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

FORM 10-Q

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

For the quarter ended June 30, 2024

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

For the transition period from to

Commission File Number: 001-39642

CXApp Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware	**85-2104918**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Four Palo Alto Square, Suite 200
3000 El Camino Real
Palo Alto, CA 94306
(Address of principal executive offices, zip code)

(650) 785-7171
(Registrant's telephone number)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common stock, $0.0001 par value per share	CXAI	The Nasdaq Stock Market LLC
Warrants to purchase common stock	CXAIW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of August 12, 2024, there were 15,266,959 shares of Class A common stock, $0.0001 par value, issued and outstanding.

CXAPP INC.

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PART I. FINANCIAL INFORMATION

Item 1: Interim Financial Statements

CXAPP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2024 (unaudited)	December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	$ 6,160	$ 6,275
Accounts receivable, net of allowance for credit losses of $0 and $2, respectively	438	1,956
Unbilled and other receivables	171	211
Prepaid expenses and other current assets	663	587
Total current assets	7,432	9,029
Property and equipment, net	95	115
Intangible assets, net	16,770	18,136
Operating lease right-of-use asset, net	664	486
Goodwill	8,737	8,737
Other assets	76	78
Total Assets	$ 33,774	$ 36,581
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 584	$ 975
Accrued liabilities	2,021	1,452
Deferred revenue	2,936	2,878
Warrant liability	4,206	1,683
Operating lease obligation, current	389	275
Note payable	4,103	3,053
Total current liabilities	14,239	10,316
Operating lease obligation, noncurrent	288	230
Deferred tax liability	270	637
Convertible debt	2,493	-
Other noncurrent liabilities	4	-
Total Liabilities	$ 17,294	$ 11,183
Commitments and Contingencies		
Stockholders' Equity		
Class A Common Stock, $0.0001 par value; 200,000,000 shares authorized; 15,266,959 shares issued and outstanding at June 30, 2024 and 15,254,389 shares issued and outstanding at December 31, 2023	2	2
Additional paid-in capital	84,714	83,282
Accumulated deficit	(68,227)	(57,801)
Accumulated other comprehensive loss	(9)	(85)
Total Stockholders' Equity	$ 16,480	$ 25,398
Total Liabilities and Stockholders' Equity	$ 33,774	$ 36,581

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

CXAPP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share data)

	Successor (unaudited)				Predecessor
	Three Months Ended June 30, 2024	**Six Months Ended June 30, 2024**	**Three Months Ended June 30, 2023**	**Period from March 15, 2023 to June 30, 2023**	**Period from January 1, 2023 to March 14, 2023**
Revenues	$ 1,766	$ 3,584	$ 1,915	$ 2,257	$ 1,620
Cost of Revenues	353	680	480	567	483
Gross Profit	1,413	2,904	1,435	1,690	1,137
Operating Expenses					
Research and development	1,731	3,330	1,668	1,879	1,455
Sales and marketing	874	1,988	1,177	1,351	964
General and administrative	1,775	3,457	1,412	1,653	2,293
Acquisition related costs	-	-	164	164	-
Amortization of intangible assets	683	1,366	697	813	806
Total Operating Expenses	5,063	10,141	5,118	5,860	5,518
Loss from Operations	(3,650)	(7,237)	(3,683)	(4,170)	(4,381)
Other Income (Expense)					
Interest income (expense), net	(684)	(946)	5	4	1
Change in fair value of derivative liability	(1,051)	(2,523)	(12,040)	(10,354)	-
Other income (expense), net	(30)	(86)	7	7	-
Total Other Income (Expense)	(1,765)	(3,555)	(12,028)	(10,343)	1
Net Loss, before tax	(5,415)	(10,792)	(15,711)	(14,513)	(4,380)
Income tax benefit	159	366	981	2,541	-
Net Loss	$ (5,256)	$ (10,426)	$ (14,730)	$ (11,972)	$ (4,380)
Unrealized foreign exchange gain (loss) from cumulative translation adjustments	22	76	(39)	(39)	(28)
Comprehensive Loss	$ (5,234)	$ (10,350)	$ (14,769)	$ (12,011)	$ (4,408)
Basic and diluted weighted average shares outstanding, Class A common stock	15,255,218	15,254,803	8,582,699	8,582,699	
Basic and diluted net loss per share, Class A common stock	$ (0.34)	$ (0.68)	$ (1.05)	$ (0.85)	
Basic and diluted weighted average shares outstanding, Class C common stock	-	-	5,487,300	5,487,300	
Basic and diluted net loss per share, Class C common stock	$ -	$ -	$ (1.05)	$ (0.85)	

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

CXAPP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

Predecessor

	Net parent investment	Accumulated other comprehensive income (loss)	Total Shareholders' Equity
Balance at January 1, 2023	$ 22,236	$ 1,155	$ 23,391
Net loss	(4,380)	-	(4,380)
Stock-based compensation allocated from parent	158	-	158
Net investment from parent	8,680	-	8,680
Cumulative translation adjustment	-	(28)	(28)
Balance at March 14, 2023	$ 26,694	$ 1,127	$ 27,821

Successor
(unaudited)

	Class A Common Stock		Class C Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance at March 15, 2023	7,034,999	$ 1	-	$ -	$ 1,607	$ (8,563)	$ -	$ (6,955)
Shares issued in connection with Business Combination	1,547,700	-	5,487,300	1	69,927	-	-	69,928
Net income	-	-	-	-	-	2,758	-	2,758
Stock-based compensation	-	-	-	-	2	-	-	2
Balance at March 31, 2023	8,582,699	$ 1	5,487,300	$ 1	$ 71,536	$ (5,805)	$ -	$ 65,733
Net loss	-	-	-	-	-	(14,730)	-	(14,730)
Stock-based compensation	-	-	-	-	96	-	-	96
Cumulative translation adjustment	-	-	-	-	-	-	(39)	(39)
Balance at June 30, 2023	8,582,699	$ 1	5,487,300	$ 1	$ 71,632	$ (20,535)	$ (39)	$ 51,060
Balance at December 31, 2023	15,254,389	$ 2	-	$ -	$ 83,282	$ (57,801)	$ (85)	$ 25,398
Net loss	-	-	-	-	-	(5,170)	-	(5,170)
Stock-based compensation	-	-	-	-	599	-	-	599
Cumulative translation adjustment	-	-	-	-	-	-	54	54
Balance at March 31, 2024	15,254,389	$ 2	-	$ -	$ 83,881	$ (62,971)	$ (31)	$ 20,881
Net loss	-	-	-	-	-	(5,256)	-	(5,256)
Stock-based compensation	-	-	-	-	833	-	-	833
Net exercise of options	12,570	-	-	-	-	-	-	-
Cumulative translation adjustment	-	-	-	-	-	-	22	22
Balance at June 30, 2024	**15,266,959**	**$ 2**	**-**	**$ -**	**$ 84,714**	**$ (68,227)**	**$ (9)**	**$ 16,480**

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

CXAPP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Successor (unaudited)		Predecessor
	Six Months Ended June 30, 2024	Period from March 15, 2023 to June 30, 2023	Period from January 1, 2023 to March 14, 2023
Operating activities			
Net loss	$ (10,426)	$ (11,972)	$ (4,380)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	44	28	228
Amortization of intangible assets	1,366	813	806
Amortization of right of use asset	201	102	40
Provision for credit loss expense	-	1	
Amortization of debt discount and deferred financing cost	445	-	-
Accrued interest expense on promissory note and convertible debt	210	-	-
Accrued monitoring fee on promissory note	408	-	-
Deferred income taxes	(366)	(2,541)	-
Stock-based compensation expense	1,436	98	158
(Gain) loss on foreign currency transactions	84	(4)	(32)
Change in fair value of derivative liability	2,523	10,354	-
Change in operating assets and liabilities:			
Accounts receivable and other receivables	1,555	962	(857)
Prepaid expenses and other current assets	(76)	152	(20)
Other assets	-	(37)	-
Accounts payable	(389)	281	(796)
Accrued liabilities	574	(4,399)	(787)
Operating lease liabilities	(212)	(102)	(38)
Other noncurrent liabilities	-	-	-
Deferred revenue	63	(334)	534
Net cash used in operating activities	(2,560)	(6,598)	(5,144)
Investing activities			
Purchases of property and equipment	(26)	(26)	(9)
Investment in capitalized software	-	-	(45)
Cash acquired in connection with Business Combination	-	10,003	-
Net cash provided by (used in) investing activities	(26)	9,977	(54)
Financing activities			
Proceeds from issuance of convertible debt, net of issuance costs	2,480	-	-
Net equity investment from parent	-	-	9,089
Repayment of CXApp acquisition liability	-	-	(197)
Repayment of related party promissory note	-	(328)	-
Net cash provided by (used in) financing activities	2,480	(328)	8,892
Effect of exchange rate changes on cash and cash equivalents	(9)	(11)	1
Net increase (decrease) in cash and cash equivalents	(115)	3,040	3,695
Cash and cash equivalents, beginning of period	6,275	1,503	6,308
Cash and cash equivalents, end of period	$ 6,160	$ 4,543	$ 10,003
Supplemental disclosures of cash flow information			
Cash paid for taxes	$ 25	$ -	$ -
Cash paid for interest	$ -	$ 6	$ -
Supplemental schedule of noncash investing and financing activities			
Right of use asset obtained in exchange for lease liability	$ 393	$ 230	$ -
Noncash investment from parent	$ -	$ -	$ 409
Class A Common Stock and Class C Common Stock issued in connection with Business Combination	$ -	$ 69,928	$ -
Financing of Director and Officer Insurance	$ -	$ 671	$ -

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

CXAPP INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – Organization, Nature of Business and Basis of Presentation

CXApp Inc. and its subsidiaries ("CXApp" or the "Company") is in the business of delivering intelligent enterprise workplace experiences. The CXApp SaaS platform is anchored on the intersection of customer experience (CX) and artificial intelligence (AI) providing digital transformation for the physical workplace for enhanced experiences across people, places and things.

The CXApp SaaS platform offers a suite of leading-edge technology workplace experience solutions including an enterprise employee application, indoor mapping, on-device positioning, augmented reality technologies, generative AI applications and an AI-based analytics platform, targeting the emerging hybrid workplace market. CXApp creates a connected workplace by reducing app overload, data fragmentation, and complex workflows and streamlines all capabilities through The Workplace SuperApp. All features, services and integrations are housed in one easy-to-access platform allowing businesses to deliver a more holistic employee experience in a hybrid workplace.

On September 25, 2022, an Agreement and Plan of Merger (the "Merger Agreement"), was entered into by and among Inpixon, KINS, CXApp, and KINS Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of KINS ("Merger Sub"), pursuant to which KINS acquired Inpixon's enterprise apps business (including its workplace experience technologies, indoor mapping, events platform, augmented reality and related business solutions) ("Legacy CXApp") in exchange for the issuance of shares of KINS capital stock (the "Business Combination"). As a result of the Business Combination, KINS changed their name to CXApp Inc. ("CXApp"). The shares are now trading on the Nasdaq using the ticker CXAI. The transaction closed on March 14, 2023. See Note 3 for more details.

Unless the context otherwise requires, "we," "us," "our," "CXApp" and the "Company" refer to CXApp Inc., a Delaware corporation, and its consolidated subsidiaries following the Business Combination (as defined below). Unless the context otherwise requires, references to "KINS" refer to KINS Technology Group Inc., a Delaware corporation ("KINS"), prior to the Business Combination. All references herein to the "Board" refer to the board of directors of the Company. "Legacy CXApp" refers to CXApp Holding Corp., a Delaware corporation and a wholly owned subsidiary of the Company, which the Company acquired through the Business Combination. Prior to the Separation (as defined below), Legacy CXApp was a wholly owned subsidiary of Inpixon, a Nevada corporation ("Inpixon").

