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

FORM 10-Q

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

For the quarterly period ended September 30, 2026

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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.)

511 East John Carpenter Freeway, Suite 500
Las Colinas, TX 75062
(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 registered**
Common Stock, par value $0.001	XTIA	The Nasdaq Capital Market

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 x No o

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 x No o

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	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	o

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. o

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

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 November 10, 2026**
Common Stock, par value $0.001	38,477,789

XTI AEROSPACE, INC.

Form 10-Q

For the Quarterly Period Ended September 30, 2026

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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:

- supplier concentration and regulatory actions affecting key suppliers, including restrictions on the sale or use of certain drone platforms manufactured by foreign companies;
- changes in applicable laws or regulations, including evolving Federal Aviation Administration ("FAA") and Federal Communications Commission ("FCC") regulations, National Defense Authorization Act ("NDAA") compliance rules, and other procurement regulations affecting the Unmanned Aircraft System ("UAS") industry;
- customer demand for the products and services we offer, including enterprise drone solutions, training, repair, and lifecycle support services;
- the impact of competitive or alternative products, technologies and pricing;
- our ability to attract customers and fulfill customer orders in our UAS solutions business;
- our ability to scale our UAS platform in a cost-effective manner and expand our supplier and OEM relationships;
- emerging competition and rapidly advancing technology in the UAS and autonomous systems markets that may outpace our capabilities;
- our ability to navigate the regulatory environment and complexities with compliance related to such environment;
- the risk that our planned Advanced Technology and Manufacturing division may not successfully secure prime contractor agreements, commercial partnerships, or manufacturing partnerships on acceptable terms, and may not generate revenues on the timelines we anticipate, or at all, and the risk that we may significantly reduce investment in, restructure, or discontinue the division if key operational or commercial milestones are not achieved;
- the risk that we may not realize the expected benefits of the Drone Nerds acquisition or any future acquisition, or may experience significant delays or unexpected costs in integrating acquired companies;
- borrowing base limitations, covenants and other restrictions under our asset-based credit facility and obligations under acquisition-related indebtedness;
- our history of losses and the risk that we may not achieve or sustain profitability;
- our ability to raise additional capital on acceptable terms, or at all;
- our ability to make required payments under, and comply with the terms of, the restructured Seller Notes (as defined below) and our asset-based credit facility, including mandatory prepayment provisions and restrictions on incurring additional indebtedness;
- substantial doubt about our ability to continue as a going concern;
- our ability to maintain compliance with the continued listing requirements of the Nasdaq Capital Market;
- 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, and supply chain challenges;
- cybersecurity threats, data protection risks and reliance on third party information technology systems;

- litigation, regulatory investigations and other legal proceedings;
- risks related to intellectual property protection;
- potential impairments of goodwill and other intangible assets;
- tax law changes and limitations on our ability to use net operating losses; 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

In November 2025, the Company completed the acquisition of Drone Nerds, LLC and Anzu Robotics, LLC (collectively, "Drone Nerds") through XTI Drones Holdings, LLC, a Texas limited liability company ("XTI Drones Holdings"). The Company holds an 83.403% controlling equity interest in XTI Drones Holdings through its ownership of Class A Units, and the remaining 16.597% equity interest is held by other Class B unitholders. The results of Drone Nerds have been included in the Company's condensed consolidated financial statements from the acquisition date, and the ownership interest not held by the Company is reflected as noncontrolling interest.

In December 2025, the Company committed to a plan to dispose of its historical Industrial IoT / Real-Time Location Systems ("RTLS") operations (the "Inpixon Business") and classified the business as held for sale. In accordance with ASC 205-20, the results of the Inpixon Business have been classified as discontinued operations in the condensed consolidated financial statements included in this Quarterly Report and have been retrospectively presented as discontinued operations for all periods presented. The disposition of the Inpixon Business was completed on February 3, 2026.

Unless otherwise indicated or the context otherwise requires, references in this Quarterly Report to "XTI Aerospace," the "Company," "we," "us," and "our" refer to XTI Aerospace, Inc. and its consolidated subsidiaries.

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)

	September 30, 2026	December 31, 2025
	(Unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	$ 5,657	$ 16,696
Accounts receivable, net	11,892	12,093
Inventories	17,807	15,400
Prepaid expenses and other current assets	5,552	3,989
Current assets of discontinued operations (Note 17)	—	3,645
Total Current Assets	40,908	51,823
Property and equipment, net	407	385
Operating lease right-of-use asset, net	1,341	2,965
Intangible assets, net	8,650	9,338
Goodwill	13,393	11,544
Note receivable	4,394	—
Other assets	778	403
Non-current assets of discontinued operations (Note 17)	—	4,788
Total Assets	$ 69,871	$ 81,246

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)

	September 30, 2026	December 31, 2025
	(Unaudited)	
Liabilities, Mezzanine Equity, and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	$ 2,152	$ 5,212
Accrued expenses and other current liabilities	6,820	6,556
Customer deposits	2,689	3,071
Warrant liability	24,459	22,561
Operating lease obligation, current	635	550
Note payable - related party	450	—
Acquisition-related promissory note - related party, current	726	7,931
Asset-based revolving line of credit	5,928	—
Income tax payable	1,600	—
Current liabilities of discontinued operations (Note 17)	—	1,722
Total Current Liabilities	45,459	47,603
Note payable - related party	—	450
Operating lease obligation, noncurrent	736	2,427
Acquisition-related promissory note - related party, noncurrent	3,930	—
Other non-current liabilities	60	—
Non-current liabilities of discontinued operations (Note 17)	—	322
Total Liabilities	50,185	50,802
Commitments and Contingencies (Note 13)		
Mezzanine Equity		
Representative and placement agent warrants, net of issuance costs	2,701	2,701
Stockholders' Equity		
Preferred Stock - $0.001 par value; 5,000,000 shares authorized	—	—
Series 4 Convertible Preferred Stock - $0.001 par value; 10,415 shares authorized; 1 share issued and outstanding as of September 30, 2026 and December 31, 2025	—	—
Series 5 Convertible Preferred Stock - $0.001 par value; 12,000 shares authorized; 126 shares issued and outstanding as of September 30, 2026 and December 31, 2025	—	—
Series 9 Convertible Preferred Stock - $0.001 par value; 20,000 shares authorized; 0 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	—	—
Series 10 Convertible Preferred Stock - $0.001 par value; 25,000 shares authorized; 0 and 25,000 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	—	21,793
Common Stock - $0.001 par value; 500,000,000 shares authorized; 38,477,789 and 32,786,816 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	38	33
Additional paid-in capital	180,138	157,354
Accumulated other comprehensive income	—	881
Accumulated deficit	(174,345)	(162,323)
Total Stockholders' Equity	5,831	17,738
Noncontrolling interest – Class B Units of XTI Drones Holdings, LLC	11,154	10,005
Total Equity	16,985	27,743
Total Liabilities, Mezzanine Equity, and Equity	$ 69,871	$ 81,246

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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Unaudited)		(Unaudited)	
Revenues	$ 35,314	$ —	$ 95,459	$ —
Cost of Revenues	27,637	—	76,993	—
Gross Profit	7,677	—	18,466	—
Operating Expenses				
Research and development	163	1,449	1,937	3,953
Sales and marketing	1,810	2,071	6,148	3,280
General and administrative	10,321	9,857	33,922	20,127
Merger and acquisition transaction costs	134	458	224	458
Amortization of intangible assets	247	8	705	24
Total Operating Expenses	12,675	13,843	42,936	27,842
Loss from Operations	(4,998)	(13,843)	(24,470)	(27,842)
Other Income (Expense)				
Interest expense, net	(278)	(1)	(580)	(219)
Loss on extinguishment of debt	—	—	—	(421)
Warrant issuance expense	—	(785)	—	(6,580)
Change in fair value of warrant liability	32,023	2,151	18,989	(3,280)
Other	(72)	—	140	(349)
Total Other Income (Expense)	31,673	1,365	18,549	(10,849)
Income (Loss) from Continuing Operations Before Income Taxes	26,675	(12,478)	(5,921)	(38,691)
Income tax benefit	—	—	—	6
Net Income (Loss) from Continuing Operations, net of tax	26,675	(12,478)	(5,921)	(38,685)
Loss from operations of discontinued component, inclusive of tax	(100)	(968)	(4,952)	(8,491)
Net income (Loss)	26,575	(13,446)	(10,873)	(47,176)
Net income attributable to noncontrolling interest	573	—	1,149	—
Net Income (Loss) Attributable to XTI Aerospace, Inc.	26,002	(13,446)	(12,022)	(47,176)
Less: Preferred stock dividends	—	—	42	29
Net Income (Loss) Attributable to Common Stockholders	$ 26,002	$ (13,446)	$ (12,064)	$ (47,205)
Net Income (Loss) Per Share – Basic:				
Continuing operations	$ 0.68	$ (0.57)	$ (0.19)	$ (3.55)
Discontinued operations	$ —	$ (0.04)	$ (0.13)	$ (0.78)
Net income (Loss) per share	$ 0.68	$ (0.61)	$ (0.32)	$ (4.33)
Net Income (Loss) Per Share – Diluted:				
Continuing operations	$ 0.19	$ (0.57)	$ (0.19)	$ (3.55)
Discontinued operations	$ —	$ (0.04)	$ (0.13)	$ (0.78)
Net income (Loss) per share	$ 0.19	$ (0.61)	$ (0.32)	$ (4.33)
Weighted Average Shares Outstanding, Basic	38,477,789	22,065,141	37,403,649	10,914,152
Weighted Average Shares Outstanding, Diluted	60,322,244	22,065,141	37,403,649	10,914,152

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
	(Unaudited)		(Unaudited)	
Net Income (Loss)	$ 26,575	$ (13,446)	$ (10,873)	$ (47,176)
Unrealized foreign exchange gain from cumulative translation adjustments	—	14	—	1,520
Comprehensive Income (Loss)	$ 26,575	$ (13,432)	$ (10,873)	$ (45,656)
Comprehensive income attributable to noncontrolling interest	573	—	1,149	—
Total Comprehensive Income (Loss) attributable to XTI Aerospace, Inc.	$ 26,002	$ (13,432)	$ (12,022)	$ (45,656)

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 (DEFICIT)
(Unaudited)
(In thousands, except share data)

	Series 4 Convertible Preferred Stock at Redemption Value		Series 5 Convertible Preferred Stock at Redemption Value		Series 9 Convertible Preferred Stock at Redemption Value		Series 10 Convertible Preferred Stock at Redemption Value		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity (Deficit)	Non-Controlling Class B Units	Total Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance - January 1, 2026	1	$ —	126	$ —	—	$ —	25,000	$ 21,793	32,786,816	$ 33	$ 157,354	$ 881	$ (162,323)	$ 17,738	$ 10,005	$ 27,743
Conversion of Series 10 Preferred Stock to common shares and pre-funded warrants	—	—	—	—	—	—	(25,000)	(21,793)	1,721,980	1	(1,945)	—	—	(23,737)	—	(23,737)
Stock-based compensation – Options	—	—	—	—	—	—	—	—	—	—	4,847	—	—	4,847	—	4,847
Common shares issued for exercise of liability classified warrants, net of costs	—	—	—	—	—	—	—	—	3,963,408	4	10,734	—	—	10,738	—	10,738
Series 10 Convertible Preferred Stock dividend accrual	—	—	—	—	—	—	—	—	—	—	(42)	—	—	(42)	—	(42)
Disposition of the Inpixon Business (Note 17)	—	—	—	—	—	—	—	—	—	—	—	(881)	—	(881)	—	(881)
Net loss attributable to parent	—	—	—	—	—	—	—	—	—	—	—	—	(35,270)	(35,270)	—	(35,270)
Net income attributable to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	272	272
Balance – March 31, 2026	1	—	126	—	—	—	—	—	38,472,204	38	170,948	—	(197,593)	(26,607)	10,277	(16,330)
Stock-based compensation – Options	—	—	—	—	—	—	—	—	—	—	3,772	—	—	3,772	—	3,772
Stock option exercise	—	—	—	—	—	—	—	—	5,585	—	—	—	—	—	—	—

Net loss attributable to parent	—	—	—	—	—	—	—	—	—	—	—	—	(2,754)	(2,754)	—	(2,754)
Net income attributable to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	304	304
Balance – June 30, 2026	1	—	126	—	—	—	—	—	38,477,789	38	174,720	—	(200,347)	(25,589)	10,581	(15,008)
Stock-based compensation – Options	—	—	—	—	—	—	—	—	—	—	5,418	—	—	5,418	—	5,418
Net income attributable to parent	—	—	—	—	—	—	—	—	—	—	—	—	26,002	26,002	—	26,002
Net income attributable to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	573	573
Balance – September 30, 2026	1	—	126	—	—	—	—	—	38,477,789	38	180,138	—	(174,345)	5,831	11,154	16,985

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 (DEFICIT)
(Unaudited)
(In thousands, except share data)

	Series 4 Preferred Stock at Redemption Value		Series 5 Preferred Stock at Redemption Value		Series 9 Preferred Stock at Redemption Value		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance - January 1, 2025	1	$ —	126	$ —	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	1	—	126	—	—	—	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	1	—	126	—	—	—	17,915,340	18	138,795	884	(127,292)	12,405

Common shares issued for net cash proceeds of public offerings	—	—	—	—	—	—	11,946,000	12	3,121	—	—	3,133
Common shares issued for exercise of liability classified warrants	—	—	—	—	—	—	966,976	1	1,997	—	—	1,998
Stock-based compensation	—	—	—	—	—	—	33,500	—	6,350	—	—	6,350
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	14	—	14
Net loss	—	—	—	—	—	—	—	—	—	—	(13,446)	(13,446)
Balance – September 30, 2025	1	—	126	—	—	—	30,861,816	31	150,263	898	(140,738)	10,454

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

XTI AEROSPACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands, unaudited)	Nine Months Ended September 30, 2026	2025
Cash Flows Used in Operating Activities		
Net loss	$ (10,873)	$ (47,176)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	163	103
Amortization of intangible assets	688	206
Amortization of right-of-use asset	560	100
Non-cash interest expense, net	31	145
Stock-based compensation	14,037	7,527
Impairment of goodwill	—	4,049
Impairment of intangible assets	—	631
Loss on extinguishment of debt	—	421
Warrant issuance expense	—	6,580
Change in fair value of warrant liability	(18,989)	3,280
Loss on sale of Inpixon division	831	—
Other	1	20
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	1,480	(1,293)
Inventories	(2,389)	1,016
Prepaid expenses and other current assets	(875)	101
Other assets	35	287
Accounts payable	(3,116)	(1,940)
Related party payables	—	(51)
Accrued expenses and other current liabilities	27	(4,600)
Customer deposits	(85)	336
Operating lease obligation	(529)	(98)
Net Cash Used in Operating Activities	(19,003)	(30,356)
Cash Flows Used in Investing Activities		
Purchase of property and equipment	(228)	(126)
Net cash paid on disposal of the Inpixon Business	(694)	—
Net Cash Used in Investing Activities	(922)	(126)
Cash Provided by Financing Activities		
Proceeds from the exercise of liability classified warrants	7,927	4,061
Proceeds from other debt	60	—
Payment of offering costs and commissions in connection with exercise of liability classified warrants	(488)	—
Net proceeds from sale of common stock and pre-funded warrants via public offerings	—	57,051
Net proceeds from ATM stock offering	—	1,667
Redemption of Series 9 preferred stock	—	(1,427)
Borrowings on Asset-Based Revolving Line of Credit (Drone Nerds)	89,456	—
Repayment of borrowings on Asset-Based Revolving Line of Credit (Drone Nerds)	(83,528)	—
Payment of debt issuance costs	(565)	—
Repayments of promissory notes - related party	(3,500)	(2,784)
Net Cash Provided by Financing Activities	9,362	58,568
Effect of Foreign Exchange Rate on Changes on Cash	20	7
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	(10,543)	28,093
Cash, Cash Equivalents and Restricted Cash - Beginning of period	16,919	4,105
Cash, Cash Equivalents and Restricted Cash - End of period	$ 6,376	$ 32,198

(amounts in thousands, unaudited)	Nine Months Ended September 30, 2026	2025
Supplemental Disclosure of cash flow information:		
Cash paid for interest	$ —	$ 282
Cash paid for income taxes	$ —	$ 10
Non-cash investing and financing activities		
Common shares issued for conversion of debt and accrued interest	$ —	$ 750
Reclassified warrant liability to equity upon exercise of warrants	$ 3,299	$ —
Conversion of Series 10 Preferred Stock to pre-funded warrants	$ 24,186	$ —

Reconciliation of cash, cash equivalents, and restricted cash:

(amounts in thousands, unaudited)	September 30, 2026	September 30, 2025	December 31, 2025
Cash and cash equivalents	$ 5,657	$ 32,198	$ 16,696
Restricted cash	719	—	—
Cash, cash equivalents of discontinued operations included in current assets of discontinued operations	—	—	223
Cash, cash equivalents and restricted cash	$ 6,376	$ 32,198	$ 16,919

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

XTI AEROSPACE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Description of Business and Organization

The following describes the Company's business and organizational structure:

Business

XTI Aerospace, Inc. (the "Company") is a U.S.-based aerospace company focused on unmanned aircraft systems ("UAS") and related services. The Company provides UAS solutions through a combination of product distribution and service offerings, including the sale and support of UAS platforms, payloads, sensors, batteries, accessories and related equipment, as well as operator training, program enablement, repair and maintenance, and other fleet lifecycle support services for enterprise, public safety, government, and defense-related customers.

Effective in fiscal year 2026, as part of the Company's strategic shift from the TriFan 600 development program towards the design and development of unmanned platforms, the Company revised its operating segments to remove the commercial aviation segment and replace it with the advanced defense systems ("ADS") segment. In June 2026, the Company wound down all ADS spending and implemented a reduction in force. Management shifted capital away from the non-revenue-generating ADS segment to concentrate resources on the UAS platform, establishing a stronger operational focus. For the three and nine months ended September 30, 2026, the Company operated as two reportable segments: UAS and ADS.

Organization

In November 2025, the Company completed the acquisition of Drone Nerds, LLC and Anzu Robotics, LLC (collectively, "Drone Nerds") through XTI Drones Holdings, LLC, a Texas limited liability company ("XTI Drones Holdings"). The Company holds an 83.403% controlling equity interest in XTI Drones Holdings through its ownership of Class A Units, and the remaining 16.597% equity interest is held by other Class B unitholders. The results of Drone Nerds have been included in the Company's consolidated financial statements from November 10, 2025, the acquisition date, and the ownership interest not held by the Company is reflected as noncontrolling interest. Drone Nerds represents the Company's UAS solutions and services operations.

During December 2025, the Company committed to a plan to dispose of its historical Industrial IoT / real-time location systems ("RTLS") operations (the "Inpixon Business") and retroactively classified the business as held for sale. The disposition of the Inpixon Business was completed on February 3, 2026. The Inpixon Business historically comprised the Company's Industrial IoT operations, which previously represented the Company's Industrial IoT reportable segment. The results of the Inpixon Business have been presented as discontinued operations in the accompanying condensed consolidated financial statements for all periods presented. Unless otherwise indicated, the information included in the accompanying notes relates to the Company's continuing operations. See Note 17 for additional information regarding discontinued operations.

Liquidity

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") assuming the Company will continue as a going concern. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, the Company is likely to require additional liquidity to meet its obligations and support ongoing operations over the next year. As a result, management has concluded that substantial doubt exists about the Company's ability to continue as a going concern for a period of one year from the issuance date of these unaudited condensed consolidated financial statements.

The Company has a history of operating losses and negative cash flows from operations. Cash on hand decreased $10.5 million during the nine months ended September 30, 2026, as a result of negative cash flows from operations of $19.0 million, negative cash flows from investing activities of $0.9 million and positive cash flows from financing of $9.4 million. Additionally, as of September 30, 2026, the Company's obligations include $4.7 million of debt (See Note 8 – Debt), and the Company is likely to require additional liquidity in order to meet this obligation and support ongoing operations over the next year. Additionally, the Company acquired Drone Nerds in 2025, which continues to face regulatory headwinds, including the announcement of the Section 232 tariffs taking effect on September 3, 2026, and consumer hesitation around the macro economy and other pending drone-related regulations.

XTI AEROSPACE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 2 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with 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 nine months ended September 30, 2026 are not necessarily indicative of the results for the full year ending December 31, 2026. 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, 2025 and 2024 included in the annual report on Form 10-K for the year ended December 31, 2025, filed with the SEC on April 15, 2026.

The condensed consolidated financial statements include the accounts of the Company and its wholly owned and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

XTI AEROSPACE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 included in the annual report on Form 10-K for the year ended December 31, 2025.

Credit Risk and Concentrations

Financial instruments that subject the Company to credit risk consist principally of trade accounts receivable and cash and cash equivalents. Cash equivalents are measured at fair value on a recurring basis using quoted prices in active markets for identical assets and are classified within Level 1 of the fair value hierarchy. The Company maintains its cash and cash equivalents primarily with high-credit-quality financial institutions in the United States. 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.

In connection with the Company's credit facility, certain depository accounts of the Company are swept into a blocked account with the lender and shall be used to reduce amounts owed under the credit facility. The Company classifies the balances of these accounts as restricted cash, as of September 30, 2026 and December 31, 2025, $0.7 million and $0.0 million of restricted cash is included in prepaid and other current assets in the accompanying unaudited condensed consolidated balance sheets.

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.

As of September 30, 2026 and December 31, 2025, the Company's allowance for credit losses related to its trade accounts receivable is immaterial. As of September 30, 2026 and December 31, 2025, the allowance for credit losses of $2.1 million is related to a convertible promissory note receivable, which is fully reserved. There was no change in the provision for credit losses during the three and nine months ended September 30, 2026.

In connection with the sale of Inpixon in February 2026, the Company issued a note receivable for EUR 4,640,000 that bears interest of 5% until the fourth anniversary of the Closing Date, as defined below. The Company has the right (the "Unwind Option") to require the Purchaser to transfer back all shares of Inpixon and its subsidiaries at any time during that fifteen (15) month period beginning on the first day of the thirty-seventh month following the Signing Date and continuing to the end of the fifty-second month following the Signing Date for no consideration by the Company. If exercised, all unpaid amounts of the purchase price will be forgiven. If not exercised within the specified period, the unpaid purchase price will also be forgiven. As of September 30, 2026, the carrying value of the note receivable was $4.4 million.

The customers from continuing operations who account for 10% or more of the Company's revenue for the three and nine months ended September 30, 2026 or 10% or more of the Company's outstanding receivable balance as of September 30, 2026 or as of December 31, 2025 are presented as follows:

	Percentage of revenues		Percentage of accounts receivable	
Customer	**Three Months Ended September 30, 2026**	**Nine Months Ended September 30, 2026**	**September 30, 2026**	**December 31, 2025**
A	11 %	10 %	39 %	47 %
B	15%	11%	**	**
C	**	**	14%	**

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

For the three and nine months ended September 30, 2025, all revenue was generated by the Company's Inpixon Business, which has been classified as discontinued operations.

XTI AEROSPACE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The vendors from continuing operations who account for 10% or more of the Company's purchases for the three and nine months ended September 30, 2026 or 10% or more of the Company's outstanding accounts payable balance as of September 30, 2026 or as of December 31, 2025 are presented as follows:

	Percentage of purchases		Percentage of accounts payable	
Vendor	**Three Months Ended September 30, 2026**	**Nine Months Ended September 30, 2026**	**September 30, 2026**	**December 31, 2025**
A	31%	34 %	**	**
B	34 %	17 %	**	**
C	**	**	31 %	**
D	**	**	24 %	10 %
E	**	**	13 %	**
F	**	**	23 %	19 %
G	**	**	12 %	**

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

Recently Issued Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires public entities to provide enhanced disaggregation of certain expense categories presented on the income statement, including disclosure of specific types of expenses such as employee compensation, depreciation, and amortization. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact this guidance will have on its condensed consolidated financial statement disclosures.

XTI AEROSPACE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 4 - Disaggregation of Revenue

Disaggregation of Revenue

Revenue presented for the three and nine months ended September 30, 2026 represents revenue from continuing operations and excludes revenue from the Inpixon Business, which has been classified as discontinued operations. Revenue presented for the three and nine months ended September 30, 2025 relates entirely to the Inpixon Business and has been reclassified to discontinued operations in the accompanying unaudited condensed consolidated financial statements. Revenue is primarily generated in the United States.

Revenues arise substantially from the Company's UAS offerings through the following channels (in thousands):

	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
Wholesale	$ 22,848	$ 60,072
Direct Sales	7,934	23,518
Retail	4,532	11,869
Total revenue	**$ 35,314**	**$ 95,459**

Wholesale revenue represents sales through resellers and channel partners.

Direct sales revenue represents sales to enterprise, commercial, and governmental end customers, including public safety agencies, that utilize drones as part of their operations.

Retail revenue represents sales to consumers, including those transacted through the Company's e-commerce platform, and revenues from the Company's service center. Service center revenues are less than 10% of total retail sales.

Enterprise, commercial, and governmental customers may also purchase through the Company's e-commerce platform; such transactions are classified as direct sales based on customer type.

Note 5 – Unaudited Pro Forma Financial Information

As described in the notes to the financial statements included in the Company's annual report on Form 10-K, on November 10, 2025, the Company acquired Drone Nerds, LLC and Anzu Robotics, LLC (collectively, the "Acquisition").

The following unaudited pro forma consolidated financial information presents the combined results of operations of the Company and Drone Nerds as if the Acquisition had occurred on January 1, 2025. The pro forma financial information has been prepared for comparative purposes only and does not necessarily reflect the results of operations that would have occurred had the Acquisition been completed on that date, nor is it indicative of future results of operations.

The unaudited pro forma information reflects adjustments that are directly attributable to the acquisition and are factually supportable, including:

- Incremental amortization expense related to identifiable intangible assets acquired;
- Interest expense associated with acquisition-related indebtedness;
- Conforming accounting policy adjustments, where applicable.

The pro forma financial information does not include any anticipated cost savings, operating synergies, or other integration effects of the acquisition.

The following unaudited pro forma consolidated financial information presents the combined results of continuing operations of the Company and Drone Nerds (in thousands, except per share amounts):

XTI AEROSPACE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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For the three and nine months ended September 30, 2025

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
Revenues	$ 24,164	$ 79,881
Net loss from continuing operations	$ (11,124)	$ (31,656)
Net loss attributable to common stockholders from continuing operations	$ (11,415)	$ (33,046)
Net loss per share from continuing operations – basic and diluted	$ (0.52)	$ (3.03)
Weighted average common shares outstanding – basic and diluted	22,065,141	10,914,152

Note 6 - Goodwill and Intangible Assets

Goodwill

In connection with the acquisition of Drone Nerds, the Company had goodwill of approximately $11.5 million as of December 31, 2025. During the three months ended September 30, 2026, a measurement period adjustment was made to goodwill related to a tariff liability payable to the sellers of Drone Nerds which resulted in an adjustment of $1.8 million. As a result of the measurement adjustment, the Company had goodwill of approximately $13.4 million related to the acquisition of Drone Nerds as of September 30, 2026. There was no impairment of goodwill during the three and nine months ended September 30, 2026.

Intangible Assets

Intangible assets consist primarily of patents, trade names and trademarks, and customer relationships acquired in the Drone Nerds acquisition. The following table presents intangible assets associated with continuing operations as of September 30, 2026 and December 31, 2025 (in thousands):

As of September 30, 2026:

	Gross Amount	Accumulated Amortization	Net Carrying Amount	Remaining Weighted Average Useful Life
Patents	468	(239)	229	8.2
Trade Names / Trademarks	4,008	(273)	3,735	12.2
Customer Relationships	5,200	(514)	4,686	8.2
Total	**$ 9,676**	**$ (1,026)**	**$ 8,650**	

As of December 31, 2025

	Gross Amount	Accumulated Amortization	Net Carrying Amount	Remaining Weighted Average Useful Life
Patents	468	(207)	261	8.8
Trade Names / Trademarks	4,000	(43)	3,957	12.9
Customer Relationships	5,200	(80)	5,120	8.9
Total	**$ 9,668**	**$ (330)**	**$ 9,338**	

Amortization expense for the three and nine months ended September 30, 2026 was approximately $0.2 million and $0.7 million, respectively. Amortization expense for the three and nine months ended September 30, 2025 was primarily related to the Inpixon business, which is included in discontinued operations.

XTI AEROSPACE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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The Company evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. No impairment indicators were identified during the nine months ended September 30, 2026.

Note 7 - Other Balance Sheet Information

Prepaid expenses and other current assets

Prepaid expenses and other current assets as of September 30, 2026 and December 31, 2025 consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Vendor deposits	$ 2,235	$ 2,649
Prepaid expenses and other	3,317	1,340
Total prepaid expenses and other current assets	$ 5,552	$ 3,989

Inventories

Inventory as of September 30, 2026 and December 31, 2025 represents inventory on hand within the Drone Nerds (UAS) segment and consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Drones	$ 8,601	$ 7,725
Accessories	4,203	4,043
Service parts and components	5,003	3,632
Total inventories	$ 17,807	$ 15,400

Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as of September 30, 2026 and December 31, 2025 consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Bonuses and commissions	$ 223	$ 2,942
Compensation and benefits	1,144	1,034
Inventory received not invoiced	580	1,405
Accrued Disposition Obligation	3,838	—
Other	1,035	1,175
Total accrued expenses and other current liabilities	$ 6,820	$ 6,556

Note 8 - Debt

Short-Term Debt	Maturity	September 30, 2026	December 31, 2025
Acquisition-Related Promissory Notes	09/30/2028	$ 726	$ 7,931
Asset-Based Revolving Line of Credit (Drone Nerds)	2/11/2029	5,928	—
Total Short-Term Debt		$ 6,654	$ 7,931

Interest expense on outstanding debt totaled approximately $0.3 million and $0.6 million for the three and nine months ended September 30, 2026, respectively, and $0.0 million and $0.2 million for the three and nine months ended September 30, 2025, respectively.

Acquisition-Related Promissory Notes

In connection with the November 2025 acquisition of Drone Nerds (the "Acquisition"), XTI Drones Holdings, LLC issued promissory notes to The Origin Group DN, Inc. and The Origin Group AZ, Inc. (collectively the "Sellers") with an aggregate original principal amount of approximately $11.9 million (the "Notes"). The Sellers also own 6,524,576 Class B Units, representing 16.597% ownership, of XTI Drones Holdings, LLC. The terms of the Notes and the issuance of the Class B Units were negotiated together in connection with the Acquisition. See Note 9 — Capital Structure for further discussion of the Class B Units.

The Notes bear interest at a rate of 7.25% per annum, calculated on a 365-day year. Accrued interest is payable in accordance with the terms of the Notes, and unpaid interest is added to principal if not paid when due.

During the three and nine months ended September 30, 2026, the Company made aggregated principal payments of $0.0 million and $3.5 million, respectively. The Notes had a final maturity of November 10, 2026. XTI Drones Holdings, LLC did not make the scheduled principal payments due on September 30, 2026, which resulted in events of default under the Notes and cross-defaults under the Credit Agreement described below. On November 11, 2026, XTI Drones Holdings, LLC assigned its obligations under the Notes to the Company, which assumed them, and the Company and the Sellers amended and restated the Notes to, among other things, increase the interest rate to 8.5% per annum effective June 30, 2026, provide for monthly payments of principal and interest beginning November 30, 2026, and extend the maturity to September 30, 2028. Because the Notes were refinanced on a long-term basis before these condensed consolidated financial statements were issued, the portion of the Notes not due within twelve months after September 30, 2026 has been presented as noncurrent. See Note 18 — Subsequent Events.

The Notes may be prepaid at any time without premium or penalty, provided that accrued and unpaid interest is paid through the prepayment date. The outstanding principal balance of the Notes is subject to reduction in connection with indemnification obligations under the applicable purchase agreements.

The Notes contain customary events of default, including bankruptcy-related events, upon which the outstanding principal and accrued interest may become immediately due and payable.

As of September 30, 2026 and December 31, 2025, the aggregate outstanding principal balance of the Notes was approximately $4.7 million and $7.9 million, respectively. The Company determined the fair value of the Notes approximates its carrying value as of September 30, 2026 given the short time between the balance sheet date and the Note's original maturity.

Asset-Based Revolving Line of Credit (Drone Nerds)

On February 11, 2026, Drone Nerds, LLC and Anzu Robotics, LLC (collectively, the "Borrowers") entered into a Credit Agreement with JPMorgan Chase Bank, N.A. (the "Lender"), (the "Credit Agreement"), providing for a secured revolving credit facility with aggregate commitments of up to $20.0 million, subject to certain borrowing base limitations based on a percentage of eligible accounts receivable and inventory (the "ABL Facility"). The ABL Facility matures on February 11, 2029.

As of September 30, 2026, the borrowing base was calculated to be approximately $18.7 million, and the Company had $5.9 million outstanding in addition to letters of credit in the amount of $0.8 million, with $11.9 million of remaining availability. Borrowings under the ABL Facility bear interest at Secured Overnight Financing Rate or a base rate, plus a margin of 2.0%, subject to adjustment in certain circumstances. The average unused commitment under the ABL Facility is subject to an unused commitment fee of 0.25% to 0.375%. Borrowings under the ABL Facility as of September 30, 2026 incurred interest at a weighted average of 5.7%. The Company determined the fair value of the ABL facility as of September 30, 2026 approximates its carrying value as the current interest rate on the ABL facility approximates market rates.

The Credit Agreement is subject to a cash dominion arrangement, whereby funds deposited into any depository account of the borrower are swept into a blocked account with the Lender and shall be used to reduce amounts owed under the Credit Facility. Because of the nature of the cash dominion arrangement, borrowings under the Credit Agreement are classified as current liabilities despite a maturity date that is more than twelve months from the balance sheet date.

The Credit Agreement is secured by substantially all of the assets of the Borrowers and certain affiliated guarantors. The Credit Agreement contains customary affirmative and negative covenants, including limitations on additional indebtedness, liens, asset sales, investments and restricted payments. The Borrowers are required to maintain a minimum Fixed Charge Coverage Ratio as of the end of any calendar month of no less than 1.0 to 1.0, subject to certain cure rights. Proceeds of the

ABL Facility may be used for general corporate purposes, refinancing certain existing indebtedness and permitted investments.

Note 9 – Capital Structure

AUTHORIZED CAPITAL

The Company is authorized to issue 500,000,000 shares of common stock, $0.001 par value per share, and 5,000,000 shares of preferred stock, $0.001 par value per share. The Board of Directors is authorized to establish the rights, preferences and privileges of any series of preferred stock.

