

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, 2021

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was \$132,741,195 based upon the closing price reported for such date on the Nasdaq Capital Market.

As of March 16, 2022, there were 152,476,355 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 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 as needed;
- our consummation of strategic transactions which may include acquisitions, mergers, dispositions involving us and any of our business units or other strategic investments;
- our ability to maintain compliance with the continued listing requirements of the Nasdaq Capital Market;
- lawsuits and other claims by third parties or investigations by various regulatory agencies that we may 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 solutions and technologies help organizations create and redefine exceptional experiences that enable smarter, safer and more secure environments. We leverage our positioning, mapping, augmented reality, analytics and app technologies to achieve higher levels of productivity and performance, increase safety and security, improve worker and employee satisfaction rates and drive a more connected workplace. We have focused our corporate strategy on being the primary provider of the full range of foundational technologies needed in order to offer a comprehensive suite of solutions that make indoor data available and meaningful to organizations, employees and visitors. Together, our technologies are foundational for allowing organizations to create and launch the digital twin of a physical location necessary for driving enhanced experiences in the metaverse.

Our Indoor Intelligence solutions are used by our customers for a variety of use cases including, but not limited to, employee and visitor experience enhancement through a customer branded app with features such as desk booking, wayfinding and navigation, and the delivery of content to tens of thousands of attendees in hybrid events. Our real time location (RTLS) and asset tracking products offer manufacturing and warehouse logistics optimization and automation, increase workforce productivity, and enhance worker safety and security.

In addition to our Indoor Intelligence technologies and solutions, we also offer:

- Digital solutions (eTearsheets; eInvoice, adDelivery) or cloudbased applications and analytics for the advertising, media and publishing industries advertising management platform referred to as Shoom by Inpixon; and
- A comprehensive set of data analytics and statistical visualization solutions for engineers and scientists referred to as SAVES by Inpixon.

We report financial results for three segments: Indoor Intelligence, Shoom and SAVES. For Indoor Intelligence, we generate revenue from sales of hardware, software licenses and professional services. For Shoom and SAVES we generate revenue from the sale of software licenses.

Products and Services

Indoor Intelligence

Our Indoor Intelligence offerings consists of the following software and hardware products.

Experience Apps and Services

- *Smart Office App* – Our smart office app seeks to enhance the employee experience by providing organizations with a holistic location aware customer branded employee app for a smart, innovative and connected workplace. This solution aims to help organizations provide a frictionless work environment with features such as hot desking and room booking, indoor navigation with turn by turn directions on a digital map, company-wide news feeds to more easily distribute relevant content to employees and other personnel, an in-app company directory and the ability to access workplace amenities and other bookable opportunities and experiences. With over 75 product integrations (Slack, Zoom, Office365, G-suite, ServiceNow, etc.) our Smart Office App serves as the gateway to your corporate communications and productivity portfolio.
- *Executive Briefing Centers (EBC)* – Our EBC omni-channel software platform provides a virtual briefing platform allowing organizations to offer a personalized experience for in-office, remote and hybrid meetings. This SaaS platform allows for meeting programs to be managed in one environment from meeting to meeting or location to location with agendas that support single or multi day events with a detailed day-by-day guide and customizable agenda capabilities.

- *Events* – Our hybrid events platform offers a mobile first and virtual event platform to connect tens of thousands of remote and in person audiences in a fully branded, end to end event experience. The software-as-a-service (SaaS) platform allows for hosting and storage of events, perpetual engagement before during and after the event, personalized agendas, real time activity feeds, notifications and more.

- *Inpixon Mapping*, is our indoor mapping solution which 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, asset 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 software development kits (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. Our mapping platform is flexible and has both customers with their own mobile apps that use our SDK as well as native deployment in our own smart office app.

- *Augmented Reality (AR) and 3D* – Inpixon's augmented reality SDKs allow businesses to easily scan a space and subsequently attach AR content persistently to any position in the world. The technology can also be used for visual asset tracking without beacons or markers as well as digital twin creation and manipulation. Creating the 3D representation of your venue can be as easy as using your phone camera. Using SLAM combined with our patented and patent-pending technologies offers tools to help enterprise and industry enable metaverse capabilities for their business.

- *Analytics and Insights* – our robust cloud-based analytics platform allows data from multiple sensors and data sources to be visualized for action by the operator. Our platforms can engage with data from our IoT sensors, our mobile apps, 3rd party sensors and data that is ingested via an application programming interface (API) or comma-separated value (CSV). In retail, both shopping malls and large stores, we can capture radio frequency (RF) data to visually display shopper loyalty and behavior including measuring in-store events or experiential activations. Our enterprise clients use analytics to monitor employee engagement with the mobile app and events platform while in the factory we analyze movement patterns in the warehouse and interact with enterprise resource planning (ERP) systems to optimize workflow.

- *On-Device Positioning* - we 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, global positioning system (GPS) and bluetooth (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.

Industrial Internet of Things (IoT) and RTLS

- *IoT SaaS Platform* - Our full stack offering in the Industrial IoT space includes an enterprise class, multi-technology RTLS IoT platform for industrial automation. Inpixon's RTLS IoT platform is a comprehensive real-time IoT solution for the implementation of industrial RTLS (Track & Trace) applications for indoor and outdoor areas, such as vehicle localization, production tracking, yard management, gate allocation, forklift location (MHE), real-time route optimization or the automatic identification and booking of goods and material flows (AutoID). In addition to real-time data applications for the digital twin, it also provides smart real-time location analyses from one platform suite, enabling companies to identify significant process optimizations and make data-based decisions. The solutions offered by the platform include (1) SMART Warehouse (2) AutoID & Booking (3) SMART Forklift (4) Fleet Manager (5) Safety Manager (6) SMART Production (7) Material flow control (8) Equipment Manager (9) Yard Manager and (10) Shipment Manager.

- *IoT Devices, Sensors and Tags* - Our RTLS or asset tracking hardware includes a full end-to-end portfolio of IoT sensors (also known as nodes or anchors) and end user or asset tags. This portfolio leverages our own products for GPS, ultra-wideband (UWB) and chirp spread spectrum (CSS) while incorporating support for third party integrated Wi-Fi and BLE solutions. In the security space, a version of our sensor allows detection of cellular, Wi-Fi and BLE signals that is combined with UWB to offer security and high value asset tracking solutions. 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 both technologies 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.

- *Video Integration* – Our RF video solution uses IoT analytics data and allows direct integration with leading Video Management Systems (VMS) and CCTV to provide visual track and trace of assets or to quickly allow video to aid security personnel in an emergency situation. This solution builds upon the accurate mapping solutions while adding analytics and precise RTLS data.

- *Security* – Our wireless detection and positioning solutions help cultivate 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. This solution allows for the positioning of people and assets homogeneously as they travel in a controlled space and empowers users to make key decisions around security, risk mitigation and public safety, at scale. 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.

- *Transceiver/Modules* - The Impixon nanoLOC transceiver is a low-power, highly integrated mixed signal chip. This 2.4 GHz long range CSS transceiver transmits and receives wireless data packets for robust wireless communication, ranging capabilities and RTLS. A patented, Impixon owned technology that offers range comparable to Wi-Fi systems with accuracy of BLE or UWB in some scenarios. Supporting a freely adjustable center frequency with three non-overlapping frequency channels, amongst others, the Impixon nanoLOC enables multiple physically independent networks and improved coexistence with existing 2.4 GHz wireless technologies. This product is also available in a module form to allow easier integration for our partners and integrators.

Shoom

With Shoom Digital Solutions we offer comprehensive digital solutions or cloud-based applications and analytics for the media and publishing industry, including eTearsheets and eInvoice. eTearsheets provides both advertiser and publication users with an advertising analytics tool kit for accessing single ads or entire campaigns across multiple publications. eTearsheets seamlessly with existing PDF work flows, merging users PDF pages with ad data, creating links to the ads, and sending an option e-mail to advertisers containing a link to their ad pages. Users can access the site on their desktop, tablet or mobile devices, and need only internet access and a standard browser. eInvoice is a hosted, web-based solution offering email notifications, seamless interaction with eTearsheets and dynamic invoice searching.

SAVES

Through our SAVES product line we offer a comprehensive set of data analytics and statistical visualization software solutions for engineers and scientists. The suite of data analytics and statistical visualization tools includes SigmaPlot, SigmaStat, SYSTAT, PeakFit, TableCurve 2D, TableCurve 3D, SigmaScan and MYSTAT.

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 executive 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 both UWB and CSS technology for precise asset tracking, furthering our efforts towards 3D mapping, with a specific focus on light detection and ranging (LIDAR) and AR features, innovation in our machine learning algorithms for our positioning engines, understanding worldwide 5G deployments to enhance our detection and positioning capabilities.

Positioning Innovation Powered by Machine Learning

In 2022, we intend to continue to expand our use of machine learning and artificial intelligence (“AI”) to improve positioning accuracy, reliability and range which will provide additional to existing customers and unlock new opportunities for our technology. These improvements will impact our on-device positioning technology used to provide an indoor blue dot in corporate enterprises as well as our CSS and UWB deployments in both commercial and industrial companies. Following these enhancements, our products will be able to assist in providing predictive, more accurate, bidirectional location information to secure and optimize our deployments using hardware that includes iOS and Android smartphones, IoT sensors, access points or BLE beacons.

5G

Building on research and development (R&D) efforts in 2021, we intend to continue to study the worldwide 5G deployments, both public and private, to identify 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. This is a complex problem and we are working with partners and customers to understand requirements, use cases and solutions.

Mapping, Digital Twin and 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 2022, we will continue to expand our tools by leveraging LIDAR technology to confirm asset location in a deployment and explore the ability to validate changes in the physical world match our digital twin. AR technologies will be used to both display and capture spatial data that can be 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 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. Our API and SDK integrations with partners that provide conferencing, collaboration, delivery, secure lockers, parking and IoT management are key differentiators that make our app the gateway for our customers. 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.

Analytics and Insights

We provide data science analytics, on-premises or in the cloud, along with specially optimized algorithms that are intended to increase usability of the data we collect for our customers. In 2022, we will continue to expand this offering allowing customers to export data to internal business intelligence systems and to upload additional datasets that might include security systems, assembly line data or shopping and receiving information. Our system then delivers data reporting and visualizations to the user combining these data sources.

Corporate Strategy

Since 2019, management has pursued an aggressive corporate strategic acquisition strategy focused on building and developing our Indoor Intelligence™ platform to be able to offer a comprehensive range of solutions that allow for the collection of data within workplace environments to delivering insights from that data for, people, places and things. In furtherance of this strategy, we have completed a series of strategic transactions, including, the acquisition of (1) technologies allowing for wireless device positioning and radio frequency augmentation of video surveillance systems; (2) GPS tracking products, software, technologies, and related intellectual property to provide ground positioning, asset tracking, and situational awareness monitoring for those whose intelligence needs expand outdoors; (3) our indoor mapping solution, Impixon Mapping, to provide 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; (4) a suite of on-device “blue dot” indoor location and

motion technologies, including patents, trademarks, software and related intellectual property; (5) IoT solutions for RTLS and indoor and outdoor positioning solutions utilizing both industry-standard technologies, such as UWB, and patented proprietary wireless communication technologies, such as CSS; (6) a suite of augmented reality, computer vision, localization, navigation, mapping, and 3D reconstruction technologies, including patents, trademarks, software and related intellectual property, (7) a leading SaaS app platform that enables corporate enterprise organizations to provide a custom-branded, location-aware employee app focused on enhancing the workplace experience and hosting virtual and hybrid events, and (8) an industrial IoT, RTLS, and sensor data services provider.

We believe these transactions have positioned us as a market leader with a comprehensive suite of products and solutions allowing us to help organizations enhance the visitor and employee experience with actionable indoor intelligence making them smarter, safer and more secure. We operate and compete in an industry that is 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 will depend 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. In order to continue to respond to rapid changes and required technological advancements, as well as increase our shareholder value, we are exploring strategic transactions and opportunities that we believe will enhance shareholder value and support our commitment to delivering exceptional experiences and continued innovation with technologies that combine the physical and digital worlds with augmented reality and location based technologies. We are primarily focused on identifying potential targets with business value and operational synergies, however, we will also be opportunistic and may consider 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. In addition, at the end of last year, our board of directors authorized a review of strategic alternatives, including a possible asset sale, merger with another company or spin-off of one or more of our business units. We have received an inbound preliminary indication of interest which we are currently evaluating. We also intend to retain an investment bank as our financial advisor in order to evaluate any available strategic options that may be available to us. If we make any acquisitions in the future, we expect that we may pay for such acquisitions with cash, equity securities and/or debt in combinations appropriate for each acquisition.

Research and Development Expenses

Our future plans include 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. Our products intersect many emerging fields including metaverse, augmented reality, occupancy planning, industry 4.0, smart cities and we continue to innovate and patent new methods to solve problems for our customers. Research and development expenses for the years ended December 31, 2021 and 2020 totaled approximately \$14.1 million and \$6.5 million, respectively.

Sales and Marketing

We utilize direct sales and marketing through 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, tradeshow and other direct and indirect marketing activities to generate demand for our products and services. We also have relationships with resellers and 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 are in the process of expanding our channel partners.

Our Inpixon products are primarily sold on a license (up-front one-time fee) or 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 Shoorn 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 Fortune 1000 enterprises primarily in the US and Europe that range from leading automotive manufacturers to major airlines to metaverse focused organizations to leading edge-to-cloud providers. A list of customers is available on our website at www.inpixon.com.

Our workplace experience products including our award-winning mobile app, events platform, mapping services and briefing center tools are deployed in various sectors including pharmaceutical, banking, technology, hospitals, shopping malls, entertainment, electric vehicles and food delivery.

Our industrial IoT offerings which include security sensors, real-time location tracking, process optimization, paperless factory and virtual warehouse are used around the world in automotive factories, logistics warehouse, underground mining, distribution facilities, government and military buildings and corporate offices. Our top three customers accounted for approximately 16% and 43% of our gross revenue during the years ended December 31, 2021 and 2020, respectively. During 2021 no customer accounted for more than 10% of our gross revenue, and one customer accounted for 8% of our gross revenue in 2021 and a separate customer accounted for 26% in 2020. 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 business is characterized by innovation and rapid change. Our Indoor Intelligence products compete with companies that offer positioning and asset tracking products and services, indoor mapping solutions, or workplace experience apps. For positioning we compete with companies such as Aruba, Cisco, Mist Networks/Juniper Networks, Aislelabs and Bluevision/HID. For our workplace experience app, events and executive briefing center products we compete with Modo, Comfy, On24, Cvent, Signet and BriefingEdge. For our mapping product, we compete with companies such as MappedIn, Mapwize and Esri. For asset tracking and our Industrial Internet of Things (IIoT) products, we compete with Ubisense, Sewio, Kinexon, Zebra Technologies, Stanley Healthcare and other mostly vertical focused RTLS companies. The positioning companies primarily offer BLE or Wi-Fi 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 GPS, Cellular/LTE, Wi-Fi, BLE, CSS and UWB solutions that can deliver the level of accuracy required for the customer use case. 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.

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 workplace experience, 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 obsolescence. 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.

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.

Originlab and Graphpad Prism are the main competitors of our SAVES products.

Intellectual Property

To establish and protect our proprietary rights, we rely on a combination of patents, trademarks, copyrights, trade secrets, including know-how, license agreements, confidentiality procedures, non-disclosure agreements with third parties, employee disclosure and invention assignment agreements, and other contractual rights. We do not believe that our proprietary

technology is dependent on any single patent or copyright or groups of related patents or copyrights. We believe the duration of our patents is adequate relative to the expected lives of our products.

Our SAVES products are sold pursuant to an exclusive, world-wide, fully transferable, royalty free, 15 year ("License Term") license and distribution agreement (the "Systat License Agreement") with Cranes Software International Ltd. ("Cranes") and Systat Software, Inc. ("Systat" and together with Cranes, the "Systat Parties") pursuant to which we were granted (a) an exclusive, worldwide license to use, modify, develop, market and distribute the SYSTAT software suite of products related source code, user documentation and associated intellectual property and (b) an exclusive, worldwide sub-license to use, modify, develop, market and distribute the Sigma Plot suite of software, related source code, user documentation and associated intellectual property licensed to Systat by Cranes. In addition, we were also granted with an exclusive, worldwide, fully transferable, royalty free license to create derivative works and improvements, modifications, enhancements, changes, or corrections to the underlying software, source code and documentation during the License Term ("Modification"). We own title to any Modifications.

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 3, 2022, we have 220 employees, including 10 part-time employees, which includes all employees of our subsidiaries. This includes 3 officers, 38 sales personnel, 12 marketing personnel, 137 technical and engineering personnel and 30 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. The product and service offerings included enterprise infrastructure solutions for business operations, continuity, data protection, software development, collaboration, IT security, and physical security needs, including, third party hardware, software and related maintenance and warranty products and services resold from well-known brands and information technology development and implementation professional services.

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

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 acquired an aggregate of 522,000 shares of common stock of GYG (the "GYG Shares"), representing 55.4% of the outstanding shares of common stock of GYG. GYG's business consists of developing and providing solutions using sports data and analytics.

On April 23, 2021 we entered into an asset purchase agreement (the "Asset Purchase Agreement") with Visualix GmbH i.L. (the "Visualix"), its founders (each, a "Founder," and collectively, the "Founders"), and Future Energy Ventures Management GmbH ("FEVM") pursuant to which we acquired substantially all of the Visualix assets including certain computer vision, robust localization, large-scale navigation, mapping, and 3D reconstruction technologies (collectively, the "AR Technology"), the intellectual property and patent applications underlying the AR Technology.

On April 30, 2021, we acquired over 99.9% of the outstanding capital stock of Design Reactor, Inc., a California corporation (“The CXApp”), the provider of a leading SaaS app platform that enables corporate enterprise organizations to provide a custom-branded, location-aware employee app focused on enhancing the workplace experience and hosting virtual and hybrid events pursuant to the terms of a Stock Purchase Agreement. On May 10, 2021, we acquired the remaining interest of The CXApp and now own 100% of the outstanding capital stock of The CXApp.

On December 9, 2021, through our wholly-owned subsidiary, Nanotron Technologies GmbH, a limited liability company incorporated under the laws of Germany (the “Purchaser”), we entered into a Share Sale and Purchase Agreement (the “Purchase Agreement”) with the shareholders of IntraNav GmbH, a limited liability company incorporated under the laws of Germany (“IntraNav”), pursuant to which we acquired 100% of the outstanding capital stock (the “IntraNav Shares”) of IntraNav, a leading industrial IoT (“IIoT”), real-time location system (“RTLS”), and sensor data services provider.

Corporate Information

We have six 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; (iv) Design Reactor, Inc. (The CXApp) (100% ownership); (v) Game Your Game, Inc., based in Palo Alto, CA (55.4%); and (vi) Inpixon India Limited (82.5% ownership) based in Hyderabad, India. In addition, Active Mind Technology Ltd. is an indirect subsidiary of the Company and the wholly-owned subsidiary of Game Your Game, Nanotron Technologies GmbH (“Nanotron”), based in Berlin, Germany is an indirect subsidiary of the Company and the wholly owned subsidiary of Inpixon GmbH and IntraNav GmbH, based in Eschborn, Germany is an indirect subsidiary of the Company and the wholly owned subsidiary of Nanotron.

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, Eschborn, 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.

Summary Risk Factors

The following summarizes the risks and uncertainties that could materially adversely affect our business, financial condition, results of operation and stock price. You should read this summary together with the more detailed description of each risk factor contained below.

Risks Related to Our Operations

- We have completed several strategic transactions, which may make it difficult for potential investors to evaluate our future business, and, 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 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.
- 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.
- The effects of the COVID-19 pandemic could adversely affect us, and the extent to which the effects of the pandemic will impact us remains uncertain.
- 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.
- Failure to manage or protect growth may be detrimental to our business because our infrastructure may not be adequate for expansion.
- 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.
- The shares of our Series 7 Convertible Preferred Stock are subject to a holder's redemption right and requires us to maintain a minimum cash balance.
- 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.
- We have been 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.
- If we do not adequately protect our intellectual property rights, our business may be harmed.
- 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.

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.
- Changes in the value of the Sysorex common stock we own may result in material fluctuations (increases or decreases) in our total asset value and net income on a quarterly basis.

Risks Related to Our Securities

- Our common stock may be delisted from the Nasdaq Capital Market if we cannot satisfy Nasdaq's continued listing requirements in the future.
- Our stock price may be volatile.
- Sales of our common stock or other securities, or the perception that future sales may occur, may cause the market price of our common stock to decline, even if our business is doing well.
- 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.
- 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.
- Some provisions of Nevada law, 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.

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 of 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. 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 expanding our operations in the United Kingdom and Germany and the acquisition of certain assets and technologies comprising our "blue dot" technology from Ten Degrees. In 2021, we acquired a suite of augmented reality, computer vision, localization, navigation, mapping, and 3D reconstruction technologies, including patents, trademarks, software and related intellectual property from Visualix GmbH, 100% of the outstanding capital stock of Design Reactor, Inc., including its SaaS app platform that enables corporate enterprise organizations to provide a custom-branded, location-aware employee app focused on enhancing the workplace experience and hosting virtual and hybrid events, and 100% of the outstanding capital stock of IntraNav GmbH, an industrial IoT (IIoT), real-time location system (RTLS), and sensor data services provider. 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.

The effects of the COVID-19 pandemic could adversely affect our business, operations, financial condition and results of operations, and the extent to which the effects of the pandemic will impact our business, operations, financial condition and results of operations remains uncertain.

The United States and the global community we serve are facing unprecedented challenges posed by the COVID-19 pandemic. The pandemic, and the preventative measures taken in response (including “shelter-in-place” or “stay-at-home” and similar orders issued by international, federal, state or local authorities), have resulted in, and are expected to continue to result in, significant volatility and business and economic disruptions and uncertainty. 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. While we have been able to continue operations remotely, we have and continue to experience supply chain cost increases and 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 as a result of new rules and regulations resulting from the pandemic, customer facilities being partially or fully closed during the pandemic or because of the uncertainty of the customer’s financial position and ability to invest in our technology. We have taken steps to protect our employees and we continue to operate all of our services, but the extent to which the effects of the pandemic will impact our business, operations, financial condition and results of operations is uncertain, rapidly changing and hard to predict and will depend on numerous evolving factors that we may not be able to control or predict, including:

- the duration and scope of the pandemic;
- the extent and effectiveness of responsive actions by authorities and the impact of these and other factors on our employees, customers and vendors;
- the impact of the pandemic on our employees, including key personnel;
- the extent to which we are able to maintain and replace critical internet infrastructure components, when necessary;
- any disruption of our supply chain and the impact of such disruptions on our suppliers or our ability to deliver products and services to our customers;
- our continued ability to execute on business continuity plans for the maintenance of our critical internet infrastructure, while most of our employees continue to work remotely; and
- any negative impact on the demand for our services and products resulting from the economic disruption caused by the pandemic and responses thereto.

If we are unable to successfully respond to and manage the impact of the pandemic, and the resulting responses to it, our business, operations, financial condition and results of operations could be adversely impacted.

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.

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. As of December 31, 2021 we had approximately \$7.7 million of goodwill and the net book value of our intangible assets is approximately \$33.5 million in connection with the various acquisitions that we have consummated.

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 could 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, sustained declines in our stock price and related market capitalization and changes in our business model that may impact one or more of these variables. During the years ended December 31, 2021 and December 31, 2020 we recorded a goodwill impairment charge of \$14.8 million and \$0, respectively.

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 effectively.

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 attributable to the stockholders of Inpixon of approximately \$69.2 million and \$29.2 million for the fiscal years ended December 31, 2021 and 2020, respectively. This increase in loss of approximately \$39.9 million was primarily attributable to the increase in operating expenses of \$53.8 million offset by the higher gross margin of \$4.9 million and reduced other loss of \$6.6 million. 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 72% as compared to the same period for 2020, 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.

The shares of our Series 7 Convertible Preferred Stock are subject to a holder's redemption right and requires us to maintain a minimum cash balance.

At any time beginning on the 6-month anniversary of the original issue date of the Series 7 Convertible Preferred Stock and ending ninety (90) days thereafter, each holder of such shares may require us to redeem all or part of the Series 7 Convertible Preferred Stock then held by such holder in cash for a redemption price per share equal to the stated value plus all accrued but unpaid dividends thereon and all liquidated damages and other costs, expenses, or amounts due in respect of such shares (the "Redemption Amount"), provided that in certain instances of our default more particularly described in the Certificate of Designation for the Series 7 Convertible Preferred Stock, the Redemption Amount is increased to 110% of the stated value plus all accrued but unpaid dividends thereon and all liquidated damages and other costs, expenses, or amounts due in respect of such shares. If we fail to pay the full Redemption Amount timely, we will be obligated to pay interest thereon at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, accruing daily from the due date

until the Redemption Amount and all interest thereon are paid in full. Until the earlier of the conversion or redemption of all shares of Series 7 Convertible Preferred Stock and June 14, 2022, we will maintain a cash balance (in the form of cash and cash equivalents equal to the sum of (i) the stated value of all of the shares of Series 7 Convertible Preferred Stock then outstanding, (ii) the aggregate amount of any debt (including trade payables) and other securities that are issued that are senior to, or pari passu with, the Series 7 Convertible Preferred Stock, and (iii) the aggregate amount of monetary judgments with respect to us and our subsidiaries or any of their respective property or assets. As a result, we will be limited in the amount of cash that we utilize until such requirement lapses. Any limitation in our ability to deploy capital as needed could have a material adverse effect on our business and operating results.

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 outstanding debt. 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 3, 2022, we have an outstanding principal and interest balance of approximately \$3.5 million underlying the promissory note issued to Iliad Research and Trading, L.P. which originally matured in March 2021, but was extended on March 17, 2021 to March 18, 2022 and extended on March 16, 2022 to March 18, 2023. In addition, Iliad Research and Trading, L.P. may 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.

If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the “1940 Act”), applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations.

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an “investment company” for purposes of the 1940 Act if (1) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (2) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. In the past, we have made strategic investments in certain securities, including our purchase of interests in Cardinal Venture Holdings LLC, a Delaware limited liability company (“CVH”), which owns certain interests in the sponsor entity (the “Sponsor”) to a special purpose acquisition company, as well as our holdings in Sysorex. Although we have made these strategic investments, we do not currently believe that we are an “investment company,” as such term is defined in either of those sections of the 1940 Act.

We intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations.

Our Chief Executive Officer and director, Nadir Ali, has an interest in CVH that may create, or appear to create, conflicts of interest.

Nadir Ali, our Chief Executive Officer and director, is also a controlling member of 3AM, LLC which is a member of CVH, which may, in certain circumstances, be entitled to manage the affairs of CVH. Mr. Ali’s relationship may create, or appear to 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.

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 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 and may in the future be the subject of SEC and other regulatory investigations and may 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 an 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 16% and 43% of our gross revenue during the years ended December 31, 2021 and 2020, respectively. No customer accounted for more than 10% of our gross revenue, one customer accounted for 8% of our gross revenue in 2021 and a separate customer accounted for 26% in 2020; however, each of these customers may or may not continue to be a significant contributor to revenue in 2022. 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 which may create risks of security weaknesses.

Some parts of our technology may be based on open-source technology, including, but not limited to the technology that we may use in our Indoor Intelligence products. 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 or enhance 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.

Changes in the value of the Sysorex common stock we own may result in material fluctuations (increases or decreases) in our total asset value and net income on a quarterly basis.

