

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 18, 2022

INPIXON

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

001-36404

(Commission File Number)

88-0434915

(I.R.S. Employer
Identification No.)

2479 E. Bayshore Road, Suite 195
Palo Alto, CA

(Address of principal executive offices)

94303

(Zip Code)

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

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock	INPX	The Nasdaq Stock Market LLC

Introductory Note

As previously disclosed in its Current Report on Form 8-K filed on September 26, 2022 with the U.S. Securities and Exchange Commission, on September 25, 2022, Inpixon, a Nevada corporation ("Inpixon"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among Inpixon, KINS Technology Group Inc., a Delaware corporation ("KINS"), CXApp Holding Corp., a Delaware corporation and newly formed wholly-owned subsidiary of Inpixon ("CXApp"), and KINS Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of KINS, pursuant to which KINS will acquire Inpixon's enterprise apps business (including its workplace experience technologies, indoor mapping, events platform, augmented reality and related business solutions) (the "Enterprise Apps Business") in exchange for the issuance of shares of KINS capital stock valued at \$69 million (the "Business Combination").

Immediately prior to the Business Combination and pursuant to a Separation and Distribution Agreement, dated as of September 25, 2022, among KINS, Inpixon, CXApp and Design Reactor, Inc., a California corporation ("Design Reactor") (the "Separation Agreement"), and other ancillary conveyance documents, Inpixon will engage in a series of transactions so that the Enterprise Apps Business is held by CXApp and its subsidiaries and is separated from the remainder of Inpixon's businesses (the "Separation").

Inpixon is filing this Current Report on Form 8-K for the purpose of providing the risk factors set forth below as well as the unaudited pro forma financial statements giving effect to the Separation; however, the Separation has not yet been completed and Inpixon cannot make any assurance that the Separation or the Merger will be consummated.

Item 8.01 Other Events.

Risks Related to the Business Combination

There are a number of significant risks related to the Business Combination, including the risk factors enumerated below.

The Merger (as defined in the Merger Agreement) is subject to the satisfaction of certain conditions, which may not be satisfied on a timely basis, if at all.

The consummation of the Merger is subject to customary closing conditions for transactions involving special purpose acquisition companies, including, among others:

- there is not in force any order, judgment, injunction, decree, writ, stipulation, determination or award, in each case, entered by or with any governmental authority of competent jurisdiction, statute, rule or regulation enjoining or prohibiting the consummation of the Merger;
- KINS shall have at least \$5,000,001 of net tangible assets as of the closing;
- the KINS Class A common stock issuable pursuant to the Business Combination shall have been approved for listing on the Nasdaq Capital Market;
- CXApp and KINS shall each have performed and complied in all material respects with the covenants required by the Merger Agreement to be performed by it as of or prior to closing;
- customary bring down conditions related to the accuracy of the CXApp's and KINS's respective representations and warranties in the Merger Agreement;
- the consummation of the Separation and other transactions contemplated by the Separation Agreement;
- KINS's registration statement to be filed with the Securities and Exchange Commission ("SEC") shall have become effective (and no stop order suspending effectiveness have been issued and no proceedings for that purpose has been initiated or threatened by the SEC);
- each of KINS's and CXApp's stockholder approvals shall have been obtained; and
- the sum of (A) the aggregate amount of cash available in KINS's trust account following KINS's stockholders' meeting, after deducting the amount required to satisfy the Acquiror Share Redemption Amount (as defined in the Merger Agreement) (but prior to payment of any transaction expenses), (B) the aggregate gross purchase price of any other purchase of shares of KINS common stock (or securities convertible or exchangeable for KINS common stock) actually received by KINS prior to or substantially concurrently with the closing of the Merger, and (C) the aggregate gross purchase price of any other purchase of shares of CXApp common stock (or securities convertible or exchangeable for CXApp common stock) actually received by CXApp prior to or substantially concurrently with the closing of the Merger, shall be equal to or greater than \$9.5 million.

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Additionally, KINS's obligation to consummate the Business Combination is also conditioned on there having been no event that has had, or would reasonably be expected to have, individually or in the aggregate, a "Material Adverse Effect" on CXApp.

There can be no assurance that such closing conditions will be satisfied or waived, or that the Merger will be consummated. Further, Inpixon cannot assure you that the approval of KINS's stockholders will be obtained. Inpixon, CXApp and KINS may be subject to shareholder lawsuits, or other actions filed in connection with or in opposition to the Merger, which could prevent or delay the consummation of the Merger.

