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

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2025

OR

☐ TRANSITION 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

XTI AEROSPACE, INC.
(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.)

8123 InterPort Blvd., Suite C
Englewood, CO 80112
(Address of principal executive offices)
(Zip Code)

(800) 680-7412
(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	XTIA	The Nasdaq Stock Market LLC

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 an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding at August 13, 2025**
Common Stock, par value $0.001	**20,253,316**

XTI AEROSPACE, INC.

Form 10-Q

For the Quarterly Period Ended June 30, 2025

TABLE OF CONTENTS

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

This Quarterly Report on Form 10-Q (this "Form 10-Q") 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 Form 10-Q. In particular, these include statements relating to future actions; prospective products, applications, customers and technologies; future performance or results of anticipated products; anticipated expenses; and projected 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;
- the risk that we have a limited operating history, have not yet manufactured any non-prototype aircraft or delivered any aircraft to a customer, and we and our current and future collaborators may be unable to successfully develop and market our aircraft or solutions, or may experience significant delays in doing so;
- the ability to meet the development and commercialization schedule with respect to the TriFan 600;
- our ability to secure required certifications for the TriFan 600 and/or any other aircraft we develop;
- our ability to navigate the regulatory environment and complexities with compliance related to such environment;
- the risk that our conditional pre-orders (which include conditional aircraft purchase agreements, non-binding reservations, and options) are canceled, modified, delayed or not placed and that we must return the refundable deposits;
- our ability to obtain adequate financing in the future as needed;
- emerging competition and rapidly advancing technologies in our industries that may outpace our technology;
- the risk that other aircraft manufacturers develop competitive VTOL aircraft or other competitive aircraft that adversely affect our market position;
- customer demand for the products and services we develop;
- our ability to develop other new products and technologies;
- our ability to attract customers and/or fulfill customer orders;
- our ability to enhance and maintain the reputation of our brand and expand our customer base;
- our ability to scale in a cost-effective manner and maintain and expand our manufacturing and supply chain relationships;

- our ability to attract, integrate, manage, and retain qualified personnel or key employees;
- our ability to maintain compliance with the continued listing requirements of the Nasdaq Capital Market;
- the risks relating to long development and sales cycles, our ability to satisfy the conditions and deliver on the orders and reservations, our ability to maintain quality control of our aircraft, and our dependence on third parties for supplying components and potentially manufacturing the aircraft;
- the risk that our ability to sell our aircraft may be limited by circumstances beyond our control, such as a shortage of pilots and mechanics who meet the training standards, high maintenance frequencies and costs for the sold aircraft, and any accidents or incidents involving VTOL aircraft that may harm customer confidence;
- general economic conditions and events and the impact they may have on us and our potential customers, including, but not limited to escalating tariff and non-tariff trade measures imposed by the U.S. and other countries, increases in inflation rates and rates of interest, supply chain challenges, increased costs for materials and labor, cybersecurity attacks, the ongoing conflicts between Russia and Ukraine, and Hamas and Israel, and public health threats such as the COVID-19 pandemic;
- lawsuits and other claims by third parties or investigations by various regulatory agencies that we may be subjected to and are required to report, including but not limited to, the U.S. Securities and Exchange Commission (the "SEC");
- the outcome of any known and unknown litigation and regulatory proceedings;
- the risk that our future patent applications may not be approved or may take longer than expected, and that we may incur substantial costs in enforcing and protecting our intellectual property;
- our ability to respond to a failure of our systems and technology to operate our business;
- impact of any changes in existing or future tax regimes;
- our success at managing the risks involved in the foregoing items; and
- other factors discussed in this Form 10-Q.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Form 10-Q, particularly in the "Risk Factors" section, that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make or collaborations or strategic partnerships we may enter into.

You should read this Form 10-Q and the documents that we have filed as exhibits to this Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

EXPLANATORY NOTE

On March 12, 2024 (the "Closing Date"), XTI Aerospace, Inc. (formerly known as Inpixon ("Legacy Inpixon")), Superfly Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of XTI Aerospace ("Merger Sub"), and XTI Aircraft Company, a Delaware corporation ("Legacy XTI"), completed their previously announced merger transaction pursuant to that certain Agreement and Plan of Merger, dated as of July 24, 2023 and amended on December 30, 2023 and March 12, 2024 (as so amended, the "XTI Merger Agreement"), pursuant to which Merger Sub merged with and into Legacy XTI with Legacy XTI surviving the merger as a wholly-owned subsidiary of XTI Aerospace (the "XTI Merger"). In connection with the closing of the XTI Merger, our corporate name changed to "XTI Aerospace, Inc."

In this report, unless otherwise noted, or the context otherwise requires, the terms "XTI Aerospace," the "Company," "we," "us," and "our" refer collectively to XTI Aerospace, Inc. and our subsidiaries, Inpixon GmbH, Inpixon Holding UK Limited, IntraNav GmbH and, prior to the closing of the XTI Merger, Merger Sub, and after the closing of the XTI Merger, Legacy XTI.

The Company determined the XTI Merger should be accounted for as a reverse acquisition with Legacy XTI being considered the accounting acquirer. Therefore, the condensed consolidated financial statements included in this report represent a continuation of the financial statements of Legacy XTI and the results of operations of the accounting acquired entity, Legacy Inpixon, are included in the condensed consolidated financial statements as of the Closing Date and through the June 30, 2025 reporting date.

Note Regarding Reverse Stock Splits

The Company effected a reverse stock split of its outstanding common stock at a ratio of 1-for-100, effective as of March 12, 2024, for the purpose of complying with Nasdaq Listing Rule 5550(a)(2) and satisfying the bid price requirements applicable for initial listing applications in connection with the closing of the XTI Merger. The Company also effected a reverse stock split of its outstanding common stock at a ratio of 1-for-250, effective as of January 10, 2025, for the purpose of complying with Nasdaq Listing Rule 5550(a)(2). The Company has reflected the reverse stock splits on a retroactive basis herein, unless otherwise indicated.

PART I — FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

XTI AEROSPACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except number of shares and par value data)

	As of June 30, 2025 (Unaudited)	As of December 31, 2024
Assets		
Current Assets		
Cash and cash equivalents	$ 20,046	$ 4,105
Accounts receivable, net of allowance for credit losses of $45 and $18 as of June 30, 2025 and December 31, 2024, respectively	338	706
Other receivables	48	538
Inventories	2,490	2,214
Prepaid expenses and other current assets	1,290	1,018
Total Current Assets	24,212	8,581
Property and equipment, net	255	206
Operating lease right-of-use asset, net	266	340
Intangible assets, net	1,223	1,884
Goodwill	9,143	12,072
Other assets	349	1,208
Total Assets	$ 35,448	$ 24,291

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XTI AEROSPACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
(In thousands, except number of shares and par value data)

	As of June 30, 2025 (Unaudited)	As of December 31, 2024
Liabilities, Mezzanine Equity, and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 2,685	$ 5,487
Related party payables	—	51
Accrued expenses and other current liabilities	1,822	6,703
Accrued interest	342	522
Customer deposits	1,350	1,350
Warrant liability	14,564	—
Operating lease obligation, current	95	119
Deferred revenue	979	532
Short-term debt	—	2,657
Total Current Liabilities	21,837	17,421
Long Term Liabilities		
Long-term debt	65	65
Operating lease obligation, noncurrent	181	231
Total Liabilities	22,083	17,717
Commitments and Contingencies (Note 17)		
Mezzanine Equity		
Representative and placement agent warrants, net of issuance costs of $64	960	—
Stockholders' Equity		
Preferred Stock - $0.001 par value; 5,000,000 shares authorized, 0 shares issued and outstanding as of June 30, 2025 and December 31, 2024	—	—
Series 4 Convertible Preferred Stock - 10,415 shares authorized; 1 share issued and outstanding as of June 30, 2025 and December 31, 2024	—	—
Series 5 Convertible Preferred Stock - 12,000 shares authorized; 126 shares issued and outstanding as of June 30, 2025 and December 31, 2024	—	—
Series 9 Preferred Stock - 20,000 shares authorized; 0 shares issued and outstanding as of June 30, 2025, and 11,302 and 1,331 shares issued and outstanding as of December 31, 2024	—	1,331
Common Stock - $0.001 par value; 500,000,000 shares authorized; 17,915,340 and 1,685,021 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively.	18	2
Additional paid-in capital	138,795	99,425
Accumulated other comprehensive income (loss)	884	(622)
Accumulated deficit	(127,292)	(93,562)
Total Stockholders' Equity	12,405	6,574
Total Liabilities, Mezzanine Equity, and Stockholders' Equity	$ 35,448	$ 24,291

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XTI AEROSPACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
	(Unaudited)			
Revenues	$ 600	$ 1,031	$ 1,084	$ 1,251
Cost of Revenues	117	369	266	448
Gross Profit	483	662	818	803
Operating Expenses				
Research and development	1,950	1,148	3,664	1,612
Sales and marketing	1,505	837	2,526	1,141
General and administrative	3,948	12,412	11,328	14,129
Merger-related transaction costs	—	—	—	6,490
Impairment of goodwill	4,049	—	4,049	—
Impairment of intangible assets	100	—	631	—
Amortization of intangible assets	61	192	152	235
Total Operating Expenses	11,613	14,589	22,350	23,607
Loss from Operations	(11,130)	(13,927)	(21,532)	(22,804)
Other (Expense) Income				
Interest expense, net	(1)	(70)	(218)	(331)
Amortization of deferred loan costs	—	—	—	(17)
Loss on extinguishment of debt	—	—	(421)	(6,732)
Warrant issuance expense	(3,779)	—	(5,795)	—
Change in fair value of convertible notes	—	—	—	12,882
Change in fair value of warrant liability	(5,934)	(679)	(5,431)	(281)
Other	(5)	(22)	(339)	(13)
Total Other (Expense) Income	(9,719)	(771)	(12,204)	5,508
Net Loss, before tax	(20,849)	(14,698)	(33,736)	(17,296)
Income tax benefit (provision)	(9)	(12)	6	(16)
Net Loss	(20,858)	(14,710)	(33,730)	(17,312)
Preferred stock return	—	(250)	(29)	(311)
Deemed dividend	—	(460)	—	(460)
Net Loss Attributable to Common Stockholders	$ (20,858)	$ (15,420)	$ (33,759)	$ (18,083)
Net Loss Per Share - Basic and Diluted	$ (2.93)	$ (261.99)	$ (6.41)	$ (448.98)
Weighted Average Shares Outstanding				
Basic and Diluted	7,121,837	58,857	5,263,609	40,276

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XTI AEROSPACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
	(Unaudited)			
Net Loss	$ (20,858)	$ (14,710)	$ (33,730)	$ (17,312)
Change in fair value of convertible note receivable	—	59	—	59
Unrealized foreign exchange gain / (loss) from cumulative translation adjustments	1,039	(32)	884	(198)
Comprehensive Loss	$ (19,819)	$ (14,683)	$ (32,846)	$ (17,451)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XTI AEROSPACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the three and six months ended June 30, 2025
(Unaudited)
(In thousands, except share data)

	Series 9 Preferred Stock at Redemption Value		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount				
Balance - January 1, 2025	1,331	$ 1,331	1,685,021	$ 2	$ 99,425	$ (622)	$ (93,562)	$ 6,574
Common shares issued for net cash proceeds of ATM offering	—	—	169,299	—	1,667	—	—	1,667
Common shares issued for net cash proceeds of public offerings	—	—	2,219,746	2	17,900	—	—	17,902
Common shares issued for conversion of debt	—	—	240,229	—	750	—	—	750
Common shares issued for exercise of liability classified warrants	—	—	300,000	—	408	—	—	408
Redemption of Series 9 preferred stock	(1,331)	(1,331)	—	—	(96)	—	—	(1,427)
Stock-based compensation	—	—	—	—	455	—	—	455
Cumulative translation adjustment	—	—	—	—	—	467	—	467
Other	—	—	173,245	1	4	—	—	5
Net loss	—	—	—	—	—	—	(12,872)	(12,872)
Balance - March 31, 2025	—	—	4,787,540	5	120,513	(155)	(106,434)	13,929
Common shares issued for net cash proceeds of public offerings	—	—	6,231,200	6	(457)	—	—	(451)
Common shares issued for exercise of liability classified warrants	—	—	6,771,600	7	18,002	—	—	18,009
Stock-based compensation	—	—	125,000	—	722	—	—	722
Cumulative translation adjustment	—	—	—	—	—	1,039	—	1,039
Other	—	—	—	—	15	—	—	15
Net loss	—	—	—	—	—	—	(20,858)	(20,858)
Balance - June 30, 2025	—	$ —	17,915,340	$ 18	$ 138,795	$ 884	$ (127,292)	$ 12,405

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XTI AEROSPACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the three and six months ended June 30, 2024
(Unaudited)
(In thousands, except share data)

	Series 9 Preferred Stock at Redemption Value		Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders' (Deficit)
	Shares	Amount	Shares	Amount	Capital	(Loss) Income	Deficit	Equity
Balance - January 1, 2024	—	$ —	12,791	$ —	$ 26,330	$ —	$ (57,959)	$ (31,629)
Common and preferred shares issued via merger	11,302	11,302	8,303	—	14,303	—	—	25,605
Common shares issued for conversion of debt	—	—	11,551	—	9,614	—	—	9,614
Inducement loss on debt conversions	—	—	—	—	6,732	—	—	6,732
Common shares issued to Xeriant, Inc.	—	—	1,194	—	—	—	—	—
Common shares issued for cashless exercise of warrants and options	—	—	1,928	—	—	—	—	—
Capital contribution - forgiveness of related party payable	—	—	—	—	380	—	—	380
Stock-based compensation	—	—	3,911	—	5,792	—	—	5,792
Cumulative translation adjustment	—	—	—	—	—	(166)	—	(166)
Series 9 preferred stock dividend accrued	—	—	—	—	(61)	—	—	(61)
Net loss	—	—	—	—	—	—	(2,602)	(2,602)
Balance - March 31, 2024	11,302	11,302	39,678	—	63,090	(166)	(60,561)	13,665
Common shares issued in exchange of Series 9 Preferred Stock	(3,550)	(3,550)	11,997	—	3,727	—	—	177
Deemed dividend related to Series 9 preferred stock exchange	—	—	—	—	(177)	—	—	(177)
Common shares issued in exchange of warrants	—	—	5,969	—	1,981	—	—	1,981
Deemed dividend related to December 2023 warrant exchange	—	—	—	—	(283)	—	—	(283)
Common shares issued for exercise of equity classified warrants	—	—	82	—	2	—	—	2
Common shares issued for net cash proceeds of ATM offering	—	—	37,201	—	8,675	—	—	8,675
Common shares issued as settlement of accrued compensation	—	—	10,722	—	1,192	—	—	1,192
Common shares issued as prepayment for services	—	—	1,718	—	335	—	—	335
Stock-based compensation	—	—	—	—	(59)	—	—	(59)
Series 9 preferred stock dividend accrued	—	—	—	—	(250)	—	—	(250)
Change in fair value of convertible note receivable	—	—	—	—	—	59	—	59
Cumulative translation adjustment	—	—	—	—	—	(32)	—	(32)
Net loss	—	—	—	—	—	—	(14,710)	(14,710)
Balance - June 30, 2024	7,752	$ 7,752	107,367	$ —	$ 78,233	$ (139)	$ (75,271)	$ 10,575

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XTI AEROSPACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Six Months Ended June 30,	
	2025	**2024**
	(Unaudited)	
Cash Flows Used in Operating Activities		
Net loss	$ (33,730)	$ (17,312)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	68	47
Amortization of intangible assets	152	235
Amortization of right-of-use asset	76	92
Non-cash interest expense, net of interest income	145	173
Stock-based compensation	1,177	5,733
Impairment of goodwill	4,049	—
Impairment of intangible assets	631	—
Change in fair value of convertible notes payable	—	(12,882)
Loss on extinguishment of debt	421	6,732
Warrant issuance expense	5,795	—
Change in fair value of warrant liability	5,431	281
Other	(291)	(13)
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	401	309
Inventories	(4)	132
Prepaid expenses and other current assets	(264)	162
Other assets	362	8
Accounts payable	(1,814)	1,981
Related party payables	(51)	—
Accrued expenses and other current liabilities	(4,905)	6,494
Accrued interest	67	86
Deferred revenue	376	(354)
Operating lease obligation	(75)	(94)
Net Cash Used in Operating Activities	(21,983)	(8,190)
Cash Flows (Used in) Provided by Investing Activities		
Purchase of property and equipment	(103)	(18)
Cash received in purchase of Inpixon	—	2,968
Purchase of intangible asset	—	(39)
Net Cash (Used in) Provided by Investing Activities	(103)	2,911
Cash Provided by Financing Activities		
Net proceeds from sale of common stock and pre-funded warrants via public offerings	36,396	—
Net proceeds from ATM stock offering	1,667	8,547
Net proceeds from the exercise of equity classified warrants	—	2
Net proceeds from the exercise of liability classified warrants	3,771	—
Net proceeds from promissory notes	—	2,000
Net proceeds from loan from Inpixon (prior to merger)	—	1,012
Redemption of Series 9 preferred stock	(1,427)	—
Repayments of promissory notes	(2,719)	(502)
Net Cash Provided by Financing Activities	37,688	11,059
Effect of Foreign Exchange Rate on Changes on Cash	339	(6)
Net Increase in Cash and Cash Equivalents	15,941	5,774
Cash and Cash Equivalents - Beginning of period	4,105	5
Cash and Cash Equivalents - End of period	$ 20,046	$ 5,779
Supplemental Disclosure of cash flow information:		
Cash paid for:		
Interest	$ 282	$ 32
Income Taxes	$ 9	$ 4
Non-cash investing and financing activities		
Common shares issued for conversion of debt and accrued interest	$ 750	$ 9,614
Common shares issued in exchange of warrants	$ —	$ 1,698
Deemed dividend related to December 2023 warrant exchange	$ —	$ 283
Common shares issued as settlement of accrued compensation	$ —	$ 1,192

Common shares issued as prepayment for services	$	—	$	335
Common shares issued in exchange of series 9 preferred stock	$	—	$	3,550
Issuance of common shares for merger consideration, net of cash received	$	—	$	22,637
Right-of-use asset obtained in exchange for lease liability	$	—	$	394
Capital contribution - forgiveness of related party payable	$	—	$	380
Deemed dividend related to series 9 preferred stock exchange	$	—	$	177
ATM proceeds withheld as payment towards accounts payable	$	—	$	128
Series 9 preferred stock dividend accrued	$	—	$	311

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Note 1 - Nature of Business

On March 12, 2024 (the "Closing Date"), XTI Aerospace, Inc., the "Company", formerly known as Inpixon ("Legacy Inpixon"), Superfly Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Legacy Inpixon ("Merger Sub"), and XTI Aircraft Company, a Delaware corporation ("Legacy XTI"), completed their previously announced merger transaction (the "XTI Merger").

The Company is primarily an aircraft development company. The Company also provides real-time location systems ("RTLS") for the industrial sector, which was Legacy Inpixon's focus prior to the closing of the XTI Merger. Headquartered in Englewood, Colorado, the Company is developing a vertical takeoff and landing ("VTOL") airplane that is designed to take off and land like a helicopter and cruise like a fixed-wing business airplane. The Company believes its initial configuration, the TriFan 600 airplane, will be one of the first civilian fixed-wing VTOL airplanes that offers the speed and comfort of a business airplane and the range and versatility of VTOL for a wide range of customer applications, including private aviation for business and high net worth individuals, emergency medical services and regional charter air travel, defining a new category of VTOL that the Company terms the "xVTOL." The TriFan 600 is a seven-occupant airplane intended to provide point-to-point air travel over distances of over 1,000 miles, fly at twice the speed and three times the range of competing helicopters and cruise at altitudes of up to 25,000 feet. Since 2013, the Company has been engaged primarily in developing the aerodynamic performance and top-level engineering design of the TriFan 600, building and testing a two-thirds scale unmanned version of the TriFan 600, generating pre-orders for the TriFan 600, and seeking funds from investors to enable the Company to advance the detailed design and certification of the TriFan 600, and to eventually engage in commercial production and sale of the TriFan 600 airplane.

The Company's RTLS solutions leverage cutting-edge technologies such as IoT, AI, and big data analytics to provide real-time tracking and monitoring of assets, machines, and people within industrial environments. With the Company's RTLS solutions, businesses can achieve improved operational efficiency, enhanced safety and reduced costs. By having real-time visibility into operations, industrial organizations can make informed, data-driven decisions, minimize downtime, and ensure compliance with industry regulations.

Note 2 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Interim results for the three and six months ended June 30, 2025 are not necessarily indicative of the results for the full year ending December 31, 2025. These interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes for the years ended December 31, 2024 and 2023 included in the annual report on Form 10-K for the year ended December 31, 2024, filed with the SEC on April 15, 2025.

Note 3 - Summary of Significant Accounting Policies

The Company's complete accounting policies are described in Note 3 to the Company's audited consolidated financial statements and notes for the year ended December 31, 2024.

Liquidity

As of June 30, 2025, the Company had cash and cash equivalents of approximately $20.0 million. For the three and six months ended June 30, 2025, the Company had a net loss of approximately $20.9 million and $33.7 million, respectively. During the six months ended June 30, 2025, the Company used approximately $22.0 million of cash for operating activities.

There can be no assurances that the Company will ever earn revenues sufficient to support its operations, or that it will ever be profitable. In order to continue its operations, the Company has supplemented the revenues it earned with proceeds from the sale of its equity securities and proceeds from loans.

The Company's recurring losses and utilization of cash in its operations are indicators of going concern issues. However, the Company's current liquidity position was favorably impacted by the cash raised through equity offerings and cash received from warrant exercises aggregating approximately $41.8 million during the six months ended June 30, 2025, along with repaying and settling certain debt and other obligations during March 2025. Subsequent to June 30, 2025 and through the date of this filing, the Company raised approximately $2.5 million in net proceeds from a combination of warrant exercises and the exercise of an over-allotment option granted to the underwriter of its June Offering of common stock and warrants (see Note 9). The impact of these financings and warrant exercises to the Company's cash position and overall net working capital position, along with the Company's ability to defer or eliminate certain operating expenses that are under its control and the revenues expected to be generated by the Industrial IoT segment lead the Company to believe it has the ability to mitigate such concerns for a period of at least one year from the date these financial statements are issued.

Consolidations

The condensed consolidated financial statements have been prepared using the accounting records of Legacy XTI and as of March 12, 2024 (the effective date of the XTI Merger) and forward, the accounting records of XTI Aerospace, Inc. (formerly known as Inpixon), Inpixon GmbH (formerly known as Nanotron Technologies GmbH), Inpixon Holding UK Limited, and Intranav GmbH. All material inter-company balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with 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 Company's common stock issued and assets acquired in transactions, including acquisitions;
- the valuation of convertible notes receivable;
- the valuation of convertible notes payable, at fair value;
- the valuation of goodwill and intangible assets;
- the valuation of warrant liabilities; and
- the valuation allowance for deferred tax assets.

Credit Risk and Concentrations

Financial instruments that subject the Company to credit risk consist principally of trade accounts receivable and cash and cash equivalents.

The Company maintains its cash and cash equivalents primarily with high-credit-quality financial institutions in the United States and Germany. Cash balances maintained with financial institutions in the United States are generally in excess of federally insured limits. The Company mitigates its credit risk by limiting its exposure to any single financial institution and by monitoring the credit quality of its counterparties. The Company places its cash with financial institutions that have long-term credit ratings of at least A- or equivalent, as assigned by major credit rating agencies.

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 credit losses.

The customers who account for 10% or more of the Company's revenue or 10% or more of the Company's outstanding accounts receivable balance are presented as follows for the periods indicated:

	Percentage of revenues				Percentage of accounts receivable	
	For the three months ended June 30,		For the six months ended June 30,			
Customer	2025	2024	2025	2024	As of June 30, 2025	As of December 31, 2024
A	30%	12%	21%	11%	32%	**
B	20%	**	13%	**	29%	**
C	19%	10%	21%	10%	**	22%
D	**	36%	**	29%	**	**
E	**	12%	**	23%	**	31%
F	**	**	**	**	23%	**

** Represents less than 10% of the total for the respective period.

The vendors who account for 10% or more of the Company's purchases or 10% or more of the Company's outstanding payable balance are presented as follows for the periods indicated:

	Percentage of purchases				Percentage of accounts payable	
	For the three months ended June 30,		For the six months ended June 30,			
Vendor	2025	2024	2025	2024	As of June 30, 2025	As of December 31, 2024
A	**	11%	**	**	**	**
B	**	**	**	**	31%	11%
C	**	**	**	**	13%	**
D	**	**	**	**	**	31%

** Represents less than 10% of the total for the respective period.

Intangible Assets and Goodwill

Finite-lived intangible assets primarily consist of developed technology, patents, customer relationships, and trade names/trademarks. They are amortized ratably over a range of 5 to 15 years, which approximates customer attrition rate and technology obsolescence.

