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DELTA REPORT

10-Q

OBLG - OBLONG, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	665
CHANGES	136
DELETIONS	333
ADDITIONS	196

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

FORM 10-Q

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2023 March 31, 2024.

or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number: 001-35376

OBLONG, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**77-0312442**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

25587 Conifer Road, 110 16th Street, Suite 105-231, Conifer, 1400-1024, Denver, CO 80433 80202

(Address of Principal Executive Offices, including Zip Code)

(303) 640-3838 (213) 683-8863 ext. 5

(Registrant's Telephone Number, including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	OBLG	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of November 13, 2023 May 3, 2024 was 14,947,922. 20,286,675.

OBLONG, INC.
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q (this "Report") contains statements that are considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and its rules and regulations (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, and its rules and regulations (the "Exchange Act"). These forward-looking statements include, but are not limited to, statements about the plans, objectives, expectations and intentions of Oblong, Inc. ("Oblong" or "we" or "us" or the "Company"). All statements other than statements of current or historical fact contained in this Report, including statements regarding Oblong's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," and similar expressions, as they relate to Oblong, are intended to identify forward-looking statements. These statements are based on Oblong's current plans, and Oblong's actual future activities and results of operations may be materially different from those set forth in the forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. Any or all of the forward-looking statements in this Report may turn out to be inaccurate. Oblong has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. The forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and assumptions. There are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including our plans, objectives, expectations and intentions and other factors that are discussed under the section entitled "Part I. Item 1A. Risk Factors" and in our consolidated financial statements and the footnotes thereto for the fiscal year ended December 31, 2022 December 31, 2023, each included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on March 21, 2023 March 19, 2024, as well as under "Part II. Item 1A. Risk Factors" in our Q1 2023 Quarterly Report on Form 10-Q, for the three months ended March 31, 2023, filed with the SEC on May 10, 2023. this report. Oblong undertakes no obligation to publicly revise these forward-looking statements to reflect events occurring after the date hereof. All subsequent written and oral forward-looking statements attributable to Oblong or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained in this Report. Forward-looking statements in this Report include, among other things: opportunities for and benefits of potential strategic alternatives; our expectations and estimates relating to customer attrition, demand for our product offerings, sales cycles, future revenues, expenses, capital expenditures and cash flows; our ability to develop and launch new product offerings; evolution of our customer solutions and our service platforms; our ability to fund operations and continue as a going concern; expectations regarding adjustments to our cost of revenue and other operating expenses; our ability to finance investments in product development and sales and marketing; the future exercise of warrants; our ability to raise capital through sales of additional equity or debt securities and/or loans from financial institutions; our beliefs about the ongoing performance and success of our Managed Service business; statements relating to market need and evolution of the industry, our solutions and our service platforms; and the adequacy of our internal controls. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, those summarized below:

- *the continued impact of the coronavirus pandemic on our business, including its impact on our customers and other business partners, our ability to conduct operations in the ordinary course, and our ability to obtain capital financing important to our ability to continue as a going concern;*
- *our expectation surrounding liquidity for at least the next 12 months from the filing date of this Report with the SEC;*
- *our ability to raise capital in one or more debt and/or equity offerings in order to fund operations or any growth initiatives; initiatives and our ability to continue as a going concern;*
- *the impact of the issuance of our Series F Preferred Stock in the March 2023 private placements, conversions of our Series F Preferred Stock and sales of the underlying conversion shares.*
- *customer acceptance and demand for our video collaboration services and network applications;*
- *our ability to launch new products and offerings and to sell our solutions;*
- *our ability to compete effectively in the video collaboration services and network services businesses;*
- *the ongoing performance and success of our Managed Services business;*
- *our ability to maintain and protect our proprietary rights;*
- *our ability to withstand industry consolidation;*
- *our ability to adapt to changes in industry structure and market conditions;*
- *actions by our competitors, including price reductions for their competitive services;*
- *the quality and reliability of our products and services;*
- *the prices for our products and services and changes to our pricing model;*
- *the success of our sales and marketing approach and efforts, and our ability to grow revenue;*
- *customer renewal and retention rates;*