If the Distribution (as defined in the Separation Agreement), together with certain related transactions, fails to qualify as a reorganization under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"), or the Merger fails to qualify as a reorganization under Section 368(a) of the Code, Inpixon and its stockholders could incur significant tax liabilities, and KINS and CXApp could be required to indemnify Inpixon for taxes that could be material, pursuant to indemnification obligations under the Tax Matters Agreement.

Although the Distribution and Merger are not conditioned on its receipt, Inpixon expects to receive a tax opinion, which will provide that the Contribution (as defined in the Separation Agreement) and Distribution, taken together, will qualify as a reorganization under Sections 355 and 368(a)(1)(D) of the Code. The tax opinion will be based on, among other things, certain facts, assumptions, representations and undertakings from Inpixon, CXApp and KINS, including those regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations, or undertakings are incorrect or not satisfied, Inpixon may not be able to rely on such opinion. Moreover, even if Inpixon receives the opinion, such opinion will not be binding on the IRS or the courts, and no assurance can be given that the IRS will not challenge its conclusions or otherwise determine on audit that the Distribution or Merger does not qualify for its respective intended tax treatment, including as a result of a change in stock or asset ownership of Inpixon, CXApp or KINS after the Distribution.

If the Distribution does not qualify under Section 355 of the Code, the Distribution would be treated as a taxable dividend to Inpixon securityholders equal to the fair market value of the CXApp stock to the extent of Inpixon's earnings and profits. If the dividend exceeds such earnings and profits, the amount of such excess will be treated as a return of capital to the extent of an Inpixon Stockholder's basis in its Inpixon stock, and then a capital gain. To the extent that the Merger does not qualify as a reorganization under Section 368(a) of the Code, Inpixon securityholders would recognize taxable income equal to the difference between the fair market value of the KINS shares received and their tax basis in the CXApp Shares. In either such case, Inpixon securityholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities.

In addition, if the Contribution and Distribution, taken together, do not qualify under Section 355 and 368(a)(1)(D) of the Code, Inpixon would recognize taxable income on the Distribution equal to the difference between the fair market value of the CXApp shares distributed by Inpixon to the Inpixon securityholders and Inpixon's basis in such shares. Inpixon does not anticipate that it would have net operating losses to offset any taxable income triggered as a result of failure to qualify under Section 355 and 368(a)(1)(D) of the Code because its net operating losses will be limited by Section 382 of the Code.

Even if the Contribution and Distribution, taken together, otherwise qualify as a transaction described in Sections 355 and 368(a)(1)(D) of the Code, the Distribution would be taxable to Inpixon (but not to Inpixon securityholders) pursuant to Section 355(e) of the Code if one or more persons acquire a 50% or greater interest (measured by vote or value) in the stock of Inpixon or CXApp, directly or indirectly (including through acquisitions of the stock of the combined company after the Merger), as part of a plan or series of related transactions that includes the Distribution. Pursuant to the tax matters agreement to be entered into prior to the Separation, Inpixon will bear the responsibility for this tax if such tax relates to or arises out of the failure of the intended tax treatment or to certain actions taken by Inpixon. If, however, such tax is attributable to certain actions or omissions by KINS or CXApp, inaccuracies, misrepresentations or misstatements relating to KINS or CXApp, or certain events involving the stock of KINS or CXApp or assets of CXApp post-Distribution, KINS and CXApp will be obligated to indemnify Inpixon for such taxes. Further, even if KINS and CXApp are not responsible for tax liabilities of Inpixon under the tax matters agreement, CXApp nonetheless could be liable under applicable U.S. federal tax law for such liabilities if Inpixon were to fail to pay them.

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The anticipated benefits of the Business Combination may not be achieved.