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 (the "Sysorex Note"). On March 1, 2020, we agreed to extend the maturity date of the note from December 31, 2020 to December 31, 2022. On April 14, 2021,

we entered into a Securities Settlement Agreement (the “SSA”) and a Rights Letter Agreement (the “RLA”), with Sysorex, whereby it agreed to satisfy in full its outstanding debt, in the aggregate amount of \$9,088,176 as of March 31, 2021, owed to the Company, including but, not limited to, amounts outstanding under the Sysorex Note (the “Debt Settlement”). To effect the Debt Settlement, Sysorex agreed to issue to us (i) pursuant to the terms of the SSA, 12,972,189 shares of its common stock and (ii) rights to acquire 3,000,000 additional shares of its common stock pursuant to the terms of the RLA. The Debt Settlement was entered into in connection with Sysorex’s closing of a reverse triangular merger with TTM Digital Assets & Technologies, Inc.

The Company recorded \$7.5 million for the release of the previously recorded valuation allowance related to the Sysorex Note, \$1.6 million of interest income, and a gain on settlement of \$49.8 million equal to the difference in the carry value of the Sysorex Note, including interest, and the value of the common stock and rights to acquire additional shares received in the settlement. As of December 31, 2021, the value of these securities decreased to \$1.8 million from the prior quarter as a result of the corresponding decrease in Sysorex’s common stock price. Accordingly, the unrealized loss on the Sysorex note increased to \$57.1 million for the year ended December 31, 2021 as compared to an unrealized loss of \$51.3 million for the nine months ended September 30, 2021.

Consequently, the shares of common stock of Sysorex we own, which are inherently volatile. Accordingly, the value of our total assets and as a consequence, the price of our common stock may decline or increase regardless of our operating performance, which may result in losses for investors purchasing shares of our common stock. Further, to the extent that we experience unrealized losses in connection with such securities from declines in securities values that management determines to be other than temporary, the book value of those securities will be adjusted to their estimated recovery value and we will recognize a charge to earnings in the quarter during which we make that determination. Additionally, the Company has no control over the price the Company will eventually receive as a result of the disposition of such assets and may be unable to sell the aforementioned securities at favorable prices quickly or when desired.

Risks Related to Our Securities

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.

In several instances in the past, including as recently as on October 25, 2021, we received written notification from Nasdaq informing us that because the closing bid price of our common stock was below \$1.00 for 30 consecutive trading days, our shares no longer complied with the minimum closing bid price requirement for continued listing on Nasdaq under the Nasdaq Listing Rules. Each time, we were given a period of 180 days from the date of the notification to regain compliance with Nasdaq’s listing requirements by having the closing bid price of our common stock listed on Nasdaq be at least \$1.00 for at least 10 consecutive trading days.

While we have regained compliance within the applicable time periods in the past but not in connection with the October 25, 2021 notice. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have been provided a period of 180 calendar days, or until April 25, 2022, in which to regain compliance. In order to regain compliance with the minimum bid price requirement, the closing bid price of our common stock must be at least \$1.00 per share for a minimum of ten consecutive business days during this 180-day period. In the event that we do not regain compliance within this 180-day period, we may be

eligible to seek an additional compliance period of 180 calendar days if we meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement, and provide written notice to Nasdaq of our intent to cure the deficiency during this second compliance period, by effecting a reverse stock split, if necessary. However, if it appears to the Nasdaq staff that we will not be able to cure the deficiency, or if we are otherwise not eligible, Nasdaq will provide notice to us that our common stock will be subject to delisting.

If our common stock is delisted from The Nasdaq Capital Market, the exercise of the Warrants by U.S. holders may not be exempt from state securities laws. As a result, depending on the state of residence of a holder of the Warrants, a U.S. holder may not be able to exercise its Warrants unless we comply with any state securities law requirements necessary to permit such exercise or an exemption applies. Although we plan to use our reasonable efforts to assure that U.S. holders will be able to exercise their Warrants under applicable state securities laws if no exemption exists, there is no assurance that we will be able to do so. As a result, your ability to exercise the Warrants may be limited. The value of the Warrants may be significantly reduced if U.S. holders are not able to exercise their Warrants under applicable state securities laws.

Delisting could adversely affect our ability to raise additional capital through the public or private sale of equity securities, would significantly affect the ability of investors to trade our securities and would negatively affect the value and liquidity of our common stock. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

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;
- 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 \$1.39 on March 1, 2021, and a low of \$0.31 on February 23, 2022, in the twelve-month period ended February 26, 2022. During this time, the price per share of common stock has ranged from an intra-day low of \$0.31 per share to an intra-day high of \$1.59 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 March 3, 2022, a significant portion of our outstanding shares of common stock outstanding are free trading.

Sales of our common stock or other securities, or the perception that future sales may occur, may cause the market price of our common stock to decline, even if our business is doing well.

Sales of our common stock or other securities, or the perception that future sales may occur, may cause the market price of our common stock to decline, even if our business is doing well. 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 2021, 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 \$350 million, subject to certain limitations. As of March 3, 2022, we had an aggregate remaining amount of \$232.5 million available for the issuance of securities in offerings under this registration statement. 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.

We had outstanding 150,324,038 shares of common stock as of March 3, 2022 of which 215,516 were issued as restricted stock grants to employees and subject to forfeitures in accordance with their terms. In addition, as March 3, 2022, 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, 39,400,000 shares issuable upon conversion of 49,250 shares of Series of Series 7 Preferred Stock; 47,093,250 shares subject to outstanding warrants, 28,543,072 shares subject to outstanding options under the Company's equity incentive plans, 1 share subject to an option not under such plans and up to an additional 14,456,998 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. The issuance or sale of such shares could depress the market price of our common stock. In the future, we also may issue our securities if we need to raise additional capital. The number of new shares of our common stock issued in connection with raising additional capital could constitute a material portion of the then-outstanding shares of our common

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.

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 2,000,000,000 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.

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.

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, and Toronto, ON 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 for sales, marketing and administrative activities. The Company also has offices in Eschborn, Germany through our subsidiary IntraNav. 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

Market Information

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

Holder of Record

According to our transfer agent, as of March 3, 2022, 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

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.

ITEM 6: [RESERVED]

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."

Overview of Our Business

Inpixon is the Indoor Intelligence™ company. Our solutions and technologies help organizations create and redefine exceptional workplace experiences that enable smarter, safer and more secure environments. We leverage our positioning, mapping, analytics and app technologies to achieve higher levels of productivity and performance, increase safety and security,

improve worker and employee satisfaction rates and drive a more connected workplace. We have focused our corporate strategy on being the primary provider of the full range of foundational technologies needed in order to offer a comprehensive suite of solutions that make indoor data available and meaningful to organizations and their employees.

Our Indoor Intelligence solutions are used by our customers for a variety of use cases including, but not limited to, employee and visitor experience enhancement through a customer branded app with features such as desk booking, wayfinding and navigation, and the delivery of content to tens of thousands of attendees in hybrid events. Our real time location (RTLS) and asset tracking products offer manufacturing and warehouse logistics optimization and automation, increase workforce productivity, and enhance worker safety and security.

In addition to our Indoor Intelligence technologies and solutions, we also offer:

- Digital solutions (eTearsheets; eInvoice, adDelivery) or cloudbased applications and analytics for the advertising, media and publishing industries y advertising management platform referred to as Shoom by Inpixon; and
- A comprehensive set of data analytics and statistical visualization solutions for engineers and scientists referred to as SAVES by Inpixon.

We report financial results for three segments: Indoor Intelligence, Shoom and SAVES. For Indoor Intelligence, we generate revenue from sales of hardware, software licenses and professional services. For Shoom and SAVES we generate revenue from the sale of software licenses.

Revenues increased in the year ended December 31, 2021 over the same period in 2020 by approximately \$6.7 million which is primarily attributable to an approximate \$5.0 million increase in Indoor Intelligence sales, including our smart office app and real time location based technologies, and an increase of approximately \$1.7 million of SAVES sales. We expect to continue to grow our Indoor Intelligence product line in 2022. 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 2022 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 \$70.1 million and \$29.2 million for the years ended December 31, 2021 and 2020, respectively. This increase in loss of approximately \$40.9 million was primarily attributable to the increase in operating expenses of \$53.8 million primarily as a result of increased operating expenses related to the acquisitions completed in 2021, stock based compensation and a goodwill impairment offset by the higher gross margin of \$4.9 million and reduced other loss of \$6.6 million. 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

2021 Financings

On January 24, 2021, we entered into a Securities Purchase Agreement with an institutional investor, pursuant to which we sold and issued 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. At closing, the Company received \$27.8 million in net proceeds after deducting placement agent commissions and offering expenses. The January 2021 Purchase Warrant and January 2021 Pre-funded Warrant is or was immediately exercisable for

one share of common stock for a period until the five year anniversary of 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 and issued 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. At closing the Company received 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 or was immediately exercisable for one share of common stock until the five year anniversary of the issue 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 and issued 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. At closing the Company received 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 or was immediately exercisable for one share of common stock until the five year anniversary of the issuance date. The Second February 2021 Pre-funded warrants were exercised in full as of March 1, 2021.

On September 13, 2021, the Company entered into a Securities Purchase Agreement with certain institutional investors named therein, pursuant to which the Company agreed to issue and sell in a registered direct offering (i) up to 58,750 shares of its newly designated Series 7 Convertible Preferred Stock at a stated value of \$1,000 per shares ("Stated Value") convertible into 47,000,000 million shares of common stock at a conversion price of \$1.25 (ii) related 5 year warrants to purchase up to an aggregate of 47,000,000 shares of common stock (the "Warrants") at an exercise price of \$1.25 per share beginning as of November 18, 2021 (the date on which the we effected a "capital event" resulting in sufficient authorized shares to issue the warrant shares. Each share of Series 7 Convertible Preferred Stock and the related Warrants were sold at a subscription amount of \$920, representing an original issue discount of 8% of the Stated Value for an aggregate subscription amount of \$54.1 million. The aggregate net proceeds from the offering, after deducting the placement agent fees and other estimated offering expenses, was approximately \$50.6 million. If anytime after the effective date of the capital event (i) the volume weighted average price for each of any 10 consecutive trading day period following such event, exceeds \$2.00 per share (subject to adjustments for splits, dividends, and the like); (ii) the volume for each trading day during any such period exceeds \$2,000,000 of shares of common stock per trading day; and (iii) we satisfy certain Equity Conditions (as defined in the Certificate of Designation), we may elect to mandatorily convert all or a portion of the outstanding shares of Series 7 Preferred Stock (any such portion to be pro-rated across all holders thereof) at the then prevailing conversion price.

In addition, at any time beginning on the 6-month anniversary of the date the Series 7 Preferred Stock was issued (the "Redemption Triggering Date") and ending ninety (90) days thereafter, each holder of such shares may require us to redeem all or part of the shares then held by such holder in cash for a redemption price per share equal to the Stated Value plus all accrued but unpaid dividends thereon and all liquidated damages and other costs, expenses, or amounts due in respect of such shares (the "Redemption Amount"), provided that in connection with certain events of default described in the Certificate of Designation, the Redemption Amount is increased to 110% of the Stated Value plus all accrued but unpaid dividends thereon and all liquidated damages and other costs, expenses, or amounts due in respect of such shares. If we fail to pay the full Redemption Amount timely, we will be obligated to pay interest thereon at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, accruing daily from the due date until the redemption amount and all interest thereon are paid in full. Correspondingly, beginning on the Redemption Triggering Date for so long as the Shares remain outstanding the Company has the right to redeem all or part of the Shares then held by a holder for the Redemption Amount, subject to Equity Conditions. In the event, the Company elects to exercise its redemption right, the holder will have an option to convert such shares subject to redemption into the common stock within thirty (30) days following a written notice sent to the holder. Upon the receipt of the pertinent Redemption Amount, the holder of the Shares will forfeit 75% of the Warrants issued.

Until the earlier of the conversion or redemption of all Shares and June 14, 2022, the Company is also required to maintain a cash balance (in the form of cash and cash equivalents equal to the sum of (i) the Stated Value of all of the Series 7 Preferred Stock then outstanding, (ii) the aggregate amount of any debt (including trade payables) and other securities that are issued that are senior to, or pari passu with, the Shares, and (iii) the aggregate amount of monetary judgments with respect to the Company and its subsidiaries or any of their respective property or assets.

2021 Strategic Transactions

Game Your Game Acquisition of Controlling Interest

On April 9, 2021 we acquired 522,000 shares of common stock of Game Your Game, Inc., a Delaware corporation (“GYG”), which represent 55.4% of the outstanding shares of common stock of GYG, pursuant to that certain Stock Purchase Agreement, dated as of March 25, 2021 (the “Purchase Agreement”), with GYG and certain selling stockholders. At the closing, Nadir Ali, the Company’s Chief Executive Officer and member of the Company’s board of directors, was appointed as the sole member of GYG’s board of directors. In connection with the closing of the transaction, we entered into a Stockholders’ Agreement (the “Stockholders’ Agreement”), with GYG and certain other minority stockholders of GYG, pursuant to which the minority stockholders agreed to vote their shares to (i) ensure that GYG’s board of directors is comprised of one director and (ii) elect the person the Company designates from time to time to serve as GYG’s sole director.

In addition, we were granted 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, in addition to an option to purchase all of the remaining outstanding capital stock of GYG. The purchase option is exercisable by the Company at any time prior to the 3rd anniversary of the transaction closing date at a capped purchase price, subject to a downward adjustment if GYG is unable to achieve certain financial-based performance targets during a specified period of time.

GYG’s business consists of developing and providing solutions using sports data and analytics.

Systat Purchase Option Exercise

On February 22, 2021, we entered into a Second Amendment to the Exclusive Software License and Distribution Agreement, as amended on June 30, 2020 (as amended, the “License Agreement”), with Cranes Software International Ltd. and Systat Software, Inc. (“Systat”) to allow for the exercise of the option to purchase software and other assets underlying the License Agreement, 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.

Sysorex Securities Settlement Agreement

On April 14, 2021, we entered into a Securities Settlement Agreement (the “SSA”) and a Rights Letter Agreement (the “RLA”), each with Sysorex, whereby Sysorex agreed to satisfy in full its outstanding debt, in the aggregate amount of \$9,088,175.97 as of March 31, 2021, owed to us under that certain secured promissory note, originally dated December 31, 2018, as amended from time to time, and in connection with that certain settlement agreement, dated February 20, 2019, by and among us, Sysorex and Atlas Technology Group, LLC (the “Debt Settlement”). To effect the Debt Settlement, Sysorex agreed to issue to us (i) pursuant to the terms of the SSA, 12,972,189 shares of its common stock, \$0.00001 par value per share, and (ii) rights to acquire 3,000,000 additional shares of its common stock pursuant to the terms of the RLA. The Debt Settlement was entered into in connection with Sysorex’s closing of a reverse triangular merger with TTM Digital Assets & Technologies, Inc.

Nadir Ali, our Chief Executive Officer and a member of our board of directors, resigned as a director of Sysorex, as of May 14, 2021. Nadir Ali entered into a consulting agreement with Sysorex, pursuant to which he agreed to provide certain business services specified in the agreement for the benefit of Sysorex in exchange for shares of Sysorex’s common stock.

Visualix Asset Purchase Agreement

On April 23, 2021, we entered into an asset purchase agreement (the “Asset Purchase Agreement”) by and among the Company, Visualix GmbH i.L. (the “Visualix”), Darius Vahdat-Pajouh and Michal Bucko (each, a “Founder,” and collectively, the “Founders”), and Future Energy Ventures Management GmbH (“FEVM”) pursuant to which we acquired certain computer vision, robust localization, large-scale navigation, mapping, and 3D reconstruction software technologies and intellectual property (collectively, the “Visualix Assets”). In accordance with the terms of the Asset Purchase Agreement, we purchased the Visualix Assets and certain patent applications related to the Visualix Assets from FEVM.

In consideration of the transactions contemplated by the Asset Purchase Agreement, we:

- (i) remitted a cash payment in the amount of Fifty Thousand Euros (EUR 50,000) to Visualix;
- (ii) issued 316,768 shares of Common Stock to Visualix; and
- (iii) issued 52,795 shares of Common Stock to FEVM.

The Asset Purchase Agreement includes customary representations and warranties, as well as certain covenants, including, inter alia, that the Founders are hired as employees of Inpixon GmbH and Visualix and the Founders shall not, for a period of two (2) years following the closing date, directly or indirectly, compete with us in the sectors of Mapping and Localization Technology (as defined in the Asset Purchase Agreement).

CXApp Acquisition

On April 30, 2021, we completed the acquisition of over 99.9% of the outstanding capital stock of Design Reactor, Inc., dba The CXApp, a California corporation (“The CXApp”), pursuant to the terms of that certain Stock Purchase Agreement, dated as of the Closing Date (the “Stock Purchase Agreement”), by and among us, The CXApp, the sellers set forth on the signature page thereto and each other person who owns outstanding capital stock of The CXApp (“CXApp Shares”) and executes a Joinder to Stock Purchase Agreement (collectively, the “Sellers”), and Leon Papkoff, as Sellers’ Representative (the “Sellers’ Representative”). The CXApp is a leading SaaS app platform that enables corporate enterprise organizations to provide a custom-branded, location-aware employee app focused on enhancing the workplace experience and hosting virtual and hybrid events.

On the closing date, the Sellers sold all of their CXApp Shares to us in exchange for consideration of (i) approximately \$22,500,000 in cash, minus The CXApp’s transaction expenses, plus The CXApp’s closing cash, minus stock option payouts, minus the amount that equals 70% of deferred revenue as of the Closing Date, subject to such other adjustments set forth in the Stock Purchase Agreement, including a post-closing working capital adjustment (such amount, the “Cash Purchase Price”), of which \$4,875,000 (the “Holdback Amount”) was retained from the Cash Purchase Price to secure the Sellers’ indemnification obligations under the Purchase Agreement, for a period of 18 months from the closing date and (ii) 8,820,239 shares of our common stock, which were valued at approximately \$10,000,000 based on a share price of \$1.13 (the “Per Share Price”), which was the closing price of our common stock immediately prior to executing the Stock Purchase Agreement (such shares, the “Purchaser Shares” and together with the Cash Purchase Price, the “Consideration”). In addition, we agreed to pay up to \$12,500,000 in contingent earnout payments, subject to certain adjustments (the “Earnout Payment” and together with the Cash Purchase Price and the Purchaser Shares, the “Aggregate Purchase Price”), payable in shares of Common Stock at the Per Share Price (the “Earnout Shares”).

On May 10, 2021, we, The CXApp and the non-signing Seller executed a Joinder to Stock Purchase Agreement pursuant to which we purchased such Non-Signing Seller’s CXApp Shares in exchange for approximately \$50,000 in cash and 29,299 shares of our Common Stock. As of such time, the Company now owns 100% of The CXApp.

On December 30, 2021, we entered into an Amendment to the Stock Purchase Agreement (the “Amendment”), with the Sellers’ Representative, pursuant to which the parties to the Stock Purchase Agreement agreed to: (i) amend the amount of the earnout target (as defined in the Stock Purchase Agreement) from \$8,270,000 to \$4,200,000 in revenue; (ii) amend the

duration of the earnout period from the period from the closing date through the twelve (12) month anniversary of the closing date to the period from the closing date through December 31, 2021; and (iii) eliminate the Sellers' Representative's right to accelerate the Earnout Payment upon a sale or change of control of the Company. The amendments are anticipated to result in certain tax advantageous benefits for the Company in addition to aiding in facilitating the integration of business operations.

On March 3, 2022, we entered into a Second Amendment to the Stock Purchase Agreement with the Sellers' Representative, pursuant to which the parties agreed that withholding taxes payable by the Sellers, as applicable, in connection with the issuance of the Earnout Shares would be offset up to the aggregate amount payable to such Seller by the Company from the Holdback Amount and the Holdback Amount would be reduced by an equal amount. On March 3, 2022, the Company issued 10,873,886 shares of Common Stock to the Sellers in connection with the satisfaction of the Earnout Payment.

Authorized Share Increase

On November 18, 2021, the Company filed a certificate of amendment to the Company's articles of incorporation, as amended, with the Secretary of State of the State of Nevada to increase the number of authorized shares of Common Stock from 250,000,000 to 2,000,000,000 shares effective as of November 18, 2021.

Warrant and Note Exchanges

On January 28, 2022, we entered into an exchange agreement with the holder (the "Warrant Holder") of certain existing warrants to purchase up to an aggregate of 49,305,088 shares of our common stock (the "Existing Warrants"), pursuant to which we agreed to issue an aggregate of 13,811,407 shares of common stock (collectively, the "Exchange Common Shares") and rights (the "Rights") to receive an aggregate of 3,938,424 shares of common stock (collectively, the "Reserved Shares" and together with the Exchange Common Shares, the "Exchange Shares") to such warrant holder in exchange for the cancellation of the Existing Warrants (the "Warrant Exchange"). Subject to the terms of the Exchange Agreement, the Rights may be exercised by the Warrant Holder for the Reserved Shares, in whole or in part, at any time or times on or after the date of the Exchange Agreement, subject to certain beneficial ownership limitations. On any Trading Day (as defined in the Existing Warrants) during the period commencing on the date of the exchange agreement and ending on March 29, 2022 (such period, the "Restricted Period"), the warrant holder will not sell on such Trading Day, in the aggregate, any Exchange Shares in an aggregate amount representing more than 10% of the daily composite trading volume of common stock as reported by Bloomberg, LP on such applicable Trading Day.

On February 1, 2022, we entered into an 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 we and the holder agreed to: (i) partition a new promissory note in the form of the Original Note equal to \$500,000 and then cause the outstanding balance of the Original Note to be reduced by \$500,000; and (ii) exchange the partitioned note for the delivery of 1,191,611 shares of the Company's Common Stock, at an effective price per share equal to \$0.4196, which was equal to Nasdaq's "minimum price" as defined by Nasdaq Listing Rule 5635(d).

On February 18, 2022, the Company entered into an exchange agreement with the holder of 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 \$350,000 and then cause the outstanding balance of the Original Note to be reduced by \$350,000; and (ii) exchange the partitioned note for the delivery of 966,317 shares of the Company's Common Stock, at an effective price per share equal to \$0.3622, which was equal to Nasdaq's "minimum price" as defined by Nasdaq Listing Rule 5635(d).

On March 15, 2022, the Company entered into an exchange agreement with the holder of 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 \$650,000 and then cause the outstanding balance of the Original Note to be reduced by \$650,000; and (ii) exchange the partitioned note for the delivery of 2,152,317 shares of the Company's Common Stock, at an effective price per share equal to \$0.3020, was equal to to Nasdaq's "minimum price" as defined by Nasdaq Listing Rule 5635(d).

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, 2021 and 2020 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

The Company recognizes revenue when control is transferred 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.

Our contracts with customers often include promises to transfer multiple distinct products and services. Our licenses are sold as perpetual or term licenses and the arrangements typically contain various combinations of maintenance and professional services, which are accounted for as separate performance obligations. In determining how revenue should be recognized, a five-step process is used, which requires judgment and estimates within the revenue recognition process. The most critical judgements required in applying ASC 606 *Revenue Recognition from Customers*, and our revenue recognition policy relate to the determination of distinct performance obligations.

- We receive fixed consideration for sales of hardware and software products. Revenue is recognized at point in time when the customer has title to the product and risks and rewards of ownership have transferred.
- Revenue related to software as a service contract is recognized over time using the output method (days of software provided) because we are providing continuous access to its service.
- 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. Accounting for these contracts involves the use of estimates to determine total contract costs to be incurred.
- Professional services revenue under fixed fee contracts is recognized over time using the input method (direct labor hours) to recognize revenue over the term of the contract. 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.
- We recognize revenue related to Maintenance Services evenly over time using the output method (days of software provided) because we provide continuous service, and the customer simultaneously receives and consumes the benefits provided by our performance as the services are performed.

We also consider whether an arrangement has any discounts, material rights, or specified future upgrades that may represent additional performance obligations. We offer discounts in the form of prompt payment discounts and rebates for a decrease in service level percentages. We have determined that the most likely amount method is most useful for contracts that provides these discounts and rebates as the contracts have two potential outcomes and a significant reversal in the amount of cumulative revenue recognized is not expected to occur. Discounts have not historically been significant, but we continue to monitor and evaluate these estimates based on historical experience, anticipated performance, and our best judgment. 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. If any of these judgments were to change it could cause a material increase or decrease in the amount of revenue we report in a particular period.

Goodwill, Acquired Intangible Assets and Other Long-Lived Assets - Impairment Assessments

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 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, 2021 and 2020.

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, 2021 and 2020, 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.

We have recorded goodwill and other indefinite-lived assets in connection with our acquisitions of Shoom, Locality, Jibestream, GTX, the Systat Parties, Nanotron, CXApp, Game Your Game and IntraNav. 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 have determined that it operates and reports in three reporting units: Indoor Intelligence, Saves, and Shoom.

We analyzed goodwill first to assess qualitative factors, such as macroeconomic conditions, changes in the business environment and reporting unit specific events, 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%.

If we bypass the qualitative assessment or conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then we perform a quantitative impairment test by comparing the fair value of a reporting unit with its carrying amount. We calculate the estimated fair value of a reporting unit using a weighting of the income and market approaches. For the income approach, we use internally developed discounted cash flow models that include the following assumptions, among others made by management: 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, we use internal analyses based primarily on market comparables. We base these assumptions on its historical data and experience, third party appraisals, industry projections, micro and macro general economic condition projections, and its expectations. Due to the variables inherent in our estimates of fair value, differences in assumptions may have a material effect on the result of our impairment analysis. For example, a 100 basis points increase or decrease in only the discount rate utilized as part of the discounted cash flow method (income approach) related to the Indoor Intelligence reporting unit could impact the overall fair value of the reporting unit, on a weighted average, by approximately \$2.0 million (decrease) and \$2.5 million (increase), respectively.

We performed the annual impairment test and has recorded impairment of goodwill of \$14.8 million and zero during the years ended December 31, 2021 and 2020, respectively.

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, 2021, based upon certain economic conditions and historical losses through December 31, 2021. After consideration of these factors, management deemed it appropriate to establish a full valuation allowance with respect to the deferred tax assets for Impixon, Impixon Canada, Nanotron GmbH, Intranav GmbH and Active Mind Technology LTD.

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, 2021 and 2020, 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, 2021 and 2020.

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.

RESULTS OF OPERATIONS**Year Ended December 31, 2021 compared to the Year Ended December 31, 2020**

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					
	2021		2020		\$ Change	% Change*
	Amount	% of Revenues	Amount	% of Revenues		
Revenues	\$ 15,995	100 %	\$ 9,297	100 %	\$ 6,698	72 %
Cost of revenues	\$ 4,374	27 %	\$ 2,613	28 %	\$ 1,761	67 %
Gross profit	\$ 11,621	73 %	\$ 6,684	72 %	\$ 4,937	74 %
Operating expenses	\$ 84,238	527 %	\$ 30,478	328 %	\$ 53,760	176 %
Loss from operations	\$ (72,617)	(454) %	\$ (23,794)	(256) %	\$ (48,823)	(205) %
Net loss	\$ (70,130)	(438) %	\$ (29,214)	(314) %	\$ (40,916)	(140) %
Net loss attributable to stockholders of Inpixon	\$ (69,155)	(432) %	\$ (29,229)	(314) %	\$ (39,926)	(137) %

* 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, 2021 were \$16.0 million compared to \$9.3 million for the comparable period in the prior year for an increase of approximately \$6.7 million, or approximately 72%. This increase is primarily attributable to an approximate \$5.0 million increase in Indoor Intelligence sales, including our smart office app and real time location based technologies, and an increase of approximately \$1.7 million of SAVES sales. The increase in Indoor Intelligence sales of \$5.0 million was driven by a \$4.4 million increase in revenue due to the acquisitions of CXApp, Game Your Game, and IntraNav.

Gross Margin

Cost of revenues for the year ended December 31, 2021 were \$4.4 million compared to \$2.6 million for the comparable period in the prior year. This increase in cost of revenues of approximately \$1.8 million, or approximately 67%, was primarily attributable to the increased sales during the year.

