tanveer Khader | Director | March 31, 2021 |

## EXHIBIT INDEX

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 2.1† | Asset Purchase and Merger Agreement dated March 1, 2013 by and among Sysorex Global Holdings Corp., Lilien, LLC and Lilien Systems. | S-1 | 333-190574 | 2.1 | August 12, 2013 | |
| 2.2 | Agreement and Plan of Merger dated August 31, 2013 by and among Sysorex Global Holdings Corp., Sysorex Merger Sub, Inc., Shoom, Inc. and the Shareholder Representative. | S-1 | 333-191648 | 2.4 | October 9, 2013 | |
| 2.3 | Agreement and Plan of Merger dated as of December 20, 2013, by and among Sysorex Global Holdings Corp., AirPatrol Corporation, AirPatrol Acquisition Corp. I, AirPatrol Acquisition Corp. II, and Shareholders Representative Services LLC. | S-1/A | 333-191648 | 2.6 | January 21, 2014 | |
| 2.4 | Amendment No. 1 to Agreement and Plan of Merger dated February 28, 2014 with AirPatrol Corporation. | S-1/A | 333-191648 | 2.7 | March 13, 2014 | |
| 2.5 | Amendment No. 2 to Agreement and Plan of Merger dated April 18, 2014 with AirPatrol Corporation. | 8-K | 001-36404 | 2.8 | April 24, 2014 | |
| 2.6 | Waiver and Amendment No. 3 to Agreement and Plan of Merger dated May 30, 2014 with AirPatrol Corporation. | S-1 | 333-198502 | 12.9 | August 29, 2014 | |
| 2.7† | Asset Purchase Agreement, dated as of April 24, 2015, between Sysorex Global Holdings Corp., LightMiner Systems, Inc. and Chris Baskett. | 8-K | 001-36404 | 2.1 | April 30, 2015 | |
| 2.8 | Agreement and Plan of Merger, dated as of December 14, 2015, between Sysorex Global Holdings Corp. and Sysorex Global. | 8-K | 001-36404 | 10.3 | December 18, 2015 | |
| 2.9† | Asset Purchase Agreement, dated November 14, 2016, among Integrio Technologies, LLC, Emtec Federal, LLC, Sysorex Government Services, Inc. and Sysorex Global. | 8-K | 001-36404 | 2.1 | November 18, 2016 | |

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 2.10 | Amendment No. 1 to Asset Purchase Agreement, dated as of November 21, 2016, by and among Sysorex Global, Sysorex Government Services, Inc., Integrio Technologies, LLC and Emtec Federal, LLC. | 8-K | 001-36404 | 2.2 | November 28, 2016 | |
| 2.11 | Agreement and Plan of Merger, dated as of February 27, 2017, between Sysorex Global and Inpixon. | 8-K | 001-36404 | 2.1 | March 1, 2017 | |
| 2.12 | Agreement and Plan of Merger, dated as of July 25, 2018, between Inpixon USA and Sysorex, Inc. | 8-K | 001-36404 | 2.1 | July 31, 2018 | |
| 2.13 | Separation and Distribution Agreement, dated August 7, 2018 between Inpixon and Sysorex, Inc. | 10-Q | 001-36404 | 2.1 | August 13, 2018 | |
| 2.14 | Amendment No. 1 to Separation and Distribution Agreement dated August 31, 2018 between Inpixon and Sysorex, Inc. | 8-K | 001-36404 | 10.5 | September 4, 2018 | |
| 2.15† | Share Purchase Agreement, dated May 21, 2019, by and among Inpixon, Inpixon Canada, Inc., Locality Systems Inc., Kirk Moir, in his capacity as the Sellers' Representative, the Sellers and Garibaldi Capital Advisors Ltd. | 8-K | 001-36404 | 2.1 | May 22, 2019 | |
| 2.16† | Asset Purchase Agreement, dated June 27, 2019, by and between Inpixon and GTX Corp. | 8-K | 001-36404 | 2.1 | July 1, 2019 | |
| 2.17† | Share Purchase Agreement, dated July 9, 2019, by and among Inpixon, Inpixon Canada, Inc., Jibestream Inc., the Vendors, and Chris Wiegand, in his capacity as the Vendors' Representative. | 8-K | 001-36404 | 2.1 | July 11, 2019 | |
| 2.18† | Amendment to Share Purchase Agreement, dated as of August 8, 2019, by and among Inpixon, Inpixon Canada, Inc., Jibestream Inc., the Vendors, and Chris Wiegand, in his capacity as the Vendors' Representative. | 8-K | 001-36404 | 2.1 | August 9, 2019 | |
| 2.19 | The Second Amendment to the Share Purchase Agreement, dated August 15, 2019, by and among Inpixon, Inpixon Canada, Inc., Jibestream Inc, and Chris Wiegand, in his capacity as the Vendors' representative. | 8-K | 001-36404 | 2.1 | August 19, 2019 | |

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 2.20† | Asset Purchase Agreement, dated as of August 19, 2020, by and among Inpixon, Ten Degrees Inc., Ten Degrees International Limited, mCube International Limited and mCube, Inc. | 8-K | 001-36404 | 2.1 | August 20, 2020 | |
| 2.21† | Share Sale and Purchase Agreement, dated as of October 5, 2020, among Inpixon GmbH, Sensera Limited and Nanotron Technologies GmbH. | 8-K | 001-36404 | 2.1 | October 5, 2020 | |
| 2.22 | Amendment to the Share Sale and Purchase Agreement, dated as of February 24, 2021, among Inpixon GmbH, Sensera Limited and Nanotron Technologies GmbH. | 8-K | 001-36404 | 2.1 | February 26, 2021 | |
| 2.23† | Stock Purchase Agreement, dated as of March 25, 2021, among Inpixon, Game Your Game, Inc., Rick Clemmer, and Martin Manniche. | | | | | X |
| 3.1 | Restated Articles of Incorporation. | S-1 | 333-190574 | 3.1 | August 12, 2013 | |
| 3.2 | Certificate of Amendment to Articles of Incorporation (Increase Authorized Shares). | S-1 | 333-218173 | 3.2 | May 22, 2017 | |
| 3.3 | Certificate of Amendment to Articles of Incorporation (Reverse Split). | 8-K | 001-36404 | 3.1 | April 10, 2014 | |
| 3.4 | Articles of Merger (renamed Sysorex Global). | 8-K | 001-36404 | 3.1 | December 18, 2015 | |
| 3.5 | Articles of Merger (renamed Inpixon). | 8-K | 001-36404 | 3.1 | March 1, 2017 | |
| 3.6 | Certificate of Amendment to Articles of Incorporation (Reverse Split). | 8-K | 001-36404 | 3.2 | March 1, 2017 | |
| 3.7 | Certificate of Amendment to Articles of Incorporation (authorized share increase). | 8-K | 001-36404 | 3.1 | February 5, 2018 | |
| 3.8 | Certificate of Amendment to Articles of Incorporation (Reverse Split). | 8-K | 001-36404 | 3.1 | February 6, 2018 | |
| 3.9 | Certificate of Amendment to Articles of Incorporation (Reverse Split). | 8-K | 001-36404 | 3.1 | November 1, 2018 | |

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 3.10 | Certificate of Amendment to Articles of Incorporation, effective as of January 7, 2020 (Reverse Split). | 8-K | 001-36404 | 3.1 | January 7, 2020 | |
| 3.11 | Bylaws, as amended. | S-1 | 333-190574 | 3.2 | August 12, 2013 | |
| 4.1 | Specimen Stock Certificate of the Company. | S-1 | 333-190574 | 4.1 | August 12, 2013 | |
| 4.2 | Form of Certificate of Designation of Preferences, Rights and Limitations of Series 4 Convertible Preferred Stock. | 8-K | 001-36404 | 3.1 | April 24, 2018 | |
| 4.3 | Certificate of Designation of Series 5 Convertible Preferred Stock, dated as of January 14, 2019. | 8-K | 001-36404 | 3.1 | January 15, 2019 | |
| 4.4 | Promissory Note, dated as of December 21, 2018. | 8-K | 001-36404 | 4.1 | December 31, 2018 | |
| 4.5 | Warrant to purchase common stock dated March 20, 2013 held by Bridge Bank N.A. | S-1 | 333-190574 | 4.3 | August 12, 2013 | |
| 4.6 | Form of Warrant Agency Agreement | S-1/A | 333-218173 | 4.7 | June 23, 2017 | |
| 4.7 | Form of Additional Warrant | 8-K | 001-36404 | 4.1 | August 9, 2017 | |
| 4.8 | Form of Warrant | 8-K | 001-36404 | 4.1 | January 9, 2018 | |
| 4.9 | Form of Warrant | 8-K | 001-36404 | 4.1 | February 16, 2018 | |
| 4.10 | Form of Warrant | 8-K | 001-36404 | 4.1 | April 24, 2018 | |
| 4.11 | Form of Warrant | 8-K | 001-36404 | 4.1 | January 15, 2019 | |
| 4.12 | Form of Warrant Agency Agreement | 8-K | 001-36404 | 4.2 | January 15, 2019 | |
| 4.13 | Promissory Note, dated as of May 3, 2019 | 8-K | 001-36404 | 4.1 | May 3, 2019 | |
| 4.14 | Promissory Note, dated as of June 27, 2019. | 8-K | 001-36404 | 4.1 | June 27, 2019 | |
| 4.15 | Form of Series A warrants. | 8-K | 001-36404 | 4.2 | August 14, 2019 | |
| 4.16 | Series 6 Preferred Certificate of Designation, effective as of August 13, 2019. | 8-K | 001-36404 | 4.1 | August 14, 2019 | |

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 4.17 | Promissory Note, dated as of August 8, 2019 | 8-K | 001-36404 | 4.1 | August 9, 2019 | |
| 4.18 | Promissory Note, dated as of November 22, 2019. | 8-K | 001-36404 | 4.1 | November 22, 2019 | |
| 4.19 | Description of Registrant's Securities | 10-K | 001-36404 | 4.21 | March 3, 2020 | |
| 4.20 | Promissory Note, dated as of March 18, 2020. | 8-K | 001-36404 | 4.1 | March 20, 2020 | |
| 4.21 | Form of Purchase Warrant | 8-K | 001-36404 | 4.1 | November 27, 2020 | |
| 4.22 | Form of Pre-Funded Warrant | 8-K | 001-36404 | 4.2 | November 27, 2020 | |
| 4.23 | Form of Purchase Warrant | 8-K | 001-36404 | 4.1 | January 25, 2021 | |
| 4.24 | Form of Pre-Funded Warrant | 8-K | 001-36404 | 4.2 | January 25, 2021 | |
| 4.25 | Form of Purchase Warrant | 8-K | 001-36404 | 4.1 | February 12, 2021 | |
| 4.26 | Form of Pre-Funded Warrant | 8-K | 001-36404 | 4.2 | February 12, 2021 | |
| 4.27 | Form of Purchase Warrant | 8-K | 001-36404 | 4.1 | February 17, 2021 | |
| 4.28 | Form of Pre-Funded Warrant | 8-K | 001-36404 | 4.2 | February 17, 2021 | |
| 10.1+ | Amended and Restated 2011 Employee Stock Incentive Plan. | S-8 | 333-195655 | 10.22 | May 2, 2014 | |
| 10.2+ | Form of Incentive Stock Option Agreement. | 8-K | 001-36404 | 10.9 | October 27, 2014 | |
| 10.3+ | Form of Non-Qualified Stock Option Agreement. | 8-K | 001-36404 | 10.5 | October 27, 2014 | |
| 10.4+ | Form of Restricted Stock Award Agreement. | 8-K | 001-36404 | 10.6 | October 27, 2014 | |
| 10.5+ | 2018 Employee Stock Incentive Plan, as amended. | S-8 | 333-234458 | 99.1 | November 1, 2019 | |
| 10.6+ | 2018 Employee Stock Incentive Plan Form of Non-Qualified Stock Option Agreement. | | | | | X |
| 10.7+ | 2018 Employee Stock Incentive Plan Form of Non-Qualified Stock Option Agreement. | | | | | X |

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 10.8+ | 2018 Employee Stock Incentive Plan Form of Restricted Stock Award Agreement. | | | | | X |
| 10.9+ | Director Services Agreement with Leonard A. Oppenheim dated October 21, 2014. | 8-K | 001-36404 | 10.1 | October 27, 2014 | |
| 10.10+ | Waiver and Amendment No. 1 to Board of Directors Services Agreement with Leonard A. Oppenheim dated February 4, 2019. | 10-K | 001-36404 | 10.9 | March 28, 2019 | |
| 10.11+ | Director Services Agreement with Kareem M. Irfan dated October 21, 2014. | 8-K | 001-36404 | 10.3 | October 27, 2014 | |
| 10.12+ | Waiver and Amendment No. 1 to Board of Directors Services Agreement with Kareem M. Irfan dated February 4, 2019. | 10-K | 001-36404 | 10.11 | March 28, 2019 | |
| 10.13+ | Director Services Agreement with Tanveer A. Khader dated October 21, 2014. | 8-K | 001-36404 | 10.4 | October 27, 2014 | |
| 10.14+ | Waiver and Amendment No. 1 to Board of Directors Services Agreement with Tanveer A. Khader dated February 4, 2019. | 10-K | 001-36404 | 10.13 | March 28, 2019 | |
| 10.15+ | Amended and Restated Employment Agreement by and between the Company and Nadir Ali | 10-Q | 001-36404 | 10.14 | May 15, 2018 | |
| 10.16+ | Employment Agreement, effective as of October 1, 2014, between Wendy Loundermon and the Company. | 8-K | 001-36404 | 10.8 | October 27, 2014 | |
| 10.17+ | Employment Agreement dated November 4, 2016, by and between Sysorex USA and Soumya Das. | 10-K | 001-36404 | 10.51 | April 17, 2017 | |
| 10.18+ | Amended Compensation Terms for Soumya Das | 10-Q | 001-36404 | 10.9 | August 13, 2018 | |
| 10.19+ | Amendment to Employment Agreement dated August 31, 2018 among Inpixon, Sysorex, Inc. and Soumya Das | 8-K | 001-36404 | 10.8 | September 4, 2018 | |
| 10.20 | Assignment and Assumption Agreement dated August 31, 2018 between members of the Inpixon Group and members of the Sysorex Group | 8-K | 001-36404 | 10.4 | September 4, 2018 | |

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 10.21 | Note Purchase Agreement, dated as of December 31, 2018, by and between Inpixon and Sysorex, Inc. | 8-K | 001-36404 | 10.2 | December 31, 2018 | |
| 10.22 | Sysorex Secured Promissory Note, dated as of December 31, 2018. | 8-K | 001-36404 | 10.3 | December 31, 2018 | |
| 10.23 | First Amendment Agreement, dated as of February 4, 2019, between Inpixon and Sysorex, Inc. | 8-K | 001-36404 | 10.2 | February 8, 2019 | |
| 10.24+ | Waiver and Amendment No. 1 to Board of Directors Services Agreement with Leonard A. Oppenheim dated February 4, 2019. | 10-K | 001-36404 | 10.9 | March 28, 2019 | |
| 10.25+ | Waiver and Amendment No. 1 to Board of Directors Services Agreement with Kareem M. Irfan dated February 4, 2019. | 10-K | 001-36404 | 10.11 | March 28, 2019 | |
| 10.26+ | Waiver and Amendment No. 1 to Board of Directors Services Agreement with Tanveer A. Khader dated February 4, 2019. | 10-K | 001-36404 | 10.13 | March 28, 2019 | |
| 10.27 | Second Amendment Agreement, dated as of April 2, 2019, between Inpixon and Sysorex, Inc. | 8-K | 001-36404 | 10.1 | April 5, 2019 | |
| 10.28+ | Note Purchase Agreement, dated as of May 3, 2019. | 8-K | 001-36404 | 10.1 | May 3, 2019 | |
| 10.29# | Das Commission Plan. | 10-Q | 001-36404 | 10.11 | May 14, 2019 | |
| 10.30 | General Security Agreement, dated May 21, 2019, executed by Locality Systems Inc. in favor of the Sellers. | 8-K | 001-36404 | 10.1 | May 22, 2019 | |
| 10.31 | Guaranty Agreement, dated May 21, 2019, executed by Inpixon in favor of the Sellers. | 8-K | 001-36404 | 10.2 | May 22, 2019 | |
| 10.32 | Third Amendment Agreement, dated as of May 22, 2019, between Inpixon and Sysorex, Inc. | 8-K | 001-36404 | 10.3 | May 22, 2019 | |
| 10.33 | Note Purchase Agreement, dated as of June 27, 2019. | 8-K | 001-36404 | 10.2 | June 27, 2019 | |
| 10.34† | Patent Assignment and License-Back Agreement, dated June 27, 2019, by and between Inpixon and GTX Corp. | 8-K | 001-36404 | 10.1 | July 1, 2019 | |

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 10.35† | Patent License Agreement, dated June 27, 2019, by and between Inpixon and Inventergy. | 8-K | 001-36404 | 10.4 | July 1, 2019 | |
| 10.36† | Patent License Agreement, dated June 27, 2019, by and between Inpixon and GTX Corp. | 8-K | 001-36404 | 10.2 | July 1, 2019 | |
| 10.37 | Form of Promissory Note. | 8-K | 001-36404 | 10.6 | July 1, 2019 | |
| 10.38† | Note Purchase Agreement, dated as of August 8, 2019. | 8-K | 001-36404 | 10.1 | August 9, 2019 | |
| 10.39 | Form of Jibestream Note. | 8-K | 001-36404 | 10.3 | August 9, 2019 | |
| 10.40† | Note Purchase Agreement, dated as of November 22, 2019. | 8-K | 001-36404 | 10.1 | November 22, 2019 | |
| 10.41 | Amendment to Promissory Note. | 8-K | 001-36404 | 10.1 | January 7, 2020 | |
| 10.42 | Fourth Amendment Agreement, dated as of March 1, 2020, between Inpixon and Sysorex, Inc. | 10-K | 001-36404 | 10.5 | March 3, 2020 | |
| 10.43 | Note Purchase Agreement, dated as of March 18, 2020. | 8-K | 001-36404 | 10.1 | March 20, 2020 | |
| 10.44† | Exclusive Software License and Distribution Agreement, dated as of June 19, 2020, by and among Inpixon, Cranes Software International Ltd., and Systat Software, Inc. | 8-K | 001-36404 | 10.1 | June 22, 2020 | |
| 10.45 | Amendment and Waiver to Exclusive Software License & Distribution Agreement, dated as of June 30, 2020, by and among Inpixon, Cranes Software International Ltd., and Systat Software, Inc. | 8-K | 001-36404 | 10.1 | July 2, 2020 | |
| 10.46 | Promissory Note Assignment and Assumption Agreement, dated as of June 30, 2020, by and between Inpixon, Systat Software, Inc. and Sysorex, Inc. | 8-K | 001-36404 | 10.3 | July 2, 2020 | |
| 10.47 | Intercreditor Agreement, dated as of June 30, 2020, among Inpixon, Sysorex, Inc. and Systat Software, Inc. | 8-K | 001-36404 | 10.4 | July 2, 2020 | |
| 10.48+ | Employment Agreement, dated May 5, 2020, by and between Inpixon and Tyler Hoffman. | 10-Q | 001-36404 | 10.2 | August 14, 2020 | |