Inpixon may not be able to achieve the full strategic and financial benefits expected to result from the Business Combination, including the potential that the Business Combination will:

- allow each business to pursue its own operational and strategic priorities and more quickly respond to trends, developments and opportunities in its respective markets;
- increase the potential value for Inpixon securityholders to receive shares of the combined company post-Merger based on a pre-transaction equity value of CXApp of \$69.0 million, which was greater than the market capitalization of Inpixon as of the date of the Merger Agreement;
- create two separate and distinct management teams focused on each business's unique strategic priorities, target markets and corporate development opportunities;
- give each business opportunity and flexibility by pursuing its own investment, capital allocation and growth strategies consistent with its long-term objectives;

- allow investors to separately value each business based on the unique merits, performance and future prospects of each business, providing investors with two distinct investment opportunities;
- enhance the ability of each business to attract and retain qualified management and to better align incentive-based compensation with the performance of each separate business; and
- give each of CXApp and Inpixon its own equity currency for use in connection with acquisitions.

Inpixon may not achieve the anticipated benefits of the Business Combination for a variety of reasons.

Further, such benefits, if ultimately achieved, may be delayed. In addition, the Business Combination could materially and adversely affect Inpixon's business, financial condition and results of operations.

The Separation and Distribution may expose Inpixon to potential liabilities arising out of legal dividend requirements.

The Distribution of CXApp common stock is subject to review under state corporate distribution statutes. Under the Nevada Revised Statutes (NRS), no distribution (including dividends on, or redemption or repurchases of, shares of capital stock) may be made if, after giving effect to such distribution, the corporation would not be able to pay its debts as they become due in the usual course of business, or the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed at the time of a liquidation to satisfy the preferential rights of preferred stockholders. Although Inpixon intends to make the Distribution of CXApp common stock in compliance with the NRS, Inpixon cannot assure you that a court will not later determine that some or all of the Distribution to Inpixon securityholders was unlawful.

Important Information and Where to Find It

In connection with the Business Combination and the distribution of CXApp common stock to Inpixon securityholders, CXApp will file with the SEC a registration statement on Form S-1 (the "Form S-1") registering shares of CXApp common stock and KINS will file with the SEC a registration statement on Form S-4 (the "Form S-4") registering shares of KINS common stock, warrants and certain equity awards. The Form S-4 to be filed by KINS will include a proxy statement/prospectus in connection with the KINS stockholder vote required in connection with the Business Combination. This communication does not contain all the information that should be considered concerning the Business Combination. The Form S-1 to be filed by CXApp will include the Form S-4 filed by KINS, which will serve as an information statement/prospectus in connection with the spin-off of CXApp. This communication is not a substitute for the registration statements that CXApp and KINS will file with the SEC or any other documents that KINS or CXApp may file with the SEC, or that KINS, Inpixon or CXApp may send to stockholders in connection with the Business Combination. It is not intended to form the basis of any investment decision or any other decision in respect to the Business Combination. KINS's stockholders and Inpixon's stockholders and other interested persons are advised to read, when available, the preliminary and definitive registration statements, and documents incorporated by reference therein, as these materials will contain important information about KINS, CXApp and the Business Combination. The proxy statement/prospectus contained in KINS's registration statement will be mailed to KINS's stockholders as of a record date to be established for voting on the Business Combination.

The registration statements, proxy statement/prospectus and other documents (when they are available) will also be available free of charge, at the SEC's website at www.sec.gov, or by directing a request to: KINS Technology Group, Inc., Four Palo Alto Square, Suite 200, 3000 El Camino Real, Palo Alto, CA 94306.

Participants in the Solicitation

Inpixon, KINS and CXApp, and each of their respective directors, executive officers and other members of their management and employees may be deemed to be participants in the solicitation of proxies from KINS's stockholders in connection with the Business Combination. Stockholders are urged to carefully read the proxy statement/prospectus regarding the Business Combination when it becomes available, because it will contain important information. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of KINS's stockholders in connection with the Business Combination will be set forth in the registration statement when it is filed with the SEC. Information about KINS's executive officers and directors and CXApp's management and directors also will be set forth in the registration statement relating to the Business Combination when it becomes available.

No Solicitation or Offer

This communication shall neither constitute an offer to sell nor the solicitation of an offer to buy any securities, or the solicitation of any proxy, vote, consent or approval in any jurisdiction in connection with the Business Combination, nor shall there be any sale of securities in any jurisdiction in which the offer, solicitation or sale would be unlawful prior to any registration or qualification under the securities laws of any such jurisdictions. This communication is restricted by law; it is not intended for distribution to, or use by any person in, any jurisdiction where such distribution or use would be contrary to local law or regulation.