The gross profit margin for the year ended December 31, 2021 was 73% compared to 72% for the year ended December 31, 2020. This increased margin is primarily due to the sales mix during the year.

Operating Expenses

Operating expenses for the year ended December 31, 2021 were \$84.2 million and \$30.5 million for the comparable period ended December 31, 2020. This increase of \$53.8 million is primarily attributable to increased operating expenses of the Indoor Intelligence segment by approximately \$6.2 million due to the CXApp, Game Your Game, SAVES and, Nanotron acquisitions, approximately \$6.5 million of accrued earnout compensation expense, \$9.7 million of additional stock based compensation, \$14.8 million impairment of goodwill and increases in other expenses including amortization of intangibles due to the acquisitions, professional fees and compensation costs as we are scaling for growth.

Loss From Operations

Loss from operations for the year ended December 31, 2021 was \$72.6 million as compared to \$23.8 million for the comparable period in the prior year. This increase in loss of \$48.8 million is primarily attributable to increased operating expenses of \$53.8 million as detailed above offset by the increased gross profit margin of approximately \$4.9 million.

Other Income/(Expense)

Other income/expense for the year ended December 31, 2021 was income of \$1.1 million compared to a loss of \$5.5 million for the comparable period in the prior year. This increase in other income of approximately \$6.6 million is primarily attributable to a discounted net gain of approximately \$49.8 million on the Sysorex note, a \$7.3 million benefit from the release of the valuation allowance on the Sysorex note and approximately \$1.6 million of interest received on the Sysorex note offset by the \$57.1 million unrealized loss on the Sysorex note.

Provision for Income Taxes

There was an income tax benefit of approximately \$1.4 million for the year ended December 31, 2021 compared to a income tax benefit of \$0.1 million for the comparable period in the prior year. The net income tax benefit for the current year is related to a current income tax expense of \$1.2 million primarily from the gain on the Sysorex note offset by a \$2.6 million deferred tax benefit primarily related to the release of a valuation allowance following the acquisition of intangibles of Design Reactor. The income tax benefit of \$0.1 million for the year ended December 31, 2020 related to intangibles and net operating losses of Jibestream amalgamated with Inpixon Canada during the period.

Net Income (Loss) Attributable To Non-Controlling Interest

Net income or loss attributable to non-controlling interest for the years ended December 31, 2021 and 2020 was a loss of \$1.0 million and a income of \$0.02 million, respectively. The increase in loss of approximately \$1.0 million was mainly attributable to the loss of the Game Your Game entity.

Net Loss Attributable To Stockholders of Inpixon

Net loss attributable to stockholders for the year ended December 31, 2021 was \$69.2 million compared to \$29.2 million for the comparable period in the prior year. This increase in loss of approximately \$39.9 million was primarily attributable to the increase in operating expenses of \$53.8 million offset by the higher gross margin of \$4.9 million and reduced other loss of \$6.6 million.

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, 2021 was a loss of \$29.6 million compared to a loss of \$17.1 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, 2021 and 2020 (in thousands):

	For the Years Ended December 31,	
	2021	2020
Net loss attributable to common stockholders	\$ (77,316)	\$ (29,229)
Adjustments:		
Non-recurring one-time charges:		
Loss on exchange of debt for equity	30	210
(Recovery) Provision for valuation allowance on held for sale loan	(7,345)	2,370
Provision for the valuation allowance for related party receivable	—	648
Gain on related party loan held for sale	(49,817)	—
Unrealized loss on equity securities	57,067	—
Acquisition transaction/financing costs	1,248	1,057
Earnout compensation expense	6,524	—
Professional service fees	1,366	—
Accretion of series 7 preferred stock	8,161	—
Impairment of goodwill	14,789	—
Unrealized gains on notes, loans, investments	241	—
Bad debts expense/provision	121	956
Reserve for inventory obsolescence	300	—
Stock-based compensation - compensation and related benefits	10,879	1,194
Severance costs	294	—
Interest expense, net	(1,183)	2,426
Income tax benefit	(1,412)	(87)
Depreciation and amortization	6,451	3,371
Adjusted EBITDA	<u>\$ (29,602)</u>	<u>\$ (17,084)</u>

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 ASC 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, 2021 was (\$0.72) compared to (\$1.01) for the prior year period. The decreased loss per share in 2021 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, 2021 was (\$0.26) compared to a loss of (\$0.71) 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):

(thousands, except per share data)	For the Years Ended December 31,	
	2021	2020
Net loss attributable to common stockholders	\$ (77,316)	\$ (29,229)
Adjustments:		
Non-recurring one-time charges:		
Loss on the exchange of debt for equity	30	210
(Recovery) Provision for valuation allowance on held for sale loan	(7,345)	2,370
Provision for the valuation allowance for related party receivable	—	648
Gain on related party loan held for sale	(49,817)	—
Unrealized loss on equity securities	57,067	—
Acquisition transaction/financing costs	1,248	1,057
Earnout compensation expense	6,524	—
Professional service fees	1,366	—
Accretion of series 7 preferred stock	8,161	—
Impairment of goodwill	14,789	—
Unrealized gains on notes, loans, investments	241	—
Bad debts expense/provision	121	956
Reserve for inventory obsolescence	300	—
Stock-based compensation - compensation and related benefits	10,879	1,194
Severance costs	294	—
Amortization of intangibles	5,107	2,306
Proforma non-GAAP net loss	\$ (28,351)	\$ (20,488)
Proforma non-GAAP net loss per basic and diluted common share	\$ (0.26)	\$ (0.71)
Weighted average basic and diluted common shares outstanding	107,981,441	28,800,493

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 ASC 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, 2021

Our current capital resources and operating results as of and through December 31, 2021, consist of:

- 1) an overall working capital surplus of approximately \$78.8 million;
- 2) cash of approximately \$52.5 million and short-term investments of approximately \$43.1 million;
- 3) net cash used by operating activities for the year ended December 31, 2021 of \$37.1 million.

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

Working Capital	Assets	Liabilities	Net
Cash and cash equivalents	\$ 52,480	\$ —	\$ 52,480
Accounts receivable, net / accounts payable	3,218	2,414	804
Inventory	1,976	—	1,976
Short-term investments	43,125	—	43,125
Accrued liabilities	—	10,665	(10,665)
Operating lease obligation	—	643	(643)
Deferred revenue	—	4,805	(4,805)
Notes and other receivables / Short-term debt	321	3,490	(3,169)
Other	4,842	5,114	(272)
Total	\$ 105,962	\$ 27,131	\$ 78,831

Contractual Obligations and Commitments

Contractual obligations are cash that we are obligated to pay as part of certain contracts that we have entered during our course of business. Our contractual obligations consists of operating lease liabilities and acquisition liabilities that are included in our consolidated balance sheet and vendor commitments associated with agreements that are legally binding. As of December 31, 2021, the total obligation for operating leases is approximately \$1.9 million, of which approximately \$0.7 million is expected to be paid in the next twelve months. Our vendor commitments are approximately \$0.5 million all of which is expected in the next twelve months. As of December 31, 2021, our obligation for acquisition liabilities is approximately \$5.3 million of which approximately \$5.1 million is expected to be paid in the next twelve months. In addition, at any time beginning on the Redemption Triggering Date and ending ninety (90) days thereafter, each holder of our Series 7 Preferred Stock may require us to redeem all or part of the shares then held by such holder in cash for a redemption price per share equal to the Redemption Amount (which may be increased in the event of certain events of default). Any holder that elects to redeem its shares of Series 7 Preferred Stock will be required to forfeit 75% of the corresponding warrants held by such holder. The aggregate Redemption Amount that we may be required to pay is equal to \$49.25 million. As of March 15, 2022, we received redemption notices in an aggregate amount equal to \$33.0 million and as of the date of this filing have redeemed 33,000 shares of Preferred Stock and 19,800,000 corresponding warrants have been forfeited.

Promissory Notes

As of March 16, 2022, the Company owed approximately \$2.1 million in principal under promissory notes with approximately \$3.5 million payable within the next twelve months inclusive of interest owed. The interest rate charged under the notes range from 8% to 10%. See Note 20 of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

Net cash used in operating activities during the year ended December 31, 2021 of \$37.1 million consists of net loss of \$70.1 million offset by non-cash adjustments of approximately \$35.8 million less net cash changes in operating assets and liabilities of approximately \$2.8 million. Although the Company has sustained significant losses during the 2021 year, during the twelve months ended December 31, 2021 we raised net proceeds of approximately \$128 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 satisfy its working capital needs, capital asset purchases, debt repayments and other liquidity requirements associated with its existing 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 cost increases and 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 as a result of new rules and regulations resulting from the pandemic, customer facilities being partially or fully closed during 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, 2021 when compared to the year ended 2020, as a result of the addition of new product lines including a full year of sales associated with our SAVES and RTL5 product lines, the addition of the CXApp and Game Your Game product lines during the second quarter of 2021 and the addition of the IIoT product line in the fourth quarter of 2021. 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. The Company may continue to pursue strategic transactions and may raise such additional capital as needed, using our equity securities and/or cash and debt financings in combinations appropriate for each acquisition.

Liquidity and Capital Resources as of December 31, 2021 Compared With December 31, 2020

The Company's net cash flows used in operating, investing and financing activities for the years ended December 31, 2021 and 2020 and certain balances as of the end of those periods are as follows (in thousands):

	For the Years Ended December 31,	
	2021	2020
Net cash used in operating activities	\$ (37,131)	\$ (20,601)
Net cash used in investing activities	(53,508)	(23,507)
Net cash provided by financing activities	125,037	57,259
Effect of foreign exchange rate changes on cash	86	(4)
Net increase in cash and cash equivalents	\$ 34,484	\$ 13,147

	As of December 31, 2021	As of December 31, 2020
Cash and cash equivalents	\$ 52,480	\$ 17,996
Working capital surplus	\$ 78,831	\$ 18,208

Operating Activities for the year ended December 31, 2021

Net cash used in operating activities during the year ended December 31, 2021 was approximately \$37.1 million. The cash flows related to the year ended December 31, 2021 consisted of the following (in thousands):

Net loss	\$ (70,130)
Non-cash income and expenses	35,847
Net change in operating assets and liabilities	(2,848)
Net cash used in operating activities	\$ (37,131)

The non-cash income and expense of approximately \$35.8 million consisted primarily of the following (in thousands):

\$ 6,451	Depreciation and amortization expenses (including amortization of intangibles) primarily attributable to the Shoom, AirPatrol, LightMiner, Locality, GTX, Jibestream, Systat, Ten Degrees, Nanotron, Game Your Game, Visualix, CXApp and IntraNav, 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, October 6, 2020, April 9, 2021, April 23, 2021, April 30, 2021, and December 9, 2021, respectively.
677	Amortization of right of use asset
(1,627)	Accrued interest income, related party
10,879	Stock-based compensation expense attributable to warrants and options issued as part of Company operations
30	Loss on exchange of debt for equity
224	Amortization of debt discount
300	Provision for inventory obsolescence
(49,817)	Gain on settlement of related party promissory note
121	Provision for doubtful accounts
(92)	Unrealized gain/loss on note
(7,345)	Recovery for valuation allowance for held for sale loan
(2,593)	Deferred income tax
57,067	Unrealized loss on equity securities
14,789	Impairment of goodwill
6,524	Earnout payment expense
24	Loss on disposal of property and equipment
235	Other
\$ 35,847	Total non-cash expenses

The net cash used in the change in operating assets and liabilities aggregated approximately \$2.8 million and consisted primarily of the following (in thousands):

\$	(313)	Increase in accounts receivable and other receivables	
	(3,919)	Increase in inventory, other current assets and other assets	
	391	Increase in accounts payable	
	834	Increase in accrued liabilities and other liabilities	
	(658)	Decrease in operating lease liabilities	
	817	Increase in deferred revenue	
<u>\$</u>	<u>(2,848)</u>	<u>Net cash used in the changes in operating assets and liabilities</u>	

Operating Activities for the year ended December 31, 2020

Net cash used in operating activities during the years ended December 31, 2020 was approximately \$20.6 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			<u>(3,233)</u>
Net cash used in operating activities		\$	<u>(20,601)</u>

The non-cash income and expense of approximately \$11.8 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)	Amortization of technology
	1,194	Stock-based compensation expense attributable to warrants and options issued as part of Company operations and for the Jibestream acquisition
	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
<u>\$</u>	<u>11,846</u>	<u>Total non-cash expenses</u>

The net use of cash 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
<u>\$</u>	<u>(3,233)</u>	<u>Net use of cash in the changes in operating assets and liabilities</u>

Cash Flows from Investing Activities as of December 31, 2021 and 2020

Net cash flows used in investing activities during 2021 was approximately \$53.5 million compared to net cash flows used in investing activities during 2020 of approximately \$23.5 million. Cash flows related to investing activities during the year ended December 31, 2021 include \$0.3 million for the purchase of property and equipment, \$1.0 million for investment in capitalized software, \$63.4 million for the purchase of treasury bills, \$2.0 million for the purchase of short term investments, \$28.0 million sales of treasury bills, \$2.0 million sale of short term investments, \$0.9 million for the purchase of the Systat licensing agreement, \$0.2 million received from the acquisition of Game Your Game, \$15.0 million paid for the acquisition of CXApp, \$61,000 paid for acquisition of Visualix, and \$1.0 million paid for acquisition of IntraNav. Cash flows related to investing activities during the year ended December 31, 2020 include \$1.0 million for the purchase of property and equipment, \$0.9 million for investment in capitalized software, \$8.0 million for a short term investments, \$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 for the Nanotron acquisition, \$0.3 million of cash acquired in the Nanotron acquisition, and \$2.5 million for a long term investment.

Cash Flows from Financing Activities as of December 31, 2021 and 2020

Net cash flows provided by financing activities during the year ended December 31, 2021 was \$125.0 million. Net cash flows provided by financing activities during the year ended December 31, 2020 was \$57.3 million. During the year ended December 31, 2021, the Company received incoming cash flows of \$128.4 million for the issuance of common stock, preferred stock and warrants, loaned \$0.1 million to related parties, paid \$1.9 million of taxes related to the net share settlement of restricted stock units, paid a \$0.5 million liability related to the CXApp acquisition, paid a \$0.5 million acquisition liability to the pre-acquisition shareholders of Nanotron and paid a \$0.5 million acquisition liability to the pre-acquisition shareholders of Locality. 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 \$0.1 million of notes payable, loaned \$2.6 million to related parties, received \$0.2 million of repayments from related parties, received \$5.0 million of net proceeds from promissory notes, paid a \$0.5 million acquisition liability to the pre-acquisition shareholders of Locality, and made \$0.2 million of repayments to a bank facility.

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

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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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, 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, 2021 the Company completed certain business combinations for net aggregate consideration of approximately \$36.3 million. The transactions were accounted for as business combinations. 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 \$23.5 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 value as well as the sensitivity of the fair value 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 certain attrition rates, terminal growth rates and discount rates for the identified intangible assets for the acquired entities included the following:

(1) We assessed the reasonableness of fiscal year 2022 forecasted cash flows of revenues and operating margins by comparing them to the acquired entities actual 2021 cash flows. (2) We assessed the reasonableness of the forecasted revenue growth rates and operating margins over the cash flow forecast period by comparing them to the acquired entities' actual revenues and operating margins during the most recent historical period including the Company's marketing plans. (3) We evaluated the reasonableness of the (a) valuation methodologies; (b) terminal growth rates by comparing them to industry growth rates; (c) customer attrition rates by testing the mathematical accuracy of the rates used; and (d) 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. (4) We sensitized the projections and compared them to the valuation reports for reasonableness.

Valuation of Goodwill Impairment

Description of the Matter

The Company evaluates goodwill for impairment annually as of the end of the fourth fiscal quarter by comparing the carrying values of each of the Company's reporting units to their estimated fair values as of the test dates. The estimates of fair value of the reporting units are computed using a combination of both an income approach and a market approach.

Under the income approach, the Company utilizes the discounted cash flow method to estimate the fair value of the reporting units. Some of the significant assumptions inherent in estimating the fair values include the estimated future annual net cash flows for each reporting unit (including net sales, operating income margin, and working capital) and a discount rate that appropriately reflects the risks inherent in each future cash flow stream. The Company selected assumptions used in the financial forecasts using historical data, supplemented by current and anticipated market conditions, estimated growth rates, management's plans, and guideline companies. Under the market approach, fair value is derived from metrics of publicly traded companies or historically completed transactions of comparable businesses. The selection of comparable businesses is based on the markets in which the reporting units operate giving consideration to risk profiles, size, geography, and diversity of products and services.

The goodwill balance was \$21.8 million as of December 31, 2021, of which \$21.8 million was allocated to the Indoor Intelligence reporting unit. As of the measurement date the carrying value of the Indoor Intelligence reporting unit exceeded the fair values as of the measurement date and, therefore, the Company recorded an impairment of \$14.8 million.

We identified goodwill impairment as a critical audit matter because of the significant estimates and assumptions made by management to estimate fair value given the sensitivity of operations to changes in demand for all reporting units and historical results and long-range strategic plans of the reporting units. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the selection of the discount rates and forecasts of future net sales for all reporting units, and the future operating income margins for the Indoor Intelligence reporting unit.

How We Addressed the Matter in our Audit

The primary procedures we performed to address this critical audit matter included the following. (1) We evaluated the Company's forecasted revenue (2) Evaluated the guideline companies used operated in a similar industry as the subject reporting unit. (3) The guideline companies and transaction appear appropriate (4) The Company used the appropriate modified capital asset pricing model and a weighted average cost of capital. (5) We sensitized the projections and compared them to the valuation report to materially assess the impact to the reported amount of the impairment.

/s/ Marcum llp

Marcum llp

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

New York NY
March 16, 2022

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

	As of December 31, 2021	As of December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 52,480	\$ 17,996
Accounts receivable, net of allowances of \$272 and \$235, respectively	3,218	1,739
Notes and other receivables	321	152
Inventory	1,976	1,243
Short-term investments	43,125	7,998
Prepaid expenses and other current assets	4,842	1,197
Total Current Assets	105,962	30,325
Property and equipment, net	1,442	1,445
Operating lease right-of-use asset, net	1,736	2,077
Software development costs, net	1,792	1,721
Investments in equity securities	1,838	—
Long-term investments	2,500	2,500
Intangible assets, net	33,478	14,203
Goodwill	7,672	6,588
Other assets	253	152
Total Assets	\$ 156,673	\$ 59,011

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

	As of December 31, 2021	As of December 31, 2020
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	2,414	908
Accrued liabilities	10,665	2,739
Operating lease obligation, current	643	647
Deferred revenue	4,805	1,922
Short-term debt	3,490	5,401
Acquisition liability	5,114	500
Total Current Liabilities	27,131	12,117
Long Term Liabilities		
Operating lease obligation, noncurrent	1,108	1,457
Other liabilities, noncurrent	28	7
Acquisition liability, noncurrent	220	750
Total Liabilities	28,487	14,331
Commitments and Contingencies		
Mezzanine Equity		
Series 7 Convertible Preferred Stock - 58,750 shares authorized; 49,250 and — issued and outstanding as of December 31, 2021 and December 31, 2020, respectively. (Liquidation preference of \$49,250,000)	44,695	—
Stockholders' Equity		
Preferred Stock - \$0.001 par value; 5,000,000 shares authorized		
Series 4 Convertible Preferred Stock - 10,415 shares authorized; 1 issued, and 1 outstanding as of December 31, 2021 and December 31, 2020, respectively.	—	—
Series 5 Convertible Preferred Stock - 12,000 shares authorized; 126 issued, and 126 outstanding as of December 31, 2021 and December 31, 2020, respectively.	—	—
Common Stock - \$0.001 par value; 2,000,000,000 shares authorized; 124,440,924 and 53,178,462 issued and 124,440,923 and 53,178,462 outstanding as of December 31, 2021 and December 31, 2020, respectively.	124	53
Additional paid-in capital	332,639	225,613
Treasury stock, at cost, 1 share	(695)	(695)
Accumulated other comprehensive income	44	660
Accumulated deficit	(250,309)	(180,992)
Stockholders' Equity Attributable to Inpixon	81,803	44,639
Non-controlling Interest	1,688	41

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

Total Stockholders' Equity	<u>83,491</u>	<u>44,680</u>
Total Liabilities, Mezzanine Equity and Stockholders' Equity	<u>\$ 156,673</u>	<u>\$ 59,011</u>

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,	
	2021	2020
Revenues	\$ 15,995	\$ 9,297
Cost of Revenues	4,374	2,613
Gross Profit	11,621	6,684
Operating Expenses		
Research and development	14,121	6,523
Sales and marketing	8,261	5,331
General and administrative	41,352	15,261
Acquisition-related costs	1,248	1,057
Impairment of goodwill	14,789	—
Amortization of intangibles	4,467	2,306
Total Operating Expenses	84,238	30,478
Loss from Operations	(72,617)	(23,794)
Other Income (Expense)		
Interest expense, net	1,183	(2,426)
Loss on exchange of debt for equity	(30)	(210)
Benefit (provision) for valuation allowance on related party loan - held for sale	7,345	(2,370)
Other income (expense)	(173)	(470)
Gain on related party loan - held for sale	49,817	—
Unrealized loss on equity securities	(57,067)	—
Total Other Income (Expense)	1,075	(5,476)
Net Loss, before tax	(71,542)	(29,270)
Income tax benefit	1,412	56
Net Loss	(70,130)	\$ (29,214)
Net Income (Expense) Attributable to Non-controlling Interest	(975)	15
Net Loss Attributable to Stockholders of Inpixon	(69,155)	(29,229)
Accretion of Series 7 preferred stock	(8,161)	—
Net Loss Attributable to Common Stockholders	\$ (77,316)	\$ (29,229)
Net Loss Per Share - Basic and Diluted	\$ (0.72)	\$ (1.01)
Weighted Average Shares Outstanding		
Basic and Diluted	107,981,441	28,800,493

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,	
	2021	2020
Net Loss	\$ (70,130)	\$ (29,214)
Unrealized foreign exchange (loss) gain from cumulative translation adjustments	(617)	566
Comprehensive Loss	<u>\$ (70,747)</u>	<u>\$ (28,648)</u>

The accompanying notes are an integral part of these financial statements

INPIXON AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY
(In thousands)

	Series 7 Preferred Stock		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		Shares	Amount				
Balance - January 1, 2021	—	—	1	—	126	—	53,178,462	53	225,613	(1)	(695)	660	(180,992)	41	44,680
Common shares issued for registered direct offering	—	—	—	—	—	—	15,800,000	15	74,058	—	—	—	—	—	\$ 74,073
Common shares issued for extinguishment of debt	—	—	—	—	—	—	1,771,113	2	2,498	—	—	—	—	—	\$ 2,500
Common shares issued for cashless stock options exercised	—	—	—	—	—	—	5,391	—	—	—	—	—	—	—	\$ —
Common shares issued for net proceeds from warrants exercised	—	—	—	—	—	—	31,505,088	32	3,747	—	—	—	—	—	\$ 3,779
Stock options and restricted stock awards granted to employees and consultants for services	—	—	—	—	—	—	—	—	10,879	—	—	—	—	—	\$ 10,879
Common shares issued for acquisition of 55.4% of Game Your Game	—	—	—	—	—	—	1,179,077	1	1,402	—	—	—	—	2,472	\$ 3,875
Common shares issued for Visualix acquisition	—	—	—	—	—	—	369,563	—	429	—	—	—	—	—	\$ 429
Common shares issued for the CXApp	—	—	—	—	—	—	8,849,538	9	9,991	—	—	—	—	—	\$ 10,000
Common shares issued for restricted stock grants	—	—	—	—	—	—	4,672,988	5	(5)	—	—	—	—	—	\$ —
Taxes paid on stock based compensation	—	—	—	—	—	—	—	—	(1,855)	—	—	—	—	—	\$ (1,855)
Series 7 Preferred Stock issued for cash	58,750	46,034	—	—	—	—	—	—	4,551	—	—	—	—	—	\$ 4,551
Series 7 Preferred Stock converted to common stock	(9,500)	(9,500)	—	—	—	—	7,600,000	8	9,492	—	—	—	—	—	\$ 9,500
Accrete Discount - Preferred Shares	—	8,161	—	—	—	—	—	—	(8,161)	—	—	—	—	—	\$ (8,161)
Restricted stock grants forfeited	—	—	—	—	—	—	(490,296)	(1)	—	—	—	—	—	—	\$ (1)
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	—	—	(616)	(162)	150	\$ (628)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(69,155)	(975)	\$ (70,130)
Balance - December 31, 2021	49,250	44,695	1	—	126	—	124,440,924	\$ 124	\$ 332,639	(1)	\$ (695)	\$ 44	\$ (250,309)	\$ 1,688	\$ 83,491

The accompanying notes are an integral part of these financial statements

INPIXON AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY (CONTINUED)

(In thousands, except per share data)

	Series 7 Preferred Stock		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		Shares	Amount				
Balance - January 1, 2020	—	—	1	—	126	—	4,234,923	4	158,382	(1)	(695)	96	(151,763)	26	6,050
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	—	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	1	599	—	—	—	—	—	\$ 600
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	—	—	564	—	—	\$ 564
Net income (loss)	—	—	—	—	—	—	—	—	—	—	—	—	(29,229)	15	\$ (29,214)
Balance - December 31, 2020	—	—	1	—	126	—	53,178,462	\$ 53	\$ 225,613	(1)	\$ (695)	\$ 660	\$ (180,992)	\$ 41	\$ 44,680

INPIXON AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the Years Ended December 31,	
	2021	2020
Cash Flows Used in Operating Activities		
Net loss	\$ (70,130)	\$ (29,214)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,344	826
Amortization of intangible assets	5,107	2,545
Amortization of right of use asset	677	490
Stock based compensation	10,879	1,194
Earnout payment expense	6,524	—
Loss on exchange of debt for equity	30	210
Amortization of debt discount	224	2,594
Accrued interest income, related party	(1,627)	(32)
Provision for doubtful accounts	121	956
Unrealized gain/loss on note	(92)	—
Provision for inventory obsolescence	300	138
(Recovery) provision for valuation allowance for held for sale loan	(7,345)	2,370
Provision for valuation allowance for related party receivable	—	648
Gain on settlement of related party promissory note	(49,817)	—
Deferred income tax	(2,593)	(87)
Unrealized loss on equity securities	57,067	—
Impairment of goodwill	14,789	—
Loss on disposal of property and equipment	24	—
Other	235	(6)
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	(313)	(964)
Inventory	(112)	(117)
Prepaid expenses and other current assets	(4,006)	(563)
Other assets	199	(248)
Accounts payable	391	(1,815)
Accrued liabilities	490	269
Income tax liabilities	16	—
Deferred revenue	817	242
Operating lease obligation	(658)	(490)
Other liabilities	328	453
Net Cash Used in Operating Activities	\$ (37,131)	\$ (20,601)
Cash Flows Used in Investing Activities		
Purchase of property and equipment	\$ (346)	\$ (972)
Investment in capitalized software	(1,019)	(862)
Purchases of short term investments	(2,000)	(7,998)

INPIXON AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(In thousands)

Sale of short term investments	2,000	—
Purchases of treasury bills	(63,362)	—
Sales of treasury bills	28,000	—
Investment in Systat licensing agreement	(900)	(2,200)
Purchase of intangible assets	(4)	—
Acquisition of the Ten Degrees	—	(1,500)
Acquisition of Nanotron	—	(7,786)
Acquisition of Intranav	(1,023)	—
Acquisition of Game Your Game	184	—
Acquisition of CXApp	(14,977)	—
Acquisition of Visualix	(61)	—
Investment in long term investment	—	(2,500)
Cash acquired in the Nanotron acquisition	—	311
Net Cash Used in Investing Activities	\$ (53,508)	\$ (23,507)
Cash From Financing Activities		
Net repayments to bank facility	\$ —	\$ (150)
Net proceeds from issuance of preferred stock and warrants	50,585	—
Net proceeds from issuance of common stock and warrants	77,852	55,352
Taxes paid related to net share settlement of restricted stock units	(1,855)	—
Net repayments of notes payable	—	(74)
Loans to related party	(117)	(2,569)
Repayments from related party	—	200
Net proceeds from promissory notes	—	5,000
Repayment of CXApp acquisition liability	(461)	—
Repayment of acquisition liability to Nanotron shareholders	(467)	—
Repayment of acquisition liability to Locality shareholders	(500)	(500)
Net Cash Provided By Financing Activities	\$ 125,037	\$ 57,259
Effect of Foreign Exchange Rate on Changes on Cash	86	(4)
Net Increase in Cash and Cash Equivalents	34,484	13,147
Cash and Cash Equivalents - Beginning of year	17,996	4,849
Cash and Cash Equivalents - End of year	<u>\$ 52,480</u>	<u>\$ 17,996</u>
Supplemental Disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 3	\$ 4
Income Taxes	\$ 2,389	\$ —
Non-cash investing and financing activities		
Common shares issued for extinguishment of liability	\$ —	\$ 200

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

Common shares issued for extinguishment of debt	\$ 2,500	\$ 9,936
Right of use asset obtained in exchange for lease liability	\$ 401	\$ 557
Settlement of Sysorex Note	\$ 7,462	\$ —
Investment in equity securities	\$ 58,905	\$ —
Common shares issued for Ten Degrees acquisition	\$ —	\$ 600
Common shares issued for CXApp acquisition	\$ 10,000	\$ —
Common shares issued for Game Your Game acquisition	\$ 1,403	\$ —
Common shares issued for Visualix asset acquisition	\$ 429	\$ —
Preferred shares converted into common shares	\$ 9,500	\$ —

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, 2021 AND 2020**

Note 1 - Organization and Nature of Business

Inpixon is the Indoor Intelligence™ company. Our solutions and technologies help organizations create and redefine exceptional workplace experiences that enable smarter, safer and more secure environments. We leverage our positioning, mapping, analytics and app technologies to achieve higher levels of productivity and performance, increase safety and security, improve worker and employee satisfaction rates and drive a more connected workplace. We have focused our corporate strategy on being the primary provider of the full range of foundational technologies needed in order to offer a comprehensive suite of solutions that make indoor data available and meaningful to organizations and their employees.