REVERSE STOCK SPLIT

On January 10, 2025, the Company effected a 1-for-250 reverse stock split of its outstanding stock. All share and per share amounts presented in these condensed consolidated financial statements have been retroactively adjusted to reflect the reverse stock splits.

PREFERRED STOCK

Automatic Conversion of Series 10 Preferred Stock

On January 5, 2026, all outstanding shares of the Company's Series 10 Convertible Preferred Stock automatically converted in accordance with their terms following shareholder approval.

The conversion was based on a stated value of $1,000 per share, plus accrued and unpaid dividends, divided by a conversion price of $1.492 per share.

Upon conversion, the Company issued 1,721,980 shares of common stock and a pre-funded warrant with a $0.0001 exercise price to purchase 15,307,735 shares of common stock. The pre-funded warrant was issued in lieu of additional shares of common stock due to beneficial ownership limitations contained in the Series 10 Preferred Stock. The pre-funded warrant is immediately exercisable at an exercise price of $0.0001 per share. The pre-funded warrant was determined to be a liability-classified instrument under ASC 815 due to adjustment and settlement provisions and, as such, upon conversion, the Company recorded the pre-funded warrant liability at a fair value of $24.2 million based on the listed price of the Company's common stock along with a reduction of additional paid-in capital of $4.2 million for the difference between the carrying value of the preferred stock plus accrued and unpaid dividends.

Series 9 Preferred Stock

During March 2024, the Company issued Series 9 Preferred Stock in connection with debt exchanges and cash financing. During 2024 9,790 shares were exchanged for common stock, and 757 shares were redeemed. During the three months ended March 31, 2025, the remaining shares were redeemed for approximately $1.4 million. As of September 30, 2026 and December 31, 2025, no shares remain outstanding.

WARRANTS

The following table summarizes the activity of warrants outstanding:

	Number of Warrants		Weighted Average Exercise
Outstanding at January 1, 2026	25,213,417	$	2.94
Conversion of Series 10 Preferred Stock to Pre-funded Warrants	15,307,735	$	0.0001
Exercised	(3,963,408)	$	2.00
Outstanding at September 30, 2026	36,557,744	$	1.81
Exercisable at September 30, 2026	36,556,987	$	1.81

Warrant Exercises

During the nine months ended September 30, 2026, holders of certain warrants issued in connection with the Company's 2025 public offerings exercised warrants to purchase an aggregate of 3,963,408 shares of the Company's common stock, resulting in gross cash proceeds of approximately $7.9 million.

In connection with the solicitation of such warrant exercises, the Company paid commissions and other fees to a third party financial advisor of approximately $0.5 million. Net cash proceeds to the Company from these warrant exercises during the nine months ended September 30, 2026 were approximately $7.4 million.

NONCONTROLLING INTEREST – CLASS B UNITS OF XTI DRONES HOLDINGS, LLC

In connection with the November 2025 acquisition of Drone Nerds, the Company issued 6,524,576 Class B Units of XTI Drones Holdings, LLC to the Sellers as part of the purchase consideration. The Company holds Class A Units representing an 83.403% controlling interest in XTI Drones Holdings, LLC. The Class B Units represent the remaining 16.597% ownership interest and are reflected as noncontrolling interest in the condensed consolidated financial statements.

Exchange features of the Class B Units:

- Are exchangeable into shares of the Company's common stock on a one-for-one basis at the option of the holder at any time after May 1, 2026;
- All outstanding Class B Units will automatically be exchanged into shares of the Company's common stock on a one-for-one basis fifteen months after the acquisition closing date; and
- Require no additional consideration upon exchange.

Because the Class B Units are equity interests in a consolidated subsidiary and are convertible into shares of the Company's common stock, they are considered potentially dilutive securities for earnings per share purposes when applicable. Upon exchange of the Class B Units into shares of the Company's common stock, the related noncontrolling interest will be reclassified to stockholders' equity attributable to the Company with no impact on the consolidated statements of operations.

Note 10 - Stock Award Plans and Stock-Based Compensation

Legacy XTI adopted the 2017 Employee and Consultant Stock Ownership Plan, which was assumed by the Company in connection with the XTI Merger. The plan permits grants of stock options and other equity awards to employees, directors and consultants. As of September 30, 2026, no shares remain available for future issuance under the 2017 Plan.

The Company's 2018 Equity Incentive Plan, as amended and restated in August 2025, authorizes the grant of incentive stock options, nonqualified stock options, restricted stock, RSUs and other equity-based awards to employees, officers, directors and consultants. The 2018 Plan permits the Board to delegate limited grant authority to designated officers. Options generally vest over periods ranging from immediate to four years and have contractual terms of up to ten years.

As of September 30, 2026, there are no unvested Restricted Stock or Restricted Stock Units outstanding under the 2018 Plan.

The aggregate number of shares that may be awarded under the 2018 Plan as of September 30, 2026 was 80,105,687. As of September 30, 2026, 59,102,308 shares of common stock were available for future grant under the 2018 Plan, of which 57,209,296 shares are registered.

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

	Number of Options		Weighted Average Exercise Price	Weighted Average Remaining Life (Years)		Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2026	15,941,550	$	2.80	9.8	$	—
Granted	5,317,127	$	1.77			
Forfeitures	(1,980,685)	$	5.41			
Exercises	(37,500)	$	2.00			
Outstanding at September 30, 2026	19,240,492	$	2.23	9.2	$	—
Exercisable at September 30, 2026	13,378,571	$	1.69	9.1	$	—

The following assumptions were used in estimating the fair values of options awarded during the nine months ended September 30, 2026:

Fair value of common stock	$1.43 - $2.35
Exercise price	$1.43 - $2.35
Expected term	5 – 7 years
Volatility	134.52% - 153.30%
Risk-free interest rate	3.51% - 4.43%
Dividend yield	—%

Stock-based Compensation Expense

Stock-based compensation charges for the periods indicated below (in thousands) are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Research and development	$ —	$ 216	$ 205	$ 546
Sales and marketing	28	254	493	294
General and administrative	5,390	5,880	13,168	6,687
Total	$ 5,418	$ 6,350	$ 13,866	$ 7,527

As of September 30, 2026, the total unrecognized compensation expense related to unvested awards was approximately $8.5 million, which the Company expects to recognize over an estimated weighted average period of 0.8 years.

Note 11 - Segments

The Company's Chief Executive Officer ("CEO"), 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 for the three and nine months ended September 30, 2026: Unmanned Aircraft Systems ("UAS") and Advanced Defense Systems ("ADS"). The Company manages and reports its operating results through these two reportable segments. During the nine months ended September 30, 2026, the Company decided to wind-down the ADS segment as it would require substantial additional time and capital in order to generate revenue. Until the ADS segment is sold or otherwise disposed of, the CODM continues to review the financial information of these two reportable segments, and this decision does not result in a change to Company's reporting segments.

For the three and nine months ended September 30, 2025, the Company operated as two segments: Internet of Things ("IoT") and Commercial Aviation, which included the TriFan 600 development program. During the fourth quarter of the prior year, in connection with the sale of the Inpixon Business, the IoT segment was retroactively reclassified to discontinued operations, as a result the financial information for the IoT segment is not presented below. Additionally, in early 2026, the TriFan 600 program was paused and replaced with the ADS segment. Given the strategic shift, the disposal of the IOT segment, and the addition of the UAS segment in the fourth quarter of the prior year, the Company did not recast the segment financial information for the three and nine months ended September 30, 2025.

The UAS segment includes the operating results of Drone Nerds and Anzu Robotics, which are owned by the Company's majority-owned subsidiary, XTI Drones Holdings, which provides an integrated suite of UAS solutions across hardware distribution, training, compliance management support, repair and maintenance, fleet sustainment, and related services. This segment is focused on revenue generation and lifecycle support for enterprise, public safety, and government related customers.

Beginning in the second quarter of 2026, the Company changed the measure of segment profit or loss used by its CODM from income (loss) from operations to Adjusted EBITDA. The change reflects a change in the manner in which the Company's CODM evaluates segment performance and allocates resources following the appointment of a new Chief Executive Officer.

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The Company has presented Adjusted EBITDA as the measure of segment profit or loss for the three and nine months ended September 30, 2026. The Company has not recast prior-period segment information to present Adjusted EBITDA because Adjusted EBITDA was not the measure of segment profit or loss used by the CODM during those prior periods. The CODM used net loss to evaluate segment performance and allocate resources during the first quarter of 2026 and prior periods.

The CODM uses Adjusted EBITDA as management's primary segment measure of profit or loss in assessing segment performance and deciding how to allocate the Company's resources. Adjusted EBITDA is calculated as segment revenues less significant segment expenses, specifically, cost of revenue, research and development (excluding stock-based compensation expense), sales and marketing (excluding stock-based compensation expense), and general and administrative (excluding stock-based compensation and depreciation expense). Significant segment expenses also exclude certain costs that are nonrecurring, non-cash or are not related to the segments' underlying business performance. A reconciliation of total Adjusted EBITDA to consolidated loss from continuing operations before income taxes for the three and nine months ended September 30, 2026 is included in the tables below. Unallocated operating expenses include costs that are not specific to a particular segment include administrative and accounting staff, public company costs, general liability and other insurance, professional fees, and other similar corporate expenses.

During the three and nine months ended September 30, 2025 the CODM managed the business as two reportable segments. The CODM used consolidated net loss to measure segment performance. Unallocated operating expenses include costs that are not specific to a particular segment include administrative and accounting staff, public company costs, general liability and other insurance, professional fees, and other similar corporate expenses. The UAS segment reflects the results of Drone Nerds beginning in November 2025, there were no UAS segment operations during the three and nine months ended September 30, 2025. Segment operating results are presented on a consolidated basis prior to the allocation of net income (loss) attributable to noncontrolling interests.

Substantially all revenues and long-lived assets for continuing operations are located in the United States. Segment assets are not provided because the Company's chief operating decision maker does not regularly review or receive asset information by reportable segment for purposes of allocating resources or assessing segment performance.

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

	Three Months Ended September 30, 2026			
	UAS	**ADS**	**Unallocated Costs**	**Total**
Revenue	$ 35,314	$ —	$ —	$ 35,314
Less:				
Cost of revenue	27,637	—	—	27,637
Research and development	73	90	—	163
Sales and marketing (1)	1,711	—	72	1,783
General and administrative (2)	2,039	386	2,471	4,896
Segment Adjusted EBITDA	$ 3,854	$ (476)	$ (2,543)	$ 835
Reconciling items to consolidated loss from continuing operations before income taxes				
Depreciation and amortization				(281)
Interest expense, net				(278)
Merger and acquisition transaction costs				(134)
Stock-based compensation expense				(5,418)
Change in fair value of warrant liability				32,023
Other				(72)
Consolidated income from continuing operations before income taxes				26,675

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(1) The difference between this significant segment expense and "Sales and marketing" within the Company's Consolidated Statements of Operations relates to stock-based compensation ($0.03 million) during three months ended September 30, 2026.

(2) The difference between this significant segment expense and "General and administrative" within the Company's Consolidated Statements of Operations relates to stock-based compensation ($5.4 million) and depreciation ($0.02 million) during three months ended September 30, 2026.

	Nine months ended September 30, 2026			
	UAS	ADS	Unallocated Costs	Total
Revenue	$ 95,459	$ —	$ —	$ 95,459
Less:				
Cost of revenue	76,993	—	—	76,993
Research and development (1)	181	1,498	—	1,679
Sales and marketing (2)	4,721	32	869	5,622
General and administrative (3)	5,746	1,111	13,858	20,715
Segment Adjusted EBITDA	$ 7,818	$ (2,641)	$ (14,727)	$ (9,550)
Reconciling items to consolidated loss from continuing operations before income taxes				
Depreciation and amortization				(830)
Interest expense, net				(580)
Merger and acquisition transaction costs				(224)
Stock-based compensation expense				(13,866)
Change in fair value of warrant liability				18,989
Other				140
Consolidated loss from continuing operations before income taxes				(5,921)

(1) The difference between this significant segment expense and "Research and development" within the Company's Consolidated Statements of Operations relates to stock-based compensation ($0.2 million) during nine months ended September 30, 2026.

(2) The difference between this significant segment expense and "Sales and marketing" within the Company's Consolidated Statements of Operations relates to stock-based compensation ($0.5 million) during nine months ended September 30, 2026.

(3) The difference between this significant segment expense and "General and administrative" within the Company's Consolidated Statements of Operations stock-based compensation ($13.1 million) and depreciation ($0.1 million) during nine months ended September 30, 2026.

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	Three Months Ended September 30, 2025		
	Commercial Aviation	Unallocated Costs	Total
Operating expenses			
Research and development	$ 1,449	$ —	$ 1,449
Sales and marketing	847	1,224	2,071
General and administrative[1]	283	9,574	9,857
Other expenses[2]	8	458	466
Total operating expenses	2,587	11,256	13,843
Loss from operations	(2,587)	(11,256)	(13,843)
Other expense	—	1,365	1,365
Net loss from continuing operations before income tax	(2,587)	(9,891)	(12,478)
Income tax expense	—	—	—
Net loss from continuing operations	$ (2,587)	$ (9,891)	$ (12,478)

	Nine Months Ended September 30, 2025		
	Commercial Aviation	Unallocated Costs	Total
Operating expenses			
Research and development	$ 3,953	$ —	$ 3,953
Sales and marketing	1,180	2,100	3,280
General and administrative[1]	970	19,157	20,127
Other expenses[2]	24	458	482
Total operating expenses	6,127	21,715	27,842
Loss from operations	(6,127)	(21,715)	(27,842)
Other expense	—	(10,849)	(10,849)
Net loss from continuing operations before income tax	(6,127)	(32,564)	(38,691)
Income tax benefit	—	6	6
Net loss from continuing operations	$ (6,127)	$ (32,558)	$ (38,685)

(1) Unallocated general and administrative costs primarily consist of stock compensation, personnel expenses, professional fees, and public company costs.

(2) Other expenses include amortization of intangibles.

Note 12- 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.

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Financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, notes receivable, accounts payable, warrant liability, line of credit, and notes payable. 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. As of September 30, 2026 and December 31, 2025, the Company had no financial instruments that met the definition of cash equivalents outstanding.

The change in fair value of the warrant liability is presented within 'Change in fair value of warrant liability' in the accompanying unaudited condensed consolidated statements of operations.

The fair value of the Level 3 warrant liability was determined using a pricing model with certain significant unobservable market data inputs.

Warrant Liability – Fair Value Measurement

The Company's warrant liability is classified as a Level 3 liability within the fair value hierarchy as the valuation utilizes significant unobservable inputs.

The fair value of the warrants was estimated using a Black-Scholes option pricing model. The model requires the use of significant assumptions, including:

- The Company's stock price at the valuation date
- The contractual exercise price
- Expected volatility
- Risk-free interest rate
- Expected term
- Dividend yield

Expected volatility was based on the historical volatility of the Company's common stock. The risk-free interest rate was based on U.S. Treasury yields commensurate with the expected term of the warrants. The expected term was based on the contractual remaining life of the warrants. The Company assumed a dividend yield of zero, as it does not expect to declare dividends in the foreseeable future.

As of September 30, 2026, the significant assumptions used in the Black-Scholes model were as follows:

- Stock price: $0.82
- Exercise prices: $1.36 – $2.00
- Expected volatility: 140%
- Risk-free interest rate: 4.96% – 4.98%
- Remaining term: 3.5 – 3.96 years
- Dividend yield: —%

Changes in these assumptions could result in a material change in the fair value of the warrant liability.

Fair Value Tables

As of September 30, 2026, the Company did not have any assets measured at fair value on a recurring basis. The Company's liabilities measured at fair value consisted of the following at September 30, 2026:

	Fair Value as of September 30, 2026			
	Total	**Level 1**	**Level 2**	**Level 3**
Liabilities:				
Warrant liability	$ 24,459	$ —	$ —	$ 24,459
Total liabilities	$ 24,459	$ —	$ —	$ 24,459

The table below provides a summary of changes in the estimated fair value of the Company's Level 3 assets and liabilities:

	Warrant Liability
Balance at January 1, 2026	$ 22,561
Pre-funded Warrants issued in connection Series 10 Preferred Stock conversion	24,186
Exercise of Warrants	(3,299)
Change in fair value	(18,989)
Balance at September 30, 2026	$ 24,459

Note 13 - Commitments and Contingencies

Litigation

From time to time, the Company is involved in legal proceedings arising in the ordinary course of business. Except as described below, the Company is not currently a party to any other material legal proceedings.

Xeriant Litigation

In December 2023, Xeriant, Inc. filed a lawsuit in the United States District Court for the Southern District of New York against Legacy XTI alleging, among other things, breach of contract, fraud, unjust enrichment, and misappropriation of confidential information in connection with agreements relating to the TriFan 600 aircraft and the XTI Merger. Xeriant's third amended complaint in this litigation is seeking $20 million (among other relief) in damages. Legacy XTI has asserted counterclaims alleging breach of contract, breach of fiduciary duty, and seeking declaratory relief regarding ownership of intellectual property and termination of the joint venture agreement, and Legacy XTI filed a Motion for Summary Judgement in this matter in July 2026.

The Company believes the claims against Legacy XTI are without merit and is vigorously defending against them. The outcome of this matter cannot presently be predicted.

Auctus Litigation

In May 2025, Auctus Fund, LLC filed a lawsuit in Colorado state court against Legacy XTI alleging breach of contract and asserting that Legacy XTI is obligated to repay approximately $9 million under a promissory note allegedly assumed in connection with a prior letter agreement. Legacy XTI disputes these claims and has asserted affirmative defenses. The case is ongoing.

State of Texas Petition Against Anzu Robotics, LLC

In February 2026, the State of Texas filed a petition in the District Court of Collin County, Texas, against Anzu Robotics, LLC ("Anzu"), a subsidiary of the Company, alleging violations of the Texas Deceptive Trade Practices–Consumer Protection Act ("DTPA") in connection with the marketing and sale of certain drone products. The petition seeks injunctive relief, civil penalties, and attorneys' fees and costs. Trial is set for November 8, 2027. In May 2026, the State of Texas also issued a civil investigative demand to Drone Nerds LLC pursuant to the DTPA. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

State of Florida Subpoena to Anzu Robotics, LLC

In April 2026, the State of Florida issued a subpoena to Anzu Robotics, LLC ("Anzu"), a subsidiary of the Company, pursuant to the Florida Deceptive and Unfair Trade Practices Act in connection with the marketing and sale of certain drone products. The Company responded to the subpoena. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any. Accordingly, the Company has not recorded an accrual for this matter because a loss, if any, cannot be reasonably estimated at this time.

Noalan v. XTI Aerospace, Inc.

On August 28, 2026, a putative securities class action captioned Noalan v. XTI Aerospace, Inc., No. 1:26-cv-07378-JPC-VF, was filed in the U.S. District Court for the Southern District of New York against the Company, its former Chief Executive Officer, and its Chief Financial Officer. The complaint was filed on behalf of a putative class of persons who acquired Company securities between April 15, 2026 and August 17, 2026 and alleges violations of Section 10(b) and

20(a) of the Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

State of Florida Subpoena to XTI Aerospace, Inc.

In October 2026, the State of Florida issued a subpoena duces tecum to XTI Aerospace, Inc. pursuant to the Florida Deceptive and Unfair Trade Practices Act, Chapter 501, Part II, Florida Statutes, seeking information concerning XTI's relationship with Anzu Robotics, LLC, Drone Nerds, and other related information concerning the sale of certain drones and Anzu products in the State of Florida. The Company intends to respond. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

State of Florida Subpoena to Drone Nerds, LLC

In October 2026, the State of Florida issued a subpoena to Drone Nerds LLC pursuant to the Florida Deceptive and Unfair Trade Practices Act in connection with the marketing and sale of certain drone products. The Company has not yet responded to the subpoena. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

FCC request for documents

In May 2026, the Federal Communications Commission issued a request for documents to Anzu Robotics LLC under the Communications Act of 1934, inquiring as to whether the Company directly or indirectly marketed within the United States any radio frequency equipment produced in a manner that may be a violation of the Act. The Company responded to the request. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

Legal and Other Contingencies
From time to time, the Company may be involved in legal proceedings, claims and contractual disputes arising in the ordinary course of business. The Company evaluates these matters in accordance with ASC 450, Contingencies, and records liabilities when losses are considered probable and reasonably estimable.

Assessment

The Company is unable to predict the ultimate outcome of these matters and the Company is unable to reasonably estimate the amount of any potential loss, if any. Accordingly, no accrual has been recorded as of September 30, 2026. An adverse outcome in any of these matters could have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

Note 14 - Net Loss Per Share Attributable to Common Stockholders

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net income (loss) from continuing operations	$ 26,675	$ (12,478)	$ (5,921)	$ (38,685)
Net loss from discontinued operations	(100)	(968)	(4,952)	(8,491)
Net loss	26,575	(13,446)	(10,873)	(47,176)
Less: Net income attributable to noncontrolling interest	573	—	1,149	—
Net loss attributable to XTI Aerospace, Inc.	26,002	(13,446)	(12,022)	(47,176)
Less: Preferred stock dividends	—	—	42	29
Net income (loss) Attributable to Common Stockholders	$ 26,002	$ (13,446)	$ (12,064)	$ (47,205)
Net income (loss) for basic earnings per share	$ 26,002	$ (13,446)	$ (12,064)	$ (47,205)
Impact of fair valuation of Warrants	(15,226)	—	—	—
Net income attributable to noncontrolling interest	573	—	—	—
Net income (loss) for diluted earnings per share	$ 11,349	$ (13,446)	$ (12,064)	$ (47,205)
Net income (loss) per share – basic:				
Continuing operations	$ 0.68	$ (0.57)	$ (0.19)	$ (3.55)
Discontinued operations	$ —	$ (0.04)	$ (0.13)	$ (0.78)
Earnings (net loss) per share - basic	$ 0.68	$ (0.61)	$ (0.32)	$ (4.33)
Weighted Average Shares Outstanding Basic	38,477,789	22,065,141	37,403,649	10,914,152
Effect of dilutive securities:				
Warrants	15,319,752	—	—	—
Convertible Preferred Stock	127	—	—	—
Noncontrolling Interest - Class B Units	6,524,576	—	—	—
Total dilutive securities	21,844,455	—	—	—
Weighted-average shares for diluted earnings per share	60,322,244	22,065,141	37,403,649	10,914,152
Net income (loss) per share – diluted:				
Continuing operations	$ 0.19	$ (0.57)	$ (0.19)	$ (3.55)
Discontinued operations	$ —	$ (0.04)	$ (0.13)	$ (0.78)
Net income (loss) per share - diluted	$ 0.19	$ (0.61)	$ (0.32)	$ (4.33)

The following weighted average 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):

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Options	19,808,532	2,914,464	18,908,090	1,015,818
Warrants	18,979,892	13,409,149	37,151,459	5,575,262
Convertible Preferred Stock	—	2	310,763	2
Noncontrolling Interest – Class B Units	—	—	6,524,576	—
Total	38,788,424	16,323,615	62,894,888	6,591,082

Note 15 – Income Taxes

The Company recorded a provision for income taxes during the nine months ended September 30, 2026, of $1.3 million, included in results from discontinued operations, related to the Inpixon sale, discussed below. The income tax provision for the three and nine months ended September 30, 2025 was immaterial.

The effective tax rate, inclusive of discrete items, was 0.00% and (0.02)% for the nine months ended September 30, 2026 and 2025, respectively, which was driven by a combination of permanent adjustments related to partnership income, 162(m) compensation limitations, and acquisition costs and a valuation allowance.

The Company evaluated and considered all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance for its deferred tax assets was needed. The deferred tax assets are composed primarily of net operating loss carryforwards. The Company determined that a full valuation allowance against all deferred tax assets was appropriate for the three and nine months period ended September 30, 2026 and September 30, 2025.

Note 16 – Related Parties

Jeremy Schneiderman, CEO of Drone Nerds, an employee of the Company since November 10, 2025, and interim CEO of the Company effective August 17, 2026, also serves as CEO of and has an economic stake in the Sellers. As discussed under Note 8—Debt and Note 9—Capital Structure, the Sellers hold acquisition-related promissory notes issued by the Company and 6,524,576 Class B Units of XTI Drones Holdings, LLC, representing a 16.597% ownership of XTI Drones Holdings, LLC. During the three and nine months ended September 30, 2026, the Company made aggregated principal payments of $0.0 million and $3.5 million, respectively. Additionally, the Company paid interest of $0.1 million and $0.2 million during the three and nine months ended September 30, 2026, respectively. As of September 30, 2026 and December 31, 2025, the principal balance outstanding on the Notes was $4.7 million and $7.9 million, respectively. On November 11, 2026, the Company assumed the Notes from XTI Drones Holdings, LLC and amended and restated them, the Sellers released XTI Drones Holdings, LLC from its obligations under the Notes, and the maturity of the Notes was extended to September 30, 2028. See Note 8—Debt and Note 18—Subsequent Events.

Note 17 – Discontinued Operations

Disposition of the Inpixon Business

On February 3, 2026 (the "Signing Date" and "Closing Date"), the Company completed the disposition of its Inpixon Business pursuant to a Share Purchase and Transfer Agreement (the "SPA") entered into with EVO 467. GmbH (the "Purchaser"). Pursuant to the SPA, the Company sold all of the shares of Inpixon GmbH for a purchase price of EUR 4,640,000 (approximately $5.5 million based on the exchange rate on the Signing Date).

Inpixon GmbH is the sole shareholder of Aware RTLS, Inc. and IntraNav GmbH. The Inpixon Business, which provides indoor positioning, real-time localization and sensor technology solutions, was conducted through Inpixon GmbH.

The purchase price of EUR 4,640,000 bears interest of 5% per annum from the Signing Date until the fourth anniversary of the Closing Date. The Company has the right (the "Unwind Option") to require the Purchaser to transfer back all shares of Inpixon and its subsidiaries at any time during that fifteen (15) month period beginning on the first day of the thirty-seventh month following the Signing Date and continuing to the end of the fifty-second month following the Signing Date for no consideration by the Company. If exercised, all unpaid amounts of the purchase price will be forgiven. If not exercised within the specified period, the unpaid purchase price will also be forgiven.

The Company evaluated the Unwind Option in accordance with ASC 810-10-40, *Consolidation—Deconsolidation,* and concluded that control of the Inpixon Business transferred to the Purchaser upon closing. Based on management's evaluation of the facts and circumstances surrounding the transaction, including the Purchaser's business plan and other

qualitative considerations, the likelihood of exercise of the Unwind Option is considered remote. Additionally, the purchase price terms, including the potential forgiveness provisions, were also considered in the Company's assessment of whether the transaction qualified for sale accounting. Finally, the Company has no continuing involvement in the operations of the Inpixon Business following the Closing Date. Accordingly, the transaction was accounted for as a complete sale and the Inpixon Business was derecognized as of the Closing Date.

The Company recorded the purchase price as a note receivable with fair value determined to be $4.2 million, as of the Closing Date, in the accompanying unaudited condensed consolidated balance sheets. As discussed above, the note receivable accrues interest at 5% per annum and matures on February 3, 2030. Subject to provisions discussed related to the Unwind Option, the note receivable may be forgiven. The Company determined the fair value of the note receivable based on the perceived credit risk of the counterparty and time value of money, going forward the note receivable will be evaluated for risk of credit loss and will not be remeasured.

The following table presents the results of discontinued operations related to the sale of the Inpixon Business for the three and nine months ended September 30, 2026 and the three and nine months ended September 30, 2025 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues	$ —	$ 2,484	$ 253	$ 3,569
Cost of revenues	—	1,407	56	1,674
Research and development	—	536	126	1,696
Sales and marketing	—	670	174	1,986
General and administrative	—	790	1,077	1,849
Impairment of goodwill and intangible assets	—	—	—	4,680
Other expense, net	—	48	—	174
Net loss, before tax	—	(967)	(1,180)	(8,490)
Income tax provision	100	1	1,341	1
Loss from discontinued operations, before disposition	$ (100)	$ (968)	$ (2,521)	$ (8,491)
Loss on sale of discontinued component	—	—	2,431	—
Net loss from discontinued operations	$ (100)	$ (968)	$ (4,952)	$ (8,491)
Net Loss Per Share, Basic:				
Discontinued Operations Before Disposition	$ —	$ (0.04)	$ (0.07)	$ (0.78)
Loss on Sale of Discontinued Component	$ —	$ —	$ (0.06)	$ —
Total Discontinued Operations	$ —	$ (0.04)	$ (0.13)	$ (0.78)
Weighted Average Shares Outstanding, Basic	38,477,789	22,065,141	37,403,649	10,914,152
Net Loss Per Share, Diluted:				
Discontinued Operations Before Disposition	$ —	$ (0.04)	$ (0.07)	$ (0.78)
Loss on Sale of Discontinued Component	$ —	$ —	$ (0.06)	$ —
Total Discontinued Operations	$ —	$ (0.04)	$ (0.13)	$ (0.78)
Weighted Average Shares Outstanding, Diluted	60,322,244	22,065,141	37,403,649	10,914,152

The estimated fair value of the purchase price received from the Purchaser as of the Closing Date was $4.2 million resulting in a loss on disposal of approximately $0.8 million during the three months ended March 31, 2026, which is included in discontinued operations.

During the three months ended June 30, 2026, the Company recognized an additional $1.6 million of loss on sale of discontinued component related to certain matters associated with the previously disposed business. The adjustment

primarily reflects estimates of contractual obligations related to the disposal. The additional loss is included in loss from discontinued operations, net of tax, in the accompanying condensed consolidated statements of operations.

As a result of the sale, the Company expects to owe income taxes in Germany, the Company recorded a tax provision of $1.3 million, included in the loss from discontinued operations, for the nine months ended September 30, 2026.

The following table presents the major classes of cash flows related to discontinued operations of the Inpixon Business (in thousands):

	Nine Months Ended September 30,	
	2026	2025
Net cash used in operating activities	$ (144)	$ (3,549)
Net cash used in investing activities	(694)	(4)
Net cash provided by (used in) financing activities	—	—
Total	$ (838)	$ (3,553)

Note 18 - Subsequent Events

Debt Defaults, Restructuring of Seller Notes and Credit Agreement Waiver

On September 30, 2026, XTI Drones Holdings, LLC ("XTI Drones Holdings"), a majority-owned subsidiary of the Company, did not make scheduled principal payments totaling $1.5 million, together with accrued interest, under the promissory notes issued on November 10, 2025 in connection with the acquisitions of Drone Nerds, LLC and Anzu Robotics, LLC (the "Seller Notes"), resulting in events of default on October 11, 2026. As of October 11, 2026, approximately $4.5 million in aggregate principal and capitalized interest remained outstanding under the Seller Notes. These defaults also triggered cross-defaults under the Company's $20.0 million secured revolving credit facility with JPMorgan Chase Bank, N.A. ("JP Morgan"), under which approximately $8.4 million was outstanding as of October 16, 2026.

On October 16, 2026, XTI Drones Holdings entered into Limited Waiver Agreements (the "Waivers") with The Origin Group DN, Inc. and The Origin Group AZ, Inc., the holders of the Seller Notes and entities in which the Company's Interim Chief Executive Officer has an economic interest (see Note 16 – Related Party Transactions). Under the Waivers, the holders agreed, during a waiver period that began on September 30, 2026, not to accelerate the Seller Notes, charge default interest, charge costs of collection or exercise other remedies as a result of the missed September 30, 2026 installments. They also agreed that nonpayment of the balance due at maturity on November 10, 2026 will not constitute an event of default during the waiver period. The waiver period ends on the earliest of (i) the execution of definitive documents restructuring the Seller Notes, (ii) the tenth day after either party notifies the other in writing that it is ending restructuring negotiations and (iii) December 31, 2026. If the waiver period ends without a restructuring, an event of default will be deemed to exist, and the missed installments and the maturity payment, together with interest at the default rate of 9.25% per annum from October 10, 2026, will become due on the last day of the waiver period.

On November 11, 2026, XTI Drones Holdings assigned to the Company, and the Company assumed, all obligations under the Seller Notes, the holders released XTI Drones Holdings from its obligations under the Seller Notes, and the Company and the holders amended and restated the Seller Notes effective as of June 30, 2026 (the "Restructured Notes"), which ended the waiver period under the Waivers. The Restructured Notes have an aggregate principal amount of $4.7 million, bear interest at 8.5% per annum (or 9.5% per annum if the Company elects, before October 31, 2027, to pay interest in kind), require monthly payments of principal and interest totaling $0.1 million beginning November 30, 2026, and mature on September 30, 2028. The Restructured Notes require prepayments from the net proceeds of certain equity financings of $15.0 million or more and, quarterly, from 30% of the Company's cash and cash equivalents in excess of $5.0 million, become due in full upon a change of control or the incurrence of new indebtedness without the holders' consent, and are secured by a security interest in distributions received by the Company that derive from Drone Nerds, LLC. On November 12, 2026, Drone Nerds, LLC, Anzu Robotics, LLC, XTI Drones Holdings and the other loan parties entered into a Waiver and First Amendment to Credit Agreement with JP Morgan, under which JP Morgan waived the events of default resulting

from the Seller Note defaults and certain other events of default under the credit facility, and the parties amended the credit agreement. See Part II, Item 5 of this Quarterly Report for additional information.

Tariff Refunds

Pursuant to the terms of the November 10, 2025 acquisition agreement, XTI Drones Holdings, LLC is contractually obligated to remit to the former owners of Drone Nerds, LLC certain customs tariff refunds attributable to periods preceding the acquisition. On October 5, 2026, the Company paid $1.9 million to the former owners, satisfying its contractual obligations with respect to tariff refunds received to date, with additional refunds anticipated in future periods.

Valkyrie Note

On October 19, 2026, the Company entered into an agreement to sell $1.0 million of its $2.0 million convertible promissory note receivable from Valkyrie Sciences Holdings LLC to a third party for $1.0 million in cash. In connection with the transaction, the Company agreed to forgive approximately $0.05 million of accrued interest, retain the remaining $1.0 million principal balance plus approximately $0.15 million of accrued interest, and extend the maturity date of its retained note to January 15, 2027.

Evaluation

The Company has evaluated events through the date of this Quarterly Report on Form 10-Q, and determined that there have been no other events that have occurred that would require adjustments to or disclosures in the condensed consolidated financial statements.