Forward-Looking Statements

This communication contains forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical facts contained in this communication, including statements regarding the expected timing and structure of the Business Combination, the ability of the parties to complete the Business Combination, the expected benefits of the Business Combination, the tax consequences of the Business Combination, the amount of gross proceeds expected to be available to CXApp after the Closing and giving effect to any redemptions by KINS stockholders, CXApp's future results of operations and financial position, business strategy and its expectations regarding the application of, and the rate and degree of market acceptance of, the CXApp technology platform and other technologies, CXApp's expectations regarding the addressable markets for its technologies, including the growth rate of the markets in which it operates, and the potential for and timing of receipt of payments under CXApp's agreements with customers are forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of Inpixon, CXApp and KINS, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others, that may affect actual results or outcomes include, but are not limited to: the risk that the transactions may not be completed in a timely manner or at all, which may adversely affect the price of Inpixon's or KINS's securities; the risk that KINS stockholder approval of the Business Combination is not obtained; the inability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, the amount of funds available in KINS's trust account following any redemptions by KINS's stockholders; the failure to receive certain governmental and regulatory approvals; the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; changes in general economic conditions, including as a result of the COVID 19 pandemic or the conflict between Russia and Ukraine; the outcome of litigation related to or arising out of the Business Combination, or any adverse developments therein or delays or costs resulting therefrom; the effect of the announcement or pendency of the transactions on Inpixon's, CXApp's or KINS's business relationships, operating results, and businesses generally; the ability to continue to meet Nasdaq's listing standards following the consummation of the Business Combination; costs related to the Business Combination; that the price of KINS's or Inpixon's securities may be volatile due to a variety of factors, including Inpixon's, KINS's or CXApp's inability to implement their business plans or meet or exceed their financial projections and changes in the combined capital structure; the ability to implement business plans, forecasts, and other expectations after the completion of the Business Combination, and identify and realize additional opportunities; and the ability of CXApp to implement its strategic initiatives.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section of Inpixon's most recent annual report on Form 10-K, KINS's registration statement on Form S-1 (File No. 333-249177) and the Form S-4, the Form S-1, the proxy

statement/prospectus and certain other documents filed or that may be filed by Inpixon, KINS or CXApp from time to time with the SEC following the date hereof. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Inpixon, CXApp and KINS assume no obligation and do not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

None of Inpixon, CXApp or KINS gives any assurance that Inpixon, CXApp or KINS will achieve their expectations.

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Item 9.01 Financial Statements and Exhibits.

(b) Pro forma financial information

Unaudited pro forma condensed consolidated balance sheet of Inpixon and Subsidiaries as of June 30, 2022 and the unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2021 and the six months ended June 30, 2022 are attached hereto as Exhibit 99.1 and incorporated herein by reference. These unaudited pro forma financial statements give effect to the Separation on the basis, and subject to the assumptions, set forth in accordance with Article 11 of Regulation S-X.

(d) Exhibits

The following exhibits are included with this Current Report on Form 8-K:

<u>Exhibit No.</u>	<u>Description</u>
99.1	<u>Unaudited pro forma condensed consolidated balance sheet of Inpixon and Subsidiaries as of June 30, 2022 and unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2021 and the six months ended June 30, 2022.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INPIXON

Date: October 18, 2022

By: /s/ Nadir Ali
Name: Nadir Ali
Title: Chief Executive Officer

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Introduction

On September 25, 2022, Inpixon (the “Company”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among the Company, KINS Technology Group Inc., a Delaware corporation (“KINS”), CXApp Holding Corp., a Delaware corporation and newly formed wholly-owned subsidiary of Inpixon (“CXApp”) and, together with Inpixon, collectively, the “Companies”), and KINS Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of KINS (“Merger Sub”), pursuant to which KINS will acquire Inpixon’s enterprise apps business (including its workplace experience technologies, indoor mapping, events platform, augmented reality and related business solutions) (the “Enterprise Apps Business”) in exchange for the issuance of shares of KINS capital stock valued at \$69 million (the “Business Combination”) to be issued to Inpixon stockholders.