Our Indoor Intelligence solutions are used by our customers for a variety of use cases including, but not limited to, employee and visitor experience enhancement through a customer branded app with features such as desk booking, wayfinding and navigation, and the delivery of content to tens of thousands of attendees in hybrid events. Our real time location (RTLS) and asset tracking products offer manufacturing and warehouse logistics optimization and automation, increase workforce productivity, and enhance worker safety and security.

In addition to our Indoor Intelligence technologies and solutions, we also offer:

- Digital solutions (eTearsheets; eInvoice, adDelivery) or cloud-based applications and analytics for the advertising, media and publishing industries y advertising management platform referred to as Shoom by Inpixon; and
- A comprehensive set of data analytics and statistical visualization solutions for engineers and scientists referred to as SAVES by Inpixon.

We report financial results for three segments: Indoor Intelligence, Shoom and SAVES. For Indoor Intelligence, we generate revenue from sales of hardware, software licenses and professional services. For Shoom and SAVES we generate revenue from the sale of software licenses.

Note 2 - Summary of Significant Accounting Policies

Change in Segment Reporting

ASC 280, Segment Reporting, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. During the second quarter of 2021, the Company changed the level of detail at which the Chief Executive Office ("CEO") as the Chief Operating Decision Maker, or "CODM", regularly reviews and manages certain metrics of its businesses. The Company's chief operating decision maker is the Chief Executive Officer, who reviews the financial performance and the results of operations of the segments prepared in accordance with GAAP when making decisions about allocating resources and assessing performance of the Company. The Company has determined that it operates and reports in three segments: Indoor Intelligence, Saves and Shoom. See Note 28 for further details.

Liquidity

As of December 31, 2021, the Company has a working capital surplus of approximately \$78.8 million, cash of approximately \$52.5 million and short term investments of \$43.1 million. For the year ended December 31, 2021, the Company incurred a net loss attributable to common stockholders of approximately \$7.3 million. The net loss includes a gain on the settlement of the Sysorex debt with the issuance of the Sysorex securities to the Company on April 14, 2021 offset by the unrealized loss on the related investment in equity securities as of December 31, 2021. See further details in Note 14 and Note 29.

On each of January 24, 2021, February 12, 2021 and February 16, 2021 the Company entered into a Securities Purchase Agreement with an institutional investor, pursuant to which the Company sold an aggregate of 15,800,000 shares of its common stock, warrants to purchase up to 44,305,088 shares of common stock at exercise prices ranging from \$1.55 to \$2.01 and

INPIXON AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

prefunded warrants to purchase up to 28,505,088 shares of common stock at an exercise price of \$0.001 per share at purchase prices ranging from \$1.549 to \$2.01 per share. The Company raised net proceeds of \$77.9 million after deduction of sales commissions and other offering expenses.

On September 13, 2021, the Company entered into a Securities Purchase Agreement with certain institutional investors named therein, pursuant to which the Company sold in a registered direct offering (i) 58,750 shares of Series 7 Convertible Preferred Stock and (ii) related warrants to purchase up to an aggregate of 47,000,000 shares of common stock. Each share of Series 7 Convertible Preferred Stock and the related Warrants were sold at a subscription amount of \$920, representing an original issue discount of 8% of the stated value of each share of Series 7 Convertible Preferred Stock for an aggregate subscription amount of \$54.1 million. The net proceeds to the Company from this offering was \$50.6 million after placement agent commissions and other offering costs. See further breakdown in Note 21 - Capital Raises.

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 \$6.1 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 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 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 as a result of compliance with new rules and regulations resulting from the pandemic, customer facilities being partially or fully closed during 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, 2021 when compared to the year ended 2020, as a result of the addition of new product lines including a full year of sales associated with our SAVES and RTLS product lines, the addition of the CXApp and Game Your Game product lines during the second quarter of 2021 and the addition of the IIoT product line in the fourth quarter of 2021. 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. The Company’s recurring losses and utilization of cash in its operations are indicators of going concern however with the Company’s current liquidity position, the Company believes it has the ability to mitigate such concerns for a period of at least one year from the date this financial statements were made issued.

Consolidations

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

INPIXON AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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 Sysat, Ten Degrees, Nanotron, Game your Game, Visualix, CXApp, and Intranav as described in Note 4 , Note 5, Note 6, Note 7 , Note 8, Note 9 and Note 10 respectively, as well as the valuation of the Company’s common shares issued in the transaction;
- the allowance for credit losses;
- the valuation of loans receivable;
- the valuation of equity securities;
- 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, 2021 and 2020, the Company had no cash equivalents.

Accounts Receivable, net and Allowance for Credit Losses

Accounts receivables are stated at the amount the Company expects to collect. The Company recognizes an allowance for credit losses 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 credit losses of approximately \$0.3 million and \$0.2 million as of December 31, 2021 and 2020, respectively.

Inventory

Finished goods are measured at the cost of manufactured products including direct materials and subcontracted services. 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

**INPIXON AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, the Company had recorded an inventory obsolescence of approximately \$0.4 million and \$0.1 million, respectively.

Investments

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 U.S. Treasury Bills. Accrued interest on U.S. 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 gains and losses included in the other income (expense) line of the Consolidated Statements of Operations. The Company recorded unrealized losses of approximately \$0.2 million for the year end December 31, 2021 which was included on the other income (expense) line in the consolidated statements of operations. No unrealized gain or loss was recorded on available for sale securities for the year ended December 31, 2020.

Mezzanine equity

When ordinary or preferred shares are determined to be conditionally redeemable upon the occurrence of certain events that are not solely within the control of the issuer, and upon such event, the shares would become redeemable at the option of the holders, they are classified as ‘mezzanine equity’ (temporary equity). The purpose of this classification is to convey that such a security may not be permanently part of equity and could result in a demand for cash, securities or other assets of the entity in the future.

Investment in equity securities- fair value

Investment securities—fair value consist primarily of investments in equity securities and are carried at fair value in accordance with ASC 321 *Investments-Equity Securities* (“ASC 321”). These securities are marked to market based on the respective publicly quoted market prices of the equity securities adjusted for liquidity, as necessary. These securities transactions are recorded on a trade date basis. Any unrealized appreciation or depreciation on investment securities is reported in the Condensed Consolidated Statement of Operations within Unrealized Loss on Equity Securities. The Unrealized loss on equity securities was \$57.1 million, and zero, for the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020.

Acquired In-Process Research and Development (“IPR&D”)

INPIXON AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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, in 2020 through the SYSTAT licensing agreement, the acquisition of certain assets of Ten Degrees, and the acquisition of Nanotron, and in 2021 through the acquisitions of Game Your Game, certain assets of Visualix, CXApp and IntraNav. The Company's IPR&D is comprised of AirPatrol, LightMiner, Locality, Jibestream, GTX, SYSTAT, Ten Degrees, Nanotron, Game Your Game, Visualix, CXApp and IntraNav, 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 these technologies. Through December 31, 2021, 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 technologies. 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, 2021 and has recorded impairment of goodwill of \$4.8 million and zero during the years ended December 31, 2021 and 2020, 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

INPIXON AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 were \$14.1 million and \$6.5 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 and a 55.4% equity interest in Game Your Game as of December 31, 2021. The portion of the Company's equity attributable to this third party non-controlling interest was approximately \$1.7 million and \$41 thousand as of December 31, 2021 and 2020, 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/(loss) of approximately \$(0.6) million and \$0.6 million for the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

Comprehensive Income (Loss)

**INPIXON AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 transferred 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

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December 31, 2021 and 2020, the Company did not incur any such losses. These amounts are based on known and estimated factors.

License Revenue Recognition

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 the Company's revenue recognition related to the licensing 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 \$4.8 million and \$1.9 million as of December 31, 2021 and 2020, 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.

Costs to Obtain a Contract

The Company recognizes eligible sales commissions as an asset as the commissions are an incremental cost of obtaining a contract with the customer and the Company expects to recover these costs. The capitalized costs are amortized over the expected contract term including any expected renewals.

Cost to Fulfill a Contract

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The Company incurs costs to fulfill their obligations under a contract once it has obtained, but before transferring goods or services to the customer. These costs are recorded as an asset as these costs are an incremental cost of fulfilling the contract with the customer and the Company expects to recover these costs. The capitalized costs are amortized over the expected remaining contract term.

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 \$0.4 million and \$1.3 million during the years ended December 31, 2021 and 2020, respectively.

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 \$10.9 million and \$1.2 million for each of the years ended December 31, 2021 and 2020, respectively, which are included in general and administrative expenses. Stock-based compensation charges are related to employee compensation and related benefits.

Net Income (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 sets forth the computation of basic and diluted net loss per share (in thousands, except per share amounts):

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	For the Years Ended December 31,	
	2021	2020
Numerator:		
Net loss attributable to stockholders of Inpixon	\$ (69,155)	\$ (29,229)
Accretion of Series 7 preferred stock	(8,161)	—
Net loss attributable to common stockholders	\$ (77,316)	\$ (29,229)
Denominator:		
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	107,981,441	28,800,493
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.72)	\$ (1.01)

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, 2021 and 2020:

	For the Years Ended December 31,	
	2021	2020
Options	18,882,303	5,450,057
Warrants	96,398,338	8,093,250
Convertible preferred stock	39,400,846	846
Earnout reserve	11,061,939	—
Totals	165,743,426	13,544,153

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:

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- 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, 2021 and 2020.

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 ASC 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, 2021 and 2020.

Recently Issued and Adopted Accounting Standards

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 became effective for the Company beginning January 1, 2021. The new guidance was effective upon issuance of this final

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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 is for interim and annual reporting periods beginning after December 15, 2020 for public entities. The Company adopted ASU 2020-10 as of the reporting period beginning January 1, 2021. 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.'

Recently Issued Accounting Standards Not Yet Adopted

In August 2020, the FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging— Contracts in Entity's Own Equity (Subtopic 815-40)" ("ASU 2020-06"), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. ASU 2020-06 removes from U.S. GAAP the separation models for (1) convertible debt with a cash conversion feature ("CCF") and (2) convertible instruments with a beneficial conversion feature ("BCF"). As a result, after adopting the ASU's guidance, entities will not separately present in equity an embedded conversion feature in such debt. Instead, they will account for a convertible debt instrument wholly as debt, and for convertible preferred stock wholly as preferred stock (i.e., as a single unit of account), unless (1) a convertible instrument contains features that require bifurcation as a derivative under ASC 815 or (2) a convertible debt instrument was issued at a substantial premium. ASU 2020-06 is effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company will adopt the provisions of ASU 2020-06 effective January 1, 2022 and is currently assessing potential impacts.

In May 2021, the FASB issued ASU 2021-04, "Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity Classified Written Call Options" ("ASU 2021-04"), which introduces a new way for companies to account for warrants either as stock compensation or derivatives. Under the new guidance, if the modification does not change the instrument's classification as equity, the company accounts for the modification as an exchange of the original instrument for a new instrument. In general, if the fair value of the "new" instrument is greater than the fair value of the "original" instrument, the excess is recognized based on the substance of the transaction, as if the issuer has paid cash. The effective date of the standard is for interim and annual reporting periods beginning after December 15, 2021 for all entities, and early adoption is permitted. 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 and disclosures.

In October 2021, the FASB issued ASU 2021-08, "Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" ("ASU 2021-08"), which addresses diversity in practice related to the accounting for revenue contracts with customers acquired in a business combination. Under the new guidance, the acquirer is required to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. The effective date of the standard is for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The effects of this change on the Company's financial statements have not yet been determined.

In November 2021, the FASB issued ASU 2021-10, "Government Assistance (Topic 832)" ("ASU 2021-10"), which provides guidance on disclosing government assistance. Under the new guidance, the Company is required to including the disclosure of (1) the types of assistance, (2) an entity's accounting for the assistance, and (3) the effect of the assistance on the entity's financial statements. The effective date of the standard is for annual periods beginning after December 15, 2021. 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 and disclosures.

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.

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Note 3 - Disaggregation of Revenue

Disaggregation of Revenue

The Company recognizes revenue when control is transferred 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 recognition policy.

Revenues consisted of the following (in thousands):

	For the Years Ended December 31,	
	2021	2020
Recurring revenue		
Hardware	\$ 3	\$ —
Software	7,152	4,107
Professional services	35	134
Total recurring revenue	\$ 7,190	\$ 4,241
Non-recurring revenue		
Hardware	\$ 3,830	\$ 3,144
Software	1,974	523
Professional services	3,001	1,389
Total non-recurring revenue	\$ 8,805	\$ 5,056
Total Revenue	\$ 15,995	\$ 9,297

	For the Years Ended December 31,	
	2021	2020
Revenue recognized at a point in time		
Indoor Intelligence (1)	\$ 4,371	\$ 3,345
Saves (1)	1,436	506
Shoom (1)	—	—
Total	\$ 5,807	\$ 3,851
Revenue recognized over time		
Indoor Intelligence (2) (3)	\$ 6,676	\$ 2,715
Saves (3)	1,501	712
Shoom (3)	2,011	2,019
Total	\$ 10,188	\$ 5,446
Total Revenue	\$ 15,995	\$ 9,297

(1) Hardware and Software's performance obligation is satisfied at a point in time where when they are shipped to the customer.

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(2) 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 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, in which revenue is recognized over time.

(3) Software As A Service Revenue's performance obligation is satisfied evenly over the service period using a time-based measure because the Company is providing continuous access to its service and service is recognized overtime.

Note 4 - 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"). The Company pursued this transaction in order to diversify its product offerings by increasing its software solution offerings, in addition to expanding its cross-selling opportunities across a global customer base in an effort to maintain continued revenue growth and mitigate or offset the risks and uncertainties anticipated with its existing hardware products as a result of the Covid-19 pandemic. In accordance with 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 March 19, 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 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 purchase price is allocated as follows (in thousands):

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	Fair Value Allocation
Assets Acquired:	
Other receivable	\$ 44
Developed technology	1,190
Customer relationships	430
Tradename & Trademarks	279
Non-compete agreements	495
Goodwill	495
	<u>\$ 2,933</u>
Liabilities Assumed:	
Deferred Revenue	\$ 733
	<u>733</u>
Total Purchase Price	<u>\$ 2,200</u>

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 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.

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 its option. In addition, the Company exercised its 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 \$0.9 million.

The Second Amendment was accounted for as a business combination in accordance with ASC 805 Business Combinations. 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 purchase price is allocated as follows (in thousands):

	Fair Value Allocation
Intangible assets:	
Trademarks	\$ 296
Webstores & Websites	404
Goodwill	200
Total net assets acquired	<u>\$ 900</u>

Proforma information has not been presented as it has been deemed immaterial.

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 deductible for tax purposes.

Note 5 - 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

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(“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”). The acquisition of the blue-dot technology further strengthened and enhanced the Company’s indoor intelligence capabilities allowing it to offer on-device wayfinding capabilities through integration with its mapping technology. In accordance with 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 \$0.6 million representing the value of the stock issued upon closing.

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

	Fair Value Allocation
Assets Acquired:	
Developed technology	\$ 1,701
Non-compete agreements	399
	2,100
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, 2021. There was no goodwill acquired or recognized as a result of the acquisition of Ten Degrees.

Note 6 – 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 Company pursued the transaction in order to further strengthen and expand its indoor intelligence platform and capabilities to include real time location services and asset tracking capabilities broadening its industry cover to include the industrial sector, expand its customer, partner and user base and deepen its geographic presence in regions outside of North America.

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 \$0.8 million (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 \$0.2 million reduction in purchase price for severance payments due after the closing date offset by a return credit of \$0.1 million 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 \$0.03

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million, resulting in a reduction in the purchase price of \$0.03 million. 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.

On February 24, 2021, the Company entered into an amendment to the 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 \$0.2 million. In addition, the amount payable was further reduced by \$0.1 million in connection with a post closing working capital adjustment and the satisfaction of a claim related to a customer dispute. A balance of \$0.5 million was paid to the Seller in full satisfaction of the Holdback Funds payable by the Purchaser to the Seller pursuant to the Purchase Agreement.

The 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	3,501
Total assets acquired	\$ 9,910
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:	\$ 8,252

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 7 - Game Your Game Acquisition

On April 9, 2021, the Company acquired Game Your Game, and its wholly owned subsidiary Active Mind to further the Company's strategy to reach the end customer with apps in the growing sports analytics space. In exchange for a purchase price

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of \$3.1 million the Company acquired 522,000 shares of the Company's common stock from Game Your Game, which represent 55.4% of the outstanding shares of Common Stock of Game Your Game. The goodwill of \$0.5 million arising from the acquisition consists of an acquired workforce, as well as synergies and economies of scale expected from combined operations of Inpixon and Game Your Game.

The following table represents the purchase price (in thousands).

Cash	\$	1,667
Stock (1,179,077 number of common stock shares)		1,403
Total Purchase Price	\$	3,070

The acquisition is being accounted for as a business combination in accordance with ASC 805 Business Combinations. The Company has determined preliminary fair values of the assets acquired and liabilities assumed in the acquisition. These values are subject to change as we perform additional reviews of our assumptions utilized.

In connection with the acquisition, the Company recorded a non-controlling interest for the 44.6% ownership from unrelated third parties. The non-controlling interest was recorded at fair value on the closing date of the Acquisition. Future net income (loss) attributable to the non-controlling interest will be allocated based on its respective ownership. The Company has made an allocation of the purchase price of the acquisition to the assets acquired and the liabilities assumed as of the purchase date.

The following table summarizes the purchase price allocations relating to the Acquisition (in thousands):

	Fair Value Allocation	
Assets acquired:		
Cash and cash equivalents	\$	1,851
Accounts receivable		36
Inventory		144
Other current assets		37
Property and equipment		105
Other assets		4
Tradename		628
Proprietary technology		2,824
Customer relationship		847
Goodwill		459
Total assets acquired	\$	6,935
Liabilities assumed:		
Accounts payable	\$	957
Accrued expenses and other liabilities		436
Total liabilities assumed		1,393
Estimated fair value of net assets acquired:	\$	5,542
Less: Non Controlling Interest		(2,472)
Estimated fair value of net assets acquired attributable to the Company	\$	3,070

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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 tax purposes.

Total acquisition-related costs for the Acquisition incurred during the period ended December 31, 2021 ended was \$0.3 million and is included in acquisition-related costs in the Purchaser's Statements of Operations. The below table details the acquisition-related costs for the Acquisition (in thousands):

Professional fees	\$	158
Consulting fees		150
Total acquisition costs	\$	<u>308</u>

Note 8 - Visualix Acquisition

On April 23, 2021 (the "Closing Date"), the Company entered a certain asset purchase agreement by and among the Company, Visualix GmbH i.L. (the "Visualix"), Darius Vahdat-Pajouh and Michal Bucko (each, a "Founder," and collectively, the "Founders"), and Future Energy Ventures Management GmbH ("FEVM").

Prior to the Closing Date, Visualix owned and operated certain computer vision, robust localization, large-scale navigation, mapping, and 3D reconstruction technologies (collectively, the "Underlying Technology"). In accordance with the terms of the asset purchase agreement, the Company purchased from Visualix the entirety of its assets consisting primarily of intellectual property including the underlying technology. Additionally, the Company purchased certain patent applications related to the underlying technology from FEVM.

In consideration of the transactions (the "Consideration") contemplated by the Asset Purchase Agreement, the Company:

1. remitted a cash payment in the amount of Fifty Thousand Euros (EUR €50,000) to Visualix
2. issued 316,768 shares of Common Stock to Visualix; and
3. issued 52,795 to shares of Common Stock to FEVM.

The asset purchase agreement includes customary representations and warranties, as well as certain covenants, including, inter alia, that the Founders are hired as employees of Inpixon GmbH and Visualix and the Founders shall not, for a period of two (2) years following the Closing Date, directly or indirectly, compete with the Company in the sectors of Mapping and Localization Technology (as defined in the asset purchase agreement).

The following table represents the purchase price (in thousands).

Cash	\$	61
Stock (369,563 common stock shares at \$1.16 per share)		429
Total Purchase Price	\$	<u>490</u>

Assets Acquired (in thousands):

Developed Technology	\$	429
Non-compete Agreements		61
Total Purchase Price	\$	<u>490</u>

Note 9 - CXApp Acquisition

On April 30, 2021, the Company acquired Design Reactor, Inc. ("CXApp") which enables corporate enterprise organizations to provide a custom-branded, location-aware employee app focused on enhancing the workplace experience and hosting virtual and hybrid events. An important aspect of the Company's strategy towards delivering a comprehensive indoor intelligence

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offering required direct engagement with the end-user through an app. With the CXApp acquisition, the Company was able to establish that direct engagement, eliminating the need for a third part app developer partner. The transaction was attractive to the Company because it would complete its strategic vision to have the most comprehensive suite of indoor intelligence solutions, was anticipated to be accretive to earnings and revenue, increase the Company's average selling price and result in the acquisition of several marquee customers. In exchange for the aggregate purchase price of \$32.1 million, the Company acquired all of the outstanding capital of the CXApp, incorporated in the State of California. The price was subject to certain post-closing adjustments based on actual working capital as of the closing as described in the stock purchase agreement. The goodwill of \$15.3 million arising from the acquisition consists of an acquired workforce, as well as synergies and economies of scale expected from combined operations of Inpixon and the CXApp.

The following table represents the purchase price (in thousands).

Cash	\$	22,132
Stock (8,849,538 common stock shares at \$1.13 per share)		10,000
Total Purchase Price	\$	32,132

In relation to the cash payment, Inpixon retained \$4.9 million of Holdback Funds from the Purchase Price to secure the Seller's obligations under the stock 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. In addition, to the Holdback Funds, the Company is to pay various costs to third parties on the Seller's behalf. These costs consisted of Seller transaction expenses, option payouts, bonus payouts, and miscellaneous accrued expenses. The Company retained cash for these future payments and recorded these future payments in Acquisition Liability on the closing date of the Acquisition. During the measurement period the holdback funds was adjusted by \$0.2 million to account for work capital adjustments. The following represents the amounts that were recorded to Acquisition Liability (in thousands):

	Acquisition Liability	
Current		
Option payout	\$	296
Bonus payout		34
Seller transaction expenses		72
Miscellaneous accrued expenses		174
Total current	\$	576
Noncurrent		
Option payout	\$	493
Bonus payout		57
Holdback funds		4,875
Total noncurrent		5,425
		6,001
Less adjustment to holdback funds due to measurement period adjustment		(209)
Less payments made during the three months ended June 30, 2021		(136)
Less payments made during the three months ended September 30, 2021		(104)
Less payments made during the three months ended December 31, 2021	\$	(220)
Total acquisition liability	\$	5,332

In connection with the Acquisition, the Company is to pay an additional amount up to \$12.5 million to certain select sellers of CXApp shares (payable in shares of the Company's common stock based on a per share price of \$1.13, subject to stockholder approval) in contingent earnout payments subject to CXApp meeting certain revenue targets on the one year anniversary of the Acquisition date. (the "Earnout Payment"). The Earnout Payment is subject to and conditioned upon each individual select seller's continued active employment or service with the Company at the time of the earnout payment date. The Earnout Payment is treated as post-combination compensation expense.

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On December 30, 2021, the Company entered into an Amendment to Stock Purchase Agreement (the "Amendment"), with the sellers' representative, pursuant to which the parties to the Purchase Agreement agreed to (i) amend the amount of the earnout target from \$8.3 million to \$4.2 million; (ii) amend the duration of the earnout period from the period of the closing date through twelve month anniversary to the closing date to the period from the closing date through December 31, 2021; and (iii) eliminate the sellers' representative's right to accelerate the Earnout Payment upon a sale or change of control of the Company.

The Company evaluated the Amendment noting the Amendment accelerated expense related to the Earnout Payment. The Company recorded \$6.5 million of this expense for the year ended December 31, 2021 which is included in the General and Administrative costs of the consolidated statements of operations.

The Acquisition is being accounted for as a business combination in accordance with ASC 805 Business Combinations. The Company has determined preliminary fair values of the assets acquired and liabilities assumed in the Acquisition. These values are subject to change as we perform additional reviews of our assumptions utilized.

The Company has made a provisional allocation of the purchase price of the Acquisition to the assets acquired and the liabilities assumed as of the purchase date. The following table summarizes the preliminary purchase price allocations relating to the Acquisition (in thousands):

	Fair Value Allocation	
Assets acquired:		
Cash and cash equivalents	\$	1,153
Trade and other receivables		1,626
Prepaid expenses and other current assets		68
Property, plant, and equipment		6
Tradename		2,170
Proprietary technology		8,350
Customer relationships		5,020
Non-compete agreements		2,690
Goodwill		15,306
Total assets acquired	\$	36,389
Liabilities assumed:		
Accounts payable	\$	203
Deferred revenue		1,319
Accrued expenses and other liabilities		116
Deferred tax liability		2,591
Other tax liability, noncurrent		28
Total liabilities assumed		4,257
Estimated fair value of net assets acquired:	\$	32,132

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 tax purposes.

Total acquisition-related costs for the Acquisition incurred during the year ended December 31, 2021 was \$0.5 million and is included in acquisition-related costs in the Company's Statements of Operations. The below table details the acquisition-related costs for the Acquisition (in thousands):

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Accounting fees	\$	115
Legal fees		389
Total acquisition costs	\$	<u>504</u>

Note 10 - IntraNav Acquisition

On December 9, 2021, the Company, through its wholly owned subsidiary, Inpixon Germany, through its wholly owned subsidiary, Nanotron Technologies acquired IntraNav GmbH. IntraNav will bring new, comprehensive products and technologies, and a broad IP portfolio to strengthen the Company's established RTLS product line. In exchange for a Purchase Price of \$1.1 million, the Purchaser acquired all the outstanding shares of IntraNav. The goodwill of \$0.5 million arising from the Acquisition consists of an acquired workforce, as well as synergies and economies of scale expected from combined operations of Nanotron and IntraNav.