The Business Combination was accounted for using the acquisition method (as a forward merger), with goodwill and other identifiable intangible assets recorded in accordance with GAAP, as applicable. Under this method of accounting, the "Enterprise Apps Business" (formerly known as CXApp) is treated as the "acquired" company for financial reporting purposes. KINS (now known as CXApp Inc.) has been determined to be the accounting acquirer because KINS maintains control of the Board of Directors and management of the combined company.

NOTE 2 – Summary of Significant Accounting Policies

Liquidity

As of June 30, 2024 (Successor), the Company had a working capital deficiency of approximately $6,807 thousand and cash and cash equivalents of approximately $6,160 thousand. For the three and six months ended June 30, 2024 (Successor), the Company incurred net losses of approximately $5,256 thousand and $10,426 thousand, respectively. During the six months ended June 30, 2024 (Successor), the Company used approximately $2,560 thousand of cash for operating activities.

The Company cannot assure that it will ever earn revenues sufficient to support their operations, or that it will ever achieve profitable operations. The Company's recurring losses and utilization of cash in its operations are indicators of substantial doubt that the entity can continue as a going concern however, with the Company's current liquidity position the Company has taken the following steps to achieve efficient operations:

- In January 2024, the Company streamlined its operations to conserve cash resources by laying off approximately 20% of the global employee headcount;

- In February 2024, Google agreed to add the CXAI application platform to the Google Marketplace and signed a go-to-market partnership agreement. Google Cloud's sales and marketing teams will work with CXAI on targeting key clients and providing them the best workplace platform experience. With this, the Management believes that this partnership would help boost the Company's product capability revenue; and

- In March 2024, the Company successfully negotiated for a 50% reduction in D&O insurance premium.

On May 22, 2024, the Company entered into a Securities Purchase Agreement (the "SPA") with Streeterville Capital, LLC ("Lender"), pursuant to which the Lender desires to purchase up to $10,000 thousand in shares of the Company's Common Stock, par value $0.0001. Pursuant to the SPA, the Company issued an unsecured convertible Pre-Paid Purchase to Lender. The convertible Pre-Paid Purchase has the original principal amount of $2,650 thousand. On June 3, 2024, the Company received net proceeds of $2,480 thousand, reflecting original issue discount of $125 thousand and Lender's transaction cost of $20 thousand.

Management believes that the recent fundings are sufficient to address any potential going concern uncertainties, ensuring the Company's ability to meet its obligations and continue operations for at least one year from the issuance date of these condensed consolidated financial statements. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan. The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the requirements of the Securities and Exchange Commission (the "SEC") for interim reporting. Accordingly, since they are interim statements, they do not include all of the information and disclosures 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. Operating results for the three and six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for other quarters or the year ending December 31, 2024. The condensed consolidated balance sheet as of December 31, 2023 has been derived from the audited financial statements as of that date. For more complete financial information, these condensed consolidated financial statements and the notes thereto should be read in conjunction with the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on May 23, 2024.

Principles of Consolidation

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during each of the reporting periods. Actual results could differ from those estimates. The Company's significant estimates consist of:

- the valuation of stock-based compensation;

- the valuation of warrant liabilities;

- the allowance for credit losses;

- the valuation allowance for deferred tax assets; and

- impairment of long-lived assets and goodwill.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, checking accounts, money market accounts, temporary investments and certificates of deposit with maturities of three months or less when purchased. As of June 30, 2024 (Successor), the Company had cash equivalents of approximately $5,706 thousand of certificates of deposit held by a number of banks limited to $250 thousand per bank with a duration of 90 days or less. As of December 31, 2023 (Successor), the Company had approximately $5,584 in cash equivalents.

Accounts Receivable, net and Allowance for Credit Losses

Accounts receivables are stated at the amount the Company expects to collect. The Company recognizes an allowance for credit losses to ensure accounts receivables are not overstated due to uncollectability. Allowance for credit losses are maintained for various customers based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. An additional reserve for individual accounts is recorded when the Company becomes aware of a customer's inability to meet its financial obligation, such as in the case of bankruptcy filings, or deterioration in such customer's operating results or financial position. If circumstances related to a customer change, estimates of the recoverability of receivables would be further adjusted. The Company's allowance for credit losses is approximately $0 thousand and $2 thousand as of June 30, 2024 (Successor) and December 31, 2023 (Successor), respectively.

Property and Equipment, net

Property and equipment are recorded at cost, less accumulated depreciation and amortization. The Company depreciates its property and equipment for financial reporting purposes using the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the initial lease term. Expenditures for maintenance and repairs, which do not extend the economic useful life of the related assets, are charged to operations as incurred, and expenditures, which extend the economic life, are capitalized. When assets are retired, or otherwise disposed of, the costs and related accumulated depreciation or amortization are removed from the accounts and any gain or loss on disposal is recognized.

Intangible Assets, net

Intangible assets primarily consist of developed technology, customer lists/relationships, intellectual property agreements, export licenses and trade names/trademarks. They are amortized ratably over a range of 5 to 10 years, which approximates customer attrition rate and technology obsolescence. The Company assesses the carrying value of its intangible assets for impairment annually, or more frequently if an event or other circumstances indicates that the Company may not be able to recover the carrying amount of the assets. Based on its assessments, the Company did not incur any impairment charges for the three and six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor).

Goodwill

The Company tests goodwill for potential impairment at least annually, or more frequently if an event or other circumstance indicates that the Company may not be able to recover the carrying amount of the net assets of the reporting unit. The Company has determined that the reporting unit is the entire company, due to the integration of all of the Company's activities. In evaluating goodwill for impairment, the Company may assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount. If the Company bypasses the qualitative assessment, or if the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company performs a quantitative impairment test by comparing the fair value of a reporting unit with its carrying amount.

The Company calculates the estimated fair value of a reporting unit using a weighting of the income and market approaches. For the income approach, the Company uses internally developed discounted cash flow models that include the following assumptions, among others: projections of revenues, expenses, and related cash flows based on assumed long-term growth rates and demand trends; expected future investments to grow new units; and estimated discount rates. For the market approach, the Company uses internal analyses based primarily on market comparables, including public company method, guideline transaction method, and market price method. The Company bases these assumptions on its historical data and experience, third party appraisals, industry projections, micro and macro general economic condition projections, and its expectations. Based on its assessments, the Company did not incur any impairment charges for the three and six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor).

Leases and Right-of-Use Assets and Liabilities

The Company determines if an arrangement is a lease at its inception. Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company generally uses their incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments, because the implicit rate of the lease is generally not known. Right-of-use assets related to the Company's operating lease liabilities are measured at lease inception based on the initial measurement of the lease liability, plus any prepaid lease payments and less any lease incentives. The Company's lease terms that are used in determining their operating lease liabilities at lease inception may include options to extend or terminate the leases when it is reasonably certain that the Company will exercise such options. The Company amortizes their right-of-use assets as operating lease expense generally on a straight-line basis over the lease term and classify both the lease amortization and imputed interest as operating expenses. The Company does not recognize lease assets and lease liabilities for any lease with an original lease term of less than one year.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income or expense in the period that the change is effective. Income tax benefits are recognized when it is probable that the deduction will be sustained. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain.

Comprehensive Loss and Foreign Currency Translation

The Company reports comprehensive loss and its components in its condensed consolidated financial statements. Comprehensive loss consists of net loss and foreign currency translation adjustments, affecting stockholders' equity that, under GAAP, are excluded from net loss.

Assets and liabilities related to the Company's foreign operations are calculated using the Philippine Peso and Canadian Dollar and are translated at end-of-period exchange rates, while the related revenues and expenses are translated at average exchange rates prevailing during the period. Gains or losses resulting from transactions denominated in foreign currencies are included in other income (expenses) in the condensed consolidated statements of operations. The Company engages in foreign currency denominated transactions with customers that operate in functional currencies other than the U.S. dollar. Aggregate foreign currency net transaction gain were approximately \$22 thousand, \$76 thousand, and loss of \$39 thousand, \$39 thousand, and \$28 thousand for the three months ended June 30, 2024 (Successor), for the six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor), respectively.

Convertible Debt

The Company issued convertible debt in May 2024, and evaluated to determine whether they contain features that qualify as embedded derivatives in accordance with ASC 815. Embedded derivatives must be separately measured from the host contract if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract and the features of the derivatives. In accounting for the issuance of the convertible debt, the Company treats the instrument wholly as a liability, in accordance with ASC 470, as the conversion features do not require bifurcation as a derivative in accordance with ASC 815 and the convertible debt was not issued at a substantial premium. Costs directly associated with the borrowing have been capitalized and are netted against the corresponding debt liabilities in the Company's Condensed Consolidated Balance Sheets at issuance and amortized over the contractual term of the convertible debt instrument using the effective interest rate method.

Debt Issuance Costs

The costs related to the issuance of debt are capitalized and amortized to interest expense over the life of the related debt using the effective interest method. The amendments to FASB ASC 835-30 require that debt issuance costs be presented in the Condensed Consolidated Balance Sheets as a direct deduction from the carrying amount of long-term debt, consistent with debt discounts or premiums.

Revenue Recognition

The Company recognizes revenue, in accordance with ASC 606, when control is transferred of the promised products or services to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. The Company derives revenue from its software as a service for cloud-based software, as well as design, implementation and other professional services for work performed in conjunction with its cloud-based software. The Company enters into contracts with its customers whereby it grants a non-exclusive cloud-based license for the use of its proprietary software and for professional services. The contracts may also provide for on-going services for a specified price, which may include maintenance services, designated support, and enhancements, upgrades and improvements to the software, depending on the contract. Licenses for cloud software provide the customer with a right to use the software as it exists when made available to the customer. All software provides customers with the same functionality and differs mainly in the duration over which the customer benefits from the software.

The Company recognizes revenue in accordance with ASC 606 – Revenue from Contracts with Customers. The standard's core principle is that an entity will recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The new standard is a principles-based standard intended to better match the accounting for the transaction with the economics of the transaction. This requires entities to use more judgment and make more estimates than under previous revenue standards.

The standard introduces a five-step model for revenue recognition that replaces the four criteria for revenue recognition under previous GAAP. The five steps are shown below:

1. Identify the contract with a customer;

2. Identify the performance obligations in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to performance obligations; and

5. Recognize revenue when (or as) the entity satisfies a performance obligation

License Subscription Revenue Recognition (Software As A Service)

With respect to sales of the Company's license agreements, customers generally pay fixed annual fees in advance in exchange for the Company's software service provided via electronic means, which are generally recognized ratably over the license term. Some agreements allow the customer to terminate their subscription contracts before the end of the applicable term, and in such cases the customer is generally entitled to a refund pro-rata but only for the elapsed time remaining at the point of termination, which would approximate the deferred revenue at such time. The Company's performance obligation is satisfied over time as the electronic services are provided continuously throughout the service period. The Company recognizes revenue evenly over the service period using a time-based measure because the Company is providing continuous access to its service. The Company's customers generally pay within 30 to 60 days from the receipt of a customer approved invoice.

The timing of the Company's revenue recognition related to the licensing revenue stream is dependent on whether the software licensing agreement entered into represents a service. Software that relies on an entity's IP and is delivered only through a hosting arrangement, where the customer cannot take possession of the software, is a service. Customers may purchase perpetual licenses or subscribe to licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software.

Renewals or extensions of licenses are evaluated as distinct licenses and revenue attributed to the distinct service is not recognized until: (1) the entity provides the distinct license (or makes the license available) to the customer and (2) the customer is able to use and benefit from the distinct license. Renewal contracts are not combined with original contracts, and, as a result, the renewal right is evaluated in the same manner as all other additional rights granted after the initial contract. The revenue is not recognized until the customer can begin to use and benefit from the license, which is typically at the beginning of the license renewal period. The Company recognizes revenue resulting from renewal of licensed software over time.