The Merger Agreement, along with the Separation Agreement and the other transaction documents to be entered into in connection therewith, provides for, among other things, the consummation of the following transactions: (i) Inpixon will transfer the Enterprise Apps Business (the “Separation”) to its wholly-owned subsidiary, CXApp, and contribute \$10 million in cash (the “Cash Contribution”), (ii) following the Separation, Inpixon will distribute 100% of the shares of CXApp Common Stock to Inpixon stockholders and other security holders by way of the Distribution and (iii) following the completion of the foregoing transactions and subject to the satisfaction or waiver of certain other conditions set forth in the Merger Agreement, the parties shall consummate the Merger. The Separation, Distribution and Merger are intended to qualify as “tax-free” transactions.

The following unaudited pro forma condensed consolidated financial information is presented in accordance with the rules specified by Article 11 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission (the “SEC”) and has been prepared subject to the assumptions and adjustments as described in the notes thereto. Specifically, the unaudited pro forma condensed consolidated financial information set forth below reflects the effects of the Business Combination on (i) the Company’s condensed consolidated balance sheet as of June 30, 2022, as if the Business Combination had occurred on that date, and (ii) Company’s condensed consolidated statement of operations for the six months ended June 30, 2022, and the year ended December 31, 2021, as if the Business Combination had occurred on January 1, 2021. Management believes that the assumptions used, and adjustments made are reasonable under the circumstances and given the information available.

The following unaudited pro forma condensed consolidated financial statements have been derived from historical financial statements prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”). The pro forma adjustments reflect the impacts of events directly attributable to the Business Combination, that are factually supportable, and for purposes of the unaudited pro forma condensed consolidated statements of operations, expected to have a continuing impact on the Company. The following unaudited proforma condensed consolidated financial information is for illustrative and informational purposes only and is not necessarily indicative of the financial condition or results of operations of the Company that would have occurred if the Business Combination had occurred on the dates indicated, nor is it indicative of the future financial condition or results of operations of the Company.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with the following:

- The accompanying notes to the unaudited pro forma condensed consolidated financial statements;
- The Company’s unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2022, included in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2022; and
- The Company’s audited consolidated financial statements as of and for the year ended December 31, 2021, included in its Annual Report on Form 10-K for the year ended December 31, 2021.

The historical condensed consolidated statement of operations for the year ended December 31, 2021, has been adjusted by Company management to reflect certain reclassifications to conform with current financial statement presentation.

INPIXION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
As of June 30, 2022
(In thousands, except number of shares and par value data)

	Inpixon and Subsidiaries Historical (a)	Pro Forma Adjustments	Note	Inpixon and Subsidiaries Pro Forma
Assets				
Current Assets				
Cash and cash equivalents	\$ 65,755	\$ (10,000)	(c), (d)	\$ 55,755
Accounts receivable, net of allowances	2,767	(1,231)	(c)	1,536
Other receivables	311	(36)	(c)	275
Inventory	1,581	(10)	(c)	1,571
Note receivable	5,967	-		5,967
Prepaid expenses and other current assets	3,463	(1,503)	(c)	1,960
Total Current Assets	79,844	(12,780)		67,064
Property and equipment, net	1,348	(215)	(c)	1,133
Operating lease right-of-use asset, net	1,582	(847)	(c)	735
Software development costs, net	1,647	(562)	(c)	1,085
Investments in equity securities	582	6,090	(e)	6,672
Long-term investments	2,500	(2,500)	(e)	-
Intangible assets, net	30,126	(21,450)	(c)	8,676
Other assets	217	(53)	(c)	164
Total Assets	\$ 117,846	\$ (32,317)		\$ 85,529

Liabilities and Stockholders' Equity
Current Liabilities

Accounts payable	\$ 900	\$ (327)	(c)	573
Accrued liabilities	4,116	(2,087)	(c)	2,029
Operating lease obligation, current	600	(266)	(c)	334
Deferred revenue	3,638	(2,452)	(c)	1,186
Short-term debt	1,911	-		1,911
Acquisition liability	3,486	-		3,486
Total Current Liabilities	14,651	(5,132)		9,519

Long Term Liabilities

Operating lease obligation, noncurrent	1,022	(602)	(c)	420
Other liabilities, noncurrent	28	(30)	(c)	(2)

Total Liabilities

15,701 (5,764) 9,937

Commitments and Contingencies
Mezzanine Equity

Series 8 Convertible Preferred Stock- 53,197.7234 shares authorized; 53,197.7234 issued and outstanding as of June 30, 2022, respectively. (Liquidation preference of \$53,197,723)	48,158	-		48,158
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Stockholders' Equity