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 10.49+ | Amendment No. 4 to Inpixon 2018 Employee Stock Incentive Plan. | 10-Q | 001-36404 | 10.7 | August 14, 2020 | |
| 10.50† | Consulting Agreement, dated as of August 19, 2020, by and between Inpixon and mCube, Inc.. | 8-K | 001-36404 | 10.1 | August 20, 2020 | |
| 10.51# | Reseller and Development License Agreement, dated as of August 19, 2020, by and between Inpixon and mCube, Inc. | 8-K | 001-36404 | 10.2 | August 20, 2020 | |
| 10.52 | Form of Amended and Restated Limited Liability Company Agreement of Cardinal Venture Holdings LLC. | 8-K | 001-36404 | 10.2 | October 5, 2020 | |
| 10.53† | Form of Purchase Agreement | 8-K | 001-36404 | 10.1 | January 25, 2021 | |
| 10.54† | Form of Purchase Agreement | 8-K | 001-36404 | 10.1 | February 12, 2021 | |
| 10.55† | Form of Purchase Agreement | 8-K | 001-36404 | 10.1 | February 17, 2021 | |
| 10.56 | Amendment #2 to Promissory Note, dated as of March 17, 2021, by and between Inpixon and Iliad Research and Trading, L.P. | 8-K | 001-36404 | 10.1 | March 19, 2021 | |
| 21.1 | List of Subsidiaries of the Company. | | | | | X |
| 23.1 | Consent of Marcum LLP. | | | | | X |
| 24.1 | Power of Attorney (included on signature page). | | | | | X |
| 31.1 | Certification of the Company's Principal Certification of the Company's Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the year ended December 31, 2019. Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the year ended December 31, 2019. | | | | | X |
| 31.2 | Certification of the Company's Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the year ended December 31, 2019. | | | | | X |
| 32.1## | Certification of the Company's Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | | X |

| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 101.INS | XBRL Instant Document | | | | | X |
| 101.SCH | XBRL Taxonomy Extension Schema Document | | | | | X |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | | | | | X |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document | | | | | X |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | | | | | X |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | | | | | X |

+ Indicates a management contract or compensatory plan.

† Exhibits, schedules and similar attachments have been omitted pursuant to Item 601 of Regulation S-K and the registrant undertakes to furnish supplemental copies of any of the omitted exhibits and schedules upon request by the SEC.

# Certain confidential portions of this Exhibit were omitted by means of marking such portions with brackets ("[****]") because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

## This certification is deemed not filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

**STOCK PURCHASE AGREEMENT****

**among**

**INPIXON**
(as purchaser)

**GAME YOUR GAME, INC.**
(as target and issuer)

**and**

**RICK CLEMMER AND MARTIN MANNICHE,**
THE STOCKHOLDERS OF
GAME YOUR GAME, INC.
**(as sellers)**

**March 25, 2021**

**Schedules, exhibits and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K and will be provided on a supplemental basis to the Securities and Exchange Commission upon request.



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# STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "Agreement") is entered into and made effective as of March 25, 2021, among Inpixon, a Nevada corporation (the "Buyer"), Game Your Game, Inc., a Delaware corporation (the "Company"), Rick Clemmer ("Clemmer") and Martin Manniche ("Manniche," and, together with Clemmer, the "Sellers").

## RECITALS

**WHEREAS,** the Sellers, on a fully diluted basis, collectively own 588,916 shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), as set out in Exhibit A;

**WHEREAS,** the Company wants to issue and sell the New Shares (defined below) to the Buyer, and the Buyer wants to purchase such New Shares from the Company, on the terms and conditions set out in this Agreement; and

**WHEREAS,** the Sellers want to sell the Seller Shares (defined below) to the Buyer, and the Buyer wants to purchase the Seller Shares from the Sellers, on the terms and conditions set out in this Agreement.

**NOW, THEREFORE,** in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

## ARTICLE I.

## SALE OF STOCK AND TERMS OF PAYMENT

**tion i.Issuance and Sale by the Company.**

(1) Upon the terms and conditions contained in this Agreement, at the Closing, the Company shall issue and sell to the Buyer, and the Buyer shall purchase from the Company, free and clear of any Encumbrances, 283,473 shares of Common Stock (the "New Shares").

(2) It is intended that the New Shares to be issued by the Company pursuant to Section 1.01(a) will be issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and therefore shall not require registration under the Securities Act.

**tion ii.Purchase and Sale of Sellers' Shares.**

Upon the terms and conditions contained in this Agreement, at the Closing, the Sellers shall sell, assign, transfer and deliver to the Buyer, and the Buyer shall purchase and acquire from the Sellers, free and clear of any Encumbrances, an aggregate of 238,527 shares of Common Stock owned by the Sellers (the "Seller Shares," and, together with the New Shares, the "Purchased Shares"), as set forth on Exhibit A.

**ion iii.Effect of Issuance and Sales.**

After giving effect to the issuance of the New Shares under Section 1.01(a) and the purchase and sale of the Seller Shares under Section 1.02, the Buyer will, immediately after the Closing, own 522,000 Purchased Shares (constituting 52.2% of the issued and outstanding shares of the Company's Common Stock, on a fully diluted basis (the "Buyer's Percentage Interest").

**ion iv.Aggregate Purchase Price.**

(1) **Purchase Price**. The aggregate purchase price payable by the Buyer for the Purchased Shares shall be $3,070,035 (the "Purchase Price"), consisting of:

(a) $1,666,932 in cash (the "Cash Consideration") for the New Shares, to be paid by the Buyer to the Company at the Closing by wire transfer of immediately available funds; and

(b) a number of shares of the Buyer's restricted common stock, par value $0.001 per share, calculated by dividing $1,403,103 by the lesser of (A) the closing price per share of the Buyer's common stock, as reported or quoted by the Nasdaq Stock Market, immediately prior to the Closing and (B) the average closing price of the Buyer's common stock, as reported or quoted by the Nasdaq Stock Market, for the 5 trading days immediately preceding the Closing Date (rounded down to the nearest whole Buyer Share) (the "Buyer Shares"), in exchange for the Seller Shares, to be issued by the Buyer to the Sellers at the Closing, with each Seller receiving a number of Buyer Shares (rounded down to the nearest whole Buyer Share) based on such Seller's pro rata amount of the Seller Shares indicated on Exhibit A that such Seller shall sell to Inpixon at the Closing ("Relative Share").

(2) **Payment of Purchase Price.**

(a) Cash Consideration. On or prior to the Closing Date, the Company will deliver to the Buyer wire instructions for the account of the Company to which the Cash Consideration will be delivered and the Buyer shall deliver the Cash Consideration in accordance with such instructions, which shall fully satisfy the Buyer's obligations under Section 1.04(a)(i).

(b) Buyer Shares. Within 3 business days of the Closing Date, the Buyer will issue to each Seller, such Seller's Relative Share in accordance with instructions delivered to the Buyer's transfer agent to issue the Buyer Shares in book entry form and to record the Sellers as the legal and beneficial owners of such Buyer's Shares (the "Transfer Agent Instructions").

(3) **Use of Proceeds.** The parties hereto hereby acknowledge and agree that the Cash Consideration shall be used for working capital purposes consistent with the budget set forth on Exhibit F which may be subject to such modifications as may be approved by the Buyer and the Company's Board of Directors and to satisfy approximately an aggregate of approximately $166,932 for payroll arrears from 2019 due to certain employees of the Company, as set forth on Exhibit B (the "Payroll Obligations").

**tion v.Closing.**

The closing of the transactions contemplated by this Agreement (the "Closing") will be deemed to occur on the date on which all conditions precedent to the Closing have been satisfied or waived (the "Closing Date") at such place and time as the Buyer, the Company and the Sellers may mutually determine. All proceedings to be taken, all documents to be executed and delivered by the parties, and all payments to be made and consideration to be delivered at the Closing will be deemed to have been taken and executed simultaneously, and, except as permitted hereunder, no proceedings will be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered. The Buyer, the Company and the Sellers may participate in the Closing by electronic means.

## ARTICLE II.

## REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers, severally, represent and warrant to the Buyer that the statements contained in this Article II are true and correct as of the Closing Date, except as otherwise expressly set forth in the Schedules of even date herewith and delivered by the Sellers on the date hereof (the "Seller Schedules"). The Seller Schedules will be arranged in paragraphs corresponding to the numbered and lettered Sections contained in this Article II, and the disclosure in any such numbered and lettered Section of the Seller Schedules shall qualify only the corresponding Section in this Article II (except to the extent disclosure in any numbered and lettered Section of the Seller Schedules is cross-referenced within another numbered and lettered Section of the Seller Schedules):

**tion i.Authority.**

Each of the Sellers has full legal power, authority and capacity to execute and deliver this Agreement and each Related Document to which that Seller is a party and to consummate the transactions contemplated hereby and thereby. This Agreement and each Related Document to which a Seller is a party have been duly and validly executed and delivered by that Seller and constitute valid and binding obligations of that Seller, enforceable against that Seller in accordance with their terms.

**tion ii.Title to Shares.**

The Sellers lawfully own beneficially and of record the number of the Seller Shares that are set out opposite their names in Exhibit A and have good and marketable title to such Seller, free and clear of any pledges, security interests, mortgages, deeds of trust, liens, charges, encumbrances, equities, claims, adverse claims, options, rights of first refusal, rights of way, conditional sales, grants of power to confess judgment or limitations whatsoever ("Encumbrances"). There are no claims, actions or proceedings of any kind pending or threatened in writing by or against the Sellers concerning such Seller Shares. At the Closing, the Sellers will transfer, assign and deliver to the Buyer good title to the Purchased Shares, free and clear of any Encumbrances.

**ion iii.Capitalization.**

Except as disclosed in Schedule 2.03, neither the Sellers nor any relative or other Affiliate of any of the Sellers, have any interest in any property, real or personal, tangible or intangible, used in or pertaining to the business of the Company and no such person is indebted to the Company, nor is the Company indebted to any such person.

**ion iv.Consents and Approvals.**

Neither the execution and delivery of this Agreement and the Related Documents by the Sellers, nor the sale by the Sellers of the Purchased Shares under this Agreement nor the consummation of the other transactions contemplated by this Agreement and the Related Documents will require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority other than those that are set out on Schedule 2.04.

**tion v.Legal Proceedings, Etc.**

There is no claim, action, proceeding or investigation pending, nor, to the Knowledge of the Sellers, is there any basis for or any threatened claim, action, proceeding or investigation, against or relating to the Sellers before any court, arbitrator or governmental or regulatory authority or body acting in an investigative or adjudicative capacity, nor has any such claim, action, proceeding or investigation been pending or threatened in the past 5 years, which would seek to prevent the sale by the Sellers of the Purchased Shares under this Agreement nor the consummation of the other transactions contemplated by this Agreement and the Related Documents.

**ion vi.[Intentionally Omitted].**

**on vii.Broker's or Finder's Fees.**

Neither the Sellers, nor any person acting on the Sellers' behalf, has employed an agent, broker, person or firm in connection with the transactions contemplated by this Agreement. To the extent that any Seller has incurred any Liability for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement, that Seller will be solely responsible for the payment of that Liability.

**n viii.Related Party Transactions; Guarantees.**

Except as set out on Schedule 2.08, there are no related party transactions between the Company, on the one hand, and the Sellers (or any spouse, other family member or Affiliate of any Seller), on the other hand, in existence as of the Closing, and there are no Liabilities between any Seller (or any spouse, other family member or Affiliate of any Seller) and the Company that will not by their terms or otherwise terminate at or before the Closing.

**ion ix.Anti-Corruption Laws.**

Neither any Seller, nor anyone acting on any of their behalf, has directly or indirectly: (a) made, offered to make or promised to make any payment or transfer of anything of value, directly or indirectly, to (i) anyone working in an official capacity for any governmental entity, including any employee of any government-owned or controlled entity or public international organization or (ii) any political party, official of a political party or candidate for political office, in order to obtain or retain business, or secure any improper business advantage, except for the payment of fees required by Law to be paid to governmental authorities, (b) made any unreported political contribution, (c) made or received any payment that was not legal to make or receive, (d) engaged in any transaction or made or received any payment that was not properly recorded on its books, (e) created or used any "off-book" bank or cash account or "slush fund", or (f) engaged in any conduct constituting a violation of the United States Foreign Corrupt Practices Act of 1977, as amended, or the United Kingdom Bribery Act 2010, as amended.

**tion x.Review of SEC Reports.**

The Sellers have (i) received and carefully reviewed the Buyer's annual, current and periodic reports filed with the U.S. Securities and Exchange Commission (the "SEC") since December 31, 2019 in accordance with the Securities Exchange Act of 1934, as amended, and (ii) had the opportunity to ask questions and receive answers from the Buyer's officers and directors concerning such forms and the documents incorporated by reference therein and to obtain any documents relating to the Buyer which are on file with the SEC and available for inspection by the public. The Sellers are aware of the risks inherent in an investment in the Buyer and specifically the risks of an investment in the securities. In addition, the Sellers are aware and acknowledge that there can be no assurance of the future viability or profitability of the Buyer, nor can there be any assurance relating to the current or future price of the Buyer's common stock, as traded on the Nasdaq Stock Market, or market conditions generally.

**ion xi.Own Account.**

The Sellers understand that the Buyer Shares are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and each Seller is acquiring the Buyer Shares to be issued to such Seller as principal for its or his own account and not with a view to or for distributing or reselling such Buyer Shares or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Buyer Shares in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other Persons to distribute or regarding the distribution of such Buyer Shares in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting the Seller's right to sell the Buyer Shares pursuant to an effective registration statement or otherwise in compliance with applicable federal and state securities laws).

**on xii.Sellers' Status.**

At the time the Sellers were offered the Buyer Shares, they were, and as of the date hereof are, either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7)

or (a)(8) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. The Sellers, either alone or together with their representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Buyer Shares, and have evaluated the merits and risks of such investment. The Sellers are able to bear the economic risk of an investment in the Buyer Shares and, at the present time, are able to afford a complete loss of such investment.

## ARTICLE III.

## REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND MANNICHE

The Company and Manniche, jointly and severally, represent and warrant to the Buyer that the statements contained in this Article III are true and correct as of the Closing Date, except as otherwise expressly set forth in the Schedules of even date herewith and delivered by the Company on the date hereof (the "Company Schedules," and, together with the Seller Schedules, the "Schedules"). The Company Schedules will be arranged in paragraphs corresponding to the numbered and lettered Sections contained in this Article III, and the disclosure in any such numbered and lettered Section of the Company Schedules shall qualify only the corresponding Section in this Article III (except to the extent disclosure in any numbered and lettered Section of the Company Schedules is cross-referenced within another numbered and lettered Section of the Company Schedules):

**tion i.Organization; Qualification.**

The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, with all requisite corporate power and authority to own, lease and operate its properties and to conduct its business as now conducted. Schedule 3.01 sets out a complete and correct list of the jurisdictions in which the Company is qualified or registered to do business, and the Company is not required by applicable Law to be so qualified or registered in any other jurisdiction. Schedule 3.01 also contains complete and correct copies of all documents by which the Company established its legal existence or that govern the Company's internal affairs, including, as applicable, its certificate or articles of incorporation and bylaws, any stockholders' agreements and similar governing documents, each as amended and currently in effect (collectively, "Fundamental Documents").

**tion ii.Capitalization.**

(1) The total authorized capital stock of the Company consists of 1,529,412 shares of Common Stock and 400,000 shares of preferred stock, par value $0.001 per share, of which 658,527 shares of Common Stock (i) are issued and outstanding (ii) have been duly authorized and (iii) are validly issued, fully paid, and non-assessable. Except as set out in the immediately preceding sentence or as forth in Schedule 3.02, no other capital stock or other equity securities of the Company are authorized, issued or outstanding. Schedule 3.02 sets out the name of each current holder of the Common Stock and the number of shares of Common Stock.

(2) Other than this Agreement, and except as set out in Schedule 3.02, (i) there is no subscription, option, warrant, call, right, agreement or commitment, whether written or oral, relating to the issuance, sale, delivery or transfer (including any right of conversion or exchange under any outstanding security or other instruments) by the Company of the Seller Shares or any other Common Stock or other capital stock or equity securities of the Company, (ii) there are no written or verbal outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire the Seller Shares or any outstanding Common Stock or other capital stock or equity securities of the Company, (iii) there are no stock appreciation rights, phantom stock rights or similar rights or arrangements concerning the Company, the Seller Shares or any Common Stock or other capital stock or equity securities of the Company and (iv) there are no contracts, commitments, arrangements, understandings, or restrictions to which the Company, or the Sellers or any other holder of the Company's equity securities is bound relating to the Seller Shares or any shares of capital stock or other equity securities of the Company (each "Common Stock Equivalents"). Schedule 3.02 sets out the name of each holder of Common Stock Equivalents that is currently outstanding or was outstanding anytime within the last twelve months prior to the date of this Agreement, including the type of security held (warrant, option, indebtedness) and the number of shares of Common Stock underlying such Common Stock Equivalents or for which such Common Stock Equivalents were converted, exercised or exchanged.

(3) Except as disclosed in Schedule 3.02, no officer, director, employee or shareholder of the Company, nor any relative or other Affiliate of any of the foregoing, have any interest in any property, real or personal, tangible or intangible, used in or pertaining to the business of the Company and no such person is indebted to the Company, nor is the Company indebted to any such person.

**ion iii.Authority Relative to this Agreement.**

(1) The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and each Related Document to which it is or will be a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and each Related Document to which the Company is or will be a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of the Company. This Agreement and each Related Document to which the Company is a party have been duly and validly executed and delivered by the Company and, assuming due authorization, execution and delivery by each other party hereto and thereto, constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar applicable Laws affecting creditors' rights generally or by general equitable principles affecting the enforcement of contracts.