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. 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 reviews its long-lived assets, inclusive of its right-of-use assets, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated from the use of the asset and its eventual disposition. If the carrying amount of an asset group exceeds its estimated future undiscounted cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset group exceeds its fair value.

For the three and six months ended June 30, 2025, the Company determined that its long-lived assets were impaired by approximately $0.1 million and $0.6 million, respectively. For the three and six months ended June 30, 2025, the Company determined that its goodwill was impaired by approximately $4.05 million and $4.05 million, respectively.

Revenue Recognition

In accordance with ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"), the Company recognizes revenue when the customer obtains control of promised goods, in an amount that reflects the consideration that it expects to receive in exchange for those goods. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, including variable consideration, if any, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration to which it is entitled in exchange for the goods it transfers to a customer.

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, at which control is deemed transferred to the customer, and has title of the product and holds the risks and rewards of ownership.

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 concluded it 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, 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 condensed consolidated statement of operations in proportion to the stage of completion of the contract. Contract costs are expensed as incurred. Contract costs include all amounts that relate directly to the specific contract, are attributable to contract activity, and are specifically chargeable to the customer under the terms of the contract.

Contract Balances

The timing of 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, principally within one year.

Customer Deposits

The Company periodically enters into aircraft reservation agreements that include a deposit placed by a potential customer. The deposits serve to prioritize orders when the TriFan 600 airplane becomes available for delivery. Customers making deposits are not obligated to purchase any airplanes until they execute a definitive purchase agreement. Customers may request return of their deposit any time up until the execution of a purchase agreement. The Company records such advance deposits as a liability and defers the related revenue recognition until delivery of an airplane occurs, if any.

Stock-Based Compensation

The Company's stock-based compensation relates to stock options granted to employees and non-employees. The Company recognizes the cost of share-based awards granted to employees and non-employees based on the estimated grant-date fair value of the awards. Forfeitures are accounted for as they occur, which may result in negative expense when forfeitures exceed the expense recorded within the period.

The Company recognizes expense on a straight-line basis over the requisite service period of the award, which is generally equal to the vesting period of the award.

The Company estimates the grant-date fair value of the stock option awards with service only vesting conditions using the Black-Scholes option-pricing model.

The Black-Scholes option-pricing model utilizes inputs and assumptions which involve inherent uncertainties and generally require significant judgment. As a result, if factors or expected outcomes change and significantly different assumptions or estimates are used, the Company's stock-based compensation could be materially different.

Net Loss Per Share

Net loss per share attributable to common stockholders is computed using the two-class method required for multiple classes of common stock and participating securities. The Company's participating securities included the Company's convertible preferred stock and preferred stock. Neither the holders of convertible preferred stock, preferred stock nor the holders of the Company's common stock warrants have a contractual obligation to share in losses.

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss, as adjusted for any dividends on the preferred stock for the period, attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for outstanding shares that are subject to repurchase or outstanding shares that are contingently returnable by the holder. Contingently issuable shares, including shares that are issuable for little or no cash consideration, are considered outstanding common shares and included in net loss per share as of the date that all necessary conditions have been satisfied. Such shares include outstanding penny warrants and shares that were issuable to Xeriant Inc. ("Xeriant") related to the joint venture arrangement that expired on May 31, 2023.

Diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period using the treasury stock method or the if-converted method based on the nature of such securities. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Foreign Currency

The functional currency for the Company's subsidiaries is determined based on the primary economic environment in which the subsidiary operates. The Company translates the assets and liabilities of its non-U.S. dollar functional currency subsidiaries into U.S. dollars using exchange rates in effect at the end of each period. Revenues and expenses for these subsidiaries are translated using rates that approximate those in effect during the period. Gains and losses from these translations are recognized in cumulative translation adjustment included in "Accumulated other comprehensive loss" in stockholders' equity on the condensed consolidated balance sheets. The Company remeasures monetary assets and liabilities that are not denominated in the functional currency at exchange rates in effect at the end of each period. Gains and losses from these remeasurements are recognized in general and administrative expenses in the condensed consolidated statements of operations. Foreign exchange gains (losses) were immaterial for each of the three and six months ended June 30, 2025 and 2024.

Segments

The Company and its Chief Executive Officer, acting as the Chief Operating Decision Maker ("CODM") determined its operating segments in accordance with ASC 280, "Segment Reporting" ("ASC 280"). The Company is organized and operates as two reporting segments based on similar economic characteristics, the nature of products and production processes, end-use markets, channels of distribution, and regulatory environments.

Recently Issued Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income (Topic 220): Expense Disaggregation Disclosures, which includes amendments to require the disclosure of certain specific costs and expenses that are included in a relevant expense caption on the face of the income statement. Specific costs and expenses that would be required to be disclosed include: purchases of inventory, employee compensation, depreciation and intangible asset amortization. Additionally, a qualitative description of other items is required, equal to the difference between the relevant expense caption and the separately disclosed specific costs. The amendments in ASU 2024-03 are effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, and are applied either prospectively or retrospectively at the option of the Company. The Company is evaluating the impact of the amendments on our condensed consolidated financial statements and disclosures.

In December 2023, the FASB also issued ASU 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures. The new standard requires a company to expand its existing income tax disclosures, specifically related to the rate reconciliation and income taxes paid. The standard is effective for the Company for annual periods beginning after December 15, 2024, with early adoption permitted. The Company does not expect to early adopt the new standard. The new standard is expected to be applied prospectively, but retrospective application is permitted. The Company is currently evaluating the impact of ASU 2023-09 on its financial statements and related disclosures.

Note 4 - Disaggregation of Revenue and Deferred 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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Recurring revenue				
Software	$ 385	$ 317	$ 705	$ 370
Total recurring revenue	$ 385	$ 317	$ 705	$ 370
Non-recurring revenue				
Hardware	$ 194	$ 606	$ 356	$ 768
Software	$ 3	$ 5	$ 5	$ 5
Professional services	$ 18	$ 103	$ 18	$ 108
Total non-recurring revenue	$ 215	$ 714	$ 379	$ 881
Total Revenue	$ 600	$ 1,031	$ 1,084	$ 1,251

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue recognized at a point in time				
Industrial IoT (1)	$ 197	$ 611	$ 361	$ 773
Total	$ 197	$ 611	$ 361	$ 773
Revenue recognized over time				
Industrial IoT (2) (3)	$ 403	$ 420	$ 723	$ 478
Total	$ 403	$ 420	$ 723	$ 478
Total Revenue	$ 600	$ 1,031	$ 1,084	$ 1,251

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

(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 revenue is recognized over time.

Deferred revenue

As of December 31, 2024 and June 30, 2025, the Company had approximately $0.5 million and $1.0 million, respectively, in deferred revenue. This deferred revenue balance relates to cash received in advance for product maintenance services and professional services provided by the Company's technical staff. The fair value of the deferred revenue approximates the services to be rendered. 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.

Note 5 - Proforma Financial Information

The XTI Merger was accounted for as a reverse merger under U.S. GAAP. For financial reporting purposes, Legacy Inpixon is treated as the "acquired" company. As a result, the Company's consolidated financial statements include the operating results of Legacy Inpixon only from March 12, 2024, the merger closing date. The following unaudited proforma financial information presents the consolidated results of operations of the Company and Legacy Inpixon for the three months and six months ended June 30, 2024, as if the XTI Merger had occurred as of the beginning of the first period presented (January 1, 2024) instead of on March 12, 2024. The proforma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during those periods.

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

	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
Revenues	$ 1,031	$ 1,758
Net loss attributable to common stockholders	$ (15,420)	$ (31,669)
Net loss per basic and diluted common share	$ (261.97)	$ (538.07)
Weighted average common shares outstanding:		
Basic and Diluted	58,857	58,857

Note 6 - Goodwill and Intangible Assets

Goodwill

In connection with the XTI Merger, the excess of the purchase price over the estimated fair value of the net assets assumed of $12.4 million was recognized as goodwill.

The following table summarizes the changes in the carrying amount of Goodwill for the three months ended June 30, 2025 (in thousands):

	Amount
Beginning balance - January 1, 2025	$ 12,072
Foreign currency translation adjustment	1,120
Impairment	(4,049)
Ending balance – June 30, 2025	$ 9,143

The Company tests goodwill for impairment at the reporting unit level annually, on October 1, or more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists. In accordance with ASC 350, the Company first assessed whether there were any indicators of goodwill impairment that would require a quantitative analysis to be performed (i.e., a triggering event). The Company determined there was a triggering event during the six months ended June 30, 2025 related to the IoT reporting unit, in the form of a current period operating and cash flow loss, a consistent history of operating losses, and the revenue results for the current period missing forecasted targets due to (i) the sales cycle to close transactions taking longer than anticipated and (ii) supply chain issues causing delays in our delivery of Nanotron product to customers.

In accordance with ASC 350, given a triggering event was identified, the Company performed a quantitative goodwill impairment analysis related to its Industrial IoT reporting unit, which concluded the carrying amount of the reporting unit exceeded its estimated fair value, indicating that the goodwill of the reporting unit was impaired. Therefore, the Company recorded an impairment loss of $4.05 million during the three and six months ended June 30, 2025, related to its Industrial IoT reporting unit.

The Company utilized an income approach to assess the fair value of the reporting unit as of June 30, 2025. The income approach considered the discounted cash flow model, considering projected future cash flows (including timing and profitability), discount rate reflecting the risk inherent in future cash flows, perpetual growth rate, and projected future economic and market conditions. The inputs for the fair value calculations of the reporting unit included a 3% terminal growth rate and a discount rate of 29%. Management's estimates of projected cash flows related to the reporting unit include, but are not limited to, future earnings of the reporting unit using revenue growth rates, gross margins, and other cost assumptions consistent with the reporting unit's historical trends, and working capital requirements and future capital expenditures necessary to fund future operations. The assumptions in the fair value measurement reflects the current market environment, industry-specific factors and company-specific factors.

Intangible Assets

Intangible assets at June 30, 2025 and December 31, 2024 consisted of the following (in thousands):

	June 30, 2025				
	Gross Amount	Accumulated Amortization	Impairment	Net Carrying Amount	Remaining Weighted Average Useful Life
Patents	$ 468	$ (199)	$ -	$ 269	9.3
Trade Name/Trademarks	486	(181)	(115)	190	4.6
Proprietary Technology	1,395	(439)	(293)	663	5.4
Customer Relationships	137	(36)	-	101	3.7
In-Process R&D	243	(20)	(223)	-	-
Totals	$ 2,729	$ (875)	$ (631)	$ 1,223	

	December 31, 2024			
	Gross Amount	Accumulated Amortization	Impairment	Net Carrying Amount
Patents	$ 468	$ (184)	$ —	$ 284
Trade Name/Trademarks	897	(142)	(451)	304
Proprietary Technology	2,860	(326)	(1,583)	951
Customer Relationships	684	(109)	(473)	102
In-Process R&D	243	—	—	243
Totals	$ 5,152	$ (761)	$ (2,507)	$ 1,884

Amortization expense for the three and six months ended June 30, 2025 was approximately $0.06 million and $0.15 million, respectively. Amortization expense for the three and six months ended June 30, 2024 was approximately $0.19 million and $0.23 million, respectively.

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

Year ending December 31,	Amount
2025 (for 6 months)	$ 112
2026	224
2027	224
2028	224
2029	173
2030 and thereafter	266
Total	$ 1,223

The Company tests for impairment if a change in circumstances or the occurrence of events indicates that potential impairment exists. In accordance with ASC 360, the Company first performed a qualitative assessment to determine if there were any indicators of impairment that would require a quantitative analysis to be performed. The results of the qualitative analysis performed by the Company determined there was a triggering event during the six months ended June 30, 2025, in the form of a current period operating and cash flow loss, a consistent history of operating losses, and the revenue results for the current period missing forecasted targets due to (i) the sales cycle to close transactions taking longer than anticipated and (ii) supply chain issues causing delays in our delivery of Nanotron product to customers. Based on a quantitative assessment, the Company recorded an impairment to its Proprietary Technology of $0.1 million for the three months ended June 30, 2025. Based on a quantitative assessment, the Company recorded an impairment to its Trade Names & Trademarks, Proprietary Technology, and In-Process Research and Development of $0.1 million, $0.3 million, and $0.2 million, respectively, for the six months ended June 30, 2025, which is included in 'Impairment of intangible assets' in the unaudited condensed consolidated statements of operations. These assets were part of the Company's Industrial IoT segment.

The Company assessed the fair value of the Trade Names & Trademarks, Proprietary Technology, and In-Process Research and Development by using an income approach in the form of a relief from royalty model, which considered a specified royalty rate, discount rate reflecting the risk inherent in future cash flows, perpetual growth rate, and projected future economic and market conditions. The inputs for the fair value calculations included a 3% terminal growth rate, discount rate of 29%, and a royalty rate of 2% and 10% for Tradenames and Trademarks and Proprietary Technology, respectively. Management's estimates of projected cash flows include, but are not limited to, future earnings of the reporting unit using revenue growth rates, gross margins, and other cost assumptions consistent with the reporting unit's historical trends, and working capital requirements and future capital expenditures necessary to fund future operations. The assumptions in the fair value measurement reflects the current market environment, industry-specific factors and company-specific factors. As a result of the impairment, the Company assessed the remaining useful lives of the Trade Names & Trademarks and Proprietary Technology and concluded that there were no changes required.

Note 7 - Other Balance Sheet Information

Prepaid expenses and other current assets

Prepaid expenses and other current assets as of June 30, 2025 and December 31, 2024 consisted of the following (in thousands):

	As of June 30, 2025	As of December 31, 2024
AVX deposit - related party	$ —	$ 464
Prepaid insurance	558	293
Deposits	317	88
Prepaid consulting/professional fees	175	15
Prepaid software	102	89
Other	138	69
Total prepaid expenses and other current assets	**$ 1,290**	**$ 1,018**

Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as of June 30, 2025 and December 31, 2024 consisted of the following (in thousands):

	As of June 30, 2025	As of December 31, 2024
Accrued transaction bonuses – Strategic Transaction Bonus Plan	$ —	$ 4,266
Accrued transaction bonuses – related party	—	400
Accrued bonus and commissions	762	1,163
Accrued compensation and benefits	574	446
Accrued other	486	428
Total accrued expenses and other current liabilities	**$ 1,822**	**$ 6,703**

Note 8 - Debt

The Company's outstanding debt consisted of the following at the periods indicated (in thousands):

Short-Term Debt	Maturity	June 30, 2025	December 31, 2024
Promissory Note - May 1, 2024[1]	5/1/2025	$ —	$ 1,442
Promissory Note - May 24, 2024[1]	5/24/2025	—	1,426
Unamortized Discounts		—	(211)
Total Short-Term Debt		$ —	$ 2,657
Long-Term Debt			
SBA loan	6/3/2050	$ 65	$ 65
Total Long-Term Debt		$ 65	**$ 65**

1 promissory note paid in full during the first quarter of 2025.

Interest expense on outstanding debt totaled approximately $0.0 million and $0.2 million for the three and six months ended June 30, 2025, respectively. Interest expense on outstanding debt totaled approximately $0.3 million and $0.5 million for the three and six months ended June 30, 2024, respectively.

Streeterville Debt Exchanges and Repayment

During the first quarter of 2025, the Company issued an aggregate of 240,229 shares of common stock (the "Exchange Shares") to Streeterville Capital, LLC ("Streeterville"), the holder of that certain outstanding secured promissory note of the Company issued on May 1, 2024 (the "Original Note"), at a price between $2.48 and $4.21 per share, in each case equal to the Minimum Price as defined in Nasdaq Listing Rule 5635(d) in accordance with the terms and conditions of certain exchange agreements, pursuant to which the Company and Streeterville agreed to (i) partition new secured promissory notes in the form of the Original Note in the aggregate original principal amount of $750,000 and then cause the outstanding balance of the Original Note to be reduced by an aggregate of $750,000; and (ii) exchange the partitioned notes for the delivery of the Exchange Shares.

On March 31, 2025 and using the net proceeds from the March Offering (see "*March 2025 Public Offering*" disclosure in Note 9), the Company repaid the remaining obligation of approximately $2.7 million (which included principal, accrued interest and monitoring fees, and a 15% prepayment penalty) in respect of the two secured promissory notes issued by the Company to Streeterville on May 1, 2024 and May 24, 2024. As a result of the repayments, Streeterville released its security interest in the stock the Company owns in Legacy XTI and the assets owned by Legacy XTI. Due to the repayment of the promissory notes occurring before the maturity date, the Company incurred a loss on extinguishment of debt of approximately $0.4 million, which is reported within other (expense) income on the condensed consolidated statements of operations.

Note 9 - Common Stock

Capital Raises

At-the-Market (ATM) Offering Program

The Company was able, from time to time, to sell shares of the Company's common stock under its "at-the-market" offering program (the "ATM") through Maxim Group LLC ("Maxim"), as the Company's exclusive sales agent, up to a maximum offering amount of approximately $83.3 million, pursuant to that certain Equity Distribution Agreement, dated as of July 22, 2022, by and between the Company and Maxim, as amended from time to time (the "Equity Distribution Agreement"). The term of the Equity Distribution Agreement expired on December 31, 2024. Maxim was entitled to compensation at a fixed commission rate of 3.0% of the gross sales price per share sold, excluding Maxim's 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 sold 169,299 shares of common stock under the Equity Distribution Agreement at per share price of $10.00, resulting in net proceeds to the Company of approximately $1.7 million. This sale originated on December 31, 2024 and closed in early January 2025.

January 2025 Public Offering

On January 7, 2025, the Company entered into a placement agency agreement with ThinkEquity LLC ("ThinkEquity"), pursuant to which the Company agreed to issue and sell directly to various investors, in a best efforts public offering (the "January Offering"), an aggregate of 1,454,546 shares of common stock at an offering price of $13.75 per share. The January Offering closed on January 10, 2025 resulting in net proceeds to the Company of approximately $18.3 million, after deducting commissions and other expenses of approximately of $1.7 million.

March 2025 Public Offering

On March 28, 2025, the Company entered into an underwriting agreement with ThinkEquity, as the representative of the underwriters named therein, relating to a firm commitment underwritten public offering (the "March Offering") of 765,200 shares of common stock (the "Shares"), pre-funded warrants (the "Pre-funded Warrants") to purchase up to 2,176,000 shares of common stock, and common warrants (the "Common Warrants" and together with the Pre-funded Warrants, the "Warrants") to purchase up to 2,941,200 shares of common stock. The combined public offering price for each Share, together with one Common Warrant, was $1.36. The combined public offering price for each Pre-funded Warrant, together with one Common Warrant, was $1.359. Each Share, or a Pre-funded Warrant in lieu thereof, was sold together with one Common Warrant.

The March Offering closed on March 31, 2025. The net proceeds to the Company from the sale of the Shares and the Warrants were approximately $3.4 million, after deducting the underwriting discounts and commissions and other expenses payable by the Company of approximately $0.6 million.

June 2025 Public Offering

On June 24, 2025, the Company entered into an underwriting agreement with ThinkEquity, as the representative of the underwriters named therein, relating to a firm commitment underwritten public offering (the "June Offering") of 6,231,200 shares of common stock (the "Shares"), pre-funded warrants (the "Pre-funded Warrants") to purchase up to 2,911,800 shares of common stock, and common warrants (the "Common Warrants" and together with the Pre-funded Warrants, the "Warrants") to purchase up to 9,143,000 shares of common stock. The combined public offering price for each Share, together with one Common Warrant, was $1.75. The combined public offering price for each Pre-funded Warrant, together with one Common Warrant, was $1.749. Each Share, or a Pre-funded Warrant in lieu thereof, was sold together with one Common Warrant.

The Company also granted ThinkEquity a 45-day option to purchase, at the public offering price, less the underwriting discounts and commissions, up to 1,371,000 additional shares of Common Stock (and/or Pre-funded Warrants in lieu thereof) and/or up to 1,371,000 additional Common Warrants or any combination thereof, to cover any over-allotments. ThinkEquity partially exercised this option on June 25, 2025 for 1,371,000 additional Common Warrants.

The June Offering closed on June 26, 2025. The net proceeds to the Company from the sale of the Shares and the Warrants were approximately $14.7 million, after deducting the underwriting discounts and commissions and other expenses payable by the Company of approximately $1.3 million.

Allocation of Net Proceeds

The aggregate net proceeds from the January Offering, the March Offering, and the June Offering were approximately $36.4 million. For reporting purposes, the Company allocated approximately $17.4 million of net proceeds to the sales of common stock and approximately $19.0 million of net proceeds to the issuance of warrants. The net proceeds were allocated to each of the warrants and the common stock based on their relative fair value as of the date of issuance.

Other Share Issuances

On May 13, 2025, the Company entered into an advisory agreement with a third-party advisor, pursuant to which the Company issued 125,000 shares of restricted common stock, subject to certain registration rights, to the advisor in consideration for financial advisory services agreed to be rendered to the Company pursuant to the advisory agreement. As a result of the share issuance, the Company recognized approximately $0.2 million in share-based compensation expense, which is included in general and administrative expenses on the condensed consolidated statements of operations, for the three and six months ended June 30, 2025.

Note 10 - Preferred Stock

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

Series 9 Preferred Stock Redemptions

On November 17, 2024, the Company entered into a Consent, Waiver and Release Agreement (the "Consent Agreement") with Streeterville and 3AM Investments, LLC ("3AM"), an entity controlled by Nadir Ali, Legacy Inpixon's former Chief Executive Officer and a former director of Legacy Inpixon, pursuant to which Streeterville and 3AM authorized the Company to raise up to an additional $5,000,000 under the ATM (the "ATM Increase") in consideration for the Company's agreement to pay, on a weekly basis, 20% of the proceeds it receives from sales under the ATM in connection with the ATM Increase (the "Redemption Proceeds") to Streeterville and 3AM to redeem a portion of their Series 9 Preferred Stock, to be distributed as follows: (i) 75% of the Redemption Proceeds to Streeterville (15% of all proceeds received from sales under the ATM), and (ii) 25% of the Redemption Proceeds to 3AM (5% of all proceeds received from sales under the ATM).

As of December 31, 2024, Streeterville and 3AM held zero and 1331.12 shares of Series 9 Preferred Stock, respectively.

Pursuant to the Consent Agreement, the Company delivered an aggregate of approximately $0.2 million to 3AM on January 5, 2025, which amount represents the Redemption Proceeds payable to 3AM in connection with amounts received by the Company on January 2, 2025 from sales under the ATM originating on December 31, 2024. Such payments were made for 167.00 shares of the Company's Series 9 Preferred Stock held by 3AM. The Company entered into an acknowledgment agreement with 3AM to record such payment.

On March 27, 2025, the Company entered into a Settlement Agreement with 3AM and other parties as further disclosed in Note 16. Pursuant to the Settlement Agreement, on the Effective Date, the Company delivered the aggregate amount of approximately $1.3 million (the "Series 9 Redemption Amount") for the redemption of the outstanding Series 9 Preferred Stock. Following 3AM's receipt of the Series 9 Redemption Amount, 3AM no longer held any shares of Series 9 Preferred Stock.

As of June 30, 2025, there are no shares of Series 9 Preferred Stock issued and outstanding.

Note 11 - Stock Award Plans and Stock-Based Compensation

The Company has three employee stock incentive plans. The Company assumed Legacy XTI's 2017 Employee and Consultant Stock Ownership Plan (the "2017 Plan") in connection with the XTI Merger. Legacy Inpixon had put in place a 2011 Employee Stock Incentive Plan (the "2011 Plan") and a 2018 Employee Stock Incentive Plan (the "2018 Plan" and together with the 2011 Plan, the "Legacy Inpixon Option Plans"). The 2011 Plan terminated by its terms on August 31, 2021 and no new awards will be issued under the 2011 Plan.

2017 Plan

During 2017, Legacy XTI adopted the 2017 Plan, which was amended in 2021 to increase the maximum shares eligible to be granted under the 2017 Plan. The Company may issue awards in the form of restricted stock units and stock options to employees, directors, and consultants. Under the 2017 Plan, stock options are generally granted with an exercise price equal to the estimated fair value of the Company's common stock, as determined by the Company's Board of Directors on the date of grant. Options generally have contractual terms of ten years. Incentive stock options (ISO) may only be granted to employees, whereas all other stock awards may be granted to employees, directors, consultants and other key stakeholders. As of June 30, 2025, there are no shares available for future grants under the 2017 Plan.

2018 Plan

In February 2018, Legacy Inpixon adopted the 2018 Plan, which is utilized for employees, corporate officers, directors, consultants and other key persons employed. The 2018 Plan provides 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). As of June 30, 2025, there are no unvested Restricted Stock or Restricted Stock Units outstanding under the 2018 Plan.