The Acquisition is being accounted for as a business combination in accordance with ASC 805. The Company has determined preliminary fair values of the assets acquired and liabilities assumed in the Acquisition. These values are subject to change as we perform additional reviews of our assumptions utilized.

The Company has made a provisional allocation of the purchase price of the Acquisition to the assets acquired and the liabilities assumed as of the purchase date. The following table summarizes the provisional purchase price allocations relating to the Acquisition:

Cash Considerations (EUR)	€	1,000,000
Less: IntraNav's indebtedness in excess of EUR 150,000		—
Total Purchase Price (EUR)	€	<u>1,000,000</u>
Total Purchase Price (USD) - at 1.13249 USD per EUR	\$	<u>1,132,490</u>

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	Fair Value Allocation
Assets acquired:	
Cash and cash equivalents	\$ 109
Accounts receivable	110
Prepaid expenses and other current assets	135
Inventory	844
Right of use asset	312
Property, plant, and equipment	30
Other assets	113
Tradename & trademarks	168
Proprietary technology	507
Customer relationships	197
Goodwill	482
Total assets acquired	\$ 3,007
Liabilities assumed:	
Accounts payable	2
Accrued liabilities	413
Lease liabilities – current	54
Lease liabilities - noncurrent	231
Payable to new parent	391
Deferred revenue	784
Total liabilities assumed	1,875
Estimated fair value of net assets acquired:	\$ 1,132

Total acquisition-related costs for the Acquisition incurred during the year ended December 31, 2021, was \$209,036, and is included in selling, general and administrative expense in the Company's consolidated statements of operations. The following table details the acquisition related costs for the Acquisition:

Accounting fees	\$ 10
Legal fees	199
Total acquisition costs	\$ 209

Note 11 - Proforma Financial Information

Nanotron Proforma and CXApp Proforma Financial Information

The following unaudited proforma financial information presents the consolidated results of operations of the Company, Nanotron and CXApp for the years ended December 31, 2021 and 2020, as if the acquisitions had occurred as of the beginning of the first period presented instead of on October 5, 2020 for Nanotron and on April 30, 2021 for CXApp. 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.

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The proforma financial information for Systat, Ten Degrees, Game Your Game, Visualix and IntraNav have not been presented as it is deemed immaterial.

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

	For the Years Ended December 31,	
	2021	2020
Revenues	\$ 17,845	\$ 16,641
Net loss attributable to common stockholders	\$ (78,430)	\$ (31,568)
Net loss per basic and diluted common share	\$ (0.71)	\$ (0.84)
Weighted average common shares outstanding:		
Basic and Diluted	110,867,515	37,650,031

Note 12 - Inventory

Inventory as of December 31, 2021 and 2020 consisted of the following (in thousands):

	As of December 31,	
	2021	2020
Raw materials	\$ 463	\$ 211
Work-in-process	539	137
Finished goods	1,412	1,033
Subtotal	2,414	1,381
Inventory obsolescence reserve	(438)	(138)
Total Inventory	\$ 1,976	\$ 1,243

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Note 13 - Property and Equipment, net

Property and equipment as of December 31, 2021 and 2020 consisted of the following (in thousands):

	As of December 31,	
	2021	2020
Computer and office equipment	\$ 1,961	\$ 1,421
Furniture and fixtures	447	287
Leasehold improvements	50	45
Software	868	829
Total	3,326	2,582
Less: accumulated depreciation and amortization	(1,884)	(1,137)
Total Property and Equipment, Net	\$ 1,442	\$ 1,445

Depreciation and amortization expense were approximately \$0.4 million and \$0.1 million for the years ended December 31, 2021 and 2020, respectively.

Note 14 - Investment in Equity Securities

Investment securities—fair value consist of investments in the Company’s investment in shares and rights of equity securities. The composition of the Company’s investment securities—fair value was as follows (in thousands):

December 31, 2021	Cost	Fair Value
Investments in equity securities -fair value		
Equity shares	\$ 47,841	\$ 1,493
Equity rights	11,064	345
Total investments in equity securities - fair value	\$ 58,905	\$ 1,838

For the year ended December 31, 2021, the Company recognized a net unrealized loss of \$7.1 million on the statement of operations.

There were no realized gains and losses on equity securities for the year ended December 31, 2021.

Note 15 - Software Development Costs, net

Capitalized software development costs as of December 31, 2021 and 2020 consisted of the following (in thousands):

	As of December 31,	
	2021	2020
Capitalized software development costs	\$ 4,463	\$ 5,275
Accumulated amortization	(2,671)	(3,554)
Software development costs, net	\$ 1,792	\$ 1,721

The weighted average remaining amortization period for the Company’s software development costs is 3.0 years.

Amortization expense for capitalized software development costs was approximately \$0.9 million and \$0.7 million for each of the years ended December 31, 2021 and 2020.

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

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For the Years Ending December 31,	Amount
2022	\$ 802
2023	443
2024	357
2025	99
2026 and thereafter	91
Total	\$ 1,792

Note 16 - Goodwill and Intangible Assets

The Company has recorded goodwill and other indefinite-lived assets in connection with its acquisition of Systat, GTX Nanotron, Locality, Jibestream, CXApp, Game Your Game, and IntraNav. 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 on a reporting unit level during the years ended December 31, 2021 and 2020, as certain indications on a qualitative and quantitative basis were identified that an impairment exists as of the reporting date as of December 31, 2021.

During the year ended December 31, 2021, the Company recognized approximately \$14.8 million of goodwill impairment on GTX, Nanontron, Locality, Jibestream, CXApp, Game Your Game and IntraNav. During the year ended December 31, 2020, the Company did not recognize any goodwill impairment. 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.

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The following table summarizes the changes in the carrying amount of Goodwill for the year ended December 31, 2021 (in thousands):

Segments	Saves		Indoor Intelligence						Total
	Systat	GTX	Nanotron	Locality	Jibestream	CXApp	Game Your Game	IntraNav	
Balance as of January 1, 2020	\$ —	\$ —	\$ —	\$ 672	\$ 1,398	\$ —	\$ —	\$ —	\$ 2,070
Goodwill additions through acquisitions	520	2	3,755	—	15	—	—	—	4,292
Exchange rate fluctuation at December 31, 2020	—	—	176	—	50	—	—	—	226
Balance as of January 1, 2021	\$ 520	\$ 2	\$ 3,931	\$ 672	\$ 1,463	\$ —	\$ —	\$ —	\$ 6,588
Goodwill additions through acquisitions	200	—	—	—	—	17,432	286	482	18,400
Goodwill impairment	—	(1)	(2,263)	(689)	(967)	(10,239)	(307)	(323)	(14,789)
Valuation Measurement Period Adjustments	(25)	—	(255)	—	—	(2,127)	173	—	(2,234)
Exchange rate fluctuation at December 31, 2021	—	—	(294)	17	(16)	—	—	—	(293)
Balance as of December 31, 2021	\$ 695	\$ 1	\$ 1,119	\$ —	\$ 480	\$ 5,066	\$ 152	\$ 159	\$ 7,672

As of December 31, 2021 and 2020 there was no goodwill allocated for the Shoom segment.

Intangible assets at December 31, 2021 and 2020 consisted of the following (in thousands):

	Gross Carrying Amount December 31,		Accumulated Amortization December 31,		Remaining Weighted Average Useful Life
	2021	2020	2021	2020	
	IP Agreement	\$ 172	\$ 186	\$ (54)	
Trade Name/Trademarks	\$ 3,602	\$ 1,112	\$ (662)	\$ (854)	4.25
Webstores & Websites	404	—	(123)	—	2.08
Customer Relationships	9,294	5,590	(1,440)	(2,972)	5.74
Developed Technology	22,175	26,216	(3,010)	(16,646)	8.45
Non-compete Agreements	4,786	2,485	(1,666)	(902)	2.44
Totals	\$ 40,433	\$ 35,589	\$ (6,955)	\$ (21,386)	

Aggregate Amortization Expense:

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Aggregate amortization expense for the years ended December 31, 2021 and 2020 were \$5.1 million and \$2.5 million, respectively.

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

For the Years Ending December 31,	Amount
2022	6,144
2023	5,994
2024	5,038
2025	4,405
2026 and thereafter	11,897
Total	\$ 33,478

Note 17 - Other Long Term Investments

In 2020, the Company paid \$1.8 million for 600,000 Class A Units and 2,500,000 Class B Units of Cardinal Ventures Holdings LLC, (“CVH”). 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”). The \$1.8 million purchase price was paid on October 12, 2020 and therefore is the date the purchase of the Units was closed. On December 16, 2020, the Company increased its capital contribution by \$0.7 million in exchange for an additional 700,000 Class B Units. It is anticipated that the Contribution will be used by CVH to fund the Sponsor’s purchase of securities in the SPAC. The 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.

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 January 1, 2021 to December 31, 2021, CVH had no operating results as CVH is a holding company. CVH only contains units and has not been allocated shares of the SPAC, therefore CVH is not allocating any portion of income or expense incurred by the SPAC. As such, there was 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, 2021:

Investee	Ownership interest as of December 31,		Instrument Held
	2021		
CVH LLC Class A	14.1	%	Units
CVH LLC Class B	38.4	%	Units

Inpixon’s investment in equity method eligible entities are represented on balance sheet as an asset of \$2.5 million as of December 31, 2021 and December 31, 2020. Ownership interest in equity method eligible entities did not change from the year ended December 31, 2020 to December 31, 2021.

Note 18 - Deferred Revenue

Deferred revenue as of December 31, 2021 and 2020 consisted of the following (in thousands):

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	As of December 31,	
	2021	2020
Deferred Revenue		
Maintenance agreements	\$ 4,183	\$ 1,775
Service agreements	622	147
Total Deferred Revenue	\$ 4,805	\$ 1,922

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

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Note 19 - Accrued Liabilities

Accrued liabilities as of December 31, 2021 and December 31, 2020 consisted of the following (in thousands):

	As of December 31,	
	2021	2020
Accrued compensation and benefits	\$ 8,027	\$ 1,266
Accrued interest expense	1,012	536
Accrued bonus and commissions	597	426
Accrued other	707	497
Accrued sales and other indirect taxes payable	322	14
	\$ 10,665	\$ 2,739

Note 20 - Debt

Debt as of December 31, 2021 and 2020 consisted of the following (in thousands):

Short-Term Debt	Interest Rate	Maturity	2021	2020
March 2020 10% Note	10 %	3/18/2022	\$ 3,251	5,655
Third party note payable	8 %	12/31/2022	239	—
Unamortized Debt Discount			—	(254)
Total Short-Term Debt			\$ 3,490	\$ 5,401

Interest expense on the short-term debt totaled approximately \$0.5 million and \$0.7 million and approximately \$0.2 million and \$1.6 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, 2021 and 2020, respectively.

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 \$6.5 million, 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 \$1.5 million and \$0.02 million 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 \$5.0 million. 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.

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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 10% 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 10% 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 10% Note balance. On March 17, 2021, the Company extended the maturity date of the March 2020 10% Note from March 18, 2021 to March 18, 2022.

On February 11, 2021, the Company entered into an exchange agreement with Iliad, pursuant to which the Company and Iliad agreed to: (i) partition a new promissory note in the form of the March 2020 10% Note equal to \$1.5 million and then cause the outstanding balance of the March 2020 10% 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 \$.678. The Company analyzed the exchange of the principal under the March 2020 10% Note as an extinguishment and compared the net carrying value of the debt being extinguished to the reacquisition price (shares of common stock being issued) and recorded approximately a \$0.03 million 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 for the year ended December 31, 2021.

The Company entered into an exchange agreement with Iliad which afforded a free trading date of July 1, 2021, pursuant to which the Company and Iliad agreed to: (i) partition a new promissory note in the form of the March 2020 10% Note equal to \$1.0 million and then cause the outstanding balance of the March 2020 10% Note to be reduced by \$1.0 million; and (ii) exchange the partitioned note for the delivery of 877,192 shares of the Company's Common Stock, at an effective price per share equal to \$.14. The Company analyzed the exchange of the principal under the March 2020 10% Note as an extinguishment and compared the net carrying value of the debt being extinguished to the reacquisition price (shares of common stock being issued) and there was no loss on the exchange for debt for equity.

Third Party Note Payable

On October 29, 2021, Game Your Game entered into a promissory note with an individual whereby it received \$0.3 million for funding of outside liabilities and working capital needs. The promissory note has a interest rate of 8% and is due on or before December 31, 2022. As of December 31, 2021 the balance owed under the note was \$0.3 million.

Note 21 - Capital Raises

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

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Note 21 - Capital Raises (continued)

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.

During the year ended December 31, 2020 under an at-the-market (“ATM”) program, the Company 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.

Registered Direct Offerings

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 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.

On January 24, 2021, the Company entered into a Securities Purchase Agreement with an institutional investor, pursuant to which it sold and issued in a registered direct offering, 5,800,000 shares of its 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. At closing, the Company received approximately \$27.8 million in net proceeds after deducting placement agent commissions and offering expenses. The January 2021 Purchase Warrant and January 2021 Pre-funded Warrant is or was immediately exercisable for one share of common stock for a period until the five year anniversary of 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 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 and issued in a registered direct offering, 7,000,000 shares of its 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. At closing, the Company received approximately \$27.8 million in net proceeds after deducting placement agent commissions and offering expenses. The First February 2021 Purchase Warrant and First February 2021 Pre-funded Warrant is or was immediately exercisable for one share of common stock for a period until the five year anniversary of the issuance date. The First February 2021 Pre-funded warrants were exercised in full as of February 18, 2021.

On February 16, 2021, the Company entered into a Securities Purchase Agreement with an institutional investor, pursuant to which the Company sold and issued in a registered direct offering, 3,000,000 shares of its 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. At closing the Company received approximately \$18.5 million in net proceeds after deducting placement agent commissions and offering expenses. Each Second February 2021 Purchase Warrant and Second February 2021 Pre-funded Warrant is or was immediately exercisable for one share of common stock for a period until the five year anniversary of the issuance date. The Second February 2021 Pre-funded warrants were exercised in full as of March 1, 2021.

On September 13, 2021, the Company entered into a Securities Purchase Agreement with certain institutional investors named therein, pursuant to which the Company sold in a registered direct offering (i) 58,750 shares of Series 7 Convertible Preferred Stock and (ii) related warrants to purchase up to an aggregate of 47,000,000 shares of common stock. Each share of Series 7 Convertible Preferred Stock and the related Warrants were sold at a subscription amount of \$920, representing an original issue discount of 8% of the stated value of each share of Series 7 Convertible Preferred Stock for an aggregate subscription amount

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Note 21 - Capital Raises (continued)

of \$54.1 million. In connection with this offering, the Company filed a Certificate of Designation for the Series 7 Convertible Preferred Stock with the Nevada Secretary of State. The Company has authorized the issuance of 5,000,000 shares of preferred stock, of which 49,250 shares were issued and outstanding as of December 31, 2021. Each share of Series 7 Convertible Preferred Stock has a par value of \$0.001 per share and stated value of \$1,000 per share. The shares of Series 7 Convertible Preferred Stock are convertible into shares of the Company's common stock, at a conversion price of \$1.25 per share. Each share of Series 7 Convertible Preferred Stock is entitled to receive cumulative dividends, payable in the same form as dividends paid on shares of the Company's common stock. At any time beginning on the 6-month anniversary of the date the shares of Series 7 Convertible Preferred Stock are issued and ending ninety 90 days thereafter, the holders of the Series 7 Convertible Preferred Stock have the right to redeem all or part of the shares held by such holder in cash for the redemption price equal to the stated value of such share, plus all accrued but unpaid dividends thereon and all liquidated damages and other costs, expenses or amounts due. Upon redemption, the holder of the Series 7 Convertible Preferred Stock will forfeit 75% of the warrants issued in connection therewith. The holders of the Series 7 Convertible Preferred Stock shall vote together with all other classes and series of stock of the Company as a single class on all actions to be taken by the stockholders of the Company. The Series 7 Convertible Preferred Stock and related warrants subject to forfeiture are recorded as Mezzanine Equity in the accompanying balance sheets as the holder has the option to redeem these shares for cash and the warrants are an embedded feature for the Series 7 Convertible Preferred Stock. The remaining warrants that are not subject to forfeiture are recorded within Stockholders' Equity as the remaining warrants are classified as freestanding instruments. The aggregate net proceeds from the offering, after deducting the placement agent fees and other estimated offering expenses, were approximately \$50.6 million. The Company classified these warrants as equity resulting in a discount of \$4.7 million. See Note 23 for Preferred Stock and Note 26 for Warrant details.

Note 22 - Common Stock

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 \$4.2 million 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 \$2.3 million after subtracting sales commissions and other offering expenses (See Note 21).

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 \$4.6 million 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 21).

During the three months ended June 30, 2020, the Company issued 183,486 shares of common stock for the extinguishment of liability totaling approximately \$0.2 million.

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 5).

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 \$2.3 million after subtracting sales commissions and other offering expenses (See Note 21).

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 21).

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Note 22 - 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 21)

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 26) offered under the Securities Purchase Agreement, resulting in net proceeds of \$3,000. See Note 21 and Note 26 for further details.

During the three months ended March 31, 2021, the Company issued 893,921 shares of common stock under exchange agreements to settle outstanding balances totaling approximately \$1.5 million under partitioned notes. (See Note 20).

During the three months ended March 31, 2021, the Company issued 15,800,000 shares of common stock in connection with registered direct offerings at per share prices between \$1.55 and \$2.01, resulting in net proceeds to the Company of approximately \$74.1 million after subtracting sales commissions and other offering expenses (See Note 21).

During the three months ended March 31, 2021, the Company issued 4,977 shares of common stock issued for cashless stock options exercised.

During the three months ended March 31, 2021, the Company issued 31,505,088 shares of common stock in connection with the exchange of Pre-Funded Warrants (as defined in Note 26) offered under the Securities Purchase Agreement, resulting in net proceeds of \$3.7 million. See Note 21 for further details.

During the three months ended June 30, 2021, the Company issued 1,179,077 shares of common stock in connection with the Game Your Game acquisition with a fair value of approximately \$1.4 million. (See Note 7).

During the three months ended June 30, 2021, the Company issued 369,563 shares of common stock in connection with the Visualix asset purchase with a fair value of approximately \$0.4 million. (See Note 8)

During the three months ended June 30, 2021, the Company issued 8,849,538 shares of common stock in connection with the CXApp acquisition with a fair value of approximately \$10 million. (See Note 9).

During the three months ended June 30, 2021, the Company issued 4,672,988 shares of common stock net of 921,838 shares withheld for employee taxes for restricted stock granted in February 2021 at a par value of \$0.001 per share.

During the three months ended June 30, 2021, the Company issued 414 shares of common stock for cashless stock options exercised.

During the three months ended September 30, 2021, the Company issued 877,192 shares of common stock under an exchange agreement to settle outstanding balances totaling approximately \$1.0 million under a partitioned note. (See Note 20).

During the three months ended September 30, 2021, 9,500 shares of Series 7 Convertible Preferred Stock were converted into 7,600,000 shares of the Company's common stock (See Note 23).

During the three months ended September 30, 2021, 337,500 shares of common stock issued in connection with unvested restricted stock grants were forfeited in connection with the departure of an employee.

During the three months ended December 31, 2021, 152,796 shares of common stock issued in connection with restricted stock grants were forfeited for employee taxes.

Note 23 - Preferred Stock

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Note 23 - Preferred Stock (continued)

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, 2021, there was 1 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, 2021, there were 126 shares of Series 5 Convertible Preferred Stock outstanding.

Series 7 Convertible Preferred Stock

On September 13, 2021, the Company filed the Certificate of Designation with the Secretary of State of the State of Nevada, amending the Company's Articles of Incorporation, as amended, by establishing the Series 7 Convertible Preferred Stock, consisting of 58,750 authorized shares, \$0.001 par value per share and \$1,000 stated value per share. The holders of the Series 7 Convertible Preferred Stock have full voting rights and powers, except as otherwise required by the Articles of Incorporation, as amended, or applicable law. The holders of Series 7 Convertible Preferred Stock shall vote together with all other classes and series of stock of the Company as a single class on all actions to be taken by the stockholders of the Company. Each holder of the Series 7 Convertible Preferred Stock shall be entitled to the number of votes equal to the number of shares of common stock into which the Series 7 Convertible Preferred Stock then held by such holder could be converted on the record date for the vote which is being taken, provided, however, that the voting power of a holder together with its Attribution Parties (as defined in the Certificate of Designation), may not exceed 19.99% (or such greater percentage allowed by the Nasdaq Listing Rules without any shareholder approval requirements). The Series 7 Convertible Preferred Stock is convertible into the number of shares of common stock, determined by dividing the aggregate stated value of the Series 7 Convertible Preferred Stock of \$1,000 per share to be converted by \$1.25.

On September 13, 2021, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain institutional investors named therein, pursuant to which the Company agreed to issue and sell in a registered direct offering (i) up to 58,750 shares of Series 7 Convertible Preferred Stock and (ii) related warrants to purchase up to an aggregate of 47,000,000 shares of common stock (the "Warrants"). Each share of Series 7 Convertible Preferred Stock and the related Warrants (see Note 26) were sold at a subscription amount of \$920, representing an original issue discount of 8% of the stated value for an aggregate subscription amount of \$54.1 million. The shares of Series 7 Convertible Preferred Stocks are recorded as Mezzanine Equity in the accompanying balance sheets as the holder has the option to redeem these shares for cash. The aggregate net proceeds from the offering, after deducting the placement agent fees and other estimated offering expenses, was approximately \$50.6 million. The Company has elected to accrete the issuance costs, discount, and freestanding warrants through the date shares can be first be redeemed at the option of the holders, which is the sixth month anniversary of the Original Issuance Date using the effective interest method.

During the year ended December 31, 2021, 9,500 shares of Series 7 Convertible Preferred Stock were converted into 7,600,000 shares of the Company's common stock.

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Note 23 - Preferred Stock (continued)

As of December 31, 2021 there was 49,250 shares of Series 7 Convertible Preferred stock outstanding.

Note 24 - 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.

On November 18, 2021, the Company filed a certificate of amendment to the Company's articles of incorporation, as amended, with the Secretary of State of the State of Nevada to increase the number of authorized shares of Common Stock from 250,000,000 to 2,000,000,000 shares effective as of November 18, 2021.

Note 25 - Stock Award Plans and Stock-Based Compensation

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 terminated by its terms on August 31, 2021 and no new awards will be issued under the 2011 Plan.

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 than 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.

The aggregate number of shares that may be awarded under the 2018 Plan as of December 31, 2021 is 40,000,000. As of December 31, 2021, 18,882,303 of options were granted to employees, directors and consultants of the Company (including 1 share outside of our plan and 73 shares under our 2011 Plan), 4,182,692 of restricted stock grants were granted to employees of the Company under the 2018 Plan, and 16,935,079 options were available for future grant under the Option Plans.

Employee Stock Options

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 10 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 approximately \$1.9 million. 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, 2021, the Company granted options under the 2018 Plan for the purchase of 14,285,629 shares of common stock to employees and consultants of the Company. These options are 100% vested or vest pro-rata over 12, 24 or 36 months, have a life of 10 years and an exercise price between \$0.69 and \$1.83 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 approximately \$4.6 million. The fair value of the common stock as of the grant date was determined to be between \$0.69 and \$1.83 per share.

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Note 25 - Stock Award Plans and Stock-Based Compensation (continued)

On February 5, 2021, the Company issued 4,977 shares of common stock in connection with the cashless exercise of 14,583 employee stock options.

On June 10, 2021, the Company issued 414 shares of common stock in connection with the cashless exercise of 6,111 employee stock options.

During the year ended December 31, 2021 and 2020, the Company recorded a charge of approximately \$2.3 million and \$1.2 million, respectively, for the amortization of employee stock options (not including restricted stock awards), which is included in the general and administrative section of the condensed consolidated statement of operations.

As of December 31, 2021, the fair value of non-vested options totaled approximately \$4.5 million, which will be amortized to expense over the weighted average remaining term of 1.33 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, 2021 and 2020 were as follows:

	For the Years Ended December 31,	
	2021	2020
Risk-free interest rate	0.59% - 1.26%	0.33% - 0.35%
Expected life of option grants	5 years	5 years
Expected volatility of underlying stock	37.21% - 38.15%	34.43%
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.

See below for a summary of the stock options granted under the 2011 and 2018 plans:

	2011 Plan	2018 Plan	Non Plan	Total	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2020	96	121,699	1	121,796	\$ 123.66	\$ —
Granted	—	5,567,500	—	5,567,500	1.10	—
Exercised	—	—	—	—	—	—
Expired	(7)	(37,397)	—	(37,404)	279.92	—
Forfeitures	—	(201,835)	—	(201,835)	1.26	—
Outstanding at December 31, 2020	89	5,449,967	1	5,450,057	\$ 23.76	\$ —
Granted	—	14,285,629	—	14,285,629	0.95	—
Exercised	—	(20,694)	—	(20,694)	1.10	—
Expired	(16)	(228,856)	—	(228,872)	93.07	—
Forfeitures	—	(603,817)	—	(603,817)	1.35	—
Outstanding at December 31, 2021	73	18,882,229	1	18,882,303	\$ 6.41	\$ —
Exercisable at December 31, 2020	85	1,752,882	1	1,752,968	\$ 70.84	\$ —
Exercisable at December 31, 2021	73	7,235,382	1	7,235,456	\$ 15.19	\$ —

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Note 25 - Stock Award Plans and Stock-Based Compensation (continued)**Restricted Stock Awards**

On February 19, 2021, the Company granted 5,250,000 restricted stock awards to employees of the Company. These stock awards vest either 25% on the Grant Date and 25% on each one year anniversary of Grant Date or 50% on Grant Date and 50% on the one year anniversary. In accordance with the terms of the restricted stock award agreements 921,838 shares of common stock underlying the awards were withheld by the Company in satisfaction of the employee portion of the payroll taxes required to be paid in connection with the grant of such awards.

On April 23, 2021, the Company granted 344,826 restricted stock awards to employees of the Company. These stock awards either vest 50% at the 6 months anniversary and 50% on the one year anniversary or over 2 years pro rata every 6 months.

On August 21, 2021, 337,500 of unvested restricted stock award grants were forfeited in connection with the departure of an employee.

On December 23, 2021, 152,796 of restricted stock award grants were forfeited to satisfy the employee portion of the payroll taxes required to be paid in connection with the grant of such awards.

During the years ended December 31, 2021 and 2020 the Company recorded a charge of approximately \$8.6 million and —, respectively, for the amortization of vested restricted stock awards.

The following table summarizes restricted stock-based award activity granted:

	Number of Shares	Weighted Average Grant Date Fair Value
Balance, January 1, 2021	—	\$ —
Granted	5,594,826	\$ 1.79
Forfeited	(1,412,134)	\$ 1.76
Balance, December 31, 2021	4,182,692	\$ 1.80

The Company determined the fair value of these grants based on the closing price of the Company's common stock on the respective grant dates. The compensation expense is being amortized over the respective vesting periods.

Note 26 - Warrants

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 to 3,000,000 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 issued 3,000,000 shares of common stock in connection with the exercise of 3,000,000 warrants at 0.001 per share.