(2) There are no claims, actions or proceedings of any kind pending or threatened in writing by or against the Company concerning such Seller Shares.

**ion iv.Subsidiaries; Investments.**

(1) Schedule 3.04 identifies all subsidiaries, corporations, companies, partnerships, associations, joint ventures or other persons in which the Company has, directly or indirectly, an equity or similar investment (the "Subsidiaries"). For the purposes of this Article III, all references to the Company shall also include and be references to the Subsidiaries.

(2) Each Subsidiary listed in Schedule 3.04 is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or formation, with all requisite power and authority to own, lease and operate its properties and to conduct its business as now conducted, and is duly qualified as a foreign entity to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of property requires such qualification. Except as set forth in Schedule 3.04, the Company owns all of the issued and outstanding shares of capital stock (or other equity or ownership interests) of the Subsidiaries, free and clear of any Encumbrances.

**tion v.Consents and Approvals; No Violation.**

Neither the execution and delivery by the Company of this Agreement and the Related Documents to which it is a party, nor the consummation of the transactions contemplated by this Agreement and such Related Documents, will (a) conflict with or result in any breach of any provision of the Fundamental Documents of the Company; (b) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority other than those that are set out on Schedule 3.05 and have been made or obtained; (c) result in a default (or give rise to any right of termination, cancellation or acceleration) under the terms of any note, mortgage, indenture, deed of trust, real property lease or other contract or agreement to which the Company is a party or by which the Company is bound or subject, except for those defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained as set out on Schedule 3.05; (d) result in the creation of any encumbrance, security interest, equity or right of others upon any of the properties or assets of the Company or under the terms, conditions or provisions of any agreement to which the Company or the assets the Company may be bound or affected; or (e) violate any order, writ, injunction, decree, law, statute, rule or regulation of any governmental entity ("Law") applicable to the Company or the assets of the Company.

**ion vi.Financial Statements.**

(1) Schedule 3.06 contains (i) the unaudited consolidated balance sheet of the Company as at December 31, 2019 and the related consolidated income statement of the Company for the fiscal year ended December 31, 2019 (the "2019 Financial Statements"), and (ii) the unaudited consolidated balance sheet of the Company as at December 31, 2020 and the related consolidated income statement of the Company for the fiscal year ended December 31, 2020 (the "2020 Financial Statements," and, together with the 2019 Financial Statements, the "Financial Statements").

(2) Each Financial Statement, including the related notes and schedules thereto: (i) has been prepared in accordance with the books and records of the Company, which

are true and complete in all material respects and which have been maintained in a manner consistent with historical practice, (ii) presents fairly, in accordance with GAAP, the financial condition and results of operations of the Company which it purports to present as of the dates thereof and for the periods indicated therein and (iii) has been prepared on the consistent basis and in accordance with consistent policies, principles and practices throughout the periods covered thereby (except as may be indicated therein, in the notes thereto or as summarized in Schedule 3.06, and except, in the case of the 2020 Financial Statements, for the absence of footnotes and to standard year-end adjustments, none of which will be material). "GAAP" means generally accepted accounting principles in the United States, as consistently applied by the Company.

(3) Since the date of the 2020 Financial Statements, except as set out on Schedule 3.06, there has been no change in (i) any accounting principle, procedure or practice followed by the Company or (ii) the method of applying any such principle, procedure or practice.

**on vii.Undisclosed Liabilities.**

Except as set out in Schedule 3.07, the Company does not have any material Liabilities (for the purpose of this Section, "material" means Liabilities that, individually or in the aggregate, exceed $10,000), that are not fully reflected or reserved against in the 2020 Financial Statements, except those that have been incurred in the ordinary course of business since the date thereof (none of which are material). Except as set out in Schedule 3.07, there is no basis for any claim against the Company for any material Liability that is not fully reflected or reserved against in the 2020 Financial Statements, other than obligations incurred in the ordinary course of business since the date of the 2020 Financial Statements (none of which are material). "Liabilities" means liabilities or obligations, secured or unsecured, of any nature whatsoever, whether absolute, accrued, contingent or otherwise, and whether due or to become due.

**ın viii.Absence of Adverse Changes and Extraordinary Events.**

Except as set forth in Schedule 3.08 or otherwise contemplated by this Agreement, from the date of the 2020 Financial Statements through the Closing Date, (a) the Company has not entered into any transactions other than in the ordinary course of business consistent with past practice, (b) there has not been any event that has had or may have a material adverse effect on the Company, (c) the business of the Company has been operated only in the ordinary course and substantially in the manner that that business was heretofore conducted, (d) all vendors and contractors of the Company have been promptly paid and (e) Manniche has used his commercially reasonable efforts to preserve the goodwill of the Company and his relationships with its employees, customers and suppliers.

**ion ix.Insurance.**

The Company maintains insurance for its properties against loss or damage by fire or other casualty and maintains such other insurance, including liability insurance, as is usually maintained by prudent companies similar in size and credit standing to the Company and engaged in the same or similar businesses. Schedule 3.09 sets out a complete and correct list of

the insurance policies maintained by the Company. Except as set out in Schedule 3.09, none of those insurance policies will in any way be affected by or terminate or lapse by reason of the transactions contemplated by this Agreement.

**tion x.Title to Assets.**

The Company has good and marketable title to, or, solely to the extent set out in Schedule 3.10, a valid leasehold interest in, all of its assets, properties and interests in properties, real, personal or mixed (a) reflected on the balance sheet included in the 2020 Financial Statements, (b) acquired since the date of that balance sheet or (c) required for or used in the conduct of its business as currently conducted, except for inventory sold in the ordinary course of business since the date of that balance sheet and accounts receivable and notes to the extent that they have been paid (collectively, the "Assets"). All of the equipment included in the Assets is in good operating condition, and is adequate for use in the ordinary course of the Company's business consistent with past practice, except for damaged, worn or defective items that have been written off or written down to fair market value or for which adequate reserves have been established in the 2020 Financial Statements. Except as set out in Schedule 3.10, all of the Assets are owned by the Company, free and clear of any Encumbrances, and no Assets are held on a consignment or lease basis.

**ion xi.Credit lines, Loans, Guarantees, Banks.**

Schedule 3.11 describes all the loans and credit lines of the Company, including the identity of the lender, the loan amount and balance, terms, related security interests and the identity of any guarantors. Except as set out on Schedule 3.11, (a) the Company has no indebtedness for borrowed money or other debt obligation, other than trade credit extended in the ordinary course of business by the suppliers and vendors of the Company, (b) the Company has not guaranteed the Liabilities of any third person and (c) the Company is not obligated to indemnify any third person. The full details of the Company's bank accounts as of the Closing Date, including the names of all persons authorized to draw thereon or make withdrawals therefrom, and the balance of each such account as of the most recent statement date, are detailed in Schedule 3.11.

**on xii.Labor Matters.**

(a) The Company is in full compliance with all applicable Laws concerning employment and employment practices, terms and conditions of employment and wages and hours, and is not engaged in any unfair labor practice; (b) there is no unfair labor practice complaint against the Company pending or, to the Knowledge of the Company or Manniche, threatened before any court, administrative agency or other tribunal or governmental entity; (c) there is no labor strike, dispute, slowdown or stoppage actually pending or, to the Knowledge of the Company or Manniche, threatened against or affecting the Company; (d) no grievance nor any arbitration proceeding arising out of or under any collective bargaining or other agreement is pending against the Company; and (e) the Company has not experienced any strike or work stoppage or other industrial dispute involving its employees in the past 5 years.

**n xiii.Employees; Employee Benefit Arrangements.**

(1) Schedule 3.13(a) is a true and complete list of the names and positions of each employee of the Company (the "Employees") and the following compensation information for fiscal year 2019 and 2020 and fiscal year 2021 to date for each Employee (as applicable): (i) annual base salary; (ii) annual bonus; (iii) commissions; (iv) benefits; (v) severance; and (vi) all other items of compensation that are in fact paid, provided or made available to that Employee or that the Company is required to pay, provide or make available to that Employee under any written or oral agreement, plan or other understanding or arrangement. The Company has no outstanding Liabilities (including any commission payments due) with respect to any Employee (or any dependent or beneficiary of any such Employee) that are not accrued for in the 2020 Financial Statements. Except as set out on Schedule 3.13(a), the employment of all Employees is "at will," and the Company may terminate the employment of each Employee at any time, for any reason or for no reason. Except as set out on Schedule 3.13(a), the Company has not offered employment to any individual who is not an Employee.

(2) "Benefit Arrangement" means any employee benefit plans, as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") or other applicable Law, or other pension, savings, retirement, benefit, fringe benefit, compensation, deferred compensation, incentive, bonus, commission, profit-sharing, insurance, welfare, severance, change of control, parachute, stock option, stock purchase or other employee benefit plan, program or arrangement, whether or not subject to any of the provisions of ERISA, whether or not funded and whether written or oral.

(3) Except as referred to in Schedule 3.13(c), the Company has no Benefit Arrangements covering former or current employees of the Company, or under which the Company has any Liability (each such Benefit Arrangement, a "Company Employee Plan"). The Company has no commitment or obligation to create any additional Benefit Arrangements or to increase benefit levels, provide any new benefits under or otherwise change any Company Employee Plan, and no such creation, increase or change has been proposed, made the subject of written or oral representations to employees or requested or demanded by employees under circumstances that make it reasonable to expect that it will occur. Correct and complete copies of all Company Employee Plans are attached as part of Schedule 3.13(c).

(4) Each Company Employee Plan is and has been administered in compliance with its terms and with the requirements of applicable Law and for the exclusive benefit of the participants and beneficiaries of that Company Employee Plan. There is no pending or, to the Company's or Manniche's Knowledge, threatened legal action, arbitration or other proceeding against the Company with respect to any Company Employee Plan, other than routine claims for benefits, that could result in Liability to the Company or to the Buyer, and there is no basis for any such legal action or proceeding. All required, declared or discretionary (in accordance with historical practices) payments, premiums, contributions, reimbursements or accruals with respect to each Company Employee Plan for all periods ending prior to or as of the Closing Date have been made or properly accrued on the Financial Statements, including the balance sheet included in the 2020 Financial Statements, or with respect to accruals properly made after the date of the 2020 Financial Statements, on the books and records of the Company. There is no unfunded actual or potential Liability relating to any Company Employee Plan that is

not reflected on the Financial Statements, including the balance sheet included in the 2020 Financial Statements, or with respect to accruals properly made after the date of the 2020 Financial Statements, on the books and records of the Company. Each Company Employee Plan that is a "group health plan" within the meaning of Section 5000 of the Internal Revenue Code of 1986, as amended (the "Code") has been maintained in compliance with Section 4980B of the Code and Title I, Subtitle B, Part 6 of ERISA and no Tax payable on account of Section 4980B of the Code has been or is expected to be incurred. If any Company Employee Plan is, or has features that constitute, a "nonqualified deferred compensation plan" within the meaning of Treas. Reg. §1.409A-1(a), that Company Employee Plan has been operated in compliance with Section 409A of the Code and applicable Treasury regulations thereunder and the Company has no any obligation to pay, reimburse or indemnify any service provider in any such Company Employee Plan for Taxes resulting from the service provider's participation in that Company Employee Plan. Except as may be required under COBRA or other Laws of general application, no Company Employee Plan obligates the Company to provide any employee or former employee, or their spouses, family members or beneficiaries, any post-employment or post-retirement health or life insurance, accident or other "welfare-type" benefits. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any payment (either of severance pay or otherwise) becoming due under any Company Employee Plan, or from the Company, the Sellers or the Buyer, to any current or former employee or self-employed individual.

**ɒn xiv.Contracts; Customers.**

(1) Schedule 3.14(a) sets out a full and complete list of all the written and oral contracts and commitments (including any (i) real property leases, (ii) customer contracts and customer orders, (iii) distributor and reseller agreements, (iv) license agreements, (v) partner, supplier and services contracts, (vi) powers of attorney (vii) contracts relating to the Software Products and (viii) indemnification agreements), (A) to which the Company is a party, (B) by which the Company is bound (C) or under which the Company has performed work, or had work performed for it, in the past 3 years that involve aggregate revenues or obligations of the Company in excess of $10,000 per contract or have any remaining term as of the Closing Date (collectively, the "Contracts"). Except as disclosed on Schedule 3.14(a), (y) neither the Company nor, to Manniche's Knowledge, any other party to a Contract, is in breach or violation of, or in default under, any of the Contracts, and (z) the consummation of the transactions contemplated by this Agreement will not constitute a default or breach under any of the Contracts. Except as specifically indicated in Schedule 3.05, the execution, delivery and performance of this Agreement will not give rise to any consent requirement under any of the Contracts. Except as set out on Schedule 3.14(a), all of the Contracts are in full force and effect and have not been modified or amended in any material respect since the date of the 2020 Financial Statements.

(2) Schedule 3.14(b) contains a complete and correct list and brief description of (i) all contracts and other transactions that remain in effect or progress or that were entered into within the past 3 years involving the Company with respect to which any officer, director, employee, contractor or shareholder of the Company, or any relative or other Affiliate of any of the foregoing, is or was a party or is or was otherwise interested (other than an interest existing

solely by virtue of, arising solely from and limited solely to, the person's position as an officer, director, employee, contractor or shareholder of a the Company) and (ii) the amount of all compensation paid or other payments made, for services rendered or otherwise, during each of the 3 calendar years prior to the date of Closing, and the aggregate amount of all such compensation paid or other payments made in the current calendar year through the Closing Date, to any such person by the Company regardless of the materiality thereof. Except as set out in Schedule 3.14(b), no Seller has had any direct or indirect interest in any competitor, customer, supplier or other person, firm or corporation that has had any material business relationship or material transaction with the business of the Company during the last 3 years, nor is any of the foregoing a party to, nor the owner of property that is the subject of, any business arrangement with the Company.

(3) Schedule 3.14(c) contains a complete and correct list of all current clients and customers of the Company, together with, for each client or customer, (i) any active projects for that client or customer, (ii) whether the Company is performing those projects on a fixed price or time and materials basis, (iii) a reference to any Contract under which the Company is performing those projects, (iv) for fixed price projects, the commencement date, deliverables/milestones that have been met, payments received, schedule for completion, completion percentage, percentage of resources investment since the beginning of the project, updated work/Gantt plan, remaining payments due from the client or customer, and the extent of the Company's maintenance/warranty commitment and (v) for time and materials projects, the commencement date, details of rates and number of employees, average monthly amounts billed, advance notice period (from the customer or client) and the extent to which the customer is authorized to recruit Company employees.

(4) Schedule 3.14(d) contains a correct and complete list of the Software Products, together with, for each Software Product, (i) whether the Intellectual Property in that Software Product is owned by the Company or by a vendor to the Company, and, if applicable, the name of that vendor, (ii) if that Software Product is sourced from a vendor, a reference to any distribution or similar agreement under which the Company distributes that Software Product, which is included in the Contracts and a copy of which is included in Schedule 3.14(f), (iii) to the extent applicable, a description of the Company's distribution rights for that Software Product (territory, exclusivity, minimum quota requirements, possibility of termination of the agreement for convenience reasons), (iv) the Company's customer base and revenues from licenses and maintenance for that Software Product during the past 3 years, (v) the Company's payments to the vendor, if applicable, for that Software Product during the past 3 years and (vi) a list and description of the Company's personnel supporting that Software Product (divided into the categories of sales, pre-sale and post-sale). "Software Products" means all software products that the Company distributes, whether the Intellectual Property in those products is owned by the Company or by a vendor to the Company.

(5) Schedule 3.14(e) contains a complete and correct list and brief description of all current and prospective clients and customers of the Company with which the Company is currently negotiating material business arrangements, including the (i) status of the negotiation of any contract, (ii) an estimate of the amount of revenue and gross profit to be generated from the

contract and (iii) an estimate of the time period during which the Company will provide services to the client or customer.

(6) Schedule 3.14(f) contains a complete and correct copy of each written Contract and a reasonable summary of each oral Contract.

(7) Except as set out on Schedule 3.14(g), (i) to the Knowledge of the Company and Manniche, the Company's relationship with each of its customers is good, (ii) no problem or disagreement exists between the Company and any customer, (iii) no customer has notified the Company that it intends to, nor has any customer threatened to, terminate, decrease or otherwise modify its relationship and dealings with the Company, and the Company and Manniche do not have any reason to believe that any customer intends to take any such action, in each case whether as a result of the transactions contemplated by this Agreement or otherwise.

**on xv.Legal Proceedings, Etc.**

There is no claim, action, proceeding or investigation pending, nor, to the Knowledge of the Company or Manniche, is there any basis for or any threatened claim, action, proceeding or investigation, against or relating to the Company before any court, arbitrator or governmental or regulatory authority or body acting in an investigative or adjudicative capacity, nor has any such claim, action, proceeding or investigation been pending or threatened in the past 5 years, and the Company is not subject to any outstanding order, writ, injunction or decree ("Proceedings").

**on xvi.Taxes.**

(1) (i) All Tax Returns required to be filed by the Company on or before the Closing Date have been filed by or on behalf of that Company. (ii) The Company has paid in full, or provided for in the 2020 Financial Statements, all Taxes required to be paid by it through the Closing Date, whether or not shown to be due on any Tax Returns. (iii) All accruals or reserves for Taxes reflected in the 2020 Financial Statements are adequate to cover Taxes accruing with respect to or payable by the Company through the date thereof and the Company has not incurred or accrued any Liability for Taxes subsequent to that date other than in the ordinary course of business. (iv) All Tax Returns filed or required to be filed on or before the Closing by the Company are true, correct and complete in all material respects and were prepared in substantial compliance with the applicable laws and regulations. (v) No Tax Return of the Company has been audited or is under audit by the relevant authorities, and the Company has not received any notice that any such Tax Return is under examination or will be audited. (vi) No extension of the statute of limitations with respect to any claim for Taxes has been granted by the Company. (vii) There are no liens or other Encumbrances for Taxes upon the assets of the Company except liens for Taxes not yet due. (viii) The Company is not party to or bound by any Tax allocation or sharing agreement, nor does it have any Liability for the Taxes of any person other than itself under Treas. Reg. §1.1502-6 (or any similar provision of state, local, or non-U.S. Law), as a transferee or successor, by contract or otherwise. (ix) The Company has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing by the Company to any employee, independent contractor, creditor, stockholder or other person.