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, 2025, 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 BUSINESS

XTI Aerospace, Inc. is a U.S.-based aerospace company focused on unmanned aircraft systems and related services. The Company provides UAS solutions through a combination of product distribution and service offerings, including the sale and support of UAS platforms and related equipment, as well as operator training, program enablement, repair and maintenance, and other fleet lifecycle support for enterprise, public safety, and government-related customers.

RECENT DEVELOPMENTS

Recent Leadership Changes

On August 17, 2026, Scott Pomeroy resigned effective immediately as the Chairman and Chief Executive Officer and director of the Company and his resignation was accepted by the Company's board of directors. On August 17, 2026, the Company's board of directors elected current director Jonathan Ornstein as the Interim Chairman of the Board. Additionally, the Company's board of directors appointed Jeremy Schneiderman as Interim Chief Executive Officer.

Effective October 14, 2026, the Company appointed Dr. Allan Evans as a Class I director, for a term expiring at the Company's 2027 annual meeting of stockholders, to fill an existing vacancy on the Board. The Board also appointed Dr. Evans to serve as Chairman of the Board. In connection with Dr. Evans' appointment as Chairman, the Board designated Jonathan G. Ornstein, who previously served as Interim Chairman of the Board, as Vice Chairman of the Board.

In July 2026, a committee of independent directors of our Board of Directors, represented by independent counsel, initiated an internal review of matters relating to our former Chief Executive Officer and related corporate governance matters. The committee completed its review in October 2026, and the review did not identify any misstatement of our financial statements.

Recent Strategic Transactions and Operating Profile

During the nine months ended September 30, 2026, the Company continued executing its strategy to build a more focused and financially disciplined business, reducing its cost structure and concentrating resources on its commercial and enterprise drone solutions platform. The Company also ceased investment in its vertical take-off and landing aircraft development activities and took steps to wind down its Advanced Defense Systems ("ADS") division as it shifts capital and management attention towards its revenue-generating UAS business. The Company launched its UAS platform following the November 2025 acquisition of Drone Nerds, and since then the UAS business has served as the Company's primary source of revenue.

During the first quarter of 2026, the Company completed the sale of its Inpixon Business, refer to Note 17—Discontinued Operations to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report. During the second quarter of 2026, the Company reduced the headcount of and ceased investment in the ADS business, which included the legacy TriFan 600 and advanced defense systems development programs. Management did not foresee near term revenue-generating opportunities from the ADS business and concluded that a concentration of resources on the UAS platform would create a better foundation for success.

As a result of this evolution, our current operating profile differs materially from prior periods, and historical results may not be fully comparable. Accordingly, in addition to reviewing our GAAP results, management evaluates performance and allocates capital with an emphasis on:

- Revenue growth and channel mix within the UAS platform.
- Gross margin expansion through service attachment and lifecycle support.
- Working capital efficiency and liquidity management.

UAS Solutions Platform

Through Drone Nerds, we operate an established enterprise-focused UAS solutions platform in the United States. Our operating model is designed to provide end-to-end UAS lifecycle capabilities across hardware distribution, operator training, compliance management support, repair and maintenance, fleet sustainment, and related support services.

We operate an OEM-agnostic, multi-vendor ecosystem supporting more than 50 hardware and software manufacturers. This positioning enables us to serve enterprise and public sector customers navigating evolving regulatory requirements, supply chain considerations, and procurement restrictions.

We believe the UAS market is undergoing structural evolution driven by:

- Increasing enterprise adoption of drones for inspection, safety, and operational efficiency
- Regulatory developments affecting fleet eligibility and operational approvals
- Growing emphasis on secure and compliant procurement in government and defense channels
- Customer demand for integrated lifecycle solutions rather than standalone hardware transactions

Our integrated model is designed to address these trends by positioning us as a long-term solutions partner rather than a transactional reseller.

Advanced Technology and Manufacturing (ATM)

In addition to its UAS business, the Company is in the early stages of developing a domestic manufacturing and technology division (referred to as the ATM division) focused on facilitating partnerships with domestic manufacturers to increase access to NDAA-compliant products. The division's goal is to develop and expand a domestically sourced supply chain designed to support compliance with applicable federal procurement and sourcing requirements, including Section 848 of the NDAA for unmanned aerial systems, addressing the growing demand from federal agencies, defense contractors, and enterprise customers for platforms and components that meet applicable government procurement requirements. The ATM division does not currently meet the criteria for a reportable segment under ASC 280 as it is in a pre-operational stage and has no discrete financial information reviewed by the CODM for purposes of resource allocation.

The ATM division has not yet generated any revenues, and the division's ability to generate revenues will depend on its success in establishing manufacturing partnerships on acceptable terms, securing NDAA-compliant production capacity, and converting that capacity into customer relationships and contract awards, each of which is subject to significant uncertainty. There can be no assurance that manufacturing partnerships will be established on acceptable terms or that the division will generate revenues within the timeframe the Company anticipates, or at all.

Growth Strategy and Potential Acquisitions

As part of our growth strategy, we continue to evaluate potential acquisitions and strategic transactions that we believe could complement or expand our UAS solutions platform. We may from time to time engage in preliminary discussions or negotiations with potential acquisition targets or their representatives, conduct due diligence, and explore various transaction structures. There can be no assurance that any such discussions will result in a definitive agreement or a completed transaction.

We expect to fund potential acquisitions through a combination of debt financing (which may include borrowings under our existing or new credit facilities, term loans or other debt instruments), seller financing, the issuance of our common stock or other equity or equity-linked securities, including equity interests in our subsidiaries. The specific terms and financing structure of any potential acquisition would depend on the size, nature, and strategic fit of the target, as well as prevailing market conditions at the time of any such transaction. Any acquisition financed in whole or in part with equity securities could result in dilution to our existing stockholders.

We may incur costs related to potential acquisitions, including legal, financial advisory, accounting, and due diligence expenses, regardless of whether any such transaction is ultimately consummated. Such costs could be material in the periods in which they are incurred.

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 condensed 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 condensed consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our condensed 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, 2025. There have been no significant changes to the Company's critical accounting policies and estimates.

RESULTS OF OPERATIONS

Overview and Comparability Considerations

The Company's results of operations for the three and nine months ended September 30, 2026 reflect the full period of operations from its UAS platform following the acquisition of Drone Nerds in November 2025, the absence of the Inpixon Business following its disposition in February 2026. The Company acquired Drone Nerds, which forms the UAS segment, in November 2025. As a result, our results for the three and nine months ended September 30, 2026 include UAS operations, while the comparable 2025 periods include none. Period-to-period comparisons are therefore not meaningful or indicative of future performance. The Inpixon Business, which was sold in February 2026, is presented as discontinued operations for all periods and is excluded from the periods presented below.

Key Drivers of Operating Results

The Company's operating results are primarily driven by the performance of its UAS platform, including revenue growth, product and channel mix, service attachment rates, and inventory availability.

Gross margins are influenced by product mix, pricing, vendor costs, and the relative contribution of higher-margin service offerings. The Company continues to focus on expanding service-based revenue and improving margin consistency.

Operating expenses reflect investments in scaling the UAS platform. General and administrative expenses also include public company costs and stock-based compensation, which may vary period to period.

Other income (expense) may be impacted by changes in the fair value of certain financial instruments, interest expense, and other non-operating items, which can introduce variability that is not directly related to core operating performance.

Three Months Ended September 30, 2026 compared to the Three Months Ended September 30, 2025

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

	Three Months Ended September 30,			
	2026	2025	$	%
(in thousands, except percentages)	Amount	Amount	Change	Change*
Revenues	$ 35,314	$ —	$ 35,314	**
Cost of revenues	27,637	—	27,637	**
Gross profit	7,677	—	7,677	**
Operating expenses	12,675	13,843	(1,168)	(8%)
Loss from operations	(4,998)	(13,843)	8,845	(64%)
Other income (expense), net	31,673	1,365	30,308	2220%
Provision for income taxes	—	—	—	**
Net income (loss) from continuing operations	$ 26,675	$ (12,478)	$ 39,153	(314%)

* Comparisons between positive and negative numbers and with a zero are not meaningful.

Revenues

Revenues for the three months ended September 30, 2026 were $35.3 million, reflecting revenue generated by our UAS solutions platform following the acquisition of Drone Nerds in November 2025.

There were no revenues for the three months ended September 30, 2025.

Cost of Revenues and Gross Profit

Cost of revenues for the three months ended September 30, 2026 were $27.6 million, resulting in gross profit of $7.7 million and a gross margin of approximately 22%. The gross margin reflects the product mix and operating model of the UAS distribution and services business, which includes hardware sales, accessories, and related support services. Cost of revenues for the three months ended September 30, 2026 includes a net non-recurring benefit of $2.0 million, comprised of

$2.8 million of refunds of tariffs previously paid in 2025 and 2026, offset by one-time inventory and vendor related adjustments totaling $0.8 million. Without these non-recurring adjustments, gross profit for the current quarter was $5.6 million with a gross margin of approximately 16%. The decline in gross margin from the second quarter ended June 30, 2026 was primarily due to a shift in sales mix toward our larger distribution and key account partners, with this shift expected to continue through the fourth quarter.

There were no revenues or cost of revenues for the three months ended September 30, 2025.

Future gross margin performance will be influenced by product mix, service attachment rates, pricing discipline, vendor cost dynamics, and channel mix.

Operating Expenses

Operating expenses for the three months ended September 30, 2026 were $12.7 million, a decrease of $(1.2) million, or (8%), compared to $13.8 million for the comparable period ended September 30, 2025. Operating expenses for the three months ended September 30, 2026 and 2025 include $5.4 million and $6.4 million of stock-based compensation, respectively.

This decrease was due to decreased research and development spending as the Company wound down the ADS operating segment in the second quarter of 2026. Decreases were offset by expenses incurred at the Drone Nerds business which was acquired in the fourth quarter of 2025 and therefore has no activity reflected in the three months ended September 30, 2025.

Other Income, net

The Company recognized other income, net of $31.7 million for the three months ended September 30, 2026, compared to other income, net of $1.4 million for the three months ended September 30, 2025. Other income, net is primarily comprised of the change in fair value of the warrant liability, for which the Company recorded a gain of $32.0 million for the three months ended September 30, 2026 compared to a gain of $2.2 million for the three months ended September 30, 2025.

Provision for Income Taxes

The provision for income tax for the three months ended September 30, 2026 and 2025 was immaterial. As the Company has a history of recognizing a net taxable loss, the Company records a valuation allowance against substantially all deferred tax assets.

Nine Months Ended September 30, 2026 compared to the Nine Months Ended September 30, 2025

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

	Nine Months Ended September 30,			
	2026	2025	$	%
(in thousands, except percentages)	Amount	Amount	Change	Change*
Revenues	$ 95,459	$ —	$ 95,459	**
Cost of revenues	76,993	—	76,993	**
Gross profit	18,466	—	18,466	**
Operating expenses	42,936	27,842	15,094	54%
Loss from operations	(24,470)	(27,842)	3,372	(12%)
Other expense, net	18,549	(10,849)	29,398	(271%)
Income tax benefit	—	6	(6)	**
Net loss from continuing operations	$ (5,921)	$ (38,685)	$ 32,764	(85%)

* Comparisons between positive and negative numbers and with a zero are not meaningful.

Revenues

Revenues for the nine months ended September 30, 2026 were $95.5 million, reflecting revenue generated by our UAS solutions platform following the acquisition of Drone Nerds in November 2025.

There were no revenues for the nine months ended September 30, 2025.

Cost of Revenues and Gross Profit

Cost of revenues for the nine months ended September 30, 2026 were $77.0 million, resulting in gross profit of $18.5 million and a gross margin of approximately 19%. The gross margin reflects the product mix and operating model of the UAS distribution and services business, which includes hardware sales, accessories, and related support services. As noted above, excluding the non-recurring net benefit of $2.0 million recorded during the current quarter, gross profit was $16.4 million with a gross margin of approximately 17%.

There were no revenues or cost of revenues for the nine months ended September 30, 2025.

Future gross margin performance will be influenced by product mix, service attachment rates, pricing discipline, vendor cost dynamics, and channel mix.

Operating Expenses

Operating expenses for the nine months ended September 30, 2026 were $42.9 million, an increase of $15.1 million, or 54%, compared to $27.8 million for the comparable period ended September 30, 2025. Operating expenses for the nine months ended September 30, 2026 and 2025 include $13.9 million and $7.5 million of stock-based compensation, respectively.

This increase was due primarily to increased personnel-related expenses, including stock-based compensation, and operating expenses incurred at the Drone Nerds business which was acquired in the fourth quarter of 2025 and therefore has no activity reflected in the nine months ended September 30, 2025.

Other Income (Expense), net

The Company recognized other income, net of $18.5 million for the nine months ended September 30, 2026, compared to other expense, net of $10.8 million for the nine months ended September 30, 2025. Other income (expense), net is primarily comprised of the change in fair value of the warrant liability, for which the Company recorded a gain of $19.0 million for the nine months ended September 30, 2026 compared to a loss of $3.3 million for the nine months ended September 30, 2025. Other income, net for the nine months ended September 30, 2025 also included $6.6 million of warrant issue expense, compared to $0 in the current period.

Income Tax Benefit

The income tax benefit for the nine months ended September 30, 2026 and 2025 was immaterial. As the Company has a history of recognizing a net taxable loss, the Company records a valuation allowance against substantially all deferred tax assets.

Discontinued Operations

During December 2025, the Company committed to a plan to dispose of its Inpixon Business and initiated a process to identify a buyer. The Company completed the sale of its Inpixon Business on February 3, 2026 for total consideration of approximately $5.5 million. The Inpixon Business is presented as discontinued operations for all periods presented.

Loss from discontinued operations was $0.1 million and $1.0 million for the three months ended September 30, 2026 and 2025. Loss from discontinued operations was $5.0 million and $8.5 million for the nine months ended September 30, 2026 and 2025, respectively. Loss from discontinued operations for the nine months ended September 30, 2026 includes a loss on sale of discontinued component of $2.4 million and $1.3 million in income tax expense related to estimated taxes due in foreign jurisdictions as a result of the sale.

The disposition of the Inpixon Business represents a strategic shift that allows the Company to focus its resources on its core UAS and aerospace development operations.

Unaudited Pro Forma Financial Information (Supplemental)

The Company completed its acquisition of a controlling interest in Drone Nerds on November 10, 2025, as such the consolidated results for the three and nine months ended September 30, 2025 do not include the results of operations. The following unaudited pro forma combined financials present the combined results of operations of the Company and the acquired business as if the acquisition had occurred on January 1, 2025, the beginning of the earliest period presented. The pro forma financial information has been prepared for comparative purposes only and does not necessarily reflect the results of operations that would have occurred had the acquisition been completed on that date, nor is it indicative of future operating results of operations.

The pro forma results reflect adjustments that are directly attributable to the acquisition and are factually supportable, including:

- Incremental amortization expense related to identifiable intangible assets acquired;

- Interest expense associated with acquisition-related indebtedness;
- Conforming accounting policy adjustments, where applicable.

The unaudited pro forma financial information does not include any anticipated cost savings, operating synergies, or other integration effects of the acquisition.

Pro Forma Non-GAAP Measure

We also present Pro Forma EBITDA, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDA Margin, all non-GAAP measures. Management defines Pro Forma EBITDA as pro forma net loss before interest, income taxes, depreciation and amortization. Pro Forma Adjusted EBITDA is defined as Pro Forma EBITDA further adjusted for certain items including, (i) non-cash stock based compensation expense; (ii) severance and restructuring charges; (iii) changes in fair value of warrant liabilities; and (iv) selected charges that are unusual or non-recurring. Pro Forma Adjusted EBITDA Margin is defined as Pro Forma Adjusted EBITDA as a percentage of pro forma revenue.

The Company believes that EBITDA and Adjusted EBITDA financial measures assist our board of directors, management, investors, and lenders in comparing our operating performance and establishing operational goals on a consistent basis across periods by removing the effects of our capital structure and other items that impact the comparability of financial results from period to period. We present EBITDA and Adjusted EBITDA because we believe they provide useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP.

These non-GAAP financial measures may not be computed in the same manner as similarly titled measures used by other companies. The calculation of Pro Forma EBITDA, Pro Forma Adjusted EBITDA, and Pro Forma Adjusted EBITDA Margin are included in the table below.

The following unaudited pro forma combined financial information presents the combined results of operations of the Company and Drone Nerds as if the acquisition had occurred on January 1, 2025:

	Three Months Ended September 30,			
(in thousands, except percentages)	**2026**	**2025**	**$ Change**	**% Change**
Revenues	$ 35,314	$ 24,164	$ 11,150	46 %
Cost of revenues	27,637	19,133	8,504	44 %
Gross profit	7,677	5,031	2,646	53 %
Operating expenses	12,675	17,189	(4,514)	(26)%
Loss from operations	(4,998)	(12,158)	7,160	(59)%
Other expense, net	31,673	1,034	30,639	2963 %
Income tax expense	—	—	—	— %
Pro forma net income (loss) from continuing operations	$ 26,675	$ (11,124)	$ 37,799	(340)%
Reconciliation of Pro Forma EBITDA and Pro Forma Adjusted EBITDA				
Pro forma net loss from continuing operations	26,675	(11,124)		
Interest expense, net	278	353		
Income tax expense	—	—		
Depreciation and amortization	281	262		
Pro Forma EBITDA	$ 27,234	$ (10,509)	$ 37,743	(359)%
Change in fair value of warrant liability	(32,023)	(2,151)		
Severance and restructuring charges	817	—		
Stock-based compensation expense	5,417	6,283		
Selected charges that are unusual or non-recurring (1)	134	785		
Pro Forma Adjusted EBITDA	$ 1,579	$ (5,592)	$ 7,171	(128)%
Pro forma Margins:				
Gross margin	22 %	21 %		
Pro Forma Adjusted EBITDA Margin	4 %	(23)%		

(1) Includes warrant issue expense, change in fair value of investment, loss on extinguishment of debt, and other adjustments that management believes are non-recurring.

Interpretation of Pro Forma Results

For the three months ended September 30, 2026, revenue was $35.3 million, a 46% increase from pro forma revenue of $24.2 million in the same period of 2025. The increase reflects management's efforts to grow the UAS business. During the three months ended September 30, 2026, the Company saw increased sales to its wholesale customers.

Gross profit for the three months ended September 30, 2026 was $7.7 million, or 22% of revenue, compared to pro forma gross profit of $5.0 million, or 21% of revenue, in the same period of 2025. The increase was primarily due to the net non-recurring benefit of $2.0 million recorded in the current quarter, primarily driven by refunds of tariffs previously paid during 2025 and 2026.

Operating expenses for the three months ended September 30, 2026 were $12.7 million, compared to pro forma operating expenses of $17.2 million for the three months ended September 30, 2025. Operating expenses primarily consist of stock-based compensation, personnel expenses, professional fees, and public company costs.

The Company recognized income from continuing operations of $26.7 million for the three months ended September 30, 2026, compared to a pro forma loss from continuing operations of $11.1 million for the three months ended September 30, 2025. Loss from continuing operations includes stock based compensation expense of $5.4 million and a gain on

remeasurement of warrant liabilities of $32.0 million for the three months ended September 30, 2026, compared to stock-based compensation expense of $6.3 million and gain on remeasurement of warrant liabilities of $2.2 million for the three months ended September 30, 2025.

Pro Forma EBITDA was $27.2 million and $(10.5) million for the three months ended September 30, 2026 and 2025, respectively, and Pro Forma Adjusted EBITDA was $1.6 million and $(5.6) million for the three months ended September 30, 2026 and 2025. Pro Forma Adjusted EBITDA Margin for the same periods was 4% and (23)%, respectively. The change in these measures is a result of the above-mentioned factors.

	Nine Months Ended September 30,			
(in thousands, except percentages)	**2026**	**2025**	**$ Change**	**Change***
Revenues	$ 95,459	$ 79,881	$ 15,578	20 %
Cost of revenues	76,993	61,575	15,418	25 %
Gross profit	18,466	18,306	160	1 %
Operating expenses	42,936	37,979	4,957	13 %
Loss from operations	(24,470)	(19,673)	(4,797)	24 %
Other expense, net	18,549	(11,989)	30,538	(255)%
Income tax benefit	—	6	(6)	(100)%
Pro forma net loss from continuing operations	$ (5,921)	$ (31,656)	$ 25,735	(81)%
Reconciliation of Pro Forma EBITDA and Pro Forma Adjusted EBITDA				
Pro forma net loss from continuing operations	(5,921)	(31,656)		
Interest expense, net	580	1,434		
Income tax benefit	—	(6)		
Depreciation and amortization	831	781		
Pro Forma EBITDA	$ (4,510)	$ (29,447)	$ 24,937	(85)%
Change in fair value of warrant liability	(18,989)	3,280		
Severance and restructuring charges	1,171	—		
Stock-based compensation expense	13,866	7,362		
Selected charges that are unusual or non-recurring (1)	224	7,345 (1)		
Pro Forma Adjusted EBITDA	$ (8,238)	$ (11,460)	$ 3,222	(28)%
Pro forma Margins:				
Gross margin	19 %	23 %		
Pro Forma Adjusted EBITDA Margin	(9)%	(14)%		

(1) Includes warrant issue expense, change in fair value of investment, loss on extinguishment of debt, and other adjustments that management believes are non-recurring.

Interpretation of Pro Forma Results

For the nine months ended September 30, 2026, revenue was $95.5 million, up 20% from pro forma revenue of $79.9 million for the same period of 2025. The increase reflects management's efforts to grow the UAS business. During the nine months ended September 30, 2026 the Company recognized increases in revenue from its wholesale customers and also from its retail and service operation.

Gross profit for the nine months ended September 30, 2026 was $18.5 million, or 19% of revenue, compared to pro forma gross profit of $18.3 million, or 23% of revenue, in the same period of 2025. The decline was primarily due to unusually strong margins in the first half of 2025, when limited product availability from earlier supply constraints allowed the Company to sell inventory at higher margins and focus on higher-margin sales as products became available.

Operating expenses for the nine months ended September 30, 2026 were $42.9 million, compared to pro forma operating expenses of $38.0 million for the nine months ended September 30, 2025. The increase reflects continued investment in personnel and public company costs. The increase was primarily driven by stock-based compensation expense.

The Company recognized a loss from continuing operations of $5.9 million for the nine months ended September 30, 2026, compared to a pro forma loss from continuing operations of $31.7 million for the nine months ended September 30, 2025. Loss from continuing operations includes a $19.0 million gain on the remeasurement of warrant liabilities and stock based compensation expense of $13.9 million for the nine months ended September 30, 2026, compared to a loss on the remeasurement of warrant liabilities of $3.3 million and pro forma stock based compensation expense of $7.4 million, as well as warrant issue expense of $6.6 million for the nine months ended September 30, 2025.

Pro Forma EBITDA was $(4.5) million and $(29.4) million for the nine months ended September 30, 2026 and 2025, respectively, and Pro Forma Adjusted EBITDA was $(8.2) million and $(11.5) million for the nine months ended September 30, 2026 and 2025, respectively. Pro Forma Adjusted EBITDA Margin for the same periods was (9)% and (14)%, respectively. The change in these measures is a result of the above-mentioned factors.

LIQUIDITY AND CAPITAL RESOURCES

Recent Developments

During the nine months ended September 30, 2026:

- The Company received approximately $7.4 million in net proceeds from the exercise of warrants
- The Company completed the disposition of the Inpixon Business in February 2026
- The Company entered into a $20.0 million asset-based revolving credit facility, subject to a borrowing base
- The Company wound down the ADS division in June 2026

Overview

As of September 30, 2026 and December 31, 2025, the Company had cash and cash equivalents of approximately $5.7 million and $16.7 million, respectively, and $5.9 million drawn and $11.9 million of remaining availability on the borrowing base under its credit facility, see Note 8—Debt for further detail on the Company's credit facility. Additionally, as of September 30, 2026 and December 31, 2025, the Company had working capital, excluding cash, warrant liabilities, obligations under the acquisition-related promissory note and revolving credit facility, and current assets and liabilities of discontinued operations, of approximately $20.9 million and $16.1 million as of September 30, 2026 and December 31, 2025, respectively. The primary increases in working capital were due to a $2.4 million increase in inventory and a $3.0 million decrease in accounts payable and other current liabilities. Other changes include increases in prepaid and other current assets, as well as a decrease in accounts receivable and a decrease in customer deposits.

Cash on hand decreased $10.5 million during the nine months ended September 30, 2026, as a result of negative cash flows from operations of $19.0 million offset by cash flows from financing of $9.4 million.

The Company has a history of operating losses and negative cash flows from operations. Additionally, as of September 30, 2026, the Company's obligations include $4.7 million of debt (See Note 8 – Debt), operating lease liabilities of approximately $1.4 million, including approximately $0.6 million that is expected to be paid in the next twelve months, and $5.9 million drawn on its credit facility, which matures on February 11, 2029.

The Company continues to focus on improving operating efficiencies in its UAS business, however, its results remain subject to variability in sales volumes, gross margins, inventory turnover, and broader market conditions affecting demand in the enterprise and commercial drone markets, as well as risks associated with the integration of acquired operations. The Company also expects to recognize cost savings from the wind down of the TriFan 600 and ADS development programs. Further, management may continue to pursue a range of potential funding alternatives, including equity or debt financing, strategic partnerships, joint ventures, government incentives and other potential sources of capital in connection with any potential acquisitions.

The Company is likely to require additional liquidity in order to meet these obligations and support ongoing operations over the next year. As a result, management has concluded that substantial doubt exists about the Company's ability to continue as a going concern for a period of one year from the issuance date of these unaudited condensed consolidated financial statements.

Management's plans to address these capital requirements include implementing cost optimization measures, including the wind-down of the ADS division; renegotiating vendor contract terms; and pursuing additional debt or equity financing. There can be no assurance that these plans will be successfully implemented or that they will alleviate the substantial doubt about the Company's ability to continue as a going concern. In November 2026, the Company also restructured the Seller Notes and obtained a waiver and amendment of the Credit Agreement, as described below under "Subsequent Defaults."

Credit Facility

In February 2026, the Company entered into a secured asset-based revolving credit facility providing for borrowings of up to $20.0 million, subject to a borrowing base of eligible accounts receivable and inventory. The facility matures on February 11, 2029 and is intended to support working capital and general corporate purposes. As of September 30, 2026, the borrowing base was calculated to be $18.7 million, and the Company had $5.9 million outstanding and a letter of credit in the amount of $0.8 million, with approximately $11.9 million of remaining availability.

On November 12, 2026, the lender waived the events of default under the Credit Agreement described below under "Subsequent Defaults." Distributions from Drone Nerds to the Company remain subject to the payment conditions under the Credit Agreement, which require, among other things, availability of at least 25% of the revolving commitment and a fixed charge coverage ratio of at least 1.25 to 1.00.

The Credit Agreement is subject to a cash dominion arrangement, whereby funds deposited into any depository account of the borrower are swept into a blocked account with the Lender and shall be used to reduce amounts owed under the Credit Facility. Because of the nature of the cash dominion arrangement, borrowings under the Credit Agreement are classified as current liabilities despite a maturity date that is more than twelve months from the balance sheet date.

Subsequent Defaults

On September 30, 2026, XTI Drones Holdings did not make scheduled principal payments under the Seller Notes totaling $1.5 million, together with accrued interest, that were due on September 30, 2026, and events of default occurred under the Seller Notes on October 11, 2026, following the expiration of the ten-day grace period. On October 16, 2026, XTI Drones Holdings entered into Limited Waiver Agreements (the "Waivers") with The Origin Group DN, Inc. and The Origin Group AZ, Inc., the holders of the Seller Notes, entities in which our Interim Chief Executive Officer has an economic interest. Under the Waivers, the Holders agreed, during a waiver period that began on September 30, 2026, not to accelerate the Seller Notes, charge default interest, charge costs of collection or exercise other remedies as a result of the missed payments, and agreed that nonpayment of the balance due at maturity on November 10, 2026 will not constitute an event of default during the waiver period. The waiver period ends on the earliest of (i) the execution of definitive documents restructuring the Seller Notes, (ii) the tenth day after either party notifies the other in writing that it is ending restructuring negotiations and (iii) December 31, 2026. If the waiver period ends without a restructuring, an event of default will be deemed to exist, and the missed installments and the remaining balance of the Seller Notes (approximately $4.5 million of principal in the aggregate), together with accrued interest, which will have accrued at the default rate of 9.25% per annum from October 10, 2026, will become due on the last day of the waiver period. On November 11, 2026, the Company assumed the Seller Notes from XTI Drones Holdings and amended and restated them, which ended the waiver period. The restructured Seller Notes have an aggregate principal amount of approximately $4.7 million, bear interest at 8.5% per annum, require monthly payments of principal and interest of approximately $95,500 beginning November 30, 2026, and mature on September 30, 2028. They also require prepayments from certain equity financings and from excess cash, and become due in full upon a change of control or the incurrence of new indebtedness without the holders' consent. On November 12, 2026, JP Morgan waived the events of default under the credit facility resulting from the Seller Note defaults and certain other events of default, and the parties amended the Credit Agreement. See Part II, Item 5 of this Quarterly Report. In addition, on October 5, 2026, we paid $1.9 million to the former owners of Drone Nerds in respect of customs tariff refunds. As of September 30, 2026, we had cash of approximately $5.7 million.

Cash Requirements

Contractual Obligations and Commitments

The Company's contractual obligations consist primarily of short-term debt, the acquisition-related promissory notes, operating lease liabilities, and vendor commitments incurred in the ordinary course of business.

As of September 30, 2026, the Company had acquisition-related promissory note obligations of $0.7 million, representing scheduled principal payments due within one year, and $5.9 million drawn on its credit facility, which matures on February 11, 2029. Additionally, as of September 30, 2026, total operating lease liabilities were approximately $1.4 million, of which approximately $0.6 million is expected to be paid in the next twelve months.

The Company also maintains customary vendor purchase commitments associated with inventory procurement and operating agreements within its Drone Nerds distribution business. These commitments are generally short-term in nature and consistent with normal operating requirements.

Customer Deposits

As of September 30, 2026, customer deposits totaled approximately $2.7 million. Customer deposits consist of (i) refundable and conditional deposits received in connection with aircraft pre-orders and (ii) advance payments received in the ordinary course of business from customers of the Drone Nerds distribution operations. If a significant number of customers request refunds, it could adversely impact liquidity.

Deposits received in the Drone Nerds business are typically short-term in nature and relate to standard commercial sales arrangements, including advance payments for inventory orders. These deposits are recognized as revenue upon transfer of control of the related goods.

Potential Additional Funding Sources

As of September 30, 2026, the Company had approximately 21 million outstanding warrants with an exercise price ranging from $1.36 to $2.19 per share. If fully exercised for cash, these warrants would provide aggregate gross proceeds of approximately $41.9 million; however, exercise is at the discretion of the holders and dependent on market conditions. These amounts exclude prefunded warrants and warrants that management does not expect to be redeemed due to the exercise price. During the nine months ended September 30, 2026, certain warrant holders exercised warrants, resulting in net proceeds of approximately $7.4 million. The timing and extent of any future warrant exercises are not within the Company's control.

Historical Cash Flows

The Company's net cash flows used in operating, investing and financing activities and certain balances as of balances are as follows for the periods indicated (in thousands):

	Nine Months Ended September 30,	
	2026	**2025**
Net cash used in operating activities	$ (19,003)	$ (30,356)
Net cash used in investing activities	(922)	(126)
Net cash provided by financing activities	9,362	58,568
Effect of foreign exchange rate changes on cash	20	7
Net (decrease) increase in cash and cash equivalents	$ (10,543)	$ 28,093

	September 30, 2026	**December 31, 2025**
Cash and cash equivalents	$ 5,657	$ 16,696
Working capital (deficit)	$ (4,551)	$ 4,220
Adjusted Working Capital (1)	$ 20,905	$ 16,093

(1) The Company defines Adjusted Working Capital as current assets, excluding cash and current assets of discontinued operations, minus current liabilities, excluding warrant liabilities, acquisition-related promissory note-related party, asset-based revolving line of credit, and current liabilities of discontinued operations.

Operating Activities for the nine months ended September 30, 2026

Net cash used in operating activities was approximately $19.0 million for the nine months ended September 30, 2026.

Included in operating cash flows for the nine months ended September 30, 2026 is approximately $0.1 million of cash used in operating activities related to discontinued operations (Inpixon Business). Excluding discontinued operations, net cash used in operating activities from continuing operations was approximately $18.9 million. Additional information regarding cash flows from discontinued operations is included in Note 17 – Discontinued Operations.

Cash used in operating activities during the nine months ended September 30, 2026 was primarily driven by the Company's consolidated net loss of $10.9 million and adjustments for non-cash items of approximately $2.7 million and changes in working capital resulting in a net use of cash of approximately $5.5 million. The largest cash operating expenses include costs of goods sold and personnel related costs. The changes in working capital are primarily driven by increases in inventory and prepaid and other current assets, as well as a reduction in accounts payable, and decrease in customer deposits. The quarter's working capital activity reflects the integration of the Drone Nerds acquisition in the fourth quarter.

Management expects that the acquisition of Drone Nerds, a historically EBITDA-profitable business, will contribute positive operating cash flows going forward, although there can be no assurance that it will do so. However, operating cash flows will continue to be influenced by sales volumes, gross margins, inventory turnover, discretionary operating expenditures, and the pace of investment in the development of unmanned platforms for defense and commercial applications.

Operating Activities for the nine months ended September 30, 2025

Net cash used in operating activities for the nine months ended September 30, 2025 was approximately $30.4 million, primarily driven by the Company's net loss and changes in working capital. Included in operating cash flows for the nine months ended September 30, 2025 is approximately $3.5 million of cash used in operating activities related to discontinued operations. Excluding discontinued operations, net cash used in operating activities from continuing operations was approximately $26.9 million.

Cash used in operating activities during nine months ended September 30, 2025 was primarily driven by the Company's consolidated net loss of $47.2 million, adjustments for non-cash items of approximately $23.1 million and changes in working capital resulting in a net use of cash of approximately $6.2 million. The largest cash operating expenses for the nine months ended September 30, 2025 were professional services, personnel related costs, and legal fees. The increase in working capital was primarily driven by a decrease in accrued liabilities, related to transaction and employee bonuses and consulting fees, and accounts payable.

Cash Flows from Investing Activities for the nine months ended September 30, 2026 and 2025

Net cash flows used in investing activities during the nine months ended September 30, 2026 was approximately $922,000, which included 694,000 cash used in investing activity from discontinued operations.