Professional Services Revenue Recognition

The Company provides integration and software customization professional services to its customers.

Professional services under milestone contracts are accounted for using the percentage of completion method. As soon as the outcome of a contract can be estimated reliably, contract revenue is recognized in the statement of operations in proportion to the stage of completion of the contract. Contract costs are expensed as incurred. Contract costs include all amounts that relate directly to the specific contract, are attributable to contract activity, and are specifically chargeable to the customer under the terms of the contract.

Professional services are also contracted on the fixed fee and in some cases on a time and materials basis. Fixed fees are paid monthly, in phases, or upon acceptance of deliverables. The Company's time and materials contracts are paid weekly or monthly based on hours worked. Revenue on time and material contracts is recognized based on a fixed hourly rate as direct labor hours are expended. Materials, or other specified direct costs, are reimbursed as actual costs and may include markup. The Company has elected the practical expedient to recognize revenue for the right to invoice because the Company's right to consideration corresponds directly with the value to the customer of the performance completed to date. For fixed fee contracts provided by in house personnel, the Company recognizes revenue evenly over the service period using a time-based measure because the Company is providing continuous service. Because the Company's contracts have an expected duration of one year or less, the Company has elected the practical expedient in ASC 606-10-50-14(a) to not disclose information about its remaining performance obligations. Anticipated losses are recognized as soon as they become known.

For the three months and six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor), the Company did not incur any such losses. These amounts are based on known and estimated factors.

Contract Balances

The timing of the Company's revenue recognition may differ from the timing of invoicing to and payment by its customers. The Company records an unbilled receivable when revenue is recognized prior to invoicing and the Company has an unconditional right to payment. Alternatively, when invoicing a customer precedes the Company providing of the related services, the Company records deferred revenue until the performance obligations are satisfied. The Company had deferred revenue of approximately $2,936 thousand and $2,878 thousand as of June 30, 2024 (Successor) and December 31, 2023 (Successor), respectively, related to customer invoices rendered in advance for software licenses and professional services provided by the Company's technical staff.

The Company expects to satisfy its remaining performance obligations for the deferred revenue associated with professional services, and recognize the deferred revenue related to licenses generally over the remaining contract term which is generally twelve months following the commencement of the license. The Company recognized revenue in the reporting period of $1,872 thousand, $729 thousand, and $865 thousand, that was included in the contract liability balance at the beginning of the period, for the six months ended June 30, 2024 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and for the period from January 1, 2023 to March 14, 2023 (Predecessor), respectively.

Costs to Obtain a Contract

The Company recognizes eligible sales commissions as an asset within prepaid expenses and other current assets as the commissions are an incremental cost of obtaining a contract with the customer and the Company expects to recover these costs. The capitalized costs are amortized over the expected contract term.

Cost to Fulfill a Contract

The Company incurs costs to fulfill their obligations under a contract once it has obtained the contract. These costs are generally not significant and are recorded to expense as incurred.

Multiple Performance Obligations

The Company enters into contracts with customers for its technology that include multiple performance obligations. Each distinct performance obligation was determined by whether the customer could benefit from the good or service on its own or together with readily available resources. The Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company's process for determining standalone selling price considers multiple factors including the Company's internal pricing model and market trends that may vary depending upon the facts and circumstances related to each performance obligation.

Sales and Use Taxes

The Company presents transactional taxes such as sales and use tax collected from customers and remitted to government authorities on a net basis.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred as part of cost of revenues. These costs were deemed to be de minimis during each of the reporting periods.

Research and Development

Research and development ("R&D") costs are expensed when incurred. R&D expenses consist primarily of personnel and related headcount costs, costs of professional services associated with the ongoing development of the Company's technology, and allocated overhead.

Business Combinations

The Company accounts for business combinations under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations" using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. All acquisition costs are expensed as incurred. Upon acquisition, the accounts and results of operations are included as of and subsequent to the acquisition date.

Segments

The Company and its Chief Executive Officer ("CEO"), acting as the Chief Operating Decision Maker ("CODM") determines its reporting units in accordance with FASB ASC 280, "Segment Reporting" ("ASC 280"). The Company evaluates a reporting unit by first identifying its operating segments under ASC 280. The Company then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meet the definition of a business, the Company evaluates those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated. The Company has one operating segment and reporting unit. The Company is organized and operated as one business. Management reviews its business as a single operating segment, using financial and other information rendered meaningful only by the fact that such information is presented and reviewed in the aggregate.

Stock-based Compensation

The Company measures the cost of employee and non-employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The Company has issued stock-based compensation awards in the form of options and restricted stock units. Fair value for options and restricted stock units are valued using the closing price of the Company's common stock on the date of grant. The grant date fair value is recognized over the requisite service period during which an employee and non-employee is required to provide service in exchange for the award.

The grant date fair value of options is estimated using the Black-Scholes option pricing model based on the average of the high and low stock prices at the grant date for awards under the CXApp Inc. 2023 Equity Incentive Plan (the "Incentive Plan"). The risk-free interest rate assumptions were based upon the observed interest rates appropriate for the expected term of the equity instruments. The expected dividend yield is assumed to be zero as the Company has not paid any dividends since its inception and does not anticipate paying dividends in the foreseeable future. The Company uses the simplified method to estimate the expected term. The Company estimates forfeitures at the time of grant and revises these estimates in subsequent periods if actual forfeitures differ from those estimates.

Derivative Warrant Liabilities

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in FASB ASC 480, "Distinguishing Liabilities from Equity" ("ASC 480") and ASC 815, "Derivatives and Hedging" ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common stock, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding. The Company currently has two sets of warrants outstanding, known as the Private Placement Warrants and the Public Warrants, which are both classified as a liability.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance or modification. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance as a warrant liability, and adjusted to the then fair value in each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash loss on the condensed consolidated statements of operations and amounting to $1,051 thousand, $2,523 thousand, $12,040 thousand, $10,354 thousand, and $0 thousand for the three months ended June 30, 2024 (Successor), for the six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor), respectively. The Company utilized the Public Warrant quoted market price as the fair value of the Warrants as of each relevant date.

Earnings Per Share

The Company computes basic and diluted earnings per share by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share are similarly calculated with the inclusion of dilutive common stock equivalents. For the three and six months ended June 30, 2024 (Successor), basic and dilutive net loss per common share were the same since the inclusion of common shares issuable pursuant to the exercise of options, warrants, and vesting of restricted units in the calculation of diluted net loss per common shares would have been anti-dilutive. For the period from March 15, 2023 to March 31, 2023 (Successor), the common shares issuable were excluded from the calculation because (i) the warrants were below their exercise price and (ii) the stock options were not vested.

The following table summarizes the number of common shares and common share equivalents excluded from the calculation of diluted net loss per common share for the three and six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), and for the period from March 15, 2023 to June 30, 2023 (Successor).

(in thousands)	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	Three Months Ended June 30, 2023	Period from March 15, 2023 to June 30, 2023
Stock options	1,620	1,548	985	985
Restricted stock units	533	512	160	160
Warrants	21,032	21,032	24,080	24,080
Total	23,185	23,092	25,225	25,225

Fair Value Measurements

FASB ASC 820, "Fair Value Measurements" ("ASC 820"), provides guidance on the development and disclosure of fair value measurements. The Company follows this authoritative guidance for fair value measurements, which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles in the United States, and expands disclosures about fair value measurements. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.
- Level 3: Unobservable inputs which are supported by little or no market activity and values determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management. The fair value of the warrants has been measured based on the listed market price of such warrants, a Level 1 measurement. For the three months ended June 30, 2024 (Successor), for the six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor), the Company recognized, in the consolidated statements of operations and comprehensive income, unrealized loss of $1,051 thousand, $2,523 thousand, $12,040 thousand, $10,354 thousand, and $0 thousand, respectively. See Note 10.

The Company accounts for its public and private warrants as a derivative liability initially measured at its fair values and remeasured in the condensed consolidated statements of operations at the end of each reporting period. When the warrants are exercised, the corresponding derivative liability is de-recognized at the underlying fair value of the Class A common stock that is issued to the warrant holder less any cash paid in accordance with the warrant agreement. Upon either cash or cashless exercise, the de-recognized derivative liability results in an increase in additional paid in capital equal to the difference between the fair value of the underlying Class A common stock and its par value. A cashless exercise results in the warrant holder surrendering Class A common stock equal to the stated warrant exercise price based on the contractual terms in the warrant agreement that governs the cashless conversion.

The following table shows the changes in fair value of the liabilities:

Warrant liability – January 1, 2024	$ 1,683
Change in FV of derivative instruments	1,472
Warrant liability – March 31, 2024	3,155
Change in FV of derivative instruments	1,051
Warrant liability – June 30, 2024	**$ 4,206**
Warrant liability – March 15, 2023	$ 2,649
Change in FV of derivative instruments	(1,686)
Warrant liability – March 31, 2023	963
Change in FV of derivative instruments	12,040
Warrant liability – June 30, 2023	**$ 13,003**

Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, unbilled and other receivables and accounts payable. The Company determines the estimated fair value of such financial instruments presented in these financial statements using available market information and appropriate methodologies.

Carrying Value, Recoverability and Impairment of Long-Lived Assets

The Company follows FASB ASC 360 "Property, Plant, and Equipment" ("ASC 360") for its long-lived assets. Pursuant to ASC 360-10-35-17, an impairment loss shall be recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). That assessment shall be based on the carrying amount of the asset (asset group) at the date it is tested for recoverability. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value. Pursuant to ASC 360-10-35-20 if an impairment loss is recognized, the adjusted carrying amount of a long-lived asset shall be its new cost basis. For a depreciable long-lived asset, the new cost basis shall be depreciated (amortized) over the remaining useful life of that asset. Restoration of a previously recognized impairment loss is prohibited.

Pursuant to ASC 360-10-35-21, the Company's long-lived asset (asset group) is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company considers the following to be some examples of such events or changes in circumstances that may trigger an impairment review: (a) significant decrease in the market price of a long-lived asset (asset group); (b) a significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used or in its physical condition; (c) a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset (asset group), including an adverse action or assessment by a regulator; (d) an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset (asset group); (e) a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset (asset group); and (f) a current expectation that, more likely than not, a long-lived asset (asset group) will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The Company tests its long-lived assets for potential impairment indicators at least annually and more frequently upon the occurrence of such events.

Based on its assessments, the Company recorded no impairment charges on long-lived assets for the three and six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor).

Recently Issued Accounting Standards Not Yet Adopted

In October 2023, the FASB issued ASU 2023-06 "Disclosure Improvements", which amends the codification in response to the SEC's Disclosure Update and Simplification Initiative. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective. The Company is currently assessing the potential impact of ASU 2023-06 and does not expect the adoption of this guidance will have a material impact on its condensed consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-08, Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60) which requires holdings of certain crypto assets to be measured at fair value at each reporting period with changes in fair value recorded through earnings. The amendments apply to assets meeting certain defined characteristics and require crypto assets to be presented separately from other intangible assets on the balance sheet with changes in fair value presented separately from other changes in intangible assets on the income statement. Requires extensive disclosure about crypto assets measured at fair value on an interim and annual basis, requires an annual roll forward of an entity's crypto holdings, and specifies certain statement of cash flows presentation for crypto assets received as noncash consideration in the ordinary course of business and converted nearly immediately into cash. The new guidance is effective for all entities for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this standard on our condensed consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) that enhances transparency into income tax disclosures. Requires annual disclosure of certain information relating to the rate reconciliation, income taxes paid by jurisdiction, income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign, and income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. Eliminates certain requirements relating to unrecognized tax benefits and certain deferred tax disclosure relating to subsidiaries and corporate joint ventures. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. We are currently evaluating the impact of this standard on our condensed consolidated financial statements.