(2) The Company is not a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in the payment of (i) any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local, or non-U.S. Tax law) and (ii) any amount that will not be fully deductible as a result of Code §162(m) (or any corresponding provision of state, local, or non-U.S. Tax law). The Company is not a United States real property holding corporation within the meaning of Code §897(c)(2) during the applicable period specified in Code §897(c)(1)(A)(ii). The Company is not a party to or bound by any Tax allocation or sharing agreement. The Company has not been a party to any "reportable transaction" as defined in Code §6707A(c)(1) and Treas. Reg. §1.6011-4(b).

(3) "Tax" and "Taxes" mean all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, excise, property, sales, transfer, gains, use, value added, withholding, license, occupation, privileges, payroll and franchise taxes and stamp duties, imposed by the United States or any state, provincial, local or other government or subdivision or agency thereof; and those terms shall include any interest, penalties or additions to tax attributable to those assessments. "Tax Return" means any report, statement, return or other information required to be supplied by the Company to a taxing authority in connection with Taxes.

**n xvii.Compliance with Law.**

The Company has conducted its business in all material respects in compliance with, and is in compliance with, all applicable Laws.

**ı xviii.Full Disclosure.**

This Agreement, including the representations and warranties contained in this Article III, the schedules, attachments and exhibits attached hereto, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained herein or therein, taken as a whole, in light of the circumstances in which they were made, not misleading.

**ɒn xix.Broker's or Finder's Fees.**

Neither the Company, nor any person acting on the Company's behalf, has employed an agent, broker, person or firm in connection with the transactions contemplated by this Agreement. To the extent that the Company has incurred any Liability for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement, Manniche will be solely responsible for the payment of that Liability.

**on xx.Guarantees.**

The Company has not guaranteed the Liabilities of the Sellers or any other person.

**ɔn xxi.Intellectual Property.**

(1) "Intellectual Property" means (i) any and all inventions, technology, patents, and reissuances, continuations, continuations-in-part, divisions and reexaminations of those patents, (ii) trademarks, service marks, trade dress, logos, trade names, domain names and corporate names, including all goodwill associated therewith, (iii) copyrightable works and copyrights (including software, databases, data and related documentation), (iv) mask works, (v) trade secrets and confidential business information (including ideas, research and development, know-how, processes and techniques, technical data, designs, drawings, specifications, client, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), and (vi) all registrations, applications, renewals, and recordings of any of the preceding items listed in this sentence. Schedule 3.21 sets out each item of Intellectual Property that is used in the conduct of the business of the Company as currently conducted.

(2) The Company either owns the entire right, title, and interest to, or holds an existing, valid and enforceable license to use, all the Intellectual Property used in or required for the business of the Company as currently conducted (any such license and any required royalty payments are set out on Schedule 3.21).

(3) There are no actions instituted or, to the Knowledge of the Company or Manniche, threatened by any third person pertaining to, or challenging, the Company's use of, or right to use, any Intellectual Property.

(4) Neither the Intellectual Property of the Company nor the conduct of the business of the Company infringes any Intellectual Property of any third person, nor has the Company received any written assertion of any such infringement or any offer to license Intellectual Property under claim of use.

(5) To the Knowledge of the Company or Manniche, no third person is infringing upon any Intellectual Property of the Company.

(6) All current and former employees and consultants of the Company have signed (i) non-disclosure agreements related to the Company's Intellectual Property rights and (ii) agreements obligating them to assign to the Company Intellectual Property rights developed by them in the course of their service to the Company, and those agreements are currently in full force and effect.

(7) The Company has not violated or breached, nor is in violation or in breach of, any confidentiality, non-competition, non-solicitation or similar obligation of the Company to any person.

**n xxii.OFAC and September 24, 2001 Executive Order.**

Neither the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC"), nor any similar list maintained by OFAC, nor the September 24, 2001 Executive Order Blocking Property and

Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism, is applicable to the Company or the Sellers.

**xxiii.Anti-Corruption Laws.**

Neither the Company nor anyone acting on its behalf, has directly or indirectly: (a) made, offered to make or promised to make any payment or transfer of anything of value, directly or indirectly, to (i) anyone working in an official capacity for any governmental entity, including any employee of any government-owned or controlled entity or public international organization or (ii) any political party, official of a political party or candidate for political office, in order to obtain or retain business, or secure any improper business advantage, except for the payment of fees required by Law to be paid to governmental authorities, (b) made any unreported political contribution, (c) made or received any payment that was not legal to make or receive, (d) engaged in any transaction or made or received any payment that was not properly recorded on its books, (e) created or used any "off-book" bank or cash account or "slush fund", or (f) engaged in any conduct constituting a violation of the United States Foreign Corrupt Practices Act of 1977, as amended, or the United Kingdom Bribery Act 2010, as amended.

**xxiv.Privacy and Data Security.**

(1) Except as set forth on Schedule 3.24(a), the Company does not collect, store, maintain, use, share or process, and has not during the 5 year period immediately preceding the date of this Agreement collected, stored, maintained, used, shared and processed any Personal Information, in connection with the Company's business.

(2) Except as set forth on Schedule 3.24(b), no Person has provided the Company with any written notice, claim, charge or complaint, or brought or commenced any Proceeding, alleging a violation of any Privacy and Data Security Requirements, and to the Company's Knowledge, there is no reasonable basis for any Action against the Company arising from or related to a violation of any Privacy and Data Security Requirements applicable to the Company's assets or business. The Company is not, and during the 5 year period immediately preceding the date of this Agreement has not been, subject to any investigation, audit or inquiry with regard to any Privacy and Data Security Requirements applicable to the Company, its assets or its business.

(3) Except as set forth on Schedule 3.24(c), in the 5 year period immediately preceding the date of this Agreement, to the Company's Knowledge, has been no (i) failure, breakdown or other adverse events affecting any IT Systems that have caused a material disruption or interruption in or to the use of any such IT Systems; (ii) privacy or data security breach of any IT Systems, or unauthorized acquisition, exfiltration, manipulation, erasure, use or disclosure of any Personal Information, owned, used, stored, received, or controlled by or on behalf of the Company, including any unauthorized use or disclosure of Personal Information that would constitute a breach for which notification to individuals and/or regulatory authorities is required under any applicable Privacy Laws.

(4) The Company has followed, and is currently following, best practices related to the implementation of commercially reasonable administrative, technical and physical

safeguards, in all material respects, as in effect from time to time, that are designed to maintain the safety and security of the IT Systems and, the IT Systems do not have any material security vulnerabilities.

(5) The Company has taken, and is currently taking, reasonable measures in all material respects in accordance with industry standards, to detect security vulnerabilities with respect to the IT Systems, and to maintain and train applicable personnel on policies and procedures to escalate any security vulnerability resulting in, or reasonably likely to result in, unauthorized access to the IT Systems, to the attention of the Company's executives.

(6) Neither the execution, delivery nor performance of this Agreement nor the consummation of the transactions contemplated hereby will constitute a violation of any Privacy and Data Security Requirements.

(7) For purposes of this Agreement, these terms shall have the following meanings:

(1) "Personal Information" means any information that, either individually or when combined with other information, can be used to identify a specific individual or derive information specific to a particular individual, and any information or data sufficient to identify the current, past or potential employees, contractors, suppliers or customers of the Company, including, but not necessarily limited to, the following information: a first name and last name in combination with (i) a home or other physical address, including street name and name of city or town; (ii) an email address or other name, that reveals an individual's email address; (iii) a telephone number; (iv) a Social Security number; (v) financial information, including credit card information, debit card information, checking account information, account number and check number, in combination with a password, PIN, or security question and answer that allow access; (vi) passwords; (vii) a Passport, driver's license, military or state identification, or alien registration number; (viii) location information, a device identification number, an online or persistent identifier, such as a customer number held in a "cookie," "tag," "beacon," or processor serial number; (ix) human resources information, such as benefits plan information, member number, salary information, performance history, individually identifiable health information as defined by Health Insurance Portability and Accountability Act and the privacy rules promulgated thereunder, and similar information; (x) any nonpublic personally identifiable financial or transactional information, such as a credit report, information relating to a relationship between an individual person and a financial institution, and/or related to a financial transaction by such individual person with a financial institution; (xi) an employee ID number; (xii) biometric information; or (xiii) any other information that is identifiable to or identifies an individual, whether or not combined with any of (i) through (xiii) above.

(2) "Privacy and Data Security Requirements" means all (a) privacy and data security requirements in an applicable Law, (b) any privacy policies pursuant to which the Company collected any information, in each case to the extent related to privacy, security, data collection, data protection, data sharing, direct marketing, and behavioral marketing, and workplace privacy, including the collection, processing,

storage, protection and disclosure of Personal Information, and (c) any contractual requirements that relate to the collection, use or privacy of Personal Information and/or that otherwise require compliance with any applicable Privacy Laws, in each case as applicable to the Company and its business and operations.

(3) "Privacy Laws" all applicable Laws governing the collection, storage, transmission, transfer, disclosure, privacy, data security and use of Personal Information.

(4) "IT Systems" means all software, computer systems, servers, hardware, network equipment, databases, websites, and other information technology systems of whatever type or kind that are used to process, store, maintain and operate data, information, and functions that are owned, leased or licensed by or to the Company.

## ARTICLE IV.

## REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Company and the Sellers as follows:

**Section a. Organization.**

The Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of Nevada and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

**Section b. Authority Relative to this Agreement.**

The Buyer has full corporate power and authority to execute and deliver this Agreement and each Related Document to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each Related Document to which the Buyer is a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by requisite corporate action taken on the part of the Buyer and no other corporate proceedings on the part of the Buyer are necessary to authorize this Agreement and each Related Document to which the Buyer is a party or to consummate the transactions contemplated hereby or thereby. This Agreement and each Related Document to which the Buyer is a party have been duly and validly executed and delivered by the Buyer and constitute valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their terms.

**Section c. Consents and Approvals; No Violation.**

Neither the execution and delivery by the Buyer of this Agreement and each Related Document to which the Buyer is a party, nor the purchase by the Buyer of the Purchased Shares under this Agreement nor the consummation of the other transactions contemplated by this Agreement and the Related Documents to which the Buyer is a party will (a) conflict with or result in any breach of any provision of the Fundamental Documents of the Buyer, (b) require any consent, approval, authorization or permit of, or filing with or notification to, any

governmental or regulatory authority other than those that have been made or obtained; or (c) Law applicable to the Buyer or any of its assets.

**Section d. Broker's or Finder's Fees.**

Except as set out on Schedule 4.04, neither the Buyer, nor any person acting on the Buyer's behalf, has employed an agent, broker, person or firm acting on behalf of the Buyer in connection with the transactions contemplated hereby. To the extent the Buyer has incurred any Liabilities for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated hereby, the Buyer will be solely responsible for the payment of those Liabilities.

**Section e. Issuance of Buyer Shares.**

The Buyer Shares are duly authorized and, when issued and paid for in accordance with this Agreement, will be duly and validly issued, fully paid and nonassessable, free and clear of all Encumbrances imposed by the Buyer other than restrictions on transfer provided for in connection with the transaction contemplated by this Agreement.

## ARTICLE V.

## CLOSING CONDITIONS AND PRE-CLOSING COVENANTS

**Section f. Conditions to the Obligations of Buyer at Closing.**

The obligations of the Buyer to consummate the transactions contemplated hereby at the Closing are subject to the satisfaction, on or prior to the Closing Date, of the conditions set forth in this Section 5.01, unless waived (to the extent such conditions can be waived) by the Buyer.

At the Closing, the Company and Sellers shall deliver to the Buyer the following:

1. One or more stock certificates representing the Purchased Shares, accompanied by stock powers duly executed in blank or duly executed instruments of transfer and any other documents that are necessary to transfer to the Buyer good and marketable title to the Purchased Shares, free and clear of any Encumbrances;

2. The stock books, stock ledgers, minute books, corporate seals and similar corporate records of the Company;

3. Resignation letters, in the form and substance satisfactory to the Buyer and effective as of the Closing Date, of each director and officer of the Company and its Subsidiaries, as requested by the Buyer;

4. A release of the Company in the form attached as Exhibit C (the "Seller Release"), signed by the Sellers;

5. A stockholders' agreement among each of the Sellers, the Buyer, the Company, and the other holders of capital stock of the Company, substantially in the form

attached hereto as Exhibit D (the "Stockholders' Agreement"), signed by each of the foregoing parties;

6. Documentation from the holders of Common Stock Equivalents outstanding immediately prior to the Closing relating to the conversion, exercise, exchange or cancellation, as applicable, of such Common Stock Equivalents, in the forms attached hereto as Exhibits E-1 through E4;

7. A certificate from each Seller stating that that such Seller is not a "foreign person" within the meaning of Section 1.1445-2(b) of the rules and regulations promulgated under Section 1445 of the Code;

8. A certificate of an authorized officer of the Company, dated as of the Closing Date, certifying (A) that true and complete copies of all of the Fundamental Documents of the Company as in effect on the Closing Date are attached thereto, (B) as to the incumbency and genuineness of the signatures of each officer of the Company executing this Agreement or any of the Related Documents on behalf of the Company; and (C) as to the genuineness of the resolutions attached thereto of the Board of Directors of the Company and/or the stockholders of the Company authorizing the execution, delivery and performance of this Agreement and the Related Documents to which the Company is a party and the consummation of the transactions contemplated hereby and thereby;

9. Certificates of the secretaries of state of each of the states in which the Company is incorporated or qualified to do business, dated within 10 days of the Closing Date, certifying as to the good standing of the Company;

10. A certificate executed by an officer of the Company and each of the Sellers, dated the Closing Date, stating that the following conditions have been satisfied:

i. the representations and warranties set forth in Article II with respet to the Sellers and set forth in Article III with respect to the Company and Manniche (other than those representations and warranties that address matters as of particular dates, which need only be true and correct as of their respective dates) that are qualified as to materiality shall be true and correct in all respects, and each such representation or warranty that is not so qualified shall be true and correct in all material respects, in each case as of the Closing Date; and

ii. the Company and the Sellers shall have performed or complied in all material respects with all of the covenants, obligations and agreements required to be performed or complied with by them under this Agreement at or prior to the Closing;

11. Duly executed copies of all approvals, consents and/or waivers that are set forth in Schedules 3.05 and 3.14(a);

12. All consents, authorizations, orders and approvals of, filings or registrations with and the expiration of all waiting periods imposed by, any third Person, including any governmental entity, which are required for or in connection with the execution and delivery by the parties of this Agreement and the Related Documents to which they are

parties and the consummation by the parties of the transactions contemplated hereby and thereby and in order to permit or enable the Company to conduct its business after the Closing in substantially the same manner as previously conducted, in form and substance reasonably satisfactory to the Buyer, which shall be in full force and effect;

13. A duly executed consent of the Board of Directors of the Company fixing the size of the Board of Directors to one member and appointing Nadir Ali as such sole member of the Company's Board of Directors;

14. A Board Adviser Agreement, in the form attached hereto as Exhibit G, duly executed by Clemmer, pursuant to which Clemmer will serve as a senior advisor to the Board of Directors of the Buyer;

15. An amendment to the bylaws of the Company, in the form attached hereto as Exhibit H, duly adopted by the Board of Directors of the Company; and

16. All other documents, instruments and writings required to be delivered by the Company and Sellers at or prior to the Closing Date under this Agreement or otherwise required in connection with this Agreement.

"Related Documents" shall mean the deliveries set forth in clauses (a), (d)-(h), (j) and (n)-(p) of this Section 5.01.

**Section g. Conditions to the Obligations of the Company and Sellers at Closing.**

The obligations of the Company and the Sellers to consummate the transactions contemplated hereby at the Closing are subject to the satisfaction, on or prior to the Closing Date, of the conditions set forth in this Section 5.02, unless waived (to the extent such conditions can be waived) by the Company and the Sellers.

At the Closing, the Buyer will deliver the following to or for the account of the Sellers:

17. Each Related Document to which the Buyer is a party, signed by the Buyer;

18. The Cash Consideration in accordance with Section 1.01(a);

19. A copy of the Transfer Agent Instructions with respect to the issuance of the Buyer Shares delivered to the Buyer's transfer agent; and

20. All other documents, instruments and writings required to be delivered by Buyer at or prior to the Closing Date under this Agreement, or otherwise required in connection with this Agreement.

**Section h. Certain Covenants Prior to Closing.**

21. Except as contemplated by this Agreement, from and after the date hereof until the earlier of the Closing or the termination of this Agreement in accordance with its terms,

the Company shall, except as set forth on Schedule 3.08 or as consented to in writing by the Buyer, (a) conduct its business in the ordinary course of business (including any conduct that is reasonably related, complementary or incidental thereto), (b) use commercially reasonable efforts to preserve substantially intact its business organization and to preserve the present commercial relationships with persons with whom it does business and (c) do, and the Sellers shall cause the Company to do, all of the following:

1. not make any capital expenditure in excess of $10,000 individually or $50,000 in the aggregate;

2. not take or omit to take any action that would reasonably be expected to result in a material adverse effect on the Company;

3. not declare or pay a dividend on, or make any other distribution in respect of, its equity securities except dividends or distributions solely in cash;

4. not acquire or agree to acquire in any manner (whether by merger or consolidation, the purchase of an equity interest in or a material portion of the assets of or otherwise) any business or any corporation, partnership, association or other business organization or division thereof of any other person other than the acquisition of assets in the ordinary course of business;

5. not amend, extend, renew or terminate any Contracts, other than any Contracts or extensions (A) with a term of less than one year, (B) which involve $10,000 or less, or (C) amended, extended, renewed or terminated in the ordinary course of business;

6. not change in any material respect the base compensation of, or enter into any new bonus or incentive agreement or arrangement with, any of its directors, officers or manager or other key employees, other than changes made in accordance with normal compensation practices and consistent with past practices of the Company or changes required by employment agreements, any benefit plan or any Law;

7. not (A) terminate (otherwise than for cause) the employment or services of any director, officer or manager or other key employee except as contemplated by Section 5.01(c) or (B) grant any severance or termination pay to any director, officer or manager or any other employee;

8. not materially amend or enter into a new benefit plan (except as required by Law, prior agreement or customary renewal in the ordinary course of business) or collective bargaining agreement;

9. not incur any indebtedness in excess of $10,000 in the aggregate, except (A) current liabilities incurred in the ordinary course of business, (B) borrowings under existing credit facilities and (C) obligations under Contracts entered into in the ordinary course of business;

10. not issue any equity interests or grant any option or issue any warrant to purchase or subscribe for any of such securities or issue any securities convertible into

such securities (except in connection with the exercise or conversion of equity securities, options and warrants issued and outstanding as of the date hereof);

11. not adopt any amendments to the Company's Fundamental Documents;

12. not make any material change in the accounting principles, methods, practices or policies applied in the preparation of the Financial Statements, unless such change is required by applicable Law or GAAP;

13. not sell or otherwise dispose of any material assets in excess of $10,000 in the aggregate, other than sales of inventory in the ordinary course of business and personal property sold or otherwise disposed of in the ordinary course of business and except for any asset which is obsolete;

14. not settle or compromise any action except to the extent involving solely money damages of no greater than $10,000;

15. preserve and maintain all of its material permits;

16. pay its debts, Taxes and other obligations when due;

17. maintain the material assets owned, operated or used by the Company in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

18. continue in full force and effect without modification all of its insurance policies, except as required by applicable Law;

19. defend and protect its material assets from infringement or usurpation;

20. perform all of its material obligations under all Contracts relating to or affecting its assets or business;

21. maintain the books and records in accordance with past practice;

22. not make any loans, advances or capital contributions to any person;

23. comply in all material respects with all applicable Laws;

24. not (A) make, change or revoke any material Tax election outside of the ordinary course of business; (B) change any material annual Tax accounting period; (C) change any material Tax accounting principles, methods, practices or policies; (D) file any material amended Tax Return; or (E) enter into any material Tax allocation agreement, Tax sharing agreement, or Tax indemnity agreement (other than commercial Contracts entered into in the ordinary course of business that do not primarily relate to Taxes); or

25. not take or permit or agree to do any action that would cause any of the changes, events or conditions described in Section 5.03(c).