On January 24, 2021, 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, 5,800,000 shares of the

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Company's common stock, par value \$0.001 per share, and warrants to purchase up to 19,354,838 shares of common stock (the "Purchase Warrants") at a combined offering price of \$1.55 per share. The Purchase Warrants have an exercise price of \$1.55 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 to 3,000,000 shares of common stock (the "Pre-Funded Warrants" and, together with the 5,800,000 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 \$1.549, 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 year ended December 31, 2021, the Company issued 13,554,838 shares of common stock in connection with the exercise of 13,554,838 Pre-Funded Warrants at \$0.001 per share in connection with the January 24, 2021 Securities Purchase Agreement.

On February 12, 2021, 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, 7,000,000 shares of the Company's common stock, par value \$0.001 per share, and warrants to purchase up to 15,000,000 shares of common stock (the "Purchase Warrants") at a combined offering price of \$2.00 per share. The Purchase Warrants have an exercise price of \$2.00 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 to 8,000,000 shares of common stock (the "Pre-Funded Warrants" and, together with the 7,000,000 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 \$1.999, 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 year ended December 31, 2021, the Company issued 8,000,000 shares of common stock in connection with the exercise of 8,000,000 Pre-Funded Warrants at an exercise price of \$0.001 per share in connection with the February 12, 2021 Securities Purchase Agreement.

On February 16, 2021, 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, 3,000,000 shares of the Company's common stock, par value \$0.001 per share, and warrants to purchase up to 9,950,250 shares of common stock (the "Purchase Warrants") at a combined offering price of \$2.01 per share. The Purchase Warrants have an exercise price of \$2.01 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 to 6,950,250 shares of common stock 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 \$2.009, 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 year ended December 31, 2021, the Company issued 6,950,250 shares of common stock in connection with the exercise of 6,950,250 pre-funded warrants at \$0.001 per share in connection with the February 16, 2021 Securities Purchase Agreement.

On September 13, 2021, the Company entered into a Securities Purchase Agreement (the "Offering") with certain investors pursuant to which the Company agreed to issue and sell, in a registered direct offering sold an aggregate of 58,750 shares of the Company's Series 7 Convertible Preferred Shares, par value \$0.001 per share, which are convertible into 47,000,000 shares of

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the Company's common stock and warrants to purchase up to 47,000,000 shares of common stock. Each share and related warrants were sold together at a subscription amount of \$920, representing an original issue discount of 8% of the Stated Value for an aggregate subscription amount of \$54.1 million.

The following table summarizes the changes in warrants outstanding during the years ended December 31, 2021 and 2020:

	Number of Warrants	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Exercisable at January 1, 2020	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	\$ —
Granted	119,810,176	\$ 1.16	—
Exercised	(31,505,088)	0.12	—
Expired	—	—	—
Cancelled	—	—	—
Outstanding at December 31, 2021	96,398,338	\$ 1.97	\$ —
Exercisable at December 31, 2020	8,093,250	\$ 6.70	—
Exercisable at December 31, 2021	96,398,338	\$ 1.97	—

Note 27 - Income Taxes

The domestic and foreign components of loss before income taxes for the years ended December 31, 2021 and 2020 are as follows (in thousands):

	For the Years Ended December 31,	
	2021	2020
Domestic	\$ (58,960)	\$ (24,387)
Foreign	(12,582)	(4,883)
Loss from Continuing Operations before Provision for Income Taxes	\$ (71,542)	\$ (29,270)

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The income tax provision (benefit) for the years ended December 31, 2021 and 2020 consists of the following (in thousands):

	For the Years Ended December 31,	
	2021	2020
Foreign		
Current	\$ 33	\$ 31
Deferred	2,376	(1,815)
U.S. federal		
Current	929	—
Deferred	(9,345)	(5,367)
State and local		
Current	217	3
Deferred	(66)	(1,181)
	<u>(5,856)</u>	<u>(8,329)</u>
Change in valuation allowance	4,444	8,273
Income Tax Benefit	<u>\$ (1,412)</u>	<u>\$ (56)</u>

The reconciliation between the U.S. statutory federal income tax rate and the Company's effective rate for the years ended December 31, 2021 and 2020 is as follows:

	For the Years Ended December 31,	
	2021	2020
U.S. federal statutory rate	21.0 %	21.0 %
State income taxes, net of federal benefit	(0.17)%	3.2 %
Incentive stock options	(0.18)%	(0.4)%
162(m) Compensation Limit	(0.47)%	— %
Goodwill impairment loss	(4.76)%	— %
US-Foreign income tax rate difference	1.20 %	1.0 %
Other permanent items	(0.32)%	— %
Provision to return adjustments	(1.66)%	(0.8)%
Deferred only adjustment	(6.46)%	4.5 %
Change in valuation allowance	(6.21)%	(28.3)%
Effective Rate	<u>1.97 %</u>	<u>0.2 %</u>

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As of December 31, 2021 and 2020, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

(in 000s)	As of December 31,	
	2021	2020
Deferred Tax Asset		
Net operating loss carryovers	\$ 35,033	\$ 30,731
Stock based compensation	2,540	1,253
Research credits	131	138
Accrued compensation	96	86
Reserves	345	151
Intangibles	—	7,411
Fixed assets	393	471
Unrealized gain	12,876	—
Other	260	3,349
Total Deferred Tax Asset	51,674	43,590
Less: valuation allowance	(46,071)	(38,287)
Deferred Tax Asset, Net of Valuation Allowance	\$ 5,603	\$ 5,303
Deferred Tax Liabilities		
As of December 31,		
	2021	2020
Intangible assets	\$ (4,613)	\$ (4,362)
Fixed assets	(239)	(135)
Other	(381)	(440)
Capitalized research	(370)	(366)
Total deferred tax liabilities	(5,603)	(5,303)
Net Deferred Tax Asset (Liability)	\$ —	\$ —

At December 31, 2021, 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 2020 and 2021. Based on the Company's analysis, no ownership changes occurred during 2021. The NOL available to offset future taxable income after 2020 ownership change is approximately \$31.6 million. 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, 2021 and 2020, Inpixon Canada, which was acquired on April 18, 2014 as part of the AirPatrol Merger Agreement, had approximately \$0.9 million and \$16.8 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, 2021 include Jibestream, which was acquired on August 15, 2019 and amalgamated with Inpixon Canada effective January 1, 2020.

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As of December 31, 2021 and 2020, Nanotron GmbH, which was acquired on October 5, 2020, had approximately \$4.3 million and \$53.1 million, respectively, of 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.

As of December 31, 2021, Intranav GmbH, which was acquired on December 8, 2021, had approximately \$7.1 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.

As of December 31, 2021, Active Mind Technology LTD, which was acquired on April 9, 2021 as part of the acquisition of Game Your Game Inc., had approximately \$11.6 million Irish NOL carryovers available to offset future taxable income. These NOLs have an indefinite life and do not expire.

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, Nanotron GmbH, Intranav GmbH and Active Mind Technology LTD and has, therefore, established a full valuation allowance as of December 31, 2021 and 2020. As of December 31, 2021 and 2020, the change in valuation allowance was \$4.4 million and \$9.1 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, Ireland, 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, 2021 and 2020.

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 income tax expense. There were no amounts accrued for interest or penalties for the years ended December 31, 2021 and 2020. 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, 2017. 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 2017 – 2021. The tax years that remain open and subject to India reassessment are tax years beginning March 31, 2016. The German tax authorities may reassess taxes 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 2015 – 2021. In Ireland, assessments must generally be made within four years when returns are filed. The tax years that remain open and subject to Irish reassessment are 2017 – 2021.

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 2020 to permit additional expensing of interest (ii) enacting a technical correction so that

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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 28 - Credit Risk, Concentrations, and Segment Reporting

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, 2021 and 2020 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, 2021 and 2020 (in thousands):

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	\$	%	\$	%
Customer A	—	—%	2,460	26%
Customer B	—	—%	1,221	13%

As of December 31, 2021, no customer accounted for at least 10% of total accounts receivable. As of December 31, 2020, Customer C represented approximately 18% and Customer D represented approximately 11% of total accounts receivable.

As of December 31, 2021, one vendor represented approximately 33% of total gross accounts payable. Purchases from this vendor during the year ended December 31, 2021 was \$0.4 million. As of December 31, 2020, one vendor represented approximately 20% of total gross accounts payable. Purchases from this vendor during the year ended December 31, 2020 was \$0.2 million.

For the year ended December 31, 2021, three vendors represented approximately 21%, 18%, and 17% of total purchases. For the year ended December 31, 2020, three vendors represented approximately 30%, 14%, and 13% of total purchases.

Segments

The Company's operations consist of three reportable segments based on similar economic characteristics, the nature of products and production processes, end-use markets, channels of distribution, and regulatory environments: Indoor Intelligence, Saves, and Shoom.

During the second quarter of 2021, the Company changed the level of detail at which its Chief Executive Officer ("CEO") acting as the Chief Operating Decision Maker, or "CODM") regularly reviews and manages certain of its businesses, resulting in the bifurcation of its former one segment into three standalone reportable segments: Indoor Intelligence, Saves, and Shoom. The Company now manages and reports its operating results through these three reportable segments. This change allows the Company to enhance its customer focus and better align its business models, resources, and cost structure to the specific current and future growth drivers of each business, while providing increased transparency to the Company's shareholders. The historical segment information has been recast to conform to the current segment structure.

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Note 28 - Credit Risk and Concentration (continued)

Gross profit and income (loss) from operations are the primary measures of segment profitability used by the Company's CODM.

Revenue, gross profit, and income (loss) from operations by segment consisted of the following (in thousands):

	For the Years Ended December 31,	
	2021	2020
Revenue by Segment		
Indoor Intelligence	\$ 11,046	\$ 6,060
Saves	2,938	1,218
Shoom	2,011	2,019
Total segment revenue	\$ 15,995	\$ 9,297
Gross profit by Segment		
Indoor Intelligence	\$ 7,833	\$ 4,108
Saves	2,072	884
Shoom	1,716	1,692
Gross profit by Segment	\$ 11,621	\$ 6,684
Income (loss) from operations by Segment		
Indoor Intelligence	\$ (72,054)	\$ (23,976)
Saves	(1,509)	(807)
Shoom	946	989
Income (loss) from operations by Segment	\$ (72,617)	\$ (23,794)

The reporting package provided to the Company's CODM does not include the measure of assets by segment as that information isn't reviewed by the CODM when assessing segment performance or allocating resources.

Note 29 - Fair Value of Financial Instruments

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in ASC 820. The framework is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the ASC 820 hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. We classified our financial instruments measured at fair value on a recurring basis in the following valuation hierarchy.

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Note 29 - Fair Value of Financial Instruments (continued)

	Fair Value at December 31, 2021			
	Total Fair Value	Level 1 - Quoted Prices in Active Markets for Identical Assets	Level 2 - Significant Other Observable Inputs	Level 3 - Significant Unobservable Inputs
Assets:				
Short-term investments	43,125	43,125	—	—
Investments in equity securities	1,838	—	—	1,838
Total assets	<u>\$ 44,963</u>	<u>\$ 43,125</u>	<u>\$ —</u>	<u>\$ 1,838</u>

The following is a discussion of the valuation methodologies used for the Company's assets measured at fair value.

Short-term investments represent U.S. treasury bills with maturities greater than three months. The fair values of the U.S. treasury bills are based on quoted market prices in active markets and are included in the Level 1 fair value hierarchy. The market for U.S. treasury bills is an actively traded market given the high level of daily trading volume.

Investments in equity securities are marked to market based on the respective publicly quoted market prices of the equity securities adjusted for liquidity. The fair value was determined using a pricing model with certain significant unobservable market data inputs.

The Company had no Level 3 investments for the year ended December 31, 2020.

The following table is a reconciliation of assets for Level 3 investments for which significant unobservable inputs were used to determine fair value for the year ended December 31, 2021 (in thousands):

	Level 3
Level 3 Investments	
Balance at beginning of year	\$ —
Transfers in- Sysorex Securities Settlement Agreement	
Benefit (provision) for valuation allowance on related party loan - held for sale	7,461
Interest income (expense), net	1,627
Gain on related party loan held for sale	49,817
Unrealized loss on equity securities	(57,067)
Balance at end of year	<u>\$ 1,838</u>

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Note 30 - 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	Ireland	Eliminations	Total
For the Year Ended December 31, 2021:								
Revenues by geographic area	\$ 10,990	\$ 2,638	\$ 1,626	\$ 3,593	\$ 392	\$ 7	\$ (3,251)	\$ 15,995
Operating income (loss) by geographic area	\$ (60,451)	\$ (6,537)	\$ 159	\$ (5,533)	\$ 11	\$ (255)	\$ (11)	\$ (72,617)
Net income (loss) by geographic area	\$ (57,516)	\$ (6,882)	\$ 124	\$ (5,505)	\$ (5)	\$ (346)	\$ —	\$ (70,130)
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)	\$ —	\$ 1	\$ (23,794)
Net income (loss) by geographic area	\$ (28,276)	\$ (283)	\$ 161	\$ (680)	\$ (137)	\$ —	\$ 1	\$ (29,214)
As of December 31, 2021:								
Identifiable assets by geographic area	\$ 216,338	\$ 7,191	\$ 675	\$ 20,238	\$ 283	\$ 69	\$ (88,121)	\$ 156,673
Long lived assets by geographic area	\$ 27,773	\$ 5,864	\$ 181	\$ 4,624	\$ 2	\$ 4	\$ —	\$ 38,448
Goodwill by geographic area	\$ 5,914	\$ 480	\$ —	\$ 1,278	\$ —	\$ —	\$ —	\$ 7,672
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	\$ 7,756	\$ 6,775	\$ 280	\$ 4,610	\$ 25	\$ —	\$ —	\$ 19,446
Goodwill by geographic area	\$ 522	\$ 2,135	\$ —	\$ 3,931	\$ —	\$ —	\$ —	\$ 6,588

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Note 31 - Related Party Transactions

Sysorex Note Purchase Agreement

Nadir Ali, the Company's Chief Executive Officer and a member of its Board of Directors, was previously a member of the Board of Directors of Sysorex (resigned on May 14, 2021). In addition, Nadir Ali entered into a consulting agreement with Sysorex, pursuant to which he agreed to provide certain business services specified in the agreement for the benefit of Sysorex in exchange for shares of Sysorex's common stock.

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 \$5.0 million.

In accordance with the terms of the Systat License Agreement (see Note 4), 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 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.

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.

During the three months ended March 31, 2020 an additional \$117,000 was advanced under the Secured Note and the Company was entitled to an additional \$251,806 of interest in accordance with the terms of the 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.

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As of April 14, 2021, the Sysorex Note Purchase Agreement was settled, see Sysorex Securities Settlement Agreement below.

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 \$0.6 million for the settlement plus the interest accrued during the fiscal year ended December 31, 2020 of \$0.1 million. The total owed to the Company for this settlement as of December 31, 2021 and 2020 was \$0 and \$0.6 million, respectively. The Company established a full valuation allowance against this balance as of December 31, 2020.

As of April 14, 2021, the Sysorex Receivable was settled, see Sysorex Securities Settlement Agreement below.

Sysorex Securities Settlement Agreement

On April 14, 2021, the Company entered into a Securities Settlement Agreement (the “SSA”) and a Rights Letter Agreement (the “RLA”), each with Sysorex, whereby Sysorex agreed to satisfy in full its outstanding debt, in the aggregate amount of \$9,088,176 as of March 31, 2021, owed to the Company under that certain secured promissory note, originally dated December 31, 2018, as amended from time to time, and in connection with that certain settlement agreement, dated February 20, 2019, by and among the Company, Sysorex and Atlas Technology Group, LLC (the “Debt Settlement”). To effect the Debt Settlement, Sysorex agreed to issue to the Company (i) pursuant to the terms of the SSA, 12,972,189 shares of its common stock, \$0.00001 par value per share, and (ii) rights to acquire 3,000,000 additional shares of its common stock pursuant to the terms of the RLA. The Debt Settlement was entered into in connection with Sysorex’s closing of a reverse triangular merger with TTM Digital Assets & Technologies, Inc.

The Company recorded \$7.5 million for the release of the previously recorded valuation allowance, \$1.6 million of interest income, and a gain on settlement of \$49.8 million equal to the difference in the carry value of the promissory note, including interest and value of the common stock and rights to acquire additional shares received in the settlement.

In connection with the Debt Settlement, the Company also entered into a Registration Rights Agreement, dated as of April 14, 2021 (the “RRA”), with Sysorex and certain other shareholders of Sysorex (the “Holders”). Pursuant to the terms of the RRA, Sysorex must, subject to certain limitations, register the resale of the shares of common stock held by the Company and the Holders, with the U.S. Securities and Exchange Commission (the “SEC”), during the period that begins on the 90th day following April 14, 2021. In the event Sysorex fails to register such shares within that timeframe, or otherwise fails to meet its obligations under the RRA, then, subject to certain limitations, the Company and the Holders may be entitled to receive from Sysorex an amount in cash equal to the product of 1.5% multiplied by the value of their shares (as set forth in the RRA), which amount is payable each month following the date of such failure for so long as the failure continues; provided that the shares are considered “Registrable Securities” as defined by the RRA. The shares of Sysorex common stock were not deemed Registrable Securities as defined by the RRA as of the date of the registration obligation.

Also, under the RRA, if Sysorex determines to prepare and file with the SEC a registration statement relating to an offering of any of its equity securities, for its own account or the account of others, then the Company and the Holders will have the right, subject to certain limitations, to require Sysorex to include in such registration statement all or any part of the shares of common stock held by them.

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 4).

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Inpixon Canada Promissory Note

As of December 31, 2021, Inpixon Canada owed the Company \$16.8 million. This note is recorded as a current note receivable on the Company books, however, it is eliminated in the consolidated financial statements.

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 17).

Consulting Services

Kareem Irfan, a director of the Company, is providing consulting services to the Company in support of strategic initiatives for which he receives compensation of \$10,000 a month under a consulting agreement effective through April 30, 2022 unless terminated earlier under the provisions of the agreement.

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Note 32 - Leases

The Company has operating leases for administrative offices in the United States (California), Canada, India, United Kingdom and Germany.

The Company terminated the lease in Ratingen, Germany in January 2021. The Company entered into two new operating leases for its administrative offices in Ratingen, Germany, both from February 1, 2021 through January 1, 2023. The monthly lease rate is approximately \$2,843 and \$1,144 per month.

As part of the acquisition of IntraNav on December 9, 2021, the Company acquired right-of-use assets and lease liabilities related to an operating lease for an office space (the IntraNav office) located in Frankfurt, Germany. This lease expires on January 6, 2025 and the current lease rate is approximately \$9,753 per month.

The Company has no other operating or financing leases with terms greater than 12 months.

Right-of-use assets is summarized below (in thousands):

	As of December 31, 2021	As of December 31, 2020
Palo Alto, CA Office	\$ 631	\$ 630
Encino, CA Office	—	194
Hyderabad, India Office	359	365
Coquitlam, Canada Office	97	96
Westminster, Canada Office	10	10
Toronto, Canada Office	949	949
Ratingen, Germany Office	90	18
Berlin, Germany Office	536	583
Slough, United Kingdom Office	34	34
Frankfurt, Germany Office	312	—
Less accumulated amortization	(1,282)	(802)
Right-of-use asset, net	<u>\$ 1,736</u>	<u>\$ 2,077</u>

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, 2021 and 2020 was \$1.2 million and \$5.4 million, respectively.

During the years ended December 31, 2021 and 2020, the Company recorded \$0.7 million each year as rent expense to the right-of-use assets.

Lease liability is summarized below (in thousands):

	As of December 31, 2021	As of December 31, 2020
Total lease liability	\$ 1,751	\$ 2,104
Less: short term portion	(643)	(647)
Long term portion	<u>\$ 1,108</u>	<u>\$ 1,457</u>

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Note 32 - Leases (continued)

Maturity analysis under the lease agreement is as follows (in thousands):

Year ending December 31, 2022	\$	733
Year ending December 31, 2023		471
Year ending December 31, 2024		378
Year ending December 31, 2025		258
Year ending December 31, 2026		103
Total	\$	1,943
Less: Present value discount		(192)
Lease liability	\$	1,751

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 available at the date of adoption of Topic 842. As of December 31, 2021, the weighted average remaining lease term is 3.35 and the weighted average discount rate used to determine the operating lease liabilities was 8.0%.

Note 33 - 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

On October 25, 2021, we received a letter from the Listing Qualifications Staff of The Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of our common stock ("Common Stock") for the prior 30 consecutive business days beginning on September 13, 2021, and ending on October 22, 2021, the Company no longer met the requirement to maintain a minimum bid price of \$1.00 per share, as set forth in Nasdaq Listing Rule 5550(a)(2).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have been provided a period of 180 calendar days, or until April 25, 2022, in which to regain compliance. In order to regain compliance with the minimum bid price requirement, the closing bid price of our Common Stock must be at least \$1.00 per share for a minimum of ten consecutive business days during this 180-day period. In the event that we do not regain compliance within this 180-day period, we may be eligible to seek an additional compliance period of 180 calendar days if we meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement, and provide written notice to Nasdaq of our intent to cure the deficiency during this second compliance period, by effecting a reverse stock split, if necessary. However, if it appears to the Nasdaq staff that we will not be able to cure the deficiency, or if we are otherwise not eligible, Nasdaq will provide us with notice that our Common Stock will be subject to delisting.

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Note 34 - Correction of Previously Issued Financial Statements

The Company follows ASC Topic 250, Accounting Changes and Error Corrections, when accounting for accounting changes and errors in previously issued financial statements. The former is a change in accounting principle, a change in accounting estimates or a change in reporting entity. The latter is an error in recognition, measurement, presentation, or disclosure in financial statements resulting from mathematical mistakes, mistakes in the application of generally accepted accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared.

Subsequent to the issuance of the Company’s consolidated and combined financial statements as of September 30, 2021 and 2020 (the “previously issued financial statements”), new information became available to management which required a re-evaluation of the Company’s historical application of ASC Topic 480, Distinguishing Liabilities from Equity (“ASC 480”), and ASC Topic 260, Earnings per Share (“ASC 260”) and concluded a accretion discount of the Series 7 preferred shares should have recorded been as a reduction to the Company’s Net Loss Attributable to Common Stockholders. The error also impacted the company’s Net Loss Per Share- Basic and Diluted calculation. Management evaluated the quantitative and qualitative impact of this accounting error and concluded it was not material to the Company’s previously issued financial statements. Notwithstanding this conclusion, management has revised the accompanying consolidated financial statements and related disclosures included herein to correct this accounting error for all periods presented, as well as the accompanying footnotes affected by the accounting error, which include additional disclosure or corresponding revisions to the Consolidated Statements. The correction of this accounting error had no effect on the Company’s previously reported revenues and operating loss.

The following tables summarize the effect of correcting this accounting error on the Company’s previously issued financial statements:

	Consolidated Statement of Operations Information					
	For the Three Months Ended September 30, 2021			For the Nine Months Ended September 30, 2021		
	As Previously Issued	Adjustment	Corrected	As Previously Issued	Adjustment	Corrected
Net loss attributable to Stockholders of Inpixon	\$ (33,640)	\$ —	\$ (33,640)	\$ (31,438)	\$ —	\$ (31,438)
Accretion of Series 7 preferred stock	\$ —	\$ (2,962)	\$ (2,962)	\$ —	\$ (2,962)	\$ (2,962)
Net Loss Attributable to Common Stockholders	\$ (33,640)	\$ (2,962)	\$ (36,602)	\$ (31,438)	\$ (2,962)	\$ (34,400)
Net Loss Per Share - Basic and Diluted	\$ (0.29)	\$ (0.02)	\$ (0.31)	\$ (0.31)	\$ (0.03)	\$ (0.34)

Note 35 - Subsequent Events

On January 8, 2022 the Company granted 9,945,000 stock options to employees, consultants and directors of the Company. These options are 100% vested at grant or vest over 12 or 48 months, have a life of 10 years and an exercise price of \$0.53 per share.

On January 28, 2022, the Company entered into an Exchange Agreement with the holder of certain existing warrants of the Company which were exercisable for an aggregate of 49,305,088 shares of the Company’s common stock. Pursuant to the Exchange Agreement, the Company has agreed to issue to the Warrant Holder an aggregate of 13,811,407 shares of common stock and rights to receive an aggregate of 3,938,424 shares of common stock in exchange for the existing warrants.

On February 1, 2022, 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 \$500,000 and then cause the outstanding balance of the Original Note to be reduced by

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\$500,000; and (ii) exchange the partitioned note for the delivery of 1,191,611 shares of the Company's Common Stock, at an effective price per share equal to \$0.4196.

On February 18, 2022, 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 \$350,000 and then cause the outstanding balance of the Original Note to be reduced by \$50,000; and (ii) exchange the partitioned note for the delivery of 966,317 shares of the Company's Common Stock, at an effective price per share equal to \$0.3622.

On February 19, 2022, 960,106 shares of common stock issued in connection with restricted stock grants were forfeited for employee taxes.

On March 3, 2022, we entered into a Second Amendment to the CXApp Stock Purchase Agreement with the Sellers' Representative, pursuant to which the parties agreed that withholding taxes payable by the Sellers, as applicable, in connection with the issuance of the Earnout Shares would be offset up to the aggregate amount payable to such Seller by the Company from the Holdback Amount and the Holdback Amount would be reduced by an equal amount. On March 3, 2022, the Company issued 10,873,886 shares of Common Stock to the Sellers in connection with the satisfaction of the Earnout Payment.

Through March 15, 2022, the Company received notice of cash redemption from several holders of Series 7 Convertible Preferred Stock issued September 13, 2021 (as disclosed in Note 23). The redemption period per the purchase agreement begins on March 15, 2022 and ends on June 14, 2022. As of March 15, 2022, redemption notices totaling 33,000 preferred shares have been received for aggregate cash required to be paid of approximately \$3.0 million. In addition, in accordance with the purchase agreement, upon redemption of the preferred stock, each holder will forfeit 75% of the common stock warrants that were issued. Therefore, as of the date of this filing, 33,000 shares of Series 7 Convertible Preferred Stock have been redeemed and 19,800,000 warrants have been forfeited.

On March 15, 2022, 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 \$650,000 and then cause the outstanding balance of the Original Note to be reduced by \$50,000; and (ii) exchange the partitioned note for the delivery of 2,152,317 shares of the Company's Common Stock, at an effective price per share equal to \$0.3020.

Effective as of March 16, 2022, we entered into a third amendment (the "Third Amendment") to the Original Note. Pursuant to the terms of the Third Amendment, the maturity date of the Original Note was extended from March 18, 2022 to March 18, 2023 (the "Maturity Date Extension"). In exchange for the Maturity Date Extension, we agreed to pay a 2% extension fee in the amount of \$56,860.09 (the "Extension Fee"), which was added to the outstanding balance of the Original Note. Following the application of the Extension Fee, as of March 16, 2022, the outstanding balance of the Original Note was \$2,900,654.45.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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, 2021, 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.

Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on the assessment, management has concluded that its internal control over financial reporting was effective as of December 31, 2021 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

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

Beginning on March 15, 2022 through June 14, 2022, pursuant to the terms of a Securities Purchase Agreement, dated September 13, 2021 (as further described under the header "Recent Events" in Item 7 of this annual report), each holder of our Series 7 Preferred Stock may require us to redeem all or part of the shares then held by such holder in cash for the Redemption Amount, provided that in connection with certain events of default described in the Certificate of Designation, the Redemption Amount may be increased to 110% of the Stated Value plus all accrued but unpaid dividends thereon and all liquidated damages and other costs, expenses, or amounts due in respect of such shares. If we fail to pay the full Redemption Amount timely, we will be obligated to pay interest thereon at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, accruing daily from the due date until the redemption amount and all interest thereon are paid in full. In the event a holder of Series 7 Preferred Stock elects to exercise its right of redemption, warrants for 75% of the underlying warrant shares issued to such holder in connection with the purchase agreement pursuant to which the shares of Series 7 Preferred Stock were issued will be forfeited. The aggregate Redemption Amount that we may be required to pay is equal to \$49.25 million. As of the date of this filing, we received redemption notices in an aggregate amount equal to \$33 million and have redeemed of 33,000 shares of Series 7 Preferred Stock and forfeiture of 19,800,000 corresponding warrants.