In March 2024, the FASB issued ASU 2024-01, "Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards," which clarifies how an entity determines whether a profits interest or similar award is within the scope of Topic 718, or is not a share-based payment arrangement and therefore within the scope of other guidance. ASU 2024-01 adds an example with multiple fact patterns and illustrates how an entity evaluates common terms and characteristics of profits interests and similar awards to reach a conclusion about whether an award meets the conditions in Topic 718. It also amends certain language in the "Scope" and "Scope Exceptions" sections of Topic 718 to improve its clarity and operability without changing the guidance. ASU 2024-01 is effective for the Company for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Entities may apply the guidance either retrospectively to all periods presented in the financial statements or prospectively to profits interest and similar awards granted or modified on or after the date of adoption. We are currently evaluating the impact of this standard on our condensed consolidated financial statements.

In March 2024, the FASB issued ASU 2024-02 "Codification Improvements—Amendments to Remove References to the Concept Statements," which amends the Codification to remove references to various FASB Concepts Statements and impacts a variety of Topics in the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance, but in most instances the references removed are extraneous and are not required to understand or apply the guidance. Generally, the amendments in ASU 2024-02 are not intended to result in significant accounting changes for most entities. ASU 2024-02 is effective for the Company for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Entities may apply the guidance either retrospectively to the beginning of the earliest comparative period presented or prospectively to all new or modified transactions recognized on or after the date of adoption. We are currently evaluating the impact of this standard on our condensed consolidated financial statements.

NOTE 3 – Business Combination

On March 14, 2023, the Company completed the Agreement and Plan of Merger (the "Merger Agreement"), by and among KINS, Inpixon, CXApp, and KINS Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of KINS ("Merger Sub"), pursuant to which KINS combined with Legacy CXApp, Inpixon's enterprise apps business (including its workplace experience technologies, indoor mapping, events platform, augmented reality and related business solutions) (the "Enterprise Apps Business"). In exchange for the aggregate purchase price of approximately $69,928 thousand, the Company acquired all of the related assets and liabilities of Legacy CXApp. The consideration transferred in connection with the Business Combination consisted of 1,547,700 shares of the Company's Class A Common Stock and 5,487,300 shares of the Company's Class C Common Stock valued at a price of $9.94 per share. The preliminary estimated goodwill of approximately $44,200 thousand arising from the Business Combination consists of an acquired workforce, as well as synergies expected from combined operations of KINS and the CXApp.

The Company has authorized Class A and Class C common stock. Class A common stock and New CXApp Class C common stock are identical in all respects, except that New CXApp Class C common stock is not listed and will automatically convert into New CXApp Class A common stock on the earlier to occur of (i) the 180th day following the closing of the Merger which has expired and (ii) the day that the last reported sale price of New 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.

The Business Combination is being accounted for as a business combination in accordance with ASC 805. The Company has determined fair values of the assets acquired and liabilities assumed in the Business Combination.

The Company allocated the purchase price of the Business Combination to the assets acquired and the liabilities assumed as of the closing date. The following table summarizes the purchase price allocations relating to the Business Combination (in thousands):

Description	Fair Value	Weighted Average Useful Life (in years)
Purchase Price	$ 69,928	
Assets acquired:		
Cash and cash equivalents	$ 10,003	
Accounts receivable	2,226	
Notes and other receivables	209	
Prepaid assets and other current assets	408	
Operating lease right of use asset	557	3 years
Property and equipment, net	133	3 years
Other assets	42	
Developed technology	8,697	10 years
Patents	2,703	10 years
Customer relationships	5,604	5 years
Tradenames and trademarks	3,294	7 years
Total assets acquired	$ 33,876	
Liabilities assumed:		
Accounts payable	$ 443	
Accrued liabilities	969	
Deferred revenues	2,534	
Operating lease obligation, current	194	
Operating lease obligation, noncurrent	384	
Deferred tax liability	4,217	
Total liabilities assumed	8,741	
Goodwill	$ 44,793	

The value of the intangible assets were calculated by a third party valuation firm based on projections and financial data provided by management of the Company. Goodwill represents the excess fair value after allocation to the intangible assets. The calculated goodwill is not deductible for tax purposes.

Total acquisition-related costs for the Business Combination were approximately $3,543 thousand. Of the total acquisition-related costs, approximately $3,000 thousand were incurred by KINS prior to the close of the Business Combination. These costs are included in the opening retained earnings of the Company on March 15, 2023. The remaining $543 thousand of acquisition-related costs were recorded as expense in the successor period and are included in acquisition related costs on the statements of operations for the year ended December 31, 2023.

Measurement Period

The purchase price allocations for the acquisitions described above are based on initial estimates and provisional amounts. In accordance with ASC 805-10-25-13, if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, acquirer shall adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. The Company continued to refine its inputs and estimates inherent in (i) the valuation of intangible assets, (ii) deferred income taxes, (iii) realization of tangible assets and (iv) the accuracy and completeness of liabilities through March 14, 2024, when the purchase price allocation was finalized.

CXApp Proforma Financial Information

The following unaudited proforma financial information presents the condensed consolidated results of operations of the Company for the six-month period ended June 30, 2023, as if the acquisition had occurred as of the beginning of the first period presented (January 1, 2023) instead of on March 14, 2023. The proforma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during those periods.

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

	For the Six Months Ended June 30, 2023
Revenues	$ 3,877
Net income (loss)	(20,637)

NOTE 4 – Disaggregation of Revenue

The Company recognizes revenue when control is transferred of the promised products or services to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. The Company derives revenue from software as a service, design and implementation services for its enterprise apps solutions systems, and professional services for work performed in conjunction with its systems.

Revenues consisted of the following (in thousands):

	Successor				Predecessor
	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	Three Months Ended June 30, 2023	Period from March 15, 2023 to June 30, 2023	Period from January 1, 2023 to March 14, 2023
Subscription revenue					
Software	$ 1,504	$ 3,092	$ 1,513	$ 1,753	$ 1,204
Total subscription revenue	**$ 1,504**	**$ 3,092**	**$ 1,513**	**$ 1,753**	**$ 1,204**
Non-subscription revenue					
Professional services	$ 262	$ 492	$ 402	$ 504	$ 416
Total non-subscription revenue	**$ 262**	**$ 492**	**$ 402**	**$ 504**	**$ 416**
Total Revenue	**$ 1,766**	**$ 3,584**	**$ 1,915**	**$ 2,257**	**$ 1,620**

	Successor				Predecessor
	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	Three Months Ended June 30, 2023	Period from March 15, 2023 to June 30, 2023	Period from January 1, 2023 to March 14, 2023
Revenue recognized over time(1)(2)	$ 1,766	$ 3,584	$ 1,915	$ 2,257	$ 1,620
Total	**$ 1,766**	**$ 3,584**	**$ 1,915**	**$ 2,257**	**$ 1,620**

(1) Professional services are also contracted on the fixed fee and time and materials basis. Fixed fees are paid monthly, in phases, or upon acceptance of deliverables. The Company has generally elected the practical expedient to recognize revenue for the right to invoice because the Company's right to consideration corresponds directly with the value to the customer of the performance completed to date.

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

NOTE 5 – Property and Equipment, net

Property and equipment consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Computer and office equipment	$ 189	$ 179
Furniture and fixtures	13	12
Leasehold improvements	5	6
Software	1	1
Total	208	198
Less: accumulated depreciation and amortization	(113)	(83)
Total Property and Equipment, Net	$ 95	$ 115

Depreciation and amortization expense were approximately $22 thousand, $44 thousand, $24 thousand, $28 thousand, and $19 thousand, for the three months ended June 30, 2024 (Successor), for the six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor), respectively.

NOTE 6 – Goodwill and Intangible Assets

The Company reviews goodwill and intangible assets for impairment on a reporting unit basis on December 31 of each year and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. The Company noted that the carrying amount of Goodwill as of June 30, 2024 (Successor) was $8,737 thousand, which was entirely due to the business combination noted in Note 3.

Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill or amortizable intangible assets may not be recoverable include a decline in industry and market considerations, technological advancements, and the Company's financial performance.

We completed our annual goodwill impairment evaluation as of December 31, 2023. As a result, the Company incurred an impairment loss of $36,056 thousand.

The Company noted that there were no qualitative or quantitative indicators of impairment present at the reporting date as of June 30, 2024 (Successor).

Intangible assets consisted of the following (in thousands):

	June 30, 2024				December 31, 2023		
	Weighted Average Remaining Useful Life (Years)	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Trade Name/Trademarks	5.7	$ 3,294	$ (608)	$ 2,686	$ 3,294	$ (373)	$ 2,921
Customer Relationships	3.7	5,604	(1,448)	4,156	5,604	(887)	4,717
Developed Technology	8.7	8,697	(1,123)	7,574	8,697	(688)	8,009
Patents and Intellectual Property	8.7	2,703	(349)	2,354	2,703	(214)	2,489
Totals		**$ 20,298**	**$ (3,528)**	**$ 16,770**	**$ 20,298**	**$ (2,162)**	**$ 18,136**

Future amortization expense on intangible assets as of June 2024 is anticipated to be as follows (in thousands):

For the Years Ending December 31,	Amount
2024 (remainder of year)	$ 1,365
2025	2,731
2026	2,731
2027	2,731
2028	1,844
Thereafter	5,368
Total	**$ 16,770**

NOTE 7 – Deferred Revenue

Deferred revenue consisted of the following (in thousands):

	License Agreements	Professional Service Agreements	Total
Deferred Revenue – January 1, 2024	$ 2,404	$ 474	$ 2,878
Revenue recognized	(3,092)	(492)	(3,584)
Revenue deferred	3,373	269	3,642
Deferred Revenue – June 30, 2024	**$ 2,685**	**$ 251**	**$ 2,936**

	License Agreements	Professional Service Agreements	Total
Deferred Revenue – March 15, 2023	$ 2,148	$ 386	$ 2,534
Revenue recognized	(4,560)	(1,186)	(5,746)
Revenue deferred	4,816	1,274	6,090
Deferred Revenue – December 31, 2023	**$ 2,404**	**$ 474**	**$ 2,878**

Deferred revenues were approximately $2,936 thousand and $2,878 thousand at June 30, 2024 (Successor) and December 31, 2023 (Successor), respectively.

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

NOTE 8 – Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Accrued expenses and reimbursements	$ 1,265	$ 858
Accrued compensation and benefits	290	387
Accrued bonus and commissions	231	108
Accrued insurance premium and interest	158	-
Income tax payables	56	74
Accrued transaction costs	13	13
Accrued sales and other indirect taxes payable	8	12
Accrued liabilities	**$ 2,021**	**$ 1,452**

Financed Director & Officers Insurance

The Company entered into a Directors & Officers ("D&O") insurance agreement with Oakwood D&O Insurance, effective on March 14, 2024. The agreement states that the Company will pay a total of $310 thousand in premiums at an annual percentage rate of 9.5%. The first of ten monthly separate installment payments begin on April 14, 2024. The Company paid a down payment on the policy of $85 thousand. As of June 30, 2024 (Successor), the Company currently owes $158 thousand on the D&O insurance policy.

NOTE 9 – Promissory Note

Note payable consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Principal amount	$ 3,885	$ 3,885
Less: Unamortized original issue discount	399	834
Unamortized debt issuance cost	7	14
	3,479	3,037
Add: Accrued interest payable	216	16
Accrued monitoring fee	408	-
	$ 4,103	$ 3,053

On December 15, 2023, we entered into a note purchase agreement with Streeterville Capital, LLC (the "Lender"), pursuant to which we agreed to issue and sell to the Lender an unsecured promissory note (the "Note") in an aggregate initial principal amount of $3,885 thousand, which is payable on or before the date that is 12 months from the issuance date. The initial principal amount includes an original issue discount of $870 thousand and $15 thousand that we agreed to pay to the Lender to cover the Lender's legal fees, accounting costs, due diligence, monitoring and other transaction costs. The net proceeds of the Note is $3,000 thousand.