- *the continued impact from the aftermath of the coronavirus pandemic on our revenue and results of operations;*
- *risks related to the concentration of our customers and the degree to which our sales, now or in the future, depend on certain large client relationships;*
- *increases in material, labor or other manufacturing-related costs;*

- *changes in our go-to-market cost structure;*
- *inventory management and our reliance on our supply chain;*

- *our ability to attract and retain highly skilled personnel;*
- *our reliance on open-source software and technology;*
- *potential federal and state regulatory actions;*
- *our ability to innovate technologically, and, in particular, our ability to develop next generation Oblong technology;*
- *our ability to satisfy the standards for continued listing of our common stock on the Nasdaq Capital Market;*
- *changes in our capital structure and/or stockholder mix;*
- *the costs, disruption, and diversion of management's attention associated with campaigns commenced by activist investors; and*
- *our management's ability to execute its plans, strategies and objectives for future operations*.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OBLONG, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value, stated value, and shares)

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
		(Unaudited)			
	March 31, 2024 (Unaudited)				
ASSETS					
ASSETS					
ASSETS	**ASSETS**				
Current assets:	Current assets:				
Cash		$ 6,766	$ 3,085		
Current assets:					
Current assets:					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					
Accounts receivable, net					
Accounts receivable, net					
Accounts receivable, net	Accounts receivable, net	157	415		
Inventory, net	Inventory, net	324	723		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	330	649		
Total current assets	Total current assets	7,577	4,872		
Property and equipment, net		—	3		
Intangibles, net		345	604		
Operating lease - right of use asset, net					
Operating lease - right of use asset, net					

Operating lease - right of use asset, net	Operating lease - right of use asset, net	41	142	
Other assets	Other assets	16	40	
Total assets	Total assets	$ 7,979	$ 5,661	
LIABILITIES AND STOCKHOLDERS’ EQUITY	**LIABILITIES AND STOCKHOLDERS’ EQUITY**			
Current liabilities:	Current liabilities:			
Current liabilities:				
Current liabilities:				
Accounts payable				
Accounts payable				
Accounts payable	Accounts payable	$ 106	$ 184	
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	974	1,074	
Current portion of deferred revenue	Current portion of deferred revenue	157	436	
Current portion of operating lease liabilities		43	219	
Operating lease liabilities				
Total current liabilities	Total current liabilities	1,280	1,913	
Long-term liabilities:	Long-term liabilities:			
Operating lease liabilities, net of current portion		—	17	
Deferred revenue, net of current portion				
Deferred revenue, net of current portion				
Deferred revenue, net of current portion	Deferred revenue, net of current portion	38	114	
Total liabilities	Total liabilities	1,318	2,044	
Commitments and contingencies (see Note 11)				
Total liabilities				
Total liabilities				
Commitments and contingencies (see Note 9)				Commitments and contingencies (see Note 9)
Stockholders’ equity:	Stockholders’ equity:			
Preferred stock Series F, convertible; $.0001 par value; $5,263,100 stated value; 42,000 shares authorized, 5,146 and zero shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively		—	—	

Common stock, $.0001 par value; 150,000,000 shares authorized; 4,294,455 shares issued and 4,286,902 outstanding at September 30, 2023 and 2,070,861 shares issued and 2,063,308 shares outstanding at December 31, 2022		—	—
Treasury stock, 7,553 shares of common stock		(181)	(181)
Preferred stock Series F, convertible; $.0001 par value; $1,102,150 stated value; 42,000 shares authorized, 1,008 and 1,930 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Preferred stock Series F, convertible; $.0001 par value; $1,102,150 stated value; 42,000 shares authorized, 1,008 and 1,930 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Preferred stock Series F, convertible; $.0001 par value; $1,102,150 stated value; 42,000 shares authorized, 1,008 and 1,930 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Common stock, $.0001 par value; 150,000,000 shares authorized; 20,294,228 shares issued and 20,285,675 outstanding at March 31, 2024 and 16,692,124 shares issued and 16,683,572 shares outstanding at December 31, 2023			
Treasury stock, 8,000 shares of common stock			
Additional paid-in capital	Additional paid-in capital	233,852	227,645
Accumulated deficit	Accumulated deficit	(227,010)	(223,847)
Total stockholders' equity	Total stockholders' equity	6,661	3,617
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$ 7,979	$ 5,661

See accompanying notes to condensed consolidated financial statements.

