

Inpixon
EIN: 88-0434915
Date of Action: March 14, 2023
Attachment to Form 8937

Disclaimer: The information contained herein is provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). This attachment includes a general summary regarding certain U.S. federal income tax laws and regulations on the effect of the Spinoff and the Merger (as defined below) on the tax basis of shares of Inpixon stock, the allocation of tax basis between shares of Inpixon stock and CXApp Holding Corp. (“SpinCo”) common stock pursuant to the Distribution, and the tax basis of the CXApp Inc. (“CXApp”) common stock received in exchange for SpinCo common stock in the Merger. This attachment does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Neither Inpixon nor SpinCo provides tax advice to its stockholders, and the example provided below is merely illustrative. Stockholders are urged to consult their own tax advisors regarding the particular consequences to them of the Spinoff and the Merger, including the applicability and the effect of all U.S. federal, state, local, and foreign tax laws.

Part II

Line 14 - Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action.

The Spinoff: On March 14, 2023 (the “Distribution Date”), in accordance with the terms of the Separation and Distribution Agreement, dated as of September 25, 2022, Inpixon completed the transfer of its enterprise apps business (“SpinCo Business”), which included certain related subsidiaries, to SpinCo (the “Contribution”). After the Contribution, Inpixon distributed to holders of Inpixon common stock, par value \$0.001 per share, the shares of SpinCo common stock, par value \$0.0001 per share, on a pro rata basis as of the record date (“Record Date”) for the Distribution, March 6, 2023 (the “Distribution” and, together with the Contribution, the “Spinoff”). In total, holders of Inpixon common stock and other security holders received 15,870,230 shares of SpinCo common stock. The holders of Inpixon common stock received 1 share of SpinCo common stock for every 1 share of Inpixon common stock owned on the Record Date.¹

No fractional shares of SpinCo were distributed to the Inpixon shareholders and security holders. In lieu of fractional shares, SpinCo rounded up fractional shares that the recipients of SpinCo common stock would have otherwise been entitled to receive.

¹ There was a small number of holders of Inpixon preferred stock that received SpinCo common stock in the Spinoff. This preferred stock was convertible into Inpixon common stock; however, the holders of this Inpixon preferred stock were not required to convert to common stock to receive SpinCo stock. Instead, the holders of Inpixon preferred stock were entitled to receive 1 share of SpinCo stock for each share of Inpixon common stock that would be issuable to the holder upon conversion of the preferred shares.

The Merger. Following the Spinoff and pursuant to the same plan, KINS Merger Sub Inc. (“Merger Sub”), a wholly owned subsidiary of CXApp,² merged with and into SpinCo, with SpinCo surviving as a wholly owned subsidiary of KINS (the “Merger”). The Merger was effected after the Distribution, also on March 14, 2023. As a result of the Merger, each outstanding share of SpinCo common stock was cancelled in exchange for the right to receive (a) 0.0975222161241519 shares of Class A common stock, par value \$0.0001 per share, of CXApp (“CXApp Class A Common Stock”) and (b) 0.345760584440175 shares of Class C common stock, par value \$0.0001 per share, of CXApp (“CXApp Class C Common Stock” and, together with CXApp Class A Common Stock, the “CXApp Common Stock”).

CXApp issued 7,035,000 shares of CXApp Common in exchange for the 15,870,230 shares of SpinCo common stock. In total, therefore, each share of SpinCo common stock was exchanged for 0.4432828005643270 shares of CXApp Common Stock ($7,035,000 \div 15,870,230$).

The CXApp Class A Common Stock and the CXApp Class C Common Stock are identical in all respects, except that the CXApp Class C Common Stock is subject to transfer restrictions and will automatically convert into CXApp Class A Common Stock on the earlier of (a) the 180th day following the closing of the Merger and (b) the day that the last reported sale price of the CXApp Class A Common Stock equals or exceeds \$12.00 per share for any 20 trading days within any 30-trading day period following the closing of the Merger. Thus, we are assuming for purposes of this discussion that the value per share of the CXApp Class A Common and the CXApp Class C common has an identical value per share.

All fractional shares of CXApp common stock that the SpinCo shareholders otherwise would have been entitled to receive as a result of the Merger were rounded down to the nearest whole share.

Line 15 – Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The Spinoff: As a result of the Spinoff, each holder of Inpixon common stock is required to allocate their aggregate tax basis in their Inpixon common shares held immediately prior to the Spinoff among (a) the SpinCo common shares received in the Spinoff and (b) the Inpixon shares in respect of which such SpinCo shares were received, in proportion to their relative fair market values on the Distribution Date. An Inpixon shareholder’s aggregate tax basis in their Inpixon stock held immediately prior to the Spinoff (and immediately prior to the Merger) is equal to the aggregate tax basis of (a) and (b) in the previous sentence.