Interest on the Note accrues at a rate of 10% per annum and is payable on the maturity date.

A monitoring fee of 10% of the outstanding balance will be charged on the sixth (6th) month from the issuance date of the Note to cover Lender's accounting, legal and other costs incurred in monitoring the Note based on the then-current outstanding balance of the Note. The foregoing fee shall automatically be added to the outstanding balance on the applicable date without any further action by either party.

The Lender shall have the right to redeem up to an aggregate of 1/6th of the initial principal balance of the Note plus any interest accrued thereunder each month by providing written notice delivered to us; provided, however, that if the Lender does not exercise any monthly redemption amount in its corresponding month then such monthly redemption amount shall be available for the Lender to redeem in any further month in addition to such future month's monthly redemption amount.

Upon receipt of any monthly redemption notice, we shall pay the applicable monthly redemption amount in cash to the Lender within five (5) business days of the Company's receipt of such monthly redemption notice.

The Note includes customary event of default provisions, subject to certain cure periods, and provides for a default interest rate of 22%. Upon the occurrence of an event of default, interest would accrue on the outstanding balance beginning on the date the applicable event of default occurred at an interest rate equal to the lesser of twenty-two percent (22%) or the maximum rate permitted under applicable law.

As of August 10, 2024, there is an aggregate outstanding principal and interest balance of approximately $4,554 thousand underlying the December 2023 Note.

Interest expense recognized on the condensed consolidated statement of operations and comprehensive loss were approximately $322 thousand, $642 thousand, and $0 thousand for the three months ended June 30, 2024 (Successor), for the six months ended June 30, 2024 (Successor), and the period from March 15, 2023 to June 30, 2023 (Successor), respectively.

NOTE 10 – Warrants

Public Warrants

As of June 30, 2024 (Successor) and December 31, 2023 (Successor), there were 10,751,862 Public Warrants outstanding. Each whole warrant entitles the holder thereof to purchase one share of the Company's Class A common stock at a price of $11.50 per share, subject to adjustments described in the Company's registration statement on Form S-1 (Registration No. 333-249177) filed in connection with its initial public offering.

The Public Warrants is exercisable and will expire on March 15, 2028 or earlier upon redemption or liquidation. Public Warrants may only be exercised for a whole number of shares. No fractional warrants will be issued upon separation of the units and only whole warrants will trade.

The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the shares of Class A common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. No warrant will be exercisable, and the Company will not be obligated to issue shares of Class A common stock upon exercise of a warrant unless Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

On July 13, 2023, warrant holders exercised 435,000 public warrants at an exercise price of $11.50, for a total of $5,002 thousand of cash proceeds to the Company.

On July 14, 2023, the Company entered into a Warrant Exchange Agreement (the "Agreement") with an unaffiliated third party investor (the "Warrant Holder") with respect to warrants to purchase an aggregate of 2,000 thousand shares of its common stock, par value $0.0001 per share (the "Common Stock") initially issued by the Company in its initial public offering on December 15, 2020 (the "Public Warrants"). Pursuant to the Agreement, the Company issued an aggregate of 600 thousand shares of Common Stock to the Warrant Holder in exchange for the surrender and cancellation of the Public Warrants held by such holder. This resulted to an additional paid in capital of $4,914 thousand in a non-cash transaction and resulted in a $3,900 thousand loss on the warrant conversion, which is included in change in fair value of derivative liability in the statement of operations.

For the three months ended September 30, 2023, approximately 613 thousand public warrants to purchase Class A common stock were exercised on a cashless basis for approximately 50 thousand shares of common stock and are no longer outstanding.

Private Warrants

As of June 30, 2024 (Successor) and December 31, 2023 (Successor), there were 10,280 thousand Private Placement Warrants outstanding. The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants and the shares of Class A common stock issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until April 14, 2023, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable, except as described above, so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

NOTE 11 – Stock Option Plan and Stock-Based Compensation

To calculate the stock-based compensation resulting from the issuance of options, the Company uses the Black-Scholes option pricing model, which is affected by the Company's fair value of its stock price as well as assumptions regarding a number of subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

2023 Equity Incentive Plan

At the special meeting held on March 10, 2023, the KINS stockholders considered and approved, among other things, the Incentive Plan. The Incentive Plan was previously approved, subject to stockholder approval, by KINS' board of directors. The Incentive Plan became effective immediately upon the closing of the Business Combination. Pursuant to the terms of the Incentive Plan, there are 2,110,500 shares of CXApp Class A Common Stock available for issuance under the Incentive Plan, which is equal to 15% of the aggregate number of shares of CXApp common stock issued and outstanding immediately after the closing of the Business Combination (giving effect to the redemptions).

Employee Stock Options

On February 6, 2024, a total of 705,000 stock options to purchase the Company's common stock were granted to employees and consultants of the Company. These options vest over a 4-year period. The options have a life of 10 years and an exercise price of $1.20 per option. The stock options were valued using the Black-Scholes option valuation model and the weighted average fair value of the awards granted during the period was determined to be $0.74 per option on the grant date. The fair value of the common stock as of the grant date utilized in the Black-Scholes option valuation model was $1.21 per share.

In June 2024, the Company received a notice for a net exercise of 70,350 options to purchase shares of common stock resulting in the issuance of 12,570 shares of the Company's Class A Common Stock with par value $0.0001 per share. In accordance with the terms of the Incentive Plan, 51,012 shares were withheld by the Company to cover the exercise price and 6,768 shares were withheld in satisfaction of the taxes required to be paid in connection with the exercise.

See below for a summary of the stock options granted under the Incentive Plan:

	Number of Options	Weighted-average exercise price	Weighted average remaining contractual term (years)	Weighted-Average Fair Value at Grant Date
Options outstanding at January 1, 2024	984,900	$ 1.53	8.75	$ 0.90
Granted	705,000	$ 1.20	9.61	$ 0.74
Exercised	(70,350)	$ 1.53		
Forfeited	-			
Options outstanding at June 30, 2024	1,619,550	$ 1.39		
Options exercisable at June 30, 2024	422,100	$ 1.53		

Non-cash stock-based compensation expenses related to stock option were recorded in the financial statements as summarized below:

	Successor				Predecessor
	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	Three Months Ended June 30, 2023	Period from March 15, 2023 to June 30, 2023	Period from January 1, 2023 to March 14, 2023
Research and development	$ 4	$ 7	$ -	$ -	$ -
Sales and marketing	16	48	-	-	-
General and administrative	82	267	55	57	158
Total non-cash stock compensation	**$ 102**	**$ 322**	**$ 55**	**$ 57**	**$ 158**

As of June 30, 2024 (Successor), the remaining unrecognized stock compensation expense totaled approximately $398 thousand. This amount will be recognized as expense over the weighted average remaining term of 3.60 years.

The fair value of each employee option grant is estimated on the date of the grant using the Black-Scholes option-pricing model. Key weighted-average assumptions used to apply this pricing model for the six months ended June 30, 2024 (Successor) and the period from March 15, 2023 to December 31, 2023 (Successor) were as follows:

Risk-free interest rate	3.67% – 4.33%
Expected life of option grants	5.75 – 6.25 years
Expected volatility of underlying stock	61.65%
Dividends assumption	$-

Restricted Stock Units

On January 2024, a total of 47,000 restricted stock units of the Company's common stock were granted to employees of the Company under the Incentive Plan at various dates.

The fair value of the common stock as of the various grant dates was determined to be $1.25 to $1.38 per restricted stock unit, for a weighted average fair value of $1.29 per restricted stock unit. There was no other activity related to restricted stock units for the six months ended June 30, 2024.

The following summarizes our RSUs transaction activity for six months ended June 30, 2024:

	Shares	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2024	486,165	$ 7.80
Granted	47,000	$ 1.29
Vested	(80,000)	$ 7.80
Forfeited	-	
Outstanding at June 30, 2024	453,165	

The total fair value of RSUs vested during the three months ended June 30, 2024 was $889 thousand.

Non-cash stock-based compensation expenses related to restricted stock units for the six months ended June 30, 2024 were recorded in the financial statements as summarized below:

		Six Months ended June 30, 2024
Research and development	$	404
Sales and marketing		206
General and administrative		504
Total non-cash stock compensation	**$**	**1,114**

There were no non-cash stock-based compensation expenses related restricted stock units for the period from March 15, 2023 to June 30, 2023 (Successor) and period from January 1, 2023 to March 14, 2023 (Predecessor).

As of June 30, 2024 (Successor), the Company has approximately $721 thousand of unrecognized restricted stock unit compensation to be expensed over a weighted average period of 1.51 years.

NOTE 12 – Convertible Debt

Convertible debt as of June 30, 2024 consisted of the following (in thousands):

Principal amount	$	2,625
Less: Unamortized original issue discount		122
Unamortized debt issuance cost		20
		2,483
Add: Accrued interest payable		10
	$	2,493

On May 22, 2024, the Company entered into a Securities Purchase Agreement pursuant to which the Company issued an unsecured convertible Pre-Paid Purchase to Streeterville Capital, LLC (“Lender”). The convertible Pre-Paid Purchase has the original principal amount of $2,650 thousand and Lender gave consideration of $2,480 thousand, reflecting original issue discount of $125 thousand and Lender’s transaction cost of $20 thousand.

The convertible Pre-Paid Purchase accrues interest on the outstanding balance at 5% per annum. The Lender may redeem all or any part of the outstanding balance of the convertible Pre-Paid Purchase, at any time following earlier of six months from the purchase price date and the effectiveness of the Initial Registration Statement by providing a written notice, in cash or converting into shares of the Company’s common stock at a price equal to the lower of (a) Fixed Price of $3.996 and (b) Market Price which is 91% multiplied by the lowest daily volume weighted average price (“VWAP”) during the ten (10) consecutive trading days immediately prior to the written notice date, but in any event not lower than the Floor Price of $0.666, subject to certain adjustments and ownership limitations specified in the convertible Pre-Paid Purchase.

On June 3, 2024, the Company received the net proceeds from the Lender. For the three months ended June 30, 2024, amortization of debt discount and transaction cost of approximately $4 thousand was recorded on the condensed consolidated statements of operations.

During the period ended June 30, 2024, the Company has issued no shares related to the convertible Pre-Paid Purchase.

NOTE 13 – Income Taxes

The Company recorded an income tax benefit of approximately $159 thousand, $366 thousand, $981 thousand, and $2,541 thousand for the three months ended June 30, 2024 (Successor),for the six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), and for the period from March 15, 2023 to June 30, 2023 (Successor), respectively. The Company did not incur income tax expense for the period from January 1, 2023 to March 14, 2023 (Predecessor).

The effective tax rate for three months ended June 30, 2024 (Successor) and for the six months ended June 30, 2024 (Successor) was (2.94)% and (3.39)%, respectively. The effective tax rate differs from the U.S. Federal statutory rate primarily due to recording a valuation allowance against deferred tax assets in the foreign jurisdictions and the significant permanent differences including impairment of goodwill and change in fair value of derivative warrant liabilities.

NOTE 14 – Credit Risk and Concentrations

Financial instruments that subject the Company to credit risk consist principally of trade accounts receivable and cash and cash equivalents. The Company 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 and, consequently, believes that its accounts receivable credit risk exposure beyond such allowances is limited.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows. Cash is also maintained at foreign financial institutions for its Canadian and Philippine subsidiaries. Cash in foreign financial institutions as of June 30, 2024 (Successor) was $93 thousand. Cash in foreign financial institutions as of December 31, 2023 (Successor) was $300 thousand.

The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash for the six months ended June 30, 2024 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and for the period from January 1, 2023 to March 14, 2023 (Predecessor). However, any loss incurred or lack of access to such funds could have a significant impact on the Company's financial condition, results of operations, and cash flows.