Common Stock - \$0.001 par value; 26,666,667 shares authorized; 2,068,080 issued and 2,068,079 outstanding as of June 30, 2022, respectively.	2	-	(f)	2
Additional paid-in capital	334,589	-		334,589
Treasury stock, at cost, 1 share	(695)	-		(695)
Accumulated other comprehensive income	598	-		598
Accumulated deficit	(281,463)	(26,553)	(c), (d), (e)	(308,016)
Stockholders' Equity Attributable to Inpixon	53,031	(26,553)		26,478
Non-controlling Interest	956	-		956
Total Stockholders' Equity	53,987	(26,553)		27,434
Total Liabilities, Mezzanine Equity and Stockholders' Equity	\$ 117,846	\$ (32,317)		\$ 85,529

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

INPIXION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the six months ended June 30, 2022
(In thousands, except number of shares and par value data)

	Inpixon and Subsidiaries Historical (a)	Pro Forma Adjustments	Note	Inpixon and Subsidiaries Pro Forma
Revenues	\$ 9,956	\$ (4,731)	(g)	\$ 5,225
Cost of Revenues	2,782	(1,129)	(g)	1,653
Gross Profit	7,174	(3,602)		3,572
Operating Expenses				
Research and development	8,997	(4,421)	(g)	4,576
Sales and marketing	4,600	(2,676)	(g), (h)	1,924
General and administrative	13,002	(853)	(g), (h)	12,149
Acquisition-related costs	268	(16)	(g)	252
Impairment of goodwill	7,570	(5,540)	(g)	2,030
Amortization of intangibles	2,691	(1,948)	(g)	743
Total Operating Expenses	37,128	(15,454)		21,674
Loss from Operations	(29,954)	11,852		(18,102)
Other Income (Expense)				
Interest income (expense), net	178	(9)	(g)	169
Other expense, net	(771)	234	(g)	(537)
Unrealized loss on equity securities	(1,256)	-		(1,256)
Total Other Expense	(1,849)	225		(1,624)

Net Loss, before tax	(31,803)	12,077		(19,726)
Income tax provision	(84)	62	(g)	(22)
Net Loss	<u>(31,887)</u>	<u>12,139</u>		<u>(19,748)</u>
Net Loss Attributable to Non-controlling Interest	<u>(804)</u>	<u>-</u>		<u>(804)</u>
Net Loss Attributable to Stockholders of Inpixon	(31,083)	12,139		(18,944)
Accretion of Series 7 preferred stock	(4,555)	-		(4,555)
Accretion of Series 8 Preferred Stock	(6,785)	-		(6,785)
Deemed dividend for the modification related to Series 8 Preferred Stock	(2,627)	-		(2,627)
Deemed contribution for the modification related to Warrants issued in connection with Series 8 Preferred Stock	1,469	-		1,469
Amortization premium- modification related to Series 8 Preferred Stock	1,362	-		1,362
Net Loss Attributable to Common Stockholders	<u>\$ (42,219)</u>	<u>\$ 12,139</u>		<u>\$ (30,080)</u>
Basic and diluted loss per share	<u>\$ (21.68)</u>		(f)	<u>\$ (15.45)</u>
Weighted Average Shares Outstanding, basic and diluted	<u>1,947,365</u>		(f)	<u>1,947,365</u>

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

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INPIXON AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the year ended December 31, 2021
(In thousands, except number of shares and par value data)