OBLONG, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended			
	Three Months Ended			
	Three Months Ended			
	March 31,			
	March 31,			
	March 31,			
	2024			
	2024			
	2024			
Revenue				
Revenue				
Revenue				
Cost of revenue (exclusive of depreciation and amortization)				
Cost of revenue (exclusive of depreciation and amortization)				
Cost of revenue (exclusive of depreciation and amortization)				
Gross profit				
Gross profit				
Gross profit				
Operating expenses:				
Operating expenses:				
Operating expenses:				
Research and development				
Research and development				
Research and development				
Sales and marketing				
Sales and marketing				
Sales and marketing				
General and administrative				
General and administrative				
General and administrative				
	Three Months Ended		Nine Months Ended	
Depreciation and amortization				
	September 30,		September 30,	
	2023	2022	2023	2022
Revenue	$ 872	$ 1,185	$ 2,866	$ 4,050
Cost of revenue (exclusive of depreciation and amortization and casualty loss)	648	841	2,244	2,800
Gross profit	224	344	622	1,250
Depreciation and amortization				
Operating expenses (gains):				
Research and development	5	232	16	1,634

Sales and marketing		81	282	241	1,161
General and administrative		977	1,229	3,723	4,104
Impairment charges		—	5,169	2	12,715
Casualty loss (gain), net of insurance proceeds		—	—	(400)	533
Depreciation and amortization	Depreciation and amortization	86	592	259	1,818
Total operating expenses	Total operating expenses	1,149	7,504	3,841	21,965
Total operating expenses					
Total operating expenses					
Loss from operations					
Loss from operations					
Loss from operations	Loss from operations	(925)	(7,160)	(3,219)	(20,715)
Interest and other expense, net	Interest and other expense, net	15	3	26	9
Interest and other expense, net					
Interest and other expense, net					
Other income					
Other income					
Other income	Other income	(45)	(8)	(120)	(8)
Interest and other (income) expense, net		(30)	(5)	(94)	1
Interest and other income, net					
Interest and other income, net					
Interest and other income, net					
Loss before income taxes	Loss before income taxes	(895)	(7,155)	(3,125)	(20,716)
Income tax (benefit) expense		—	(3)	38	8
Loss before income taxes					
Loss before income taxes					
Income tax expense					
Income tax expense					
Income tax expense					
Net loss					
Net loss					
Net loss	Net loss	(895)	(7,152)	(3,163)	(20,724)
Preferred stock dividends	Preferred stock dividends	133	—	282	—
Preferred stock dividends					
Preferred stock dividends					
Induced conversion of warrants		—	—	751	—
Warrant modification	Warrant modification	—	—	25	—
Warrant modification					
Warrant modification					
Net loss attributable to common stockholders					
Net loss attributable to common stockholders					
Net loss attributable to common stockholders	Net loss attributable to common stockholders	$ (1,028)	$ (7,152)	$ (4,221)	$ (20,724)

Net loss attributable to common stockholders per share:	Net loss attributable to common stockholders per share:							
Net loss attributable to common stockholders per share:								
Net loss attributable to common stockholders per share:								
Basic and diluted net loss per share								
Basic and diluted net loss per share								
Basic and diluted net loss per share	Basic and diluted net loss per share $	(0.30)	$	(3.46)	$	(1.58)	$	(10.04)
Weighted-average number of shares of common stock:	Weighted-average number of shares of common stock:							
Weighted-average number of shares of common stock:								
Weighted-average number of shares of common stock:								
Basic and diluted								
Basic and diluted								
Basic and diluted	Basic and diluted	3,463		2,065		2,676		2,065

See accompanying notes to condensed consolidated financial statements.