NOTE 15 – Foreign Operations

The Company's operations are located primarily in the United States, Canada, and the Philippines. Revenues by geographic area are attributed by country of domicile of the Company's subsidiaries. The financial data by geographic area are as follows (in thousands):

	United States	Canada	Philippines	Eliminations	Total
For the Three Months Ended June 30, 2024 (Successor):					
Revenues by geographic area	$ 1,669	$ 97	$ 233	$ (233)	$ 1,766
Operating income (loss) by geographic area	$ (3,080)	$ (581)	$ 11	$ -	$ (3,650)
Net income (loss) by geographic area	$ (4,655)	$ (613)	$ 12	$ -	$ (5,256)
For the Six Months Ended June 30, 2024 (Successor):					
Revenues by geographic area	$ 3,336	$ 248	$ 473	$ (473)	$ 3,584
Operating income (loss) by geographic area	$ (6,080)	$ (1,183)	$ 26	$ -	$ (7,237)
Net income (loss) by geographic area	$ (9,182)	$ (1,270)	$ 26	$ -	$ (10,426)
For the Three Months Ended June 30, 2023 (Successor):					
Revenues by geographic area	$ 1,550	$ 365	$ 219	$ (219)	$ 1,915
Operating income (loss) by geographic area	$ (2,926)	$ (766)	$ 9	$ -	$ (3,683)
Net income (loss) by geographic area	$ (13,980)	$ (761)	$ 11	$ -	$ (14,730)
For the Period from January 1, 2023 to March 14, 2023 (Predecessor):					
Revenues by geographic area	$ 1,395	$ 285	$ 160	$ (220)	$ 1,620
Operating income (loss) by geographic area	$ (3,479)	$ (905)	$ 3	$ -	$ (4,381)
Net income (loss) by geographic area	$ (3,342)	$ (1,041)	$ 3	$ -	$ (4,380)

For the Period from March 15, 2023 to June 30, 2023 (Successor):										
Revenues by geographic area	$	1,822	$	435	$	415	$	(415)	$	2,257
Operating income (loss) by geographic area	$	(3,412)	$	(924)	$	166	$	-	$	(4,170)
Net income (loss) by geographic area	$	(11,200)	$	(919)	$	168	$	(21)	$	(11,972)
As of June 30, 2024 (Successor)										
Identifiable assets by geographic area	$	36,619	$	387	$	458	$	(3,690)	$	33,774
Long lived assets by geographic area	$	17,188	$	247	$	94	$	-	$	17,529
Goodwill by geographic area	$	8,737	$	-	$	-	$	-	$	8,737

As of December 31, 2023 (Successor)										
Identifiable assets by geographic area	$	38,143	$	627	$	434	$	(2,623)	$	36,581
Long lived assets by geographic area	$	18,269	$	320	$	148	$	-	$	18,737
Goodwill by geographic area	$	8,737	$	-	$	-	$	-	$	8,737

NOTE 16 – Leases

The Company has operating leases for administrative offices in Canada, the Philippines, and the United States. The Manila, Philippines office lease expires in May 2025, the Canada lease expires in May 2026, and the United States office lease expires in April 2026. The Company has no other operating or financing leases with terms greater than 12 months.

Lease expense for operating leases recorded on the balance sheet is based on the future minimum lease payments recognized on a straight-line basis over the term of the lease plus any variable lease costs. Operating lease expenses, inclusive of short-term and variable lease expenses, recognized in the Company's unaudited condensed consolidated statement of operations for the three months ended June 30, 2024 (Successor), for the six months ended June 30, 2024 (Successor), for the three months ended June 30, 2023 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor) was approximately $109 thousand, $222 thousand, $56 thousand, $65 thousand, and $57 thousand, respectively.

Operating lease liabilities are based on the net present value of the remaining lease payments over the remaining lease term. In determining the present value of lease payments, the Company used its incremental borrowing rate based on the information available at the date of adoption of ASC 842 "Leases" ("ASC 842"). As of June 30, 2024 (Successor), the weighted average remaining lease term is 1.6 years and the weighted average discount rate used to determine the operating lease liabilities was 8.0%. As of December 31, 2023 (Successor), the weighted average remaining lease term is 1.4 years and the weighted average discount rate used to determine the operating lease liabilities was 8.0%.

(in thousand)		**Operating Leases**
Year 2024	$	223
Year 2025		383
Year 2026		129
Total lease payments		735
Less: Imputed interest		(58)
Present value of lease liabilities	**$**	**677**

NOTE 17 – Commitments and Contingencies

Risks and Uncertainties

Various social and political circumstances in the United States and around the world (including wars and other forms of conflict, including rising trade tensions between the United States and China, and other uncertainties regarding actual and potential shifts in the United States and foreign, trade, economic and other policies with other countries, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics) may also contribute to increased market volatility and economic uncertainties or deterioration in the United States and worldwide. Specifically, the rising conflict between Russia and Ukraine, and resulting market volatility could adversely affect the Company's ability to complete a Business Combination. In response to the conflict between Russia and Ukraine, the United States and other countries have imposed sanctions or other restrictive actions against Russia. Any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, could have a material adverse effect on the Company's ability to complete a Business Combination and the value of the Company's securities.

Management continues to evaluate the impact of these types of risks and has concluded that while it is reasonably possible that these risks and uncertainties could have a negative effect on the Company's financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these condensed consolidated financial statements. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Litigation

Certain conditions may exist as of the date the condensed consolidated financial statements are issued which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed. There can be no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

NOTE 18 – Subsequent Events

The Company evaluated subsequent events and transactions that occurred after June 30, 2024 up to the date that the condensed consolidated financial statements were issued. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the condensed 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 unaudited condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q, with the audited condensed consolidated financial statements included in our Annual Report on 10-K filed with the Securities and Exchange Commission ("SEC") on May 24, 2024 (the "Annual Report"). References in this report (the "Quarterly Report") to "we", "us" or the "Company" refer to CXApp Inc. References to our "management" or our "management team" refer to our officers and directors. The following management's discussion and analysis of financial condition and results of operations describes the principal factors affecting the results of our operations, financial condition, and changes in financial condition for the period ended June 30, 2024.

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Form 10-Q including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC"). The Company's securities filings can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Overview of Our Business

The CXApp SaaS platform offers a suite of leading-edge technology workplace experience solutions including an enterprise employee application, indoor mapping, on-device positioning, augmented reality technologies and an AI-based analytics platform, targeting the emerging hybrid workplace market to provide enhanced experiences across people, places, and things.

CXApp creates a connected workplace by reducing app overload, data fragmentation, and complex workflows and streamlines all capabilities through The Workplace SuperApp. All features, services, and integrations are housed in one easy-to-access platform allowing businesses to deliver a more holistic employee experience in a hybrid workplace.

Prior to the closing of the Business Combination, CXApp and subsidiaries were wholly-owned subsidiary of Inpixon ("Inpixon") and the Company's financial statements consist of CXApp US, CXApp Canada, and CXApp Philippines (collectively the "Company," "we," "us" or "our"), show the historical condensed consolidated financial position, results of operations, changes in stockholders' equity and cash flows of the Company and should be read in conjunction with the accompanying notes thereto. The Company's condensed consolidated financial statements do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Company been a separate entity nor are they indicative of future results of the Company.

The condensed consolidated operating results of the Company have been specifically identified based on the Company's existing divisional organization. The majority of the assets and liabilities of the Company have been identified based on the existing divisional structure. The historical costs and expenses reflected in the Company's financial statements include an allocation for certain corporate and shared service functions. Management believes the assumptions underlying our condensed consolidated financial statements are reasonable. Nevertheless, our condensed consolidated financial statements may not include all of the actual expenses that would have been incurred and may not reflect our results of operations, financial position and cash flows had we operated as a standalone company during the periods presented. Actual costs that would have been incurred if we had operated as a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure. We also may incur additional costs associated with being a standalone, publicly listed company that were not included in the expense allocations and, therefore, would result in additional costs that are not reflected in our historical results of operations, financial position and cash flows.

Recent Events

The Business Combination

On September 25, 2022, an Agreement and Plan of Merger (the "Merger Agreement"), was entered into by and among Inpixon, KINS Technology Group Inc., a Delaware corporation ("KINS"), CXApp Holding Corp., a Delaware corporation and newly formed wholly-owned subsidiary of Inpixon ("CXApp"), and KINS Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of KINS ("Merger Sub"), pursuant to which KINS acquired Inpixon's enterprise apps business (including its workplace experience technologies, indoor mapping, events platform, augmented reality and related business solutions) (the "Enterprise Apps Business") in exchange for the issuance of shares of KINS capital stock valued at $69,928 thousand (the "Business Combination"). The transaction closed on March 14, 2023.

Immediately prior to the Merger and pursuant to a Separation and Distribution Agreement, dated as of September 25, 2022, among KINS, Inpixon, CXApp and Design Reactor, (the "Separation Agreement"), and other ancillary conveyance documents, Inpixon, among other things and on the terms and subject to the conditions of the Separation Agreement, transferred the Enterprise Apps Business, including certain related subsidiaries of Inpixon, including Design Reactor, to CXApp (the "Reorganization"). Following the Reorganization, Inpixon distributed 100% of the common stock of CXApp, par value $0.0001, to certain holders of Inpixon securities as of the record date (the "Spin-Off").

Immediately following the Spin-Off, in accordance with and subject to the terms and conditions of the Merger Agreement, Merger Sub merged with and into CXApp (the "Merger"), with CXApp continuing as the surviving company and as a wholly-owned subsidiary of KINS.

The Merger Agreement, along with the Separation and Distribution Agreement and the other transaction documents entered into in connection therewith, provided for, among other things, the consummation of the following transactions: (i) Inpixon transferred the Enterprise Apps Business (the "Separation") to its wholly-owned subsidiary, CXApp, and contributed approximately $4 million in additional cash so that CXApp would have a minimum of $10 million in cash and cash equivalents as of the closing of the Business Combination before deduction of expenses (the "Cash Contribution"), (ii) following the Separation, Inpixon distributed 100% of the shares of CXApp Common Stock to Inpixon securityholders by way of the Distribution and (iii) following the completion of the foregoing transactions and subject to the satisfaction or waiver of certain other conditions set forth in the Merger Agreement, the parties consummated the Merger. The Separation, Distribution and Merger were intended to qualify as "tax-free" transactions.

At the time the Business Combination was effected (the "Closing"), the outstanding shares of CXApp Common Stock after the Distribution and immediately prior to the effective time of the Merger were converted into an aggregate of 7,035,000 shares of KINS Common Stock which was issued to Inpixon securityholders, subject to adjustment. Each holder's aggregate merger consideration consisted of approximately 22% KINS Class A Common Stock and approximately 78% KINS Class C Common Stock.

Tax Matters Agreement

On March 14, 2023, in connection with the consummation of the Business Combination and as contemplated by the Separation Agreement, CXApp, Legacy CXApp and Inpixon entered into the Tax Matters Agreement (the "Tax Matters Agreement") which governs each party's respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and certain other matters regarding taxes.

RESULTS OF OPERATIONS

Comparison of the results of operations for the three months ended June 30, 2024 and June 30, 2023

The following table sets forth our results of operations. This data should be read together with our unaudited financial statements and related notes.

(in thousands)	Three months ended June 30, 2024	Three months ended June 30, 2023
	(unaudited)	(unaudited)
Condensed Consolidated Statements of Operations Data		
Revenues	$ 1,766	$ 1,915
Cost of revenues	(353)	(480)
Gross profit	1,413	1,435
Operating expenses	(5,063)	(5,118)
Loss from operations	(3,650)	(3,683)
Other expense, net	(1,765)	(12,028)
Income tax benefit	159	981
Net loss	$ (5,256)	$ (14,730)

Revenues

The Company derives revenue from subscription software as a service (SaaS), design, deployment and implementation services for its enterprise apps business. Revenue was $1,766 thousand for the three months ended June 30, 2024 (Successor), compared to $1,915 thousand for the three months ended June 30, 2023 (Successor). The decrease in revenue of $149 thousand, for the comparative quarters ended June 30, 2024 and June 30, 2023, was due to a decline in Professional Services revenue. Professional services are related to integration works and other services that may be requested by the customer and as such the decline in revenue is attributable to the professional services revenue because the Company has moved to a full SaaS model versus one-time professional fees.