Incentive stock options granted under the 2018 Plan are granted at exercise prices at a minimum of 100% of the estimated fair market value of the underlying common stock at date of grant. For any individual possessing more than 10% of the total outstanding common stock of the Company, the exercise price per share for incentive stock options is a minimum 110% of the estimated fair value of the underlying common stock on the grant date. Options granted under the 2018 Plan vest over periods ranging from immediately to four years and are exercisable over periods up to ten years from the grant date.

The aggregate number of shares that may be awarded under the 2018 Plan as of June 30, 2025 was 74,105,687. As of June 30, 2025, 47,504 of stock options were granted to employees, directors and consultants of the Company and 72,906,959 options were available for future grant under the 2018 Plan.

See below for a summary of the stock options granted under the 2011, 2017, and 2018 plans:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (In millions)
Beginning balance as of January 1, 2025	51,185	$ 455.00	9.3	$ —
Granted	—			
Exercised	—			
Expired	—			
Forfeited	(1,015)			
Ending balance as of June 30, 2025	50,170	$ 344.12	9.0	$ —
Options vested and exercisable as of June 30, 2025	19,116	$ 510.12	8.8	$ —

Stock-based Compensation Expense

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.

The Company measures compensation expense for its non-employee stock-based compensation under ASC 718, "Stock Based Compensation". The fair value of the option issued or committed to be issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock or stock award on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to stock-based compensation expense and credited to additional paid-in capital.

The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, stock-based compensation expense could be materially different for future awards.

The Company incurred the following stock-based compensation charges for the periods indicated below (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Employee and consultant stock options[1]	$ 478	$ (59)	$ 933	$ 84
Vesting of previously unvested warrants[2]	—	—	—	496
Professional fees[2]	244	—	244	5,153
Total	$ 722	$ (59)	$ 1,177	$ 5,733

1 Amount included in general and administrative expenses on the condensed consolidated statements of operations.

2 Amount included in merger-related transaction costs on the condensed consolidated statements of operations for the three and six months ended June 30, 2024. Amount included in general and administrative expenses on the condensed consolidated statements of operations for the three and six months ended June 30, 2025.

As of June 30, 2025, the total unrecognized compensation expense related to unvested awards was approximately $4.4 million, which the Company expects to recognize over an estimated weighted average period of 1.76 years.

Note 12 - Warrants

The following table summarizes the activity of warrants outstanding:

	Number of Warrants
Beginning balance as of January 1, 2025	1,128
Granted	19,219,937
Exercised	(7,071,600)
Expired	—
Exchanged	—
Ending balance as of June 30, 2025	12,149,465
Exercisable as of June 30, 2025	12,148,708

The weighted average exercise price of warrants outstanding as of June 30, 2025 was $3.84. The weighted average exercise price of exercisable warrants outstanding as of June 30, 2025 was $3.84.

Warrants Granted

January 2025 Public Offering

As part of its compensation for acting as placement agent for the January Offering (refer to Note 9), the Company issued ThinkEquity warrants (the "Placement Agent Warrants") to purchase 72,727 shares of common stock. The Placement Agent Warrants are exercisable commencing January 10, 2025, expire January 8, 2030 and have an exercise price of approximately $17.1875 per share.

The Placement Agent Warrants are classified as a contingently redeemable warrant in accordance with ASC 718, since these warrants did qualify for equity classification, but could be settled in cash or other assets in the event that another person or entity becomes the beneficial owner of 50% of the outstanding shares of the Company's common stock. Because this contingently redeemable feature could result in the warrant holders receiving additional compensation not on par with the holders of Common Stock, the Placement Agent Warrants were classified as temporary equity and therefore reported in "Mezzanine Equity" on the Company's condensed consolidated balance sheets as of June 30, 2025.

The measurement of fair value of the warrants was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $7.31, exercise price of $17.1875, term of five years, volatility of 98%, risk-free rate of 4.6%, and expected dividend rate of 0%). The proceeds of the January Offering were allocated to each of the warrants and the common stock based on their relative fair value.

The grant date fair value of the warrants and shares of common stock on January 10, 2025 is summarized below and is reflected as temporary equity for the warrants and within additional paid-in capital for the common stock as of June 30, 2025.

Instrument	Grant Date Fair Value
Common stock	$ 19,663,008
Placement Agent Warrants	$ 337,000

March 2025 and June 2025 Public Offerings

As part of the March Offering and June Offering (refer to Note 9), the Company issued pre-funded warrants (the "Pre-funded Warrants") to purchase up to an aggregate of 5,087,800 shares of common stock, and common warrants (the "Common Warrants") to purchase up to an aggregate of 13,455,200 shares of common stock.

Each Pre-funded Warrant was immediately exercisable upon issuance, has an exercise price of $0.001 per share and may be exercised at any time until all of the Pre-funded Warrants are exercised in full. Each Common Warrant was immediately exercisable upon issuance and expires on the fifth anniversary of the date of issuance. The Common Warrants issued in connection with the March Offering have an exercise price of $1.36. The Common Warrants issued in connection with the June Offering have an exercise price of $2.00.

Upon closing of the March Offering and the June Offering, the Company issued ThinkEquity, as partial compensation, warrants (the "Representative's Warrants") to purchase up to 147,060 and 457,150 shares of common stock, respectively. The Representative's Warrants issued in connection with the March Offering have an exercise price of $1.70 per share. The Representative's Warrants issued in connection with the June Offering have an exercise price of $2.1875 per share. The Representative's Warrants are exercisable, in whole or in part, immediately upon issuance until the five-year anniversary of the commencement of sales of securities in the March Offering and the June Offering, respectively.

Similar to the Placement Agent Warrants described above in this note section, the Representative's Warrants issued in connection with the March Offering and June Offering were determined to be temporary equity under ASC 718 and therefore reported in "Mezzanine Equity" on the Company's condensed consolidated balance sheets, and the Common Warrants and Pre-funded Warrants were determined to be liability classified. The Common Warrants and Pre-funded Warrants were recognized at fair value at issuance, with the change in fair value of approximately $5.9 million and $5.4 million reported in "change in fair value of warrant liability" on the Company's condensed consolidated statements of operations for the three and six months ended June 30, 2025, respectively.

The measurement of fair value of the Representative's Warrants issued in connection with the March Offering was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $1.09, exercise price of $1.70, term of five years, volatility of 103%, risk-free rate of 4%, and expected dividend rate of 0%). The measurement of fair value of the Common Warrants issued in connection with the March Offering was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $1.09, exercise price of $1.36, term of five years, volatility of 103%, risk-free rate of 4%, and expected dividend rate of 0%).

The measurement of fair value of the Representative's Warrants issued in connection with the June Offering was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $1.66, exercise price of $2.1875, term of five years, volatility of 106%, risk-free rate of 3.8%, and expected dividend rate of 0%). The measurement of fair value of the Common Warrants issued in connection with the June Offering was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $1.66, exercise price of $2.00, term of five years, volatility of 106%, risk-free rate of 3.8%, and expected dividend rate of 0%).

The March Offering and the June Offering proceeds were allocated to each of the warrants and the common stock based on their relative fair value. The grant date fair value of the warrants and shares of common stock on March 31, 2025 (March Offering) and June 26, 2025 (June Offering) is summarized below in the aggregate and is reflected as temporary equity ("Mezzanine Equity") for the Representative's Warrants, a warrant liability for the Common Warrants and Pre-funded Warrants, and within additional paid-in capital for the common stock as of June 30, 2025.

Instrument	Grant Date Fair Value March Offering	Grant Date Fair Value June Offering	Total
Common stock	$ 765	$ 6,231	$ 6,996
Pre-funded Warrants	$ 2,957,949	$ 5,092,738	$ 8,050,687
Representative's Warrants	$ 115,000	$ 572,000	$ 687,000
Common Warrants	$ 2,395,000	$ 13,334,000	$ 15,729,000
Total Fair Value of Warrants Issued	$ 5,467,949	$ 18,998,738	$ 24,446,687

Given that the aggregate gross proceeds of approximately $20.0 million from the March Offering (approximately $4.0 million) and the June Offering (approximately $16.0 million) was less than the total fair value of the warrants issued, the Company recorded a loss on excess fair value at issuance of approximately $3.0 million and $4.5 million for the three and six months ended June 30, 2025, respectively, which is reported in "warrant issuance expense" on the Company's condensed consolidated statements of operations. In addition, an aggregate of $0.8 million and $1.3 million of underwriting discounts and commissions and other expenses relating to the March Offering and June Offering were allocated, based on the fair value at the time of issuance, to the warrant instruments for the three and six months ended June 30, 2025, respectively, which is reported in "warrant issuance expense" on the Company's condensed consolidated statements of operations.

Warrants Exercised

During the six months ended June 30, 2025, 2,176,000 Pre-funded Warrants from the March Offering were exercised at an exercise price per share of $0.001, resulting in the issuance of 2,176,000 shares of common stock and cash proceeds to the Company of $2,176. During the six months ended June 30, 2025, 2,769,500 Common Warrants from the March Offering were exercised at an exercise price per share of $1.36, resulting in the issuance of 2,769,500 shares of common stock and cash proceeds to the Company of approximately $3.8 million. As of June 30, 2025, there were no Pre-funded Warrants and 171,700 Common Warrants outstanding from the March Offering.

Subsequent to June 30, 2025, an additional 115,000 Common Warrants from the March Offering were exercised for 115,000 shares of common stock at an exercise price per share of $1.36. As of the date of this filing, 56,700 Common Warrants remained outstanding from the March Offering.

During the six months ended June 30, 2025, 2,126,100 Pre-funded Warrants from the June Offering were exercised at an exercise price per share of $0.001, resulting in the issuance of 2,126,100 shares of common stock and cash proceeds to the Company of $2,126. As of June 30, 2025, there were 785,700 Pre-funded Warrants and 10,514,000 Common Warrants outstanding from the June Offering.

Subsequent to June 30, 2025, the remaining 785,700 Pre-Funded Warrants from the June Offering were net exercised for 785,276 shares of common stock at an exercise price per share of $0.001. Subsequent to June 30, 2025, 66,700 Common Warrants from the June Offering were exercised for 66,700 shares of common stock at an exercise price per share of $2.00. As of the date of this filing, 10,447,300 Common Warrants remained outstanding from the June Offering.

Note 13 - Segments

The Company's Chief Executive Officer, acting as the Chief Operating Decision Maker ("CODM"), regularly reviews and manages certain areas of its businesses, resulting in the Company identifying two reportable segments: Industrial IoT and Commercial Aviation. The Company manages and reports its operating results through these two reportable segments. This 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 commercial aviation segment is currently in the pre-revenue development stage and its primary activity is the development of the TriFan 600 airplane. The Industrial IoT segment generates revenue primarily from the sale of real-time location system solutions for the industrial sector and its customers are primarily located in Germany and the U.S. As it relates to the Industrial IoT segment, the results disclosed in the table below only reflect activity following the XTI Merger closing through the June 30, 2025 reporting date.

Information on each of our reportable segments and reconciliation to consolidated loss from operations is presented in the table below. We have assigned certain previously reported expenses to each segment to conform to the way we internally manage and monitor our business. Unallocated operating expenses include costs that are not specific to a particular segment but are general to the group; included expenses incurred for administrative and accounting staff, general liability and other insurance, accrued consulting fees and transaction bonuses relating to former Legacy Inpixon executives, professional fees and other similar corporate expenses.

The following tables reflect the results of operations from our business segments for the periods indicated below (in thousands):

	Three Months Ended June 30, 2025			
	Industrial IoT	Commercial Aviation	Unallocated Costs	Total
Revenue	$ 600	$ —	$ —	$ 600
Cost of revenues	117	—	—	117
Gross Profit	483	—	—	483
Operating expenses				
Research and development	570	1,380	—	1,950
Sales and marketing	571	280	654	1,505
General and administrative	472	138	3,338	3,948
Impairment of goodwill	4,049	—	—	4,049
Impairment of intangible assets	100	—	—	100
Other expenses[(1)]	48	8	5	61
Total operating expenses	5,810	1,806	3,997	11,613
Loss from operations	$ (5,327)	$ (1,806)	$ (3,997)	$ (11,130)

	Six Months Ended June 30, 2025			
	Industrial IoT	Commercial Aviation	Unallocated Costs	Total
Revenue	$ 1,084	$ —	$ —	$ 1,084
Cost of revenues	266	—	—	266
Gross Profit	818	—	—	818
Operating expenses				
Research and development	1,160	2,504	—	3,664
Sales and marketing	1,317	333	876	2,526
General and administrative	1,057	687	9,584	11,328
Impairment of goodwill	4,049	—	—	4,049
Impairment of intangible assets	631	—	—	631
Other expenses[(1)]	105	16	31	152
Total operating expenses	8,319	3,540	10,491	22,350
Loss from operations	$ (7,501)	$ (3,540)	$ (10,491)	$ (21,532)

(1) Other expenses include amortization of intangibles.

	Three Months Ended June 30, 2024			
	Industrial IoT	Commercial Aviation	Unallocated Costs	Total
Revenue	$ 1,031	$ —	$ —	$ 1,031
Cost of revenues	369	—	—	369
Gross Profit	662	—	—	662
Operating expenses				
Research and development	625	523	—	1,148
Sales and marketing	591	86	160	837
General and administrative	626	519	11,267	12,412
Other expenses[(1)]	132	25	35	192
Total operating expenses	1,974	1,153	11,462	14,589
Loss from operations	$ (1,312)	$ (1,153)	$ (11,462)	$ (13,927)

	Six Months Ended June 30, 2024			
	Industrial IoT	Commercial Aviation	Unallocated Costs	Total
Revenue	$ 1,251	$ —	$ —	$ 1,251
Cost of revenues	448	—	—	448
Gross Profit	803	—	—	803
Operating expenses				
Research and development	751	861	—	1,612
Sales and marketing	716	264	161	1,141
General and administrative	654	1,313	12,162	14,129
Other expenses[(1)]	158	6,511	56	6,725
Total operating expenses	2,279	8,949	12,379	23,607
Loss from operations	$ (1,476)	$ (8,949)	$ (12,379)	$ (22,804)

(1) Other expenses include merger-related transaction costs and amortization of intangibles.

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

Note 14 - Fair Value Measurements and Fair Value of Financial Instruments

The Company measures certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair value based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as determined by either the principal market or the most advantageous market. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy. These levels are:

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.

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and warrant liability. Cash and cash equivalents, accounts receivable and accounts payable are stated at their respective carrying amounts, which approximate fair value due to their short-term nature.

The Company's assets and liabilities measured at fair value consisted of the following at the periods indicated:

	Fair Value at June 30, 2025			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Warrant liability	$ 14,564	$ —	$ —	$ 14,564
Total liabilities	$ 14,564	$ —	$ —	$ 14,564

The fair value of the Level 3 warrant liability was determined by using a pricing model with certain significant unobservable market data inputs (refer to Note 12).

The table below provides a summary of changes in the estimated fair value of the Company's Level 3 warrant liability:

	Warrant Liability
Balance at January 1, 2025	$ —
Pre-funded and Common Warrants issued in connection with the March Offering (Note 12)	5,353
Pre-funded and Common Warrants issued in connection with the June Offering (Note 12)	18,427
Exercise of warrants	(14,647)
Change in fair value	5,431
Balance at June 30, 2025	$ 14,564

The change in fair value of the warrant liability is presented within "Change in fair value of warrant liability" on the condensed consolidated statements of operations.

Note 15 - Foreign Operations

Prior to the XTI Merger, the Company's operations were located primarily in the United States. After the XTI Merger, the Company's operations are located primarily in the United States, 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	Germany	United Kingdom	Eliminations	Total
For the Three Months Ended June 30, 2025:					
Revenues by geographic area	$ 299	$ 440	$ —	$ (139)	$ 600
Operating (loss) income by geographic area	$ (6,976)	$ (4,152)	$ (2)	$ —	$ (11,130)
Net (loss) income by geographic area	$ (16,704)	$ (4,152)	$ (2)	$ —	$ (20,858)
For the Three Months Ended June 30, 2024:					
Revenues by geographic area	$ 296	$ 874	$ —	$ (139)	$ 1,031
Operating (loss) income by geographic area	$ (13,039)	$ (888)	$ —	$ —	$ (13,927)
Net (loss) income by geographic area	$ (13,823)	$ (887)	$ —	$ —	$ (14,710)
For the Six Months Ended June 30, 2025:					
Revenues by geographic area	$ 598	$ 764	$ —	$ (278)	$ 1,084
Operating (loss) income by geographic area	$ (15,804)	$ (5,726)	$ (2)	$ —	$ (21,532)
Net (loss) income by geographic area	$ (28,013)	$ (5,715)	$ (2)	$ —	$ (33,730)
For the Six Months Ended June 30, 2024:					
Revenues by geographic area	$ 323	$ 1,067	$ —	$ (139)	$ 1,251
Operating (loss) income by geographic area	$ (21,979)	$ (825)	$ —	$ —	$ (22,804)
Net (loss) income by geographic area	$ (16,497)	$ (815)	$ —	$ —	$ (17,312)
As of June 30, 2025:					
Identifiable assets by geographic area	$ 64,032	$ 19,112	$ —	$ (47,696)	$ 35,448
Long lived assets by geographic area	$ 784	$ 960	$ —	$ —	$ 1,744
Goodwill by geographic area	$ 2,227	$ 6,916	$ —	$ —	$ 9,143
As of December 31, 2024:					
Identifiable assets by geographic area	$ 44,198	$ 19,763	$ 11	$ (39,681)	$ 24,291
Long lived assets by geographic area	$ 1,053	$ 1,377	$ —	$ —	$ 2,430
Goodwill by geographic area	$ 3,142	$ 8,930	$ —	$ —	$ 12,072

Note 16 - Related Party Transactions

Consulting Agreement with David Brody

David Brody, board member and founder of Legacy XTI, provided legal and strategic consulting services to Legacy XTI under a consulting agreement between Legacy XTI and Mr. Brody. No compensation was paid to Mr. Brody during the three and six months ended June 30, 2025. During the three and six months ended June 30, 2024, Legacy XTI paid Mr. Brody consulting compensation of $20,000. Pursuant to an amendment to the consulting agreement entered into in January 2024, an outstanding payable amount of $320,000 was waived by Mr. Brody, and the consulting agreement terminated in connection with the closing of the XTI Merger. This forgiveness of a related party payable was accounted for as a capital contribution on the condensed consolidated statement of changes in stockholders' equity.

Consulting Agreement with Scott Pomeroy

Scott Pomeroy and Legacy XTI entered into a consulting agreement dated July 1, 2022, as amended effective January 1, 2023, that provided for his engagement as Legacy XTI's Chief Financial Officer. The agreement provided that Mr. Pomeroy receive a monthly compensation of $17,500. Pursuant to the consulting agreement and in connection with the closing of the XTI Merger in March 2024, Mr. Pomeroy (i) received 4,000,000 shares (pre-merger, pre-reverse stock splits) of Legacy XTI common stock valued at $1.9 million as transaction-related compensation and (ii) was entitled to receive a transaction cash bonus of $400,000. The transaction cash bonus obligation remained outstanding as of December 31, 2024 and is included in accrued expenses and other current liabilities on the accompanying consolidated balance sheets. This cash bonus obligation was subsequently paid in full during January 2025. Effective upon closing time of the XTI Merger, Mr. Pomeroy was appointed as XTI Aerospace's Chief Executive Officer ("CEO"). As the consulting agreement was terminated upon Mr. Pomeroy's appointment as the Company's CEO on March 12, 2024, no consulting compensation was accrued or paid to Mr. Pomeroy during the three months ended June 30, 2025 and 2024. During the six months ended June 30, 2025 and 2024, the Company paid Mr. Pomeroy consulting compensation of $0 and $43,750, respectively.

Transactions with AVX Aircraft Company

On August 27, 2024, the Company entered into an amended and restated letter agreement with AVX Aircraft Company ("AVX"), which amends and restates the original letter agreement, dated as of March 25, 2024, by and between the Company and AVX, as subsequently amended, pursuant to which AVX provides consulting and advisory services to the Company relating to the development and design of the TriFan 600 airplane in exchange for the payment of costs incurred by AVX (with a target cost of approximately $960,000) plus a fixed fee of 12% of such costs (approximately $115,000) for a total payment of up to approximately $1.1 million. The Company pays AVX for its actual costs plus the 12% fixed fee on a monthly basis. The Company's Chairman and Chief Executive Officer, Scott Pomeroy, and board member, David Brody, also sit on the five-member board of AVX. Additionally, as of the date of this report, Mr. Brody and his spouse together own approximately 26% of the issued and outstanding shares of AVX. As a result of a legal financial separation between Mr. Brody and his spouse, Mr. Brody holds approximately 7% of the voting power of the outstanding securities of AVX and Mr. Brody's spouse holds approximately 19% of the voting power of the outstanding securities of AVX. As of the date of this report, Mr. Pomeroy owns restricted stock units of AVX which amount to less than 5% of the outstanding shares of AVX on a fully diluted basis. During the six months ended June 30, 2025, the Company did not accrue or pay AVX any consulting fees. During the year ended December 31, 2024, the Company paid AVX approximately $0.9 million in consulting fees, which included advance deposits for future services. As of December 31, 2024, the deposit balance for future services was approximately $0.5 million and is included in prepaid expenses and other current assets on the accompanying condensed consolidated balance sheets. In April 2025, the deposit balance of approximately $0.5 million was returned to the Company. As of the date of this report, neither Mr. Brody nor Mr. Pomeroy has received, and neither is entitled to receive, any compensation or other consideration from AVX, in connection with services provided by AVX to the Company or otherwise.

On April 18, 2025, XTI Aircraft Company entered into a novation agreement with AVX and a recruiting firm, pursuant to which AVX assigned to XTI Aircraft Company all of AVX's rights and obligations under a talent acquisition engagement agreement with the recruiting firm and, as a result, the recruiting firm will assist XTI Aircraft Company in hiring an executive for expected fees of approximately $0.1 million.

Agreements with Nadir Ali

On March 12, 2024, the Company entered into a consulting agreement with Nadir Ali (the "Ali Consulting Agreement"), the Company's former Chief Executive Officer. Mr. Ali, through 3AM, held shares of the Company's Series 9 Preferred Stock as disclosed in Note 10.

During the three months ended June 30, 2025 and 2024, the Company recognized compensation expense of $0 and approximately $1.3 million, respectively, which is included in general and administrative expenses on the condensed consolidated statements of operations, relating to the Ali Consulting Agreement. During the six months ended June 30, 2025 and 2024, the Company recognized compensation expense of approximately $2.3 million and $1.6 million, respectively, which is included in general and administrative expenses on the condensed consolidated statements of operations, relating to the Ali Consulting Agreement. As of December 31, 2024, the Company owed Mr. Ali accrued consulting fees of approximately $0.2 million, which is included in accounts payable on the accompanying consolidated balance sheets.

Pursuant to the Settlement Agreement (see "*Settlement Agreement*" below in this note), as of June 30, 2025, the Company owed Mr. Ali accrued consulting fees of $1.0 million, which is included in accounts payable on the accompanying condensed consolidated balance sheets.

On July 24, 2023, the compensation committee of the Board (the "Compensation Committee") of Legacy Inpixon adopted a Strategic Transaction Bonus Plan, which was amended on March 11, 2024 (the "Strategic Transaction Bonus Plan"), and was intended to provide incentives to certain employees, including Mr. Ali, and other service providers to remain with the Company through the consummation of a qualifying transaction. As of December 31, 2024, the Company had a transaction bonus obligation of approximately $2.1 million payable to Mr. Ali, which is included in accrued expenses and other current liabilities on the accompanying condensed consolidated balance sheets. On March 31, 2025, the Company repaid the remaining transaction bonus obligation to Mr. Ali pursuant to the Settlement Agreement (see "*Settlement Agreement*" below in this note).

Settlement Agreement

On March 27, 2025 (the "Effective Date"), the "Company entered into a settlement agreement (the "Settlement Agreement") with 3AM, Grafiti Group LLC ("Grafiti Group") and Nadir Ali ("Ali"). The terms of the Settlement Agreement include:

- ***Termination of Ali Consulting Agreement.*** The Settlement Agreement provides that effective as of the Effective Date, the Ali Consulting Agreement was terminated, and in lieu of the $2,775,000 (the "Ali Advisory Fees") that would be owed to Ali pursuant to the terms of the Ali Consulting Agreement as a result of the termination of such Ali Consulting Agreement prior to the 15 month anniversary of the effective date thereof, the Company agreed (i) that the aggregate amount of $1,000,000 (the "Grafiti Purchase Amount") required to be delivered by Grafiti Group pursuant to that certain Equity Purchase Agreement, dated February 16, 2024, by and among the Company, Grafiti LLC, and Grafiti Group, as amended (the "Equity Purchase Agreement"), shall be deemed to be satisfied in full and no further amounts shall be payable to the Company by Grafiti Group or any of its affiliated parties pursuant to the Equity Purchase Agreement; (ii) to deliver a cash amount of $60,000 (the "Outstanding Amount") to Ali by wire transfer of immediately available funds; and (iii) to deliver $1,500,000 (the "Deferred Amount") by wire transfer of immediately available funds in three equal installments of $500,000 each on June 30, 2025, September 30, 2025 and December 30, 2025. Any installment amount that is not paid by the applicable due dates will be subject to interest at a rate of 18% per annum. Upon payment of the Outstanding Amount and the Deferred Amount in accordance with the terms of the Settlement Agreement, the Ali Advisory Fees shall be deemed to be satisfied in full and no further amounts shall be payable by the Company to Ali or his affiliated parties pursuant to the Ali Consulting Agreement.