22. The Company and the Sellers shall immediately notify the Buyer in writing upon the occurrence, or failure to occur, of any event, which occurrence or failure to occur would be reasonably likely to cause (i) any representation or warranty of any of the Sellers or the Company contained in this Agreement to be untrue or inaccurate in any material respect, at any time from the date of this Agreement to the Closing, if such representation and warranty were made at such time or (ii) any failure of any of the Sellers or the Company to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it or him under this Agreement.

23. The Company and the Sellers will use their best efforts to cause the conditions set forth in Section 5.01 to be satisfied as soon as reasonably possible to consummate the transactions contemplated at the Closing.

## ARTICLE VI.

## POST-CLOSING COVENANTS; TERMINATION

**Section i. Expenses.**

Except as otherwise provided in this Agreement (including in Section 6.06), the Company, Sellers and the Buyer shall each bear their own costs and expenses incurred in connection with this Agreement, the Related Documents and the transactions contemplated hereby and thereby. Specifically, without limiting Section 6.06, acquisition-related expenses will be paid by the party for whose benefit the expenses were incurred. Also without limiting Section 6.06, the Buyer shall be responsible for fees, commissions, expenses and reimbursements incurred by or required to be paid to its professional advisors and each of the Company and Sellers shall be responsible for the fees, commissions, expenses and reimbursements incurred by or required to be paid to the Company or the Sellers' professional advisors.

**Section j. Further Assurances.**

Subject to the terms and conditions of this Agreement, each of the parties hereto will use all reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the sale of the Purchased Shares and the other transactions contemplated by this Agreement and the Related Documents. From time to time after the Closing Date, the Company and Sellers shall, at their own expense and without further consideration, execute and deliver such documents to the Buyer as the Buyer may reasonably request in order more effectively to vest in the Buyer good title to the Purchased Shares and to more effectively consummate the transactions contemplated by this Agreement (including transferring any assets used in the business of the Company).

**Section k. Nondisclosure.**

24. Neither the Company or the Sellers will use or disclose at any time after the Closing, except with the prior written consent of an officer of the Buyer authorized to act in the matter, any trade secrets, proprietary information, or other information that the Company or the Buyer consider confidential, including formulas, designs, processes, suppliers, machines, improvements, inventions, operations, manufacturing, marketing, distributing, selling, cost and pricing data, master files, supplier and vendor lists and client or customer lists utilized by the Company or by the Buyer or any of their respective subsidiaries or Affiliates (collectively, the "Buyer Group"), or the skills, abilities and compensation of the Buyer Group's employees and contractors, and all other similar information material to the conduct of the Business or any other business of the Buyer Group, which is or was obtained or acquired by the Company or the Sellers while in the employ of, or while a shareholder of, the Company; provided, however, that this provision shall not preclude the Company or the Sellers from (i) using or disclosing information that presently is known generally to the public or that subsequently comes into the public domain, other than by way of disclosure in violation of this Agreement or in any other unauthorized fashion, or (ii) disclosure of that information as required by Law or court order, provided, that (A) prior to that disclosure the Company or the Sellers give the Buyer 3 business days' written notice (or, if disclosure is required to be made in less than 3 business days, then that notice shall be given as promptly as practicable after determination that disclosure may be required) of the nature of the Law or order requiring disclosure and the disclosure to be made in accordance therewith and (B) the Company and the Sellers shall cooperate reasonably with the efforts of the Buyer to obtain a protective order covering, or confidential treatment of, the relevant information.

25. Any and all inventions, discoveries or other developments developed by a Seller ("developments") during the term of that Seller's employment with, or time as a shareholder of, the Company shall be conclusively presumed to have been created for and on behalf of the Company as part of that Seller's obligation to the Company. Those developments shall be the property of and belong to the Company without the payment of consideration therefor in addition to the consideration paid by the Buyer for the Purchased Shares, and that Seller hereby transfers, assigns and conveys all of his right, title and interest in any such developments to the Company, and shall execute and deliver any documents that the Company deems necessary to effect that transfer on the request of the Company.

**Section l. Indemnification.**

26. **Indemnification by the Company and Manniche.** The Company and Manniche and their successors and assigns, jointly and severally, shall save, defend and indemnify the Buyer, their Affiliates, successors and assigns and their directors, officers, employees and contractors (collectively, the "Buyer Indemnified Persons") against, and hold them harmless from, any and all claims, Liabilities, losses, costs and expenses, of every kind, nature and description, fixed or contingent (including fees and expenses of lawyers, accountants and other professionals in connection with any action, claim or proceeding relating thereto or seeking enforcement of obligations hereunder) ("Losses") arising out of :

iii.any breach, inaccuracy or untruth of any representation or warranty of the Company and Manniche contained in Article III of this Agreement or in any Related Document, or facts or circumstances constituting any such breach, inaccuracy or untruth;

iv.any breach of any covenant or agreement of the Company in this Agreement or any Related Document;

v.pre-Closing Taxes;

vi.any audit by any Taxing authority related to (i) any Tax Return of the Company for any Tax period ending on or before the Closing Date, including the portion ending on the Closing Date of any period that includes the Closing Date or (ii) any alleged payment or non-payment by the Company of any Tax for any such period;

vii.any Tax Liability of the Company arising as a result of the transactions contemplated by this Agreement or any of the Related Documents; or

viii.actions, activities or omissions of, or events involving, the Company prior to the Closing, notwithstanding any disclosure in this Agreement, on any Schedule or otherwise, except for (1) Liabilities of the Company to perform obligations arising after the Closing under (A) the Contracts listed in Schedule 3.14(a) and (B) sales and purchase orders entered into in the ordinary course of business and (2) Liabilities reflected in the 2020 Financial Statements.

27. **Indemnification by the Sellers.** The Sellers, severally, shall save, defend and indemnify the Buyer Indemnified Persons against, and hold them harmless from, any and all Losses arising out of :

ix.any breach, inaccuracy or untruth of any representation or warranty of the Sellers contained in Article II of this Agreement or in any Related Document, or facts or circumstances constituting any such breach, inaccuracy or untruth; or

x.any breach of any covenant or agreement of the Sellers, or either of them, in this Agreement or any Related Document.

**Section m. Assertion of Claims.**

No claim for indemnification shall be brought under Section 6.04 unless the Buyer (on behalf of the Buyer Indemnified Persons) (the "Indemnified Party"), at any time prior to the applicable Survival Date, gives the Sellers and/or the Company, as applicable (the "Indemnifying Party") (a) written notice of the existence of that claim, specifying the nature and basis of that claim and the amount of that claim, to the extent known or (b) written notice under Section 6.06 of any Third Person Claim, the existence of which might give rise to such a claim.

**Section n. Notice and Defense of Third Person Claims.**

The obligations of the Indemnifying Party with respect to Losses resulting from the assertion of Liability by third persons (each, a "Third Person Claim") shall be subject to the following terms and conditions:

28. The Indemnified Party shall promptly give written notice to the Indemnifying Party of any Third Person Claim which might give rise to any Losses by the Indemnified Party, stating the nature and basis of that Third Person Claim, and the amount thereof to the extent known; provided, however, that no delay on the part of Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any liability or obligation hereunder unless (and then solely to the extent) the Indemnifying Party is prejudiced by the delay. That notice shall be accompanied by copies of all available relevant documentation with respect to that Third Person Claim, including any summons, complaint or other pleading which may have been served, any written demand or any other related document or instrument.

29. If the Indemnifying Party acknowledges in a writing delivered to the Indemnified Party that the Indemnifying Party is obligated under the terms of its indemnification obligations hereunder in connection with a Third Person Claim, then the Indemnifying Party shall have the right to assume the defense of that Third Person Claim at its own expense and by its own counsel, which counsel shall be reasonably satisfactory to the Indemnified Party; except, that the Indemnifying Party shall not have the right to assume the defense of any Third Person Claim, notwithstanding the giving of that written acknowledgment, if (i) the Indemnified Party has been advised by counsel that there are one or more legal or equitable defenses available to it which are different from or in addition to those available to the Indemnifying Party, and, in the reasonable opinion of the Indemnified Party, counsel for the Indemnifying Party could not adequately represent the interests of the Indemnified Party because those interests could be in conflict with those of the Indemnifying Party, (ii) the action or proceeding involves any client, customer, service provider, supplier or other business relation of the Buyer or any of its Affiliates or any matter that is material to the Buyer beyond the scope of the indemnification obligation of the Sellers or (iii) the Indemnifying Party shall not have assumed the defense of the Third Person Claim in a timely fashion. For purposes of this Section 6.06(b)(iii), "timely fashion" shall mean before any responsive pleading is due for a suit filed in the Third Person Claim, or before any substantial prejudice can be identified by the Indemnified Party for a delay or failure to give notice, whichever is sooner.

30. If the Indemnifying Party assumes the defense of a Third Person Claim in accordance with Section 6.06(b) (under circumstances in which the exception in Section 6.06(b) is not applicable), the Indemnifying Party shall not be responsible for any legal or other defense costs subsequently incurred by the Indemnified Party in connection with the defense of that Third Person Claim. If the Indemnifying Party does not exercise its right to assume the defense of a Third Person Claim by giving the written acknowledgement referred to in Section 6.06(b), or is otherwise restricted from so assuming by the exception in Section 6.06(b), the Indemnifying Party shall nevertheless be entitled to participate in that defense with its own counsel and at its own expense; and in any such case, the Indemnified Party shall assume the defense of the Third Person Claim at the Indemnifying Party's expense, and shall act reasonably and in accordance with its good faith business judgment and the Indemnifying Party's duty to indemnify under Section 6.04 shall continue to apply.

31. If the Indemnifying Party exercises its right to assume the defense of a Third Person Claim, the Indemnifying Party shall not make any settlement of any claims without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld

or delayed; provided, however, that if the Indemnifying Party proposes the settlement of any claim which is capable of settlement by the payment of money only and demonstrates to the reasonable satisfaction of the Indemnified Party that the proposal is acceptable to the claimant and that the Indemnifying Party has the ability to pay the amount required to settle the claim, and the Indemnified Party does not consent thereto within 30 days after the receipt of written notice thereof, any Losses incurred by the Indemnified Party in excess of the proposed settlement shall be at the sole expense of the Indemnified Party.

**Section o. Survival.**

32. The covenants and other agreements of the Company and Sellers contained in this Agreement shall survive the Closing Date unless and until they are otherwise terminated by their own terms. The representations and warranties of the Sellers and the Company contained in this Agreement shall survive the Closing Date through the date that is 36 months after the Closing Date, except, that the representations and warranties contained in Sections 2.01, 2.02, 2.03, 2.05, 3.01, 3.02, 3.03, 3.10, 3.12, 3.15, 3.16, 3.17, 3.18, 3.21 and 3.24 (collectively, the "Fundamental Representations") shall survive the Closing Date until the expiration of the applicable statute of limitations, or until the expiration of the period in which any regulatory authority has the power to make any claims, assessment or reassessment with respect thereto, whichever is longer.

33. The date upon which any representation, warranty, covenant or agreement contained in this Agreement shall terminate, if any, is called the "Survival Date".

**Section p. Limitations on Indemnification.**

Except in the case of fraud and for claims for breach of Fundamental Representations, in which case there are no limitations on indemnification, the Buyer Indemnified Persons shall not be entitled to recover Losses in excess of the Purchase Price.

**Section q. Public Announcements.**

Neither the Company or the Sellers shall issue any press release or otherwise make any public statement with respect to this Agreement or the Related Documents or the transactions contemplated hereby and thereby without the prior written consent of the Buyer in each instance.

**Section r. Subsequent Equity Issuances**

If at any time following the Closing Date, the Company issues any additional shares of Common Stock or Common Stock Equivalents, excluding any shares of Common Stock or Common Stock Equivalents underlying any Equity Incentive Plan then in effect and approved by the Company's Board of Directors for the benefit of the Company's employees, then the Buyer shall, for no additional consideration, be entitled to such number of additional shares of Common Stock as is necessary to ensure that the Buyer's ownership in the Company is not less than the Buyer's Percentage Interest determined on an outstanding and fully diluted basis.

**Section s. Financial Reports; Inspection Rights.**

34. The Company shall deliver to the Buyer:

xi.as soon as practical, but in any event, within 60 days after the end of each fiscal year of the Company, an audited (i) balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of security holders' equity as of the end of such year, all such financial statements audited and certified by independent public accountants of nationally recognized standing selected by Buyer; and

xii.as soon as practical, but in any event, within 45 days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and of cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of security holders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

xiii.as soon as practicable, but in any event within 30 days of the end of each month, an unaudited income statement and statement of cash flows for such month, and an unaudited balance sheet and statement of security holders' equity as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP); and

xiv.as soon as practicable, but in any event 30 days before the end of each fiscal year, a budget and business plan for the next fiscal year, approved by the Company's Steering Committee and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company.

35. The Buyer shall have the right to designate a representative to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Buyer.

**Section t. Termination.**

36. This Agreement may be terminated and the transactions contemplated by this Agreement and by the Related Documents may be abandoned at any time prior to the Closing:

xv.by written consent of the Buyer, the Company and the Sellers;

xvi.by either the Company or the Buyer, if any governmental or regulatory authority of competent jurisdiction in the United States shall have issued an order or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated hereby

or by any Related Documents, and such order or other action shall have become final and nonappealable;

xvii.by the Company, the Sellers or the Buyer, if the Closing does not occur on or prior to 120 days after the date hereof (the "Termination Date"); provided, that the right to terminate this Agreement pursuant to this Section 6.12(a)(iii) shall not be available to any party whose breach of any provision of this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before the Termination Date;

xviii.by the Buyer, upon written notice to the Company and the Sellers, if there shall have been a breach of any of the representations, warranties, agreements or covenants set forth in this Agreement on the part of the Sellers or the Company or any of such representations and warranties shall have become untrue in a manner that would result in any conditions set forth in Sections 5.01(h) and 5.01(j) not being satisfied, such breach or inaccuracy has not been waived by the Buyer, and the breach or inaccuracy, if capable of being cured, has not been cured within thirty (30) days following the Buyer's written notice to the Company and the Sellers of such breach or inaccuracy or is not capable of being cured on or prior to the Termination Date; provided that the right to terminate this Agreement under this Section 6.12(a)(iv) shall not be available to the Buyer if it is then in material breach of any representation, warranty, covenant, or other agreement contained herein; or

xix.by the Buyer on or prior to the Termination Date, if the Buyer is not reasonably satisfied with the results of its due diligence investigation of the Company; provided that the right to terminate this Agreement under this Section 6.12(a)(v) shall not be available to the Buyer if the Buyer is then in material breach of any representation, warranty, covenant, or other agreement contained herein.

37. In the event of termination by the Sellers, the Company or the Buyer pursuant to this Section 6.12, written notice thereof shall forthwith be given to such other party and the transactions shall be terminated, without further action by any party. If the transactions are terminated as provided herein, the Buyer shall return to the Company or destroy all documents and other material received from the Company or the Sellers relating to the transactions, whether so obtained before or after the execution hereof.

**Section u. Effect of Termination**

. If this Agreement is terminated and the transactions are abandoned as described in Section 6.12, this Agreement shall become null and void and of no further force and effect, without any liability or obligation on the part of any party or their respective directors, officers, employees, owners, representatives or Affiliates, and the transactions shall be abandoned without further action by the parties, except for each of Sections 6.12 (Termination), 6.13 (Effect of Termination) and Article VII (Miscellaneous), each of which, shall survive such termination. Nothing in this Section 6.13, however, shall be deemed to release any party from any liability for any willful breach by such party of the terms and provisions of this Agreement prior to termination. For purposes of this Section 6.13, "willful" shall mean a breach that is a consequence of an act undertaken by the breaching party with the knowledge (actual or

constructive) that the taking of such act would, or would be reasonably expected to, cause a breach of this Agreement.

## ARTICLE VII.

## MISCELLANEOUS

**Section v. Amendment and Modification.**

This Agreement may be amended, modified or supplemented only by a written instrument executed by the Company, the Sellers and the Buyer.

**Section w. Waiver of Compliance.**

Except as otherwise provided in this Agreement, no failure of any of the parties to comply with any term or provision of this Agreement shall be waived, except by a written instrument signed by the party granting that waiver. No such waiver, nor any failure to insist upon strict compliance with any term or provision of this Agreement, shall operate as a waiver of that term or provision of this Agreement or any subsequent or other failure or breach.