OBLONG, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Three and Nine Months Ended September 30, 2023 March 31, 2024
(In thousands, except shares) shares of Series F Preferred Stock)
(Unaudited)

	Series F Preferred Stock		Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at December 31, 2022	—	$ —	2,070,861	$ —	7,553	$ (181)	$ 227,645	$ (223,847)	$ 3,617
Net loss	—	—	—	—	—	—	—	(1,219)	(1,219)
Stock-based compensation	—	—	—	—	—	—	31	—	31
Proceeds from private placement, net of fees and amounts held in escrow	6,550	—	—	—	—	—	1,473	—	1,473
Balance at March 31, 2023	6,550	—	2,070,861	—	7,553	(181)	229,149	(225,066)	3,902
Net loss	—	—	—	—	—	—	—	(1,049)	(1,049)
Stock-based compensation	—	—	179,535	—	—	—	411	—	411
Warrant exercise, net of fees	—	—	339,498	—	—	—	534	—	534
Release of escrow from March 2023 private placement	—	—	—	—	—	—	4,000	—	4,000
Fees associated with Series F Preferred Stock issuance	—	—	—	—	—	—	(38)	—	(38)
Conversions of Series F Preferred Stock	(175)	—	146,587	—	—	—	4	—	4
Series F Preferred Stock dividends	—	—	—	—	—	—	(149)	—	(149)

Balance at June 30, 2023	6,375	$ —	2,736,481	$ —	7,553	(181)	233,911	(226,115)	7,615
Net loss	—	—	—	—	—	—	—	(895)	(895)
Stock-based compensation	—	—	—	—	—	—	31	—	31
Common stock exchanged for pre-funded warrants	—	—	(406,776)	—	—	—	—	—	—
Conversions of Series F Preferred Stock	(1,229)	—	1,964,750	—	—	—	43	—	43
Series F Preferred Stock dividends	—	—	—	—	—	—	(133)	—	(133)
Balance at September 30, 2023	5,146	$ —	4,294,455	$ —	7,553	$ (181)	$ 233,852	$ (227,010)	$ 6,661

	Series F Preferred Stock		Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at December 31, 2023	1,930	$ —	16,692	$ 2	8	$ (181)	$ 233,911	$ (228,231)	$ 5,501
Net loss	—	—	—	—	—	—	—	(1,136)	(1,136)
Stock-based compensation	—	—	—	—	—	—	31	—	31
Conversions of Series F Preferred Stock including accrued dividends of $82,000	(922)	—	3,602	—	—	—	82	—	82
Series F Preferred Stock dividends	—	—	—	—	—	—	(44)	—	(44)
Balance at March 31, 2024	1,008	$ —	20,294	$ 2	8	$ (181)	$ 233,980	$ (229,367)	$ 4,434

See accompanying notes to condensed consolidated financial statements.

OBLONG, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS’ EQUITY
Three and Nine Months Ended September 30, 2022 March 31, 2023
(In thousands, except shares) shares of Series F Preferred Stock)
(Unaudited)

	Series F Preferred Stock								
	Shares								
	Shares								
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at December 31, 2022									
Net loss									
Stock-based compensation									

Proceeds from private placement, net of fees and amounts held in escrow							
Balance at March 31, 2023							

	Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at December 31, 2021	2,070,861	$ —	7,553	$ (181)	$ 227,584	$ (201,906)	$ 25,497
Net loss	—	—	—	—	—	(4,539)	(4,539)
Stock-based compensation	—	—	—	—	52	—	52
Forfeiture of unvested stock options	—	—	—	—	(84)	—	(84)
Balance at March 31, 2022	2,070,861	—	7,553	(181)	227,552	(206,445)	20,926
Net loss	—	—	—	—	—	(9,033)	(9,033)
Stock-based compensation	—	—	—	—	31	—	31
Balance at June 30, 2022	2,070,861	$ —	7,553	(181)	227,583	(215,478)	11,924
Net loss	—	—	—	—	—	(7,152)	(7,152)
Stock-based compensation	—	—	—	—	31	—	31
Balance at September 30, 2022	2,070,861	$ —	7,553	$ (181)	$ 227,614	$ (222,630)	$ 4,803

See accompanying notes to condensed consolidated financial statements.