  On March 31, 2025, the Company paid the Outstanding Amount of $60,000 in full. On June 30, 2025, the Company paid the first $500,000 installment of the Deferred Amount. As of June 30, 2025, a Deferred Amount of $1,000,000 remained outstanding.

- ***Former Management Payments.*** Pursuant to the Settlement Agreement, the Company agreed to pay the Former Management Payments (as defined below) on the earlier of (a) the closing date of the Company's next financing transaction and (b) 30 days following the Effective Date of the Settlement Agreement, subject to certain penalties for late payment. The "Former Management Payments" comprise (i) an aggregate amount of $803,260.65 that, as of the Effective Date, remained payable to the recipients of bonuses payable pursuant to the Strategic Transaction Bonus Plan together with (ii) an aggregate amount of $303,372.87 (the "Loundermon Advisory Fee") that, as of the Effective Date, was payable to Wendy Loundermon, the Company's former Chief Financial Officer and a former director of the Company ("Loundermon"), pursuant to that certain Consulting Agreement, dated March 12, 2024, by and between the Company and Loundermon.

  On March 31, 2025, the Company paid the Former Management Payments in full.

- ***Preferred Stock Redemption.*** Pursuant to the Settlement Agreement, on the Effective Date, the Company delivered the aggregate amount of approximately $1.3 million (the "Series 9 Redemption Amount") to Ali for the redemption of 1,164.12 shares of Series 9 Preferred Stock outstanding as of such date. Following Ali's receipt of the Series 9 Redemption Amount, Ali no longer held any shares of Series 9 Preferred Stock.

- ***Mutual Release.*** As of the Effective Date, Ali, on behalf of himself and his former and current affiliated entities, including 3AM, Grafiti LLC and Grafiti Group (collectively, the "Ali Parties") agreed to release the Company from all claims arising out of any obligations of the Company with respect to the Ali Consulting Agreement, that certain securities purchase agreement, dated as of March 12, 2024 (the "Series 9 Purchase Agreement"), by and between the Company and 3AM, and the portion of the Strategic Transaction Bonus Plan relating to Ali, from the beginning of time through and including the date on which the Company has delivered all payments due under the Settlement Agreement (the "Completion Date"). As of the Effective Date, the Company agreed to release the Ali Parties from all claims arising out of any obligations of the Ali Parties with respect to the payment of the purchase price as set forth in the Equity Purchase Agreement, the Ali Consulting Agreement, the Series 9 Purchase Agreement and the portion of the Strategic Transaction Bonus Plan relating to Ali, from the beginning of time through and including the Completion Date.

- ***Entire Agreement***. The Settlement Agreement provides that it supersedes any prior consents or agreements regarding the allocation of financing proceeds for the payment of any obligations of the Company described in the Settlement Agreement.

Grafiti Group Divestiture

On February 21, 2024, Legacy Inpixon completed the disposition of the remaining portion of the Shoom, SAVES, and Game Your Game business lines and assets in accordance with the terms and conditions of the Equity Purchase Agreement. Pursuant to the terms of the Equity Purchase Agreement, Grafiti Group acquired 100% of the equity interest in Grafiti LLC, including the assets and liabilities primarily relating to Legacy Inpixon's SAVES, Shoom and Game Your Game business, including 100% of the equity interests of Inpixon India, Grafiti GmbH (previously Inpixon GmbH) and Game Your Game, Inc., from the Company for a minimum purchase price of $1.0 million to be paid in two annual cash installments of $0.5 million due within 60 days after December 31, 2024 and 2025 (the "Grafiti Purchase Amount"). The purchase price and annual cash installment payments were to be (i) decreased for the amount of transaction expenses assumed; and (ii) increased or decreased by the amount of working capital of Grafiti LLC on the closing balance sheet is greater or less than $1.0 million. As of December 31, 2024, $0.5 million of the receivable is included in current assets as other receivables on the Company's condensed consolidated balance sheets, and the remaining $0.5 million of the receivable is included in long term assets as other assets on the Company's consolidated balance sheets.

Pursuant to the Settlement Agreement dated March 27, 2025 (see "*Settlement Agreement*" above in this note), the Company agreed that, effective as of the Effective Date of the Settlement Agreement, the Grafiti Purchase Amount shall be deemed to be satisfied in full and no further amounts shall be payable to the Company by Grafiti Group or any of its affiliated parties pursuant to the Equity Purchase Agreement. As such, there are no receivables due from Grafiti Group or any of its affiliates reported in the Company's condensed consolidated balance sheets as of June 30, 2025.

Note 17 - Commitments and Contingencies

Advisory Agreement

On May 13, 2025, the Company entered into an advisory agreement with a third-party advisor, pursuant to which the Company agreed to pay $85,000 in cash and issue 125,000 shares of restricted common stock, subject to certain registration rights, to the advisor in consideration for financial advisory services agreed to be rendered to the Company pursuant to the advisory agreement. During the three months ended June 30, 2025, the Company paid the $85,000 cash fee and issued 125,000 shares of common stock to the third-party advisor. Fifty percent of the initial cash fee payment, or $42,500, was subsequently waived and returned to the Company as part of the June Offering closing.

In addition, the Company agreed to reimburse the advisor for all reasonable travel and other out-of-pocket expenses incurred in connection with the advisory agreement up to a maximum of $15,000, subject to certain exceptions. The Company also agreed to: (1) pay the advisor a customary fee tail during the 12-month period following the termination or expiration of the advisory agreement, if applicable; (2) pay an M&A cash fee to the advisor during the term equal to 3% of the aggregate consideration to the extent the Company enters into a merger or acquisition with a party initially introduced by the advisor to the Company; and (3) indemnify the advisor in in accordance with the terms and conditions of the advisory agreement.

The advisory agreement has a term of 180 days, subject to early termination or further extension, each upon the mutual consent of the parties.

Litigation

From time to time, the Company is subject to various claims, charges and litigation matters that arise in the ordinary course of business. The Company records a provision for a liability when it is both probable that the loss has been incurred and the amount of the loss can be reasonably estimated. If the Company determines that a loss is reasonably possible and the loss or range of loss can be reasonably estimated, it discloses the possible loss or range of loss. Any potential gains associated with legal matters are not recorded until the period in which all contingencies are resolved and the gain is realized or realizable. Depending on the nature and timing of any such proceedings that may arise, an unfavorable resolution of a matter could materially affect the Company's future consolidated results of operations, cash flows or financial position in a particular period. Except if otherwise indicated, it is not reasonably possible to determine the probability of loss or estimate damages for any of the matters discussed below, and therefore, the Company has not established reserves for any of these matters.

Xeriant Matter

On December 6, 2023, Xeriant, Inc. ("Xeriant") filed a complaint in the United States District Court for the Southern District of New York against Legacy XTI, two unnamed entities, and five unnamed individuals. On January 31, 2024, Xeriant filed an amended complaint adding the Company as a defendant. On February 29, 2024, Xeriant filed a second amended complaint, removing the Company and one of the unnamed entities as defendants. The second amended complaint alleges that Legacy XTI breached several agreements with Xeriant, including a Joint Venture Agreement dated May 31, 2021, a cross-patent license agreement, an operating agreement, and a letter dated May 17, 2022, which Xeriant claims arose from its introduction of Legacy XTI to a Nasdaq-listed company as a potential acquirer.

Xeriant alleges that it provided intellectual property, expertise, and capital in connection with Legacy XTI's TriFan 600 aircraft and that it was improperly excluded from a subsequent transaction involving the TriFan 600 technology as part of Legacy XTI's merger with the Company. Xeriant asserts causes of action including breach of contract, fraud, unjust enrichment, and misappropriation of confidential information. It seeks damages in excess of $500 million, injunctive relief, a royalty obligation, and other equitable relief.

On March 13, 2024, Legacy XTI moved to dismiss portions of the second amended complaint. The Court denied that motion on January 14, 2025. Legacy XTI filed an answer on January 28, 2025, and subsequently filed an amended answer and counterclaims on February 18, 2025. The amended counterclaims, further amended on April 14, 2025, allege that Xeriant breached the Joint Venture Agreement by failing to make required capital contributions of approximately $4.6 million and by failing to deliver promised intellectual property and strategic support. Legacy XTI further alleges that Xeriant breached its fiduciary duty by engaging in coercive and self-dealing conduct, including conditioning a strategic introduction on the issuance of equity and assumption of debt. Legacy XTI seeks declaratory relief confirming that the joint venture has been terminated, that all intellectual property related to the TriFan 600 belongs solely to Legacy XTI, and that Xeriant has no rights in the TriFan 600 technology.

Xeriant has moved to dismiss Legacy XTI's amended counterclaims, and that motion remains pending. The Court has denied Xeriant's renewed motion to stay discovery.

On July 10, 2025, XTI filed a letter motion requesting a conference to address: (i) ongoing deficiencies in Xeriant's discovery responses; and (ii) Xeriant's untimely service of discovery requests on XTI, which were served more than three months after the applicable deadline. The Court granted XTI's letter motion on the same day, and held a conference on July 18, 2025. During the conference, the Court ordered: (i) an extension of all discovery deadlines by three months, through November 24, 2025; (ii) an extension of expert discovery through February 16, 2026; and (iii) that the parties finalize a protective order and Electronically Stored Information ("ESI") protocol by July 25, 2025. The parties subsequently submitted a stipulated protective order and ESI protocol, which the Court entered on July 28, 2025. The parties are continuing to exchange written discovery and will be conducting depositions.

The litigation remains in the early stages of discovery. The Company believes the claims against Legacy XTI are without merit and intends to continue to vigorously defend against them. At this time, the Company is unable to predict the outcome of this matter or estimate the likelihood or magnitude of a potential loss, if any.

Auctus Matter

In connection with the "Xeriant Matter" described above, on June 12, 2024, the Company received correspondence from legal counsel for Auctus Fund, LLC ("Auctus"), dated April 3, 2024, asserting that the Company and/or Legacy XTI may have assumed Xeriant's obligations under a Senior Secured Promissory Note (the "Note") issued by Xeriant to Auctus in the original principal amount of $6,050,000, pursuant to a letter agreement dated May 17, 2022, between Xeriant and Legacy XTI (the "May 17 letter"). Auctus claimed that the outstanding amount due under the Note, including accrued interest, was $8,435,008.81 as of April 3, 2024.

In July 2024, Legacy XTI responded to Auctus's claims, asserting that the May 17 letter is invalid and unenforceable on multiple grounds. Legacy XTI further stated that, even if the May 17 letter were enforceable, it did not create or trigger any obligation for Legacy XTI to assume Xeriant's debt under the Note or otherwise.

On May 13, 2025, Auctus filed a lawsuit against Legacy XTI in the District Court of Arapahoe County, Colorado, asserting a single claim for breach of contract based on its prior allegations. Auctus contends that Legacy XTI is contractually obligated to repay nearly $9 million in principal and accrued interest, based on Legacy XTI's entry into a loan agreement with Legacy Inpixon in March 2023 and its subsequent merger with Legacy Inpixon in March 2024.

On June 25, 2025, Legacy XTI filed a motion to dismiss or, in the alternative, to stay the proceedings pending resolution of the Xeriant litigation. Legacy XTI's motion asserts that Auctus' complaint should be dismissed: (i) for lack of standing, because Auctus is neither a party to, nor a third-party beneficiary of, the May 17 letter; (ii) for failure of a condition precedent, because no obligation ever arose in that the alleged triggering condition—a business combination involving Legacy XTI and Legacy Inpixon did not occur within the required one-year time frame; (iii) for lack of valid assignment, because Xeriant's unilateral assignment of debt to Legacy XTI is void because the underlying Note prohibits assignment without Auctus's prior written consent, which is not alleged.

On August 5, 2025, Auctus filed a response arguing that it was an intended third-party beneficiary of the May 17 letter, that the anti-assignment clause does not bar its claims, and that the request for a stay is unwarranted because the Xeriant litigation involves different parties and broader claims. Legacy XTI believes it has strong counterarguments and will file a reply in further support of its motion to dismiss or stay.

The litigation remains in the early stages of discovery. The Company believes that the claims asserted by Auctus are without merit and intends to vigorously defend against the lawsuit. As of the date of this filing, the Company is unable to predict the outcome of this matter or determine the likelihood or magnitude of a potential loss, if any.

Commitment to Nadir Ali

As disclosed in Note 16, pursuant to the Settlement Agreement, as of June 30, 2025, the Company has a remaining obligation to pay Nadir Ali deferred consulting fees of $1,000,000, which is included in accounts payable on the condensed consolidated balance sheets; such amount is payable in two equal installments of $500,000 due on September 30, 2025 and December 31, 2025.

Note 18 - Net Loss Per Share Attributable to Common Stockholders

The following table presents the calculation of basic and diluted loss per share attributable to common stockholders (in thousands, except share and per share data):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net Loss	$ (20,858)	$ (14,710)	$ (33,730)	$ (17,312)
Less: Preferred stock return	—	(250)	(29)	(311)
Less: Deemed dividend	—	(460)	—	(460)
Net Loss Attributable to Common Stockholders, Basic and Diluted	$ (20,858)	$ (15,420)	$ (33,759)	$ (18,083)
Net Loss Per Share, Basic and Diluted	$ (2.93)	$ (261.99)	$ (6.41)	$ (448.98)
Weighted Average Shares Outstanding, Basic and Diluted	7,121,837	58,857	5,263,609	40,276

The basic earnings per share calculation for the three and six months ended June 30, 2025 included 785,700 and 2,661,700 shares of common stock, respectively, issuable upon exercise of Pre-funded Warrants that were issued in connection with the March Offering and June Offering. These Pre-funded Warrants are considered penny warrants as the exercise price is $0.001; therefore, they are included in the basic earnings per share calculation.

The basic earnings per share calculation for the three months ended June 30, 2024 included 839 penny warrant shares, since the exercise price was $0.01 per share. The basic earnings per share calculation for the six months ended June 30, 2024 included 2,434 penny warrants shares. Additionally, the basic earnings per share calculation for the six months ended June 30, 2024 included 1,194 shares of common stock that were issuable to Xeriant related to the joint venture arrangement that expired by its term on May 31, 2023. The shares were issued to Xeriant for no additional consideration immediately prior to the XTI Merger.

The following potentially dilutive shares were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented, because including them would have been anti-dilutive (on an as-converted basis):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Options	50,341	13,169	50,761	8,889
Warrants	3,104,234	3,210	1,593,397	2,519
Convertible preferred stock	2	2	2	2
Convertible notes	-	133	-	2,009
Total	3,154,577	16,514	1,644,160	13,419

Note 19 - Subsequent Events

June Offering Over-Allotment Option Exercises

During July 2025, the Company closed multiple exercises of the over-allotment option granted to the underwriter of the June Offering. The over-allotment option was exercised in full resulting in the issuance of 1,371,000 shares of common stock, at the public offering price of $1.75 per share, for net proceeds of approximately $2.2 million.

The Company also issued additional Representative's Warrants to the underwriter to purchase an aggregate of 68,551 shares of common stock at an exercise price of $2.1875 per share, subject to adjustments, with the same terms as the Representative's Warrants issued in connection with the initial closing of the June Offering.

Settlement Agreement with Chardan

On or about August 1, 2024, Chardan Capital Markets LLC ("Chardan") commenced an arbitration (the "Arbitration") before the Financial Industry Regulatory Authority against the Company and its subsidiary, XTI Aircraft Company ("Aircraft"), related to an engagement letter, dated as of June 7, 2022, by and between Chardan and Aircraft, as amended (the "Engagement Letter"). On or about June 13, 2025, Aircraft filed a counterclaim against Chardan for breach of contract.

On July 8, 2025, Chardan, on the one hand, and the Company and Aircraft, on the other hand, entered into a settlement agreement (the "Chardan Settlement Agreement"), pursuant to which the parties agreed to resolve and settle all claims and matters between them. Pursuant to the Chardan Settlement Agreement, simultaneous with the execution thereof, (i) Chardan, the Company and Aircraft entered into a mutual release, pursuant to which, Chardan, on the one hand, and the Company and Aircraft, on the other hand, released each other from all claims against each other, including all claims related to the Arbitration, and (ii) counsel for the parties executed a joint stipulation whereby Chardan and Aircraft agreed to dismiss with prejudice all claims asserted against each other with respect to the Arbitration, which was filed in the Arbitration. None of the parties made any payments in connection with the Chardan Settlement Agreement and, pursuant to the Chardan Settlement Agreement, the parties agreed that none of the parties owes each other any amount or debt. Pursuant to the Chardan Settlement Agreement, the parties also agreed that the Engagement Letter is terminated and is of no further force or effect.

Warrant Exercises

As disclosed in Note 12, certain of the Common Warrants and Pre-funded Warrants issued in connection with the March Offering and June Offering were exercised for shares of common stock subsequent to June 30, 2025.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the condensed consolidated financial statements and the related notes included elsewhere in this Form 10-Q and with the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC. In addition to our historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Form 10-Q, particularly in Part II, Item 1A, "Risk Factors."

Overview of Our Business

We are primarily an aircraft development company. We also provide real-time location systems ("RTLS") for the industrial sector.

Headquartered in Englewood, Colorado, the Company is developing a vertical takeoff and landing ("VTOL") airplane that is designed to take off and land like a helicopter and cruise like a fixed-wing business airplane. We believe our initial configuration, the TriFan 600 airplane, will be one of the first civilian fixed-wing VTOL airplanes that offers the speed and comfort of a business airplane and the range and versatility of VTOL for a wide range of customer applications, including private aviation for business and high net worth individuals, emergency medical services and regional charter air travel, defining a new category of VTOL that we term the "xVTOL." The TriFan 600 is a seven-occupant airplane intended to provide point-to-point air travel over distances of over 1,000 miles, fly at twice the speed and three times the range of competing helicopters and cruise at altitudes of up to 25,000 feet. Since 2013, we have been engaged primarily in developing the aerodynamic performance and top-level engineering design of the TriFan 600, building and testing a two-thirds scale unmanned version of the TriFan 600, generating pre-orders for the TriFan 600, and seeking funds from investors to enable the Company to advance the detailed design and certification of the TriFan 600, and to eventually engage in commercial production and sale of the TriFan 600.

We continue to work to optimize our airplane design for both manufacturing and certification. The development of an xVTOL airplane that meets our business requirements demands significant design and development efforts on all facets of the airplane. We believe that by bringing together a mix of talent with VTOL and traditional commercial aerospace backgrounds, we have built a team that enables us to move through the design, development, and certification of our xVTOL airplane with the Federal Aviation Administration ("FAA") in an efficient manner, thus allowing us to achieve our end goal of bringing to market our airplane as efficiently as possible.

To date, we have not generated any revenue from aircraft sales because we are still designing and developing our xVTOL airplane. Additionally, we are seeking the necessary governmental approvals to bring the airplane into service. To continue funding these efforts, we will need to raise capital for the foreseeable future. The amount and timing of our future capital needs will depend on various factors, including the progress and results of our airplane's design and development, our manufacturing operations, and our success in obtaining the required FAA certifications and other government approvals. For instance, any significant delays in securing FAA certifications or other government approvals may force us to raise more capital and could postpone our ability to generate revenue from aircraft sales.

Our RTLS solutions leverage cutting-edge technologies such as IoT, AI, and big data analytics to provide real-time tracking and monitoring of assets, machines, and people within industrial environments. With our RTLS solutions, businesses can achieve improved operational efficiency, enhanced safety and reduced costs. By having real-time visibility into operations, industrial organizations can make informed, data-driven decisions, minimize downtime, and ensure compliance with industry regulations.

We report financial results for two segments: Commercial Aviation and Industrial IoT. For Industrial IoT, we generate revenue from sales of hardware, software licenses and professional services. During the quarter ended December 31, 2024, we began exploring strategic options to wind down and/or sell the hardware portions of our Industrial IoT business segment in order to shift its focus towards the sales of software products. For Commercial Aviation, the segment is pre-revenue as we are currently developing the TriFan 600 airplane.

Key Factors Affecting Operating Results

We believe that the growth of our business and our future success are dependent upon many factors, including our ability to retain and develop engineering internal and third-party resources, secure strategic partnerships with suppliers, expand the number of customer purchase orders, locate a facility for further aircraft development and testing, expand on that facility or locate to a new facility for commercial production, build-out production assembly lines in a timely manner, develop ancillary service offerings related to the TriFan 600 such as flight training and maintenance products, and secure the needed financing to achieve FAA certification.

While each of these areas presents significant opportunities for us, they also pose material challenges and risks that we must successfully address to achieve FAA certification of the TriFan 600 and further reach our current aircraft delivery forecasts.

Corporate Strategy Update

Our primary focus is to power what we term the Vertical Economy™ by delivering high-performance xVTOL solutions that scale from aircraft to innovative technologies and infrastructure. We identify seven areas that comprise the Vertical Economy: manned aircraft, unmanned aircraft, power technology, airspace and infrastructure management, artificial intelligence, aircraft advanced materials and next gen manufacturing. The term "xVTOL" is intended to encompass the broad spectrum of vertical lift technologies within the Vertical Economy, including various aircraft types (e.g., electric VTOL, regional VTOL and drones), operational models (manned and unmanned), supporting technologies (e.g., propulsion systems and aerospace-related artificial intelligence technologies) and customer applications. With the TriFan 600 as our flagship commercial aviation product, we are laying the groundwork for an innovative family of versatile aircraft and solutions addressing passenger travel, logistics, autonomous operations and defense missions that we believe will unlock significant growth and market leadership.

Expanding into autonomous, remotely operated drones is key to our strategic focus. By combining drone technology with VTOL innovation, we believe we are positioning the Company to accelerate the development of both unmanned aerial vehicles and VTOL solutions, expand its market presence, and create new revenue-generating opportunities across multiple industries. We will also be opportunistic and may consider other strategic transactions, which may include, but not be limited to, other alternative investment opportunities, such as minority investments and joint ventures. 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.

Recent Events

June 2025 Underwritten Offering

On June 24, 2025, the Company entered into an underwriting agreement with ThinkEquity, as the representative of the underwriters named therein, relating to a firm commitment underwritten public offering (the "June Offering") of 6,231,200 shares of common stock (the "Shares"), pre-funded warrants (the "Pre-funded Warrants") to purchase up to 2,911,800 shares of common stock, and common warrants (the "Common Warrants") to purchase up to 9,143,000 shares of common stock. The combined public offering price for each Share, together with one Common Warrant, was $1.75. The combined public offering price for each Pre-funded Warrant, together with one Common Warrant, was $1.749. Each Share, or a Pre-funded Warrant in lieu thereof, was sold together with one Common Warrant. The Company also granted ThinkEquity a 45-day option to purchase, at the public offering price, less the underwriting discounts and commissions, up to 1,371,000 additional shares of Common Stock (and/or Pre-funded Warrants in lieu thereof) and/or up to 1,371,000 additional Common Warrants or any combination thereof, to cover any over-allotments (the "Over-Allotment Option"). ThinkEquity partially exercised the Over-Allotment Option on June 25, 2025 for 1,371,000 additional Common Warrants.

The June Offering closed on June 26, 2025, resulting in net proceeds to the Company, after deducting commissions and expenses, of approximately $14.7 million. Upon closing of the June Offering, the Company issued ThinkEquity warrants (the "Representative's Warrants") as compensation to purchase up to 457,150 shares of Common Stock at an exercise price of $2.1875 per share. The Representative's Warrants were exercisable immediately upon the date of issuance and expire on the five-year anniversary of the commencement of sales of securities in the June Offering.

During July 2025, the Company closed multiple exercises of the Over-Allotment Option. The Over-Allotment Option was exercised in full resulting in the issuance of 1,371,000 shares of common stock, at the public offering price of $1.75 per share, for net proceeds of approximately $2.2 million.

The Company also issued ThinkEquity additional Representative's Warrants to purchase an aggregate of 68,551 shares of common stock at an exercise price of $2.1875 per share, subject to adjustments, with the same terms as the Representative's Warrants issued in connection with the initial closing of the June Offering.