The Merger: Generally, a SpinCo shareholder’s aggregate tax basis in the shares of CXApp common stock received by such shareholder in the Merger equals the aggregate tax basis of the SpinCo common stock for which it was exchanged. The holding period (for purposes of determining long-term capital gains or losses) of the shares of CXApp Common Stock received includes the holding period of the SpinCo common stock exchanged by such shareholder.

² CXApp Inc. was formerly known as KINS Technology Group Inc.

Line 16 – Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

The Spinoff: U.S. federal income tax laws provide that the allocation of the aggregate tax basis discussed under Line 15 above is allocated in the Spinoff based on the fair market value of the resulting Inpixon and SpinCo shares received on the Distribution Date. The tax laws do not, however, provide any further guidance on the determination of fair market value. You should consult your tax advisor to determine the appropriate fair market values.

One method of determining the fair market value of Inpixon shares is to determine the NASDAQ closing price per share on the Distribution Date. Inpixon's closing trading price on the Distribution Date was \$0.71 per share. Based on its total pre-transaction equity value, SpinCo's common stock was approximately \$10 per share on the Distribution Date.³ Given this measure of fair market value and the 1 to 1 distribution ratio, 93.41% of the shareholder's tax basis is allocated to the SpinCo shares received in the Spinoff and 6.59% of the shareholder's tax basis remains with the Inpixon shares.

The Merger: The tax basis of the former SpinCo shareholders in each share of SpinCo common stock becomes the tax basis in the shares of the CXApp Common Stock received thereof. The shares CXApp Common Stock received in exchange for shares of SpinCo common stock are based upon the exchange ratios (and rounding rules) discussed in Line 14.

Inpixon shareholders who acquired blocks of Inpixon common stock on different dates or at different prices should perform the foregoing basis calculations separately in consultation with their own tax advisors.

Example: The following is an example illustrating the tax basis rules described above.

- Shareholder B held 100 shares of Inpixon common stock as a capital asset, all of which were purchased in a single block for \$35 per share on February 1, 2022. Prior to the Spinoff, therefore, Shareholder B's total tax basis in the Inpixon common stock is \$3,500.
- In the Spinoff, Shareholder B received 100 shares of SpinCo common stock.
- Shareholder B allocates 93.41%, or \$3,269.19, of their total tax basis to the 100 shares of SpinCo common stock received in the Spinoff. This results in \$32.69 of tax basis per share of SpinCo common stock. The remaining 6.59% of tax basis, or \$230.81, remains with the 100 shares of Inpixon common stock. This leaves \$2.31 of tax basis per share of Inpixon common stock.

³ The pre-transaction equity value of SpinCo, as set forth in the S-4, was \$70,350,000 (including closing purchase price adjustments). Due to its acquisition by CXApp in the Merger, SpinCo itself was not publicly traded.

- In the Merger, and with each share rounded down to the nearest whole share, Shareholder B receives the following in exchange for their 100 shares of SpinCo common stock (total: 43 shares of CXApp Common Stock):
 - 9 shares of CXApp Class A Common;⁴ and
 - 34 shares of CXApp Class C Common⁵ in exchange for their 100 shares of SpinCo common.
- Shareholder B's \$3,269.19 of tax basis in the 100 shares of SpinCo common stock is reflected in the 43 shares of CXApp Common Stock received in the Merger. Thus, each share of CXApp Common Stock has a tax basis of \$76.03 per share.⁶ Specifically:
 - The 9 shares of CXApp Class A Common have a total tax basis of \$684.25.
 - The 34 shares of CXApp Class C Common have a total tax basis of \$2,584.94.

Line 17 – List the applicable Internal Revenue Code section(s) upon which the tax treatment is based.

The applicable Code sections upon which the tax treatment is based are Sections 355(a), 354(a), 358(a)(1), 358(b) and (c), 368(a), and 1223.

Line 18 – Can any resulting loss be recognized?

Generally, no gain or loss will be recognized for tax purposes by Inpixon shareholders as a result of the Distribution or the Merger. The Inpixon shareholders did not receive cash in lieu of fractional shares of SpinCo or KINS stock, respectively, in connection with either the Distribution or the Merger.

Line 19 – Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Distribution was consummated on March 14, 2023. The Merger was effected on March 14, 2023, following the Distribution. For an Inpixon shareholder whose taxable year is the calendar year, the reportable tax year is 2023.

⁴ (100 shares * 0.0975222161241519).

⁵ (100 shares * 0.3457605844401750).

⁶ Each class of CXApp Common Stock issued to the SpinCo shareholders in the Merger is assumed equal in value.