Net cash flows used in investing activities during the nine months ended September 30, 2025 was approximately $126,000.

Cash Flows from Financing Activities for the nine months ended September 30, 2026 and 2025

Net cash flows from financing activities during the nine months ended September 30, 2026 was approximately $9.4 million. During the nine months ended September 30, 2026, the Company received incoming cash flows of $7.4 million from the exercise of warrants, net of commission and advisory fees, and had net borrowings on its credit facility of $5.9 million, offset by $3.5 million of principal paid on the promissory note entered into in connection with the Drone Nerds Acquisition and $0.6 million of debt issuance costs associated with the credit facility.

Net cash flows from financing activities during the nine months ended September 30, 2025 was approximately $58.6 million. During the nine months ended September 30, 2025, the Company received incoming cash flows of $57.1 million from the sale of common stock and warrants via two public offerings, $4.1 million from the exercise of warrants, and $1.7 million from the now expired ATM. During the nine months ended September 30, 2025, the Company paid $2.8 million to fully settle two outstanding promissory note obligations and $1.4 million to redeem the remaining outstanding Series 9 Preferred Stock.

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 to our condensed consolidated financial statements, which are 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 Interim 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 Interim Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2026.

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 September 30, 2026 that have materially affected, or are 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 13 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 are subject to various risks and uncertainties that may materially harm our business, prospects, financial condition and results of operations. An investment in our common stock and other securities is speculative and involves a high degree of risk. 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 risk factors disclosed in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on April 15, 2026, which report is incorporated by reference herein, all of which could materially affect our business, financial condition and future results. The risk factors set forth below update and supplement the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025 and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2026 and June 30, 2026.

If any of the events described in the following risk factors actually occurs, or if additional risks and uncertainties later materialize, that are not presently known to us or that we currently deem immaterial, then our business, prospects, results of operations and financial condition could be materially adversely affected. In that event, the trading price of our common stock could decline, and investors in our securities may lose all or part of their investment. The risks discussed below include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. Moreover, these disclosures reflect the Company's beliefs and opinions as to factors that could materially and adversely affect the Company and its securities in the future. References to past events are provided by way of example only and are not intended to be a complete listing or a representation as to whether or not such factors have occurred in the past or their likelihood of occurring in the future.

Risks Related to Our Financial Condition, Liquidity and Capital Resources

We have a history of operating losses and negative cash flow, there is substantial doubt about our ability to continue as a going concern, and failure to improve our financial condition could have a material adverse effect on our business, financial condition, results of operations and liquidity.

We have a history of operating losses and may continue to generate negative cash flows from operations. We incurred losses from operations of $24.5 million and $27.8 million for the nine months ended September 30, 2026 and 2025, respectively. For the nine months ended September 30, 2026, net cash used in operating activities was $19.0 million. Although we reported net income for the three months ended September 30, 2026, that result was primarily attributable to a non-cash gain of $32.0 million from the change in fair value of our warrant liability and is not indicative of our operating performance or cash flows. We will likely require additional liquidity to meet our obligations and support our operations over the next year, and management has concluded that substantial doubt exists about our ability to continue as a going concern for a period of one year from the issuance date of the condensed consolidated financial statements included in this Quarterly Report. We cannot assure you that available cash on hand and cash generated from operations will be sufficient to continue to fund our operations.

Our liquidity, including our ability to meet our ongoing operational obligations, is dependent upon, among other things, our ability to maintain adequate cash on hand and our ability to generate cash flow from operations (including, but not limited to, our ability to grow our revenues amid challenges stemming from changes in regulatory requirements for and tariffs levied on unmanned systems).

If our financial condition does not improve organically and if we are unable to obtain adequate additional financing to meet our liquidity needs or consummate other appropriate strategic alternatives, we may need to seek relief from other covenants and restrictions on distributions of funds under the Credit Agreement. See "—We recently restructured the Seller Notes following payment defaults, and the terms of the restructured Seller Notes and our credit facility could restrict our ability to raise capital and adversely affect our liquidity and our ability to continue as a going concern" below. In the event additional financing or covenant relief is required in the future, we may be required to pay additional fees to our creditors and/or agree to additional covenants that limit our ability to engage in specified types of transactions. There can be no assurance that

additional financing and/or covenant relief will be available in the future on acceptable terms, or at all. Failure to improve our financial condition and/or failure to obtain covenant relief from our creditors in the future may require us to delay, limit or curtail our operations or otherwise impede our business strategy, which may have a material adverse effect on our business, financial condition, results of operations and liquidity and our ability to continue as a going concern.

We intend to pursue additional acquisitions as part of our growth strategy, which involve significant risks and may not achieve the anticipated benefits.

As part of our growth strategy, we intend to pursue acquisitions of businesses, technologies, or assets to expand our UAS solutions platform, strengthen our capabilities in unmanned systems development, and support the buildout of our domestic manufacturing operations. We may from time to time be engaged in discussions or negotiations regarding potential acquisition opportunities. There can be no assurance that we will identify suitable acquisition candidates, negotiate acceptable terms, obtain financing on favorable terms or at all, receive any required regulatory approvals, or complete any such transaction. We may incur material costs related to potential acquisitions, including legal, financial advisory, accounting, and due diligence expenses, regardless of whether any such transaction is consummated.

We expect to fund potential acquisitions through a combination of debt financing, which may include borrowings under our existing asset-based revolving credit facility or new credit facilities, seller financing, and the issuance of our common stock or other equity or equity-linked securities, including equity interests in our subsidiaries. Our ability to finance acquisitions may be constrained by the covenants in the Seller Notes and the Credit Agreement, which limit our ability to incur additional indebtedness and make investments, and by the substantial doubt about our ability to continue as a going concern, and we may be unable to pursue acquisitions. Any acquisition financed in whole or in part with equity securities could result in dilution to our existing stockholders. Acquisition-related indebtedness could reduce our available working capital and financial flexibility. See risk factor "— We may not be able to successfully integrate the business and operations of Drone Nerds or other entities that we have acquired or may acquire in the future" in the Company's annual report on Form 10-K as filed with the SEC on April 15, 2026, for additional risks related to the integration of acquired businesses.

In connection with the disposition of our Inpixon Business, we received consideration in the form of a note receivable that is subject to forgiveness provisions and an Unwind Option, and we may not collect the full amount of the note receivable.

On February 3, 2026, we completed the disposition of our former Industrial IoT / Real-Time Location Systems operations (the "Inpixon Business") for a purchase price of EUR 4,640,000 (approximately $5.5 million), payable over time and bearing interest at 5% per annum. We recorded the note receivable at an estimated fair value of approximately $4.2 million as of the closing date, and its carrying value was approximately $4.4 million as of September 30, 2026.

The note receivable is unsecured and subject to features that may result in our receiving less than the stated purchase price, including (i) our right (the "Unwind Option") to require the purchaser to transfer back the Inpixon Business for no consideration during a specified window beginning thirty-seven months after closing, in which case any unpaid amounts of the purchase price will be forgiven, (ii) automatic forgiveness of any unpaid portion of the purchase price if the Unwind Option is not exercised within the specified window, and (iii) the credit risk of the purchaser, a privately held foreign entity over which we have limited visibility. If we are unable to collect amounts owed under the note receivable, are required to record additional credit loss reserves or impairment charges, or exercise the Unwind Option and incur losses or liabilities upon the return of the Inpixon Business, our financial condition and results of operations could be adversely affected.

Risks Related to Our Commercial Drone Solutions Division (UAS Business)

We have ceased investment in our TriFan 600 aircraft program and wound down our ADS division, and our business and results of operations now depend substantially on our UAS distribution and services business.

During 2026, we ceased investment in our TriFan 600 vertical take-off and landing aircraft development program and, in June 2026, paused all spending on, and implemented a reduction in force within, our ADS division. As a result, substantially all of our revenue is generated by our UAS business conducted through Drone Nerds, which principally distributes, configures and services drones and related products manufactured by third parties, including foreign manufacturers. Our dependence on a single line of business increases our exposure to the risks affecting the UAS industry described in this Quarterly Report and in our Annual Report on Form 10-K for the year ended December 31, 2025, including regulatory restrictions on foreign-manufactured drones and components, tariffs, supplier concentration and state and federal investigations relating to the marketing and sale of drone products.

The risk factors in our Annual Report on Form 10-K for the year ended December 31, 2025 relating to our ADS division and the TriFan 600 program, including those relating to government contracting, defense procurement and security

clearances, should be read in light of these developments. We may incur additional costs in connection with the wind-down of these programs, including severance, contract termination and facility costs, and may be required to record impairment or other charges with respect to related assets.

New or increased tariffs or other trade restrictions on imported unmanned aircraft systems and related components could adversely affect our business, financial condition and results of operations.

The United States government has initiated trade measures and national security reviews under Section 232 of the Trade Expansion Act of 1962, as amended, relating to imports of unmanned aircraft systems ("UAS"), commonly referred to as drones, and certain related components. Tariffs imposed under Section 232 on UAS and certain related components took effect on September 3, 2026, and these tariffs, as well as other existing or potential tariffs and/or duties, import restrictions and changes in U.S. trade policy, could increase the costs of products and components used in our operations and create additional uncertainty regarding our supply chain.

We rely on foreign suppliers for certain drones, components, materials and equipment used in our products and operations. The imposition of additional tariffs, expansion of existing tariffs or implementation of other import restrictions on UAS and related components could increase our procurement and manufacturing costs, disrupt established supply arrangements, limit the availability of certain products or components and result in longer lead times. We may be unable to fully mitigate these impacts through alternative sourcing arrangements, operational efficiencies or increases in the prices charged to our customers.

In addition, changes in U.S. trade policy, including the scope, timing or implementation of tariffs and other trade restrictions, could adversely affect demand for our products, our ability to compete with other manufacturers and suppliers, and our relationships with customers and vendors. Efforts to identify alternative suppliers or modify our supply chain could result in additional costs, delays or operational inefficiencies.

The ultimate impact of these measures will depend on future government actions, the products and components subject to tariffs or restrictions, applicable tariff rates, the availability of exemptions or alternative sources of supply, and our ability to respond to changes in the regulatory and trade environment. Any of these developments could materially adversely affect our business, financial condition, cash flows and results of operations.

The nature of our UAS business involves significant risks and uncertainties, including product liability exposure, that may not be covered by insurance or indemnification.

Our UAS business involves significant operational and legal risks and uncertainties, and insurance or indemnification may not be available in all circumstances. We develop, distribute, service and support drones and other electronic products. As a result, claims could be brought against us if the use or misuse of one of the products we sell, service or develop causes, or merely appears to have caused, personal injury, death or property damage. In addition, defects, errors or failures in our products or services could lead to other potential life, health and property risks.

In our UAS operations, product liability risks may arise from equipment malfunctions, operator error, software failures, battery incidents, collisions or other operational incidents involving drones deployed by customers or service personnel. These incidents may result in personal injury, property damage, regulatory investigations, litigation or reputational harm. Because drone operations often occur in populated or industrial environments, even isolated incidents could lead to significant claims, increased insurance costs, operational restrictions or loss of customer confidence.

In addition, Drone Nerds has historically developed and sold products and services in circumstances where insurance or indemnification may be limited or unavailable, including in connection with the collection, processing and analysis of various types of information. Our UAS products and services may raise legal issues relating to privacy, data security, civil liberties, intellectual property, trespass, conversion and similar concepts, which may result in claims, regulatory scrutiny, enforcement actions or litigation.

Indemnification to cover potential claims or liabilities resulting from the failure of technologies we deploy may be available in certain circumstances but not in others. The uncrewed aerial systems industry continues to evolve, and insurance coverage for certain operational risks may be limited, unavailable, subject to significant exclusions, or prohibitively expensive. We may not be able to obtain or maintain product liability insurance or other insurance coverage in sufficient amounts, on commercially reasonable terms, or at all, and any such insurance may not be adequate to cover all potential liabilities.

Substantial claims resulting from an accident, product failure, or personal injury or property liability arising from our products and services in excess of any indemnity or insurance coverage (or for which indemnity or insurance coverage is not available or is not obtained) could harm our financial condition, cash flows and operating results. Any accident, even if

fully covered or insured, could negatively affect our reputation among our customers and the public and make it more difficult for us to compete effectively.

Risks Related to Our Advanced Technology and Manufacturing Division

Our Advanced Technology and Manufacturing division is in an early stage of development and has not generated revenues, and we may not successfully develop U.S.-based production capabilities for NDAA-compliant unmanned systems components and technologies, and we may discontinue such division.

Our planned Advanced Technology and Manufacturing ("ATM") division intends to focus on facilitating partnerships with domestic manufacturers to increase access to NDAA-compliant products. The division's goal is to develop and expand a domestically sourced supply chain designed to support compliance with applicable federal procurement and sourcing requirements, including Section 848 of the NDAA for unmanned aerial systems, addressing the growing demand from federal agencies, defense contractors, and enterprise customers for platforms and components that meet applicable government procurement requirements. The ATM division is in an early stage of development and has not generated revenues. There can be no assurance that we will successfully develop domestic production partnerships on the timelines we anticipate, or at all. Our ability to do so will depend on a number of factors, including supply chain qualification, workforce recruitment, and process validation, each of which is subject to delays, cost overruns, and execution risk. If we are unable to develop a viable platform, we may be unable to generate revenues from the ATM division or to realize a return on our investment in this initiative.

The Company's investment in the ATM division is subject to ongoing evaluation by management and the Board of Directors based on the division's ability to achieve key operational and commercial milestones, including establishing manufacturing partnerships on acceptable terms, securing NDAA-compliant production capacity, and demonstrating a credible path to revenue generation. If the ATM division fails to achieve sufficient progress toward these objectives within the timeframes management considers reasonable, the Company may determine to significantly reduce investment in the division, restructure its operations, or discontinue the division entirely. Any such determination could result in asset impairments, the write-off of capitalized development costs, if any, employee severance costs, if any, early termination of manufacturing partnerships or facility commitments, and the loss of the Company's investment in the division to date, including the ATM division's allocated assets, and could materially adversely affect our business, financial condition, and results of operations. There can be no assurance that the Company will continue to fund the ATM division at current or anticipated levels, or that the division will successfully establish manufacturing capabilities or generate revenues on the timeline anticipated, or at all.

We may be unable to establish manufacturing partnerships or arrangements necessary to support the ATM division's growth on acceptable terms, or at all.

The development of U.S.-based production capabilities for NDAA-compliant unmanned systems components may require us to enter into manufacturing partnerships, supply arrangements, joint ventures, contract manufacturing relationships, or other commercial arrangements with third parties. We may be unable to identify, negotiate, or maintain such relationships on commercially reasonable terms, or at all. If we are unable to establish or maintain manufacturing partnerships necessary to support the ATM division, we may be required to develop in-house manufacturing capabilities, which would require additional capital investment and time, or we may be unable to bring ATM division products to market on the timelines we anticipate, or at all.

Our ability to compete in the market for domestically sourced unmanned systems components depends on our ability to achieve and maintain NDAA compliance and other federal procurement and sourcing certifications, which is uncertain.

The market opportunity for our ATM division depends substantially on the ability of our products to qualify as NDAA-compliant or otherwise satisfy federal procurement and sourcing requirements applicable to defense, government, and enterprise customers. The standards governing these certifications and eligibility determinations are complex, evolving, and subject to interpretation by government agencies. We may be unable to obtain or maintain required certifications or eligibility determinations on commercially reasonable terms, within anticipated timeframes, or at all. Any failure or delay in obtaining or maintaining these qualifications, or any change in the underlying standards, could limit the addressable market for our ATM division's products and adversely affect our business, financial condition and results of operations.

Demand for our ATM division's products will depend on continued U.S. government policy support for domestic sourcing of unmanned systems components, and changes in such policies could materially reduce our addressable market.

The market for domestically sourced unmanned systems components is influenced by U.S. government policies favoring domestic manufacturing and supply chain security, including procurement preferences, NDAA compliance mandates, tariffs on foreign-manufactured components, and similar measures. Any reduction, repeal, or material change in these

policies, or any change in the strategic priorities of the U.S. government with respect to domestic sourcing of unmanned systems components, could materially reduce demand for our ATM division's products and adversely affect our business, financial condition and results of operations.

The development and operation of U.S.-based manufacturing capabilities will require substantial capital investment, and we may be unable to obtain the financing necessary to fund our ATM division's growth.

Developing U.S.-based manufacturing capabilities is capital-intensive and may require substantial investment in facilities, equipment, inventory, qualified personnel, and working capital before the ATM division generates meaningful revenues. We may be required to raise additional capital through debt or equity financings, strategic partnerships, government incentives, or other sources to fund the development and operation of the ATM division. There can be no assurance that such financing will be available on acceptable terms, or at all. If we are unable to obtain sufficient financing, we may be required to delay, reduce or modify our ATM development plans, which could adversely affect our ability to compete in the market for domestically sourced unmanned systems components.

If and when our ATM division commences manufacturing operations, it will be subject to operational risks inherent in manufacturing, and any failure to manage these risks effectively could adversely affect our business.

If and when our ATM division commences manufacturing operations, it will be subject to a range of operational risks inherent in advanced manufacturing, including equipment failures, quality control issues, production yield variability, raw material and component shortages, workplace safety incidents, environmental compliance obligations, and labor disruptions. The successful operation of a manufacturing facility also requires personnel with specialized expertise in advanced manufacturing, quality engineering, supply chain management, and regulated production environments, and competition for such personnel is significant. Any failure to manage these operational and personnel-related risks effectively could increase our costs, delay deliveries, expose us to liability, or impair our ability to satisfy customer requirements, any of which could materially adversely affect our business, financial condition and results of operations.

Our ATM division may face significant competition from established domestic manufacturers and other entrants, which could limit our ability to win customer commitments or achieve targeted production volumes.

The market for domestically sourced unmanned systems components includes established domestic manufacturers, vertically integrated defense primes, and other new entrants, many of which have substantially greater resources, manufacturing experience, customer relationships, and past performance records than we do. Our ability to compete will depend on our ability to differentiate on product performance, compliance, cost, scalability, and customer service, none of which is assured. If we are unable to compete effectively, we may be unable to win customer commitments or achieve targeted production volumes, which could adversely affect our business, financial condition and results of operations.

Risks Related to Legal, Regulatory and General Business Operations

Adverse judgments or settlements in legal proceedings, and regulatory investigations or enforcement actions by state authorities or other governmental agencies, could materially harm our business, financial condition, operating results, cash flows, and reputation.

We may be a party to claims that arise from time to time in the ordinary course of our business, including claims related to our products, securities offerings, contracts and subcontracts, protection of confidential information or trade secrets, adversary proceedings arising from customer bankruptcies, employment matters, immigration requirements, and compliance with various state and federal statutes, rules and regulations applicable to our business.

For example, we are currently involved in litigation 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 (the “S.D.N.Y.”) against Legacy XTI, two unnamed entities, and five unnamed individuals. Xeriant 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 further alleges that it provided intellectual property, expertise, and capital in connection with Legacy XTI’s TriFan 600 aircraft and 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 for breach of contract, fraud, unjust enrichment, and misappropriation of confidential information. While the Company continues to believe the allegations against Legacy XTI are meritless, the litigation may continue to result in significant costs and divert management’s attention. On December 9, 2025, Xeriant filed a Third Amended Complaint, voluntarily non-suiting five counts from the prior complaint, revising its damages demand to an unspecified amount and asserting breach of contract and fraud claims, while no longer asserting separate counts for unjust enrichment or misappropriation of confidential information. On December 23, 2025, Legacy XTI filed its Answer, Affirmative Defenses, and Counterclaims in response to the Third Amended Complaint. Discovery has concluded and both sides have

filed summary judgment motions, which remain pending. The outcome of the litigation cannot presently be predicted, and any adverse determination could have a material impact on the Company.

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. On September 12, 2025, Legacy XTI filed a Reply Brief reinforcing that Auctus lacks standing, that no obligation ever arose under the May 17 Letter because no qualifying transaction occurred within its one-year term, and that any purported transfer of debt is void under the Note's anti-assignment clause. The Reply also emphasized that the enforceability of the May 17 Letter is already before the S.D.N.Y. and urged dismissal or a stay to avoid inconsistent rulings. On October 2, 2025, Legacy XTI filed a Notice of Supplemental Authority submitting the September 23, 2025 Order of the S.D.N.Y., which denied Xeriant's motion to dismiss Legacy XTI's counterclaims and held that Legacy XTI had plausibly alleged that the May 17 Letter expired by its terms and is unenforceable. Legacy XTI asserted that the S.D.N.Y. ruling directly supports dismissal or a stay because it confirms that the same alleged contract and issues raised by Auctus are already being adjudicated in the federal case. On November 7, 2025, the court denied Legacy XTI's motion to dismiss or, in the alternative, stay the proceedings. The court held that, when viewing the allegations in the light most favorable to Auctus, the complaint plausibly stated claims for relief under Colorado's notice-pleading standard. The court further denied Legacy XTI's alternative request for a stay, reasoning that the parties were not identical to those in the federal action and therefore comity and judicial economy did not warrant a stay. The court nonetheless directed the parties to update it regarding the outcome of the federal case to the extent it may be dispositive of overlapping issues. On November 21, 2025, Legacy XTI filed its Answer and Affirmative Defenses to the Complaint. The parties completed discovery, and trial was originally scheduled for November 16, 2026. However, on October 23, 2026 the Colorado District Court granted the Company's motion to stay the litigation pending the resolution of the Xeriant case, the result of which is the November 16 , 2026 trial is no longer proceeding as scheduled. The Company will continue to vigorously defend against the claims but cannot predict the timing or outcome of the proceedings or estimate any potential exposure.

In addition, in February 2026, the State of Texas filed a petition in the District Court of Collin County, Texas, against Anzu Robotics, LLC ("Anzu") alleging that Anzu violated the Texas Deceptive Trade Practices-Consumer Protection Act (the "DTPA") in connection with the marketing and sale of its drone products. The State contends, among other things, that Anzu misrepresented certain characteristics, origins, and security features of its products and failed to disclose certain alleged material facts relating to the products' development and components and Anzu's alleged business relationship with DJI. The State seeks temporary and permanent injunctive relief, civil penalties of up to $10,000 per violation of the DTPA and up to an additional $250,000 if the conduct was calculated to deprive a consumer age 65 or older of money or property, and attorneys' fees and costs. Trial is set for November 8, 2027. In May 2026, the State of Texas also issued a civil investigative demand to Drone Nerds LLC pursuant to the DTPA. The Company cannot at this time predict the outcome of these matters or reasonably estimate a range of potential loss, if any.

In April 2026, the State of Florida issued a subpoena to Anzu pursuant to the Florida Deceptive and Unfair Trade Practices Act in connection with the marketing and sale of certain drone products. Anzu responded to the subpoena. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

In May 2026, the Federal Communications Commission issued a request for documents to Anzu Robotics LLC under the Communications Act of 1934, inquiring as to whether Anzu directly or indirectly marketed within the United States any

radio frequency equipment produced in a manner that may be a violation of the Act. Anzu responded to the request. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

On August 28, 2026, a putative securities class action captioned *Noalan v. XTI Aerospace, Inc.*, No. 1:26-cv-07378-JPC-VF, was filed in the U.S. District Court for the Southern District of New York against the Company, its former Chief Executive Officer, and its Chief Financial Officer. The complaint was filed on behalf of a putative class of persons who acquired Company securities between April 15, 2026 and August 17, 2026 and alleges violations of Section 10(b) and 20(a) of the Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

In October 2026, the State of Florida issued a subpoena duces tecum to XTI Aerospace, Inc. pursuant to the Florida Deceptive and Unfair Trade Practices Act, Chapter 501, Part II, Florida Statutes, seeking information concerning XTI's relationship with Anzu Robotics, LLC, Drone Nerds, and other related information concerning the sale of certain drones and Anzu products in the State of Florida. The Company intends to respond. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

In October 2026, the State of Florida issued a subpoena to Drone Nerds LLC pursuant to the Florida Deceptive and Unfair Trade Practices Act in connection with the marketing and sale of certain drone products. The Company has not yet responded to the subpoena. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

In October 2026, a patent infringement case captioned *Arbor Systems LLC v. XTI Aerospace, Inc.*, No. 1:26-cv-05370, was filed in the U.S. District Court for the District of Colorado against the Company. The complaint was filed by an entity claiming that the Company infringes U.S. Patent No. 12,197,178, entitled 'Air transportation systems and methods,' issued January 14, 2025. The Company cannot at this time predict the outcome of this matter or reasonably estimate a range of potential loss, if any.

The outcome of the foregoing matters cannot presently be predicted, and an adverse determination in any of these matters could have a material impact on our business, financial condition and results of operations. Regardless of the merits of any particular claim, responding to litigation may divert management's time and attention, result in significant legal expenses, and expose us to monetary damages, penalties or injunctive relief. Litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements could materially adversely affect our business, financial condition, results of operations and cash flows. Even if a claim is fully indemnified or insured, such litigation could damage our reputation and make it more difficult to compete effectively or 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 exclusions, deductibles and caps. Insurers may dispute coverage, which may affect the timing or availability of insurance proceeds. Unexpected outcomes in legal proceedings, or changes in management's evaluation of the likely outcomes, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We recently experienced significant changes in our senior leadership, and our Chief Executive Officer is serving on an interim basis.

On August 17, 2026, Scott Pomeroy resigned as our Chairman and Chief Executive Officer, and our Board of Directors appointed Jeremy Schneiderman, the chief executive officer of Drone Nerds, as Interim Chief Executive Officer. In October 2026, our Board of Directors appointed Dr. Allan Evans as Chairman. In July 2026, a committee of independent directors of our Board of Directors, represented by independent counsel, initiated an internal review of matters relating to our former Chief Executive Officer and related corporate governance matters. The committee completed its review in October 2026, and the review did not identify any misstatement of our financial statements. The internal review delayed the filing of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, which resulted in our noncompliance with Nasdaq's periodic filing requirement, and we incurred significant professional fees in connection with the review.

Leadership transitions can be difficult to manage, may cause uncertainty among our employees, customers, suppliers, lenders and investors, and may disrupt the execution of our business strategy. We have not appointed a permanent Chief Executive Officer, and we cannot predict when we will do so. In addition, matters relating to the internal review or our former Chief Executive Officer could result in litigation, regulatory inquiries, adverse publicity or additional costs, and could divert the attention of management and our Board of Directors.

Our failure to timely file our Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 resulted in noncompliance with Nasdaq's continued listing requirements, and a failure to maintain compliance with Nasdaq's continued listing requirements could result in the delisting of our common stock.

On August 26, 2026, we received a notice from the Listing Qualifications department of The Nasdaq Stock Market LLC ("Nasdaq") stating that, because the Company had not yet filed its Quarterly Report on Form 10-Q ("Form 10-Q") for the quarter ended June 30, 2026, the Company is no longer in compliance with Nasdaq Listing Rule 5250(c)(1). Nasdaq Listing Rule 5250(c)(1) requires listed companies to timely file all required periodic financial reports with the Securities and Exchange Commission (the "SEC").

The delay resulted primarily from the internal review conducted by a committee of independent directors of our Board of Directors described above. We filed our Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 on October 20, 2026. On October 21, 2026, we received a letter from Nasdaq confirming that we had regained compliance with Nasdaq Listing Rule 5250(c)(1). If we fail to maintain compliance with Nasdaq's continued listing requirements, our common stock could be subject to delisting, which could adversely affect the liquidity and market price of our common stock and our ability to raise capital.

Our stockholders' equity is subject to significant volatility as a result of changes in the fair value of our warrant liability, and if we do not satisfy Nasdaq's stockholders' equity requirement or an alternative standard, our common stock could be delisted.

Nasdaq Listing Rule 5550(b)(1) requires companies listed on The Nasdaq Capital Market to maintain stockholders' equity of at least $2.5 million (the "Stockholders' Equity Requirement"). The alternatives are a market value of listed securities of at least $35 million, or net income from continuing operations of $500,000 in the most recently completed fiscal year or in two of the three most recently completed fiscal years. Our stockholders' equity is significantly affected by changes in the fair value of our liability-classified warrants, which are remeasured each reporting period and depend in part on the price of our common stock. For example, our total stockholders' equity was $5.8 million million as of September 30, 2026, which reflected a non-cash gain of $32.0 million from the change in fair value of our warrant liability during the three months ended September 30, 2026. Increases in the fair value of our warrant liability, including as a result of increases in the price of our common stock, could cause our stockholders' equity to fall below $2.5 million, and the market value of our listed securities may fluctuate significantly with the price of our common stock.

If we were to receive a deficiency notice from Nasdaq with respect to the Stockholders' Equity Requirement, Nasdaq generally permits a company 45 calendar days to submit a plan to regain compliance and, if it accepts the plan, may grant an extension of up to 180 calendar days from the date of the notice. However, if Nasdaq were to initiate delisting proceedings with respect to our common stock for any reason, it may consider any other deficiency in the same proceeding rather than providing a separate compliance period. Regaining compliance may require us to complete one or more equity financings, which could be highly dilutive to our stockholders. Changes in the fair value of our warrant liabilities, which depend in part on our stock price, could also make it more difficult to regain or maintain compliance. There can be no assurance that we will maintain compliance with the Stockholders' Equity Requirement or, if necessary, regain compliance within any period Nasdaq provides. If we do not, our common stock could be delisted, with the consequences described in the following risk factor.

Because we did not timely file our Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, we are not eligible to file new registration statements on Form S-3 and will be unable to use our existing registration statements on Form S-3 after we file our next Annual Report on Form 10-K, which may make it more difficult and costly for us to raise capital.

Form S-3 permits eligible issuers to register securities, including for shelf offerings and at-the-market offerings, by incorporating by reference their periodic reports filed with the SEC. To file a registration statement on Form S-3, an issuer must, among other things, have timely filed all reports required under the Exchange Act during the preceding twelve calendar months, and an issuer's eligibility is reassessed when it files its Annual Report on Form 10-K, which updates its effective registration statements for purposes of Section 10(a)(3) of the Securities Act. Because we did not file our Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 until October 20, 2026, after its due date, we will not be eligible to file a new registration statement on Form S-3 until September 1, 2027, assuming we timely file all required periodic reports until then. Although we may continue to use our existing effective registration statements on Form S-3, including those covering the resale of shares of our common stock and shares issuable upon exercise of certain outstanding

warrants, until we file our Annual Report on Form 10-K for the year ending December 31, 2026, we will not be able to use them after that filing until we again satisfy the eligibility requirements.

After we file that Annual Report on Form 10-K, and until we regain eligibility, any registered offering of our securities would need to be made on Form S-1, which is more time-consuming and costly to prepare and keep current, or our capital raising may be limited to private placements, which may require us to issue securities at a greater discount or on less favorable terms. If an effective registration statement covering the shares issuable upon exercise of our outstanding warrants is not available, holders may exercise their warrants on a cashless basis, in which case we would not receive cash proceeds from those exercises. These limitations arise at a time when, as described above, there is substantial doubt about our ability to continue as a going concern and we will likely require additional liquidity over the next year. Our inability to use Form S-3 could delay or prevent us from raising capital on acceptable terms, or at all, which could have a material adverse effect on our liquidity, financial condition and results of operations.

Our common stock has recently traded below $1.00 per share, and because of our prior reverse stock split, we would not be eligible for any compliance period if we fail to satisfy Nasdaq's minimum bid price requirement, in which case our common stock could be suspended and delisted from Nasdaq

Our common stock is listed on The Nasdaq Capital Market under the symbol "XTIA." Nasdaq Listing Rule 5550(a)(2) requires that our common stock maintain a minimum closing bid price of $1.00 per share (the "Minimum Bid Price Requirement"). A company fails this requirement if its closing bid price is below $1.00 for 30 consecutive business days.

Our common stock has recently traded below $1.00 per share. If the closing bid price of our common stock is below $1.00 for 30 consecutive business days, we would not satisfy the Minimum Bid Price Requirement. Because we effected a 1-for-250 reverse stock split on January 10, 2025, we have effected one or more reverse stock splits over the prior two-year period with a cumulative ratio of 250 shares or more to one, and Nasdaq Listing Rule 5810(c)(3)(A)(iv) therefore makes us ineligible for the automatic 180-day compliance period Nasdaq generally provides if we become deficient prior to the expiration of such two-year period, and Nasdaq would instead issue a delisting determination. Our only recourse would be to request a hearing before a Nasdaq Hearings Panel, which may grant an exception of up to 180 days but is not required to do so.

If our common stock is suspended or delisted from Nasdaq, it would likely trade, if at all, on an over-the-counter market such as the OTC Markets, which is generally considered a less efficient market. Delisting would likely reduce the liquidity and market price of our common stock, could subject it to the SEC's "penny stock" rules, and could impair our ability to raise capital on acceptable terms, or at all. Any of these consequences could materially and adversely affect our business, financial condition, results of operations, and the value of your investment.

We recently restructured the Seller Notes following payment defaults, and the terms of the restructured Seller Notes and our credit facility could restrict our ability to raise capital and adversely affect our liquidity and our ability to continue as a going concern.

On September 30, 2026, our subsidiary XTI Drones Holdings, LLC failed to make scheduled principal payments totaling $1.5 million, together with accrued interest, on the Seller Notes issued in connection with the Drone Nerds acquisition, which resulted in events of default under the Seller Notes on October 11, 2026 and cross-defaults under our Credit Agreement with JPMorgan Chase Bank, N.A. On October 16, 2026, the holders of the Seller Notes temporarily waived these events of default. On November 11, 2026, XTI Drones Holdings assigned its obligations under the Seller Notes to the Company, the Company assumed those obligations and the holders released XTI Drones Holdings, and the Company and the holders amended and restated the Seller Notes. The restructured Seller Notes have an aggregate principal amount of approximately $4.7 million, bear interest at 8.5% per annum from June 30, 2026, require aggregate monthly payments of principal and interest of approximately $95,500 beginning November 30, 2026, and mature on September 30, 2028, when all remaining principal and accrued interest will be due. We may elect, before October 31, 2027, to pay interest in kind, in which case the interest rate will increase to 9.5% per annum. The restructured Seller Notes are secured by a first-priority security interest in distributions received by the Company that derive from Drone Nerds. On November 12, 2026, Drone Nerds, Anzu and the other loan parties entered into a waiver and first amendment to the Credit Agreement, under which JPMorgan waived the events of default resulting from the Seller Note defaults and certain other events of default.