Our subscription-based revenue was 85% of the total revenue for the three months ended June 30, 2024 (Successor) and 79% for the three months ended June 30, 2023 (Successor), which is a 6% increase in the revenue mix.

Gross Margin

Cost of revenues includes the direct costs to deliver the services including labor and overhead. Cost of revenues were $353 thousand for the three months ended June 30, 2024 (Successor), compared to $480 thousand for the three months ended June 30, 2023 (Successor). The gross profit margin was 80% for the three months ended June 30, 2024 (Successor), compared to 75% for the three months ended June 30, 2023 (Successor). This decrease in cost of revenues of approximately $127 thousand, or approximately 26%, for the comparative periods ended June 30, 2024 and June 30, 2023, was attributable to the decrease in professional services revenue related costs.

Operating Expenses

Operating expenses consist primarily of research and development costs, sales and marketing costs, and general and administrative costs. These operating expenses were $5,063 thousand for the three months ended June 30, 2024 (Successor), compared to $5,118 thousand for the three months ended June 30, 2023 (Successor). The decrease in operating expenses of $55 thousand for the same comparative period was attributable to decrease in sales and marketing expenses of $303 thousand, acquisition related costs of $164 thousand, amortization of intangibles of $14 thousand and increase in stock based compensation of approximately $426 thousand.

Other Expense

Other expense was a $1,765 thousand expense, and a $12,028 thousand expense for the three months ended June 30, 2024 (Successor) and the three months ended June 30, 2023 (Successor), respectively. This decrease of $10,263 thousand in other expense for the same comparative periods was attributable to the decrease in changes in fair value of derivative warrant liabilities of approximately $10,989 thousand and increase in interest expense of approximately $689 thousand and increase in foreign exchange loss of approximately $37 thousand.

Provision for Income Taxes

There was an income tax benefit of approximately $159 thousand for the three months ended June 30, 2024 (Successor), compared to $981 thousand tax benefit for the three months ended June 30, 2023 (Successor). The income tax benefit for the three months ended June 30, 2024 (Successor) is primarily a result of the release of valuation allowance attributable to acquired intangible assets from the Business Combination recorded in the first quarter of 2023.

Comparison of the results of operations for the six months ended June 30, 2024 (Successor), period ended June 30, 2023 (Successor), and period ended March 14, 2023 (Predecessor)

The following table sets forth our results of operations. This data should be read together with our unaudited condensed consolidated financial statements and related notes.

	Successor (unaudited)		Predecessor
(in thousands)	**Six months ended June 30, 2024**	**Period from March 15, 2023 to June 30, 2023**	**Period from January 1, 2023 to March 14, 2023**
Condensed Consolidated Statements of Operations Data			
Revenues	$ 3,584	$ 2,257	$ 1,620
Cost of revenues	(680)	(567)	(483)
Gross profit	2,904	1,690	1,137
Operating expenses	(10,141)	(5,860)	(5,518)
Loss from operations	(7,237)	(4,170)	(4,381)
Other income (expense), net	(3,555)	(10,343)	1
Income tax benefit	366	2,541	-
Net loss	$ (10,426)	$ (11,972)	$ (4,380)

Revenues

The Company derives revenue from subscription software as a service (SaaS), design, deployment and implementation services for its enterprise apps business. Revenue was $3,584 thousand for the six months ended June 30, 2024 (Successor), compared to $2,257 thousand and $1,620 thousand for the period ended June 30, 2023 (Successor) and the period ended March 14, 2023 (Predecessor), respectively. The decrease in revenue of $293 thousand, for the comparative periods ended June 30, 2024 and June 30, 2023, was due to a decline in Professional Services revenue. Professional services are related to integration works and other services that may be requested by the customer and as such the decline in revenue is attributable to the professional services revenue because the Company has moved to a full SaaS model versus one-time professional fees.

Our subscription-based revenue was 86% of the total revenue for the six months ended June 30, 2024 (Successor), 78% for the period ended June 30, 2023 (Successor), and 74% for the period ended March 14, 2023 (Predecessor), which is a 8% increase in the revenue mix.

Gross Margin

Cost of revenues includes the direct costs to deliver the services including labor and overhead. Cost of revenues was $680 thousand for the six months ended June 30, 2024 (Successor), compared to $567 thousand and $483 thousand for the period ended June 30, 2023 (Successor) and the period ended March 14, 2023 (Predecessor), respectively. The gross profit margin was 81% for the six months ended June 30, 2024 (Successor), compared to 75% and 70% for the period ended June 30, 2023 (Successor) and the period ended March 14, 2023 (Predecessor). This decrease in cost of revenues of approximately $370 thousand, or approximately 35%, for the comparative periods ended June 30, 2024 and June 30, 2023, was attributable to the decrease in professional services revenue related costs.

Operating Expenses

Operating expenses consist primarily of research and development costs, sales and marketing costs, and general and administrative costs. These operating expenses were $10,141 thousand for the six months ended June 30, 2024 (Successor), compared to $5,860 thousand and $5,518 thousand for the period ended June 30, 2023 (Successor) and the period ended March 14, 2023 (Predecessor), respectively.

The decrease in operating expenses of $1,237 thousand for the same comparative period was attributable to decrease in acquisition cost of approximately $164 thousand, general and administrative expenses of $489 thousand due to non-renewal of contract with contractors and reduction of D&O insurance premium, sales and marketing expenses of $327 thousand due to change in commission plan and employee restructuring effective in January 2024, research and development of approximately $4 thousand and amortization of intangibles of $253 thousand.

Other Income/(Expense)

Other expense was a $3,555 thousand expense for the six months ended June 30, 2024 (Successor), and $10,343 thousand expense and $1 thousand income for the period ended June 30, 2023 (Successor) and the period ended March 14, 2023 (Predecessor), respectively. This decrease in other expense of $6,787 thousand for the same comparative period was attributable to decrease in changes in fair value of derivative warrant liabilities of $7,831 thousand and the increase in interest expense of approximately $951 thousand was primarily attributable to the one-time monitoring fee relating to the Promissory Note issued on December 15, 2023 and increase in foreign exchange loss of approximately $93 thousand.

Provision for Income Taxes

There was an income tax benefit of approximately $366 thousand for the six months ended June 30, 2024 (Successor), compared to $2,541 thousand tax benefit for the period ended June 30, 2023 (Successor). The income tax benefit for the six months ended June 30, 2024 (Successor) is primarily a result of the release of valuation allowance attributable to acquired intangible assets from the Business Combination recorded in the first quarter of 2023.

Non-GAAP Financial information

EBITDA

The Company includes a non-GAAP measure that we use to supplement our results presented in accordance with U.S. GAAP. EBITDA is defined as earnings before interest and other income, taxes, depreciation and amortization. Adjusted EBITDA is used by our management as the matrix in which it manages the business. It is defined as EBITDA plus adjustments for other income or expense items, non- recurring items and non-cash stock-based compensation. Adjusted EBITDA is a performance measure that we believe is useful to investors and analysts because it illustrates the underlying financial and business trends relating to our core, recurring results of operations and enhances comparability between periods.

Adjusted EBITDA is not a recognized measure under U.S. GAAP and is not intended to be a substitute for any U.S. GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry. Investors should exercise caution in comparing our non-GAAP measure to any similarly titled measure used by other companies.

This non-GAAP measure excludes certain items required by U.S. GAAP and should not be considered as an alternative to information reported in accordance with U.S. GAAP. The table below presents our adjusted EBITDA, reconciled to net income, which is the most comparable GAAP measure, for the periods indicated (in thousands).

	Successor (unaudited)				Predecessor
	Three Months Ended June 30, 2024	**Six Months Ended June 30, 2024**	**Three Months Ended June 30, 2023**	**Period from March 15, 2023 to June 30, 2023**	**Period from January 1, 2023 to March 14, 2023**
Net loss	$ (5,256)	$ (10,426)	$ (14,730)	$ (11,972)	$ (4,380)
Interest expense and other income	684	946	(5)	(4)	(1)
Income tax benefit	(159)	(366)	(981)	(2,541)	-
Depreciation and amortization	705	1,410	721	841	1,034
EBITDA	(4,026)	(8,436)	(14,995)	(13,676)	(3,347)
Adjusted for:					
Changes in fair value of warrant liabilities	1,051	2,523	12,040	10,354	-
Unrealized (gains) losses	30	86	-	(4)	(32)
Stock-based compensation - compensation and related benefits	835	1,436	96	98	158
Adjusted EBITDA	$ (2,110)	$ (4,391)	$ (2,859)	$ (3,228)	$ (3,221)

We rely on Adjusted EBITDA, which is a non-GAAP financial measure for the following:

- To compare our current operating results with corresponding periods and with the operating results of other companies in our industry;
- As a basis for allocating resources to various projects;
- As a measure to evaluate potential economic outcomes of acquisitions, operational alternatives and strategic decisions; and
- To evaluate internally the performance of our personnel.

We have presented Adjusted EBITDA above because we believe it conveys useful information to investors regarding our operating results. We believe it provides an additional way for investors to view our operations, when considered with both our GAAP results and the reconciliation to net income (loss). By including this information, we can provide investors with a more complete understanding of our business. Specifically, we present Adjusted EBITDA as supplemental disclosure because of the following:

- We believe Adjusted EBITDA is a useful tool for investors to assess the operating performance of our business without the effect of interest, income taxes, depreciation and amortization and other non- cash items including acquisition transaction and financing costs, impairment, unrealized gains, stock based compensation, interest income and expense, and income tax benefit.

- We believe that it is useful to provide to investors with a standard operating metric used by management to evaluate our operating performance; and

- We believe that the use of Adjusted EBITDA is helpful to compare our results to other companies.

Even though we believe Adjusted EBITDA is useful for investors, it does have limitations as an analytical tool. Thus, we strongly urge investors not to consider this metric in isolation or as a substitute for net income (loss) and the other condensed consolidated statement of operations data prepared in accordance with GAAP. Some of these limitations include the fact that:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;

- Adjusted EBITDA does not reflect income or other taxes or the cash requirements to make any tax payments; and

- Other companies in our industry may calculate Adjusted EBITDA differently than we do, thereby potentially limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business or as a measure of performance in compliance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and providing Adjusted EBITDA only as supplemental information.

Financing Obligations and Requirements

As of August 10, 2024, the Company owed approximately $3,885 thousand in principal and accrued interest payable of $261 thousand payable within the next six months. The interest rate is 10%. See Note 9 of the Notes to Unaudited Condensed Consolidated Financial Statements.

Net cash used in operating activities during the six months ended June 30, 2024 (Successor) of $2,560 thousand consists of net loss of $10,426 thousand offset by non-cash adjustments of approximately $6,351 thousand and net cash changes in operating assets and liabilities of approximately $1,515 thousand. On May 22, 2024, the Company entered into a Securities Purchase Agreement (the "SPA") with Streeterville Capital, LLC ("Lender"), pursuant to which the Lender desires to purchase up to $10,000 thousand in shares of the Company's Common Stock, par value $0.0001. Pursuant to the SPA, the Company issued an unsecured convertible Pre-Paid Purchase to Lender. The convertible Pre-Paid Purchase has the original principal amount of $2,650 thousand. On June 3, 2024, the Company received net proceeds of $2,480 thousand, reflecting original issue discount of $125 thousand and Lender's transaction cost of $20 thousand. Given our current cash balances and budgeted cash flow requirements, the Company believes such funds are sufficient to satisfy its working capital needs, capital asset purchases, debt repayments and other liquidity requirements associated with its existing operations for the next 12 months from the issuance date of the financial statements. The Company may continue to pursue strategic transactions and may raise additional capital as needed, using our equity securities and/or cash and debt financings in combinations appropriate for each acquisition.