OBLONG, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022		
	2024			2024	2023
Cash flows from operating activities:	Cash flows from operating activities:				
Net loss	Net loss	$(3,163)	$(20,724)		
Net loss					
Net loss					

Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization	Depreciation and amortization	259	1,818
Bad debt (recovery) expense	Bad debt (recovery) expense	(55)	114
Non-cash lease expense from right-of-use asset	Non-cash lease expense from right-of-use asset	101	290
Stock-based compensation	Stock-based compensation	473	114
Forfeiture of unvested stock options		—	(84)
Casualty loss, net of insurance proceeds		—	533
Impairment charges - property and equipment		2	37
Impairment charges - intangible assets		—	5,132
Impairment charges - right of use asset		—	179
Impairment charges - goodwill		—	7,367
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Changes in operating assets and liabilities:			
Changes in operating assets and liabilities:			
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	313	378
Inventory	Inventory	399	261
Prepaid expenses and other current assets	Prepaid expenses and other current assets	319	213
Other assets	Other assets	24	56
Accounts payable	Accounts payable	(78)	142
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	(335)	129
Deferred revenue	Deferred revenue	(354)	(441)
Lease liabilities	Lease liabilities	(193)	(390)
Net cash used in operating activities	Net cash used in operating activities	(2,288)	(4,876)
Cash flows from investing activities:			
Purchases of property and equipment		—	(11)
Proceeds from sale of equipment		—	30

Net cash provided by investing activities	—	19
Cash flows from financing activities:		
Proceeds from private placement, net of issuance costs	5,435	—
Net proceeds from exercise of common stock warrants	534	—
Net cash provided by financing activities	5,969	—
Increase (decrease) in cash	3,681	(4,857)
Cash at beginning of period	3,085	9,000
Cash at end of period	$ 6,766	$ 4,143
Supplemental disclosures of cash flow information:		

Cash flows from financing activities:	
Cash flows from financing activities:	
Cash flows from financing activities:	
Proceeds from private placement, net of issuance costs and amounts in escrow	
Proceeds from private placement, net of issuance costs and amounts in escrow	
Proceeds from private placement, net of issuance costs and amounts in escrow	
Net cash provided by financing activities	
Net cash provided by financing activities	
Net cash provided by financing activities	
Decrease (increase) in cash	
Cash and cash equivalents at beginning of period	
Cash and cash equivalents at end of period	
Supplemental disclosures of cash flow information:	
Supplemental disclosures of cash flow information:	
Supplemental disclosures of cash flow information:	
Reconciliation of cash and cash equivalents	
Reconciliation of cash and cash equivalents	

Reconciliation of cash and cash equivalents					
Cash					
Cash					
Cash					
Current certificates of deposit					
Total cash and cash equivalents					
Total cash and cash equivalents					
Total cash and cash equivalents					
Cash paid during the period for interest					
Cash paid during the period for interest					
Cash paid during the period for interest	Cash paid during the period for interest	$	18	$	7
Cash paid for income taxes	Cash paid for income taxes	$	31	$	—
Non-cash investing and financing activities:	Non-cash investing and financing activities:				
Preferred stock dividends	Preferred stock dividends	$	282	$	—
Preferred stock dividends					
Preferred stock dividends					
Warrant modification	Warrant modification	$	25	$	—
Common stock issued for conversion of Preferred Stock and accrued dividends		$	47	$	—
Induced exercise of common stock warrants		$	751	$	—
Lease liability and right of use asset		$	—	$	11

See accompanying notes to condensed consolidated financial statements.

OBLONG, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 March 31, 2024
(Unaudited)

Note 1 - Business Description and Significant Accounting Policies

Business Description

Oblong, Inc. (“Oblong” or “we” or “us” or the “Company”) was formed as a Delaware corporation in May 2000 and is a provider of patented multi-stream collaboration technologies and managed services for video collaboration and network applications.