The restructured Seller Notes contain terms that could significantly limit our financial flexibility. The full outstanding balance will become due upon a change of control of the Company, XTI Drones Holdings or Drone Nerds, or if the Company, XTI Drones Holdings or any of their subsidiaries or affiliates incurs any new indebtedness or refinances the

Credit Agreement with a larger facility, unless the holders consent and the new indebtedness is subordinated on terms acceptable to them. If we receive net proceeds of $15 million or more from the sale of equity or equity-linked securities, other than in an at-the-market offering, we must use a portion of the proceeds to prepay the restructured Seller Notes, ranging from 10% of the net proceeds to repayment in full if the net proceeds exceed $35 million. We must also prepay, within 15 days after the end of each calendar quarter beginning with the quarter ending December 31, 2026, an amount equal to 30% of our cash and cash equivalents in excess of $5.0 million. In addition, we must cause distributions from Drone Nerds to be paid to the Company and apply them first to amounts then due under the restructured Seller Notes, and we may not make severance, settlement or separation payments to current or former executives unless we are in compliance with our obligations under the restructured Seller Notes. These provisions could reduce the cash available to fund our operations, make it more difficult or costly to obtain additional debt or equity financing, and limit our ability to pursue acquisitions or other strategic transactions.

The Credit Agreement, as amended, remains subject to a borrowing base, a minimum fixed charge coverage ratio, reporting requirements and other covenants, and collections of Drone Nerds and Anzu are swept to repay amounts outstanding under the Credit Agreement pursuant to a cash dominion arrangement. Distributions from Drone Nerds to the Company, which we expect to be a primary source of funds to service the restructured Seller Notes, are restricted payments under the Credit Agreement and generally may be made only if no default exists and the borrowers maintain availability of at least 25% of the revolving commitment and a fixed charge coverage ratio of at least 1.25 to 1.00. If these conditions are not met, we would need to fund payments on the restructured Seller Notes from other sources, which may not be available. In addition, a temporary increase in the borrowing base concentration limit for receivables owed by a significant customer expires on December 31, 2026, which could reduce availability under the Credit Agreement. JPMorgan's waiver was limited to the specified events of default, and JPMorgan reserved all of its other rights and remedies. If we fail to make required payments or to comply with the covenants under the restructured Seller Notes or the Credit Agreement, the holders or JPMorgan could declare events of default and, subject to the terms of those agreements, accelerate amounts outstanding, and JPMorgan could stop making advances and enforce its security interest in substantially all of the assets of Drone Nerds and Anzu. We may not have sufficient liquidity to repay any accelerated indebtedness, and any such default could have a material adverse effect on our liquidity, financial condition and ability to continue as a going concern.

Our Interim Chief Executive Officer has interests in the holders of our Seller Notes that may conflict with the interests of our stockholders.

Jeremy Schneiderman, our Interim Chief Executive Officer, who also serves as chief executive officer of Drone Nerds, is the chief executive officer of, and has an economic interest in, The Origin Group DN, Inc. and The Origin Group AZ, Inc. (the "Sellers"), which hold the Seller Notes and 6,524,576 Class B Units of XTI Drones Holdings, LLC. On November 11, 2026, the Company assumed the Seller Notes and amended and restated them with the Sellers. As part of that transaction, the Sellers released XTI Drones Holdings, in which they hold the Class B Units, from its obligations under the Seller Notes, and the restructured Seller Notes require prepayments from our equity financings and excess cash and restrict our ability to incur other indebtedness without the Sellers' consent. The Sellers' interests as creditors of the Company, including in connection with any consent, amendment, waiver or future default under the restructured Seller Notes, may differ from those of our stockholders. In addition, under the purchase agreement for the Drone Nerds acquisition, XTI Drones Holdings is required to remit to the former owners of Drone Nerds certain customs tariff refunds attributable to periods before the acquisition. On October 5, 2026, we paid $1.9 million of such refunds to the former owners, and we expect additional refunds to become payable to them in future periods. Mr. Schneiderman's interests in these matters may differ from, or conflict with, the interests of the Company and our other stockholders. Although all related party transactions are reviewed by independent members of the Board of Directors, there can be no assurance that any conflict will be resolved in a manner favorable to us.

The exchange of the Class B Units of XTI Drones Holdings for shares of our common stock will result in significant dilution to our stockholders, could depress the market price of our common stock and will increase the ownership of entities in which our Interim Chief Executive Officer has an economic interest.

In connection with the Drone Nerds acquisition, XTI Drones Holdings issued 6,524,576 Class B Units to the Sellers. The Class B Units have been exchangeable for shares of our common stock on a one-for-one basis, for no additional consideration, at the option of the holders at any time since May 1, 2026, and any Class B Units that remain outstanding will be automatically exchanged on February 10, 2027, fifteen months after the closing of the acquisition. As of the date of this Quarterly Report, no Class B Units have been exchanged. The 6,524,576 shares issuable upon exchange represent approximately 17.0% of the 38,477,789 shares of our common stock outstanding as of November 12, 2026 and, upon issuance, would represent approximately 14.5% of our outstanding common stock, without giving effect to any other issuances, including upon exercise of our outstanding warrants and pre-funded warrants.

The issuance of these shares will dilute the ownership interests of our existing stockholders. Subject to applicable securities laws, including Rule 144 under the Securities Act, the Sellers may sell shares received upon exchange in the public market. Sales of a substantial number of these shares, or the perception that such sales may occur, could depress the market price of our common stock, including at a time when we are seeking to satisfy Nasdaq's Minimum Bid Price Requirement, and could impair our ability to raise capital through the sale of equity securities.

In addition, our Interim Chief Executive Officer is the chief executive officer of, and has an economic interest in, the Sellers. Following the exchange, the Sellers would be among our largest stockholders while also holding the restructured Seller Notes, under which the Company is the direct obligor. Until the exchange, the Sellers share in the earnings of XTI Drones Holdings, rather than in our consolidated results, through the Class B Units. These overlapping interests may give the Sellers significant influence over matters affecting us and may conflict with the interests of our other stockholders. See "—Our Interim Chief Executive Officer has interests in the holders of our Seller Notes that may conflict with the interests of our stockholders" above.

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

a) Sales of Unregistered Securities

There were no sales of unregistered securities by the Company during the quarter ended September 30, 2026 that were not previously reported in current reports on Form 8-K filed with the SEC.

c) Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

On September 30, 2026, XTI Drones Holdings, LLC failed to make scheduled principal payments totaling $1.5 million, together with accrued interest, under the promissory notes issued to The Origin Group DN, Inc. and The Origin Group AZ, Inc. (the "Seller Notes"), resulting in events of default under the Seller Notes on October 11, 2026 and events of default under the Credit Agreement with JPMorgan Chase Bank, N.A. (the "Lender"). These events of default and the limited waiver agreements entered into with the holders of the Seller Notes on October 16, 2026 were previously reported in the Company's Current Report on Form 8-K filed on October 16, 2026 and in Part II, Item 5 of its Quarterly Report on Form 10-Q for the quarter ended June 30, 2026.

On November 11, 2026, XTI Drones Holdings, LLC assigned its obligations under the Seller Notes to the Company, which assumed them, and the Company and the holders amended and restated the Seller Notes, as described in Part II, Item 5 of this Quarterly Report. As a result, there is no arrearage under the Seller Notes as of the date of this Quarterly Report.

On November 12, 2026, the borrowers and the other loan parties under the Credit Agreement entered into a Waiver and First Amendment to Credit Agreement with the Lender, under which the Lender waived the events of default resulting from the Seller Note defaults and certain other events of default under the Credit Agreement as described in Part II, Item 5 of this Quarterly Report.

See Note 18, "Subsequent Events," to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report and "Risk Factors—We recently restructured the Seller Notes following payment defaults, and the terms of the restructured Seller Notes and our credit facility could restrict our ability to raise capital and adversely affect our liquidity and our ability to continue as a going concern" in Part II, Item 1A of this Quarterly Report.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

The following information is included in this Quarterly Report on Form 10-Q in lieu of filing a Current Report on Form 8-K under Item 1.01 (Entry into a Material Definitive Agreement) and Item 2.03 (Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant).

Item 1.01 Entry into a Material Definitive Agreement.

Restructuring of Seller Notes

On November 11, 2026, XTI Drones Holdings, LLC ("XTI Drones"), a majority-owned subsidiary of the Company, the Company and The Origin Group DN, Inc. entered into an Assignment, Assumption and Release Agreement, and XTI Drones, the Company and The Origin Group AZ, Inc. entered into a substantially similar agreement (together, the "Assignment Agreements"). Under the Assignment Agreements, XTI Drones assigned to the Company, and the Company assumed, all of XTI Drones' obligations under the promissory notes issued by XTI Drones on November 10, 2025 in connection with the acquisition of Drone Nerds, LLC ("Drone Nerds") and Anzu Robotics, LLC (the "Seller Notes"), and the holders released XTI Drones from its known obligations under the Seller Notes. The Origin Group DN, Inc. and The Origin Group AZ, Inc. (together, the "Holders") hold all of the outstanding Class B Units of XTI Drones, and Jeremy Schneiderman, the Company's Interim Chief Executive Officer, serves as chief executive officer of, and has an economic interest in, each of the Holders.

Also on November 11, 2026, the Company and the Holders amended and restated the Seller Notes (as amended and restated, the "Restructured Notes"). The Restructured Notes are effective as of June 30, 2026, have an aggregate principal amount of $4,656,330.11 ($4,283,823.70 payable to The Origin Group DN, Inc. and $372,506.41 payable to The Origin Group AZ, Inc.) and bear interest at 8.5% per annum. The principal amount of the Restructured Note payable to The Origin Group DN, Inc. includes a loan fee of $207,539.12. The Company is required to pay interest accrued from June 30, 2026 through November 11, 2026, totaling $138,263.49, within two business days after execution, and, beginning November 30, 2026, monthly payments of principal and interest totaling $95,531.74, with all remaining principal and accrued interest due on September 30, 2028. By written notice delivered before October 31, 2027, the Company may elect to pay interest in kind, in which case the interest rate will increase to 9.5% per annum from the last payment date on which interest was paid in cash. Following an event of default, interest accrues at the applicable rate plus 2.00% per annum. The Company may prepay the Restructured Notes at any time without premium or penalty.

The Restructured Notes become due in full upon a change of control of the Company, XTI Drones or Drone Nerds, or if the Company, XTI Drones or any of their subsidiaries or affiliates refinances its existing bank debt with proceeds exceeding the current facility amount or incurs any new indebtedness, other than indebtedness that the Holders agree in writing (such agreement not to be unreasonably withheld) to exclude and that is subject to a subordination agreement acceptable to the Holders. If the Company or its affiliates receive net proceeds of $15 million or more from the sale of equity or equity-linked securities, other than in an at-the-market offering, the Company must prepay the Restructured Notes in an aggregate amount equal to 10% of the net proceeds if the net proceeds are less than $25 million, 15% of the net proceeds if the net proceeds are at least $25 million but not more than $35 million, and the full outstanding balance if the net proceeds exceed $35 million. Within 15 days after the end of each calendar quarter, beginning with the quarter ending December 31, 2026, the Company must also prepay an aggregate amount equal to 30% of its cash and cash equivalents in excess of $5.0 million as of the end of the quarter.

The Restructured Notes require the Company, among other things, to cause distributions received by XTI Drones from Drone Nerds to be distributed to the Company and to apply them first to amounts then due under the Restructured Notes, in each case to the extent not prohibited by the Credit Agreement, dated as of February 11, 2026, with JPMorgan Chase Bank, N.A. (the "Credit Agreement"), and prohibit the Company and its affiliates from making severance, settlement or separation payments to current or former executives unless the Company is in compliance with its obligations under the Restructured Notes. The Company also agreed to reimburse the Holders' legal fees of up to $40,000. Events of default include failure to make payments within five days after notice, failure to perform other covenants within 15 days after notice, specified bankruptcy and insolvency events involving the Company or XTI Drones, inaccuracy of representations and warranties, and failure of the Holders' security interest to be perfected and first priority. Upon an event of default, the Company must fund an escrow account with distributions from Drone Nerds and with amounts sufficient to pay past-due amounts and payments due over the following 90 days, and if it fails to do so the Holders may accelerate the Restructured Notes. The Restructured Notes reserve the parties' rights with respect to surviving indemnification obligations under the acquisition agreements and a specified claim.

In connection with the Restructured Notes, on November 11, 2026, the Company entered into a Security Agreement with each Holder (together, the "Security Agreements"), granting the Holders a first-priority security interest in distributions made by Drone Nerds to XTI Drones or the Company, distributions received by the Company from XTI Drones to the extent derived from those distributions, and the proceeds thereof. The Holders do not have a security interest in any property of XTI Drones, Drone Nerds or any other loan party under the Credit Agreement.

Waiver under Credit Agreement

On November 12, 2026, Drone Nerds, Anzu Robotics, LLC (together with Drone Nerds, the "Borrowers"), XTI Drones and the other loan parties under the Credit Agreement entered into a Waiver and First Amendment to Credit Agreement (the "Credit Agreement Amendment") with JPMorgan Chase Bank, N.A. (the "Lender"). Under the Credit Agreement Amendment, the Lender waived specified events of default under the Credit Agreement (the "Designated Defaults"), consisting of events of default arising from (i) the payment defaults under the Seller Notes and the resulting cross-defaults, (ii) the incurrence of the Seller Notes by XTI Drones, the failure to disclose the Seller Notes to the Lender and payments on the Seller Notes by the loan parties, including with proceeds of loans under the Credit Agreement, (iii) a reimbursement of $886,605.44 by Drone Nerds to the Company for employee bonuses previously funded by the Company, (iv) borrowing base certificates for the periods ended July 31, August 31 and September 30, 2026 that did not reflect the then-applicable definitions of the borrowing base and eligible accounts, (v) the Borrowers' failure to notify the Lender of investigations and proceedings commenced by the State of Texas, the State of Florida and the Federal Communications Commission, and (vi) the failure to identify the foregoing in borrowing requests, borrowing base certificates and other reports delivered to the Lender. The Lender also agreed not to charge default interest in respect of the Designated Defaults. The waiver is limited to the Designated Defaults, and the Lender reserved all of its other rights and remedies.

The Credit Agreement Amendment also (a) adds eligible credit card receivables to the borrowing base at an 85% advance rate, (b) increases the concentration limit for eligible accounts owing from a specified customer to 50% of eligible accounts through December 31, 2026 and 30% thereafter, (c) permits the bonus reimbursement described above as a restricted payment, (d) amends the definition of the payment conditions applicable to investments, restricted payments and acquisitions, which require, among other things, pro forma availability of at least 25% of the revolving commitment and a trailing twelve-month fixed charge coverage ratio of at least 1.25 to 1.00, and amends the restrictions on payments of other indebtedness, and (e) expands the Borrowers' borrowing base reporting requirements. The effectiveness of the Credit Agreement Amendment was conditioned on, among other things, the Lender's receipt of an assignment, assumption and release agreement releasing XTI Drones, the Borrowers and the other loan parties from all obligations under the Seller Notes, payment by the Borrowers of a $50,000 amendment fee and reimbursement of the Lender's costs and expenses.

The foregoing descriptions of the Assignment Agreements, the Restructured Notes, the Security Agreements and the Credit Agreement Amendment do not purport to be complete and are qualified in their entirety by reference to the full text of those agreements, which are filed as Exhibits 10.11 through 10.17 to this Quarterly Report and incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth above under Item 1.01 under the heading "Restructuring of Seller Notes" is incorporated by reference into this Item 2.03.

Rule 10b5-1 Trading Arrangements

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 September 30, 2026, as such terms are defined under Item 408(a) of Regulation S-K.

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: November 12, 2026

By: /s/ Jeremy Schneiderman

Jeremy Schneiderman
Interim 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*	Share Purchase and Transfer Agreement, dated February 3, 2026, by and between XTI Aerospace, Inc. and EVO 467. GmbH.	8-K	001-36404	2.1	February 4, 2026	
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	
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	
3.17	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	

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.19	Certificate of Amendment to Articles of Incorporation, effective as of January 10, 2025.	8-K	001-36404	3.1	January 10, 2025	
3.20	Certificate of Designation of Preferences and Rights of Series 10 Convertible Preferred Stock.	8-K	001-36404	3.1	November 12, 2025	
3.21	Amended and Restated Bylaws of XTI Aerospace, Inc.	10-Q	001-36404	3.21	August 14, 2025	
4.1	Form of Pre-funded Warrant.	8-K	001-36404	4.1	September 15, 2025	
4.2	Form of Common Warrant.	8-K	001-36404	4.2	September 15, 2025	
4.3	Form of Placement Agent Warrant.	8-K	001-36404	4.3	September 15, 2025	
4.4	Revolving Promissory Note, dated July 10, 2025, issued by Drone Nerds Inc and Anzu Robotics, LLC to Banesco USA.	8-K	001-36404	4.1	November 12, 2025	
4.5	Promissory Note issued by XTI Drones Holdings, LLC to New Drone Nerds S-Corp, Inc., dated November 10, 2025.	8-K	001-36404	4.2	November 12, 2025	
4.6	Promissory Note issued by XTI Drones Holdings, LLC to New Anzu Robotics S-Corp, LLC, dated November 10, 2025.	8-K	001-36404	4.3	November 12, 2025	
4.7	Form of Placement Agent's Warrant.	8-K	001-36404	4.4	November 12, 2025	
4.8	Pre-Funded Warrant, dated January 5, 2026.	8-K	001-36404	4.1	January 9, 2026	
10.1*	Employment Agreement, dated January 9, 2026, by and between XTI Aerospace, Inc, and Tobin Arthur.	8-K	001-36404	10.1	January 9, 2026	
10.2*	Separation Agreement and Release, dated January 29, 2026, by and between XTI Aerospace, Inc. and Soumya Das.	8-K	001-36404	10.1	February 4, 2026	
10.3*	Director Services Agreement, dated February 1, 2026, by and between XTI Aerospace, Inc. and Jonathan Ornstein.	8-K	001-36404	10.2	February 4, 2026	
10.4†	Credit Agreement, dated as of February 11, 2026, by and among Drone Nerds, LLC, Anzu Robotics, LLC, the other Loan Parties party thereto, and JPMorgan Chase Bank, N.A.	8-K	001-36404	10.1	February 17, 2026	
10.5	Security Agreement, dated as of February 11, 2026, by and among Drone Nerds, LLC, Anzu Robotics, LLC, the other Loan Parties party thereto, any additional entities which become parties thereto, and JPMorgan Chase Bank, N.A.	8-K	001-36404	10.2	February 17, 2026	
10.6	Subordination Agreement, dated as of February 11, 2026, by and among Drone Nerds, LLC, the other Loan Parties party thereto, each of the creditors listed on the signatory page thereto, and JPMorgan Chase Bank, N.A.	8-K	001-36404	10.3	February 17, 2026	

10.7†	Intellectual Property Security Agreement, dated as of February 11, 2026, by and between JPMorgan Chase Bank, N.A. and Drone Nerds, LLC and Anzu Robotics, LLC.	10-K	001-36404	10.64	April 15, 2026	
10.8*	Consulting Agreement, dated as of February 1, 2026, by and between XTI Aerospace, Inc. and David E. Brody.	10-K	001-36404	10.67	April 15, 2026	
10.9	Limited Waiver Agreement between XTI Drone Holdings, LLC and The Origin Group DN, Inc., dated as of October 16, 2026.	10-Q	001-36404	10.9	October 20, 2026	
10.10	Limited Waiver Agreement between XTI Drone Holdings, LLC and The Origin Group AZ, Inc., dated as of October 16, 2026.	10-Q	001-36404	10.10	October 20, 2026	
10.11	Security Agreement between XTI Aerospace, Inc. and The Origin Group DN. Inc., dated as of November 11, 2026					X
10.12	Security Agreement between XTI Aerospace, Inc. and The Origin Group AZ, Inc., dated as of November 11, 2026.					X
10.13	Amended and Restated Promissory Note between XTI Aerospace, Inc. and The Origin Group DN, Inc., dated as of November 11, 2026					X
10.14	Amended and Restated Promissory Note between XTI Aerospace, Inc. and The Origin Group AZ, Inc., dated as of November 11, 2026					X
10.15	Assignment, Assumption and Release Agreement between XTI Drones Holdings LLC, XTI Aerospace, Inc. and The Origin Group DN, Inc. dated as of November 11, 2026					X
10.16	Assignment, Assumption and Release Agreement between XTI Drones Holdings LLC, XTI Aerospace, Inc. and The Origin Group AZ, Inc. dated as of November 11, 2026					X
10.17	Waiver and First Amendment to Credit Agreement by and among JPMorgan Chase Bank, N.A., Drone Nerds, LLC and Anzu Robotics LLC dated November 12, 2026					X

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
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 September 30, 2026.					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 September 30, 2026.					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.

* Indicates a management contract or compensatory plan or arrangement.

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.

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement") is entered into as of November 11, 2026, by and between XTI AEROSPACE, INC., a Nevada corporation ("**Debtor**"), and THE ORIGIN GROUP DN, INC., a Delaware corporation ("**Creditor**").

WHEREAS, Debtor has executed and delivered to Creditor that certain Amended and Restated Promissory Note, executed on November 11, 2026 and effective as of September 30, 2026, in the original principal amount of $4,283,823.70, made by Debtor and payable to the order of Creditor (as the same may be amended, restated, supplemented or otherwise modified from time to time, and including all PIK Interest (as defined therein) capitalized thereunder, the "Note"), which amends and restates in its entirety that certain Promissory Note, dated as of November 10, 2025, made by XTI Drones Holdings, LLC, a Texas limited liability company ("**XTI Drones**"), and payable to the order of Creditor, and assigned by XTI Drones to Debtor; and

WHEREAS, Section 8 of the Note provides that Debtor's obligations under the Note shall be secured by a security interest in all cash flows and distributions made by Drone Nerds, LLC, a Florida limited liability company ("DN"), to XTI Drones or Debtor, pursuant to this Agreement and as permitted by the February 11, 2026 Credit Agreement among DN, Anzu Robotics, LLC and JP Morgan Chase Bank, N.A.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows. Capitalized terms used but not defined herein have the meanings given to them in the Note. Terms defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (the "UCC") and not otherwise defined herein have the meanings given to them in the UCC.

1. GRANT OF SECURITY INTEREST. For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby grants to Creditor, as security for the payment and performance of the Obligations (as defined in Section 2), a continuing security interest in all of Debtor's right, title and interest in, to and under the following property, whether now owned or existing or hereafter acquired or arising, and wherever located (collectively, the "**Collateral**"):

(a) all cash flows, distributions (whether in cash or in kind, and whether regular, special, liquidating or otherwise), dividends, returns of capital, redemption or repurchase payments of every kind now or at any time hereafter made or to be made by DN to XTI Drones or to Debtor, whether in respect of any equity interest in DN or otherwise (collectively, "**DN Distributions**");

(b) all cash flows, distributions, dividends, returns of capital, redemption or repurchase payments of every kind now or at any time hereafter made or to be made by XTI Drones to Debtor, to the extent constituting, derived from or traceable to any DN Distributions;

(c) all rights of Debtor to receive, demand, collect and retain any of the foregoing, all general intangibles and payment intangibles arising therefrom or relating thereto, and all books and records relating to any of the foregoing; and

(d) all money, cash, deposit account balances and other funds, wherever held, to the extent constituting or traceable to any of the foregoing, but such amount not to exceed the amount of the

Obligations (as hereafter defined), and together with whatever is receivable or received when any of the foregoing or the proceeds thereof are sold, leased, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, including without limitation, all rights to payment, including returned premiums, with respect to any insurance relating to any of the foregoing, and all rights to payment with respect to any claim or cause of action affecting or relating to any of the foregoing (collectively, "Proceeds").

2. OBLIGATIONS SECURED. The obligations secured hereby are the payment and performance of: (a) all principal of (including all PIK Interest capitalized thereunder), interest on (including interest accruing at the default rate and interest accruing after the commencement of any bankruptcy, insolvency or similar proceeding, whether or not allowed in such proceeding), and all fees, costs, expenses and other amounts payable under, the Note; (b) all other present and future obligations of Debtor to Creditor under the Note; and (c) all obligations of Debtor and rights of Creditor under this Agreement (collectively, the "Obligations").

3. TERMINATION. This Agreement and the security interest granted hereby will terminate upon the indefeasible payment and performance in full of all Obligations (other than contingent indemnification obligations for which no claim has been asserted), whereupon Creditor shall, at Debtor's expense, promptly execute and deliver to Debtor such UCC termination statements and other documents as Debtor may reasonably request to evidence such termination.

4. OBLIGATIONS OF CREDITOR. Creditor has no obligation to make any loans hereunder. Any money received by Creditor in respect of the Collateral may be applied by Creditor to the Obligations in accordance with the Note or, at Creditor's option, deposited into an interest bearing account over which no Debtor shall have control, and the same shall, for all purposes, be deemed Collateral hereunder.

5. REPRESENTATIONS AND WARRANTIES. Debtor represents and warrants to Creditor that: (a) Debtor's exact legal name is as set forth in the preamble to this Agreement, Debtor is organized and in good standing under the laws of its state of organization, and all of Debtor's organizational documents or agreements delivered to Creditor are complete and accurate in every respect; (b) Debtor has rights in the Collateral and Proceeds and the power to transfer rights in the Collateral and Proceeds to Creditor; (c) Debtor has the right to grant a security interest in the Collateral and Proceeds; (d) all Collateral and Proceeds are free from liens, security interests, adverse claims and setoffs of any kind or character, except the security interest in favor of Creditor hereunder; (e) all statements contained herein are true and complete in all material respects; (f) no financing statement covering any of the Collateral or Proceeds, and naming any secured party other than Creditor, is on file in any public office; and (g) the execution, delivery and performance by Debtor of this Agreement and the grant of the security interest hereunder do not violate, conflict with or require any consent under any agreement or instrument binding on Debtor.

6. COVENANTS OF DEBTOR.

(a) Debtor agrees: (i) to pay the Obligations secured hereby when due in accordance with the Note and this Agreement; (ii) to indemnify Creditor against all losses, claims, demands, liabilities and expenses of every kind caused by property subject hereto; (iii) to permit Creditor to exercise its powers as provided herein and in the Note; (iv) to execute and deliver such documents as Creditor reasonably deems necessary to create, perfect and continue the security interests contemplated hereby; (v) not to change its name, its chief executive office or the jurisdiction in which it is organized and/or registered without giving Creditor at least twenty (20) days' prior written notice thereof; (vi) not to change the places where Debtor keeps Debtor's records concerning the Collateral and Proceeds without giving Creditor prior written notice of the address to which Debtor is moving same; (vii) to cooperate with Creditor in perfecting all security interests granted herein and in obtaining such agreements from third parties as

Creditor reasonably deems necessary, proper or convenient in connection with the preservation, perfection or enforcement of any of its rights hereunder; and (viii) in accordance with Section 8 of the Note, to keep records sufficient to identify and trace all DN Distributions and the Proceeds thereof, and to execute and deliver such documentation as Creditor may reasonably request to enable Creditor to trace DN Distributions and to perfect the security interest granted hereby.

(b) Debtor agrees with regard to the Collateral and Proceeds, unless Creditor agrees otherwise in writing: (i) that Creditor is authorized to file financing statements in any filing office, naming Debtor as debtor and describing the Collateral, to perfect Creditor's security interest in Collateral and Proceeds; (ii) not to permit any lien on the Collateral or Proceeds except in favor of Creditor; (iii) not to sell, assign, hypothecate or otherwise dispose of, nor permit the transfer by operation of law of, any of the Collateral or Proceeds or any interest therein, except so long as no Event of Default has occurred and is continuing, the receipt, retention and use by Debtor of DN Distributions and the Proceeds thereof; (iv) to keep complete and accurate records regarding all Collateral and Proceeds, and to permit Creditor to inspect the same and make copies thereof at any reasonable time following reasonable prior notice, although such notice is not required upon the occurrence and during the continuance of an Event of Default; (v) following the occurrence and during the continuance of an Event of Default, to receive all DN Distributions and other Collateral and Proceeds in trust and as the property of Creditor, not to commingle the same with other property, and to immediately endorse as appropriate and deliver the same to Creditor in the exact form in which they are received; (vi) from time to time, when reasonably requested by Creditor, to prepare and deliver a schedule of all DN Distributions received by Debtor; and (vii) in the event Creditor exercises any remedies hereunder, including the election to receive payments of Collateral or Proceeds hereunder following the occurrence and during the continuance of an Event of Default, to pay all reasonable expenses actually incurred by Creditor in connection therewith.

7. POWERS OF CREDITOR.

Debtor appoints Creditor its true attorney in fact to perform any of the following powers following the occurrence and during the continuation of an Event of Default, which are coupled with an interest, are irrevocable until termination of this Agreement and may be exercised from time to time by Creditor's officers and employees, or any of them: (a) to perform any obligation of Debtor hereunder in Debtor's name or otherwise; (b) to give notice to DN, XTI Drones and any other person obligated on any Collateral or Proceeds of Creditor's rights in the Collateral and Proceeds, to enforce or forebear from enforcing the same and make extension and modification agreements with respect thereto; (c) to release persons liable on Collateral or Proceeds and to give receipts and acquittances and compromise disputes in connection therewith; (d) to release or substitute security; (e) to resort to security in any order; (f) to prepare, execute, file, record or deliver notes, assignments, schedules, designation statements, financing statements, continuation statements, termination statements, statements of assignment or like papers to perfect, preserve or release Creditor's interest in the Collateral and Proceeds; (g) to take cash, instruments for the payment of money and other property to which Creditor is entitled; (h) to verify facts concerning the Collateral and Proceeds by inquiry of obligors thereon, or otherwise, in its own name; (i) to endorse, collect, deliver and receive payment under instruments for the payment of money constituting or relating to Collateral or Proceeds; (j) to exercise all rights, powers and remedies which Debtor would have, but for this Agreement, with respect to all Collateral and Proceeds subject hereto; (k) to make withdrawals from and to close deposit accounts or other accounts with any financial institution, wherever located, into which Collateral or Proceeds may have been deposited, and to apply funds so withdrawn to payment of the Obligations; and (l) to do all acts and things and execute all documents in the name of Debtor or otherwise, deemed by Creditor as reasonably necessary, proper and convenient in connection with the preservation, perfection or enforcement of its rights hereunder.

8. PAYMENT OF TAXES, CHARGES, LIENS AND ASSESSMENTS.

Debtor agrees to pay, prior to delinquency, all taxes, charges, liens and assessments against the Collateral and Proceeds except (a) such as Debtor may in good faith contest or as to which a bona fide dispute may

arise, and (b) for which Debtor has made provision, to Creditor's reasonable satisfaction, for eventual payment thereof in the event Debtor is obligated to make such payment, and upon the failure of Debtor to do so for 20 days, Creditor at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Any such payments made by Creditor shall be obligations of Debtor to Creditor, due and payable immediately upon demand, together with interest at the default rate of interest set forth in Section 2 of the Note, and shall constitute Obligations secured by the Collateral and Proceeds, subject to all terms and conditions of this Agreement.

9. EVENTS OF DEFAULT. The occurrence of any "Event of Default" under and as defined in the Note shall constitute an "Event of Default" under this Agreement. Without limiting the foregoing, Debtor acknowledges that, pursuant to Section 9 of the Note, each of the following constitutes an Event of Default: (a) Debtor shall fail to observe or perform any agreement or covenant set forth in this Agreement and such failure continues for a period of fifteen (15) days; (b) any representation or warranty made by Debtor in this Agreement shall prove to have been false or incorrect when made; and (c) Creditor fails to have a perfected, first priority security interest in the Collateral.

10. REMEDIES. Upon the occurrence of any Event of Default, Creditor shall have the right to declare immediately due and payable all or any Obligations secured hereby in accordance with the Note. Creditor shall have all other rights, powers, privileges and remedies granted to a secured party upon default under the UCC or otherwise provided by law, including without limitation, the right (a) to contact DN, XTI Drones and all other persons obligated to Debtor on any Collateral or Proceeds and to instruct such persons to deliver all Collateral and/or Proceeds directly to Creditor, and (b) to sell, lease, license or otherwise dispose of any or all Collateral. All rights, powers, privileges and remedies of Creditor shall be cumulative. No delay, failure or discontinuance of Creditor in exercising any right, power, privilege or remedy hereunder shall affect or operate as a waiver of such right, power, privilege or remedy; nor shall any single or partial exercise of any such right, power, privilege or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. Any waiver, permit, consent or approval of any kind by Creditor of any default hereunder, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing. It is agreed that public or private sales or other dispositions, for cash or on credit, to a wholesaler or retailer or investor, or user of property of the types subject to this Agreement, or public auctions, are all commercially reasonable since differences in the prices generally realized in the different kinds of dispositions are ordinarily offset by the differences in the costs and credit risks of such dispositions. While an Event of Default exists: (a) Debtor will deliver to Creditor from time to time, as requested by Creditor, current lists of all Collateral and Proceeds; (b) Debtor will not dispose of any Collateral or Proceeds except on terms approved by Creditor; and (c) at Creditor's request, Debtor will assemble and deliver all Collateral and Proceeds, and books and records pertaining thereto, to Creditor at a reasonably convenient place designated by Creditor. Debtor further agrees that Creditor shall have no obligation to process or prepare any Collateral for sale or other disposition.

11. DISPOSITION OF COLLATERAL AND PROCEEDS; TRANSFER OF OBLIGATIONS. In disposing of Collateral hereunder, Creditor may disclaim all warranties of title, possession, quiet enjoyment and the like. Any proceeds of any disposition of any Collateral or Proceeds, or any part thereof, may be applied by Creditor to the payment of expenses incurred by Creditor in connection with the foregoing, including reasonable attorneys' fees, and the balance of such proceeds may be applied by Creditor toward the payment of the Obligations in such order of application as Creditor may from time to time elect, and any surplus shall be paid to Debtor or as otherwise required by applicable law. Upon the transfer of all or any part of the Obligations, Creditor may transfer all or any part of the Collateral or Proceeds and shall be fully discharged thereafter from all liability and responsibility with respect to any of the foregoing so transferred, and the transferee shall be vested with all rights and powers of Creditor hereunder with respect to any of the foregoing so transferred; but with respect to any Collateral or Proceeds not so transferred, Creditor shall retain all rights, powers, privileges and remedies herein given.

12. STATUTE OF LIMITATIONS. Until all Obligations shall have been paid in full, the power of sale or other disposition and all other rights, powers, privileges and remedies granted to Creditor hereunder during the existence of an Event of Default shall continue to exist and may be exercised by Creditor at any time and from time to time irrespective of the fact that the Obligations or any part thereof may have become barred by any statute of limitations, or that the personal liability of Debtor may have ceased, unless such liability shall have ceased due to the payment in full of all Obligations secured hereunder.