Settlement Agreement with Chardan

On or about August 1, 2024, Chardan Capital Markets LLC ("Chardan") commenced an arbitration (the "Arbitration") before the Financial Industry Regulatory Authority against the Company and its subsidiary, XTI Aircraft Company ("Aircraft"), related to an engagement letter, dated as of June 7, 2022, by and between Chardan and Aircraft, as amended (the "Engagement Letter"). On or about June 13, 2025, Aircraft filed a counterclaim against Chardan for breach of contract.

On July 8, 2025, Chardan, on the one hand, and the Company and Aircraft, on the other hand, entered into a settlement agreement (the "Chardan Settlement Agreement"), pursuant to which the parties agreed to resolve and settle all claims and matters between them. Pursuant to the Chardan Settlement Agreement, simultaneous with the execution thereof, (i) Chardan, the Company and Aircraft entered into a mutual release, pursuant to which, Chardan, on the one hand, and the Company and Aircraft, on the other hand, released each other from all claims against each other, including all claims related to the Arbitration, and (ii) counsel for the parties executed a joint stipulation whereby Chardan and Aircraft agreed to dismiss with prejudice all claims asserted against each other with respect to the Arbitration, which was filed in the Arbitration. None of the parties made any payments in connection with the Chardan Settlement Agreement and, pursuant to the Chardan Settlement Agreement, the parties agreed that none of the parties owes each other any amount or debt. Pursuant to the Chardan Settlement Agreement, the parties also agreed that the Engagement Letter is terminated and is of no further force or effect.

Expansion of Corporate Advisory Board

During the six months ended June 30, 2025, the Company expanded its corporate advisory board, which is now comprised of ten advisory board members led by Michael Tapp, who are helping the Company evaluate strategic opportunities to capitalize on the anticipated demand for the TriFan 600.

TriFan 600 Engineering Update

During the quarter ended June 30, 2025, we continued to advance the development of the TriFan 600. Below are key development milestones that were achieved during the quarter:

- We finalized the Global Finite Element Model (GFEM) for the latest aircraft configuration (C211.2), a foundational engineering step toward validating structural performance as part of the type certification process.
- We selected Triumph Group Inc.'s gear systems, Kamatics Corporation, and Formsprag LLC's Formsprag Clutch products to support the development efforts of the drivetrain system.
- The FAA formally assigned the Fort Worth Certification Branch Office (CBO) to oversee TriFan 600 certification activities, an administrative step that establishes our primary FAA point of contact as we continue the type certification process.
- Through a collaboration with Oak Ridge National Laboratory, we continued running Computational Fluid Dynamics (CFD) simulations to support refinement of the updated aircraft configuration's aerodynamic performance as part of the ongoing design and certification process.
- We held a Technical Familiarization ("Tech Fam") session with the FAA on aircraft structures, an important step in preparing for the detailed compliance reviews required in the type certification process.
- We opened a Prototyping & Innovation Lab at The HIVE in Grand Forks, North Dakota, to test subscale models of the TriFan 600, including "Sparrow" and "Kestrel," and to advance flight control systems.
- We entered into a non-binding memorandum of understanding with VerdeGo Aero to explore hybrid-electric propulsion solutions for future aircraft variants, which remains subject to the parties' execution of a definitive agreement.

In parallel, the development team continued to optimize core elements of the TriFan 600 design, including:

- Ducted fan enhancements to improve cruise performance and efficiency,
- Structural design refinements based on updated loads and material analysis,
- Aerodynamic performance enhancements to the wing and tail surfaces,
- Stability and control improvements aligned with certification objectives, and
- Updates to weight and Center of Gravity (CG) assessments.

We maintain active monthly engagement with the FAA, including ongoing support for Tech Fam sessions with agency subject matter experts. These interactions support continued progress in development and help confirm that our approach remains consistent with applicable regulatory requirements.

We remain focused on advancing the TriFan 600 toward certification and commercialization, with Q2 marking notable progress in both engineering development and regulatory engagement activities.

Critical Accounting Policies and Estimates

Our condensed 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.

The significant accounting policies of the Company are described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," section of the Company's annual report on Form 10-K for the year ended December 31, 2024. There have been no significant changes to the Company's critical accounting policies and estimates except for the valuation of long-lived and intangible assets and goodwill as noted below.

Valuation of Long-lived and Intangible Assets and Goodwill.

We periodically review long-lived assets and certain identifiable intangible assets for impairment in accordance with Accounting Standards Codification ("ASC") 360, "Property, Plant, and Equipment." Goodwill and intangible assets not subject to amortization are reviewed annually for impairment in accordance with ASC 350, "Intangibles – Goodwill and Other," or more often if there are indications of possible impairment.

The analysis to determine whether or not an asset is impaired requires significant judgments that are dependent on internal forecasts, including estimated future cash flows, estimates of long-term growth rates for our business, the expected life over which cash flows will be realized and assumed royalty and discount rates. Changes in these estimates and assumptions could materially affect the determination of fair value and any impairment charge. While the fair value of these assets are less than their carrying value based on our current estimates and assumptions, materially different estimates and assumptions in the future in response to changing economic conditions, changes in our business or for other reasons could result in the recognition of impairment losses higher than the amount currently recorded.

For assets to be held and used, including acquired intangible assets subject to amortization, we initiate our review whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of an asset is measured by comparison of its carrying amount to the expected future undiscounted cash flows that the asset is expected to generate. Any impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Significant management judgment is required in this process.

For intangible assets not subject to amortization such as goodwill, we test for impairment annually, or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. In testing goodwill for impairment, we compare the fair value with the carrying value. The determination of fair value is based on a discounted cash flow analysis, using inputs and assumptions such as revenue growth rates, other projected expenses, and discount rates. If we were to experience a decrease in forecasted future revenues attributable to the intangible assets, this could indicate a potential impairment. If the carrying value exceeds the estimated fair value, the goodwill is considered impaired, and an impairment loss will be recognized in an amount equal to the excess of the carrying value over the fair value of goodwill.

We perform our annual goodwill impairment test required by ASC 350 as of October 1st of each year. In testing goodwill for impairment, we analyze qualitative factors as stated within ASC 350 to determine if the fair value of our reporting unit may be less than the carrying value of the reporting unit. We have one reporting unit that carries goodwill (Industrial IoT). If the fair value of the reporting unit, based on qualitative factors, may be less than the carrying value of the reporting unit, we then perform the goodwill impairment test required under ASC 350 by comparing the fair value of the reporting unit with the carrying value of the reporting unit and, if the fair value is less than the carrying value, the amount that the carrying value exceeds fair value represents the amount of goodwill impairment. Accordingly, we would recognize an impairment loss in the amount of such excess.

In connection with the XTI Merger we recorded $12 million in goodwill which was allocated to our Industrial IoT reporting unit. Since the closing date of the XTI Merger on March 12, 2024, the price of our common stock has declined significantly and may continue to fluctuate in future periods. A sustained decrease in the price of our common stock is one of the qualitative factors to be considered as part of an impairment test when evaluating whether events or changes in circumstances may indicate that it is more likely than not that a potential goodwill impairment exists. We will continue monitoring the analysis of the qualitative and quantitative factors used as a basis for the goodwill impairment test during fiscal year 2025 and at the Company's October 1st annual testing date. As of June 30, 2025, management evaluated potential triggers and determined there was a triggering event during the six months ended June 30, 2025 relating to the Industrial IoT reporting unit, in the form of a current period operating and cash flow loss, a consistent history of operating losses, and the revenue results for the current period missing forecasted targets due to (i) the sales cycle to close transactions taking longer than anticipated, and (ii) supply chain issues causing delays in our delivery of Nanotron product to customers. As such, the Company completed a qualitative assessment and determined in the aggregate, it is more likely than not, that the fair value of the IoT reporting unit is less than its carrying value. Therefore, a goodwill impairment of $4.05 million was recognized for the three and six months ended June 30, 2025. One of the key factors in the calculation of the impairment amount is the Company's forecasted financial performance for the IoT reporting unit. If the projected revenues decreased by 10%, the goodwill impairment amount would have increased by $2.9 million.

Components of Results of Operations

Revenue

Commercial Aviation

We are still working to design, develop and certify the TriFan 600 airplane and thus have not generated revenue from this segment. We do not expect to begin generating significant revenues until we complete the design, development, certification, and manufacturing of the airplane.

Industrial IoT

Our RTLS products are primarily sold on a license and SaaS mode, which we call "location as a service" or "LaaS." In our licensing model, we also typically charge an annual maintenance fee. The LaaS model is typically for a 3-5 year contract and includes a license to use, maintenance and hardware upgrades. The LaaS model generates a recurring revenue stream.

Operating Expenses

Research and Development

Research and development activities represent a significant part of our business. Our research and development efforts focus on the design and development of (i) our indoor intelligence products, and (ii) our TriFan 600 airplane, including certain of the systems that will be used in it. As part of our aircraft development activities, we continue to work closely with the FAA towards our goal of achieving certification of our TriFan 600 airplane on an efficient timeline.

Research and development expenses consist primarily of costs incurred in connection with the research and development of the TriFan 600 airplane. These expenses include:

- employee-related expenses, including salaries and benefits for personnel engaged in research and development functions;
- expenses incurred under agreements with third parties such as consultants and contractors; and
- software and technology-related expenses to support computer-aided design of the aircraft, flight simulations, and other technology needs of our engineers.

Research and development costs are expensed as incurred. We expect our research and development expenses to increase significantly as we increase staffing to support aircraft engineering and software development, build aircraft prototypes and continue to explore and develop technologies.

We cannot determine with certainty the timing, duration or the costs necessary to complete the design, development, certification, and manufacturing of our TriFan 600 airplane due to the inherently unpredictable nature of our research and development activities. Development timelines, the probability of success, and development costs may differ materially from expectations.

Sales and Marketing Expenses

Sales and marketing costs include activities such as aircraft reservation procurement, brand awareness campaigns, public relations and business opportunity advancement. These functions mainly generate expenses relating to travel, trade show fees and costs, salaries and benefits. Sales and marketing expenses are expensed as incurred.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs for personnel in executive, finance, corporate and business development, and administrative functions. General and administrative expenses also include legal fees relating to patent and corporate matters, including non-capitalizable transaction costs; professional fees for accounting, auditing, tax and administrative consulting services; insurance costs, facility related expenses including maintenance and allocated expenses for rent and other operating costs.

We anticipate that general and administrative expenses will increase substantially in the future as we increase our headcount to support continued research and development and commercialization of the TriFan 600.

Other (Expense) Income

Interest expense, net consists primarily of (i) interest relating to convertible and promissory notes payable, (ii) amortization of debt discounts relating to warrants and stock options issued in conjunction with convertible notes, and (iii) interest income on notes receivable.

Loss on extinguishment of debt includes (i) prepayment penalties and other expenses incurred during the six months ended June 30, 2025 as the Company fully repaid the Streeterville promissory notes before the maturity date, and (ii) inducement losses on debt conversions incurred by Legacy XTI when it entered into voluntary note conversion letter agreements with several note holders during the first quarter of 2024.

Change in fair value of convertible notes payable represents the remeasurement of certain Legacy XTI convertible notes to fair value. These notes were converted to equity prior to the closing of XTI Merger.

Change in fair value of warrant liability represents the remeasurement of certain outstanding warrants to fair value.

Other consists of miscellaneous income and expense items.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2025 compared to the Three Months Ended June 30, 2024

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

	Three Months Ended June 30,			
	2025	2024	$	%
(in thousands, except percentages)	Amount	Amount	Change*	Change*
Revenues	$ 600	$ 1,031	$ (431)	(41.8)%
Cost of revenues	$ 117	$ 369	$ (252)	(68.3)%
Gross profit	$ 483	$ 662	$ (179)	(27.0)%
Operating expenses	$ 11,613	$ 14,589	$ (2,976)	(20.4)%
Loss from operations	$ (11,130)	$ (13,927)	$ 2,797	(20.1)%
Other (expense) income	$ (9,719)	$ (771)	$ (8,948)	1,160.6 %
Income tax benefit (provision)	$ (9)	$ (12)	$ 3	(25.0)%
Net loss	$ (20,858)	$ (14,710)	$ (6,148)	41.8%

* 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

The revenue amount for the periods presented represents the results of the revenue-generating Industrial IoT segment. Revenues for the three months ended June 30, 2025 were $0.6 million compared to $1 million for the comparable period in the prior year for a decrease of approximately $0.4 million. This decline in revenue was primarily attributable to supply chain disruptions caused by regional conflict in the Middle East, which impacted our Israeli supplier’s operations and resulted in delays in hardware product deliveries to our customers.

Cost of Revenues and Gross Profit

Cost of revenues for the three months ended June 30, 2025 was $0.1 million compared to $0.4 million for the comparable period in the prior year for a decrease of approximately $0.3 million. This decline is consistent with the decline in revenues.

Gross profit for the three months ended June 30, 2025 was $0.5 million compared to $0.7 million for the comparable period in the prior year, a decrease of approximately $0.2 million, which is consistent with the decrease in revenue. The gross margin percentage was 80.5% and 64.2% for the three months ended June 30, 2025 and 2024, respectively. The margin increase is due primarily to a shift in sales mix to higher margin software solutions during the second quarter of 2025.

Operating Expenses

Operating expenses for the three months ended June 30, 2025 were $11.6 million and $14.6 million for the comparable period ended June 30, 2024, a decrease of $3.0 million. Excluding nonrecurring expenses incurred during the three months ended June 30, 2024 including (i) transaction bonus expense of $6.7 million, (ii) advisory compensation expense of $1.3 million, which related to consulting arrangements entered into with prior executives of Legacy Inpixon, and (iii) professional fees of $0.6 million relating to post-XTI Merger integration efforts including regulatory filings triggered by the merger, operating expenses increased by $5.6 million.

This increase of $5.6 million was driven by the Company's efforts to secure additional financing during the first half of 2025 leading to (i) an increase in sales and marketing expenses of $0.7 million as the Company invested more in brand development and awareness, trade show participation, and business development initiatives and (ii) an increase in research and development expenses of $0.8 million mainly to advance the development of the TriFan 600 airplane. The Company also recognized $4.1 million of goodwill and intangibles impairment during the three months ended June 30, 2025 relating to its Industrial IoT segment.

Other (Expense) Income

Other (expense) income for the three months ended June 30, 2025 was a loss of $9.7 million compared to a loss of $0.8 million for the comparable period in the prior year.

The loss of $9.7 million for the three months ended June 30, 2025 was primarily attributable to (i) the recognition of a $5.9 million loss related to the change in fair value of a warrant liability, and (ii) $3.8 million of financing costs incurred relating to the issuance of warrants in connection with the June Offering. The loss of $0.8 million for the three months ended June 30, 2024 was primarily attributable to the recognition of a $0.7 million loss related to the change in fair value of a warrant liability.

Income Tax Benefit (Provision)

The income tax benefit (provision) for the three months ended June 30, 2025 and 2024 was immaterial.

Six Months Ended June 30, 2025 compared to the Six Months Ended June 30, 2024

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

	Six Months Ended June 30,			
	2025	2024	$	%
(in thousands, except percentages)	Amount	Amount	Change	Change*
Revenues	$ 1,084	$ 1,251	$ (167)	(13.3)%
Cost of revenues	$ 266	$ 448	$ (182)	(40.6)%
Gross profit	$ 818	$ 803	$ 15	1.9%
Operating expenses	$ 22,350	$ 23,607	$ (1,257)	(5.3)%
Loss from operations	$ (21,532)	$ (22,804)	$ 1,272	(5.6)%
Other (expense) income	$ (12,204)	$ 5,508	$ (17,712)	(321.6)%
Income tax benefit (provision)	$ 6	$ (16)	$ 22	(137.5)%
Net loss	$ (33,730)	$ (17,312)	$ (16,418)	94.8%

* 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

The revenue amount for the periods presented represents the results of the revenue-generating Industrial IoT segment. Revenues for the six months ended June 30, 2025 were $1.1 million compared to $1.3 million for the comparable period in the prior year for a decrease of approximately $0.2 million. This decline in revenue was primarily attributable to supply chain disruptions caused by regional conflict in the Middle East, which impacted our Israeli supplier's operations and resulted in delays in hardware product deliveries to our customers.

Cost of Revenues and Gross Profit

Cost of revenues for the six months ended June 30, 2025 were $0.3 million compared to $0.4 million for the comparable period in the prior year.

Gross profit for the six months ended June 30, 2025 and 2024 was $0.8 million. Despite a decline in revenue for the six months ended June 30, 2025 compared to the comparable period in the prior year, gross profit for such periods remained consistent because of improved gross margins. The gross margin percentage was 75.5% and 64.2% for the six months ended June 30, 2025 and 2024, respectively. The margin increase is due primarily to a shift in sales mix to higher margin software solutions during the first half of 2025.

Operating Expenses

Operating expenses for the six months ended June 30, 2025 were $22.4 million and $23.6 million for the comparable period ended June 30, 2024, a decrease of $1.2 million. Excluding nonrecurring expenses incurred during the six months ended June 30, 2024 including (i) merger-related transaction costs of $6.5 million, (ii) transaction bonus expense of $6.7 million, and (iii) professional fees of $0.6 million relating to post-XTI Merger integration efforts including regulatory filings triggered by the merger, operating expenses increased by $12.6 million.

This increase of $12.6 million was due primarily to (i) an increase in research and development expenses of $2.1 million, mainly attributable to the development of the TriFan 600, as the Company secured additional financing during the first half of 2025, (ii) an increase in sales and marketing expenses of $1.4 million as the Company invested more in brand development and awareness, trade show participation, and business development initiatives, (iii) an increase in non-cash impairment of goodwill and intangible assets of $4.7 million relating to the Industrial IoT segment, (iv) an increase in nonrecurring consulting compensation expense of $0.4 million relating to consulting agreements entered into with the prior executives of Legacy Inpixon on March 12, 2024 that had either expired in 2024 or, in the case of the prior Legacy Inpixon CEO, terminated on March 27, 2025 pursuant to the Settlement Agreement, (v) an increase in the Industrial IoT segment's general and administrative expenses of $0.4 million as the results for the six months ended June 30, 2024 only reflect the activity of the segment since the closing of the XTI Merger on March 12, 2024, and (vi) an aggregate increase of approximately $3.6 million due to (a) increases in legal and accounting fees relating to capital raising activities during the first half of 2025, (b) increase in administrative headcount to support operations growth, and (c) increases in public company-related professional fees as the 2024 historical results reflect the operations of a private company, Legacy XTI, from January 1, 2024 through the March 12, 2024 closing date of the XTI Merger.

Other (Expense) Income

Other (expense) income for the six months ended June 30, 2025 was a loss of $12.2 million compared to a gain of $5.5 million for the comparable period ended June 30, 2024. The loss during the six months ended June 30, 2025 was primarily driven by (i) $5.8 million of financing costs incurred relating to the issuance of warrants in connection with the March Offering and June Offering, (ii) the recognition of a $5.4 million loss related to the change in fair value of a warrant liability, and (iii) a loss on extinguishment of debt of $0.4 million.

The gain during the six months ended June 30, 2024 was primarily attributable to the Company recognizing income of approximately $12.9 million relating to the remeasurement of convertible notes at fair value during the six months ended June 30, 2024, partially offset by inducement losses on debt conversions of approximately $6.7 million incurred during the six months ended June 30, 2024.

Income Tax Benefit (Provision)

The income tax benefit (provision) for the six months ended June 30, 2025 and 2024 was immaterial.

Liquidity and Capital Resources

Our current capital resources and operating results as of and through June 30, 2025, consist of:

1) working capital of approximately $2.4 million, adjusted to approximately $16.9 million when excluding derivative warrant liabilities;

2) cash and cash equivalents of approximately $20.0 million; and

3) net cash used by operating activities for the six months ended June 30, 2025 of $22 million.

The breakdown of our working capital as of the periods indicated below is as follows (in thousands):

Working Capital	June 30, 2025	December 31, 2024	$ Change
Current Assets			
Cash and cash equivalents	$ 20,046	$ 4,105	$ 15,941
Accounts receivable, net	338	706	(368)
Other receivables	48	538	(490)
Inventories	2,490	2,214	276
Prepaid expenses and other current assets	1,290	1,018	272
Total Current Assets	24,212	8,581	15,631
Current Liabilities			
Accounts payable and related party payables	2,685	5,538	(2,853)
Accrued expenses and other current liabilities	1,822	6,703	(4,881)
Accrued interest	342	522	(180)
Customer deposits	1,350	1,350	—
Warrant liability	14,564	—	14,564
Operating lease obligation, current	95	119	(24)
Deferred revenue	979	532	447
Short-term debt	—	2,657	(2,657)
Total Current Liabilities	21,837	17,421	4,416
Net Working Capital (Deficit)	$ 2,375	$ (8,840)	$ 11,215

Balance Sheet Improvement

During the six months ended June 30, 2025, we raised approximately $41.8 million in net proceeds through (i) our now expired ATM with Maxim, (ii) public offerings of our securities placed and underwritten by ThinkEquity LLC, and (iii) the exercise of warrants issued in connection with the March Offering and the June Offering. The proceeds from these capital raises and warrant exercises allowed us to significantly reduce debt and other obligations, while progressing the development of the TriFan 600 airplane. The following summarizes the improvements to our balance sheet from December 31, 2024 to June 30, 2025:

- Cash and cash equivalents increased by approximately $15.9 million primarily due to the net proceeds received from the June Offering.
- Net working capital increased by approximately $11.2 million or by approximately $25.8 million when excluding derivative warrant liabilities.
- In March 2025, we repaid in full the outstanding secured promissory notes issued to Streeterville, which resulted in the release of Streeterville's security interest in the assets of XTI Aircraft Company. As of June 30, 2025, we had less than $0.1 million of interest-bearing debt outstanding, which matures in 2050.
- In March 2025, we redeemed the remaining outstanding shares of Series 9 Preferred Stock, leaving zero shares of Series 9 Preferred Stock issued and outstanding as of June 30, 2025. The Series 9 Preferred Stock had restricted our ability to raise capital, as we were prohibited from taking certain actions without prior written consent from the holders of the Series 9 Preferred Stock.
- In March 2025, we repaid the remaining Strategic Transaction Bonus Plan obligation to prior Legacy Inpixon management, which was the primary driver for the approximate $4.9 million decline in accrued expenses and other current liabilities from December 31, 2024 to June 30, 2025.
- In March 2025, we repaid the accounts payable and most commitments that were inherited from Legacy Inpixon. A remaining deferred consulting fee commitment of $1.0 million is still owed to Nadir Ali, the Company's former Chief Executive Officer, which is payable in two $500,000 installments during the remaining fiscal year 2025.

We believe the Company's ability to raise capital has been favorably impacted by (i) the reduction of obligations either assumed from Legacy Inpixon or created by the XTI Merger closing and (ii) the elimination of the Streeterville secured debt and equity instruments with fundraising restrictions.

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 consist of operating lease liabilities and merger-related transaction liabilities that are included in our condensed consolidated balance sheet and vendor commitments associated with agreements that are legally binding. As of June 30, 2025, the total obligation for capitalized operating leases was approximately $0.3 million, of which approximately $0.1 million is expected to be paid in the next twelve months.

Customer Deposits

As of June 30, 2025, we received conditional pre-orders under a combination of non-binding aircraft purchase agreements, reservation deposit agreements, options and letters of intent for aircraft, which generated approximately $1.4 million of cash from customer deposits. These funds from customer reservation deposits will not be recorded as revenue until the orders for aircraft are delivered, which may not be for many years or at all if we do not deliver the aircraft. The deposits prioritize orders when the aircraft becomes available for delivery. Customers making deposits are not obligated to purchase aircraft until they execute a definitive purchase agreement. Customers may request a return of their refundable deposit any time up until the execution of a purchase agreement. Customers' request for a return of their refundable deposits could adversely affect our liquidity resources, and we may be financially unable to return such deposits.

Commitment to Nadir Ali

As disclosed in Note 17 of the condensed consolidated financial statements, the Company has a remaining commitment to pay Nadir Ali deferred consulting fees of $1,000,000 by wire transfer of immediately available funds in two equal installments of $500,000 each on September 30, 2025 and December 31, 2025.

Risks and Uncertainties; Sources of Liquidity

As of June 30, 2025, the Company has working capital of approximately $2.4 million, adjusted to $16.9 million when excluding derivative warrant liabilities, and cash and cash equivalents of approximately $20.0 million. For the six months ended June 30, 2025, the Company had a net loss of approximately $33.7 million. During the six months ended June 30, 2025, the Company used approximately $22.0 million of cash for operating activities.