	Inpixon and Subsidiaries Historical (b)	Pro Forma Adjustments	Note	Inpixon and Subsidiaries Pro Forma
Revenues	\$ 15,995	\$ (6,368)	(g)	\$ 9,627
Cost of Revenues	<u>4,374</u>	<u>(1,646)</u>	(g)	<u>2,728</u>
Gross Profit	<u>11,621</u>	<u>(4,722)</u>		<u>6,899</u>
Operating Expenses				
Research and development	14,121	(6,704)	(g)	7,417
Sales and marketing	8,261	(4,763)	(g), (h)	3,498
General and administrative	41,352	(21,137)	(g), (h)	20,215
Acquisition-related costs	1,248	(628)	(g)	620
Impairment of goodwill	14,789	(11,896)	(g)	2,893
Amortization of intangibles	<u>4,467</u>	<u>(3,047)</u>	(g)	<u>1,420</u>
Total Operating Expenses	<u>84,238</u>	<u>(48,175)</u>		<u>36,063</u>
Loss from Operations	(72,617)	43,453		(29,164)
Other Income (Expense)				
Interest income, net	1,183	(1)	(g)	1,182
Loss on exchange of debt for equity	(30)	-		(30)
Benefit for valuation allowance on related party loan - held for sale	7,345	-		7,345
Other expense, net	(173)	(81)	(g)	(254)
Gain on related party loan - held for sale	49,817	-		49,817
Unrealized loss on equity securities	<u>(57,067)</u>	<u>-</u>		<u>(57,067)</u>
Total Other Income	1,075	(82)		993
Net Loss, before tax	(71,542)	43,371		(28,171)
Income tax benefit (provision)	<u>1,412</u>	<u>(2,527)</u>	(g)	<u>(1,115)</u>
Net Loss	<u>(70,130)</u>	<u>40,844</u>		<u>(29,286)</u>
Net Loss Attributable to Non-controlling Interest	<u>(975)</u>	<u>-</u>		<u>(975)</u>
Net Loss Attributable to Stockholders of Inpixon	(69,155)	40,844		(28,311)
Accretion of Series 7 preferred stock	<u>(8,161)</u>	<u>-</u>		<u>(8,161)</u>
Net Loss Attributable to Common Stockholders	<u>\$ (77,316)</u>	<u>\$ 40,844</u>		<u>\$ (36,472)</u>
Basic and diluted loss per share	<u>\$ (53.70)</u>		(f)	<u>\$ (25.33)</u>

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

INPIXON AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(1) Basis of presentation

The unaudited pro forma condensed financial statements are based on the historical consolidated financial statements of the seller as adjusted to give effect to the Separation. The unaudited pro forma condensed consolidated statements of operations for the six months ended June 30, 2022, and the year ended December 31, 2021, give effect to the Separation as if it were completed on January 1, 2021. The unaudited pro forma condensed consolidated balance sheet as of June 30, 2022, gives effect to the Separation as if it were completed on June 30, 2022. The transaction accounting adjustments for the Separation consist of those necessary to account for the Separation.

(2) Unaudited Pro Forma Adjustments

The following is a summary of the unaudited pro forma adjustments reflected in the unaudited pro forma condensed consolidated financial statements based on preliminary estimates, which may change as additional information is obtained.

- a. Reflects amounts as originally reported by the Company in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022.
- b. Reflects amounts as originally reported by the Company in its Annual Report on Form 10-K for the year ended December 31, 2021.
- c. Reflects the elimination of the Enterprise Apps Business assets, liability and historical equity balances including within the Company's consolidated financial statements. The amount of the actual gain will be calculated based on the net book value of the sold business as of the closing of the Business Combination and therefore could differ from the current estimate.
- d. Reflects adjustment for remaining cash contribution of \$3.8 million agreed upon within the Separation agreement.
- e. Reflects adjustment for the stepped-up value of Inpixon's investment in Class A and Class B Units of Cardinal Ventures Holdings LLC, which has certain interests in the sponsor of KINS. As such, Inpixon is entitled to an allocation of financial instruments distributed; assuming all public shareholders redeem as a result of the business combination Inpixon expects to receive 600,000 Class A shares of KINS and 2,500,000 private warrants. This results in an investment in equity securities of approximately \$6.1 million assuming a \$10.00 per share prices and an estimated value of the private warrants being determined based on a trading price of \$0.036 per share as of October 14, 2022.
- f. Reflects adjustment for reverse stock split of the Company's authorized and issued and outstanding shares of common stock at a ratio of one (1) share of common stock for every seventy five (75) shares of common stock. The Company executed the reverse stock split on October 7, 2022.
- g. Reflects the elimination of the historical revenues and expenses directly to related to the Enterprise Apps Business that will not recur in the Company's consolidated statement of operations beyond a year from the date of the Business Combination.
- h. Reflects management's estimate of approximately \$1.1 million and \$.6 million of historical costs mainly executive salaries and benefits in general and administrative and sales and marketing expenses to replace shared personnel that were allocated to the Enterprise Apps Business that are needed to run the Company on a stand-alone basis added back to the statement of operations for the year ended December 31, 2021 and for the six months ended June 30, 2022, respectively.