13. MISCELLANEOUS. Debtor hereby waives any right to require Creditor to (i) proceed against Debtor or any other person, (ii) marshal assets or proceed against or exhaust any security from Debtor or any other person, (iii) perform any obligation of Debtor with respect to any Collateral or Proceeds, and (iv) make any presentment or demand, or give any notice of nonpayment or nonperformance, protest, notice of protest or notice of dishonor hereunder or in connection with any Collateral or Proceeds. Debtor further waives any right to direct the application of payments or security for any Obligations.

14. NOTICES. All notices, requests and demands required under this Agreement must be in writing, addressed to each party at its address set forth on the signature page hereto or to such other address as any party may designate by written notice to each other party, and shall be deemed to have been given or made as follows: (a) if personally delivered, upon delivery; (b) if sent by nationally recognized overnight courier, one (1) business day after deposit with such courier; and (c) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid.

15. COSTS, EXPENSES AND ATTORNEYS' FEES. Debtor shall pay to Creditor promptly upon demand the full amount of all reasonable payments, advances, charges, costs and expenses, including reasonable attorneys' fees, actually expended or incurred by Creditor in connection with (a) the perfection and preservation of the Collateral or Creditor's interest therein, and (b) the realization, enforcement and exercise of any right, power, privilege or remedy conferred by this Agreement, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Creditor or any other person) relating to Debtor or in any way affecting any of the Collateral or Creditor's ability to exercise any of its rights or remedies with respect thereto. All of the foregoing shall be paid by Debtor with interest from the date of demand until paid in full at a rate per annum equal to the default rate of interest set forth in Section 2 of the Note.

16. SUCCESSORS; ASSIGNS; AMENDMENT. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties; provided that Debtor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of Creditor. Creditor may assign this Agreement, in whole or in part, together with any assignment of all or any portion of its interest in the Note. This Agreement may be amended or modified only in writing signed by Creditor and Debtor.

17. SENIOR STATUS OF CREDITOR. Creditor is and shall at all times remain the senior secured creditor of Debtor with respect to the Collateral and Proceeds, holding a first priority security interest therein and a first priority right to all DN Distributions.

18. SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or any remaining provisions of this Agreement.

19. GOVERNING LAW; JURISDICTION; JURY WAIVER. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, except to the extent that the UCC provides that the perfection, the effect of perfection or non-perfection, or the priority of the security interest granted hereunder is governed by the laws of another jurisdiction. Section 13 of the Note (relating to jurisdiction, venue and waiver of jury trial) is incorporated herein by reference, mutatis mutandis, as if each reference therein to "this Note" were a reference to this Agreement and each reference to "Maker" and "Payee" were a reference to Debtor and Creditor, respectively.

Debtor warrants that it is a corporation organized under the laws of the State of Nevada.

Debtor warrants that its chief executive office is located at the following address: 8132 Interport Boulevard Englewood, CO 80112.

IN WITNESS WHEREOF, this Agreement has been duly executed as of November 11, 2026.

DEBTOR:

XTI AEROSPACE, INC.

By: /s. Brooke Turk

Name: Brooke Turk

Title: Chief Financial Officer

Address for notices: 8132 Interport Boulevard, Englewood, CO 80112

CREDITOR: THE ORIGIN GROUP DN, INC.

By: /s/ Robert Weitzner

Name: Robert Weitzner

Title: Vice President

Address for notices: 21203 NE 38th Ave
Aventura, FL 33180

Exhibit 10.12

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement") is entered into as of November 11, 2026, by and between XTI AEROSPACE, INC., a Nevada corporation ("**Debtor**"), and THE ORIGIN GROUP AZ, INC., a Delaware corporation ("**Creditor**").

WHEREAS, Debtor has executed and delivered to Creditor that certain Amended and Restated Promissory Note, executed on November 11, 2026 and effective as of September 30, 2026, in the original principal amount of $372,506.41, made by Debtor and payable to the order of Creditor (as the same may be amended, restated, supplemented or otherwise modified from time to time, and including all PIK Interest (as defined therein) capitalized thereunder, the "Note"), which amends and restates in its entirety that certain Promissory Note, dated as of November 10, 2025, made by XTI Drones Holdings, LLC, a Texas limited liability company ("**XTI Drones**"), and payable to the order of Creditor, and assigned by XTI Drones to Debtor; and

WHEREAS, Section 8 of the Note provides that Debtor's obligations under the Note shall be secured by a security interest in all cash flows and distributions made by Drone Nerds, LLC, a Florida limited liability company ("DN"), to XTI Drones or Debtor, pursuant to this Agreement and as permitted by the February 11, 2026 Credit Agreement among DN, Anzu Robotics, LLC and JP Morgan Chase Bank, N.A.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows. Capitalized terms used but not defined herein have the meanings given to them in the Note. Terms defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (the "UCC") and not otherwise defined herein have the meanings given to them in the UCC.

1. GRANT OF SECURITY INTEREST. For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby grants to Creditor, as security for the payment and performance of the Obligations (as defined in Section 2), a continuing security interest in all of Debtor's right, title and interest in, to and under the following property, whether now owned or existing or hereafter acquired or arising, and wherever located (collectively, the "**Collateral**"):

(a) all cash flows, distributions (whether in cash or in kind, and whether regular, special, liquidating or otherwise), dividends, returns of capital, redemption or repurchase payments of every kind now or at any time hereafter made or to be made by DN to XTI Drones or to Debtor, whether in respect of any equity interest in DN or otherwise (collectively, "**DN Distributions**");

(b) all cash flows, distributions, dividends, returns of capital, redemption or repurchase payments of every kind now or at any time hereafter made or to be made by XTI Drones to Debtor, to the extent constituting, derived from or traceable to any DN Distributions;

(c) all rights of Debtor to receive, demand, collect and retain any of the foregoing, all general intangibles and payment intangibles arising therefrom or relating thereto, and all books and records relating to any of the foregoing; and

(d) all money, cash, deposit account balances and other funds, wherever held, to the extent constituting or traceable to any of the foregoing, but such amount not to exceed the amount of the

Obligations (as hereafter defined), and together with whatever is receivable or received when any of the foregoing or the proceeds thereof are sold, leased, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, including without limitation, all rights to payment, including returned premiums, with respect to any insurance relating to any of the foregoing, and all rights to payment with respect to any claim or cause of action affecting or relating to any of the foregoing (collectively, "Proceeds").

2. OBLIGATIONS SECURED. The obligations secured hereby are the payment and performance of: (a) all principal of (including all PIK Interest capitalized thereunder), interest on (including interest accruing at the default rate and interest accruing after the commencement of any bankruptcy, insolvency or similar proceeding, whether or not allowed in such proceeding), and all fees, costs, expenses and other amounts payable under, the Note; (b) all other present and future obligations of Debtor to Creditor under the Note; and (c) all obligations of Debtor and rights of Creditor under this Agreement (collectively, the "Obligations").

3. TERMINATION. This Agreement and the security interest granted hereby will terminate upon the indefeasible payment and performance in full of all Obligations (other than contingent indemnification obligations for which no claim has been asserted), whereupon Creditor shall, at Debtor's expense, promptly execute and deliver to Debtor such UCC termination statements and other documents as Debtor may reasonably request to evidence such termination.

4. OBLIGATIONS OF CREDITOR. Creditor has no obligation to make any loans hereunder. Any money received by Creditor in respect of the Collateral may be applied by Creditor to the Obligations in accordance with the Note or, at Creditor's option, deposited into an interest bearing account over which no Debtor shall have control, and the same shall, for all purposes, be deemed Collateral hereunder.

5. REPRESENTATIONS AND WARRANTIES. Debtor represents and warrants to Creditor that: (a) Debtor's exact legal name is as set forth in the preamble to this Agreement, Debtor is organized and in good standing under the laws of its state of organization, and all of Debtor's organizational documents or agreements delivered to Creditor are complete and accurate in every respect; (b) Debtor has rights in the Collateral and Proceeds and the power to transfer rights in the Collateral and Proceeds to Creditor; (c) Debtor has the right to grant a security interest in the Collateral and Proceeds; (d) all Collateral and Proceeds are free from liens, security interests, adverse claims and setoffs of any kind or character, except the security interest in favor of Creditor hereunder; (e) all statements contained herein are true and complete in all material respects; (f) no financing statement covering any of the Collateral or Proceeds, and naming any secured party other than Creditor, is on file in any public office; and (g) the execution, delivery and performance by Debtor of this Agreement and the grant of the security interest hereunder do not violate, conflict with or require any consent under any agreement or instrument binding on Debtor.

6. COVENANTS OF DEBTOR.

(a) Debtor agrees: (i) to pay the Obligations secured hereby when due in accordance with the Note and this Agreement; (ii) to indemnify Creditor against all losses, claims, demands, liabilities and expenses of every kind caused by property subject hereto; (iii) to permit Creditor to exercise its powers as provided herein and in the Note; (iv) to execute and deliver such documents as Creditor reasonably deems necessary to create, perfect and continue the security interests contemplated hereby; (v) not to change its name, its chief executive office or the jurisdiction in which it is organized and/or registered without giving Creditor at least twenty (20) days' prior written notice thereof; (vi) not to change the places where Debtor keeps Debtor's records concerning the Collateral and Proceeds without giving Creditor prior written notice of the address to which Debtor is moving same; (vii) to cooperate with Creditor in perfecting all security interests granted herein and in obtaining such agreements from third parties as

Creditor reasonably deems necessary, proper or convenient in connection with the preservation, perfection or enforcement of any of its rights hereunder; and (viii) in accordance with Section 8 of the Note, to keep records sufficient to identify and trace all DN Distributions and the Proceeds thereof, and to execute and deliver such documentation as Creditor may reasonably request to enable Creditor to trace DN Distributions and to perfect the security interest granted hereby.

(b) Debtor agrees with regard to the Collateral and Proceeds, unless Creditor agrees otherwise in writing: (i) that Creditor is authorized to file financing statements in any filing office, naming Debtor as debtor and describing the Collateral, to perfect Creditor's security interest in Collateral and Proceeds; (ii) not to permit any lien on the Collateral or Proceeds except in favor of Creditor; (iii) not to sell, assign, hypothecate or otherwise dispose of, nor permit the transfer by operation of law of, any of the Collateral or Proceeds or any interest therein, except so long as no Event of Default has occurred and is continuing, the receipt, retention and use by Debtor of DN Distributions and the Proceeds thereof; (iv) to keep complete and accurate records regarding all Collateral and Proceeds, and to permit Creditor to inspect the same and make copies thereof at any reasonable time following reasonable prior notice, although such notice is not required upon the occurrence and during the continuance of an Event of Default; (v) following the occurrence and during the continuance of an Event of Default, to receive all DN Distributions and other Collateral and Proceeds in trust and as the property of Creditor, not to commingle the same with other property, and to immediately endorse as appropriate and deliver the same to Creditor in the exact form in which they are received; (vi) from time to time, when reasonably requested by Creditor, to prepare and deliver a schedule of all DN Distributions received by Debtor; and (vii) in the event Creditor exercises any remedies hereunder, including the election to receive payments of Collateral or Proceeds hereunder following the occurrence and during the continuance of an Event of Default, to pay all reasonable expenses actually incurred by Creditor in connection therewith.

7. POWERS OF CREDITOR.

Debtor appoints Creditor its true attorney in fact to perform any of the following powers following the occurrence and during the continuation of an Event of Default, which are coupled with an interest, are irrevocable until termination of this Agreement and may be exercised from time to time by Creditor's officers and employees, or any of them: (a) to perform any obligation of Debtor hereunder in Debtor's name or otherwise; (b) to give notice to DN, XTI Drones and any other person obligated on any Collateral or Proceeds of Creditor's rights in the Collateral and Proceeds, to enforce or forebear from enforcing the same and make extension and modification agreements with respect thereto; (c) to release persons liable on Collateral or Proceeds and to give receipts and acquittances and compromise disputes in connection therewith; (d) to release or substitute security; (e) to resort to security in any order; (f) to prepare, execute, file, record or deliver notes, assignments, schedules, designation statements, financing statements, continuation statements, termination statements, statements of assignment or like papers to perfect, preserve or release Creditor's interest in the Collateral and Proceeds; (g) to take cash, instruments for the payment of money and other property to which Creditor is entitled; (h) to verify facts concerning the Collateral and Proceeds by inquiry of obligors thereon, or otherwise, in its own name; (i) to endorse, collect, deliver and receive payment under instruments for the payment of money constituting or relating to Collateral or Proceeds; (j) to exercise all rights, powers and remedies which Debtor would have, but for this Agreement, with respect to all Collateral and Proceeds subject hereto; (k) to make withdrawals from and to close deposit accounts or other accounts with any financial institution, wherever located, into which Collateral or Proceeds may have been deposited, and to apply funds so withdrawn to payment of the Obligations; and (l) to do all acts and things and execute all documents in the name of Debtor or otherwise, deemed by Creditor as reasonably necessary, proper and convenient in connection with the preservation, perfection or enforcement of its rights hereunder.

8. PAYMENT OF TAXES, CHARGES, LIENS AND ASSESSMENTS.

Debtor agrees to pay, prior to delinquency, all taxes, charges, liens and assessments against the Collateral and Proceeds except (a) such as Debtor may in good faith contest or as to which a bona fide dispute may

arise, and (b) for which Debtor has made provision, to Creditor's reasonable satisfaction, for eventual payment thereof in the event Debtor is obligated to make such payment, and upon the failure of Debtor to do so for 20 days, Creditor at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Any such payments made by Creditor shall be obligations of Debtor to Creditor, due and payable immediately upon demand, together with interest at the default rate of interest set forth in Section 2 of the Note, and shall constitute Obligations secured by the Collateral and Proceeds, subject to all terms and conditions of this Agreement.

9. EVENTS OF DEFAULT. The occurrence of any "Event of Default" under and as defined in the Note shall constitute an "Event of Default" under this Agreement. Without limiting the foregoing, Debtor acknowledges that, pursuant to Section 9 of the Note, each of the following constitutes an Event of Default: (a) Debtor shall fail to observe or perform any agreement or covenant set forth in this Agreement and such failure continues for a period of fifteen (15) days; (b) any representation or warranty made by Debtor in this Agreement shall prove to have been false or incorrect when made; and (c) Creditor fails to have a perfected, first priority security interest in the Collateral.

10. REMEDIES. Upon the occurrence of any Event of Default, Creditor shall have the right to declare immediately due and payable all or any Obligations secured hereby in accordance with the Note. Creditor shall have all other rights, powers, privileges and remedies granted to a secured party upon default under the UCC or otherwise provided by law, including without limitation, the right (a) to contact DN, XTI Drones and all other persons obligated to Debtor on any Collateral or Proceeds and to instruct such persons to deliver all Collateral and/or Proceeds directly to Creditor, and (b) to sell, lease, license or otherwise dispose of any or all Collateral. All rights, powers, privileges and remedies of Creditor shall be cumulative. No delay, failure or discontinuance of Creditor in exercising any right, power, privilege or remedy hereunder shall affect or operate as a waiver of such right, power, privilege or remedy; nor shall any single or partial exercise of any such right, power, privilege or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. Any waiver, permit, consent or approval of any kind by Creditor of any default hereunder, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing. It is agreed that public or private sales or other dispositions, for cash or on credit, to a wholesaler or retailer or investor, or user of property of the types subject to this Agreement, or public auctions, are all commercially reasonable since differences in the prices generally realized in the different kinds of dispositions are ordinarily offset by the differences in the costs and credit risks of such dispositions. While an Event of Default exists: (a) Debtor will deliver to Creditor from time to time, as requested by Creditor, current lists of all Collateral and Proceeds; (b) Debtor will not dispose of any Collateral or Proceeds except on terms approved by Creditor; and (c) at Creditor's request, Debtor will assemble and deliver all Collateral and Proceeds, and books and records pertaining thereto, to Creditor at a reasonably convenient place designated by Creditor. Debtor further agrees that Creditor shall have no obligation to process or prepare any Collateral for sale or other disposition.

11. DISPOSITION OF COLLATERAL AND PROCEEDS; TRANSFER OF OBLIGATIONS. In disposing of Collateral hereunder, Creditor may disclaim all warranties of title, possession, quiet enjoyment and the like. Any proceeds of any disposition of any Collateral or Proceeds, or any part thereof, may be applied by Creditor to the payment of expenses incurred by Creditor in connection with the foregoing, including reasonable attorneys' fees, and the balance of such proceeds may be applied by Creditor toward the payment of the Obligations in such order of application as Creditor may from time to time elect, and any surplus shall be paid to Debtor or as otherwise required by applicable law. Upon the transfer of all or any part of the Obligations, Creditor may transfer all or any part of the Collateral or Proceeds and shall be fully discharged thereafter from all liability and responsibility with respect to any of the foregoing so transferred, and the transferee shall be vested with all rights and powers of Creditor hereunder with respect to any of the foregoing so transferred; but with respect to any Collateral or Proceeds not so transferred, Creditor shall retain all rights, powers, privileges and remedies herein given.

12. STATUTE OF LIMITATIONS. Until all Obligations shall have been paid in full, the power of sale or other disposition and all other rights, powers, privileges and remedies granted to Creditor hereunder during the existence of an Event of Default shall continue to exist and may be exercised by Creditor at any time and from time to time irrespective of the fact that the Obligations or any part thereof may have become barred by any statute of limitations, or that the personal liability of Debtor may have ceased, unless such liability shall have ceased due to the payment in full of all Obligations secured hereunder.

13. MISCELLANEOUS. Debtor hereby waives any right to require Creditor to (i) proceed against Debtor or any other person, (ii) marshal assets or proceed against or exhaust any security from Debtor or any other person, (iii) perform any obligation of Debtor with respect to any Collateral or Proceeds, and (iv) make any presentment or demand, or give any notice of nonpayment or nonperformance, protest, notice of protest or notice of dishonor hereunder or in connection with any Collateral or Proceeds. Debtor further waives any right to direct the application of payments or security for any Obligations.

14. NOTICES. All notices, requests and demands required under this Agreement must be in writing, addressed to each party at its address set forth on the signature page hereto or to such other address as any party may designate by written notice to each other party, and shall be deemed to have been given or made as follows: (a) if personally delivered, upon delivery; (b) if sent by nationally recognized overnight courier, one (1) business day after deposit with such courier; and (c) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid.

15. COSTS, EXPENSES AND ATTORNEYS' FEES. Debtor shall pay to Creditor promptly upon demand the full amount of all reasonable payments, advances, charges, costs and expenses, including reasonable attorneys' fees, actually expended or incurred by Creditor in connection with (a) the perfection and preservation of the Collateral or Creditor's interest therein, and (b) the realization, enforcement and exercise of any right, power, privilege or remedy conferred by this Agreement, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Creditor or any other person) relating to Debtor or in any way affecting any of the Collateral or Creditor's ability to exercise any of its rights or remedies with respect thereto. All of the foregoing shall be paid by Debtor with interest from the date of demand until paid in full at a rate per annum equal to the default rate of interest set forth in Section 2 of the Note.

16. SUCCESSORS; ASSIGNS; AMENDMENT. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties; provided that Debtor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of Creditor. Creditor may assign this Agreement, in whole or in part, together with any assignment of all or any portion of its interest in the Note. This Agreement may be amended or modified only in writing signed by Creditor and Debtor.

17. SENIOR STATUS OF CREDITOR. Creditor is and shall at all times remain the senior secured creditor of Debtor with respect to the Collateral and Proceeds, holding a first priority security interest therein and a first priority right to all DN Distributions.

18. SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or any remaining provisions of this Agreement.

19. GOVERNING LAW; JURISDICTION; JURY WAIVER. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, except to the extent that the UCC provides that the perfection, the effect of perfection or non-perfection, or the priority of the security interest granted hereunder is governed by the laws of another jurisdiction. Section 13 of the Note (relating to jurisdiction, venue and waiver of jury trial) is incorporated herein by reference, mutatis mutandis, as if each reference therein to "this Note" were a reference to this Agreement and each reference to "Maker" and "Payee" were a reference to Debtor and Creditor, respectively.

Debtor warrants that it is a corporation organized under the laws of the State of Nevada.

Debtor warrants that its chief executive office is located at the following address: 8132 Interport Boulevard Englewood, CO 80112.

IN WITNESS WHEREOF, this Agreement has been duly executed as of November 11, 2026.

DEBTOR:

XTI AEROSPACE, INC.

By: /s/ Brooke Turk

Name: Brooke Turk

Title: Chief Financial Officer

Address for notices: 8132 Interport Boulevard, Englewood, CO 80112

CREDITOR: THE ORIGIN GROUP AZ, INC.

By: /s/ Robert Weitzner

Name: Robert Weitzner

Title: Vice President

Address for notices: 21203 NE 38th Ave
Aventura, FL 33180

Exhibit 10.13

AMENDED AND RESTATED PROMISSORY NOTE

$4,283,823.70 As of September 30, 2026

FOR VALUE RECEIVED, the undersigned, XTI Aerospace, Inc., a Nevada corporation ("**Maker**"), hereby unconditionally promises to pay to the order of The Origin Group DN, Inc., a Delaware corporation ("**Payee**"), the principal sum of Four Million Two Hundred Eighty-Three Thousand Eight Hundred Twenty Three and 70/100 Dollars ($4,283,823.70), in lawful money of the United States of America, together with interest accrued on the unpaid balance in accordance herewith. This Note is executed on November 11, 2026 (the "**Execution Date**") but is effective as of June 30, 2026.

This Amended and Restated Promissory Note ("**Note**") is issued in connection with that certain Membership Interest Purchase Agreement, dated as of November 10, 2025 (the "**Membership Interest Purchase Agreement**"; capitalized terms used herein but not defined herein are defined in the Membership Interest Purchase Agreement), by and among (a) XTI Drones Holdings, LLC, a Texas limited liability company ("**XTI Drones**"), (b) the Payee, (c) Drone Nerds, LLC, a Florida limited liability company ("**DN**"), and (d) each of the Seller Owners listed on Annex A-1 attached thereto. This Note is subject to adjustment as provided in the Membership Interest Purchase Agreement. Maker shall be entitled to the benefit of any such adjustment, and of any right of setoff, reduction or other adjustment afforded to XTI Drones under the Membership Interest Purchase Agreement with respect to the Prior Note or this Note, to the same extent as if Maker were XTI Drones thereunder.

1. The principal of and interest on this Note shall be payable as follows:

(a) Interest accrued from June 30, 2026 to the Execution Date shall be paid within two (2) business days after the Execution Date in the amount of $127,202.41.

(b) On the last day of each calendar month, beginning November 30, 2026 (each a "**Required Payment Date**"), principal and interest in the amount of Eighty-Seven Thousand Eight Hundred Eighty Nine and 20/100 Dollars ($87,889.20) shall be repaid by Maker to Payee, together with any additional accrued and unpaid interest as of such Required Payment Date.

(c) The entire outstanding principal amount of this Note shall be repaid by Maker to Payee on or prior to September 30, 2028 ("**Due Date**"), together with all accrued and unpaid interest as of the date thereof.

(d) All outstanding accrued interest and the unpaid principal amount of this Note shall be due and payable in full on the earlier of the following: (a) the Due Date; (b) a Change of Control (as hereafter defined); (c) a Debt Refinancing (as hereafter defined); or (d) such obligations becoming due and payable in accordance with Section 9 hereof. "**Change of Control**" means (i) any merger, consolidation, or other business combination in which Maker, XTI Drones or DN is not the surviving entity or in which the holders of Maker's, XTI Drones' or DN's voting securities immediately prior to such transaction hold less than 50% of the voting securities of the surviving entity, (ii) any sale, lease, or other disposition of all or substantially all of the assets of Maker, XTI Drones or DN, or (iii) any acquisition by a person, entity or group of more than 50% of the outstanding voting securities of Maker, XTI Drones or DN. "**Debt Refinancing**" means Maker, XTI Drones or any of their subsidiaries or Affiliates (i) refinancing,

restructuring, or replacing its existing commercial bank debt where such refinancing, restructuring or replacement results in proceeds exceeding the current facility amount or (ii) incurring any new debt; provided, however, that "Debt Refinancing" shall not include any debt which the Payee agrees in writing should not constitute "Debt Refinancing" for purposes of this Note (which consent shall not be unreasonably withheld) and is subject to a written subordination agreement acceptable to Payee.

(e) Upon the occurrence of an Equity Raise (or the last closing of an Equity Raise consisting of a series of transactions) where Maker or one or more of its Affiliates (as defined in the Membership Interest Purchase Agreement) receive, as a result of a single transaction or a series of transactions occurring pursuant to one or more closings, in any case after the date hereof, net proceeds from the issuance or sale of equity securities (including securities convertible into or exercisable or exchangeable for equity securities) (any such transaction or series of transactions, an "**Equity Raise**", and the amount of such net proceeds being the "**Capital Raise Amount**"), Maker shall pay to Payee a principal amount equal to (i) if the Capital Raise Amount is less than Fifteen Million Dollars ($15,000,000), zero percent (0%) of the Capital Raise Amount, (ii) if the Capital Raise Amount is equal to or greater than Fifteen Million Dollars ($15,000,000) but less than Twenty Five Million Dollars ($25,000,000), nine and two tenths percent (9.2%) of the Capital Raise Amount, (iii) if the Capital Raise Amount is equal to or greater than Twenty Five Million Dollars ($25,000,000) and less than or equal to Thirty Five Million Dollars ($35,000,000), thirteen and eight tenths percent (13.8%) of the Capital Raise Amount and (iv) if the Capital Raise Amount is greater than Thirty Five Million Dollars ($35,000,000), the outstanding principal amount of this Note, together with all accrued but unpaid interest thereon; provided that, in the case of an Equity Raise consisting of a series of transactions, any amount previously paid to Payee under this Section 1(e) in respect of an earlier closing in such series shall be credited against the amount payable upon a later closing in such series; and provided further that the foregoing shall not apply to proceeds generated by any "at the market offering" (as defined in Rule 415 under the Securities Act of 1933, as amended);

(f) Within fifteen days of the last day of each calendar quarter, beginning December 31, 2026, Maker shall pay to Payee a principal amount equal to twenty seven and six tenths percent (27.6%) of the amount of cash and cash equivalents on Maker's balance sheet in excess of $5,000,000 as of the last day of such calendar quarter (such amount calculated without giving effect to any transfers of cash from Maker made outside of the ordinary course of business within 10 business days of such quarter end), together with all accrued and unpaid interest on such amount;

(g) All payments due under this Note shall be paid to Payee in lawful money of the United States of America by wire transfer of immediately available funds to the account specified by Payee; and

(h) Payee may, in its absolute and sole discretion, elect to waive any payment of accrued and unpaid interest in whole or in part upon five (5) business days prior written notice to Maker.

2. This Note shall accrue interest on the balance of principal remaining unpaid from time to time, accruing at an annual rate equal to eight and one-half percent (8.5%), as such rate may be adjusted by Section 3 (the "**Interest Rate**") from the date hereof. Interest shall be computed based upon a 365-day year. Following the occurrence of an Event of Default, the outstanding principal balance of this Note shall accrue interest at a per annum rate equal to the Interest Rate plus 2.00%.

3. By written notice executed by Maker and delivered to Payee before October 31, 2027, Maker may elect to have all interest payable pursuant to Section 1(b) on each subsequent Required Payment Date to not be paid in cash, but rather be paid in kind. Following the proper and timely exercise

of such option, (a) the Interest Rate shall be deemed to be equal to nine and one-half percent (9.5%) effective as of the immediately preceding Required Payment Date for which interest has been paid in cash in full (or if no such Required Payment Date has occurred, as of June 30, 2026) and (b) any interest that otherwise would be payable in cash on a Required Payment Date pursuant to Section 1(b) ("**PIK Interest**") shall instead automatically be capitalized by increasing the outstanding principal amount of this Note on each such Required Payment Date by the applicable amount of the PIK Interest, whereupon, from and after such date, such PIK Interest shall be included in the outstanding principal amount of, and shall otherwise be treated as, principal outstanding under this Note and shall accrue interest at the increased Interest Rate (together with all other principal). For the sake of clarity, the principal payment amount which shall be due and payable on a monthly basis subsequent to the PIK notice shall be equal to the principal component of the next required payment, and that amount shall be paid at each subsequent Required Payment Date through September 30, 2028.

4. Maker reserves the right to prepay the outstanding principal balance and interest accrued of this Note, in whole or in part, at any time and from time to time, without premium or penalty, provided that, each such prepayment shall be accompanied by a payment of all accrued and unpaid interest together with all accrued and unpaid interest on the portion of the principal balance so prepaid. All partial prepayments shall be applied to the indebtedness owing hereunder in such order and manner as Payee may from time to time determine in its reasonable discretion.

5. Except as expressly set forth in the Membership Interest Purchase Agreement, the payment obligations of the Maker under this Note are absolute and unconditional, without any right of rescission, setoff, counterclaim or defense for any reason against the Payee and the Maker agrees that payment of the obligations by the Maker, when due and payable pursuant to the terms of this Note, is not subject to compromise, adjustment, extension, satisfaction, rescission, set-off, counterclaim, defense, abatement, suspension, deferment, deductible, reduction, termination or modification, whether arising out of transactions concerning the Note, or otherwise. Without limitation to the forgoing, to the fullest extent permitted under applicable law, Maker hereby waives (i) presentment, protest and demand, notice of default, notice of intent to accelerate, notice of acceleration, notice of protest, notice of demand and of dishonor and non-payment of the obligations under this Note, (ii) any requirement of diligence or promptness on Payee's part in the enforcement of its rights under the provisions of this Note, (iii) all notices of every kind and description which may be required to be given by any statute or rule of law, (iv) the pleading of any statute of limitations as a defense to any demand under this Note and (v) any defense to the obligation to make any payments required under this Note. While any amount shall be outstanding under this Note, Maker agrees to provide Payee access to its financial statements, which Payee undertakes to keep confidential.

6. Maker hereby makes the following representations and warranties to Payee, which representations and warranties shall survive the termination or repayment of this Note:

(a) Maker hereby represents and warrants that the terms set forth in this Note are fair and reasonable in light of the risks and circumstances under which Payee is extending the loan evidenced by this Note, and Maker has been provided a sufficient opportunity to review such terms with its independent legal counsel.

(b) Maker has full power and authority to execute this Note, and any and all other documents entered into in relation to the loan evidenced by this Note and to undertake and consummate the transactions contemplated by this Note, and to pay, perform, and observe the conditions, covenants, agreements and obligations contained in this Note.

(c) The terms and conditions of this Note are fair and reasonable considering the risks to Payee, and the adequacy of security for Maker's obligations under this Note. This Note has been duly and validly executed by Maker and constitutes legal, valid and binding obligations of Maker, which obligations are and will continue to be enforceable under all applicable laws in accordance with their respective terms, except as such enforcement may be qualified or limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally.

7. Maker hereby agrees that until all obligations under this Note are paid in full that (a) Maker and its Affiliates shall not make any severance, settlement, or separation payments to former or current executives of Maker unless Maker is in compliance with its obligations under the Note; (b) Maker shall deliver to Payee copies of all of the separation/settlement agreements with its current and former executives (i) with respect to any such agreement executed prior to the Execution Date, on the Execution Date and (ii) with respect to any such agreement executed on or after the Execution Date, within five (5) business days after the execution thereof; (c) Maker shall pay to Payee on the date this Note is executed Payee's legal fees incurred in connection with this Note and other issues addressed in the related term sheet up to a maximum of $40,000 (in each case net of any such fees paid by Maker to The Origin Group AZ, Inc., a Delaware corporation); and (d) Maker shall take, or cause to be taken, all actions within its power as the owner of XTI Drones to cause all cash flows, distributions, dividends and other amounts received by XTI Drones from DN (collectively, "**DN Distributions**") to be promptly distributed by XTI Drones to Maker. Maker shall apply all cash it receives from XTI Drones that constitutes, or is derived from or traceable to, DN Distributions first to the payment of the obligations then due and payable under this Note, before using such cash for any other purpose. Notwithstanding the foregoing, nothing in this Section 7(d) shall require Maker to cause XTI Drones, DN or any other Loan Party to take any action that is prohibited by, or would result in a default or event of default under, the Credit Agreement or any other Loan Document, and no Loan Party shall have any obligation under this Note. As used herein, "**Credit Agreement**" means that certain Credit Agreement, dated as of February 11, 2026, among DN, Anzu Robotics, LLC, XTI Drones, the other Loan Parties party thereto and JPMorgan Chase Bank, N.A., as amended, restated, supplemented, refinanced or otherwise modified from time to time; and "**Loan Party**" and "**Loan Document**" have the meanings given to such terms in the Credit Agreement; provided, however, that the term "Loan Party" shall never include Maker.

8. The Maker's obligations under this Note shall be secured by a security interest in all DN Distributions received by Maker from XTI Drones, attaching only upon and from and after Maker's receipt thereof, together with the proceeds thereof, pursuant to that certain Security Agreement, dated on or about the Execution Date, executed by Maker and Payee (the "**Security Agreement**"). In no event shall Payee have any security interest in or lien on any property of XTI Drones, DN or any other Loan Party. Maker shall execute and deliver such documentation as Payee may reasonably request to enable Payee to trace such distributions and to perfect such security interest.

9. (i) The occurrence of any of the following shall constitute an "**Event of Default**":

(a) Maker shall fail to make any payments under this Note as same shall become due and such failure continues for a period of five (5) days after Payee gives written notice thereof to Maker;

(b) Maker shall fail to repay the entire principal balance of this Note, together with all accrued and unpaid interest and all other amounts owing under this Note, on or before the Due Date and such failure continues for a period of five (5) days after Payee gives written notice thereof to Maker;

(c) Maker or XTI Drones shall make a general assignment for the benefit of creditors or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors;

(d) Maker or XTI Drones shall be adjudicated insolvent or bankrupt;

(e) Maker or XTI Drones shall petition or apply for, or acquiesce in, the appointment of any receiver, custodian, liquidator, conservator or trustee of or for it or any substantial part of its property or assets;

(f) Except as set forth in clauses (a) and (b) above, Maker shall fail to observe or perform any agreement or covenant set forth in this Note or the Security Agreement and such failure continues for a period of fifteen (15) days after Payee gives written notice thereof to Maker;

(g) Any representation or warranty made by Maker under this Note or the Security Agreement shall prove to have been false or incorrect when made; or

(h) Payee fails to have a perfected, first priority security interest in the Collateral (as defined in the Security Agreement).