There can be no assurances that the Company will ever earn revenues sufficient to support its operations, or that it will ever be profitable. In order to continue its operations, the Company has historically supplemented the revenues it earned with proceeds from the sale of our equity and debt securities and proceeds from loans and bank credit lines. The Company has incurred net losses and negative operating cash flows from operations since the XTI Merger completed on March 12, 2024, and the Company expects to continue to incur losses and negative operating cash flows for the foreseeable future until it commences sustainable commercial operations of the TriFan 600 airplane. Since the XTI Merger, the Company has funded its operations primarily with proceeds from equity financings, including through our now expired ATM with Maxim and three public offerings completed in January 2025, March 2025 and June 2025, and through the issuance of promissory notes. We believe that our current revenue, as supplemented by proceeds from our financings, including the approximately $36.4 million net proceeds we raised in various public offerings of our securities placed and underwritten by ThinkEquity during the first six months of 2025, a portion of which was used to fully repay short-term obligations including the outstanding Streeterville promissory note balances, along with our ability to defer or eliminate certain operating expenses that are under our control, will provide us with liquidity to fund our planned operating needs for at least the next twelve months.

ThinkEquity Waiver and Filing of Shelf Registration Statement on Form S-3

As disclosed in Note 9 of the Notes to Condensed Consolidated Financial Statements, on June 24, 2025, the Company entered into an underwriting agreement with ThinkEquity, pursuant to which the Company agreed not to, without ThinkEquity's prior consent, offer for sale, issue, sell, contract to sell, pledge or otherwise dispose of any of its shares of common stock or securities convertible into common stock or file any registration statement relating to the offering of any shares of its capital stock for a period of 60 days after the date of the underwriting agreement (the "Lock-Up Period"). On August 1, 2025, the Company entered into a waiver agreement with ThinkEquity (the "Waiver"), pursuant to which ThinkEquity agreed to waive the Lock-Up Period solely in connection with a potential public offering of the Company's securities (the "Potential Offering") and to allow the Company to file a shelf registration statement on Form S-3 in connection with the Potential Offering. The Company filed a shelf registration statement on Form S-3 on August 1, 2025, which was declared effective by the SEC on August 12, 2025, pursuant to which the Company may offer and sell, from time to time, in one or more offerings, up to $1 billion in any combination of common stock, preferred stock, depositary shares, debt securities, warrants, units and subscription rights until such shelf registration statement expires in August 2028.

Long-Term Liquidity Requirements

According to our current development schedule, we do not expect to obtain FAA type certification and other necessary regulatory approvals and commence deliveries of the TriFan 600 until 2030 at the earliest. We expect to fund our operations primarily through equity and/or debt financings at least until we commence sustainable commercial operations of the TriFan 600.

Equity financing may result in dilution to the interests of our existing stockholders and could involve issuing securities with rights, preferences, or privileges senior to those of existing common stockholders. Similarly, debt financing could involve instruments with terms that supersede those of preferred or common stockholders and may include operational restrictions. It is important to note that capital markets have experienced volatility in the past and may do so again, which could impact our ability to raise funds on favorable terms or at all.

We currently do not have material cash obligations related to existing contracts. As a result, our future cash needs are closely tied to management's strategic decisions regarding the pace and priorities of short- and long-term initiatives. These requirements are subject to fluctuation based on operational choices, including the timing and scale of infrastructure and development of sub-scale and full-scale test aircraft. Factors influencing our future capital needs include revenue growth, aircraft pre-order deposit timing, expansion of sales and marketing efforts, and the scope of development initiatives.

We may also pursue strategic acquisitions or investments in complementary businesses, technologies, or products, which could necessitate additional financing. If we are unable to raise additional capital when needed or on acceptable terms, it could limit our ability to innovate, develop, and compete effectively—ultimately affecting our business performance and financial condition. In such a case, we may be forced to reduce or delay investments in manufacturing, infrastructure, and R&D, or adjust our expansion plans—any of which could have a material adverse impact on our operations and long-term prospects.

Cash Flows

The Company's net cash flows used in operating, investing and financing activities for the three months ended June 30, 2025 and 2024 and certain balances as of the end of those periods are as follows (in thousands):

	For the Six Months Ended June 30,	
	2025	**2024**
Net cash used in operating activities	$ (21,983)	$ (8,190)
Net cash (used in) provided by investing activities	(103)	2,911
Net cash provided by financing activities	37,688	11,059
Effect of foreign exchange rate changes on cash	339	(6)
Net increase in cash and cash equivalents	$ 15,941	$ 5,774

	As of June 30, 2025	As of December 31, 2024
Cash and cash equivalents	$ 20,046	$ 4,105
Working capital (deficit)	$ 2,375	$ (8,840)

Operating Activities for the six months ended June 30, 2025

Net cash used in operating activities during the three months ended June 30, 2025 was approximately $22.0 million. The cash flows related to the three months ended June 30, 2025 consisted of the following (in thousands):

Net loss	$	(33,730)
Non-cash income and expenses		17,654
Net change in operating assets and liabilities		(5,907)
Net cash used in operating activities	$	(21,983)

The non-cash income and expense of approximately $17.7 million consisted primarily of the following (in thousands):

$ 68	Depreciation and amortization
152	Amortization of intangible assets
76	Amortization of right-of-use asset
145	Non-cash interest expense, net of interest income
1,177	Stock-based compensation
4,049	Impairment of goodwill
631	Impairment of intangible assets
421	Loss on extinguishment of debt
5,795	Warrant issuance expense
5,431	Change in fair value of warrant liability
(291)	Other
$ 17,654	Total non-cash expenses

The net cash used in the change in operating assets and liabilities aggregated approximately $5.9 million and consisted primarily of the following (in thousands):

$ 401	Decrease in accounts receivable and other receivables
94	Decrease in inventories, prepaid expenses and other current assets and other assets
(1,865)	Decrease in accounts payable and related party payables
(4,905)	Decrease in accrued expenses and other current liabilities
67	Increase in accrued interest
376	Increase in deferred revenue
(75)	Decrease in operating lease obligation
$ (5,907)	Net cash used in the changes in operating assets and liabilities

The decrease in accrued expenses and other current liabilities of approximately $4.9 million was mainly attributable to (i) cash payments to settle the remaining accrued transaction bonuses and consulting fees owed to prior Legacy Inpixon executives, and (ii) payment of accrued employee bonuses.

Operating Activities for the six months ended June 30, 2024

Net cash used in operating activities during the six months ended June, 2024 was approximately $8.2 million. The cash flows related to the six months ended June 30, 2024 consisted of the following (in thousands):

Net loss	$	(17,312)
Non-cash income and expenses		398
Net change in operating assets and liabilities		8,724
Net cash used in operating activities	$	(8,190)

The non-cash income and expense of approximately $0.4 million consisted primarily of the following (in thousands):

$ 47	Depreciation and amortization expenses
235	Amortization of intangible assets
92	Amortization of right-of-use asset
173	Non-cash interest expense, net of interest income
5,733	Stock-based compensation
(12,882)	Change in fair value of convertible notes payable
6,732	Loss on extinguishment of debt
281	Change in fair value of warrant liability
(13)	Other
$ 398	Total non-cash expenses

The net cash provided by the change in operating assets and liabilities aggregated approximately $8.7 million and consisted primarily of the following (in thousands):

$ 309	Decrease in accounts receivable and other receivables
302	Decrease in inventory, prepaid expenses and other current assets and other assets
1,981	Increase in accounts payable
6,494	Increase in accrued expenses and other liabilities
86	Increase in accrued interest
(354)	Decrease in deferred revenue
(94)	Decrease in operating lease obligation
$ 8,724	Net cash provided by the changes in operating assets and liabilities

Cash Flows from Investing Activities for the six months ended June 30, 2025 and 2024

Net cash flows used in investing activities during the six months ended June 30, 2025 was approximately $0.1 million. Net cash flows provided by investing activities during the six months ended June 30, 2024 was approximately $2.9 million. Cash flows related to investing activities during the six months ended June 30, 2024 consist primarily of the cash assumed from Legacy Inpixon in connection with the XTI Merger.

Cash Flows from Financing Activities for the six months ended June 30, 2025 and 2024

Net cash flows provided by financing activities during the six months ended June 30, 2025 was approximately $37.7 million. During the six months ended June 30, 2025, the Company received incoming cash flows of $1.7 million from the now expired ATM, $36.4 million from the sale of common stock and warrants via three public offerings, and $3.8 million from the exercise of warrants issued in connection with the public offerings. During the six months ended June 30, 2025, the Company paid $2.7 million to fully settle the two outstanding promissory note obligations with Streeterville and $1.4 million to redeem the remaining outstanding Series 9 Preferred Stock.

Net cash flows provided by financing activities during the six months ended June 30, 2024 was approximately $11.1 million. During the six months ended June 30, 2024, the Company received incoming cash flows of $8.5 million from the now expired ATM, $2.0 million from promissory notes issued to Streeterville, and $1.0 million in proceeds from an existing promissory note arrangement with Legacy Inpixon. During the six months ended June 30, 2024, the Company repaid $0.5 million towards outstanding promissory notes.

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 3 of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our condensed consolidated financial statements in conformity with GAAP.

We conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2025.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 under the Exchange Act that occurred during the quarter ended June 30, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the Effectiveness of Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations of any control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II — OTHER INFORMATION

Item 1. 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 and as described in Note 17 of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this report under the heading "Litigation."

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 1A. Risk Factors

We face a number of significant risks and uncertainties in connection with our operations. Our business, results of operations and financial condition could be materially adversely affected by these risks. In addition to the risk factors set forth below and the other information set forth in this Form 10-Q, you should carefully consider the factors disclosed in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on April 15, 2025, which report is incorporated by reference herein, all of which could materially affect our business, financial condition and future results.

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, our securities offerings, 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 are and we may be made a party to future claims relating to the XTI Merger. On December 6, 2023, Xeriant, Inc. ("Xeriant") filed a complaint in the United States District Court for the Southern District of New York against Legacy XTI, two unnamed entities, and five unnamed individuals. On January 31, 2024, Xeriant filed an amended complaint adding the Company as a defendant. On February 29, 2024, Xeriant filed a second amended complaint, removing the Company and one of the unnamed entities as defendants. The second amended complaint alleges that Legacy XTI breached several agreements with Xeriant, including a Joint Venture Agreement dated May 31, 2021, a cross-patent license agreement, an operating agreement, and a letter dated May 17, 2022, which Xeriant claims arose from its introduction of Legacy XTI to a Nasdaq-listed company as a potential acquirer. Xeriant alleges that it provided intellectual property, expertise, and capital in connection with Legacy XTI's TriFan 600 aircraft and that it was improperly excluded from a subsequent transaction involving the TriFan 600 technology as part of Legacy XTI's merger with the Company. Xeriant asserts causes of action including breach of contract, fraud, unjust enrichment, and misappropriation of confidential information. It seeks damages in excess of $500 million, injunctive relief, a royalty obligation, and other equitable relief. On March 13, 2024, Legacy XTI moved to dismiss portions of the second amended complaint. The Court denied that motion on January 14, 2025. Legacy XTI filed an answer on January 28, 2025, and subsequently filed an amended answer and counterclaims on February 18, 2025. The amended counterclaims, further amended on April 14, 2025, allege that Xeriant breached the Joint Venture Agreement by failing to make required capital contributions of approximately $4.6 million and by failing to deliver promised intellectual property and strategic support. Legacy XTI further alleges that Xeriant breached its fiduciary duty by engaging in coercive and self-dealing conduct, including conditioning a strategic introduction on the issuance of equity and assumption of debt. Legacy XTI seeks declaratory relief confirming that the joint venture has been terminated, that all intellectual property related to the TriFan 600 belongs solely to Legacy XTI, and that Xeriant has no rights in the TriFan 600 technology. Xeriant has moved to dismiss Legacy XTI's amended counterclaims, and that motion remains pending. The Court has denied Xeriant's renewed motion to stay discovery. On July 10, 2025, XTI filed a letter motion requesting a conference to address: (i) ongoing deficiencies in Xeriant's discovery responses; and (ii) Xeriant's untimely service of discovery requests on XTI, which were served more than three months after the applicable deadline. The Court granted XTI's letter motion on the same day, and held a conference on July 18, 2025. During the conference, the Court ordered: (i) an extension of all discovery deadlines by three months, through November 24, 2025; (ii) an extension of expert discovery through February 16, 2026; and (iii) that the parties finalize a protective order and Electronically Stored Information ("ESI") protocol by July 25, 2025. The parties subsequently submitted a stipulated protective order and ESI protocol, which the Court entered on July 28, 2025. The parties are continuing to exchange written discovery and will be conducting depositions. The litigation remains in the early stages of discovery. The Company believes the claims against Legacy XTI are without merit and intends to continue to vigorously defend against them. At this time, the Company is unable to predict the outcome of this matter or estimate the likelihood or magnitude of a potential loss, if any.

In connection with the litigation matter described in the immediately preceding paragraph, on June 12, 2024, the Company received correspondence from legal counsel for Auctus Fund, LLC ("Auctus"), dated April 3, 2024, asserting that the Company and/or Legacy XTI may have assumed Xeriant's obligations under a Senior Secured Promissory Note (the "Note") issued by Xeriant to Auctus in the original principal amount of $6,050,000, pursuant to a letter agreement dated May 17, 2022, between Xeriant and Legacy XTI (the "May 17 letter"). Auctus claimed that the outstanding amount due under the Note, including accrued interest, was $8,435,008.81 as of April 3, 2024. In July 2024, Legacy XTI responded to Auctus's claims, asserting that the May 17 letter is invalid and unenforceable on multiple grounds. Legacy XTI further stated that, even if the May 17 letter were enforceable, it did not create or trigger any obligation for Legacy XTI to assume Xeriant's debt under the Note or otherwise. On May 13, 2025, Auctus filed a lawsuit against Legacy XTI in the District Court of Arapahoe County, Colorado, asserting a single claim for breach of contract based on its prior allegations. Auctus contends that Legacy XTI is contractually obligated to repay nearly $9 million in principal and accrued interest, based on Legacy XTI's entry into a loan agreement with Legacy Inpixon in March 2023 and its subsequent merger with Legacy Inpixon in March 2024. On June 25, 2025, Legacy XTI filed a motion to dismiss or, in the alternative, to stay the proceedings pending resolution of the Xeriant litigation. Legacy XTI's motion asserts that Auctus' complaint should be dismissed: (i) for lack of standing, because Auctus is neither a party to, nor a third-party beneficiary of, the May 17 letter; (ii) for failure of a condition precedent, because no obligation ever arose in that the alleged triggering condition—a business combination involving Legacy XTI and Legacy Inpixon did not occur within the required one-year time frame; (iii) for lack of valid assignment, because Xeriant's unilateral assignment of debt to Legacy XTI is void because the underlying Note prohibits assignment without Auctus's prior written consent, which is not alleged. On August 5, 2025, Auctus filed a response arguing that it was an intended third-party beneficiary of the May 17 letter, that the anti-assignment clause does not bar its claims, and that the request for a stay is unwarranted because the Xeriant litigation involves different parties and broader claims. XTI believes it has strong counterarguments and will file a reply in further support of its motion to dismiss or stay. The litigation remains in the early stages of discovery. The Company believes that the claims asserted by Auctus are without merit and intends to vigorously defend against the lawsuit. As of the date of this filing, the Company is unable to predict the outcome of this matter or determine the likelihood or magnitude of a potential loss, if any.

Regardless of the merits of any particular claim, responding to such actions could divert time, resources and management's attention away from our business operations, and we may incur significant expenses in defending these lawsuits or other similar lawsuits. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could have a material adverse effect on our financial condition, operating results and cash flows. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as deductibles and caps on amounts of coverage. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to coverage for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our available insurance coverage for a particular claim.

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 such claims or litigation. 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, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our current financial status may increase our default and litigation risks and may make us more financially vulnerable in the face of threatened litigation.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

a) Sales of Unregistered Securities

On May 13, 2025, the Company entered into an advisory agreement with a third party advisor, pursuant to which the Company issued 125,000 shares of restricted common stock to the advisor's designees (the "Advisor Shares") in consideration for financial advisory services agreed to be rendered to the Company pursuant to the agreement. The Advisor Shares were issued pursuant to an exemption from registration provided by Section 4(a)(2) and/or Rule 506 of Regulation D of the Securities Act because such issuances did not involve a public offering, the recipients took the securities for investment and not resale, the Company took appropriate measures to restrict transfer, and the recipients are sophisticated investors.

c) Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

None of the Company's directors or officers adopted, modified or terminated a Rule 10b-5 trading arrangement or a non-Rule 10b-5 trading arrangement during the fiscal quarter ended June 30, 2025, as such terms are defined under Item 408(a) of Regulation S-K.

On August 13, 2025, the board of directors of the Company adopted Amended and Restated Bylaws of the Company (as amended and restated, the "Bylaws"), effective on such date, a copy of which Bylaws are attached as Exhibit 3.21 hereto. The Company will file a Current Report on Form 8-K no later than August 19, 2025 that will describe the provisions of the original bylaws that were changed by the Bylaws.

Item 6. Exhibits

See the Exhibit index following the signature page to this Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

SIGNATURES

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 thereunto duly authorized.

XTI AEROSPACE, INC

Date: August 14, 2025

By: /s/ Scott Pomeroy
Scott Pomeroy
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Brooke Turk
Brooke Turk
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1†	Agreement and Plan of Merger, dated July 24, 2023, among Inpixon, Superfly Merger Sub Inc. and XTI Aircraft Company.	8-K	001-36404	2.1	July 25, 2023	
2.2	First Amendment to Merger Agreement, dated December 30, 2023, by and between Inpixon, Superfly Merger Sub Inc. and XTI Aircraft Company.	10-K	001-36404	2.26	April 16, 2024	
2.3†	Second Amendment to Merger Agreement, dated March 12, 2024, by and between Inpixon, Superfly Merger Sub Inc. and XTI Aircraft Company.	8-K	001-36404	10.1	March 15, 2024	
2.4†	Equity Purchase Agreement, dated as of February 16, 2024, by and among Inpixon, Grafiti LLC and Grafiti Group LLC.	8-K	001-36404	2.1	February 23, 2024	
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	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	

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.10	Certificate of Amendment to Articles of Incorporation (Reverse Split).	8-K	001-36404	3.1	November 1, 2018	
3.11	Certificate of Designation of Series 5 Convertible Preferred Stock, dated as of January 14, 2019.	8-K	001-36404	3.1	January 15, 2019	
3.12	Certificate of Amendment to Articles of Incorporation, effective as of January 7, 2020 (Reverse Split).	8-K	001-36404	3.1	January 7, 2020	
3.13	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	
3.14	Certificate of Change filed with the Secretary of State of the State of Nevada on October 4, 2022 (effective as of October 7, 2022)	8-K	001-36404	3.1	October 6, 2022	
3.15	Certificate of Amendment to the Articles of Incorporation increasing the number of authorized shares of Common Stock from 26,666,667 to 500,000,000 filed with the Secretary of State of the State of Nevada on November 29, 2022	8-K	001-36404	3.1	December 2, 2022	
3.16	Certificate of Designations of Preferences and Rights of Series 9 Preferred Stock.	8-K	001-36404	3.1	March 15, 2024	
3.17	Certificate of Amendment (Reverse Stock Split).	8-K	001-36404	3.2	March 15, 2024	
3.18	Certificate of Amendment (Name Change).	8-K	001-36404	3.3	March 15, 2024	
3.19	Certificate of Amendment to Designations of Preferences and Rights of Series 9 Preferred Stock	8-K	001-36404	3.1	May 1, 2024	
3.20	Certificate of Amendment to Articles of Incorporation, effective as of January 10, 2025.	8-K	001-36404	3.1	January 10, 2025	
3.21	Amended and Restated Bylaws of XTI Aerospace, Inc.					X
4.1	Form of Pre-funded Warrant.	8-K	001-36404	4.1	June 26, 2025	
4.2	Form of Common Warrant.	8-K	001-36404	4.2	June 26, 2025	

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
4.3	Form of Representative's Warrant.	8-K	001-36404	4.3	June 26, 2025	
10.1	Form of Lock-Up Agreement.	8-K	001-36404	10.1	June 26, 2025	
31.1	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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2025.					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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2025.					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	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

† 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.

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.

Exhibit 3.21

AMENDED AND RESTATED
BYLAWS
OF
XTI AEROSPACE, INC.,
a Nevada corporation

Effective as of August 13, 2025

ARTICLE I
OFFICES

Section 1.1 Registered Agent and Office. The registered agent of XTI Aerospace, Inc. (the "Corporation") shall be as set forth in the Corporation's Restated Articles of Incorporation (as amended, the "Articles of Incorporation"), and the registered office of the Corporation shall be the street address of that agent. The board of directors of the Corporation (the "Board of Directors") may at any time change the Corporation's registered agent or office by making the appropriate filing with the Secretary of State of the State of Nevada.

Section 1.2 Principal Office. The principal office and place of business of the Corporation shall be at such location within or without the State of Nevada as determined from time to time by resolution of the Board of Directors.

Section 1.3 Other Offices. Other offices and places of business either within or without the State of Nevada may be established from time to time by resolution of the Board of Directors or as the business of the Corporation may require.

ARTICLE II
STOCKHOLDERS

Section 2.1 Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held on such date and at such time as may be designated from time to time by the Board of Directors. At the annual meeting, directors shall be elected and any other business may be transacted as may be properly brought before the meeting, in each case, pursuant to these Amended and Restated Bylaws (as amended from time to time, these "Bylaws"). The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders.

Section 2.2 Special Meetings.

(a) Subject to any rights of stockholders set forth in the Articles of Incorporation, special meetings of the stockholders may be called only by (i) the Board of Directors, the Chair of the Board of Directors or the Chief Executive Officer of the Corporation, or (ii) by the Secretary of the Corporation, following receipt of one or more written demands to call a special meeting of the stockholders in accordance with, and subject to, this Section 2.2 from stockholders of record who own, in the aggregate, at least fifty percent (50%) of the voting power of the outstanding shares of the Corporation then entitled to vote on the matter or matters to be brought before the proposed special meeting. Except as otherwise required by law, only the purposes specified in the notice of the special meeting shall be considered or dealt with at such special meeting. The Board of Directors may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors.

(b) A request to the Secretary of the Corporation shall be delivered to the Secretary at the Corporation's principal executive offices and signed by each stockholder, or a duly authorized agent of such stockholder, requesting the special meeting and shall set forth:

(i) a brief description of each matter of business desired to be brought before the special meeting;

(ii) the reasons for conducting such business at the special meeting;

(iii) the text of any proposal or business to be considered at the special meeting (including the text of any resolutions proposed to be considered and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment); and

(iv) the information required in Section 2.13(b) of these Bylaws (for stockholder nomination demands) or Section 2.13(c) of these Bylaws (for all other stockholder proposal demands), as applicable.

(c) Business transacted at a special meeting requested by stockholders shall be limited to the matters described in the special meeting request; provided, however, that nothing herein shall prohibit the Board of Directors from submitting matters to the stockholders at any special meeting requested by stockholders.

(d) A special meeting requested by stockholders shall be held at such date and time as may be fixed by the Board of Directors; *provided*, *however*, that the date of any such special meeting shall be not more than 90 days after the request to call the special meeting is received by the Secretary of the Corporation. Notwithstanding the foregoing, a special meeting requested by stockholders shall not be held if:

(i) the Board of Directors has called or calls for an annual or special meeting of the stockholders to be held within 90 days after the Secretary of the Corporation receives the request for the special meeting and the Board of Directors determines in good faith that the business of such meeting includes (among any other matters properly brought before the meeting) the business specified in the request;

(ii) the stated business to be brought before the special meeting is not a proper subject for stockholder action under applicable law;

(iii) an identical or substantially similar item (a "Similar Item") was presented at any meeting of stockholders held within 90 days prior to the receipt by the Secretary of the Corporation of the request for the special meeting (and, for purposes of this Section 2.2(d)(iii), the election of directors shall be deemed a Similar Item with respect to all items of business involving the election or removal of directors); or

(iv) the special meeting request was made in a manner that involved a violation of Regulation 14A under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act").

(e) A stockholder may revoke a request for a special meeting at any time by written revocation delivered to the Secretary of the Corporation at the Corporation's principal executive offices, and if, following such revocation, there are unrevoked requests from stockholders holding in the aggregate less than the requisite number of shares entitling the stockholders to request the calling of a special meeting, the Board of Directors, in its discretion, may cancel the special meeting.

Section 2.3 Place of Meetings. Meetings of stockholders may be held at such place, either within or without the State of Nevada, as may be designated in the notice of meeting. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communications, including by such electronic communications, videoconferencing, teleconferencing or other available technology (collectively, "Remote Technology") to the fullest extent permitted by the Nevada Revised Statutes (as amended from time to time, the "NRS"). The Board of Directors may also, in its sole discretion, determine that stockholders and proxy holders may attend and participate by means of Remote Technology in a stockholder meeting held at a designated place. As to any meeting where attendance and participation by Remote Technology authorized by the Board of Directors in its sole discretion (including any meeting held solely by Remote Technology), and subject to such guidelines and procedures as the Board of Directors may adopt for any meeting, stockholders and proxy holders not physically present at such meeting of the stockholders shall be entitled to: (a) participate in any such meeting of the stockholders; and (b) be deemed present in person and vote at such meeting of the stockholders, whether such meeting is to be held at a designated place or solely by means of Remote Technology; *provided* that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of Remote Technology is a stockholder or proxy holder, (ii) the Corporation shall implement reasonable measures to provide stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings substantially concurrently with such proceedings, and (iii) if any stockholder or proxy holder votes or takes other action at the meeting by means of Remote Technology, a record of such vote or other action shall be maintained by the Corporation.