Basis of Presentation

The Company's fiscal year ends on December 31 of each calendar year. The accompanying interim Condensed Consolidated Financial Statements are unaudited and have been prepared on substantially the same basis as our annual Consolidated Financial Statements for the fiscal year ended December 31, 2022 December 31, 2023. In the opinion of the Company's management, these interim Condensed Consolidated Financial Statements reflect all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement of our financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with generally accepted accounting principles 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 Condensed Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

The December 31, 2022 December 31, 2023 year-end Condensed Consolidated Balance Sheet data in this document was derived from audited consolidated financial statements. The Condensed Consolidated Financial Statements and notes included in this quarterly report on Form 10-Q do not include all disclosures required by U.S. generally accepted accounting principles and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2022 December 31, 2023 and notes thereto included in the Company's fiscal 2022 2023 Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on March 21, 2023 March 19, 2024 (the "2022 "2023 Annual Report").

The results of operations and cash flows for the interim periods included in these Condensed Consolidated Financial Statements are not necessarily indicative of the results to be expected for any future period or the entire fiscal year.

On January 3, 2023, the Company effected a 1-for-15 reverse stock split of its Common Stock. All Common Stock share information (including treasury share information) in our Condensed Consolidated Financial Statements and has been adjusted for this stock split retrospectively for all periods represented herein.

Principles of Consolidation

The Condensed Consolidated Financial Statements include the accounts of Oblong and our 100%-owned subsidiaries (i) GP Communications, LLC ("GP Communications"), whose business function is to provide interstate telecommunications services for regulatory purposes, and (ii) Oblong Industries, Inc. All inter-company balances and transactions have been eliminated in consolidation. The U.S. Dollar is the functional currency for all subsidiaries.

Cash and Cash Equivalents

As of March 31, 2024, our total cash balance of $5,360,000 is available. Of this balance $500,000 was held in short-term certificates of deposit with MidFirst Bank. As of December 31, 2023, our total cash balance of $5,990,000 was available with $500,000 held in short-term certificates of deposit with MidFirst Bank. The Company considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Segments

The Company currently operates in two segments: (1) "Collaboration Products" which represents the business surrounding our Mezzanine™ product offerings, and (2) "Managed Services" which represents the business surrounding managed services for video collaboration and network solutions. See Note 10 8 - Segment Reporting for further discussion.

Use of Estimates

Preparation of the Condensed Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles ("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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from the estimates made.

We continually evaluate estimates used in the preparation of our consolidated financial statements for reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. The significant areas of estimation include determining the allowance allowances for doubtful accounts, the inventory obsolescence and estimated lives and recoverability of intangible assets, the inputs used in the valuation of intangible assets in connection with our impairment test, credit losses and the inputs used in the fair value of equity-based awards.

Intangible Assets

As of March 31, 2024 and December 31, 2023, we had no intangible assets. During the three months ended March 31, 2023, we recorded $86,000 in amortization expense related to intangible assets.

Operating Lease Right-of-use-Assets and Liabilities

In February 2024, we exited our warehouse lease in City of Industry, California, and are no longer a party to any operating leases. Right-of-use assets, net totaled $17,000 as of December 31, 2023, consisting of the warehouse lease discussed above. As of March 31, 2024, the Company had no right-of-use assets remaining. The remaining operating lease liability as of December 31, 2023 was $17,000, consisting of the warehouse lease discussed above. As of March 31, 2024, the Company had no lease liability remaining. During the three months ended March 31, 2024, we recorded $17,000 in lease expenses. During the three months ended March 31, 2023, we recorded $46,000 in lease expenses, net of common charges, and sublease proceeds of $16,000.

Significant Accounting Policies

The significant accounting policies used in preparation of these Condensed Consolidated Financial Statements are disclosed in our 2022 2023 Annual Report, and there have been no changes to the Company's significant accounting policies during the nine three months ended September 30, 2023 March 31, 2024.

Recently Issued Accounting Pronouncements

In June 2016 November 2023, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326)," as amended, which introduced an impairment model that No. 2023-07, *Segment Reporting (Topic280)*: Improvements to Reportable Segment Disclosures. The new guidance is based on expected credit losses, rather than incurred losses, intended to estimate credit losses on certain types of financial instruments (e.g., loans improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments are effective retrospectively for fiscal years beginning after December 15, 2023 and held-to-maturity securities), including certain off-balance sheet financial instruments (e.g., loan commitments) interim periods within fiscal years beginning after December 15, 2024. The Company is in the process of evaluating the impact that the adoption of this ASU will have on the financial statements and related disclosures, which is not expected credit losses consider historical information, current information, to be material.