(ii) Upon the occurrence of an Event of Default, Payee shall establish an escrow account whereby all future DN Distributions received by Maker from XTI Drones will be collected, and whereby all past due payments hereunder and all payments due on a Required Payment Date occurring in the next ninety days shall be accumulated and maintained in cash, and then any excess funds shall be distributed to Maker.

(iii) In the event that following the occurrence of an Event of Default, Maker fails to create and fund an escrow account established by and payable to Payee as set forth in Section 9(ii) herein, then Payee shall have the right, at its option, to do any one or more of the following: (1) declare the entire unpaid balance of principal and accrued but unpaid interest on this Note, and all other obligations of Maker under this Note, to be immediately due and payable; and/or (2) exercise any other rights or remedies under any other instrument, agreement (including the Security Agreement) or applicable law; provided, that, upon the occurrence of an Event of Default described in clauses (c), (d) or (e) of Section 9 the outstanding principal amount of this Note together with all accrued and unpaid interest and all other obligations of Maker under this Note shall become due and payable automatically and without any action by the Payee. An Event of Default shall continue unless waived in writing by Payee.

10. If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity, or in bankruptcy, receivership or other court proceedings, Maker agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees, including all costs of appeal.

11. Time is of the essence as to every term, condition and provision of this Note.

12. In no event, whether by acceleration of this Note, or otherwise, shall the amount of interest paid or agreed to be paid under this Note exceed the highest lawful rate allowed by applicable law as of the date of this Note, it being the express intention of Payee and Maker that in such event Payee shall be entitled to receive the maximum amount of interest allowed by applicable law. If fulfillment of

any provision of this Note shall involve exceeding the maximum amount of interest as prescribed by law, then the obligation to be fulfilled shall be reduced so as not to exceed said limit. If for any reason interest, or any other payment determined to be in the nature of interest, is charged or collected by Payee, or is paid by Maker and is determined to exceed the limit prescribed by law, any sums so charged, collected or paid which exceed such limit shall be deemed to have resulted from mutual mistake, and such sums which exceed such limit shall be refunded to Maker.

13. This Note is being executed and delivered, and is intended to be performed, in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement and interpretation of this Note. Maker hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the courts of the State of Texas and of the United States, in each case located in Dallas County, Texas in any action or proceeding arising out of or relating to this Note, or for recognition or enforcement of any judgment, and Maker hereby irrevocably and unconditionally agrees, subject to Payee's election, that all claims in respect of any such action or proceeding shall be heard and determined in any such state court or, to the extent permitted by law, in such federal court. MAKER AND PAYEE EACH HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH MAKER OR PAYEE MAY BE PARTIES ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS NOTE. MAKER AND PAYEE EACH AUTHORIZES THE OTHER TO FILE THIS PROVISION WITH THE CLERK OR JUDGE OF ANY COURT HEARING SUCH CLAIM. IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY MAKER AND PAYEE AND EACH HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT.

14. If any provision of this Note shall be invalid, illegal or unenforceable in any jurisdiction, the remaining provisions shall continue to be valid and enforceable in all jurisdictions, and such provision shall continue to be valid and enforceable in each other jurisdiction.

15. Maker shall have no right to assign its obligations under this Note without Payee's prior written consent, which consent may be withheld in Payee's sole and absolute discretion. Payee shall have the right to assign all or any portion of its interest in this Note at any time. This Note and the provisions hereof may not be amended or waived except by an instrument in writing signed by Maker and Payee.

16. This Amended and Restated Promissory Note amends and restates in its entirety the Promissory Note, dated as of November 10, 2025, made by XTI Drones and payable to the order of the Payee (as amended, the "**Prior Note**"), which Prior Note was assigned by XTI Drones to, and assumed by, Maker pursuant to that certain Assignment, Assumption and Release Agreement, dated as of the Execution Date (which assignment was consented to by Payee in such agreement). This Note does not constitute a novation of the obligations evidenced by the Prior Note.

17. Nothing in this Note waives, releases or settles (a) the claim referred to by the parties as the "Kevin Murdock claim" or (b) any surviving indemnification obligations under the Membership Interest Purchase Agreement, and all rights of the parties with respect thereto are expressly reserved.

18. THIS WRITTEN NOTE IS A LOAN AGREEMENT (AS DEFINED BY SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE) AND REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[*Signature Page Follows*]

IN WITNESS WHEREOF, and intending to be legally bound hereby, Maker has executed this Amended and Restated Promissory Note as of the day and year first above written.

"**Maker**"

XTI AEROSPACE, INC.

By: /s/ Brooke Turk

Brooke Turk,

Chief Financial Officer

Seen and agreed to:

THE ORIGIN GROUP DN, INC.

By: /s/ Robert Weitzner

Robert Weitzner
Vice President

Exhibit 10.14

AMENDED AND RESTATED PROMISSORY NOTE

$372,506.41 As of September 30, 2026

FOR VALUE RECEIVED, the undersigned, XTI Aerospace, Inc., a Nevada corporation ("**Maker**"), hereby unconditionally promises to pay to the order of The Origin Group AZ, Inc., a Delaware corporation ("**Payee**"), the principal sum of Three Hundred Seventy-Two Thousand Five Hundred Six and 41/100 Dollars ($372,506.41), in lawful money of the United States of America, together with interest accrued on the unpaid balance in accordance herewith. This Note is executed on November 11, 2026 (the "**Execution Date**") but is effective as of June 30, 2026.

This Amended and Restated Promissory Note ("**Note**") is issued in connection with that certain Membership Interest Purchase Agreement, dated as of November 10, 2025 (the "**Membership Interest Purchase Agreement**"; capitalized terms used herein but not defined herein are defined in the Membership Interest Purchase Agreement), by and among (a) XTI Drones Holdings, LLC, a Texas limited liability company ("**XTI Drones**"), (b) the Payee, (c) Drone Nerds, LLC, a Florida limited liability company ("**DN**"), and (d) each of the Seller Owners listed on Annex A-1 attached thereto. This Note is subject to adjustment as provided in the Membership Interest Purchase Agreement. Maker shall be entitled to the benefit of any such adjustment, and of any right of setoff, reduction or other adjustment afforded to XTI Drones under the Membership Interest Purchase Agreement with respect to the Prior Note or this Note, to the same extent as if Maker were XTI Drones thereunder.

1. The principal of and interest on this Note shall be payable as follows:

(a) Interest accrued from June 30, 2026 to the Execution Date shall be paid within two (2) business days after the Execution Date in the amount of $11,061.08.

(b) On the last day of each calendar month, beginning November 30, 2026 (each a "**Required Payment Date**"), principal and interest in the amount of Seven Thousand Six Hundred Forty-Two and 54/100 Dollars ($7,642.54) shall be repaid by Maker to Payee, together with any additional accrued and unpaid interest as of such Required Payment Date.

(c) The entire outstanding principal amount of this Note shall be repaid by Maker to Payee on or prior to September 30, 2028 ("**Due Date**"), together with all accrued and unpaid interest as of the date thereof.

(d) All outstanding accrued interest and the unpaid principal amount of this Note shall be due and payable in full on the earlier of the following: (a) the Due Date; (b) a Change of Control (as hereafter defined); (c) a Debt Refinancing (as hereafter defined); or (d) such obligations becoming due and payable in accordance with Section 9 hereof. "**Change of Control**" means (i) any merger, consolidation, or other business combination in which Maker, XTI Drones or DN is not the surviving entity or in which the holders of Maker's, XTI Drones' or DN's voting securities immediately prior to such transaction hold less than 50% of the voting securities of the surviving entity, (ii) any sale, lease, or other disposition of all or substantially all of the assets of Maker, XTI Drones or DN, or (iii) any acquisition by a person, entity or group of more than 50% of the outstanding voting securities of Maker, XTI Drones or DN. "**Debt Refinancing**" means Maker, XTI Drones or any of their subsidiaries or Affiliates (i) refinancing, restructuring, or replacing its existing commercial bank debt where such refinancing, restructuring or

replacement results in proceeds exceeding the current facility amount or (ii) incurring any new debt; provided, however, that "Debt Refinancing" shall not include any debt which the Payee agrees in writing should not constitute "Debt Refinancing" for purposes of this Note (which consent shall not be unreasonably withheld) and is subject to a written subordination agreement acceptable to Payee.

(e) Upon the occurrence of an Equity Raise (or the last closing of an Equity Raise consisting of a series of transactions) where Maker or one or more of its Affiliates (as defined in the Membership Interest Purchase Agreement) receive, as a result of a single transaction or a series of transactions occurring pursuant to one or more closings, in any case after the date hereof, net proceeds from the issuance or sale of equity securities (including securities convertible into or exercisable or exchangeable for equity securities) (any such transaction or series of transactions, an "**Equity Raise**", and the amount of such net proceeds being the "**Capital Raise Amount**"), Maker shall pay to Payee a principal amount equal to (i) if the Capital Raise Amount is less than Fifteen Million Dollars ($15,000,000), zero percent (0%) of the Capital Raise Amount, (ii) if the Capital Raise Amount is equal to or greater than Fifteen Million Dollars ($15,000,000) but less than Twenty Five Million Dollars ($25,000,000), eight tenths of one percent (0.8%) of the Capital Raise Amount, (iii) if the Capital Raise Amount is equal to or greater than Twenty Five Million Dollars ($25,000,000) and less than or equal to Thirty Five Million Dollars ($35,000,000), one and two tenths percent (1.2%) of the Capital Raise Amount and (iv) if the Capital Raise Amount is greater than Thirty Five Million Dollars ($35,000,000), the outstanding principal amount of this Note, together with all accrued but unpaid interest thereon; provided that, in the case of an Equity Raise consisting of a series of transactions, any amount previously paid to Payee under this Section 1(e) in respect of an earlier closing in such series shall be credited against the amount payable upon a later closing in such series; and provided further that the foregoing shall not apply to proceeds generated by any "at the market offering" (as defined in Rule 415 under the Securities Act of 1933, as amended);

(f) Within fifteen days of the last day of each calendar quarter, beginning December 31, 2026, Maker shall pay to Payee a principal amount equal to two and four tenths percent (2.4%) of the amount of cash and cash equivalents on Maker's balance sheet in excess of $5,000,000 as of the last day of such calendar quarter (such amount calculated without giving effect to any transfers of cash from Maker made outside of the ordinary course of business within 10 business days of such quarter end), together with all accrued and unpaid interest on such amount;

(g) All payments due under this Note shall be paid to Payee in lawful money of the United States of America by wire transfer of immediately available funds to the account specified by Payee; and

(h) Payee may, in its absolute and sole discretion, elect to waive any payment of accrued and unpaid interest in whole or in part upon five (5) business days prior written notice to Maker.

2. This Note shall accrue interest on the balance of principal remaining unpaid from time to time, accruing at an annual rate equal to eight and one-half percent (8.5%), as such rate may be adjusted by Section 3 (the "**Interest Rate**") from the date hereof. Interest shall be computed based upon a 365-day year. Following the occurrence of an Event of Default, the outstanding principal balance of this Note shall accrue interest at a per annum rate equal to the Interest Rate plus 2.00%.

3. By written notice executed by Maker and delivered to Payee before October 31, 2027, Maker may elect to have all interest payable pursuant to Section 1(b) on each subsequent Required Payment Date to not be paid in cash, but rather be paid in kind. Following the proper and timely exercise of such option, (a) the Interest Rate shall be deemed to be equal to nine and one-half percent (9.5%) effective as of the immediately preceding Required Payment Date for which interest has been paid in cash

in full (or if no such Required Payment Date has occurred, as of June 30, 2026) and (b) any interest that otherwise would be payable in cash on a Required Payment Date pursuant to Section 1(b) ("**PIK Interest**") shall instead automatically be capitalized by increasing the outstanding principal amount of this Note on each such Required Payment Date by the applicable amount of the PIK Interest, whereupon, from and after such date, such PIK Interest shall be included in the outstanding principal amount of, and shall otherwise be treated as, principal outstanding under this Note and shall accrue interest at the increased Interest Rate (together with all other principal). For the sake of clarity, the principal payment amount which shall be due and payable on a monthly basis subsequent to the PIK notice shall be equal to the principal component of the next required payment, and that amount shall be paid at each subsequent Required Payment Date through September 30, 2028.

4. Maker reserves the right to prepay the outstanding principal balance and interest accrued of this Note, in whole or in part, at any time and from time to time, without premium or penalty, provided that, each such prepayment shall be accompanied by a payment of all accrued and unpaid interest together with all accrued and unpaid interest on the portion of the principal balance so prepaid. All partial prepayments shall be applied to the indebtedness owing hereunder in such order and manner as Payee may from time to time determine in its reasonable discretion.

5. Except as expressly set forth in the Membership Interest Purchase Agreement, the payment obligations of the Maker under this Note are absolute and unconditional, without any right of rescission, setoff, counterclaim or defense for any reason against the Payee and the Maker agrees that payment of the obligations by the Maker, when due and payable pursuant to the terms of this Note, is not subject to compromise, adjustment, extension, satisfaction, rescission, set-off, counterclaim, defense, abatement, suspension, deferment, deductible, reduction, termination or modification, whether arising out of transactions concerning the Note, or otherwise. Without limitation to the forgoing, to the fullest extent permitted under applicable law, Maker hereby waives (i) presentment, protest and demand, notice of default, notice of intent to accelerate, notice of acceleration, notice of protest, notice of demand and of dishonor and non-payment of the obligations under this Note, (ii) any requirement of diligence or promptness on Payee's part in the enforcement of its rights under the provisions of this Note, (iii) all notices of every kind and description which may be required to be given by any statute or rule of law, (iv) the pleading of any statute of limitations as a defense to any demand under this Note and (v) any defense to the obligation to make any payments required under this Note. While any amount shall be outstanding under this Note, Maker agrees to provide Payee access to its financial statements, which Payee undertakes to keep confidential.

6. Maker hereby makes the following representations and warranties to Payee, which representations and warranties shall survive the termination or repayment of this Note:

(a) Maker hereby represents and warrants that the terms set forth in this Note are fair and reasonable in light of the risks and circumstances under which Payee is extending the loan evidenced by this Note, and Maker has been provided a sufficient opportunity to review such terms with its independent legal counsel.

(b) Maker has full power and authority to execute this Note, and any and all other documents entered into in relation to the loan evidenced by this Note and to undertake and consummate the transactions contemplated by this Note, and to pay, perform, and observe the conditions, covenants, agreements and obligations contained in this Note.

(c) The terms and conditions of this Note are fair and reasonable considering the risks to Payee, and the adequacy of security for Maker's obligations under this Note. This Note has been duly and validly executed by Maker and constitutes legal, valid and binding obligations of Maker, which obligations are and will continue to be enforceable under all applicable laws in accordance with their respective terms, except as such enforcement may be qualified or limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally.

7. Maker hereby agrees that until all obligations under this Note are paid in full that (a) Maker and its Affiliates shall not make any severance, settlement, or separation payments to former or current executives of Maker unless Maker is in compliance with its obligations under the Note; (b) Maker shall deliver to Payee copies of all of the separation/settlement agreements with its current and former executives (i) with respect to any such agreement executed prior to the Execution Date, on the Execution Date and (ii) with respect to any such agreement executed on or after the Execution Date, within five (5) business days after the execution thereof; (c) Maker shall pay to Payee on the date this Note is executed Payee's legal fees incurred in connection with this Note and other issues addressed in the related term sheet up to a maximum of $40,000 (in each case net of any such fees paid by Maker to The Origin Group AZ, Inc., a Delaware corporation); and (d) Maker shall take, or cause to be taken, all actions within its power as the owner of XTI Drones to cause all cash flows, distributions, dividends and other amounts received by XTI Drones from DN (collectively, "**DN Distributions**") to be promptly distributed by XTI Drones to Maker. Maker shall apply all cash it receives from XTI Drones that constitutes, or is derived from or traceable to, DN Distributions first to the payment of the obligations then due and payable under this Note, before using such cash for any other purpose. Notwithstanding the foregoing, nothing in this Section 7(d) shall require Maker to cause XTI Drones, DN or any other Loan Party to take any action that is prohibited by, or would result in a default or event of default under, the Credit Agreement or any other Loan Document, and no Loan Party shall have any obligation under this Note. As used herein, "**Credit Agreement**" means that certain Credit Agreement, dated as of February 11, 2026, among DN, Anzu Robotics, LLC, XTI Drones, the other Loan Parties party thereto and JPMorgan Chase Bank, N.A., as amended, restated, supplemented, refinanced or otherwise modified from time to time; and "**Loan Party**" and "**Loan Document**" have the meanings given to such terms in the Credit Agreement; provided, however, that the term "Loan Party" shall never include Maker.

8. The Maker's obligations under this Note shall be secured by a security interest in all DN Distributions received by Maker from XTI Drones, attaching only upon and from and after Maker's receipt thereof, together with the proceeds thereof, pursuant to that certain Security Agreement, dated on or about the Execution Date, executed by Maker and Payee (the "**Security Agreement**"). In no event shall Payee have any security interest in or lien on any property of XTI Drones, DN or any other Loan Party. Maker shall execute and deliver such documentation as Payee may reasonably request to enable Payee to trace such distributions and to perfect such security interest.

9. (i) The occurrence of any of the following shall constitute an "**Event of Default**":

(a) Maker shall fail to make any payments under this Note as same shall become due and such failure continues for a period of five (5) days after Payee gives written notice thereof to Maker;

(b) Maker shall fail to repay the entire principal balance of this Note, together with all accrued and unpaid interest and all other amounts owing under this Note, on or before the Due Date and such failure continues for a period of five (5) days after Payee gives written notice thereof to Maker;

(c) Maker or XTI Drones shall make a general assignment for the benefit of creditors or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors;

(d) Maker or XTI Drones shall be adjudicated insolvent or bankrupt;

(e) Maker or XTI Drones shall petition or apply for, or acquiesce in, the appointment of any receiver, custodian, liquidator, conservator or trustee of or for it or any substantial part of its property or assets;

(f) Except as set forth in clauses (a) and (b) above, Maker shall fail to observe or perform any agreement or covenant set forth in this Note or the Security Agreement and such failure continues for a period of fifteen (15) days after Payee gives written notice thereof to Maker;

(g) Any representation or warranty made by Maker under this Note or the Security Agreement shall prove to have been false or incorrect when made; or

(h) Payee fails to have a perfected, first priority security interest in the Collateral (as defined in the Security Agreement).

(ii) Upon the occurrence of an Event of Default, Payee shall establish an escrow account whereby all future DN Distributions received by Maker from XTI Drones will be collected, and whereby all past due payments hereunder and all payments due on a Required Payment Date occurring in the next ninety days shall be accumulated and maintained in cash, and then any excess funds shall be distributed to Maker.

(iii) In the event that following the occurrence of an Event of Default, Maker fails to create and fund an escrow account established by and payable to Payee as set forth in Section 9(ii) herein, then Payee shall have the right, at its option, to do any one or more of the following: (1) declare the entire unpaid balance of principal and accrued but unpaid interest on this Note, and all other obligations of Maker under this Note, to be immediately due and payable; and/or (2) exercise any other rights or remedies under any other instrument, agreement (including the Security Agreement) or applicable law; provided, that, upon the occurrence of an Event of Default described in clauses (c), (d) or (e) of Section 9 the outstanding principal amount of this Note together with all accrued and unpaid interest and all other obligations of Maker under this Note shall become due and payable automatically and without any action by the Payee. An Event of Default shall continue unless waived in writing by Payee.

10. If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity, or in bankruptcy, receivership or other court proceedings, Maker agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees, including all costs of appeal.

11. Time is of the essence as to every term, condition and provision of this Note.

12. In no event, whether by acceleration of this Note, or otherwise, shall the amount of interest paid or agreed to be paid under this Note exceed the highest lawful rate allowed by applicable law as of the date of this Note, it being the express intention of Payee and Maker that in such event Payee shall be entitled to receive the maximum amount of interest allowed by applicable law. If fulfillment of

any provision of this Note shall involve exceeding the maximum amount of interest as prescribed by law, then the obligation to be fulfilled shall be reduced so as not to exceed said limit. If for any reason interest, or any other payment determined to be in the nature of interest, is charged or collected by Payee, or is paid by Maker and is determined to exceed the limit prescribed by law, any sums so charged, collected or paid which exceed such limit shall be deemed to have resulted from mutual mistake, and such sums which exceed such limit shall be refunded to Maker.

13. This Note is being executed and delivered, and is intended to be performed, in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement and interpretation of this Note. Maker hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the courts of the State of Texas and of the United States, in each case located in Dallas County, Texas in any action or proceeding arising out of or relating to this Note, or for recognition or enforcement of any judgment, and Maker hereby irrevocably and unconditionally agrees, subject to Payee's election, that all claims in respect of any such action or proceeding shall be heard and determined in any such state court or, to the extent permitted by law, in such federal court. MAKER AND PAYEE EACH HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH MAKER OR PAYEE MAY BE PARTIES ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS NOTE. MAKER AND PAYEE EACH AUTHORIZES THE OTHER TO FILE THIS PROVISION WITH THE CLERK OR JUDGE OF ANY COURT HEARING SUCH CLAIM. IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY MAKER AND PAYEE AND EACH HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT.

14. If any provision of this Note shall be invalid, illegal or unenforceable in any jurisdiction, the remaining provisions shall continue to be valid and enforceable in all jurisdictions, and such provision shall continue to be valid and enforceable in each other jurisdiction.

15. Maker shall have no right to assign its obligations under this Note without Payee's prior written consent, which consent may be withheld in Payee's sole and absolute discretion. Payee shall have the right to assign all or any portion of its interest in this Note at any time. This Note and the provisions hereof may not be amended or waived except by an instrument in writing signed by Maker and Payee.

16. This Amended and Restated Promissory Note amends and restates in its entirety the Promissory Note, dated as of November 10, 2025, made by XTI Drones and payable to the order of the Payee (as amended, the "**Prior Note**"), which Prior Note was assigned by XTI Drones to, and assumed by, Maker pursuant to that certain Assignment, Assumption and Release Agreement, dated as of the Execution Date (which assignment was consented to by Payee in such agreement). This Note does not constitute a novation of the obligations evidenced by the Prior Note.

17. Nothing in this Note waives, releases or settles (a) the claim referred to by the parties as the "Kevin Murdock claim" or (b) any surviving indemnification obligations under the Membership Interest Purchase Agreement, and all rights of the parties with respect thereto are expressly reserved.

18. THIS WRITTEN NOTE IS A LOAN AGREEMENT (AS DEFINED BY SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE) AND REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[*Signature Page Follows*]

IN WITNESS WHEREOF, and intending to be legally bound hereby, Maker has executed this Amended and Restated Promissory Note as of the day and year first above written.

"**Maker**"

XTI AEROSPACE, INC.

By: /s/ Brooke Turk

Brooke Turk,

Chief Financial Officer

Seen and agreed to:

THE ORIGIN GROUP AZ, INC.

By: /s/ Robert Weitzner
Robert Weitzner
Vice President

Assignment, Assumption and Release Agreement

This ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT (this "**Agreement**") is entered into as of November 11, 2026 (the "**Execution Date**"), and effective as of September 30, 2026 (the "**Effective Date**"), by and among (i) XTI DRONES HOLDINGS, LLC, a Texas limited liability company ("**Assignor**" or "**XDH**"); (ii) XTI AEROSPACE, INC., a Nevada corporation ("**Assignee**"); and (iii) THE ORIGIN GROUP DN, INC., a Delaware corporation ("**Payee**"). Assignor, Assignee and Payee are each referred to herein as a "**Party**" and collectively as the "**Parties**."

Recitals

A. Assignor, Payee, Drone Nerds, LLC, a Florida limited liability company (the "**Company**"), and each of the Seller Owners listed on Annex A-1 thereto are parties to that certain Membership Interest Purchase Agreement, dated as of November 10, 2025 (as amended, restated, supplemented or otherwise modified from time to time, the "**Purchase Agreement**").

B. In connection with the Purchase Agreement, Assignor, as Maker, executed and delivered to Payee that certain Promissory Note, dated November 10, 2025, payable to the order of Payee in the original principal amount of $10,976,284.58 (as amended, restated, supplemented or otherwise modified from time to time, the "**Note**").

C. As of the Effective Date, the outstanding unpaid principal balance of the Note is $4,076,284.58, and accrued and unpaid interest from June 30, 2026 through the Execution Date, including accrued and unpaid interest relating to the Loan Fee from October 1, 2026 through the Execution Date, is $127,202.41.

D. Section 12 of the Note provides that the Maker has no right to assign its obligations under the Note without Payee's prior written consent.

E. Assignor desires to assign, and Assignee desires to assume, all obligations of the Maker under the Note, and Payee is willing to consent to such assignment and assumption and to release Assignor from all known obligations under the Note, in each case on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Article 1 — Definitions

Section 1.1 Defined Terms. Capitalized terms used but not defined in this Agreement have the meanings given to them in the Note or, if not defined in the Note, in the Purchase Agreement. As used in this Agreement:

"**Assumed Obligations**" means all indebtedness, obligations and liabilities of the Maker under the Note, whether arising or accruing before, on or after the Effective Date, including all principal, interest (including interest at the default rate and interest added to principal under Section 3 of the Note), costs of collection, attorneys' fees and other amounts payable thereunder, and all covenants and agreements of the Maker set forth therein.

"**Person**" means any individual, corporation, limited liability company, partnership, trust, governmental authority or other entity.

Section 1.2 Interpretation. The words "include," "includes" and "including" are deemed to be followed by "without limitation." Headings are for convenience only and do not affect interpretation.

Article 2 — Assignment and Assumption

Section 2.1 Assignment. Effective as of the Effective Date, Assignor hereby assigns, transfers, conveys and delegates to Assignee all of Assignor's obligations as Maker under the Note, together with all of Assignor's rights and benefits as Maker thereunder, including the right to prepay the Note under Section 3 of the Note.

Section 2.2 Assumption. Effective as of the Effective Date, Assignee hereby accepts the foregoing assignment and expressly, absolutely and unconditionally assumes, and agrees to pay, perform and discharge when due, all of the Assumed Obligations (and for the avoidance of doubt, other obligations assigned to Assignee pursuant to Section 2.1, if any), as primary obligor and not as surety. Assignee agrees that it is bound by every term, covenant and condition of the Note as the "Maker" thereunder to the same extent as if Assignee had been the original signatory thereto, including Sections 4, 9, 10, 12 and 13 of the Note. Assignee hereby makes to Payee, as of the Effective Date, each of the representations and warranties set forth in Section 5 of the Note.

Section 2.3 References to Maker. From and after the Effective Date, each reference in the Note to the "Maker," "undersigned" or words of similar import shall mean and refer to Assignee.

Section 2.4 Continuing Indebtedness. The Note remains in full force and effect, and the indebtedness evidenced thereby continues as an obligation of Assignee. Nothing in this Agreement constitutes a payment, satisfaction or extinguishment of that indebtedness, and the release in Article 3 operates only as to the Assignor. Except as expressly provided in this Agreement, the principal balance, Interest Rate, Required Payment Dates, Due Date and all other terms of the Note are unchanged.

Section 2.5 No Effect on Payment Application. Any payment made by Assignor under the Note before the Effective Date shall be credited against the Assumed Obligations in accordance with the terms of the Note.

Section 2.6 Amendment and Restatement. The Assignee and Payee intend to amend and restate the the Note on the Effective Date promptly upon the consummation of the transactions contemplated by this Agreement.

Article 3 — Consent and Release

Section 3.1 Consent. Payee hereby irrevocably consents, for purposes of Section 12 of the Note and any similar provision of the Purchase Agreement, to the assignment and assumption set forth in Article 2.

Section 3.2 Release. EFFECTIVE AS OF THE EFFECTIVE DATE, PAYEE HEREBY IRREVOCABLY, UNCONDITIONALLY AND FOREVER RELEASES, ACQUITS AND DISCHARGES ASSIGNOR FROM ANY AND ALL KNOWN OBLIGATIONS, INDEBTEDNESS, LIABILITIES, CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS AND EXPENSES OF EVERY KIND, WHETHER FIXED OR CONTINGENT, ACCRUED OR UNACCRUED, AND WHETHER ARISING BEFORE, ON OR AFTER THE EFFECTIVE DATE, ARISING UNDER, OUT OF OR IN CONNECTION WITH THE NOTE, INCLUDING ALL

OBLIGATIONS TO PAY PRINCIPAL, INTEREST (INCLUDING DEFAULT INTEREST), COSTS OF COLLECTION, ATTORNEYS' FEES OR ANY OTHER AMOUNT UNDER THE NOTE (COLLECTIVELY, THE "**RELEASED CLAIMS**").

Section 3.3 Covenant Not to Sue. Payee covenants that it will not commence, voluntarily aid or prosecute any action or proceeding against Assignor based in whole or in part on any Released Claim. This Agreement may be pleaded as a full and complete defense to, and used as the basis for an injunction against, any such action or proceeding.

Section 3.4 Limitations. Notwithstanding Sections 3.2 and 3.3:

1. Nothing in this Agreement releases, limits or impairs any Assumed Obligation of Assignee, and Assignee shall remain fully liable for all amounts owing under the Note;

2. The release applies only to obligations arising under the Note and does not release any Person from its obligations under the Purchase Agreement or any other agreement, except to the extent such obligations consist of payment of the Note; and

3. Nothing in this Agreement releases any Party from its obligations under this Agreement.

Section 3.5 Assignee's Waiver of Suretyship Defenses. Assignee agrees that the release of the Assignor shall not discharge, diminish or otherwise affect the Assumed Obligations. To the fullest extent permitted by applicable law, Assignee waives any defense that it might otherwise have by reason of the release of any co-obligor, guarantor or other Person, including any right of contribution, reimbursement or subrogation against any Person with respect to the Notes.

Section 3.6 Acknowledgment. PAYEE ACKNOWLEDGES THAT (A) IT HAS READ AND UNDERSTANDS THIS ARTICLE 3; (B) IT HAS HAD THE OPPORTUNITY TO CONSULT WITH INDEPENDENT LEGAL COUNSEL OF ITS CHOOSING; AND (C) THE RELEASE IN SECTION 3.2 IS CONSPICUOUS AND SATISFIES ANY EXPRESS NEGLIGENCE, FAIR NOTICE OR CONSPICUOUSNESS REQUIREMENT UNDER APPLICABLE LAW.

Article 4 — Representations and Warranties

Section 4.1 Mutual. Each Party represents and warrants to each other Party that (a) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (b) it has full power and authority to execute, deliver and perform this Agreement; (c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary organizational action; (d) this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general principles of equity; and (e) no consent of any other Person is required for its execution, delivery and performance of this Agreement that has not been obtained.

Section 4.2 Payee. Payee represents and warrants to each other Party that (a) Payee is the sole legal and beneficial owner and holder of the Note; and (b) Payee has not sold, assigned, transferred, pledged, participated or otherwise encumbered any interest in the Note or any Released Claim.

Section 4.3 Assignee. Assignee represents and warrants to each other Party that (a) it has received and reviewed copies of the Note and the Purchase Agreement and has had the opportunity to review them

with independent legal counsel; and (b) after giving effect to the assumption of the Assumed Obligations, Assignee is solvent.

Section 4.4 Assignor. Assignor represents and warrants to each pother Party that the amounts set forth in Recital C are true and correct as of the Effective Date.

Section 4.5 Survival. The representations and warranties in this Article 4 survive the execution and delivery of this Agreement.

Article 5 — Miscellaneous

Section 5.1 Effectiveness. This Agreement becomes effective on the Effective Date upon its execution and delivery by each Party.

Section 5.2 Further Assurances. Each Party shall execute and deliver such further instruments and take such further actions as any other Party may reasonably request to carry out the intent of this Agreement.

Section 5.3 Governing Law. This Agreement is governed by, and construed in accordance with, the substantive laws of the State of Texas, without regard to conflict-of-laws principles that would require the application of the laws of another jurisdiction.

Section 5.4 Jurisdiction; Waiver of Jury Trial. Each Party irrevocably submits to the exclusive jurisdiction of the state and federal courts located in Dallas County, Texas, in any action or proceeding arising out of or relating to this Agreement. EACH PARTY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

Section 5.5 Successors and Assigns. This Agreement binds and benefits the Parties and their respective successors and permitted assigns.

Section 5.6 Amendments and Waivers. This Agreement may be amended or waived only by a written instrument signed by each Party.

Section 5.7 Expenses. Except as otherwise provided in this Agreement, each Party bears its own costs and expenses in connection with this Agreement.

Section 5.8 Notices. Notices to Parties shall be given in the manner set forth in the Purchase Agreement (with notices to Assignee determined as of it was the Assignor).

Section 5.9 Severability. If any provision of this Agreement is held invalid, illegal or unenforceable, the remaining provisions remain in full force and effect.

Section 5.10 Counterparts; Electronic Signatures. This Agreement may be executed in counterparts, each of which is an original and all of which together constitute one instrument. Signatures delivered by electronic transmission (including .pdf and any electronic signature complying with the U.S. federal ESIGN Act or the Texas Uniform Electronic Transactions Act) are binding.

Section 5.11 Entire Agreement. THIS AGREEMENT AND THE OTHER DOCUMENTS REFERRED TO OR CONTEMPLATED HEREIN REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES WITH RESPECT TO ITS SUBJECT MATTER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL

AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signature pages follow]

IN WITNESS WHEREOF, the Parties have executed this Assignment, Assumption and Release Agreement as of the Effective Date.

ASSIGNOR:

XTI DRONES HOLDINGS, LLC

/s/ Brooke Turk
By: _____
Name: Brooke Turk
Title: Chief Financial Officer

ASSIGNEE:

XTI AEROSPACE, INC.

/s/ Brooke Turk
By: _____
Name: Brooke Turk
Title: Chief Financial Officer

PAYEE:

THE ORIGIN GROUP DN, INC.

/s/ Robert Weitzner
By: _____
Name: Robert Weitzner
Title: Vice President

ACKNOWLEDGED AND AGREED by the Company, solely for purposes of

Articles 3 and 5:
DRONE NERDS, LLC

/s/ Brooke Turk
By: _____
Name: Brooke Turk
Title: Chief Financial Officer

[Signature Page to Assignment, Assumption and Release Agreement]

Assignment, Assumption and Release Agreement

This ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT (this "**Agreement**") is entered into as of November 11, 2026 (the "**Execution Date**"), and effective as of September 30, 2026 (the "**Effective Date**"), by and among (i) XTI DRONES HOLDINGS, LLC, a Texas limited liability company ("**Assignor**" or "**XDH**"); (ii) XTI AEROSPACE, INC., a Nevada corporation ("**Assignee**"); and (iii) THE ORIGIN GROUP AZ, INC., a Delaware corporation ("**Payee**"). Assignor, Assignee and Payee are each referred to herein as a "**Party**" and collectively as the "**Parties**."