Section 2.4 Notice of Meetings; Waiver of Notice.

(a) The Chief Executive Officer, if any, the President, any Vice President, the Secretary, any assistant secretary or any other individual designated by the Board of Directors shall sign and deliver or cause to be delivered to the stockholders written notice of any stockholders' meeting not less than ten (10) nor more than sixty (60) days before the meeting. The notice shall state the place, if any, date and time of the meeting, the means of Remote Technology, if any, by which the stockholders or the proxies thereof shall be deemed to be present and vote and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The notice shall be delivered in accordance with, and shall contain or be accompanied by such additional information as may be required by, the NRS.

(b) In the case of an annual meeting, subject to Section 2.13, any proper business may be presented for action, except that (i) if a proposed plan of merger, conversion or exchange is submitted to a vote, the notice of the meeting must state that the purpose, or one of the purposes, of the meeting is to consider the plan of merger, conversion or exchange and must contain or be accompanied by a copy or summary of the plan; and (ii) if a proposed action creating dissenter's rights is to be submitted to a vote, the notice of the meeting must state that the stockholders are or may be entitled to assert dissenter's rights under NRS 92A.300 to 92A.500, inclusive, and be accompanied by a copy of those sections.

(c) A copy of the notice shall be personally delivered or mailed postage prepaid to each stockholder of record at the address appearing on the records of the Corporation. If mailed, the notice shall be deemed to be given when deposited in the United States mail in accordance with the immediately preceding sentence. Notwithstanding the foregoing and in addition thereto, any notice to stockholders given by the Corporation pursuant to Chapters 78 or 92A of the NRS, the Articles of Incorporation or these Bylaws may be given pursuant to the forms of Electronic Transmission (as defined below) listed herein, if such forms of transmission are consented to in writing by the stockholder receiving such electronically transmitted notice and such consent is filed by the Secretary of the Corporation in the corporate records. Notice shall be deemed given (i) by facsimile when directed to a number consented to by the stockholder to receive notice, (ii) by e-mail when directed to an e-mail address consented to by the stockholder to receive notice, (iii) by posting on an electronic network together with a separate notice to the stockholder of the specific posting on the later of the specific posting or the giving of the separate notice or (iv) by any other Electronic Transmission as consented to by and when directed to the stockholder. The stockholder consent necessary to permit Electronic Transmission to such stockholder shall be deemed revoked and of no force and effect if (A) the Corporation is unable to deliver by Electronic Transmission two consecutive notices given by the Corporation in accordance with the stockholder's consent and (B) the inability to deliver by Electronic Transmission becomes known to the Secretary or an assistant secretary of the Corporation or the Corporation's transfer agent or other agent responsible for the giving of notice.

(d) The written certificate of an individual signing a notice of meeting, setting forth the substance of the notice or having a copy thereof attached thereto, the date the notice was mailed or personally delivered to the stockholders and the addresses to which the notice was mailed, shall be prima facie evidence of the manner and fact of giving such notice and, in the absence of fraud, an affidavit of the individual signing a notice of a meeting that the notice thereof has been given by a form of Electronic Transmission shall be prima facie evidence of the facts stated in the affidavit.

(e) For purposes of these Bylaws, "Electronic Transmission" means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 2.5 Determination of Stockholders of Record.

(a) For the purpose of determining the stockholders entitled to (i) notice of and to vote at any meeting of stockholders, (ii) receive payment of any distribution or the allotment of any rights, or (iii) exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, if applicable.

(b) If no record date is fixed, the record date for determining stockholders: (i) entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (ii) for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at any meeting of stockholders shall apply to any adjournment or postponement of any meeting of stockholders to a date not more than sixty (60) days after the record date; *provided* that the Board of Directors may fix a new record date for the adjourned or postponed meeting and must fix a new record date if the meeting is adjourned or postponed to a date more than sixty (60) days later than the date set for the original meeting.

Section 2.6 Quorum; Adjourned Meetings.

(a) Unless the Articles of Incorporation provide for a different proportion, stockholders holding at least one-third (33 1/3%) of the voting power of the Corporation's outstanding capital stock, represented in person or by proxy (regardless of whether the proxy has authority to vote on all matters), are necessary to constitute a quorum for the transaction of business at any meeting. If, on any issue, voting by classes or series is required by the laws of the State of Nevada, the Articles of Incorporation or these Bylaws, at least one-third (33 1/3%) of the voting power, represented in person or by proxy (regardless of whether the proxy has authority to vote on all matters), within each such class or series is necessary to constitute a quorum of each such class or series.

(b) If a quorum is not represented, a majority of the voting power represented in person or by proxy or the individual acting as chair of the meeting may adjourn the meeting from time to time until a quorum shall be represented. The individual acting as chair of the meeting may, for any or no reason, from time to time, adjourn or recess any meeting of stockholders. At any such adjourned meeting at which a quorum shall be represented, any business may be transacted which might otherwise have been transacted at the adjourned meeting as originally called. When a stockholders' meeting is adjourned to another time or place hereunder, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. However, if a new record date is fixed for the adjourned meeting, notice of the adjourned meeting must be given to each stockholder of record as of the new record date. The stockholders present at a duly convened meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the departure of enough stockholders to leave less than a quorum of the voting power.

Section 2.7 Voting.

(a) Unless otherwise provided in the NRS, the Articles of Incorporation, these Bylaws or any resolution providing for the issuance of preferred stock adopted by the Board of Directors pursuant to authority expressly vested in it by the provisions of the Articles of Incorporation, each stockholder of record, or such stockholder's duly authorized proxy, shall be entitled to one (1) vote for each share of voting stock standing registered in such stockholder's name at the close of business on the record date.

(b) If a quorum is present, unless the Articles of Incorporation, these Bylaws, the NRS, or other applicable law provide for a different proportion, action by the stockholders entitled to vote on a matter is approved by and is the act of the stockholders if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action, unless voting by classes or series is required for any action of the stockholders by the laws of the State of Nevada, the Articles of Incorporation or these Bylaws, in which case the number of votes cast in favor of the action by the voting power of each such class or series must exceed the number of votes cast in opposition to the action by the voting power of each such class or series; provided, however, that, the election of directors shall be decided by the affirmative vote of the holders of at least a plurality of the votes of the outstanding shares of the applicable class or series of common stock present in person or represented by proxy at the meeting and entitled to vote in an election of directors, unless otherwise expressly provided by the Articles of Incorporation or in any policy adopted by the Board of Directors. The stockholders do not have the right to cumulate their votes for the election of directors.

Section 2.8 Proxies. At any meeting of stockholders, any holder of shares entitled to vote may designate, in a manner permitted by the laws of the State of Nevada, another person or persons to act as a proxy or proxies. If a stockholder designates two or more persons to act as proxies, then a majority of those persons present at a meeting has and may exercise all of the powers conferred by the stockholder or, if only one is present, then that one has and may exercise all of the powers conferred by the stockholder, unless the stockholder's designation of proxy provides otherwise. Every proxy shall continue in full force and effect until its expiration or revocation in a manner permitted by the laws of the State of Nevada.

Section 2.9 No Action Without A Meeting. Except as required under applicable law, no action shall be taken by the stockholders except at an annual or special meeting of stockholders called and noticed in the manner required by these Bylaws. The stockholders may not in any circumstance take action by written consent.

Section 2.10 Organization.

(a) Meetings of stockholders shall be presided over by the chair of the Board of Directors, or, in the absence of the chair, by the vice chair of the Board of Directors, if any, or if there be no vice chair or in the absence of the vice chair, by the Chief Executive Officer of the Corporation, if any, or if there is no Chief Executive Officer or in the absence of the Chief Executive Officer, by the President of the Corporation, or, in the absence of the President, or, in the absence of any of the foregoing persons, by a chair designated by the Board of Directors. The individual acting as chair of the meeting may delegate any or all of his or her authority and responsibilities as such to any director or officer of the Corporation present in person at the meeting. The Secretary of the Corporation, or in the absence of the Secretary, any assistant secretary of the Corporation, shall act as secretary of the meeting, but in the absence of the Secretary and any assistant secretary, the chair of the meeting may appoint any person to act as secretary of the meeting. The order of business at each such meeting shall be as determined by the chair of the meeting. The chair of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, (i) the establishment of procedures for the maintenance of order and safety, (ii) limitation on participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies and such other persons as the chair of the meeting shall permit, (iii) limitation on the time allotted for consideration of each agenda item and for questions or comments by meeting participants, (iv) restrictions on entry to such meeting after the time prescribed for the commencement thereof and (v) the opening and closing of the voting polls. The Board of Directors, in its discretion, or the chair of the meeting, in his or her discretion, may require that any votes cast at such meeting shall be cast by written ballot.

(b) The chair of the meeting may appoint one or more inspectors of elections. The inspector or inspectors may (i) ascertain the number of shares outstanding and the voting power of each; (ii) determine the number of shares represented at a meeting and the validity of proxies or ballots; (iii) count all votes and ballots; (iv) determine any challenges made to any determination made by the inspector(s); and (v) certify the determination of the number of shares represented at the meeting and the count of all votes and ballots.

(c) Only such persons who are nominated in accordance with the procedures set forth in Section 2.12 shall be eligible to be elected at any meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in Section 2.12. If any proposed nomination or business was not made or proposed in compliance with Section 2.12 (including compliance with the requirements of Section 2.13), then the Board of Directors or the chair of the meeting shall have the power to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. If the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.10, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or authorized by a writing executed by such stockholder (or a reliable reproduction or Electronic Transmission of the writing) delivered to the Corporation prior to the making of such nomination or proposal at such meeting by such stockholder stating that such person is authorized to act for such stockholder as proxy at the meeting of stockholders.

Section 2.11 Consent to Meetings. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called, noticed or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice, to the extent such notice is required, if such objection is expressly made at the time any such matters are presented at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of stockholders need be specified in any written waiver of notice or consent, except as otherwise provided in these Bylaws.

Section 2.12 Director Nominations and Business Conducted at Meetings of Stockholders. Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) by or at the direction of the Board of Directors or the chair of the Board of Directors or (b) by any stockholder of the Corporation who is entitled to vote on such matter at the meeting, who complied with the procedures set forth in Section 2.13 and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders, which has been called and held pursuant to the requirements of Section 2.2, and at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors or any committee thereof or (ii) by any stockholder of the Corporation who is entitled to vote on such matter at the meeting, who complied with the procedures set forth in Section 2.13 and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors for the particular class or series of director (as provided in the Articles of Incorporation) to be voted on at the applicable meeting may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Section 2.13 shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90^{th}) day prior to such special meeting and not earlier than the close of business on the later of: (A) the one hundred and twentieth (120^{th}) day prior to such special meeting or (B) the tenth (10^{th}) day following the date of Public Disclosure of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the Public Disclosure of an adjournment or postponement of a special meeting commence a new notice time period (or extend any notice time period).

Section 2.13 Advance Notice of Director Nominations and Stockholder Proposals by Stockholders.

(a) Timely Notice. At a meeting of the stockholders, only such nominations of persons for the election of directors and such other business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, nominations or such other business must be: (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or any committee thereof, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors or any committee thereof, or (iii) otherwise properly brought before an annual meeting by a stockholder who is a stockholder of record of the Corporation at the time such notice of meeting is delivered, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.13. In addition, any proposal of business (other than the nomination of persons for election to the Board of Directors) must be a proper matter for stockholder action. For business (including, but not limited to, director nominations) to be properly brought before an annual meeting by a stockholder, the stockholder or stockholders of record intending to propose the business (the "Proposing Stockholder") must have given timely notice thereof pursuant to this Section 2.13(a) or Section 2.13(c), as applicable, in writing to the Secretary of the Corporation even if such matter is already the subject of any notice to the stockholders or Public Disclosure. For purposes of this Section 2.13, "Public Disclosure" means a disclosure made in a press release reported by a national news service or in a document filed by the Corporation with the Securities and Exchange Commission ("SEC") and other regulatory agencies pursuant to Section 13, 14 or 15(d) of the Exchange Act or other applicable securities laws. To be timely, a Proposing Stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation: (A) not later than the close of business on the ninetieth (90^{th}) day, nor earlier than the close of business on the one hundred and twentieth (120^{th}) day in advance of the anniversary of the previous year's annual meeting if such meeting is to be held on a day which is not more than thirty (30) days in advance of the anniversary of the previous year's annual meeting or not later than sixty (60) days after the anniversary of the previous year's annual meeting; and (B) with respect to any other annual meeting of stockholders, not later than the close of business on the tenth (10^{th}) day following the date of Public Disclosure of the date of such meeting. In no event shall the Public Disclosure of an adjournment or postponement of an annual meeting commence a new notice time period (or extend any notice time period).

(b) Stockholder Nominations. For the nomination of any person or persons for election to the Board of Directors, a Proposing Stockholder's notice to the Secretary of the Corporation shall set forth (i) the name, age, business address and residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of capital stock of the Corporation which are owned of record and beneficially by each such nominee (if any), (iv) a description of all arrangements, agreements, proxies or understandings between the Proposing Stockholder and each such nominee and any other person or persons (naming such person or persons) pursuant to which such nominations are to be made by the Proposing Stockholder, (v) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such Proposing Stockholder or any Stockholder Associated Person (as defined below) of such Proposing Stockholder, on the one hand, and each proposed nominee, or his or her associates, on the other hand, (vi) any such other information concerning each such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved) or that is otherwise required to be disclosed under Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, (vii) the consent of the nominee to being named in the proxy statement as a nominee and to serving as a director if elected, (viii) a written representation by the nominee proposed in such notice that such nominee currently intends to serve the full term for which such nominee would be standing for election, if elected, and (ix) as to the Proposing Stockholder: (A) the name and address, as they appear on the Corporation's books, of the Proposing Stockholder and the name and address of any Stockholder Associated Person covered by clauses (B), (C), (D) or (E) below, (B) the class and number of shares of the Corporation which are directly and indirectly held of record or are Beneficially Owned (as defined below) by the Proposing Stockholder or by any Stockholder Associated Person and the date(s) on which such stock was acquired, (C) a description of any agreement, arrangement, proxy or understanding with respect to such nomination between or among the Proposing Stockholder and any Stockholder Associated Persons, and any other person or entity (including their names) in connection with the nomination of any person as a director of the Corporation and any material relationships, within the last three (3) years, between the nominee and his or her affiliates and such Proposing Stockholder or any Stockholder Associated Person, (D) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the Proposing Stockholder's notice by, or on behalf of, the Proposing Stockholder or any Stockholder Associated Persons, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the Proposing Stockholder or any of its affiliates or associates with respect to shares of stock of the Corporation, (E) a description of any agreement, arrangement or understanding between or among the Proposing Stockholder and any Stockholder Associated Persons that will be material in such Proposing Stockholder's solicitation of stockholders (including, without limitation, matters of social, labor environmental and governance policy), regardless of whether such agreement, arrangement or understanding relates specifically to the Corporation, (F) a written representation that the Proposing Stockholder is a holder of record of shares of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, (G) a written statement of whether the Proposing Stockholder intends to solicit proxies or votes in support of such director nominees or nomination in accordance with Rule 14a-19 under the Exchange Act, including but not limited to, delivering a proxy statement and/or form of proxy and soliciting at least the percentage of the voting power of all of the shares of the stock of the Corporation required under applicable law to elect the nominee, and (H) a written representation of all voting equity investments and positions as a director or officer, if any, held by such nominee in any competitor of the Corporation (as such term is defined under Section 8 of the Clayton Antitrust Act of 1914, as amended) within the three (3) years preceding the submission of the Proposing Stockholder's notice. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require in order to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee. The number of nominees the Proposing Stockholder may nominate for election at a given meeting shall not exceed the number of directors to be elected by stockholders generally at such meeting.

In addition, to be eligible to be a nominee pursuant to this Section 2.13, a person must deliver, in accordance with the time periods prescribed for delivery of notice under this Section 2.13, the following to the Secretary of the Corporation at the principal executive offices of the Corporation (collectively, the "Nominee Information"):

(i) a fully completed and signed written questionnaire with respect to the background and qualifications of such nominee (which questionnaire shall be provided by such nominee to the Secretary of the Corporation upon the Corporation's written request); and

(ii) a written representation and agreement (in the form provided by the Secretary of the Corporation upon the Corporation's written request) that such nominee (A) is not and will not become a party to (1) any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with such person's nomination or candidacy for director that has not been disclosed to the Corporation, (2) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question as a director (a "Voting Commitment") that has not been disclosed to the Corporation, (3) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable Legal Requirements (as defined below), or (4) any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation, and (B) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected or re-elected as a director of the Corporation, and intends to comply, with these Bylaws, the Corporation's Code of Business Conduct and Ethics, and any other publicly available Corporation policies and guidelines applicable to directors of the Corporation.

In addition to the information set forth above, any Proposing Stockholder making a nomination pursuant to this Section 2.13 shall provide to the Corporation such additional information that the Corporation may reasonably request from time to time regarding such Proposing Stockholder, any Stockholder Associated Person thereof or the nominee, including such information to determine the eligibility or qualifications of the nominee to serve as a director or an independent director or that could be material to a reasonable stockholder's understanding of the qualifications and/or independence, or lack thereof, of the nominee to serve as a director of the Corporation. In addition, any stockholder who submits a notice pursuant to this Section 2.13(b) is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 2.13(f). At the request of the Board of Directors, any person nominated by a stockholder for election as a director shall furnish to the Secretary of the Corporation all such information that is required to be set forth in the stockholder's notice of nomination which pertains to such nominee. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.13(b). If any information submitted pursuant to this Section 2.13(b) by any Proposing Stockholder proposing one or more nominees for election as a director at a meeting of stockholders is inaccurate in any material respect, such information shall be deemed not to have been provided in accordance with this Section 2.13(b). The presiding person at the meeting shall, if the facts warrant, determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if the presiding person should so determine, such person shall so declare at the meeting, and the defective nomination shall be disregarded.

(c) Other Stockholder Proposals. For all business other than director nominations, a Proposing Stockholder's notice to the Secretary of the Corporation shall set forth as to each matter the Proposing Stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting, the text of the proposed business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the annual meeting, and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is being made, (ii) any other information relating to such stockholder and beneficial owner, if any, on whose behalf the proposal is being made, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal and pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, (iii) a written statement of whether the Proposing Stockholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve the proposal and/or otherwise to solicit proxies from stockholders in support of the proposal, (iv) a written representation whether the Proposing Stockholder intends to appear in person or by proxy at the meeting to propose the business described in its notice and (v) the information required by Section 2.13(b)(ix). Any Proposing Stockholder who submits a notice pursuant to this Section 2.13(c) is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 2.13(f).

(d) Proxy Rules. The foregoing notice requirements of Section 2.13(c) shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with Rule 14a-8 under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(e) Effect of Noncompliance. Notwithstanding anything in these Bylaws to the contrary: (i) no nominations shall be made or business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 2.13, and (ii) unless otherwise required by law, if a Proposing Stockholder intending to propose business or make nominations at an annual meeting pursuant to this Section 2.13 does not provide the information required under this Section 2.13 to the Corporation within five (5) business days following the later of the record date for such meeting or the date notice of the record date is first publicly disclosed, such business or nominations shall not be considered, notwithstanding that proxies in respect of such business or nominations may have been received by the Corporation.

(f) Update and Supplement of Stockholder's Notice. Any stockholder who submits a notice of proposal for business or nomination for election pursuant to this Section 2.13 is required to update and supplement the information disclosed in such notice, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for determining the stockholders entitled to notice of the meeting of stockholders and as of the date that is ten (10) business days prior to such meeting of the stockholders or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting of stockholders (in the case of the update and supplement required to be made as of the record date), and not later than eight (8) business days prior to the date for the meeting of stockholders or any adjournment or postponement thereof (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting of stockholders or any adjournment or postponement thereof).

(g) Rule 14a-19. If any stockholder provides notice pursuant to Rule 14a-19 under the Exchange Act, such stockholder shall deliver to the Corporation, no later than five (5) business days prior to the applicable meeting, reasonable evidence that it has met all applicable requirements of Rule 14a-19 under the Exchange Act. Without limiting the other provisions and requirements of this Section 2.13, unless otherwise required by law, if any stockholder provides such notice and either (i) fails to comply with the requirements of Rule 14a-19 under the Exchange Act (as determined by the Board or the chairman of the meeting), or (ii) fails to timely provide reasonable evidence of such compliance as required by this Section 2.13(g), then such stockholder's nomination of each such proposed nominee shall be disregarded, notwithstanding that the nominee is included as a nominee in the Corporation's proxy statement, notice of meeting, or other proxy materials for any meeting (or any supplement thereto), and the Corporation shall disregard any proxies or votes solicited for such stockholder's nominees.

(h) Definitions. As used in these Bylaws, (i) the term "Stockholder Associated Person" means, with respect to any stockholder, (A) any person acting in concert with such stockholder, (B) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depositary) and (C) any person controlling, controlled by or under common control with any stockholder, or any Stockholder Associated Person identified in clauses (A) or (B) above, (ii) the term "Legal Requirements" means any state, federal or other laws or other legal requirements, including the rules, regulations and listing standards of any securities exchange(s) on which the Corporation's securities are listed, and (iii) the term "Beneficially Owned" has the meaning provided in Rules 13d-3 and 13d-5 under the Exchange Act.

ARTICLE III
DIRECTORS

Section 3.1 General Powers; Performance of Duties. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as otherwise provided in Chapter 78 of the NRS or the Articles of Incorporation. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board of Directors until the vacancy is filled.

Section 3.2 Number, Tenure, and Qualifications. The Board of Directors shall consist of at least one (1) individual, with the number of directors beyond the foregoing fixed minimum established and changed from time to time solely by resolution adopted by the Board of Directors without amendment to these Bylaws or the Articles of Incorporation. Except as otherwise fixed by the Articles of Incorporation relating to the rights of the holders of any series of preferred stock to separately elect additional directors, which additional directors are not required to be classified pursuant to the terms of such series of preferred stock (the "Preferred Stock Directors"), the Board of Directors will be divided into three (3) classes: Class I, Class II and Class III. Each class shall consist, as nearly as possible, of a number of directors equal to one-third (1/3) of the then authorized number of members of the Board of Directors (other than the Preferred Stock Directors). The term of office of the initial Class I directors shall expire at the annual meeting of stockholders in 2024; the term of office of the initial Class II directors shall expire at the annual meeting of stockholders in 2025; and the term of office of the initial Class III directors shall expire at the annual meeting of stockholders in 2026. At each succeeding annual meeting of stockholders of the Corporation, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third (3rd) year following the year of their election. The directors of each class will hold office until the expiration of the term of such class and until their respective successors are elected and qualified or until such director's earlier death, resignation, retirement, disqualification or removal. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his or her term of office. No provision of this Section 3.2 shall restrict the right of the Board of Directors to fill vacancies or the right of the stockholders to remove directors, each as provided in these Bylaws.

Section 3.3 Chair of the Board. The Board of Directors shall elect a chair of the Board of Directors from the members of the Board of Directors who shall preside at all meetings of the Board of Directors and stockholders at which he or she shall be present and shall have and may exercise such powers as may, from time to time, be assigned to him or her by the Board of Directors, these Bylaws or as provided by law.

Section 3.4 Vice Chair of the Board. The Board of Directors may elect a vice chair of the Board of Directors from the members of the Board of Directors who shall preside at all meetings of the Board of Directors and stockholders at which he or she shall be present and the chair is not present and shall have and may exercise such powers as may, from time to time, be assigned to him or her by the Board of Directors, these Bylaws or as provided by law.

Section 3.5 Removal and Resignation of Directors. A director may be removed from the Board of Directors by the stockholders of the Corporation only by the vote of holders of capital stock of the Corporation representing not less than two-thirds (66 2/3%) of the voting power of the issued and outstanding capital stock of the Corporation entitled to vote. Any director may resign effective upon giving written notice, unless the notice specifies a later time for effectiveness of such resignation, to the chair of the Board of Directors, the President of the Corporation or the Secretary of the Corporation, or in the absence of all of them, any other officer of the Corporation.

Section 3.6 Vacancies. Vacancies on the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall hold office the remainder of the full term of the class of directors to which the new directorship was added or in which the vacancy occurred and until his or her successor has been elected and qualified, subject, however, to such director's earlier death, resignation, retirement, disqualification or removal.