**Section x. Notices.**

All notices, requests, demands, claims, and other communications under this Agreement shall be in writing and shall be deemed delivered and received (a) on the business day delivered, if delivered personally, by a reputable overnight delivery or courier service, by facsimile or by email prior to the close of business on that business day, or, if delivered after business hours or on a day that is not a business day, on the next business day or (b) 5 business days after being sent by certified mail, return receipt requested, in each case to the intended recipient as set out below or at such other address as the intended recipient may specify by notice to each other party:

38. if to the Sellers, to:

    Attention: Martin Manniche
    Tel: (949) 421-9472
    E-mail: martin@greenwavesystems.com

    Attention: Rick Clemmer
    Tel: (702) 666-3955
    E-mail: Rick.Clemmer@nxp.com

39. if to the Company, to:

    Game Your Game, Inc.
    Attention: Dominic Poole
    Tel: +353 (86) 8598446
    E-mail: dominic.poole@gameyourgame.com

with a copy, which shall not constitute notice, to:

Law Office of Craig Ching PC
303 Twin Dolphin Drive, 6th Floor
Redwood City, CA 94065
Attention: Craig Ching
Tel: (650) 632- 4356
E-mail: craig@lawofficeofcraigching.com

40. if to the Buyer, to:

Inpixon
2479 E. Bayshore Road, Suite 195
Palo Alto, CA 94303
Attention: Melanie Figueroa, General Counsel
E-mail: melanie.figueroa@inpixon.com

with a copy, which shall not constitute notice, to:

Mitchell Silberberg & Knupp LLP
Attention: Blake Baron, Esq.
Tel: (917) 546-7709
E-mail: bjb@msk.com

Copies of communications sent by facsimile or e-mail shall also be sent no later than the next business day by reputable overnight delivery or courier service or regular mail.

**Section y. Assignment.**

This Agreement and all of the provisions of this Agreement (including all exhibits to the Agreement) shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal representatives, successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other party (other than any assignment by the Buyer to an Affiliate of the Buyer or to any party which purchases all of the capital stock or substantially all of the assets of the Company or any successor to the business of the Company, which may be made without any such consent). Any purported assignment in violation of the provisions of this Agreement shall be void.

**Section z. Governing Law.**

This Agreement shall be governed by the Laws of the State of Delaware, without giving effect to any choice or conflict of Law provision or rule, whether in the State of Delaware or any other jurisdiction, that would result in the application of any Laws other than the Laws of the State of Delaware.

**Section aa. Jurisdiction and Venue.**

THE NEW YORK STATE AND UNITED STATES FEDERAL COURTS SITTING IN NEW YORK COUNTY, NEW YORK, AND ANY OTHER COURT IN ANY OTHER JURISDICTION IN WHICH AN ACTION IS BROUGHT AGAINST A PARTY TO THIS AGREEMENT BY A THIRD PERSON ASSERTING A CLAIM AGAINST WHICH THE DEFENDANT IS ENTITLED UNDER THIS AGREEMENT TO BE INDEMNIFIED, SHALL HAVE EXCLUSIVE JURISDICTION OVER ALL ACTIONS, SUITS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE DOCUMENTS RELATED HERETO, AND EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR HIMSELF OR ITSELF AND HIS OR ITS PROPERTY, TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH ACTION OR PROCEEDING OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH NEW YORK STATE OR UNITED STATES FEDERAL COURT OR SUCH OTHER COURT AS IS PROVIDED FOR IN THE PRECEDING SENTENCE AND THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. SERVICE OF ANY PROCESS OR OTHER DOCUMENT BY REGISTERED MAIL OR NATIONALLY RECOGNIZED OVERNIGHT DELIVERY SERVICE TO THE ADDRESS FOR THE PARTY RECEIVING THAT SERVICE SET OUT IN THIS AGREEMENT, OR SUCH OTHER ADDRESS AS THAT PARTY MAY SPECIFY IN WRITING TO THE OTHER PARTY FROM TIME TO TIME, SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUCH ACTION, SUIT OR PROCEEDING IN ANY SUCH COURT.

EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT THAT HE OR IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION THAT HE OR IT MAY HAVE OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE DOCUMENTS RELATED HERETO IN ANY NEW YORK STATE OR UNITED STATES FEDERAL COURT SITTING IN NEW YORK COUNTY, NEW YORK OR SUCH OTHER COURT AS IS PROVIDED FOR IN THE IMMEDIATELY PRECEDING PARAGRAPH. EACH PARTY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

**Section ab. Jury Trial Waiver.**

BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX BUSINESS TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WANT APPLICABLE LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES WANT THEIR DISPUTES TO BE RESOLVED BY A JUDGE APPLYING THOSE APPLICABLE LAWS.

ACCORDINGLY, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM, EACH PARTY HERETO IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED DOCUMENT OR ANY DEALINGS BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH HIS OR ITS LEGAL COUNSEL, AND KNOWINGLY AND VOLUNTARILY WAIVES HIS OR ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH THAT LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

**Section ac. Counterparts; Electronic Signatures.**

This Agreement may be executed in any number of counterparts, each of which as so executed and delivered shall be deemed an original, but all of which together shall constitute one and the same instrument. A facsimile or other electronic copy of a signature on this Agreement shall be acceptable as, and deemed to be, an original signature.

**Section ad. Construction; Interpretation.**

41. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party. Each party hereto agrees that such party and/or its legal counsel has reviewed and had an opportunity to revise this Agreement and the Related Documents, and therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement and the Related Documents or any amendments thereto. In addition, to the extent applicable, each and every reference to share prices and shares of Common Stock in this Agreement or any Related Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

42. The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement. Except as otherwise specified in this Agreement, references in this Agreement to articles, sections, schedules and exhibits are references to articles and sections of, and schedules and exhibits to, this Agreement. The schedules and exhibits to this Agreement are hereby incorporated by reference in, and constitute an integral part of, this Agreement. As used in this Agreement, the term “person” shall mean and include an individual, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a governmental entity or any department or agency thereof. As used in this

Agreement, the term "subsidiary", when used in reference to any other person, shall mean any corporation of which outstanding securities having ordinary voting power to elect a majority of the Board of Directors of such corporation are owned directly or indirectly by such other person. As used in this Agreement, the term "Affiliate" means, with respect to any person, any other person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the person specified. As used in this Agreement, the term "business day" means a day that is not a Saturday, a Sunday or a day when banking institutions in New York City are required or permitted to be closed. The use in this Agreement of the term "including" or "include," or similar terms, means "including, without limitation" or "include, without limitation." "Knowledge" of any person means (i) the actual knowledge of that person or any officer or director of an entity and (ii) that knowledge which would have been acquired by that person or entity after making such due inquiry and exercising such due diligence as a prudent businessperson would have made or exercised in the management of his or her business affairs, including due inquiry of those directors, officers, key employees and professional advisers (including attorneys, accountants and consultants) of the person who could reasonably be expected to have knowledge of the matters in question. The use in this Agreement of the masculine, feminine or neuter forms shall also denote the other forms, as in each case the context may require.

**Section ae. Entire Agreement.**

This Agreement and the Related Documents, including the schedules, exhibits, certificates and other documents referred to herein and therein, embody the entire agreement and understanding of the parties to this Agreement in respect of the transactions contemplated by this Agreement and supersede all prior and contemporaneous agreements, warranties, representations and understandings (verbal or otherwise) between the parties with respect thereto.

**Section af. Specific Performance.**

The Sellers acknowledge that in the event of a breach or threatened breach by the Company or Sellers of any of the covenants under Sections 6.03 and 6.11, the Buyer may not have an adequate remedy at law for money damages. Accordingly, in the event of such breach or threatened breach, the Buyer will be entitled to such equitable and injunctive relief as may be available to restrain the relevant Seller from the violation of the provisions of those Sections in addition to any other remedy to which the Buyer may be entitled, at law or in equity, for that breach or threatened breach.

**Section ag. Severability of Covenants.**

The Sellers acknowledge that the covenants contained in Sections 6.03 and 6.11 are reasonable and necessary for the protection of the Buyer and its investment in the Company and that each covenant, and the period or periods of time and the types and scope of restrictions on the activities specified therein are, and are intended to be, divisible and shall be deemed a series of separate covenants, one for each jurisdiction to which they are applicable. In the event that any part or parts of this Agreement are held illegal or unenforceable by any court or administrative body of competent jurisdiction, that determination shall not affect the remaining provisions of this Agreement which shall remain in full force and effect.

**Section ah. Effect of Investigation.**

No Buyer Indemnified Person's right to indemnification under Section 6.04 shall be affected by any investigation conducted by, or any Knowledge of, any Buyer Indemnified Person related to (a) any representation or warranty of the Sellers set out in this Agreement or (b) any covenant of the Sellers in this Agreement, whether conducted or acquired before or after the Closing Date.

**Section ai. Damages Limitation.**

43. Neither the Buyer nor the Company or Sellers shall be liable under this Agreement, including under Section 6.04, or in a matter relating to this Agreement, for consequential, special, incidental, exemplary or punitive damages, or damages for diminution in value, lost profits or lost business opportunity, except (a) in the case of fraud and (b) to the extent that a Buyer Indemnified Person is required to pay those types of damages to a third person in connection with a matter for which the Buyer Indemnified Person is entitled under Section 6.04 to be indemnified.

44. The Company and the Sellers shall have no recourse against the Buyer for any breach of the Buyer's representations and warranties set out in this Agreement unless and until they have incurred on a cumulative basis aggregate Losses in an amount exceeding $25,000 as a result of one or more breaches of those representations and warranties, in which case the Company and Sellers shall have the right to assert a claim for those breaches from the first dollar of those Losses. The limitation set out in the immediately preceding sentence shall not apply to claims involving fraud or breaches of Fundamental Representations. The Buyer's aggregate maximum liability under this Agreement shall not in any event exceed the amount of the Purchase Price that, at the relevant time, the Buyer is required to pay for the Purchased Shares.

***[Signature page to immediately follow]***

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**Buyer:**

INPIXON

By: /s/ Nadir Ali
Name: Nadir Ali
Title: CEO

**Company:**

GAME YOUR GAME, INC.

By: /s/ Martin Manniche
Name: Martin Manniche
Title: Director

**Sellers:**

/s/ Martin Manniche
Martin Manniche

/s/ Rick Clemmer
Rick Clemmer, except with respect to the
provisions in Article III of this Agreement

[Signature Page to Stock Purchase Agreement]

12926763.10

**EXHIBIT A**

Stock Ownership

| Name of Seller | No. of Company Shares Owned | No of Seller Shares to Buyer | No. of Buyer Shares Acquired[1] |
|---|---|---|---|
| Rick Clemmer | 437,559 | 205,675 | |
| Martin Manniche | 151,357 | 32,852 | |
| **Total** | **588,916** | **238,527** | |

[1] To be inserted prior to the Closing.

**EXHIBIT B**

Payroll Obligations

| Employee/Consultant | Fees (US Dollars) |
|---|---|
| Mike Francis | $20,000 |
| Dominic Poole | $18,000 |
| Brian Sexton | $32,657 |
| Vitalis Gomes | $20,000 |
| David Choi | $17,500 |
| Pat Gillman | $ 3,420 |
| John McGuire | $26,863 |
| David Kelly | $12,371 |
| Francois Haughton | $ 9,637 |
| Mike Phelan | $ 6,484 |
| **Total** | **$166,932** |

**EXHIBIT C**

Form of Seller Release

(see attached)

Exhibit B

12926763.10

**EXHIBIT D**

Form of Stockholders' Agreement

(see attached)

**EXHIBIT E-1 – E-4**

Forms of Waivers and Conversion Agreements

(see attached)

**EXHIBIT F**

Approved Budget

(see attached)

**EXHIBIT G**

Board Adviser Agreement

(see attached)

**EXHIBIT H**

Bylaws Amendment

(see attached)

**INPIXON**

**2018 EMPLOYEE STOCK INCENTIVE PLAN**

**RESTRICTED STOCK AWARD GRANT NOTICE**

Inpixon, a Nevada corporation, (the "**Company**"), pursuant to the Inpixon 2018 Employee Stock Incentive Plan, as amended from time to time (the "**Plan**"), hereby grants to the individual listed below (the "**Participant**"), in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the number of shares of the Company's Common Stock set forth below (the "**Shares**"). This Restricted Stock award is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Award Agreement attached hereto as Exhibit A (the "**Restricted Stock Agreement**") (including without limitation the restrictions on the Shares set forth in Section 2.2 of the Restricted Stock Agreement (the "**Restrictions**")) and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Award Grant Notice (the "**Grant Notice**") and the Restricted Stock Agreement.

Participant: _____

Grant Date: _____, 20__

Total Number of Shares of Restricted Stock: _____ Shares

Vesting Commencement Date: _____, 20__

Vesting Schedule: _____

By his or her signature and the Company's signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Restricted Stock Agreement and this Grant Notice. The Participant has reviewed the Restricted Stock Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Restricted Stock Agreement and the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan, this Grant Notice and/or the Restricted Stock Agreement. In addition, by signing below, the Participant also agrees that the Company or any affiliate of the Company, in its sole discretion, may satisfy any withholding obligations in accordance with Section 2.2(c) of the Restricted Stock Agreement by (i) withholding shares of Common Stock otherwise issuable to the Participant upon vesting of the shares of Restricted Stock, (ii) instructing a broker on the Participant's behalf to sell shares of Common Stock otherwise issuable to the Participant upon vesting of the shares of Restricted Stock and remit the proceeds of such sale to the Company, or (iii) using any other method permitted by Section 2.2(c) of the Restricted Stock Agreement or the Plan. If the Participant is married, his or her spouse has signed the Consent of Spouse attached to this Grant Notice as Exhibit B.

INPIXON

By: _____

PARTICIPANT

_____

(Signature)

_____

(Print name)

_____

(Address)

**EXHIBIT A**

**TO RESTRICTED STOCK AWARD GRANT NOTICE**

**RESTRICTED STOCK AWARD AGREEMENT**

Pursuant to the Restricted Stock Award Grant Notice (the "**Grant Notice**") to which this Restricted Stock Award Agreement (the "**Agreement**") is attached, Inpixon, a Nevada corporation (the "**Company**") has granted to the Participant the number of shares of Restricted Stock (the '**Shares**") under the Inpixon 2018 Amended and Restated Employee Stock Incentive Plan, as amended from time to time (the "**Plan**"), as set forth in the Grant Notice. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

**ARTICLE I.**

**GENERAL**

**1.1 Incorporation of Terms of Plan.** The Award (as defined below) is subject to the terms and conditions of the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

**ARTICLE II.**

**AWARD OF RESTRICTED STOCK**

**2.1 Award of Restricted Stock.**

(a) Award. Pursuant to the Grant Notice and upon the terms and conditions set forth in the Plan and this Agreement, effective as of the Grant Date set forth in the Grant Notice, the Company has granted to the Participant an award of Restricted Stock (the "**Award**") under the Plan in consideration of the Participant's past and/or continued employment with or service to the Company or the Company's affiliates, and for other good and valuable consideration which the Committee has determined exceeds the aggregate par value of the Common Stock subject to the Award as of the Grant Date. The number of Shares subject to the Award is set forth in the Grant Notice. The Participant is an employee, director or consultant of the Company or one of the Company's affiliates.

(b) Book Entry Form; Certificates. At the sole discretion of the Committee, the Shares will be issued in either (i) uncertificated form, with the Shares recorded in the name of the Participant in the books and records of the Company's transfer agent with appropriate notations regarding the restrictions on transfer imposed pursuant to this Agreement, and upon vesting and the satisfaction of all conditions set forth in Sections 2.2(b) and

(d) hereof, the Company shall remove such notations on any such vested Shares in accordance with Section 2.1(e) below; or (ii) certificated form pursuant to the terms of Sections 2.1(c), (d) and (e) below.

(c) Legend. Certificates representing Shares issued pursuant to this Agreement shall, until all Restrictions (as defined below) imposed pursuant to this Agreement lapse or have been removed and the Shares have thereby become vested or the Shares represented thereby have been forfeited hereunder, bear the following legend (or such other legend as shall be determined by the Administrator):

> "THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE INPIXON EMPLOYEE STOCK INCENTIVE PLAN AND A RESTRICTED STOCK AGREEMENT. COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE AT THE OFFICES OF INPIXON, 2479 E. BAYSHORE ROAD, SUITE 195, PALO ALTO, CA 94303."

(d) Escrow. The Secretary of the Company or such other escrow holder as the Committee may appoint may retain physical custody of any certificates representing the Shares until all of the Restrictions lapse or shall have been removed; in such event, the Participant shall not retain physical custody of any certificates representing unvested Shares issued to him or her. The Participant, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as the Participant's attorney(s)-in-fact to effect any transfer of unvested forfeited Shares (or Shares otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the Plan or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

(e) Removal of Notations; Delivery of Certificates Upon Vesting. As soon as administratively practicable after the vesting of any Shares subject to the Award pursuant to Section 2.2(b) hereof, the Company shall, as applicable, either remove the notations on any Shares subject to the Award issued in book entry form which have vested or deliver to the Participant a certificate or certificates evidencing the number of Shares subject to the Award which have vested (or, in either case, such lesser number of Shares as may be permitted pursuant to Section 2.2(c) of this Agreement). The Participant (or the beneficiary or personal representative of the Participant in the event of the Participant's death or incapacity, as the case may be) shall deliver to the Company any representations or other documents or assurances required by the Company. The Shares so delivered shall no longer be subject to the Restrictions hereunder.

**2.2 Restrictions.**

(a) Forfeiture. Notwithstanding any contrary provision of this Agreement, upon the Participant's Termination of Employment for any or no reason, any portion of the Award (and the Shares subject thereto) which has not vested prior to or in connection with such Termination of Employment (after taking into consideration any accelerated vesting and lapsing of Restrictions, if any, which may occur in connection with such Termination of Employment) shall thereupon be forfeited immediately and without any further action by the Company or the Participant, and the Participant shall have no further right or interest in or with respect to such Shares or such portion of the Award. For purposes of this Agreement, "**Restrictions**" shall mean the restrictions on sale or other transfer set forth in Section 3.2 hereof and the exposure to forfeiture set forth in this Section 2.2(a).

(b) Vesting and Lapse of Restrictions. Subject to Section 2.2(a) above, the Award shall vest and Restrictions shall lapse in accordance with the vesting schedule set forth in the Grant Notice (rounding down to the nearest whole Share, except in the case of the final vesting event). In addition, the Company and the Participant acknowledge that the vesting of the Award and lapsing of Restrictions may be subject to acceleration under certain circumstances in accordance with the Participant's director services agreement with the Company dated as of October __, 2014. In addition, if a Change of Control occurs and the Participant remains an employee, director or consultant at least until immediately prior to the Change of Control, then the Award shall vest in full and Restrictions thereon shall lapse immediately prior to the occurrence of such Change of Control.