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Tax Disclosures (Topic 740)*, to enhance the transparency and reasonable decision usefulness of income tax disclosures through changes to the rate reconciliation and supportable forecasts, including estimates of prepayments, over the contractual term. Financial instruments income taxes paid information. This guidance is effective for fiscal years beginning after December 15, 2024, with similar risk characteristics may be grouped together when estimating expected credit losses. early adoption permitted. The Company adopted is evaluating the impact of adopting this new accounting guidance as of January 1, 2023, and it did not have a material impact on the Condensed its Consolidated Financial Statements.

Casualty Loss

In June 2022, the Company discovered that $533,000 of inventory was stolen from the Company's warehouse in City of Industry, California, and we recorded a casualty loss in operating expenses. During the three months ended June 30, 2023, we recorded a recovery payment from one of our insurance policies of $400,000 as an offset to this casualty loss and in other current assets as of June 30, 2023. We received this recovery payment on July 21, 2023.

Note 2 - Liquidity

As of September 30, 2023 March 31, 2024, we had $6,766,000 $5,360,000 in cash and working capital of $6,297,000. $4,436,000. For the nine three months ended September 30, 2023 March 31, 2024, we incurred a net loss of $3,163,000 $1,136,000 and used $2,288,000 $630,000 of net cash in operating activities.

We believe that our existing cash will be sufficient to fund our operations and meet our working capital requirements for at least the next 12 months from the filing date of this Report with the SEC.

Note 3 - Intangible Assets and Goodwill

Intangible Assets

The following table presents the components of net intangible assets for our Collaboration Products reporting segment (in thousands):

	As of September 30, 2023			As of December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	$ 486	$ (243)	$ 243	$ 486	$ (61)	$ 425

Trade names	204	(102)	102	204	(25)	179
Total	$ 690	$ (345)	$ 345	$ 690	$ (86)	$ 604

At each reporting period, we determine if there was a triggering event that may result in an impairment of our intangible assets. During the three months ended September 30, 2023, we considered the decline in our stock price to be a triggering event for an impairment test of intangible assets, and during the three months ended March 31, 2023, we considered the declines in revenue for the Collaboration Products reporting segment to be a triggering event for an impairment test of intangible assets for this segment. As the undiscounted cash flows were less than the carrying values of the assets, the company calculated the fair value of the assets. Based on the fair value of the asset group, which was determined using a market approach, no impairment charges were recorded for the three or nine months ended September 30, 2023.

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During the three and nine months ended September 30, 2022, we considered the declines in revenue for the Collaboration Products reporting segment and the decline in the Company's market capitalization to be triggering events for an impairment test of intangible assets for this reporting unit. Based on the corresponding recoverability tests of the asset group for this reporting unit, it was determined that the carrying value exceeded the gross cash flows of the asset group. The recoverability test consisted of comparing the estimated undiscounted cash flows expected to be generated by those assets to the respective carrying amounts, and involves significant judgements and assumptions, related primarily to the future revenue and profitability of the assets. Based on the fair value of the asset group, which was determined using a market approach, we recorded impairment charges of $5,132,000 for the three and nine months ended September 30, 2022.

Related amortization expense for the three months ended September 30, 2023 and 2022 was $86,000 and $580,000, respectively. Related amortization expense for the nine months ended September 30, 2023 and 2022 was $259,000 and $1,740,000, respectively.

Future amortization expense will be as follows (in thousands):

Remainder of 2023	$ 87
2024	258
Total	$ 345

Goodwill

During 2022, goodwill was written down to zero with impairment charges of $7,367,000 during the nine months ended September 30, 2022.