Section 3.7 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such places, if any, within or without the State of Nevada and at such times as the Board of Directors may from time to time determine.

Section 3.8 Special Meetings. Special meetings of the Board of Directors may be called, in writing, by the chair of the Board of Directors, the Chief Executive Officer of the Corporation, if any, the President of the Corporation, or two or more directors (or the sole director, if applicable).

Section 3.9 Notice of Meetings. There shall be delivered to each director at the address appearing for him or her on the records of the Corporation at least twenty-four (24) hours before the time of such meeting or, if the meeting is called by the chair of the Board of Directors, at least two (2) hours before the time of such meeting, a copy of a written notice of any special meeting designating the time, date and place (if any) thereof (a) by delivery of such notice personally, (b) by mailing such notice postage prepaid, (c) by facsimile, (d) by overnight courier, or (e) by Electronic Transmission or electronic writing, including, without limitation, e-mail. If mailed to an address inside the United States, the notice shall be deemed delivered two (2) business days following the date the same is deposited in the United States mail, postage prepaid. If mailed to an address outside the United States, the notice shall be deemed delivered four (4) business days following the date the same is deposited in the United States mail, postage prepaid. If sent via overnight courier, the notice shall be deemed delivered the business day following the delivery of such notice to the courier. If sent via facsimile, the notice shall be deemed delivered upon sender's receipt of confirmation of the successful transmission. If sent by Electronic Transmission (including, without limitation, e-mail), the notice shall be deemed delivered when directed to the e-mail address of the director appearing on the records of the Corporation. If the address of any director is incomplete or does not appear upon the records of the Corporation, it will be sufficient to address any notice to such director at the registered office of the Corporation. Any director may waive notice of any meeting, and the attendance of a director at a meeting and oral consent entered on the minutes of such meeting shall constitute waiver of notice of the meeting unless such director objects, prior to the transaction of any business, that the meeting was not lawfully called, noticed or convened. Attendance for the express purpose of objecting to the transaction of business thereat because the meeting was not properly called or convened shall not constitute presence or a waiver of notice for purposes hereof. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

Section 3.10 Quorum; Adjourned Meetings.

(a) A majority of the directors then in office, at a meeting duly assembled, is necessary to constitute a quorum for the transaction of business.

(b) At any meeting of the Board of Directors where a quorum is not present, a majority of those present may adjourn, from time to time, until a quorum is present, and no notice of such adjournment shall be required. At any adjourned meeting where a quorum is present, any business may be transacted which could have been transacted at the meeting originally called.

Section 3.11 Manner of Acting. Unless a larger number is required by law or by the Articles of Incorporation, the affirmative vote of a majority of the directors present at a meeting at which a quorum is present is the act of the Board of Directors.

Section 3.12 Meetings Through Electronic Communications. Members of the Board of Directors or of any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or such committee by any means of Remote Technology permitted under the NRS (including, without limitation, a telephone conference or similar method of communication by which all individuals participating in the meeting can hear each other) and utilized by the Corporation. If any such means are utilized, the Corporation shall, to the extent required under the NRS, implement reasonable measures to (a) verify the identity of each person participating through such means as a director or member of the committee, as the case may be, and (b) provide the directors or members of the committee a reasonable opportunity to participate in the meeting and to vote on matters submitted to the directors or members of the committee, including an opportunity to communicate and to read or hear the proceedings of the meeting in a substantially concurrent manner with such proceedings. Participation in a meeting pursuant to this Section 3.12 constitutes presence in person at the meeting.

Section 3.13 Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or of a committee thereof may be taken without a meeting if, before or after the action, a written consent thereto is signed by all of the members of the Board of Directors or the committee. The written consent may be signed manually or electronically (or by any other means then permitted under the NRS), and may be so signed in counterparts, including, without limitation, facsimile or e-mail counterparts, and shall be filed with the minutes of the proceedings of the Board of Directors or committee.

Section 3.14 Powers and Duties; Committees.

(a) Except as otherwise restricted by Chapter 78 of the NRS or the Articles of Incorporation, the Board of Directors has full control over the business and affairs of the Corporation. The Board of Directors may delegate any of its authority to manage, control or conduct the business of the Corporation to any standing or special committee, or to any officer or agent, and to appoint any persons to be agents of the Corporation with such powers, including the power to subdelegate, and upon such terms as it deems fit.

(b) The Board of Directors may, by resolution passed by a majority of the Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Subject to applicable law and to the extent provided in the resolution of the Board of Directors, any such committee shall have and may exercise all the powers of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. In the absence of a provision by the Board of Directors or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, unless the committee has only one or two members, in which case a quorum shall be one member, or unless a greater quorum is established by the Board of Directors. The vote of a majority of the members present at a meeting of the committee at the time of such vote if a quorum is then present shall be the act of such committee. All members of such committees shall hold their committee offices at the pleasure of the Board of Directors, and the Board of Directors may abolish any committee at any time. Each such committee shall report its action to the Board of Directors who shall have power to rescind any action of any committee without retroactive effect. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

Section 3.15 Compensation. Directors shall not receive any stated salary for their services, but by resolution of the Board of Directors, a fixed sum and/or expenses, if any, may be allowed for their attendance at each regular and special meeting of the Board of Directors or for their services contributed to the Board of Directors; provided, however, that nothing contained herein shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, employee or otherwise receiving compensation for such services.

Section 3.16 Organization. Meetings of the Board of Directors shall be presided over by the chair of the Board of Directors, or in the absence of the chair of the Board of Directors by the vice chair, if any, or in his or her absence by a chair chosen at the meeting. The Secretary of the Corporation, or in the absence of the Secretary, any assistant secretary of the Corporation, shall act as secretary of the meeting, but in the absence of the Secretary and any assistant secretary, the chair of the meeting may appoint any person to act as secretary of the meeting. The order of business at each such meeting shall be as determined by the chair of the meeting.

ARTICLE IV
OFFICERS

Section 4.1 Election. The Board of Directors shall elect or appoint a President, a Secretary and a Treasurer or the equivalents of such officers. Such officers shall serve until their respective successors are elected or appointed and qualified or until their earlier resignation or removal. The Board of Directors may from time to time, by resolution, elect or appoint such other officers and agents as it may deem advisable, who shall hold office at the pleasure of the Board of Directors, and shall have such powers and duties and be paid such compensation as may be directed by the Board of Directors. Any individual may hold two or more offices.

Section 4.2 Removal; Resignation. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause. Any officer may resign at any time upon written notice to the Corporation. Any such removal or resignation shall be subject to the rights, if any, of the respective parties under any contract between the Corporation and such officer or agent.

Section 4.3 Vacancies. Any vacancy in any office because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term of such office.

Section 4.4 Chief Executive Officer. The Board of Directors may elect or appoint a Chief Executive Officer who, subject to the supervision and control of the Board of Directors, shall have the ultimate responsibility for the management and control of the business and affairs of the Corporation, and perform such other duties and have such other powers which are delegated to him or her by the Board of Directors, these Bylaws or as provided by law.

Section 4.5 President. The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors elects or appoints different individuals to hold such positions. The President, subject to the supervision and control of the Board of Directors and the Chief Executive Officer, if applicable, shall in general actively supervise and control the business and affairs of the Corporation. The President shall keep the Board of Directors and the Chief Executive Officer, if applicable, fully informed as the Board of Directors or the Chief Executive Officer, if applicable, may request and shall consult the Board of Directors and Chief Executive Officer, if applicable, concerning the business of the Corporation. The President shall perform such other duties and have such other powers which are delegated and assigned to him or her by the Board of Directors, the Chief Executive Officer, if applicable, these Bylaws or as provided by law.

Section 4.6 Vice Presidents. The Board of Directors may elect or appoint one or more vice presidents. In the absence or disability of the President, or at the President's request, the vice president or vice presidents, in order of their rank as fixed by the Board of Directors, and if not ranked, the vice presidents in the order designated by the Board of Directors, or in the absence of such designation, in the order designated by the Chief Executive Officer, if any, or the President, shall perform all of the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions on the President. Each vice president shall perform such other duties and have such other powers which are delegated and assigned to him or her by the Board of Directors, the Chief Executive Officer, if any, the President, these Bylaws or as provided by law.

Section 4.7 Secretary. The Secretary shall attend all meetings of the stockholders, the Board of Directors and any committees thereof, and shall keep, or cause to be kept, the minutes of proceedings thereof in books provided for that purpose. He or she shall keep, or cause to be kept, a register of the stockholders of the Corporation and shall be responsible for the giving of notice of meetings of the stockholders, the Board of Directors and any committees, and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary shall be custodian of the corporate seal, if any, the records of the Corporation, the stock certificate books, transfer books and stock ledgers (which may, however, be kept by any transfer or other agent of the Corporation), and such other books and papers as the Board of Directors or any appropriate committee may direct. The Secretary shall perform all other duties commonly incident to his or her office and shall perform such other duties which are assigned to him or her by the Board of Directors, the Chief Executive Officer, if any, the President, these Bylaws or as provided by law.

Section 4.8 Assistant Secretaries. An assistant secretary shall, at the request of the Secretary, or in the absence or disability of the Secretary, perform all the duties of the Secretary. He or she shall perform such other duties as are assigned to him or her by the Board of Directors, the Chief Executive Officer, if any, the President, the Secretary, these Bylaws or as provided by law.

Section 4.9 Treasurer. The Treasurer, subject to the order of the Board of Directors, shall have the care and custody of, and be responsible for, all of the money, funds, securities, receipts and valuable papers, documents and instruments of the Corporation, and all books and records relating thereto. The Treasurer shall keep, or cause to be kept, full and accurate books of accounts of the Corporation's transactions, which shall be the property of the Corporation, and shall render financial reports and statements of condition of the Corporation when so requested by the Board of Directors, the chair of the Board of Directors, if any, the Chief Executive Officer, if any, or the President. The Treasurer shall perform all other duties commonly incident to his or her office and such other duties as may, from time to time, be assigned to him or her by the Board of Directors, the Chief Executive Officer, if any, the President, these Bylaws or as provided by law. If a Chief Financial Officer of the Corporation has not been appointed, the Treasurer may be deemed the Chief Financial Officer of the Corporation.

Section 4.10 Assistant Treasurers. An assistant treasurer shall, at the request of the Treasurer, or in the absence or disability of the Treasurer, perform all the duties of the Treasurer. He or she shall perform such other duties which are assigned to him or her by the Board of Directors, the Chief Executive Officer, if any, the President, the Treasurer, these Bylaws or as provided by law.

Section 4.11 Execution of Negotiable Instruments, Deeds and Contracts. All (i) checks, drafts, notes, bonds, bills of exchange, and orders for the payment of money of the Corporation, (ii) deeds, mortgages, proxies, powers of attorney and other written contracts, documents, instruments and agreements to which the Corporation shall be a party and (iii) assignments or endorsements of stock certificates, registered bonds or other securities owned by the Corporation shall be signed in the name of the Corporation by such officers or other persons as the Board of Directors may from time to time designate. The Board of Directors may authorize the use of the facsimile signatures of any such persons. Any officer of the Corporation shall be authorized to attend, act and vote, or designate another officer or an agent of the Corporation to attend, act and vote, at any meeting of the owners of any entity in which the Corporation may own an interest or to take action by written consent in lieu thereof. Such officer or agent, at any such meeting or by such written action, shall possess and may exercise on behalf of the Corporation any and all rights and powers incident to the ownership of such interest.

ARTICLE V
CAPITAL STOCK

Section 5.1 Issuance. Shares of the Corporation's authorized capital stock shall, subject to any provisions or limitations of the laws of the State of Nevada, the Articles of Incorporation or any contracts or agreements to which the Corporation may be a party, be issued in such manner, at such times, upon such conditions and for such consideration as shall be prescribed by the Board of Directors.

Section 5.2 Stock Certificates and Uncertificated Shares.

(a) Every holder of stock in the Corporation shall be entitled to have a certificate signed by or in the name of the Corporation by officers or agents designated by the Corporation for such purpose certifying the number of shares of stock owned by him, her or it in the Corporation; *provided* that the Board of Directors may authorize the issuance of uncertificated shares of some or all of any or all classes or series of the Corporation's stock. Any such issuance of uncertificated shares shall have no effect on existing certificates for shares until such certificates are surrendered to the Corporation, or on the respective rights and obligations of the stockholders. Whenever any such certificate is countersigned or otherwise authenticated by a transfer agent or a transfer clerk and by a registrar (other than the Corporation), then a facsimile of the signatures of any corporate officers or agents, the transfer agent, transfer clerk or the registrar of the Corporation may be printed or lithographed upon the certificate in lieu of the actual signatures. In the event that any officer or officers who have signed, or whose facsimile signatures have been used on any certificate or certificates for stock cease to be an officer or officers because of death, resignation or other reason, before the certificate or certificates for stock have been delivered by the Corporation, the certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed the certificate or certificates, or whose facsimile signature or signatures have been used thereon, had not ceased to be an officer or officers of the Corporation.

(b) Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written statement certifying the number and class (and the designation of the series, if any) of the shares owned by such stockholder in the Corporation and any restrictions on the transfer or registration of such shares imposed by the Articles of Incorporation, these Bylaws, any agreement among stockholders or any agreement between the stockholders and the Corporation, and, at least annually thereafter, the Corporation shall provide to such stockholders of record holding uncertificated shares, a written statement confirming the information contained in such written statement previously sent. Except as otherwise expressly provided by the NRS, the rights and obligations of the stockholders of the Corporation shall be identical whether or not their shares of stock are represented by certificates.

(c) Each certificate representing shares shall state the following upon the face thereof: the name of the state of the Corporation's organization; the name of the person to whom issued; the number and class of shares and the designation of the series, if any, which such certificate represents; the par value of each share, if any, represented by such certificate or a statement that the shares are without par value. Certificates of stock shall be in such form consistent with law as shall be prescribed by the Board of Directors. No certificate shall be issued until the shares represented thereby are fully paid. In addition to the foregoing, all certificates evidencing shares of the Corporation's stock or other securities issued by the Corporation shall contain such legend or legends as may from time to time be required by Chapter 78 of the NRS, and/or such other federal, state or local laws or regulations then in effect.

Section 5.3 Surrendered; Lost or Destroyed Certificates. All certificates surrendered to the Corporation, except those representing shares of treasury stock, shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been canceled, except that in case of a lost, stolen, destroyed or mutilated certificate, a new one may be issued therefor. However, any stockholder applying for the issuance of a stock certificate in lieu of one alleged to have been lost, stolen, destroyed or mutilated shall, prior to the issuance of a replacement, provide the Corporation with his, her or its affidavit of the facts surrounding the loss, theft, destruction or mutilation and, if required by the Board of Directors, an indemnity bond in an amount satisfactory to the Board of Directors or an authorized officer which amount may be in excess of the current market value of the stock, and upon such terms as the treasurer, other officer who is so authorized, or the Board of Directors shall require which shall indemnify the Corporation against any loss, damage, cost or inconvenience arising as a consequence of the issuance of a replacement certificate.

Section 5.4 Replacement Certificate. When the Articles of Incorporation are amended in any way affecting the statements contained in the certificates for outstanding shares of capital stock of the Corporation or it becomes desirable for any reason, in the discretion of the Board of Directors, including, without limitation, the merger of the Corporation with another Corporation or the conversion or reorganization of the Corporation, to cancel any outstanding certificate for shares and issue a new certificate therefor conforming to the rights of the holder, the Board of Directors may order any holders of outstanding certificates for shares to surrender and exchange the same for new certificates within a reasonable time to be fixed by the Board of Directors. The order may provide that a holder of any certificate(s) ordered to be surrendered shall not be entitled to vote, receive distributions or exercise any other rights of stockholders of record until the holder has complied with the order, but the order operates to suspend such rights only after notice and until compliance.

Section 5.5 Transfer of Shares. No transfer of stock shall be valid as against the Corporation except on surrender and cancellation of any certificate(s) therefor accompanied by an assignment or transfer by the registered owner made either in person or under assignment. Whenever any transfer shall be expressly made for collateral security and not absolutely, the collateral nature of the transfer shall be reflected in the entry of transfer in the records of the Corporation.

Section 5.6 Transfer Agent; Registrars. The Board of Directors may appoint one or more transfer agents, transfer clerks and registrars of transfer and may require all certificates for shares of stock to bear the signature of such transfer agents, transfer clerks and/or registrars of transfer.

Section 5.7 Miscellaneous. The Board of Directors shall have the power and authority to make such rules and regulations not inconsistent herewith as it may deem expedient concerning the issue, transfer, and registration of certificates for shares of the Corporation's stock.

ARTICLE VI
DISTRIBUTIONS

Distributions may be declared, subject to the provisions of the laws of the State of Nevada and the Articles of Incorporation, by the Board of Directors and may be paid in money, shares of corporate stock, property or any other medium not prohibited under applicable law. The Board of Directors may fix in advance a record date, in accordance with and as provided in Section 2.5, prior to the distribution for the purpose of determining stockholders entitled to receive any distribution.

ARTICLE VII
RECORDS AND REPORTS; CORPORATE SEAL; FISCAL YEAR

Section 7.1 Records. All original records of the Corporation shall be kept at the principal office of the Corporation by or under the direction of the Secretary of the Corporation or at such other place or by such other person as may be prescribed by these Bylaws or the Board of Directors. Any records maintained by the Corporation in the regular course of its business may be maintained on any information storage device or method that can be converted into clearly legible paper form within a reasonable time. The Corporation shall convert any records so kept on the written request of any person entitled to inspect such records pursuant to applicable law.

Section 7.2 Corporate Seal. The Board of Directors may, by resolution, authorize a seal, and the seal may be used by causing it, or a facsimile, to be impressed or affixed or reproduced or otherwise. Except when otherwise specifically provided herein, any officer of the Corporation shall have the authority to affix the seal to any document requiring it.

Section 7.3 Fiscal Year-End. The fiscal year-end of the Corporation shall be such date as may be fixed from time to time by resolution of the Board of Directors.

ARTICLE VIII
INDEMNIFICATION

Section 8.1 Indemnification and Insurance.

(a) Indemnification of Directors and Officers.

(i) For purposes of this Article, (A) "Indemnitee" means each director or officer of the Corporation who was or is a party to, or is threatened to be made a party to, or is otherwise involved in, any Proceeding (as defined below), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of, or in any other capacity for, another corporation, partnership, joint venture, limited liability company, trust, or other enterprise; and (B) "Proceeding" means any threatened, pending, or completed action, suit or proceeding (including, without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative, or investigative.

(ii) Each Indemnitee shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the laws of the State of Nevada, against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, taxes, penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Indemnitee in connection with any Proceeding; *provided* that such Indemnitee either is not liable pursuant to NRS 78.138 or acted in good faith and in a manner such Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any Proceeding that is criminal in nature, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, does not, of itself, create a presumption that the Indemnitee is liable pursuant to NRS 78.138 or did not act in good faith and in a manner in which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, or that, with respect to any criminal proceeding he or she had reasonable cause to believe that his or her conduct was unlawful. The Corporation shall not indemnify an Indemnitee for any claim, issue or matter as to which the Indemnitee has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Corporation or for any amounts paid in settlement to the Corporation, unless and only to the extent that the court in which the Proceeding was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such amounts as the court deems proper. Except as so ordered by a court and for advancement of expenses pursuant to this Section, indemnification may not be made to or on behalf of an Indemnitee if a final adjudication establishes that his or her acts or omissions involved intentional misconduct, fraud or a knowing violation of law and was material to the cause of action. Notwithstanding anything to the contrary contained in these Bylaws, no director or officer may be indemnified for expenses incurred in defending any threatened, pending, or completed action, suit or proceeding (including without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative, that such director or officer incurred in his or her capacity as a stockholder.

(iii) Indemnification pursuant to this Section shall continue as to an Indemnitee who has ceased to be a director or officer of the Corporation or to serve in such capacity for another corporation or any partnership, joint venture, limited liability company, trust, or other enterprise and shall inure to the benefit of his or her heirs, executors and administrators.

(iv) At the discretion of the Board of Directors, the expenses of Indemnitees may be paid by the Corporation or through insurance purchased and maintained by the Corporation or through other financial arrangements made by the Corporation, as such expenses are incurred and in advance of the final disposition of the Proceeding, upon receipt of an undertaking by or on behalf of such Indemnitee to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation. To the extent that an Indemnitee is successful on the merits or otherwise in defense of any Proceeding, or in the defense of any claim, issue or matter therein, the Corporation shall indemnify him or her against expenses, including attorneys' fees, actually and reasonably incurred in by him or her in connection with the defense.

(b) Indemnification of Employees and Other Persons. The Corporation may, by action of the Board of Directors and to the extent provided in such action, indemnify employees and other persons as though they were Indemnitees.

(c) Non-Exclusivity of Rights. The rights to indemnification provided in this Article shall not be exclusive of any other rights that any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation or these Bylaws, agreement, vote of stockholders or directors, or otherwise.

(d) Insurance. The Corporation may purchase and maintain insurance or make other financial arrangements on behalf of any Indemnitee for any liability asserted against him or her and liability and expenses incurred by him or her in his or her capacity as a director or officer, or arising out of his or her status as such, whether or not the Corporation has the authority to indemnify him or her against such liability and expenses.

Section 8.2 Amendment. Notwithstanding any other provision of these Bylaws relating to their amendment generally, any repeal or amendment of this Article VIII which is adverse to any Indemnitee shall apply to such Indemnitee only on a prospective basis, and shall not limit the rights of an Indemnitee to indemnification with respect to any action or failure to act occurring prior to the time of such repeal or amendment.

ARTICLE IX
CHANGES IN NEVADA LAW

References in these Bylaws to the laws of the State of Nevada or the NRS or to any provision thereof shall be to such law as it existed on the date these Bylaws were adopted or as such law thereafter may be changed; provided that (i) in the case of any change which expands the liability of directors or officers or limits the indemnification rights or the rights to advancement of expenses which the Corporation may provide in Article VIII, the rights to limited liability, to indemnification and to the advancement of expenses provided in the Articles of Incorporation and/or these Bylaws shall continue as theretofore to the extent permitted by law; and (ii) if such change permits the Corporation, without the requirement of any further action by stockholders or directors, to limit further the liability of directors or limit the liability of officers or to provide broader indemnification rights or rights to the advancement of expenses than the Corporation was permitted to provide prior to such change, then liability thereupon shall be so limited and the rights to indemnification and the advancement of expenses shall be so broadened to the extent permitted by law.

ARTICLE X
AMENDMENT OR REPEAL

Section 10.1 Amendment of Bylaws.

(a) Board of Directors. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to amend or repeal these Bylaws or to adopt new bylaws, including any Bylaw provision adopted by the stockholders.

(b) Stockholders. Notwithstanding Section 10.1(a), these Bylaws may be amended or repealed in any respect, and new bylaws may be adopted, in each case by the affirmative vote of stockholders holding of record in the aggregate at least a majority of the outstanding shares of stock entitled to vote in the election of directors at any annual or special meeting of stockholders, provided that the notice or waiver of notice of such meeting shall have summarized or set forth in full therein, the proposed amendment.

ARTICLE XI
CHOICE OF FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director, officer or other employee of the Corporation arising pursuant to any provision of Nevada law or the Articles of Incorporation or these Bylaws (as either may be amended from time to time) or (iv) any action asserting a claim against the Corporation or any director, officer or other employee of the Corporation governed by the internal affairs doctrine shall be the Eighth Judicial District Court of Clark County, Nevada (or if Eighth Judicial District Court of Clark County, Nevada does not have jurisdiction, then any other state district court located within the State of Nevada or, if no district court located within the State of Nevada has jurisdiction, then any federal court located in the State of Nevada). Unless the Corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI.

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CERTIFICATION

The undersigned, as the duly elected CFO of XTI Aerospace, Inc., a Nevada corporation (the "Corporation"), does hereby certify that the Board of Directors of the Corporation adopted the foregoing Bylaws as of August 13, 2025.

/s/ Brooke Turk

By: Brooke Turk
Title: CFO

Exhibit 31.1

CERTIFICATION

I, Scott Pomeroy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of XTI Aerospace, Inc.;

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: August 14, 2025

/s/ Scott Pomeroy
Scott Pomeroy
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Brooke Turk, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of XTI Aerospace, Inc.;

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: August 14, 2025

/s/ Brooke Turk
Brooke Turk
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

In connection with the Quarterly Report of XTI Aerospace, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2025 as filed with the Securities and Exchange Commission (the "Report"), we, Scott Pomeroy, Chief Executive Officer (Principal Executive Officer) and Brooke Turk, 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: August 14, 2025

/s/ Scott Pomeroy
Scott Pomeroy
Chief Executive Officer
(Principal Executive Officer)

/s/ Brooke Turk
Brooke Turk
Chief Financial Officer
(Principal Financial and Accounting Officer)