Liquidity and Capital Resources as of June 30, 2024 Compared With June 30, 2023

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, debt service, acquisitions, contractual obligations and other commitments. We assess liquidity in terms of our cash flows from operations and their sufficiency to fund our operating and investing activities.

As of June 30, 2024 (Successor), the Company has a working capital deficiency of approximately $6,807 thousand and cash of approximately $6,160 thousand. For the period ended June 30, 2024 (Successor), the Company incurred net loss of approximately $10,426 thousand and used approximately $2,560 thousand of cash for operating activities.

The Management believes that the current liquidity position, including the cash raised under the promissory note of $3,000 thousand payable by December 2024, and the Securities Purchase Agreement (the "SPA"), pursuant to which the Lender desires to purchase up to $10,000 thousand in shares of the Company's Common Stock, par value $0.0001, has the ability to mitigate any going concern indicators for a period of at least one year from the date these financial statements are issued.

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

	Successor (unaudited)		Predecessor
	Six months ended June 30, 2024	Period from March 15, 2023 to June 30, 2023	Period from January 1, 2023 to March 14, 2023
Cash flows (used in) provided by			
Net cash used in operating activities	$ (2,560)	$ (6,598)	$ (5,144)
Net cash provided by (used in) investing activities	(26)	9,977	(54)
Net cash provided by (used in) financing activities	2,480	(328)	8,892
Effect of exchange rates on cash	(9)	(11)	1
Net increase (decrease) in cash and cash equivalents	$ (115)	$ 3,040	$ 3,695

	June 30, 2024 (unaudited)	December 31, 2023
Cash and cash equivalents	$ 6,160	$ 6,275
Working capital deficit	$ (6,807)	$ (1,287)

Operating Activities for the six months ended June 30, 2024 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and the period from January 1, 2023 to March 14, 2023 (Predecessor)

	Successor (unaudited)		Predecessor
	Six months ended June 30, 2024	Period from March 15, 2023 to June 30, 2023	Period from January 1, 2023 to March 14, 2023
Net loss	$ (10,426)	$ (11,972)	$ (4,380)
Non-cash income and expenses	6,351	8,851	1,200
Net change in operating assets and liabilities	1,515	(3,477)	(1,964)
Net cash used in operating activities	$ (2,560)	$ (6,598)	$ (5,144)

Cash Flows from Investing Activities for the six months ended June 30, 2024 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and for the period from January 1, 2023 to March 14, 2023 (Predecessor)

Net cash flows used in investing activities during the six months ended June 30, 2024 (Successor) was approximately $26 thousand compared to net cash flows provided in and used in investing activities for the period from March 15, 2023 to June 30, 2023 (Successor) and during the period from January 1, 2023 to March 14, 2023 (Predecessor) of approximately $9,977 thousand and $54 thousand, respectively. Cash flows related to investing activities during the six months ended June 30, 2024 (Successor) include $26 thousand for the purchase of property and equipment. Cash flows related to investing activities during the period from March 15, 2023 to June 30, 2023 (Successor) include $26 thousand for the purchase of property and equipment, and $10,003 thousand for cash acquired in connection with the Business Combination. Cash flows related to investing activities during the period from January 1, 2023 to March 14, 2023 (Predecessor) include $9 thousand for the purchase of property and equipment, and $45 thousand for the investment in capitalized software.

Cash Flows from Financing Activities for the six months ended June 30, 2024 (Successor), for the period from March 15, 2023 to June 30, 2023 (Successor), and for the period from January 1, 2023 to March 14, 2023 (Predecessor)

Net cash flows provided by financing activities during the six months ended June 30, 2024 (Successor) was approximately $2,480 thousand compared to net cash flows used in and provided by financing activities for the period from March 15, 2023 to June 30, 2023 (Successor) and during the period from January 1, 2023 to March 14, 2023 (Predecessor) of approximately $328 thousand and $8,892 thousand, respectively. On May 22, 2024, the Company entered into a Securities Purchase Agreement (the "SPA") with Streeterville Capital, LLC ("Lender"), pursuant to which the Lender desires to purchase up to $10,000 thousand in shares of the Company's Common Stock, par value $0.0001. Pursuant to the SPA, the Company issued an unsecured convertible Pre-Paid Purchase to Lender. The convertible Pre-Paid Purchase has the original principal amount of $2,650 thousand. On June 3, 2024, the Company received net proceeds of $2,480 thousand, reflecting original issue discount of $125 thousand and Lender's transaction cost of $20 thousand. During the period from March 15, 2023 to June 30, 2023 (Successor), the Company paid $328 thousand in cash outflows from a repayment of a related party promissory note. During the period from January 1, 2023 to March 14, 2023 (Predecessor), the Company received $9,089 thousand in incoming cash flows from parent, and paid $197 thousand in cash outflows from a payment of an acquisition liability.

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.

Contractual Obligations and Commitments

Contractual obligations are cash that we are obligated to pay as part of certain contracts that we have entered during our course of business. Our contractual obligations consist of operating lease liabilities that are included in our balance sheet. As of June 30, 2024 (Successor), the total obligation for operating leases is approximately $677 thousand, of which approximately $389 thousand is expected to be paid in the next twelve months.

Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Critical Accounting Policies and Estimates

Our unaudited condensed consolidated financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). In connection with the preparation of our 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 unaudited condensed consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our 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.

Critical Accounting Policies

Our significant accounting policies are discussed in Note 2 of the unaudited condensed consolidated financial statements which are included elsewhere in this filing.

Critical Accounting Estimates

We consider an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates and assumptions could have a material impact on our unaudited condensed consolidated financial statements.

The Management believes there have been no significant changes during the six months ended June 30, 2024, to the items disclosed as critical accounting estimates in management's discussion and analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 that was filed with the SEC on May 24, 2024.

JOBS Act Accounting Election

Following the transaction, CXApp will be an "emerging growth company" as defined in the JOBS Act. As such, the Company will be eligible to take advantage of certain exemptions from various reporting requirements that apply to other public companies that are not emerging growth companies, including compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and the requirements to hold a non-binding advisory vote on executive compensation and any golden parachute payments not previously approved. The Company has not made a decision whether to take advantage of any or all of these exemptions. If the Company does take advantage of some or all of these exemptions, some investors may find the Company's common stock less attractive. The result may be a less active trading market for the Company's common stock and its stock price may be more volatile.

In addition, Section 107 of the JOBS Act provides that an emerging growth company may take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), for complying with new or revised accounting standards, meaning that CXApp, as an emerging growth company, can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company has elected to take advantage of this extended transition period, and therefore our financial statements may not be comparable to those of companies that comply with such new or revised accounting standards. Section 107 of the JOBS Act provides that our decision not to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

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 is recorded, processed, summarized, and reported within the time period 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 chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

We conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2024. The material weakness and remediation activities were discussed in Part II, Item 9A "Controls and Procedures" of the Company's 2023 Annual Report filed on May 24, 2024.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the three months ended June 30, 2024 (Successor) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

For the third quarter of 2024, the Management plans to hire a qualified individual to oversee technical accounting matters. Further, the Company intends to add additional and more robust management review controls to provide more focus on detailed analysis and enhanced documentation procedures.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There is no material litigation, arbitration or governmental proceeding currently pending against CXApp or any members of its management team in their capacity as such.

Item 1A. Risk Factors

Factors that could cause our actual results to differ materially from those in this Quarterly Report include the risk factors described in the Annual Report on Form 10-K filed with the SEC. As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements and Policies

During the six months ended June 30, 2024, no director or officer of CXApp notified CXApp of the adoption or termination of a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

2.1[(1)]	Agreement and Plan of Merger, dated as of September 25, 2022, by and among KINS Technology Group Inc., Inpixon, CXApp Holding Corp. and KINS Merger Sub Inc.
2.2[(1)]	Separation and Distribution Agreement, dated as of September 25, 2022, by and among KINS Technology Group Inc., Inpixon, CXApp Holding Corp. and Design Reactor, Inc.
2.3[(1)]	Sponsor Support Agreement, dated as of September 25, 2022, by and among KINS Capital LLC, KINS Technology Group Inc., Inpixon and CXApp Holding Corp.
3.1[(2)]	Amended and Restated Certificate of Incorporation of the Company.
3.2[(2)]	Amended and Restated Bylaws of the Company.
4.1	Warrant Agreement, dated as of December 14, 2020, by and between KINS and Continental Stock Transfer & Trust Company, as warrant agent (incorporated herein by reference from Exhibit 4.1 on KINS' Form 8-K, filed December 21, 2020).
4.2[(2)]	Specimen CXApp Inc. Class A Common Stock Certificate.
4.3[(2)]	Specimen CXApp Inc. Class C Common Stock Certificate.
4.4[(2)]	Specimen Warrant Certificate of the Company.
10.1[(2)(#)]	Employee Matters Agreement, dated March 14, 2023, by and among KINS, KINS Merger Sub Inc., Inpixon, and Legacy CXApp.
10.2[(2)]	Tax Matters Agreement, dated March 14, 2023, by and among KINS, Inpixon, and Legacy CXApp.
10.3[(2)]	Transition Services Agreement, dated March 14, 2023, by and between Inpixon and Legacy CXApp.
10.4[(2)(#)]	Consulting Agreement, dated March 14, 2023, by and between Design Reactor, Inc. and 3AM, LLC.
10.5[(#)]	Employment Agreement, dated as of January 9, 2023, by and between Design Reactor, Inc. and Khurram Sheikh. (incorporated by reference to the Company's Current Report on Form 8-K filed on March 31, 2023)
10.6[(2)(#)]	CXApp Inc. 2023 Equity Incentive Plan.
10.7[(3)]	Securities Purchase Agreement, dated as of May 22, 2024, by and between CXApp Inc. and Streeterville Capital, LLC.
14.01[(2)]	Code of Ethics and Business Conduct of CXApp Inc.
31.1[(*)]	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2[(*)]	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1[(**)]	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2[(**)]	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.
** Furnished herewith.
(1) Incorporated by reference to the Company's Current Report on Form 8-K filed on September 26, 2022.
(2) Incorporated by reference to the Company's Current Report on Form 8-K filed on March 20, 2023.
(3) Incorporated by reference to the Company's Annual Report on Form 10-K filed on May 24, 2024.
\# Indicates a management contract or compensatory plan.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		CXAPP INC.
Date: August 12, 2024	By:	/s/ Khurram Sheikh
	Name:	**Khurram Sheikh**
	Title:	**Chairman, Chief Executive Officer, Interim Chief Financial Officer and Director (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)**

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Khurram Sheikh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CXApp 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 15d-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 its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2024

/s/ Khurram Sheikh
Khurram Sheikh
Chairman, Chief Executive Officer,
Interim Chief Financial Officer and Director
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Khurram Sheikh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CXApp 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 15d-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 its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2024

/s/ Khurram Sheikh
Khurram Sheikh
Chairman, Chief Executive Officer,
Interim Chief Financial Officer and Director
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CXApp Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Khurram Sheikh, Chairman, Chief Executive Officer and Director of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) 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.

Date: August 12, 2024

/s/ Khurram Sheikh
Khurram Sheikh
Chairman, Chief Executive Officer,
Interim Chief Financial Officer and Director
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
(AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of CXApp Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2024, as filed with the Securities and Exchange Commission (the “Report”), I, Khurram Sheikh, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) 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.

Date: August 12, 2024

/s/ Khurram Sheikh
Khurram Sheikh
Interim Chief Financial Officer
Chairman, Chief Executive Officer,
Interim Chief Financial Officer and Director
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)