(c) Tax Withholding. The Company or the Company's affiliates shall be entitled to require a cash payment (or to elect, such other form of payment determined in accordance with Section 13 of the Plan) by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to the grant or vesting of the Award or the lapse of the Restrictions hereunder. In satisfaction of the foregoing requirement with respect to the grant or vesting of the Award or the lapse of the Restrictions hereunder, unless otherwise determined by the Company, the Company or the Company's affiliates shall withhold Shares otherwise issuable under the Award having a fair market value equal to the sums required to be withheld by federal, state and/or local tax law. The number of Shares which shall be so withheld in order to satisfy such federal, state and/or local withholding tax liabilities shall be limited to the number of shares which have a fair market value on the date of withholding equal to the aggregate amount of such liabilities based on the minimum applicable federal, state and/or local tax withholding rates. Notwithstanding any other provision of this Agreement (including without limitation Section 2.1(b) hereof), the Company shall not be obligated to deliver any new certificate representing Shares to the Participant or the Participant's legal representative or to enter any such Shares in book entry form unless and until the Participant or the Participant's legal representative, as applicable, shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of the Participant resulting from the grant or vesting of the Award or the issuance of Shares hereunder.

(d) Conditions to Delivery of Shares. Subject to Section 2.1 above, the Shares deliverable under this Award may be either previously authorized but unissued Shares, treasury Shares or Shares purchased on the open market. Such Shares shall be fully paid and nonassessable. Notwithstanding the foregoing, the issuance of such Shares shall not be delayed if and to the extent that such delay would result in a violation of Section 409A of Internal Revenue Code of 1986, as amended (the "**Code**"). In the event that the Company delays the issuance of such Shares because it reasonably determines that the issuance of such Shares will violate Section 17 of the Plan, such issuance shall be made at the earliest date at which the Company reasonably determines that issuing such Shares will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii).

**2.3 Consideration to the Company.** In consideration of the grant of the Award pursuant hereto, the Participant agrees to render faithful and efficient services to the Company or any affiliate of the Company.

## ARTICLE III.

## OTHER PROVISIONS

**3.1 Section 83(b) Election.** If the Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant hereby agrees to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

**3.2 Restricted Stock Not Transferable.** Until the Restrictions hereunder lapse or expire pursuant to this Agreement and the Shares vest, the Restricted Stock (including any Shares received by holders thereof with respect to Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to the restrictions on transferability set forth in Section 6.3(B) of the Plan.

**3.3 Rights as Stockholder.** Except as otherwise provided herein and in Sections 6.3(A), 6.3(B) and 6.3(C) of the Plan, upon the Grant Date, the Participant shall have all the rights of a stockholder of the Company with respect to the Shares, subject to the Restrictions, including, without limitation, voting rights and rights to receive any cash or stock dividends, in respect of the Shares subject to the Award and deliverable hereunder.

**3.4 Not a Contract of Service Relationship.** Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an employee or other service provider of the Company or any of the Company's affiliates or shall interfere with or restrict in any way the rights of the Company and the Company's affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any

time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or an affiliate of the Company and the Participant.

**3.5 Governing Law.** The laws of the State of Nevada shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

**3.6 Conformity to Securities Laws.** The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any and all applicable state and federal law (collectively, "**Applicable Law**"). Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Award is granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

**3.7 Amendment, Suspension and Termination.** To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board of Directors of the Company or an affiliate of the Company (if the affiliate, rather than the Company, is a party to the Agreement); provided, however, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Award in any material way without the prior written consent of the Participant.

**3.8 Notices.** Any notice to be given under the terms of this Agreement shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant's last address reflected on the Company's records. Any notice shall be deemed duly given when sent via email or when sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

**3.9 Successors and Assigns.** The Company or any affiliate of the Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company and its affiliates. Subject to the restrictions on transfer set forth in Section 3.2 hereof, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

**3.10 Limitations Applicable to Section 16 Persons.** Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the Award and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

**3.11 Entire Agreement.** The Plan, the Grant Notice and this Agreement (including all Exhibits thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and affiliates of the Company and the Participant with respect to the subject matter hereof.

**3.12 Limitation on the Participant's Rights.** Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. The Plan, in and of itself, has no assets. The Participant shall have only the rights of a general unsecured creditor of the Company and affiliates of the Company with respect to amounts credited and benefits payable, if any, with respect to the Shares issuable hereunder.

INPIXON

By: _____

PARTICIPANT

_____

(Signature)

_____

(Print name)

_____

(Address)

**EXHIBIT B**

**TO RESTRICTED STOCK AWARD GRANT NOTICE**

CONSENT OF SPOUSE

I, , spouse of , have read and approve the Restricted Stock Award Grant Notice (the "**Grant Notice**") to which this Consent of Spouse is attached and the Restricted Stock Award Agreement (the " **Agreement**") attached to the Grant Notice. In consideration of issuing to my spouse the shares of the common stock of Inpixon set forth in the Grant Notice, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights in said Agreement or any shares of the common stock of Inpixon issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Agreement.

Dated:

_____

Signature of Spouse

**INPIXON**

**2018 EMPLOYEE STOCK INCENTIVE PLAN**

**NON-QUALIFIED STOCK OPTION AGREEMENT**

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (this "**Agreement**") dated as of %grantdate%, is between Inpixon, a Nevada corporation (the "**Company**"), and %fname% %lname% (the "**Optionee**"), an Eligible Person, pursuant to the Inpixon 2018 Employee Stock Incentive Plan, as amended from time to time (the "**Plan**"). Any capitalized terms not otherwise defined herein shall the meaning given to it in the Plan.

**WHEREAS**, the Company desires to give the Optionee the opportunity to purchase shares of common stock of the Company, par value $0.001 per share ("**Common Shares**"), in accordance with the provisions of the Plan;

NOW, THEREFORE, in consideration of the mutual covenants set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Option. The Company hereby grants to the Optionee the right and option (the "**Option**") to purchase all or any part of an aggregate of %optionsgranted% Common Shares. The Option is in all respects limited and conditioned as hereinafter provided, and is subject in all respects to the terms and conditions of the Plan now in effect and as it may be amended from time to time (but only to the extent that such amendments apply to outstanding options). Such terms and conditions are incorporated herein by reference, made a part hereof, and shall control in the event of any conflict with any other terms of this Agreement. The Option granted hereunder is intended to be a nonqualified stock option ("**NQSO**") for purposes of the Internal Revenue Code of 1986, as amended (the "**Code**").

2. Exercise Price. The exercise price of the Common Shares covered by the Option shall be %optionprice% per share. It is the determination of the Company's Board of Directors (the "**Board**") or a committee designated by the Board administering the Plan (the "**Committee**") that on the date of grant (the "**Grant Date**") the exercise price was not less than 100% of the "Fair Market Value" of a Common Share.

3. Term. Unless earlier terminated pursuant to any provision of the Plan or of this Agreement, the Option shall expire on %expirationdate% (the "**Expiration Date**"), which date is not more than ten (10) years from the Grant Date. The Option shall not be exercisable on or after the Expiration Date.

4. Exercise of Option. The Option shall vest beginning on the date hereof in increments of 1/24$^{th}$ per month.

5. Method of Exercising Option. Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by written notice to the Company at its principal office. The form of such notice is attached hereto and shall state the election to exercise the Option and the number of whole shares with respect to which it is being exercised; shall be signed by the person or persons so exercising the Option; and shall be accompanied by payment of the full exercise price of such shares. Only full shares will be issued.

The exercise price shall be paid to the Company:

(a) in cash, or by certified check, bank draft, or postal or express money order;

(b) through the delivery of Common Shares previously acquired by the Optionee;

(c) by delivering a properly executed notice of exercise of the Option to the Company and a broker, with irrevocable instructions to the broker promptly to deliver to the Company the amount necessary to pay the exercise price of the Option;

(d) in Common Shares newly acquired by the Optionee upon exercise of the Option; or

(e) in any combination of (a), (b), (c) or (d) above.

(f) Cashless Exercise. If elected by the Optionee and permitted by the Board or the Committee, the Optionee may exercise all or a portion of the Option, without a cash payment of the Exercise Price, through a reduction in the number of Common Shares issuable upon the exercise of the Option. Such reduction may be effected by designating that the number of Common Shares issuable to the Optionee upon such exercise shall be reduced by the number of Common Shares having an aggregate Fair Market Value as of the date of exercise equal to the amount of the aggregate purchase price for such exercise as to the number of Common Shares to be issued to the Optionee upon such exercise.

(g) Other Forms of Consideration. If elected and permitted by the Board or the Committee, the Optionee may exercise all or a portion of the Option (i) by cancellation of indebtedness of the Company to the Optionee; (ii) by waiver of consideration due to the Optionee for services rendered; (iii) by a combination of the foregoing or (iv) other forms of consideration permitted by the Board or the Committee and not inconsistent with the Plan.

In the event the exercise price is paid, in whole or in part, with Common Shares, the portion of the exercise price so paid shall be equal to the Fair Market Value of the Common Shares surrendered on the date of exercise.

Upon receipt of notice of exercise and payment, the Company shall deliver a certificate or certificates representing the Common Shares with respect to which the Option is so exercised or via deposit/withdrawal at custodian ("DWAC") pursuant to instructions provided by the Optionee, provided that the Common Shares underlying the Option have been registered, or are exempt from the registration requirements, of the federal and state securities laws. The Optionee shall obtain the rights of a shareholder upon receipt of (i) a certificate(s), (ii) a book-entry security entitlement or (iii) any other similar statement evidencing beneficial ownership, representing such Common Shares.

Such certificate(s) (or book-entry security entitlement(s)) shall be registered in the name of the person so exercising the Option (or, if the Option is exercised by the Optionee and if the Optionee so requests in the notice exercising the Option, shall be registered in the name of the Optionee and the Optionee's spouse, jointly, with right of survivorship), and shall be delivered as provided above to, or upon the written order of, the person exercising the Option. In the event the Option is exercised by any person after the death or disability (as defined in the Plan) of the Optionee, the notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. All Common Shares that are purchased upon exercise of the Option as provided herein shall be fully paid and non-assessable.

Upon exercise of the Option, the Optionee shall be responsible for all employment and income taxes then or thereafter due (whether federal, state or local), and if the Optionee does not remit to the Company sufficient cash (or, with the consent of the Committee, Common Shares) to satisfy all applicable withholding requirements, the Company shall be entitled to satisfy any withholding requirements for any such tax by disposing of Common Shares at exercise, withholding cash from the Optionee's salary or other compensation or such other means as the Committee considers appropriate to the fullest extent permitted by applicable law. Nothing in the preceding sentence shall impair or limit the Company's right with respect to satisfying withholding obligations under Section 13 of the Plan.

6. Non-Transferability of Option. The Option is not assignable or transferable, in whole or in part, by the Optionee other than by will or by the laws of descent and distribution. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee or, in the event of his or her disability, by his or her guardian or legal representative.

7. Termination of Employment. Subject to Section 15 of this Agreement, if the Optionee's employment with the Company and any of its Subsidiaries is terminated for any reason (other than death or total disability or termination for cause as defined in the Plan) prior to the Expiration Date, then the Option may be exercised by the Optionee, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of employment, at any time prior to the earlier of (i) the Expiration

Date, or (ii) three months after such termination of employment. Subject to Section 15 of this Agreement, any part of the Option that was not exercisable immediately before that termination of the Optionee's employment shall terminate at that time.

8. Disability. In the event of the total disability of the Optionee (as defined in the Plan) during his or her employment and, prior to the Expiration Date, the Optionee's employment is terminated as a consequence of such total disability, then the Option may be exercised by the Optionee or by the Optionee's legal representative, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of employment at any time within twelve months after the Optionee's total disability, but in no event after the Expiration Date. Any part of the Option that was not exercisable immediately before the Optionee's termination of employment shall terminate at that time.

9. Death. If the Optionee dies during his or her employment and prior to the Expiration Date, the Optionee's employment is terminated as of consequence of such death, then the Option may be exercised by the Optionee's estate, personal representative or beneficiary who acquired the right to exercise the Option by bequest or inheritance or by reason of the Optionee's death, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of his or her death, at any time within twelve months after the Optionee's death, but in no event after the Expiration Date. Any part of the Option that was not exercisable immediately before the Optionee's death shall terminate at that time.

10. [Intentionally Omitted.]

11. Securities Matters.

(a) If, at any time, counsel to the Company shall determine that the listing, registration or qualification of the Common Shares subject to the Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of Common Shares hereunder, such Option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been affected or obtained on conditions acceptable to the Board or the Committee. The Company shall be under no obligation to apply for or to obtain such listing, registration or qualification, or to satisfy such condition. The Committee shall inform the Optionee in writing of any decision to defer or prohibit the exercise of the Option. During the period that the effectiveness of the exercise of the Option has been deferred or prohibited, the Optionee may, by written notice, withdraw the Optionee's decision to exercise and obtain a refund of any amount paid with respect thereto.

(b) The Company may require: (i) the Optionee (or any other person exercising the Option in the case of the Optionee's death or disability) as a condition of exercising the Option, to give written assurances in substance and form satisfactory to the Company, to the effect that such person is acquiring the Common Shares subject to the Option for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to make such other representations or covenants; and (ii) that any certificates for Common Shares delivered in connection with the exercise of the Option, if any, bear such legends, in each case as the Company deems necessary or appropriate, in order to comply with federal and applicable state securities laws, to comply with covenants or representations made by the Company in connection with any public offering of its Common Shares or otherwise. The Optionee specifically understands and agrees that the Common Shares, if and when issued upon exercise of the Option, may be "restricted securities, "as that term is defined in Rule 144 under the Securities Act 1933, as amended (the **Securities Act**"), and, accordingly, the Optionee may be required to hold the shares indefinitely unless they are registered under such Securities Act or an exemption from such registration is available.

(c) The Optionee shall have no rights as a shareholder with respect to any Common Shares covered by the Option (including, without limitation, any rights to receive dividends or non-cash distributions with respect to such shares) until the date of issue of a stock certificate (or book-entry security entitlement) to the Optionee for such

Common Shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate (or book-entry security entitlement) is issued.

12. Adjustment on Changes in Capitalization.

(a) In the event of changes in the outstanding Common Shares of the Company by reason of stock dividends, stock splits, reverse stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations or liquidations, the number of Option Shares as to which the Option may be exercised shall be correspondingly adjusted by the Company, and the exercise price shall be adjusted so that the product of the exercise price immediately after such event multiplied by the number of Option Shares subject to this Agreement immediately after such even shall be equal to the product of the exercise price multiplied by the number of Option Shares subject to this Agreement immediately prior to the occurrence of such event.

(b) In the event of a Material Transaction or the dissolution or liquidation the Company, whether voluntary or otherwise, that is not a Material Transaction, the unexercised portion of this Option shall be subject to Section 9 of the Plan.

(c) Any adjustment in the number of Option Shares shall apply proportionately to only the unexercised portion of the Option granted hereunder. If fractions of an Option Share would result from any such adjustment, the Company will not be required to issue such fractional Option Share but shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the exercise price or round up to the next whole share.

13. Notice. Any notices provided for in this Agreement or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to the Optionee, five (5) days after deposit in the United States mail, postage prepaid, addressed to the Optionee at the last address the Optionee provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participant in the plan and the Option by electronic means or to request the Optionee's consent to participate in the Plan by electronic means. By accepting this Option, the Optionee consents to receive such documents by electronic delivery and if applicable, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

14. Governing Law. This Agreement shall be governed by the applicable Code provisions, to the maximum extent possible, in a manner consistent with the provisions of the Code concerning non-qualified stock options. Otherwise, the laws of the State of Nevada (without reference to the principles of conflict of laws) shall govern the operation of, and the rights of the Optionee under, the Plan and Options granted thereunder.

15. Employment Agreement. Notwithstanding anything to the contrary in this Agreement, if there is a written employment agreement in effect between you and the Company or any Subsidiary (the "Employment Agreement"), then the Option shall be subject to the terms of such Employment Agreement, so long as such Employment Agreement remains in effect (as it may be amended, supplemented or restated from time to time) and the terms set forth in the Employment Agreement are applicable to the Option.

16. 409A Compliance. The Option and payments made pursuant to this Agreement and the Plan are intended to qualify for an exemption from, or comply with, the applicable requirements of Section 409A of the Code. If the Company makes a good faith determination that any compensation provided under this Agreement is likely to be subject to the additional tax imposed by Section 409A of the Code, the Company may, to the extent it deems necessary or advisable, modify this Agreement, without the Optionee's consent, to reduce the risk that such additional tax will apply, in a manner designed to preserve the material economic benefits intended to be provided to the Optionee under this Agreement (other than any diminution of such benefit that may be attributable to the time value of money resulting from a delay in the timing of payments hereunder for a period of approximately six months or such longer period as may be required).

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Non-Qualified Incentive Stock Option Agreement as of the day and year first above written.

INPIXON
By:

_____

Name: Nadir Ali
Title: CEO

Optionee:

_____

Optionee: %fname% %lname%

**INPIXON**

**2018 EMPLOYEE STOCK INCENTIVE PLAN**

**Notice of Exercise of Non-Qualified Incentive Stock Option**

I hereby exercise the incentive stock option granted to me pursuant to the Non-Qualified Stock Option Agreement dated as of _____, by Inpixon (the "**Company**"), with respect to the following number of shares of the Company's common stock ("**Shares**"), par value $0.001 per Share, covered by said option:

Number of Shares to be purchased: _____

Purchase price per Share: $ _____

Total purchase price: $ _____

_____ A. Enclosed is cash or my certified check, bank draft, or postal or express money order in the amount of $ in full/partial **[circle one]** payment for such Shares;

and/or

_____ B. Enclosed is/are _____ Share(s) with a total Fair Market Value of $_____ on the date hereof in full/partial **[circle one]** payment for such Shares;

and/or

_____ C. I have provided notice to _____[1], a broker, who will render full/partial **[circle one]** payment for such Shares. **[Optionee should attach to the notice of exercise provided to such broker a copy of this Notice of Exercise and irrevocable instructions to pay to the Company the full/partial (as elected above) exercise price.]**

and/or

_____ D. I elect to satisfy the payment for Shares purchased hereunder by having the Company withhold newly acquired Shares pursuant to the exercise of the Option.

and/or

_____ E. I elect to satisfy the payment for Shares purchased hereunder by having the Company reduce the number of Shares issuable to me equal to the number of Shares having an aggregate Fair Market Value as of the date of exercise equal to the aggregate purchase price for such Shares under the terms of my Non-Qualified Stock Option Agreement.

and/or

_____ F. I elect to satisfy the payment for Shares purchased hereunder by remitting other forms of consideration as follows: _____

**[ ]** Please have the certificate or certificates representing the purchased Shares registered in the following name or names*:_____; and sent to:

_____.

**[ ]** Please have the shares delivered via DWAC to the following account:

_____.

DATED: _____ ___, 20___

12178643.4

_____ _____

Insert Name of Broker Optionee Name

* Certificates may be registered in the name of the Optionee alone or in the joint names (with right of survivorship) of the Optionee and his or her spouse.