Recitals

A. Assignor, Payee, Anzu Robotics, LLC, a Delaware limited liability company (the "**Company**"), and each of the Seller Owners listed on Annex A-1 thereto are parties to that certain Membership Interest Purchase Agreement, dated as of November 10, 2025 (as amended, restated, supplemented or otherwise modified from time to time, the "**Purchase Agreement**").

B. In connection with the Purchase Agreement, Assignor, as Maker, executed and delivered to Payee that certain Promissory Note, dated November 10, 2025, payable to the order of Payee in the original principal amount of $954,459.53 (as amended, restated, supplemented or otherwise modified from time to time, the "**Note**").

C. As of the Effective Date, the outstanding unpaid principal balance of the Note is $372,506.41, and accrued and unpaid interest from June 30, 2026 through the Execution Date, including accrued and unpaid interest relating to the Loan Fee from October 1, 2026 through the Execution Date, is $11,061.08.

D. Section 12 of the Note provides that the Maker has no right to assign its obligations under the Note without Payee's prior written consent.

E. Assignor desires to assign, and Assignee desires to assume, all obligations of the Maker under the Note, and Payee is willing to consent to such assignment and assumption and to release Assignor from all known obligations under the Note, in each case on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Article 1 — Definitions

Section 1.1 Defined Terms. Capitalized terms used but not defined in this Agreement have the meanings given to them in the Note or, if not defined in the Note, in the Purchase Agreement. As used in this Agreement:

"**Assumed Obligations**" means all indebtedness, obligations and liabilities of the Maker under the Note, whether arising or accruing before, on or after the Effective Date, including all principal, interest (including interest at the default rate and interest added to principal under Section 3 of the Note), costs of collection, attorneys' fees and other amounts payable thereunder, and all covenants and agreements of the Maker set forth therein.

"**Person**" means any individual, corporation, limited liability company, partnership, trust, governmental authority or other entity.

Section 1.2 Interpretation. The words "include," "includes" and "including" are deemed to be followed by "without limitation." Headings are for convenience only and do not affect interpretation.

Article 2 — Assignment and Assumption

Section 2.1 Assignment. Effective as of the Effective Date, Assignor hereby assigns, transfers, conveys and delegates to Assignee all of Assignor's obligations as Maker under the Note, together with all of Assignor's rights and benefits as Maker thereunder, including the right to prepay the Note under Section 3 of the Note.

Section 2.2 Assumption. Effective as of the Effective Date, Assignee hereby accepts the foregoing assignment and expressly, absolutely and unconditionally assumes, and agrees to pay, perform and discharge when due, all of the Assumed Obligations (and for the avoidance of doubt, other obligations assigned to Assignee pursuant to Section 2.1, if any), as primary obligor and not as surety. Assignee agrees that it is bound by every term, covenant and condition of the Note as the "Maker" thereunder to the same extent as if Assignee had been the original signatory thereto, including Sections 4, 9, 10, 12 and 13 of the Note. Assignee hereby makes to Payee, as of the Effective Date, each of the representations and warranties set forth in Section 5 of the Note.

Section 2.3 References to Maker. From and after the Effective Date, each reference in the Note to the "Maker," "undersigned" or words of similar import shall mean and refer to Assignee.

Section 2.4 Continuing Indebtedness. The Note remains in full force and effect, and the indebtedness evidenced thereby continues as an obligation of Assignee. Nothing in this Agreement constitutes a payment, satisfaction or extinguishment of that indebtedness, and the release in Article 3 operates only as to the Assignor. Except as expressly provided in this Agreement, the principal balance, Interest Rate, Required Payment Dates, Due Date and all other terms of the Note are unchanged.

Section 2.5 No Effect on Payment Application. Any payment made by Assignor under the Note before the Effective Date shall be credited against the Assumed Obligations in accordance with the terms of the Note.

Section 2.6 Amendment and Restatement. The Assignee and Payee intend to amend and restate the the Note on the Effective Date promptly upon the consummation of the transactions contemplated by this Agreement.

Article 3 — Consent and Release

Section 3.1 Consent. Payee hereby irrevocably consents, for purposes of Section 12 of the Note and any similar provision of the Purchase Agreement, to the assignment and assumption set forth in Article 2.

Section 3.2 Release. EFFECTIVE AS OF THE EFFECTIVE DATE, PAYEE HEREBY IRREVOCABLY, UNCONDITIONALLY AND FOREVER RELEASES, ACQUITS AND DISCHARGES ASSIGNOR FROM ANY AND ALL KNOWN OBLIGATIONS, INDEBTEDNESS, LIABILITIES, CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS AND EXPENSES OF EVERY KIND, WHETHER FIXED OR CONTINGENT, ACCRUED OR UNACCRUED, AND WHETHER ARISING BEFORE, ON OR AFTER THE EFFECTIVE DATE, ARISING UNDER, OUT OF OR IN CONNECTION WITH THE NOTE, INCLUDING ALL OBLIGATIONS TO PAY PRINCIPAL, INTEREST (INCLUDING DEFAULT INTEREST), COSTS

OF COLLECTION, ATTORNEYS' FEES OR ANY OTHER AMOUNT UNDER THE NOTE (COLLECTIVELY, THE "**RELEASED CLAIMS**").

Section 3.3 Covenant Not to Sue. Payee covenants that it will not commence, voluntarily aid or prosecute any action or proceeding against Assignor based in whole or in part on any Released Claim. This Agreement may be pleaded as a full and complete defense to, and used as the basis for an injunction against, any such action or proceeding.

Section 3.4 Limitations. Notwithstanding Sections 3.2 and 3.3:

1. Nothing in this Agreement releases, limits or impairs any Assumed Obligation of Assignee, and Assignee shall remain fully liable for all amounts owing under the Note;

2. The release applies only to obligations arising under the Note and does not release any Person from its obligations under the Purchase Agreement or any other agreement, except to the extent such obligations consist of payment of the Note; and

3. Nothing in this Agreement releases any Party from its obligations under this Agreement.

Section 3.5 Assignee's Waiver of Suretyship Defenses. Assignee agrees that the release of the Assignor shall not discharge, diminish or otherwise affect the Assumed Obligations. To the fullest extent permitted by applicable law, Assignee waives any defense that it might otherwise have by reason of the release of any co-obligor, guarantor or other Person, including any right of contribution, reimbursement or subrogation against any Person with respect to the Notes.

Section 3.6 Acknowledgment. PAYEE ACKNOWLEDGES THAT (A) IT HAS READ AND UNDERSTANDS THIS ARTICLE 3; (B) IT HAS HAD THE OPPORTUNITY TO CONSULT WITH INDEPENDENT LEGAL COUNSEL OF ITS CHOOSING; AND (C) THE RELEASE IN SECTION 3.2 IS CONSPICUOUS AND SATISFIES ANY EXPRESS NEGLIGENCE, FAIR NOTICE OR CONSPICUOUSNESS REQUIREMENT UNDER APPLICABLE LAW.

Article 4 — Representations and Warranties

Section 4.1 Mutual. Each Party represents and warrants to each other Party that (a) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (b) it has full power and authority to execute, deliver and perform this Agreement; (c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary organizational action; (d) this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general principles of equity; and (e) no consent of any other Person is required for its execution, delivery and performance of this Agreement that has not been obtained.

Section 4.2 Payee. Payee represents and warrants to each other Party that (a) Payee is the sole legal and beneficial owner and holder of the Note; and (b) Payee has not sold, assigned, transferred, pledged, participated or otherwise encumbered any interest in the Note or any Released Claim.

Section 4.3 Assignee. Assignee represents and warrants to each other Party that (a) it has received and reviewed copies of the Note and the Purchase Agreement and has had the opportunity to review them with independent legal counsel; and (b) after giving effect to the assumption of the Assumed Obligations, Assignee is solvent.

Section 4.4 Assignor. Assignor represents and warrants to each pother Party that the amounts set forth in Recital C are true and correct as of the Effective Date.

Section 4.5 Survival. The representations and warranties in this Article 4 survive the execution and delivery of this Agreement.

Article 5 — Miscellaneous

Section 5.1 Effectiveness. This Agreement becomes effective on the Effective Date upon its execution and delivery by each Party.

Section 5.2 Further Assurances. Each Party shall execute and deliver such further instruments and take such further actions as any other Party may reasonably request to carry out the intent of this Agreement.

Section 5.3 Governing Law. This Agreement is governed by, and construed in accordance with, the substantive laws of the State of Texas, without regard to conflict-of-laws principles that would require the application of the laws of another jurisdiction.

Section 5.4 Jurisdiction; Waiver of Jury Trial. Each Party irrevocably submits to the exclusive jurisdiction of the state and federal courts located in Dallas County, Texas, in any action or proceeding arising out of or relating to this Agreement. EACH PARTY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

Section 5.5 Successors and Assigns. This Agreement binds and benefits the Parties and their respective successors and permitted assigns.

Section 5.6 Amendments and Waivers. This Agreement may be amended or waived only by a written instrument signed by each Party.

Section 5.7 Expenses. Except as otherwise provided in this Agreement, each Party bears its own costs and expenses in connection with this Agreement.

Section 5.8 Notices. Notices to Parties shall be given in the manner set forth in the Purchase Agreement (with notices to Assignee determined as of it was the Assignor).

Section 5.9 Severability. If any provision of this Agreement is held invalid, illegal or unenforceable, the remaining provisions remain in full force and effect.

Section 5.10 Counterparts; Electronic Signatures. This Agreement may be executed in counterparts, each of which is an original and all of which together constitute one instrument. Signatures delivered by electronic transmission (including .pdf and any electronic signature complying with the U.S. federal ESIGN Act or the Texas Uniform Electronic Transactions Act) are binding.

Section 5.11 Entire Agreement. THIS AGREEMENT AND THE OTHER DOCUMENTS REFERRED TO OR CONTEMPLATED HEREIN REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES WITH RESPECT TO ITS SUBJECT MATTER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signature pages follow]

IN WITNESS WHEREOF, the Parties have executed this Assignment, Assumption and Release Agreement as of the Effective Date.

ASSIGNOR:

XTI DRONES HOLDINGS, LLC

/s/ Brooke Turk
By:
Name: Brooke Turk
Title: Chief Financial Officer

ASSIGNEE:

XTI AEROSPACE, INC.

/s/ Brooke Turk
By:
Name: Brooke Turk
Title: Chief Financial Officer

PAYEE:

THE ORIGIN GROUP AZ, INC.

/s/ Robert Weitzner
By:
Name: Robert Weitzner
Title: Vice President

ACKNOWLEDGED AND AGREED by the Company, solely for purposes of

Articles 3 and 5:
ANZU ROBOTICS, LLC

/s/ Brooke Turk
By:
Name: Brooke Turk
Title: Chief Financial Officer

[Signature Page to Assignment, Assumption and Release Agreement]

WAIVER AND FIRST AMENDMENT TO CREDIT AGREEMENT

THIS **WAIVER AND FIRST AMENDMENT TO CREDIT AGREEMENT** (this "Amendment") is entered into as of November 12, 2026, by and among **JPMORGAN CHASE BANK, N.A.** ("Lender") **DRONE NERDS, LLC**, a Florida limited liability company (the "Company"), **ANZU ROBOTICS, LLC**, a Delaware limited liability company ("Anzu"; the Company and Anzu, collectively, the "Borrowers" and each, individually, a "Borrower"), and the other Loan Parties party hereto.

Recitals

A. Lender, the Borrowers, and the other Loan Parties party thereto have entered into that certain Credit Agreement dated as of February 11, 2026 (as amended, and as the same may be further amended, restated, amended and restated, supplemented or modified from time to time, the "Credit Agreement").

B. Lender has extended credit to the Borrowers for the purposes permitted in the Credit Agreement.

C. The Borrowers acknowledge that one or more Events of Default have occurred under (i) Section 7.01(e) of the Credit Agreement as a result of their failure to provide notice to the Lender of receipt of notice of litigation or Proceedings commenced or threatened in writing against a Loan Party or any Subsidiary with respect to investigations commenced and lawsuits filed by the (x) State of Texas against the Borrowers between February 2026 and May 2026, (y) State of Florida against the Borrowers between April and October 2026, and (z) Federal Communications Commission against the Borrowers in May 2026, as required under Section 5.02(b) of the Credit Agreement; (ii) Section 7.01(d) of the Credit Agreement as a result of the Company's reimbursement in the amount of Eight Hundred Eighty-Six Thousand Six Hundred Five and 44/100 Dollars ($886,605.44) from the Company to (directly or indirectly) XTI Parent relating to employee bonuses that XTI Parent funded on behalf of the Company prior to the Effective Date in violation of Section 6.08(a) of the Credit Agreement; (iii) Section 7.01(c) of the Credit Agreement as a result of the Company submitting Borrowing Base Certificates for the periods ended July 31, 2026, August 31, 2026 and September 30, 2026 with amounts that did not reflect the then-applicable definitions of Borrowing Base and Eligible Accounts; (iv) Section 7.01(c) of the Credit Agreement as a result of the Loan Parties failure to disclose (A) that certain Promissory Note in the original principal amount of $10,976,284.58 by Parent in favor of The Origin Group DN, Inc., a Delaware corporation ("DN Seller") dated as of November 10, 2025 (the "DN Note"), and (B), that certain Promissory Note in the original principal amount of $954,459.53 by Parent in favor of The Origin Group AZ, Inc., a Delaware corporation ("AZ Seller") dated as of November 10, 2025 (the "AZ Note"; the DN Note and the AZ Note each a "Seller Note" and, collectively, the "Seller Notes"); (v) Section 7.01(d) of the Credit Agreement as a result of the existence of the Seller Notes in violation of Section 6.01 of the Credit Agreement; (vi) Section 7.01(d) of the Credit Agreement as a result of one or more payments by the Loan Parties of amounts owed under the Seller Notes in violation of Section 6.08(b) of the Credit Agreement; (vii) Section 7.01(d) of the Credit Agreement as a result of the use of proceeds of the Loans to make payments on the Seller Notes in violation of Section 5.08(a) of the Credit Agreement; (viii) Section 7.01(f) of the Credit Agreement as a result of Parent Guarantor's failure to make payment in respect of the Seller Notes, which constitute Material Indebtedness, when and as the same became due and payable on September 30, 2026; (ix) Section 7.01(g) of the Credit Agreement as a result of the payment default under the Seller Notes in the foregoing subclause (viii) which resulted in conditions which would permit the holders of the Seller Notes to cause the Seller Notes to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to their scheduled maturity; and (x) Section 7.01(c) of the Credit Agreement as a result of their failure to identify the breaches set forth in subclauses (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), and (ix) above, or otherwise any misrepresentation of the same, in any Borrowing Request, Borrowing Base Certificate, compliance certificate or other Loan Documents provided to the Lender prior to the date hereof (the foregoing subclauses (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), and (x), collectively, the "**Designated Defaults**").

D. Lender has agreed to waive the Designated Defaults, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

E. The Loan Parties and Lender have agreed to amend certain provisions of the Credit Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

Agreement

Now, Therefore, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Credit Agreement.

2. Amendments to Credit Agreement.

2.1 Section 1.01 (Defined Terms). The following new defined terms and their respective definitions are inserted in Section 1.01 of the Credit Agreement in the appropriate alphabetical order:

2.2 "Credit Card Receivables" means any Account or Payment Intangible due to a Borrower in connection with purchases from and other goods and services provided by such Borrower on (a) Visa, MasterCard, American Express, Discover, and any other credit card or debit card issuers or processors that are reasonably acceptable to the Lender, and the successors and assigns of the foregoing and (b) such other credit cards (it being understood that such term, for purposes hereof, includes debit cards and private label credit cards or co-branded credit or debit cards) as the Lender shall approve from time to time in its Permitted Discretion, in each case which have been originated in the ordinary course of business by such Borrower and earned by performance (provided, for the avoidance of doubt, that the shipment of goods to a purchaser shall constitute performance regardless of the date such goods are actually received) by such Borrower but not yet paid to such Borrower by the credit card issuer or the credit card processor, as applicable, and which represents the bona fide amount due to such Borrower from such credit card processor or credit card issuer; provided that, in any event, "Credit Card Receivables" shall (x) exclude Accounts and Payment Intangibles due in connection with credit cards issued by Affiliates and (y) be calculated net of fees and chargebacks owed to credit card processors and deposits, holdbacks or escrows held by credit card issuers or processors.

2.3 "Eligible Credit Card Receivables" means, as of any date of determination, such Credit Card Receivables of the Borrowers that satisfy all the requirements set forth below:

2.4 (a) such Credit Card Receivables are owned by a Borrower and such Borrower has good and marketable title to such Credit Card Receivables;

2.5 (b) such Credit Card Receivables have not been outstanding for more than ten (10) Business Days;

2.6 (c) the credit card issuer or the credit card processor of the applicable credit card with respect to such Credit Card Receivables (i) is not the subject of any Bankruptcy Event, (ii) is not liquidating, dissolving or winding up its affairs, (iii) is not otherwise deemed not creditworthy by the Lender in its Permitted Discretion, (iv) has not admitted in writing its inability, or is not generally unable to, pay its debts as they

become due, (v) has not become insolvent and (vi) has not ceased operation of its business;

2.7 (d) such Credit Card Receivables are valid, legally enforceable obligations of the applicable credit card issuer or credit card processor with respect thereto;

2.8 (e) such Credit Card Receivables are subject to a first priority perfected Lien in favor of the Lender pursuant to the Collateral Documents;

2.9 (f) such Credit Card Receivables are not subject to any Lien whatsoever, other than (i) a Lien in favor of the Lender, and (ii) Liens that are otherwise permitted hereunder that do not have priority over the Liens securing the Secured Obligations;

2.10 (g) such Credit Card Receivables conform in all material respects to all representations, warranties or other provisions in the Loan Documents or in the Credit Card Agreements relating to such Credit Card Receivables;

2.11 (h) if such Credit Card Receivables have been disputed by the applicable credit card or debit card issuer or processor or is not being processed due to unpaid and/or accrued credit card processor fee balances, or if a claim, counterclaim, offset or chargeback has been asserted in writing by the applicable credit card issuer or credit card processor, the face amount thereof for purposes of determining the Borrowing Base has been reduced by the amount of such unpaid and/or accrued credit card processor fees or such claim, counterclaim, offset or chargeback;

2.12 (i) such Credit Card Receivables are not evidenced by "chattel paper" or an "instrument" (each as defined in the UCC) of any kind unless such chattel paper or instrument is in the possession or control of the Lender, and to the extent necessary or appropriate, endorsed to the Lender; and

2.13 (j) such Credit Card Receivables are not due from a credit card processor or issuer which is a Sanctioned Person.

2.14 In determining the amount of any Eligible Credit Card Receivables, the face amount thereof may, in the Lender's Permitted Discretion, be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all customary fees and expenses in connection with the credit card arrangements applicable thereto and (ii) the aggregate amount of all cash received in respect thereof but not yet applied by the applicable Borrower to reduce the amount of such Eligible Credit Card Receivables.

2.15 "Employee Bonus Reimbursement" means a reimbursement in the amount of Eight Hundred Eighty-Six Thousand Six Hundred Five and 44/100 Dollars ($886,605.44) from the Company to (directly or indirectly) XTI Parent relating to employee bonuses that XTI Parent funded on behalf of the Company prior to the Effective Date. Notwithstanding anything to the contrary contained herein, the Employee Bonus Reimbursement shall not be deemed a Restricted Payment solely for purposes of calculating Fixed Charges.

"First Amendment Effective Date" means November 12, 2026.

2.16 "Target Concentration Limit" means, for the period commencing on the First Amendment Effective Date and ending on December 31, 2026, fifty percent (50%).

2.17 Section 1.01 (Defined Terms). The following defined terms and their respective definitions in Section 1.01 of the Credit Agreement are hereby amended and restated in their entirety as follows:

2.18 "Borrowing Base" means, at any time, the sum of (a) without duplication of any amounts included in clauses (b) or (c) below, 85% of the Borrowers' Eligible Non-Investment Grade Accounts at such time, plus (b) without duplication of any amounts included in clause (a) above, 90% of the Borrowers' Eligible Investment Grade Accounts at such time, plus (c) without duplication of any amounts included in clauses (a) or (b) above, 85% of Eligible Credit Card Receivables at such time, plus (d) the least of (i) 75% of the Borrowers' Eligible Inventory, valued at the lower of cost or market value, determine on a first-in-first-out basis, at such time and (ii) the product of 85% multiplied by the NOLV Percentage identified in the most recent inventory appraisal ordered by the Lender multiplied by the Borrowers' Eligible Inventory, valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time, minus (e) Reserves. The Lender may, in its Permitted Discretion and in consultation with and up to at least ten (10) days' prior written notice to the Borrower Representative, reduce the advance rates set forth above or reduce one or more of the other elements used in computing the Borrowing Base; provided, however, that notwithstanding anything in the definitions of Eligible Inventory and Eligible Accounts which would serve to exclude acquired Accounts or Inventory, Inventory and Accounts acquired pursuant to an Acquisition permitted hereunder shall constitute Eligible Inventory or Eligible Accounts, respectively, for the 90-day period following the consummation of the applicable Acquisition to the extent (i) such Inventory or Accounts, as applicable, contributes no more than 25% of the aggregate Borrowing Base at any time and (ii) such Inventory or Accounts, as applicable, would otherwise qualify as Eligible Inventory or Eligible Accounts, respectively.

"Payment Conditions" shall be deemed to be satisfied in connection with an Investment, Other Restricted Payment, or Permitted Acquisition if:

(a) no Default or Event of Default has occurred and is continuing or would result immediately after giving effect to such investment, Other Restricted Payment, or Permitted Acquisition;

(b) immediately after giving effect to and at all times during the ten (10)-day period immediately prior to such investment, Other Restricted Payment, or Permitted Acquisition, the Borrowers shall have (i) Availability calculated on a pro forma basis after giving effect to such investment, Other Restricted Payment, or Permitted Acquisition of not less than 25% of the Revolving Commitment, and (ii) a Fixed Charge Coverage Ratio for the trailing twelve months calculated on a pro forma basis after giving effect to such investment, Other Restricted Payment, or Permitted Acquisition of not less than 1.25 to 1.00; and

(c) Borrower Representative shall have delivered to the Lender a certificate in form and substance reasonably satisfactory to the Lender certifying as to the items described in (a) and (b) above and attaching calculations for item (b).

2.19 Section 1.01 (Defined Terms). Subsection (e) of the defined term "Eligible Accounts" is hereby deleted and replaced in its entirety with the following:

2.20 "(e) which is owing by an Account Debtor to the extent the aggregate amount of Accounts owing from such Account Debtor and its Affiliates to (i) such Borrower exceeds 25% of the aggregate amount of Eligible Accounts of such Borrower or (ii) all Borrowers exceeds 25% (or, in the case of Target Corporation and its Affiliates, (x) solely for the period commencing on the First Amendment Effective Date and ending on December 31, 2026, the Target Concentration Limit and (y) thereafter, 30%) of the aggregate Eligible Accounts;"

2.21 Section 5.01 (Financial Statements; Borrowing Base and Other Information). Section 5.01(f) of the Credit Agreement is hereby amended in its entirety and replaced with the following:

2.22 "(f) not later than the required date of delivery of any Borrowing Base Certificate pursuant to clause (e) above, and at such other times as may be requested by the Lender, as of the period then ended, all delivered electronically in text (.txt), excel (.xls) or comma-separated value (.csv) formatted files acceptable to the Lender (and not, for the avoidance of doubt, in an Adobe (.pdf) file):

2.23 (i) a detailed aging of the Borrowers' Accounts, including invoice dates and due dates, prepared in a manner reasonably acceptable to the Lender;

2.24 (ii) a detailed aging of Borrowers' Credit Card Receivables, including length outstanding, the credit card issuer or the credit card processor, and such other details that Lender may request in its Permitted Discretion, prepared in a manner reasonably acceptable to the Lender;

2.25 (iii) a schedule detailing the Borrowers' Inventory, in form reasonably satisfactory to the Lender and specifying the cost, quantity, location and (if available) the market value of Borrowers' and their Subsidiaries' Inventory, by category (e.g., raw material, work-in-progress, finished goods, etc.);

2.26 (iv) a worksheet of calculations prepared by the Borrowers to determine Eligible Accounts, Eligible Credit Card Receivables, and Eligible Inventory, such worksheet detailing the Accounts and Inventory excluded from Eligible Accounts and Eligible Inventory and the reason for such exclusion;

2.27 (v) copies of (A) the trial balance of the Borrowers as of the period then ended and (B) the general ledger of the Borrowers, including detailed listings of Borrowers' Accounts, Credit Card Receivables, Inventory, accounts payable, and the loan balance;

2.28 (vi) a reconciliation of the loan balance per the Borrowers' general ledger to the loan balance under this Agreement;

2.29 (vii) a schedule and aging of the Borrowers' accounts payable, prepared in a manner reasonably acceptable to the Lender; and

2.30 (viii) such further supporting information as may be reasonably requested from time to time by the Lender;"

2.31 Section 5.01 (Financial Statements; Borrowing Base and Other Information). Subsection 5.01(g)(iv) of the Credit Agreement is hereby amended in its entirety and replaced with the following:

2.32 "(iv) a reconciliation of the Borrowers' Accounts, Credit Card Receivables, and Inventory between (A) the amounts shown in the Borrowers' general ledger and financial statements and the reports delivered pursuant to clauses (f)(i) and (f)(ii) above, and (B) the amounts and dates shown in the reports delivered pursuant to clauses (f)(i) and (f)(ii) above and the Borrowing Base Certificate delivered pursuant to clause (e) above as of such date;"

2.33 Section 6.08 (Restricted Payments; Certain Payments of Indebtedness). Subsection 6.08(a)(vi) of the Credit Agreement is hereby amended in its entirety and replaced with the following:

"(vi) each of the Effective Date Distribution and the Employee Bonus Reimbursement so long as no Event of Default is continuing at the time such distribution is made, and"

2.34 Section 6.08 (Restricted Payments; Certain Payments of Indebtedness). Section 6.08(b) of the Credit Agreement is hereby amended in its entirety and replaced with the following:

2.35 "(b) No Loan Party will, nor will it permit any Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Indebtedness, except (i) payment of Indebtedness created under the Loan Documents, (ii) payment of regularly scheduled interest and principal payments as and when due in respect of any Indebtedness permitted under Section 6.01, other than payments in respect of the Subordinated Indebtedness prohibited by the subordination provisions thereof (provided, however, that as long as the Payment Conditions are satisfied, the Borrowers may make Other Restricted Payments), (iii) refinancings of Indebtedness to the extent permitted by Section 6.01, and (iv) payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness to the extent such sale or transfer is permitted by the terms of Section 6.05."

3. Acknowledgement of Default; Limited Waiver. Effective as of the date of this Agreement, and subject to the terms and conditions set forth in this Agreement, the Lender hereby waives the Designated Defaults. The Lender confirms that it has not elected, and agrees that it shall not elect, to charge interest at the rate set forth in Section 2.12(d) of the Credit Agreement in respect of the Designated Defaults, and the Designated Defaults shall not be deemed to have caused a Weekly Reporting Period to occur. The waiver contained herein shall be limited precisely as written and, except as expressly provided herein, shall not be deemed or otherwise construed to constitute a waiver of any Default or Event of Default now existing or hereafter arising (other than the Designated Defaults) or any other provision or to prejudice any right, power or remedy which the Lender may now have or may have in the future under or in connection with the Credit Agreement or any other Loan Document (after giving effect to this Agreement), all of which rights, powers and remedies are hereby expressly reserved by the Lender and shall not constitute a custom or course of dealing among the parties hereto.

4. Limitation of Amendments.

4.1 The amendments set forth in Section 2 and the waiver set forth in Section 3 above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Lender may now have or may have in the future under or in connection with any Loan Document.

4.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

5. Representations and Warranties. To induce Lender to enter into this Amendment, the Loan Parties hereby represent and warrant to Lender as follows:

5.1 (a) Other than with respect to the Designated Defaults, the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct in all material respects as of such date), and (b) no Default or Event of Default (other than the Designated Defaults) has occurred and is continuing;

5.2 the Loan Parties have the power and authority to execute and deliver this Amendment and to perform its obligations under the Credit Agreement, as amended by this Amendment;

5.3 The organizational documents of the Loan Parties delivered to Lender on the Effective Date, or subsequent thereto, remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

5.4 The execution and delivery by the Loan Parties of this Amendment and the performance by the Loan Parties of their obligations under the Credit Agreement, as amended by this Amendment, have been duly authorized;

5.5 The execution and delivery by the Loan Parties of this Amendment and the performance by the Loan Parties of their obligations under the Credit Agreement, as amended by this Amendment, do not and will not contravene (a) any Requirement of Law in any material respect, (b) any Material Agreement with a Person binding on any Loan Party, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on any Loan Party, or (d) the organizational documents of any Loan Party;

5.6 The execution and delivery by the Loan Parties of this Amendment and the performance by the Loan Parties of their obligations under the Credit Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on the Loan Parties; and

5.7 This Amendment has been duly executed and delivered by the Loan Parties and is the binding obligation of the Loan Parties, enforceable against the Loan Parties in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application relating to or affecting creditors' rights and by general equitable principles.

6. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

7. Electronic Signatures. Delivery of an executed counterpart of a signature page of this Amendment by fax, emailed pdf., or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amendment. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Amendment and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

8. Effectiveness. This Amendment shall become effective as of the date first written above only upon satisfaction in full, or waiver by the Lender, of each of the following conditions (the "Amendment Effective Date"):

8.1 Lender shall have received a copy of this Amendment, duly executed and delivered by the Loan Parties;

8.2 Lender shall have received an [Assignment, Assumption and Release Agreement] between XTI Parent, Parent, DN Seller and AZ Seller, expressly releasing Parent, Borrower and each other Loan Party from any obligations under the Seller Notes in form and substance satisfactory to Lender, duly executed and delivered by the parties thereto;

8.3 The Borrowers shall have paid to Lender an amendment fee in the amount of Fifty Thousand Dollars ($50,000), which fee shall be fully earned and non-refundable on the Amendment Effective Date; and

8.4 The Borrowers shall have paid all outstanding costs and expenses owed to Lender pursuant to the Credit Agreement incurred through the date of this Amendment, including, without limitation, all reasonable documented out-of-pocket fees, charges and disbursements of counsel for Lender.

9. Ratification, etc. Except as expressly amended or otherwise modified hereby, the Credit Agreement, each other Loan Document and all documents, instruments and agreements related thereto are hereby ratified and confirmed in all respects and shall continue in full force and effect. This Amendment shall constitute a Loan Document. Each Loan Party hereby ratifies and reaffirms the validity and enforceability of all of the Liens and security interests heretofore granted and pledged pursuant to the Loan Documents to Lender, as collateral security for the Secured Obligations, and acknowledge that all of such Liens and security interests, granted, pledged or otherwise created as security for the Secured Obligations continue to be and remain collateral security for the Secured Obligations from and after the Amendment Effective Date.

10. Reference to and Effect on the Credit Agreement.

10.1 Upon the effectiveness of this Amendment, (A) each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Credit Agreement as amended or otherwise modified hereby and (B) each reference in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended or otherwise modified hereby.

10.2 Except as specifically waived, amended or otherwise modified above, the terms and conditions of the Credit Agreement and any other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect and are hereby ratified and confirmed.

10.3 The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Lender under the Credit Agreement or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein, in each case except as specifically set forth herein.

11. RELEASE. IN CONSIDERATION OF THIS AMENDMENT, THE LOAN PARTIES HEREBY IRREVOCABLY RELEASE AND FOREVER DISCHARGE LENDER AND EACH OF ITS RESPECTIVE AFFILIATES, SUBSIDIARIES, SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, REPRESENTATIVES AND ATTORNEYS (EACH, A "**RELEASED PERSON**") OF AND FROM ALL DAMAGES, LOSSES, CLAIMS, DEMANDS, LIABILITIES, OBLIGATIONS, ACTIONS AND CAUSES OF ACTION WHATSOEVER WHICH ANY LOAN PARTY MAY NOW HAVE OR CLAIM TO HAVE ON AND AS OF THE AMENDMENT EFFECTIVE DATE AGAINST ANY RELEASED PERSON, WHETHER PRESENTLY KNOWN OR UNKNOWN, LIQUIDATED OR UNLIQUIDATED, SUSPECTED OR UNSUSPECTED, CONTINGENT OR NON-CONTINGENT, AND OF EVERY NATURE AND EXTENT WHATSOEVER (COLLECTIVELY, "**CLAIMS**"), IN EACH CASE OF THE FOREGOING SOLELY TO THE EXTENT ARISING UNDER OR WITH RESPECT TO THE LOAN DOCUMENTS, OTHER THAN ANY CLAIM ARISING SOLELY OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH RELEASED PERSON.

12. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to its laws of conflicts).

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In Witness Whereof, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BORROWERS:

DRONE NERDS, LLC

By: /s/ Jeremy Schneiderman
Name: Jeremy Schneiderman
Title: Chief Executive Officer

ANZU ROBOTICS, LLC

By: /s/ Randall Warnas
Name: Randall Warnas
Title: Chief Executive Officer

OTHER LOAN PARTIES:

XTI DRONES HOLDINGS, LLC

By: /s/ Brooke Turk
Name: Brooke Turk
Title: Chief Financial Officer

DRONE NERDS TECH SAS LLC

By: /s/ Jeremy Schneiderman
Name: Jeremy Schneiderman
Title: Chief Executive Officer

LENDER:
JPMORGAN CHASE BANK, N.A.

By: /s/ Ronald J. Banks
Name: Ronald J. Banks
Title: Authorized Officer

Exhibit 31.1

CERTIFICATION

I, Jeremy Schneiderman, 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: November 12, 2026

/s/ Jeremy Schneiderman

Jeremy Schneiderman
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: November 12, 2026

/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 September 30, 2026 as filed with the Securities and Exchange Commission (the "Report"), we, Jeremy Schneiderman, 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: November 12, 2026

/s/ Jeremy Schneiderman

Jeremy Schneiderman
Chief Executive Officer
(Principal Executive Officer)

/s/ Brooke Turk

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