Effective as of March 16, 2022, we entered into a third amendment (the "Third Amendment") to the Original Note. Pursuant to the terms of the Third Amendment, the maturity date of the Original Note was extended from March 18, 2022 to March 18, 2023 (the "Maturity Date Extension"). In exchange for the Maturity Date Extension, we agreed to pay a 2% extension fee in the amount of \$56,860.09 (the "Extension Fee"), which was added to the outstanding balance of the Original Note. Following the application of the Extension Fee, as of March 16, 2022, the outstanding balance of the Original Note was \$2,900,654.45.

The foregoing description of the Third Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Third Amendment, a copy of which is filed as Exhibit 10.40 to this Current Report on Form 8-K, and is incorporated herein by reference.

The information provided in Item 9B of this annual report is intended to satisfy the disclosure requirements of Items Items 1.01, 2.03 and 2.04 of Form 8-K to the extent required by such items.

ITEM 9C: DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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	53	Chief Executive Officer and Director
Soumya Das	49	Chief Operating Officer
Wendy Loundermon	51	Chief Financial Officer and Secretary of Inpixon and Secretary of Inpixon Canada, Inc. and Director
Leonard Oppenheim	75	Director
Kareem Irfan	61	Director
Tanveer Khader	53	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 continued to serve on its board of directors until May 2021. Mr. Ali is also the Managing Director of 3AM LLC, a company that advises and invests in certain asset classes including real estate and other asset classes since April 26, 2011. Mr. Ali also serves in the capacities set forth below for each of our following direct and indirect subsidiaries (a) director of Inpixon India Limited since April 1, 2005 (b) director and President of Inpixon Canada, Inc., since January 1, 2020, (c) Managing Director of Inpixon GmbH since May 8, 2020, (d) Managing Director of Inpixon GmbH since May 8, 2020, (e) Managing Director of Inpixon Limited since May 13, 2020, (f) Managing Director of Nanotron Technologies GmbH since October 6, 2020 (g) Chief Executive Officer and a director of Design Reactor, Inc. since April 30, 2021, (h) director of Game Your Game, Inc. since April 9, 2021, (i) director of Active Mind Technology Ltd. and (j) Managing Director of IntraNav GmbH.

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. Mr. Das also 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 has also served as a member of the board of Museum on Mile since January 4, 2019. Mr. Das earned an MBA from Richmond College, London, United Kingdom, and Bachelor of Business Management from Andhra University in India.

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. Mr. Irfan has been Chicago-based CEO (Global Businesses) since 2013 of Cranes Software International Limited (Cranes), a group of multinational corporations providing IT, Big-Data Analytics, Business Intelligence & Tech-Education services. Mr. Irfan previously served as Chief Strategy Officer for Cranes; a General Counsel for Schneider Electric (a Paris-based global leader in energy management) from 2005 to 2011; a Chief Counsel for Square D (US), and practiced IP law at two international law firms in the US. He also advises global corporate, NGOs, NPOs and ed-institutions on M&A strategies, ESG/SRI, strategic sustainability & governance, inter-faith bridge-building, diversity/cultural sensitivity, international collaborations, and industry-oriented management/Leadership programs. 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, including over 30 years as a business strategist 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 2021 and acted through 11 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 Lounderman, 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 2021. 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 2021. 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 2021 and acted by written consent one time during 2021. 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 (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	All Other Compensation (\$)	Total (\$)
Nadir Ali, Chief Executive Officer	2021	\$ 280,000	\$ 215,000	\$ 2,745,000	(1) \$ 523,500	(1) \$ 312,157 (3)	\$ 4,075,657
	2020	\$ 280,000	\$ 175,000	\$ —	(1) \$ 336,000	(1) \$ 239,999 (3)	\$ 1,030,999
Soumya Das Chief Operating Officer	2021	\$ 312,000	\$ 292,800	\$ 1,372,500	(1) \$ 209,400	(1) \$ 12,000 (2)	\$ 2,198,700
	2020	\$ 290,625	\$ 48,950	\$ —	(1) \$ 168,000	(1) \$ 136,728 (4)	\$ 644,303
Wendy Loundermon Chief Financial Officer	2021	\$ 280,000	\$ 110,000	\$ 1,372,500	(1) 261,750	(1) \$ 24,232 (5)	\$ 2,048,482
	2020	\$ 250,000	\$ 80,000	\$ —	(1) \$ 168,000	(1) \$ 8,413 (5)	\$ 506,413

(1) The fair value of employee restricted stock and 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. The fair value of each share underlying the restricted stock awards was \$1.83.

(2) Automobile 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, 2021.

Name	Grant Date	Option Awards					Stock Awards	
		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 of restricted stock #	Market value of shares of restricted stock (\$)
Nadir Ali	12/21/2012	1 (1)	0	0	225,642.96	12/21/2022	0	0
	08/14/2013	1 (1)	0	0	1,952,678.70	08/14/2023	0	0
	04/17/2015	2 (2)	0	0	1,677,857.22	04/17/2025	0	0
	05/17/2018	312 (1)	0	0	570.60	05/17/2028	0	0
	01/25/2019	11112 (3)	—	0	101.70	01/25/2029	0	0
	05/10/2019	11112 (3)	—	0	33.75	05/10/2029	0	0
	05/08/2020	833,333 (4)	166,667 (4)	0	1.10	05/08/2030	0	0
	02/19/2021	0	0	0	0		1,500,000 (6)	\$ 2,745,000
	08/16/2021	208,333 (5)	1,291,667 (5)	0	1.03	08/16/2031	0	0
Soumya Das	02/03/2017	1	—	0	188,035.74	02/03/2027	0	0
	05/17/2018	188 (1)	0	0	570.60	05/17/2028	0	0
	01/25/2019	6668 (3)	—	0	101.70	01/25/2029	0	0
	05/10/2019	6668 (3)	—	0	33.75	05/10/2029	0	0
	05/08/2020	416,666 (4)	83,334 (4)	0	1.10	05/08/2030	0	0
	02/19/2021	0	0	0	0		750,000 (7)	\$ 1,372,500
	08/16/2021	83,333 (5)	516,667 (5)	0	1.03	08/16/2031	0	0
	Wendy Loudermon	12/21/2012	1 (1)	0	0	225,643.05	12/21/2022	0
11/18/2013		1 (1)	0	0	1,851,428.70	11/18/2023	0	0
05/09/2014		1 (1)	0	0	3,507,589.35	05/09/2024	0	0
08/05/2015		1 (2)	0	0	1,265,625.00	08/05/2025	0	0
02/25/2016		1	—	0	376,071.30	02/25/2026	0	0
07/20/2016		1	—	0	339,910.65	07/20/2026	0	0
05/17/2018		219 (1)	0	0	570.60	05/17/2028	0	0
01/25/2019		7779 (3)	648 (3)	0	101.70	01/25/2029	0	0
05/10/2019		7779 (3)	2592 (3)	0	33.75	05/10/2029	0	0
05/08/2020		416,666 (4)	83,334 (4)	0	1.10	05/08/2030	0	0
02/19/2021		0	0	0	0		750,000 (7)	\$ 1,372,500
08/16/2021		104,166 (5)	645,834 (5)	0	1.03	08/16/2031	0	0

- (1) This option is 100% vested.
- (2) This option vests 1/48th per month.
- (3) This option vests 1/12th per month.
- (4) This option vests 1/24th per month.
- (5) This option vests 1/36th per month.
- (6) 750,000 shares of restricted stock were unvested as of December 31, 2021
- (7) 375,000 shares of restricted stock were unvested as of December 31, 2021

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. Mr. Das's salary was increased to \$275,000 effective May 31, 2018 and \$312,000 effective January 1, 2021. Effective January 1, 2021, any entitlement to commissions payable to Mr. Das was superseded by adjusting his annual bonus target up to a maximum of \$300,000 subject to the achievement of certain milestones, with tasks, deadlines and amounts determined by the Chief Executive Officer. 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.

Loudermon's salary was increased to \$228,500 effective April 1, 2017, \$250,000 effective March 1, 2018, \$280,000 effective January 2021 and \$300,000 effective January 2022.

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 currently available for issuance under the 2018 Plan is 43,000,000, which number is automatically increased on the first day of each quarter through October 1, 2028, by a number of shares of common stock equal to the least of (i) 3,000,000 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 120,000,000 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 2011 Plan terminated in accordance with its terms on August 31, 2021 and no new awards will be issued under the 2011 Plan.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of December 31, 2021 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	18,882,302	(1)	\$ 1.38	16,935,079
Equity compensation plans not approved by security holders	1	(3)	\$ 1,952,678.70	—
Total	18,882,303		\$ 6.41	16,935,079

- (1) Represents 73 shares of common stock that may be issued pursuant to outstanding stock options granted under the 2011 Plan and 18,882,229 shares of common stock that may be issued pursuant to outstanding stock options granted under the 2018 Plan.
- (2) Represents — shares of common stock available for future issuance in connection with equity award grants under the 2011 Plan and 16,935,079 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, 2021 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 (\$) (1)	Non-equity Incentive plan compensation (\$)	Nonqualified deferred compensation earnings (\$)	All other compensation (\$)	Total (\$)
Leonard Oppenheim	\$ 56,500	—	\$ 59,820	—	—	\$ —	\$ 116,320
Kareem Irfan	\$ 54,000	—	\$ 59,820	—	—	\$ 80,000	(2) \$ 193,820
Tanveer Khader	\$ 47,500	—	\$ 59,820	—	—	\$ —	\$ 107,320

- (1) The fair value of the director 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) Represents amounts paid in connection with the terms of a consulting agreement pursuant to which Mr. Irfan is providing advisory services in support of strategic initiatives for which he receives compensation of \$10,000 a month.

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, 2021, the Board of Directors awarded the independent directors an aggregate of 140,000 non-qualified stock options. The independent directors did not receive any restricted stock awards during the year ended December 31, 2021.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information as of March 3, 2022, 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 3, 2022, 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	2,921,016 (2)	1.9 %
Leonard Oppenheim	200,450 (3)	*
Kareem Irfan	200,449 (4)	*
Tanveer Khader	200,452 (5)	*
Soumya Das	1,273,746 (6)	*
Wendy Loundemon	1,462,530 (7)	*
All executive officers and directors as a group (6 persons)	6,258,643 (8)	4.0 %
More than 5% Beneficial Owner		
Hudson Bay Master Fund Ltd.	15,148,820 (9)	9.2 %
Armistice Capital Master Fund Ltd.	15,200,000 (10)	9.2 %
Altium Growth Fund, LP	9,600,000 (11)	6.0 %
Leon Papkoff	9,545,646 (12)	6.0 %

* Represents beneficial ownership of less than 1%.

(1) Based on 150,324,038 shares outstanding as of March 3, 2022.

(2) Includes (i) 1,023,474 shares of common stock held of record by Nadir Ali, (ii) 1,897,540 shares of common stock issuable upon exercise of options exercisable within 60 days of March 3, 2022, (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 2,625,000 shares of common stock underlying options that are not exercisable within 60 days of March 3, 2022.

(3) Includes (i) 2 shares of common stock held of record by Mr. Oppenheim, and (ii) 200,448 shares of common stock issuable upon exercise of options exercisable within 60 days of March 3, 2022.

(4) Includes (i) 1 shares of common stock held of record by Mr. Irfan and (ii) 200,448 shares of common stock issuable upon exercise of options exercisable within 60 days of March 3, 2022.

(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) 200,448 shares of common stock issuable upon exercise of options exercisable within 60 days of March 3, 2022. Tanveer Khader holds the power to vote and dispose of the SyHolding Corp. shares.

(6) Includes (i) 360,222 shares of common stock held of record by Mr. Das, (ii) 913,524 shares of common stock issuable upon exercise of options exercisable within 60 days of March 3, 2022. Excludes an additional 1,200,001 shares of common stock underlying options that are not exercisable within 60 days of March 3, 2022.

(7) Includes (i) 509,248 shares of common stock held of record by Ms. Loundemon and (ii) 953,282 shares of common stock issuable upon exercise of options exercisable within 60 days of March 3, 2022. Excludes an additional 1,312,502 shares of common stock underlying options that are not exercisable within 60 days of March 3, 2022.

(8) Includes (i) 1,892,949 shares of common stock held directly, or by spouse or relative, (ii) 4 shares of common stock held of record by entities, and (iii) 4,365,690 shares of common stock issuable upon exercise of options exercisable within 60 days of March 3, 2022.

(9) Based on information available to us, Hudson Bay Master Fund Ltd. beneficially owns 15,148,820 shares of Common Stock, consisting of 5,600,000 shares of common stock issuable upon conversion of 7,000 shares of Series 7 Preferred Stock, 5,600,000 shares issuable upon exercise of warrants to purchase common stock and 3,938,424 shares of common stock issuable upon the exercise of outstanding rights. Hudson Bay Capital Management LP serves as the investment manager to Hudson Bay Master Fund Ltd., in whose name the securities are held. As such, the investment manager may be deemed to be the beneficial owner of the securities held by Hudson Bay Master Fund Ltd. Mr. Gerber serves as the managing member of Hudson Bay Capital GP LLC, which is the general partner of the Investment Manager. Mr. Gerber

disclaims beneficial ownership of these securities. The address of the principal business office of each of Hudson Bay Master Fund Ltd., Hudson Bay Capital Management LP and Mr. Gerber is 28 Havemeyer Place, 2nd Floor, Greenwich, Connecticut 06830.

- (10) Based on information available to us, Armistice Capital Master Fund Ltd. (the "Master Fund") beneficially owns 15,200,000 shares of Common Stock, consisting of 7,600,000 shares of common stock issuable upon conversion of 9,500 shares of Series 7 Preferred Stock and 7,600,000 shares issuable upon exercise of warrants to purchase common stock. Armistice Capital, LLC ("Armistice Capital") is the investment manager of the Master Fund, the direct holder of the securities and pursuant to an Investment Management Agreement, Armistice Capital exercises voting and investment power over these securities held by the Master Fund and thus may be deemed to beneficially own these securities. Mr. Steven Boyd, as the managing member of Armistice Capital, may be deemed to beneficially own the securities held by the Master Fund. The Master Fund specifically disclaims beneficial ownership of these securities directly held by it by virtue of its inability to vote or dispose of such securities as a result of its Investment Management Agreement with Armistice Capital. The address of the principal business office of each of the Master Fund, Armistice Capital and Mr. Boyd is 510 Madison Avenue, 7th Floor, New York, New York 100220.
- (11) Based on information available to us, Altium Growth Fund, LP (the "Fund") beneficially owns 9,600,000 shares of Common Stock, consisting of 4,800,000 shares of common stock issuable upon conversion of 6,000 shares of Series 7 Preferred Stock and 4,800,000 shares issuable upon exercise of warrants to purchase common stock. Altium Capital Management, LP is the investment adviser of the Fund, the direct holder of the securities, and may be deemed to beneficially own securities, owned by, the Fund. Altium Growth GP, LLC is the general partner of, and may be deemed to beneficially own securities owned by, the Fund. The address of the principal business office of each of Altium Growth Fund LP, Altium Capital Management, LLC and Altium Growth GP, LLC is 152 West 57th Street, FL 20, New York, NY 10019
- (12) Based on information available to us, Mr. Papkoff owns 4,042,328 shares of common stock and 5,503,318 shares of common stock that have been earned and are issuable as earnout shares in connection with our acquisition of The CXApp.

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 2021 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, 2020, 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

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, 2021 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, 2021. 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 raised 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 “Atlas Settlement Agreement”). 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 owed the Company \$648,183 as of December 31, 2020 for the settlement plus the interest accrued during the fiscal year ended December 31, 2021 of \$31,824.

Sysorex Settlement

On April 14, 2021, the Company entered into a Securities Settlement Agreement (the “SSA”) and a Rights Letter Agreement (the “RLA”), each with Sysorex, whereby Sysorex agreed to satisfy in full its outstanding debt, in the aggregate amount of \$9,088,175.97 as of March 31, 2021, owed to us under that certain secured promissory note, originally dated

December 31, 2018, as amended from time to time, and in connection with the Atlas Debt Settlement. To effect the Debt Settlement, Sysorex agreed to issue to us (i) pursuant to the terms of the SSA, 12,972,189 shares of its common stock, \$0.00001 par value per share, and (ii) rights to acquire 3,000,000 additional shares of its common stock pursuant to the terms of the RLA. The Debt Settlement was entered into in connection with Sysorex's closing of a reverse triangular merger with TTM Digital Assets & Technologies, Inc.

In connection with the Debt Settlement, the Company also entered into a Registration Rights Agreement, dated as of April 14, 2021 (the "RRA"), with Sysorex and certain other shareholders of Sysorex (the "Holders"). Pursuant to the terms of the RRA, Sysorex was required, subject to certain limitations, to register the resale of the shares of common stock held by the Company, with the U.S. Securities and Exchange Commission (the "SEC"), 90 days following April 14, 2021.

Also, under the RRA, if Sysorex determines to prepare and file with the SEC a registration statement relating to an offering of any of its equity securities, for its own account or the account of others, then the Company will have the right, subject to certain limitations, to require Sysorex to include in such registration statement all or any part of the shares of common stock held by it.

Nadir Ali, Chief Executive Officer and member of the Board, was a member of the board of directors of Sysorex until his resignation on May 14, 2021. Nadir Ali entered into a consulting agreement with Sysorex, pursuant to which he agreed to provide certain business services specified in the agreement for the benefit of Sysorex in exchange for shares of Sysorex's common stock.

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.

Consulting Services

Kareem Irfan, a director of the Company, is providing consulting services to the Company in support of strategic initiatives for which he receives compensation of \$10,000 a month under a consulting agreement effective through April 30, 2022 unless terminated earlier under the provisions of the agreement.

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, 2021 and 2020.

	2021	2020
Audit Fees(1)	\$ 332,039	\$ 355,024
Audit Related Fees	\$ 174,343	\$ —
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 2021 and 2020 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 2021 and 2020, 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 2021 or 2020.

All Other Fees. Marcum did not perform any services for us or charge any fees other than the services described above in 2021 and 2020.

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 2021.

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.

Date: March 16, 2022

INPIXON

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:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Nadir Ali</u> Nadir Ali	Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2022
<u>/s/ Wendy Loundermon</u> Wendy Loundermon	Chief Financial Officer and Director (Principal Financial and Accounting Officer)	March 16, 2022
<u>/s/ Leonard A. Oppenheim</u> Leonard A. Oppenheim	Director	March 16, 2022
<u>/s/ Kareem Irfan</u> Kareem Irfan	Director	March 16, 2022
<u>/s/ Tanveer Khader</u> Tanveer Khader	Director	March 16, 2022

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	<u>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.</u>	S-1	333-191648	2.4	October 9, 2013	
2.2	<u>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.</u>	S-1/A	333-191648	2.6	January 21, 2014	
2.3	<u>Amendment No. 1 to Agreement and Plan of Merger dated February 28, 2014 with AirPatrol Corporation.</u>	S-1/A	333-191648	2.7	March 13, 2014	
2.4	<u>Amendment No. 2 to Agreement and Plan of Merger dated April 18, 2014 with AirPatrol Corporation.</u>	8-K	001-36404	2.8	April 24, 2014	
2.5	<u>Waiver and Amendment No. 3 to Agreement and Plan of Merger dated May 30, 2014 with AirPatrol Corporation.</u>	S-1	333-198502	12.9	August 29, 2014	
2.6†	<u>Asset Purchase Agreement, dated as of April 24, 2015, between Sysorex Global Holdings Corp., LightMiner Systems, Inc. and Chris Baskett.</u>	8-K	001-36404	2.1	April 30, 2015	
2.7	<u>Separation and Distribution Agreement, dated August 7, 2018 between Inpixon and Sysorex, Inc.</u>	10-Q	001-36404	2.1	August 13, 2018	
2.8	<u>Amendment No. 1 to Separation and Distribution Agreement dated August 31, 2018 between Inpixon and Sysorex, Inc.</u>	8-K	001-36404	10.5	September 4, 2018	

2.9†	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
2.10†	Asset Purchase Agreement, dated June 27, 2019, by and between Inpixon and GTX Corp.	8-K	001-36404	2.1	July 1, 2019
2.11†	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
2.12†	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
2.13	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
2.14†	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
2.15†	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

2.16	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
2.17†	Stock Purchase Agreement, dated as of March 25, 2021, among Inpixon, Game Your Game, Inc., Rick Clemmer, and Martin Manniche.	10-K	001-36404	2.23	March 31, 2021
2.18†	Stock Purchase Agreement, dated as of April 30, 2021, among Inpixon, Design Reactor, Inc., dba The CXApp, the sellers set forth on the signature page thereto and each other person who owns outstanding capital stock of The CXApp and executes a Joinder to Stock Purchase Agreement, and Leon Papkoff, as Sellers' Representative	8-K	001-36404	2.1	May 6, 2021
2.19†	Share Sale and Purchase Agreement, dated as of December 8, 2021, between Nanotron Technologies GmbH and the Shareholders of IntraNav GmbH.	8-K	001-36404	2.1	December 13, 2021
2.20	Amendment to Stock Purchase Agreement, dated as of December 30, 2021, by and between Inpixon and Leon Papkoff, in his capacity as the Sellers' Representative.	8-K	001-36404	2.1	December 30, 2021
2.21	Second Amendment to Stock Purchase Agreement, dated as of March 3, 2022, by and between Inpixon and Leon Papkoff, in his capacity as Sellers' Representative	8-K	001-36404	2.1	March 9, 2022
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
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	Certificate of Amendment to the Articles of Incorporation increasing the number of authorized shares of Common Stock from 250,000,000 to 2,000,000,000 filed with the Secretary of State of the State of Nevada on November 18, 2021	8-K	001-36404	3.1	November 19, 2021
3.12	Bylaws, as amended.	S-1	333-190574	3.2	August 12, 2013
3.13	Bylaws Amendment	8-K	001-36404	3.2	September 13, 2021
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	Form of Warrant Agency Agreement	S-1/A	333-218173	4.7	June 23, 2017
4.6	Form of Additional Warrant	8-K	001-36404	4.1	August 9, 2017
4.7	Form of Warrant	8-K	001-36404	4.1	January 9, 2018
4.8	Form of Warrant	8-K	001-36404	4.1	February 16, 2018
4.9	Form of Warrant	8-K	001-36404	4.1	April 24, 2018
4.10	Form of Warrant	8-K	001-36404	4.1	January 15, 2019
4.11	Form of Warrant Agency Agreement	8-K	001-36404	4.2	January 15, 2019
4.12	Promissory Note, dated as of May 3, 2019	8-K	001-36404	4.1	May 3, 2019
4.13	Promissory Note, dated as of June 27, 2019.	8-K	001-36404	4.1	June 27, 2019

4.14	Form of Series A warrants.	8-K	001-36404	4.2	August 14, 2019
4.15	Series 6 Preferred Certificate of Designation, effective as of August 13, 2019.	8-K	001-36404	4.1	August 14, 2019
4.16	Description of Registrant’s Securities				X
4.17	Promissory Note, dated as of March 18, 2020.	8-K	001-36404	4.1	March 20, 2020
4.18	Form of Warrant	8-K	001-36404	4.1	September 13, 2021
4.19	Series 7 Convertible Preferred Stock Certificate of Designation, filed with the Secretary of State of the State of Nevada and effective September 13, 2021	8-K	001-36404	3.1	September 15, 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 Incentive Stock Option Agreement.	10-K	001-36404	10.8	March 31, 2021
10.7+	2018 Employee Stock Incentive Plan Form of Non-Qualified Stock Option Agreement.	10-K	001-36404	10.7	March 31, 2021

10.8+	2018 Employee Stock Incentive Plan Form of Restricted Stock Award Agreement.	10-K	001-36404	10.6	10-K	March 31, 2021
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+	Amendment to Employment Agreement dated August 31, 2018 among Inpixon, Sysorex, Inc. and Soumya Das	8-K	001-36404	10.8	September 4, 2018
10.19+	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
10.20+	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
10.21+	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
10.22	Second Amendment Agreement, dated as of April 2, 2019, between Inpixon and Sysorex, Inc.	8-K	001-36404	10.1	April 5, 2019
10.23†	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
10.24†	Patent License Agreement, dated June 27, 2019, by and between Inpixon and Inventergy.	8-K	001-36404	10.4	July 1, 2019
10.25†	Patent License Agreement, dated June 27, 2019, by and between Inpixon and GTX Corp.	8-K	001-36404	10.2	July 1, 2019

10.27	Note Purchase Agreement, dated as of March 18, 2020.	8-K	001-36404	10.1	March 20, 2020
10.28†	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
10.29	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
10.30+	Amendment No. 4 to Inpixon 2018 Employee Stock Incentive Plan.	10-Q	001-36404	10.7	August 14, 2020
10.31	Form of Amended and Restated Limited Liability Company Agreement of Cardinal Venture Holdings LLC.	8-K	001-36404	10.2	October 5, 2020
10.32	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
10.33	Securities Settlement Agreement, dated as of April 14, 2021, by and between Sysorex, Inc. and Inpixon.	8-K	001-36404	10.1	April 14, 2021
10.34	Right to Shares Letter Agreement, dated as of April 14, 2021, by and between Sysorex, Inc. and Inpixon.	8-K	001-36404	10.2	April 14, 2021

10.35	Form of Registration Rights Agreement, dated as of April 14, 2021 by and among Sysorex, Inc. and the parties to the Securities Subscription Agreement and certain other parties.	8-K	001-36404	10.3	April 14, 2021	
10.36#	Stockholders' Agreement, dated as of April 9, 2021, among Inpixon, Game Your Game, Inc. and the Minority Stockholders.	8-K	001-36404	10.4	April 14, 2021	
10.37+	Consulting Agreement, effective as of May 1, 2021, by and between Inpixon and Kareem M. Irfan.					X
10.38+	Amendment to the Inpixon 2018 Employee Stock Incentive Plan	8-K	001-36404	10.1	November 19, 2021	
10.39	Exchange Agreement, dated January 28, 2022, by and between Inpixon and the Warrant Holder	8-K	001-36404	10.1	January 28, 2022	
10.40	Amendment #3 to Promissory Note, dated as of March 16, 2022, by and between Inpixon and Iliad Research and Trading, L.P.					X
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, 2021. 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, 2021.	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, 2021.	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
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
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)	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.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT
TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

Inpixon's class of common stock is registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The following description of our common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our articles of incorporation, as amended, and our bylaws, as amended, each of which is incorporated herein by reference as an exhibit to the Annual Report on Form 10-K filed with the Securities and Exchange Commission, of which this Exhibit is a part. We encourage you to read our articles of incorporation, our bylaws and the applicable provisions of the Nevada Revised Statutes for additional information.

Authorized and Outstanding Capital Stock

We have 2,005,000,000 authorized shares of capital stock, par value \$0.001 per share, of which 2,000,000,000 were shares of common stock and 5,000,000 were shares of "blank check" preferred stock.

Common Stock

The holders of our common stock are entitled to one vote per share. In addition, the holders of our common stock will be entitled to receive pro rata dividends, if any, declared by our board of directors out of legally available funds; however, the current policy of our board of directors is to retain earnings, if any, for operations and growth. Upon liquidation, dissolution or winding-up, the holders of our common stock are entitled to share ratably in all assets that are legally available for distribution. The holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of any series of preferred stock, which may be designated solely by action of our board of directors and issued in the future.