12178643.4

**INPIXON**

**2018 EMPLOYEE STOCK INCENTIVE PLAN**

**INCENTIVE STOCK OPTION AGREEMENT**

THIS INCENTIVE STOCK OPTION AGREEMENT (this "**Agreement**") dated as of %grantdate%, is between Inpixon, a Nevada corporation (the "**Company**"), and %fname% %lname% (the "**Optionee**"), an Eligible Person, pursuant to the Inpixon 2018 Employee Stock Incentive Plan, as amended from time to time (the "**Plan**"). Any capitalized terms not otherwise defined herein shall the meaning given to it in the Plan.

**WHEREAS**, the Company desires to give the Optionee the opportunity to purchase shares of common stock of the Company, par value $0.001 per share ("**Common Shares**"), in accordance with the provisions of the Plan;

NOW, THEREFORE, in consideration of the mutual covenants set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Option. The Company hereby grants to the Optionee the right and option (the "**Option**") to purchase all or any part of an aggregate of %optionsgranted% Common Shares. The Option is in all respects limited and conditioned as hereinafter provided, and is subject in all respects to the terms and conditions of the Plan now in effect and as it may be amended from time to time (but only to the extent that such amendments apply to outstanding options). Such terms and conditions are incorporated herein by reference, made a part hereof, and shall control in the event of any conflict with any other terms of this Agreement. The Option granted hereunder is intended to be an incentive stock option ("**ISO**") meeting the requirements of the Plan and Section 422 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and not a nonqualified stock option ("**NQSO**").

2. Exercise Price. The exercise price of the Common Shares covered by the Option shall be %optionprice% per share. It is the determination of the Company's Board of Directors (the "**Board**") or a committee designated by the Board administering the Plan (the "**Committee**") that on the date of grant (the "**Grant Date**") the exercise price was not less than 100% (110% for an Optionee who owns more than 10% of the total combined voting power of all shares of stock of the Company or of any Subsidiary - a "**More-Than-10% Owner**") of the "Fair Market Value" of a Common Share.

3. Term. Unless earlier terminated pursuant to any provision of the Plan or of this Agreement, the Option shall expire on %expirationdate% (the "**Expiration Date**"), which date is not more than ten (10) years (five (5) years in the case of a More-Than-10% Owner) from the Grant Date. The Option shall not be exercisable on or after the Expiration Date.

4. Exercise of Option. The Option shall vest beginning on the date hereof in increments of 1/24$^{th}$ per month.

5. Method of Exercising Option. Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by written notice to the Company at its principal office. The form of such notice is attached hereto and shall state the election to exercise the Option and the number of whole shares with respect to which it is being exercised; shall be signed by the person or persons so exercising the Option; and shall be accompanied by payment of the full exercise price of such shares. Only full shares will be issued.

The exercise price shall be paid to the Company:

(a) in cash, or by certified check, bank draft, or postal or express money order;

(b) through the delivery of Common Shares previously acquired by the Optionee;

(c) by delivering a properly executed notice of exercise of the Option to the Company and a broker, with irrevocable instructions to the broker promptly to deliver to the Company the amount necessary to pay the exercise price of the Option;

(d) in Common Shares newly acquired by the Optionee upon exercise of the Option (which shall constitute a disqualifying disposition with respect to this ISO); or

(e) in any combination of (a), (b), (c) or (d) above.

(f) Cashless Exercise. If elected by the Optionee and permitted by the Board or the Committee, the Optionee may exercise all or a portion of the Option, without a cash payment of the exercise price, through a reduction in the number of Common Shares issuable upon the exercise of the Option. Such reduction may be effected by designating that the number of Common Shares issuable to the Optionee upon such exercise shall be reduced by the number of Common Shares having an aggregate Fair Market Value as of the date of exercise equal to the amount of the aggregate purchase price for such exercise as to the number of Common Shares to be issued to the Optionee upon such exercise.

(g) Other Forms of Consideration. If elected and permitted by the Board or the Committee, the Optionee may exercise all or a portion of the Option (i) by cancellation of indebtedness of the Company to the Optionee; (ii) by waiver of consideration due to the Optionee for services rendered; (iii) by a combination of the foregoing or (iv) other forms of consideration permitted by the Board or the Committee and not inconsistent with the Plan.

In the event the exercise price is paid, in whole or in part, with Common Shares, the portion of the exercise price so paid shall be equal to the Fair Market Value of the Common Shares surrendered on the date of exercise.

Upon receipt of notice of exercise and payment, the Company shall deliver a certificate or certificates representing the Common Shares with respect to which the Option is so exercised or via deposit/withdrawal at custodian ("DWAC") pursuant to instructions provided by the Optionee, provided that the Common Shares underlying the Option have been registered, or are exempt from the registration requirements, of the federal and state securities laws. The Optionee shall obtain the rights of a shareholder upon receipt of (i) a certificate(s), (ii) a book-entry security entitlement or (iii) any other similar statement evidencing beneficial ownership representing such Common Shares.

Such certificate(s) (or book-entry security entitlement(s)) shall be registered in the name of the person so exercising the Option (or, if the Option is exercised by the Optionee and if the Optionee so requests in the notice exercising the Option, shall be registered in the name of the Optionee and the Optionee's spouse, jointly, with right of survivorship), and shall be delivered as provided above to, or upon the written order of, the person exercising the Option. In the event the Option is exercised by any person after the death or disability (as determined in accordance with Section 22(e)(3) of the Code) of the Optionee, the notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. All Common Shares that are purchased upon exercise of the Option as provided herein shall be fully paid and non-assessable.

Upon exercise of the Option, the Optionee shall be responsible for all employment and income taxes then or thereafter due (whether federal, state or local), and if the Optionee does not remit to the Company sufficient cash (or, with the consent of the Committee, Common Shares) to satisfy all applicable withholding requirements, the Company shall be entitled to satisfy any withholding requirements for any such tax by disposing of Common Shares at exercise, withholding cash from the Optionee's salary or other compensation or such other means as the Committee considers appropriate to the fullest extent permitted by applicable law. Nothing in the preceding sentence shall impair or limit the Company's right with respect to satisfying withholding obligations under Section 13 of the Plan.

6. Non-Transferability of Option. The Option is not assignable or transferable, in whole or in part, by the Optionee other than by will or by the laws of descent and distribution. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee or, in the event of his or her disability, by his or her guardian or legal representative.

7. Termination of Employment. Subject to Section 15 of this Agreement, if the Optionee's employment with the Company and any of its Subsidiaries is terminated for any reason (other than death or total

disability or termination for cause as defined in the Plan) prior to the Expiration Date, then the Option may be exercised by the Optionee, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of employment, at any time prior to the earlier of (i) the Expiration Date, or (ii) three months after such termination of employment. Subject to Section 15 of this Agreement, any part of the Option that was not exercisable immediately before that termination of the Optionee's employment shall terminate at that time.

8. Disability. If the Optionee becomes disabled (as determined in accordance with Section 22(e)(3) of the Code) during his or her employment and, prior to the Expiration Date, the Optionee's employment is terminated as a consequence of such total disability, then the Option may be exercised by the Optionee or by the Optionee's legal representative, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of such termination of employment at any time within twelve months after the Optionee's total disability, but in no event after the Expiration Date. Any part of the Option that was not exercisable immediately before the Optionee's termination of employment shall terminate at that time.

9. Death. If the Optionee dies during his or her employment and prior to the Expiration Date, the Optionee's employment is terminated as of consequence of such death, then the Option may be exercised by the Optionee's estate, personal representative or beneficiary who acquired the right to exercise the Option by bequest or inheritance or by reason of the Optionee's death, to the extent of the number of Common Shares with respect to which the Optionee could have exercised it on the date of his or her death, at any time within twelve months after the Optionee's death, but in no event after the Expiration Date. Any part of the Option that was not exercisable immediately before the Optionee's death shall terminate at that time.

10. Disqualifying Disposition of Option Shares. The Optionee agrees to give written notice to the Company, at its principal office, if a "disposition" of the Common Shares acquired through exercise of the Option granted hereunder occurs at any time within two years after the Grant Date or within one year after the transfer to the Optionee of such shares. The Optionee acknowledges that if such disposition occurs, the Optionee generally will recognize ordinary income as of the date the Option was exercised in an amount equal to the lesser of (i) the Fair Market Value of the Common Shares on the date of exercise minus the exercise price, or (ii) the amount realized on disposition of such shares minus the exercise price. If requested by the Company at the time of and in the case of any such disposition, the Optionee shall pay to the Company an amount sufficient to satisfy the Company's federal, state and local withholding tax obligations with respect to such disposition. The provisions of this Section 10 shall apply, whether or not the Optionee is in the employ of the Company at the time of the relevant disposition. For purposes of this Paragraph, the term "disposition" shall have the meaning assigned to such term by Section 424(c) of the Code.

11. Securities Matters.

(a) If, at any time, counsel to the Company shall determine that the listing, registration or qualification of the Common Shares subject to the Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of Common Shares hereunder, such Option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been affected or obtained on conditions acceptable to the Board or the Committee. The Company shall be under no obligation to apply for or to obtain such listing, registration or qualification, or to satisfy such condition. The Committee shall inform the Optionee in writing of any decision to defer or prohibit the exercise of the Option. During the period that the effectiveness of the exercise of the Option has been deferred or prohibited, the Optionee may, by written notice, withdraw the Optionee's decision to exercise and obtain a refund of any amount paid with respect thereto.

(b) The Company may require: (i) the Optionee (or any other person exercising the Option in the case of the Optionee's death or disability) as a condition of exercising the Option, to give written assurances in substance and form satisfactory to the Company, to the effect that such person is acquiring the Common Shares subject to the

Option for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to make such other representations or covenants; and (ii) that any certificates for Common Shares delivered in connection with the exercise of the Option, if any, bear such legends, in each case as the Company deems necessary or appropriate, in order to comply with federal and applicable state securities laws, to comply with covenants or representations made by the Company in connection with any public offering of its Common Shares or otherwise. The Optionee specifically understands and agrees that the Common Shares, if and when issued upon exercise of the Option, may be "restricted securities, "as that term is defined in Rule 144 under the Securities Act 1933, as amended (the **Securities Act**"), and, accordingly, the Optionee may be required to hold the shares indefinitely unless they are registered under such Securities Act or an exemption from such registration is available.

(c) The Optionee shall have no rights as a shareholder with respect to any Common Shares covered by the Option (including, without limitation, any rights to receive dividends or non-cash distributions with respect to such shares) until the date of issue of a stock certificate (or book-entry security entitlement) to the Optionee for such Common Shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate (or book-entry security entitlement) is issued.

12. Adjustment on Changes in Capitalization.

(a) In the event of changes in the outstanding Common Shares of the Company by reason of stock dividends, stock splits, reverse stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations or liquidations, the number of Option Shares as to which the Option may be exercised shall be correspondingly adjusted by the Company, and the exercise price shall be adjusted so that the product of the exercise price immediately after such event multiplied by the number of Option Shares subject to this Agreement immediately after such even shall be equal to the product of the exercise price multiplied by the number of Option Shares subject to this Agreement immediately prior to the occurrence of such event.

(b) In the event of a Material Transaction or the dissolution or liquidation the Company, whether voluntary or otherwise, that is not a Material Transaction, the unexercised portion of this Option shall be subject to Section 9 of the Plan.

(c) Any adjustment in the number of Option Shares shall apply proportionately to only the unexercised portion of the Option granted hereunder. If fractions of an Option Share would result from any such adjustment, the Company will not be required to issue such fractional Option Share but shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the exercise price or round up to the next whole share.

13. Notice. Any notices provided for in this Agreement or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to the Optionee, five (5) days after deposit in the United States mail, postage prepaid, addressed to the Optionee at the last address the Optionee provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participant in the plan and the Option by electronic means or to request the Optionee's consent to participate in the Plan by electronic means. By accepting this Option, the Optionee consents to receive such documents by electronic delivery and if applicable, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

14. Governing Law. This Agreement shall be governed by the applicable Code provisions, to the maximum extent possible, in a manner consistent with the provisions of the Code concerning incentive stock options. Otherwise, the laws of the State of Nevada (without reference to the principles of conflict of laws) shall govern the operation of, and the rights of the Optionee under, the Plan and Options granted thereunder.

15. Employment Agreement. Notwithstanding anything to the contrary in this Agreement, if there is a written employment agreement in effect between you and the Company or any Subsidiary (the "Employment Agreement"), then the Option shall be subject to the terms of such Employment Agreement, so long as such Employment Agreement remains in effect (as it may be amended, supplemented or restated from time to time) and the terms set forth in the Employment Agreement are applicable to the Option.

16. 409A Compliance. The Option and payments made pursuant to this Agreement and the Plan are intended to qualify for an exemption from, or comply with, the applicable requirements of Section 409A of the Code. If the Company makes a good faith determination that any compensation provided under this Agreement is likely to be subject to the additional tax imposed by Section 409A of the Code, the Company may, to the extent it deems necessary or advisable, modify this Agreement, without the Optionee's consent, to reduce the risk that such additional tax will apply, in a manner designed to preserve the material economic benefits intended to be provided to the Optionee under this Agreement (other than any diminution of such benefit that may be attributable to the time value of money resulting from a delay in the timing of payments hereunder for a period of approximately six months or such longer period as may be required).

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Incentive Stock Option Agreement as of the day and year first above written.

INPIXON
By:

_____

Name: Nadir Ali
Title: CEO

Optionee:

_____

Optionee: %fname% %lname%

**INPIXON**

**2018 EMPLOYEE STOCK INCENTIVE PLAN**

**Notice of Exercise of Incentive Stock Option**

I hereby exercise the incentive stock option granted to me pursuant to the Incentive Stock Option Agreement dated as of _____, by Inpixon (the "**Company**"), with respect to the following number of shares of the Company's common stock ("**Shares**"), par value $0.001 per Share, covered by said option:

Number of Shares to be purchased: _____

Purchase price per Share: $ _____

Total purchase price: $ _____

_____ A. Enclosed is cash or my certified check, bank draft, or postal or express money order in the amount of $ in full/partial **[circle one]** payment for such Shares;

and/or

_____ B. Enclosed is/are _____ Share(s) with a total Fair Market Value of $_____ on the date hereof in full/partial **[circle one]** payment for such Shares;

and/or

_____ C. I have provided notice to _____[1], a broker, who will render full/partial **[circle one]** payment for such Shares. **[Optionee should attach to the notice of exercise provided to such broker a copy of this Notice of Exercise and irrevocable instructions to pay to the Company the full/partial (as elected above) exercise price.]**

and/or

_____ D. I elect to satisfy the payment for Shares purchased hereunder by having the Company withhold newly acquired Shares pursuant to the exercise of the Option.

and/or

_____ E. I elect to satisfy the payment for Shares purchased hereunder by having the Company reduce the number of Shares issuable to me equal to the number of Shares having an aggregate Fair Market Value as of the date of exercise equal to the aggregate purchase price for such Shares under the terms of my Incentive Stock Option Agreement.

and/or

_____ F. I elect to satisfy the payment for Shares purchased hereunder by remitting other forms of consideration as follows: _____

**[ ]** Please have the certificate or certificates representing the purchased Shares registered in the following name or names*:_____; and sent to:

_____.

**[ ]** Please have the shares delivered via DWAC to the following account:

_____.

DATED: _____ ___, 20___

_____ _____

Insert Name of Broker Optionee Name

* Certificates may be registered in the name of the Optionee alone or in the joint names (with right of survivorship) of the Optionee and his or her spouse.

**Exhibit 21.1**

**INPIXON**

**List of Subsidiaries**

| Name of Subsidiary | State of Jurisdiction of Incorporation | Fictitious Name (if any) |
|---|---|---|
| Inpixon Canada, Inc. | Canada | None |
| Inpixon Limited | United Kingdom | None |
| Inpixon GmbH | Germany | None |
| Nanotron Technologies GmbH | Germany | None |
| Sysorex India Limited | India | None |

Independent Registered Public Accounting Firm's Consent

We consent to the incorporation by reference in the Registration Statement of Inpixon and Subsidiaries on Form S-3 [File No. 333-223960]; Forms S-1 [File No. 333-233763]; Forms S-8 [File No. 333-237659]; [File No. 333-234458]; [File No. 333-230965]; [File No. 333-229374]; [File No. 333-224506]; [File No. 333-216295] and [File No. 333-195655] of our report, dated March 31, 2021, with respect to our audits of the consolidated financial statements of Inpixon and Subsidiaries as of December 31, 2020 and 2019 and for the two years ended December 31, 2020**,** which report is included in this Annual Report on Form 10-K of Inpixon for the year ended December 31, 2020.

/s/ Marcum llp

Marcum llp
New York, NY
March 31, 2021

**Exhibit 31.1**

**CERTIFICATION**

I, Nadir Ali, certify that:

1. I have reviewed this Annual Report on Form 10-K of Inpixon;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2021

/s/ Nadir Ali

Nadir Ali
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION**

I, Wendy F. Loundermon, certify that:

1. I have reviewed this Annual Report on Form 10-K of Inpixon;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2021

/s/ Wendy F. Loundermon

Wendy F. Loundermon
Chief Financial Officer
(Principal Financial and Accounting Officer)

**Exhibit 32.1**

**CERTIFICATION**

In connection with the Annual Report of Inpixon (the "Company") on Form 10-K for the year ended December 31, 2019 as filed with the Securities and Exchange Commission (the "Report"), we, Nadir Ali, Chief Executive Officer (Principal Executive Officer) and Wendy F. Loundermon, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: March 31, 2021

/s/ Nadir Ali

Nadir Ali
Chief Executive Officer
(Principal Executive Officer)

/s/ Wendy F. Loundermon

Wendy F. Loundermon
Chief Financial Officer
(Principal Financial and Accounting Officer)