Anti-Takeover Effects of Nevada Law and our Articles of Incorporation and Bylaws

Our articles of incorporation, our bylaws and the Nevada Revised Statutes contain provisions that could delay or make more difficult an acquisition of control of our company not approved by our board of directors, whether by means of a tender offer, open market purchases, proxy contests or otherwise. These provisions have been implemented to enable us to develop our business in a manner that will foster our long-term growth without disruption caused by the threat of a takeover not deemed by our board of directors to be in the best interest of our company and our stockholders. These provisions could have the effect of discouraging third parties from making proposals involving an acquisition or change of control of our company even if such a proposal, if made, might be considered desirable by a majority of our stockholders. These provisions may also have the effect of making it more difficult for third parties to cause the replacement of our current management without the concurrence of our board of directors.

Set forth below is a description of the provisions contained in our articles of incorporation, bylaws and Nevada Revised Statutes that could impede or delay an acquisition of control of our company that our board of directors has not approved. This description is intended as a summary only and is qualified in its entirety by reference to our articles of incorporation and bylaws, forms of each of which are included as exhibits to the registration statement of which this prospectus forms a part.

Authorized But Unissued Preferred Stock

We are currently authorized to issue a total of 5,000,000 shares of preferred stock. Our articles of incorporation provide that the board of directors may issue preferred stock by resolutions, without any action of the stockholders. In the event of a hostile takeover, the board of directors could potentially use this preferred stock to preserve control.

Filling Vacancies

Our bylaws establish that the board shall be authorized to fill any vacancies on the board arising due to the death, resignation or removal of any director. The board is also authorized to fill vacancies if the stockholders fail to elect the full authorized number of directors to be elected at any annual or special meeting of stockholders. Vacancies in the board may be filled by a majority of the remaining directors then in office, even though less than a quorum of the board, or by a sole remaining director.

Removal of Directors

The provisions of our bylaws may make it difficult for our stockholders to remove one or more of our directors. Our bylaws provide that the entire board of directors, or any individual director, may be removed from office at any special meeting of stockholders called for such purpose by vote of the holders of two-thirds of the voting power entitling the stockholders to elect directors in place of those to be removed. Furthermore, according to our bylaws, no director may be removed (unless the entire board is removed) when the votes cast against removal or not consenting in writing to such removal would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote, were voted) and the entire number of directors authorized at the time of the directors' most recent election were then being elected. Our bylaws also provide that when, by the provisions of our articles of incorporation, the holders of the shares of any class or series voting as a class or series are entitled to elect one or more directors, any director so elected may be removed only by the applicable vote of the holders of the shares of that class or series.

Board Action Without Meeting

Our bylaws provide that the board may take action without a meeting if all the members of the board consent to the action in writing. Board action through consent allows the board to make swift decisions, including in the event that a hostile takeover threatens current management.

No Cumulative Voting

Our bylaws and articles of incorporation do not provide the right to cumulate votes in the election of directors. This provision means that the holders of a plurality of the shares voting for the election of directors can elect all of the directors. Non-cumulative voting makes it more difficult for an insurgent minority stockholder to elect a person to the board of directors.

Stockholder Proposals

Except to the extent required under applicable laws, we are not required to include on our proxy card, or describe in our proxy statement, any information relating to any stockholder proposal and disseminated in connection with any meeting of stockholders.

Amendments to Articles of Incorporation and Bylaws

Our articles of incorporation give both the directors and the stockholders the power to adopt, alter or repeal the bylaws of the corporation. Any adoption, alteration, amendment, change or repeal of the bylaws by the stockholders requires an affirmative vote by a majority of the outstanding stock of the company. Any bylaw that has been adopted, amended, or repealed by the stockholders may be amended or repealed by the board, except that the board shall have no power to change the quorum for meetings of stockholders or of the board or to change any provisions of the bylaws with respect to the removal of directors or the filling of vacancies in the board resulting from the removal by the stockholders. Any proposal to amend, alter, change or repeal any provision of our articles of incorporation requires approval by the affirmative vote of a majority of the voting power of all of the classes of our capital stock entitled to vote on such amendment or repeal, voting together as a single class, at a duly constituted meeting of stockholders called expressly for that purpose.

Nevada Statutory Provisions

We are subject to the provisions of NRS 78.378 to 78.3793, inclusive, an anti-takeover law, which applies to any acquisition of a controlling interest in an "issuing corporation." In general, such anti-takeover laws permit the articles of incorporation, bylaws or a resolution adopted by the directors of an "issuing corporation" (as defined in NRS 78.3788) to impose stricter requirements on the acquisition of a controlling interest in such corporation than the provisions of NRS 78.378 to 78.3793, inclusive, as well as permit the directors of an issuing corporation to take action to protect the interests of the corporation and its stockholders, including, but not limited to, adopting plans, arrangements or other instruments that grant or deny rights, privileges, power or authority to holder(s) of certain percentages of ownership and/or voting power. Further, an "acquiring person" (and those acting in association) only obtains such voting rights in the control shares as are conferred by resolution of the stockholders at either a special meeting requested by the acquiring person, provided it delivers an offeror's statement pursuant to NRS 78.3789 and undertakes to pay the expenses thereof, or at the next special or annual meeting of stockholders. In addition, the anti-takeover law generally provides for (i) the redemption by the issuing corporation of not less than all of the "control shares" (as defined) in accordance with NRS 78.3792, if so provided in the articles of incorporation or bylaws in effect on the 10th day following the acquisition of a controlling interest in an "issuing corporation", and (ii)

dissenter's rights pursuant to NRS 92A.300 to 92A.500, inclusive, for stockholders that voted against authorizing voting rights for the control shares.

We are also subject to the provisions of NRS 78.411 to 78.444, inclusive, which generally prohibits a publicly held Nevada corporation from engaging in a "combination" with an "interested stockholder" (each as defined) that is the beneficial owner, directly or indirectly, of at least ten percent of the voting power of the outstanding voting shares of the corporation or is an affiliate or associate of the corporation that previously held such voting power within the past three years, for a period of three years after the date the person first became an "interested stockholder", subject to certain exceptions for authorized combinations, as provided therein.

In accordance with NRS 78.195, our articles of incorporation provide for the authority of the board of directors to issue shares of preferred stock in series by filing a certificate of designation to establish from time to time the number of shares to be included in such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof, subject to limitations prescribed by law.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Nasdaq Capital Market Listing

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

CONSULTING AGREEMENT

This Consulting Agreement (“**Agreement**”) is made as of May 1, 2021 (“**Effective Date**”) by and between **Inpixon**, a Nevada corporation (“**Company**”), and Kareem M. Irfan, Esq., an individual, (“**Consultant**”), having its principal place of business at Chicago, IL.

Consultant and Company agree as follows:

1. **Services and Payment.** Consultant agrees to undertake and complete the **Services** (as defined in **Exhibit A**) in accordance with the applicable statement of work, a form of which is attached as **Exhibit A** hereto, which will be executed by both parties (“**Statement of Work**”). Unless otherwise specifically agreed upon by Company in writing (and notwithstanding any other provision of this Agreement), all activity relating to Services will be performed by and only by Consultant or by employees of Consultant and only those such employees who have been approved in writing in advance by Company (“**Consultant Personnel**”). Consultant agrees that it will not (and will not permit others to) violate any agreement with or rights of any third party or, except as expressly authorized by Company in writing hereafter, use or disclose at any time Consultant’s own or any third party’s (including without limitation the Company’s) confidential information or intellectual property in connection with the Services or otherwise for or on behalf of Company.

2. **Ownership; Rights; Proprietary Information; Publicity.**

a. Company shall own all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, *sui generis* database rights and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), works of authorship, mask works, designations, designs, know-how, ideas and information made or conceived or reduced to practice, in whole or in part, by Consultant in connection with the Services or any Proprietary Information (as defined below) (collectively, “**Inventions**”). Consultant will promptly disclose and provide all Inventions to Company and will keep adequate and current written records of all Inventions, which records shall be available to and shall remain the sole property of Company. Consultant hereby makes, and agrees to make in the future, all assignments necessary to accomplish the foregoing ownership. Consultant represents, warrants, and covenants that Consultant has obtained or will obtain, prior to having any particular Consultant Personnel perform Services, an assignment of such Consultant Personnel’s rights in Inventions as needed to give effect to Company’s ownership as contemplated above; provided that no assignment is made that extends beyond what is allowed under applicable law. Consultant shall assist Company (and, where applicable, shall cause Consultant Personnel to assist Company), at Company’s expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce and defend any rights assigned. Consultant hereby irrevocably designates and appoints Company as its agent and attorney-in-fact, coupled with an interest, to act for and on Consultant’s behalf to execute and file any document and to do all other lawfully permitted acts to further the foregoing with the same legal force and effect as if executed by Consultant.

b. Consultant agrees that all Inventions and all other business, technical and financial information (including, without limitation, computer programs, technical drawings, algorithms, know-how, trade secrets, formulas, processes, ideas, inventions (whether patentable or copyrightable not), improvements, schematics, customer lists and customer information, suppliers and supplier information, pricing information, product development, sales and marketing plans and strategies, personnel information, and other technical, business, financial, customer and product information), Consultant learns, develops or obtains in connection with the Services or that are received by or for Consultant in confidence, constitute “**Proprietary Information**.” Consultant shall hold in confidence and not disclose or, except in performing the Services, use any Proprietary Information. However, Consultant shall not be obligated under this Section 2.b with respect to information Consultant can document rightfully is or rightfully becomes readily publicly available without restriction through no fault of Consultant. Upon termination or as otherwise requested by Company, Consultant will promptly return to Company all items and copies containing or embodying Proprietary Information, except that Consultant may keep its personal copies of its compensation records and this Agreement. Consultant also recognizes and agrees that Consultant has no expectation of privacy with respect to Company’s telecommunications, networking or information processing systems (including, without limitation, stored computer files, email messages and voice messages), and that Consultant’s activity, and any files or messages, on or using any of those systems may be monitored at any time without notice.

c. If any part of the Services or Inventions is based on, incorporates, or is an improvement or derivative of, or cannot be reasonably and fully made, used, reproduced, distributed and otherwise exploited

without using or violating technology or intellectual property rights owned or licensed by Consultant and not assigned hereunder, Consultant hereby grants Company and its successors a perpetual, irrevocable, worldwide royalty-free, non-exclusive, sublicensable right and license to exploit and exercise all such technology and intellectual property rights in support of Company's exercise or exploitation of the Services, Inventions, other work performed hereunder, or any assigned rights (including any modifications, improvements and derivatives of any of them).

d. Consultant represents that his performance of all terms of this Agreement as a consultant of the Company has not breached and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by Consultant prior or subsequent to the commencement of Consultant's consultant relationship with the Company, and Consultant will not disclose to the Company, or use, any inventions, confidential or non-public proprietary information or material belonging to any previous client, employer or any other party. Consultant will not induce the Company to use any inventions, confidential or non-public proprietary information or material belonging to any previous client, employer or any other party.

e. Consultant recognizes that the Company has received and, in the future, will receive confidential or proprietary information from third parties subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Consultant agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out Consultant's work for the Company consistent with the Company's agreement with such third party.

3. **Warranty and other Obligations.** Consultant warrants that: (i) the Services will be free from material defects and performed in a professional and workmanlike manner and that none of such Services nor any part of this Agreement is or will be inconsistent with any obligation Consultant may have to others; (ii) all work under this Agreement shall be Consultant's original work and none of the Services or Inventions nor any development, use, production, distribution or exploitation thereof will infringe, misappropriate or violate any intellectual property or other right of any person or entity (including, without limitation, Consultant); and (iii) Consultant has the full right to allow itself to provide Company with the assignments and rights provided for herein and, in addition, Consultant will have each person who may be involved in any way with, or have any access to, any Services or Proprietary Information enter into (prior to any such involvement or access) a binding agreement for Company's benefit that contains provisions at least as protective as those contained herein; (iv) Consultant shall comply with all applicable laws and Company safety rules in the course of performing the Services; and (v) if Consultant's work requires a license, Consultant has obtained that license and the license is in full force and effect. To the maximum extent permitted by law, Consultant shall unconditionally indemnify, hold harmless and defend Company and all of its directors, officers, employees, and agents from and against all claims, losses, injury, damage, withholdings and legal liability, including attorney's fees and litigation costs, caused by the negligence, fault, error or omission of Consultant, its agents or representatives. Such indemnity shall extend to all claims, losses, injury, damage, withholdings and legal liability arising from or related to any infringement or violation of any patent, copyright, trade secret, license or other property or contractual right of any third party.

4. **Term and Termination.** This Agreement shall commence upon the Effective Date and shall continue in effect until terminated pursuant to (i) this Section 4 or (ii) April 30, 2022 which date may be extended by the Company (and for which notice may be provided by the Company via email from a Vice President or above). Company may terminate this agreement at any time without notice if Consultant breaches a material provision of this Agreement. Company also may terminate this Agreement at any time, upon 30 calendar days written or email notice but Company shall upon such termination pay Consultant all unpaid, undisputed amounts due for the Services completed prior to the notice of such termination. Consultant may terminate the Agreement upon 30 calendar days written notice. Sections 2 through 12 of this Agreement and any remedies for breach of this Agreement shall survive any termination or expiration of this Agreement. Company may communicate the obligations contained in this Agreement to any other (or potential) client or employer of Consultant.

5. **Relationship of the Parties; Independent Contractor; No Employee Benefits** Notwithstanding any provision hereof, Consultant is an independent contractor, and neither Consultant nor any Consultant Personnel is an employee, agent, partner or joint venture of Company, and neither Consultant nor any Consultant Personnel shall bind or attempt to bind Company to any contract. Consultant shall accept any directions issued by Company pertaining to the goals to be attained and the results to be achieved by Consultant, but Consultant shall be solely responsible for the manner and hours in which the Services are performed under this Agreement. Neither Consultant nor any Consultant Personnel shall be eligible to participate in any of Company's employee benefit plans, fringe benefit programs, group insurance arrangements or similar programs. Company shall not provide workers' compensation, disability insurance, Social Security or unemployment compensation coverage or any other statutory benefit to Consultant or any Consultant Personnel. Consultant will be solely responsible for the performance of all Consultant Personnel, for compensating such Consultant Personnel, and for complying with

all laws and regulations applicable to its relationships with such Consultant Personnel. Without limiting the foregoing, Consultant shall comply at Consultant's expense with all applicable provisions of workers' compensation laws, unemployment compensation laws, federal Social Security law, the Fair Labor Standards Act, federal, state and local income tax laws, and all other applicable federal, state and local laws, regulations and codes relating to terms and conditions of employment required to be fulfilled by employers or independent contractors. Consultant agrees to indemnify Company from all claims, damages, liability, settlement, attorneys' fees and expenses, as incurred, because of the foregoing or any breach of this Section 5. If Consultant is a corporation, it will ensure that its employees and agents are bound in writing to Consultant's obligations under this Agreement.

6. Assignment. This Agreement and the services contemplated hereunder are personal to Consultant and Consultant shall not have the right or ability to assign, transfer or subcontract any obligations under this Agreement without the written consent of Company. Any attempt to do so shall be void. Company may assign its rights and obligations under this Agreement in whole or part.

7. Notice. Unless otherwise provided herein, all notices under this Agreement shall be in writing and shall be deemed given when delivered by hand or professional courier or express delivery service to the address of the party to be noticed as set forth below or to such other address as such party last provided to the other by written notice.

Inpixon

Address: 2479 East Bayshore Road
Suite 195
Palo Alto, California 94303
Attn: Legal Department

Kareem M. Irfan, Esq.

Address: _____

Attn: Mr. Kareem M. Irfan, Esq.

With an electronic copy to:
legal@inpixon.com

With an electronic copy to:
Kareem.m.irfan@gmail.com

8. Non-Solicitation; Conflict of Interest. As additional protection for Proprietary Information, Consultant agrees that during the period over which it is to be providing the Services: (i) and for one (1) year thereafter, Consultant will not directly or indirectly encourage or solicit any employee, consultant, customer, vendor, contractor or any other person or entity with which Company or any of its affiliates, has a business relationship to cease doing business with Company, or any of its affiliates, or in any way interfere with the relationship between Company, or any of its affiliates, and such persons and entities; and (ii) Consultant will not engage in any activity that is in any way competitive with the business or demonstrably anticipated business of Company, and Consultant will not assist any other person or organization in competing or in preparing to compete with any business or demonstrably anticipated business of Company. Without limiting the foregoing, Consultant may perform services for other persons, provided that such services do not represent a conflict of interest or a breach of Consultant's obligation under this Agreement or otherwise.

9. Publicity. Consultant shall make no public announcements or engage in any marketing or promotion concerning this Agreement, or the work performed hereunder without the advance written consent of Company.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of California.

11. Arbitration. Any dispute or claim arising out of or in connection with any provision of this Agreement will be finally settled by binding arbitration in the State of California, County of San Mateo. The arbitrator shall be selected, and the arbitration hearing conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator shall apply California law, without reference to rules of conflicts of law or rules of statutory arbitration, to the resolution of any dispute. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, the Parties may apply to any court of competent jurisdiction located within the State of California, County of San Mateo for preliminary or interim equitable relief, or to compel arbitration in accordance with this paragraph, without breach of this arbitration provision. If any court or arbitrator finds that any term makes this arbitration agreement unenforceable for any reason, the court or arbitrator shall have the power to modify such term to the minimum extent necessary to make this arbitration agreement enforceable and, to the extent this arbitration agreement as a whole is deemed unenforceable for any reason, the parties agree that the venue of any litigation or dispute between the parties shall be exclusively in San Mateo County, California.

12. Miscellaneous. This Agreement sets forth the entire and exclusive understanding of the parties with respect to the subject matter hereof and supersedes and merges all prior and contemporaneous agreements or understandings, whether written or oral, with respect to its subject matter. Any breach of Section 2, 3, 8 or 9 will cause irreparable harm to Company for which damages would not be an adequate remedy, and therefore, Company will be entitled to injunctive relief with respect thereto in addition to any other remedies. The failure of either party to enforce its rights under this Agreement at any time for any period shall not be construed as a waiver of such rights. No changes or modifications or waivers to this Agreement will be effective unless in writing and signed by both parties. In the event that any provision of this Agreement shall be determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys' fees. Headings herein are for convenience of reference only and shall in no way affect interpretation of the Agreement. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have entered into this Consulting Agreement as of the Effective Date.

INPIXON

/s/ Nadir Ali
Signature

Nadir Ali
Name

CEO
Title

5/9/2021
Date

CONSULTANT

/s/ Kareem M. Irfan
Signature

Kareem M. Irfan
Name

5/9/2021
Date

EXHIBIT A
FORM OF
Statement of Work

This Statement of Work is issued under and subject to all of the terms and conditions of the Consulting Agreement dated as of **May 1, 2021** by and between Company and Consultant.

SERVICES

Company hereby engages Consultant to utilize his expertise in some or all of the areas listed below along with other requirements that may arise (the "Services."). the Company's primary point of contact will be, Nadir Ali, and which may change from time to time. The Services will be based, in whole or in part, upon information made available by the Company to Consultant during this engagement.

1. Lead Succession Planning per SOX audit recommendations.
2. Support strategic relationships and growth initiatives for Inpixon.
3. Support M&A activities- i) pre-acquisition targeting & diligence; and ii) proactive plans for leveraging acquisitions and post-acquisition integration.
4. Evaluate and support strategic investments, partnerships & collaborations for business stability and expansion
5. Assess international operations for corporate effectiveness and synergies.
6. Performance, values and culture assessments for business leadership.
7. Other specific projects assigned by the CEO.

FEES /EXPENSES

Fees
In exchange for the Services, Company shall pay to Consultant a fee in the amount of \$10,000.00 per month (the "Term").

Expenses
Company will reimburse Consultant for non-ordinary out of pocket expenses reasonably incurred by Consultant in connection with the performance of the Services such as, for example, travel to and from a customer site. All reimbursable expenses must be pre-approved in writing by Nadir Ali. An itemized expense statement must be submitted, including substantiating receipts, with monthly invoice, if applicable.

Invoice/Payments
Consultant shall submit an invoice to the Company on the first day of each calendar month setting forth description of the Services performed, related fees and expenses (if any) for the prior Term. Company will accept invoice by email to primary point of contact with a copy to ap@inpixon.com. Invoice payments will be made within ten (10) business days after the date of invoice.

TIMELINE/COMPLETION DATE

Services will commence on **May 1, 2021** and will remain in effect until completion of the Services unless terminated earlier in accordance with the provisions of the Consulting Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned have entered into this Statement of Work as of the Effective Date.

INPIXON **CONSULTANT**

_____ Signature	_____ Signature	_____
_____ Name	_____ Name	_____
_____ Title	_____ Date	_____
_____ Date		

AMENDMENT #3 TO PROMISSORY NOTE

This Amendment #3 to Promissory Note (this “**Amendment**”) is entered into as of March 16, 2022, by and between Iliad Research and Trading, L.P., a Utah limited partnership (“**Lender**”), and Inpixon, a Nevada corporation (“**Borrower**”). Capitalized terms used in this Amendment without definition shall have the meanings given to them in the Note (as defined below).

- A. Borrower previously issued to Lender a Promissory Note dated March 18, 2020 in the principal amount of \$6,465,000.00 (the “**Note**”).
- B. Borrower and Lender previously entered into that certain Amendment to Promissory Note dated September 17, 2020 (the “**First Amendment**”), pursuant to which, among other modifications, Borrower and Lender agreed to reduce the Monitoring Fee of the Note.
- C. Borrower and Lender previously entered into that certain Amendment #2 to Promissory Note dated March 17, 2021 (the “**Second Amendment**”), and together with the First Amendment, the “**Prior Amendments**”), pursuant to which, among other modifications, Borrower and Lender agreed to extend the Maturity Date of the Note.
- D. Borrower has requested that Lender again extend the Maturity Date of the Note (the “**Extension**”).
- E. Lender has agreed, subject to the terms, amendments, conditions and understandings expressed in this Amendment, to grant the Extension.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1 . Recitals. Each of the parties hereto acknowledges and agrees that the recitals set forth above in this Amendment are true and accurate and are hereby incorporated into and made a part of this Amendment.

2. Extension; Amendment. The Note, as amended by the Prior Amendments, is hereby amended so that all references to the Maturity Date in the Note shall, hereafter, mean March 18, 2023.

3 . Extension Fee. In consideration of Lender’s grant of the Extension, its fees incurred in preparing this Amendment and other accommodations set forth herein, Borrower agrees to pay to Lender an extension fee in the amount of \$56,860.09 (the “**Extension Fee**”). The Extension Fee is hereby added to the Outstanding Balance of the Note as of the date of this Amendment. Lender and Borrower further agree that the Extension Fee is deemed to be fully earned as of the date hereof, is nonrefundable under any circumstance, and that the Extension Fee tacks back to the date of the Note for Rule 144 purposes, if applicable. Borrower represents and warrants that as of the date hereof the Outstanding Balance of the Note, following the application of the Extension Fee, is \$2,900,654.45.

4. Representations and Warranties. In order to induce Lender to enter into this Amendment, Borrower, for itself, and for its affiliates, successors and assigns, hereby acknowledges, represents, warrants and agrees as follows:

(a) Borrower has full power and authority to enter into this Amendment and to incur and perform all obligations and covenants contained herein, all of which have been duly

authorized by all proper and necessary action. No consent, approval, filing or registration with or notice to any governmental authority is required as a condition to the validity of this Amendment or the performance of any of the obligations of Borrower hereunder.

(b) There is no fact known to Borrower or which should be known to Borrower which Borrower has not disclosed to Lender on or prior to the date of this Amendment which would or could materially and adversely affect the understanding of Lender expressed in this Amendment or any representation, warranty, or recital contained in this Amendment.

(c) Except as expressly set forth in this Amendment, Borrower acknowledges and agrees that neither the execution and delivery of this Amendment nor any of the terms, provisions, covenants, or agreements contained in this Amendment shall in any manner release, impair, lessen, modify, waive, or otherwise affect the liability and obligations of Borrower under the terms of the Transaction Documents.

(d) Borrower has no defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action of any kind or nature whatsoever against Lender, directly or indirectly, arising out of, based upon, or in any manner connected with, the transactions contemplated hereby, whether known or unknown, which occurred, existed, was taken, permitted, or begun prior to the execution of this Amendment and occurred, existed, was taken, permitted or begun in accordance with, pursuant to, or by virtue of any of the terms or conditions of the Transaction Documents. To the extent any such defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action exist or existed, such defenses, rights, claims, counterclaims, actions and causes of action are hereby waived, discharged and released. Borrower hereby acknowledges and agrees that the execution of this Amendment by Lender shall not constitute an acknowledgment of or admission by Lender of the existence of any claims or of liability for any matter or precedent upon which any claim or liability may be asserted.

(e) Borrower represents and warrants that as of the date hereof no Events of Default or other material breaches exist under the Transaction Documents or have occurred prior to the date hereof.

5 . Certain Acknowledgments. Each of the parties acknowledges and agrees that no property or cash consideration of any kind whatsoever has been or shall be given by Lender to Borrower in connection with the Extension or any other amendment to the Note granted herein.

6 . Other Terms Unchanged. The Note, as amended by this Amendment and the Prior Amendments, remains and continues in full force and effect, constitutes legal, valid, and binding obligations of each of the parties, and is in all respects agreed to, ratified, and confirmed. Any reference to the Note after the date of this Amendment is deemed to be a reference to the Note as amended by this Amendment and the Prior Amendments. If there is a conflict between the terms of this Amendment and the Note, the terms of this Amendment shall control. No forbearance or waiver may be implied by this Amendment. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment to, any right, power, or remedy of Lender under the Note, as in effect prior to the date hereof. For the avoidance of doubt, this Amendment shall be subject to the governing law, venue, and Arbitration Provisions, as set forth in the Note.

7 . No Reliance. Borrower acknowledges and agrees that neither Lender nor any of its officers, directors, members, managers, equity holders, representatives or agents has made any representations or warranties to Borrower or any of its agents, representatives, officers, directors, or employees except as expressly set forth in this Amendment and the Transaction Documents and, in making its decision to enter into the transactions contemplated by this Amendment,

Borrower is not relying on any representation, warranty, covenant or promise of Lender or its officers, directors, members, managers, equity holders, agents or representatives other than as set forth in this Amendment.

8. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. The parties hereto confirm that any electronic copy of another party's executed counterpart of this Amendment (or such party's signature page thereof) will be deemed to be an executed original thereof.

9. Further Assurances. Each party shall do and perform or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Amendment and the consummation of the transactions contemplated hereby.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date set forth above.

LENDER:

Iliad Research and Trading, L.P.

By: Iliad Management, LLC, its General Partner

By: Fife Trading, Inc., its Manager

John M. Fife, President

By: /s/ John M. Fife

BORROWER:

Inpixon

Nadir Ali, CEO

By: /s/ Nadir Ali

[Signature Page to Amendment #3 to Promissory Note]

INPIXON

List of Subsidiaries

Name of Subsidiary	State of Jurisdiction of Incorporation	Fictitious Name (if any)
Design Reactor, Inc.	California	The CXApp
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- 256827]; Forms S-1 [File No. 333-233763]; Forms S-8 [File No. 333-261282]; [File No. 333-256831]; [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 16, 2022, with respect to our audits of the consolidated financial statements of Inpixon and Subsidiaries as of December 31, 2021 and 2020 and for the two years ended December 31, 2021, which report is included in this Annual Report on Form 10-K of Inpixon for the year ended December 31, 2021.

/s/ Marcum llp

Marcum llp
New York, NY
March 16, 2022

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 16, 2022

/s/ Nadir Ali

Nadir Ali
Chief Executive Officer
(Principal Executive Officer)

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 16, 2022

/s/ Wendy F. Loundermon

Wendy F. Loundermon
Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION

In connection with the Annual Report of Inpixon (the "Company") on Form 10-K for the year ended December 31, 2021 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 16, 2022

/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)