Note 43 - Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

March 31, 2024	March 31, 2024	December 31, 2023

		September 30, 2023	December 31, 2022
Compensation costs			
Compensation costs			
Compensation costs	Compensation costs	$ 296	$ 707
Customer deposits	Customer deposits	167	128
Professional fees	Professional fees	21	57
Taxes and regulatory fees	Taxes and regulatory fees	41	59
Accrued rent			

Accrued dividends on Series F Preferred Stock			
Other accrued expenses and liabilities	Other accrued expenses and liabilities	12	14
Rent expense		202	109
Accrued preferred stock dividends		235	—
Accrued expenses and other liabilities	Accrued expenses and other liabilities	$ 974	$ 1,074

Note 5 - Leases

We lease one facility in City of Industry, California, providing warehouse space. This lease expires in February 2024. We currently operate out of remote employment sites with a remote office located at 25587 Conifer Road, Suite 105-231, Conifer, Colorado 80433.

Lease expenses including common charges and net of sublet proceeds, for the three months ended September 30, 2023 and 2022, were $35,000 and $92,000, respectively. Lease expenses, including common charges and net of sublet proceeds, for the nine months ended September 30, 2023 and 2022, were $123,000 and $307,000, respectively. Sublease proceeds for the three months ended September 30, 2023 and 2022, were zero and $15,000, respectively. Sublease proceeds for the nine months ended September 30, 2023 and 2022, were $27,000 and $125,000, respectively.

The following provides balance sheet information related to leases as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Assets		
Operating lease, right-of-use asset, net	$ 41	$ 142
Liabilities		
Current portion of operating lease liabilities	$ 43	$ 219
Operating lease liabilities, net of current portion	—	17
Total operating lease liabilities	$ 43	$ 236

During the three months ended September 30, 2023 and 2022, payments of $26,000 and $110,000 were made on leases, respectively. During the nine months ended September 30, 2023 and 2022, payments of $199,000 and $408,000 were made on leases, respectively. The following table summarizes the future undiscounted cash payments reconciled to the lease liability (in thousands):

Remaining Lease Payments	
2023	$ 26
2024	17
Total lease payments	43
Effect of discounting(1)	—
Total lease liability	$ 43

(1) The effect of discounting is less than $1,000 due to the term remaining on the lease.

The following table provides a reconciliation of activity for our right-of-use (“ROU”) assets and lease liabilities (in thousands):

	Right-of-Use Asset		Operating Lease Liabilities	
Balance at December 31, 2021	$	659	$	728
Additions		11		11
Non-cash lease expense and payments		(349)		(503)
Impairment charges		(179)		—
Balance at December 31, 2022		142		236
Non-cash lease expense and payments		(101)		(193)
Balance at September 30, 2023	$	41	$	43

The ROU assets and lease liabilities are recorded on the Company's Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022.

Note 6 4 - Capital Stock

Common Stock

The Company's common stock, par value $0.0001 per share (the "Common Stock"), is listed on the Nasdaq Capital Market ("Nasdaq"), under the ticker symbol "OBLG". As of September 30, 2023 March 31, 2024, we had 150,000,000 shares of our Common Stock authorized, with 4,294,455 20,294,000 and 4,286,902 20,286,000 shares issued and outstanding, respectively.

As of the filing of this report, the Company has 14,955,475 and 14,947,922 shares of Common Stock issued and outstanding, respectively. See **Note 12 - Subsequent Events** for further information.

On April 18, 2023, the Company issued 339,498 shares of Common Stock in relation to certain warrant exercises discussed below, and 177,564 shares of Common Stock related to vested restricted stock units discussed in **Note 8 - Stock Based Compensation.**

On May 28, 2023, in relation to the departure of certain directors, 42 restricted stock awards and 1,929 restricted stock units became fully vested and 1,971 shares of the Company's common stock were issued. See **Note 8 - Stock Based Compensation** for further detail.

During the three and nine months ended September 30, 2023 March 31, 2024, 1,229 and 1,404 922 shares of Series F Preferred Stock, plus $82,000 accrued dividends, were converted to 1,964,750 and 2,111,337 3,602,103 shares of the Company's common stock, respectively. stock. See **Note 7 5 - Preferred Stock,** for further detail.

On June 30, 2023, the Company entered into an exchange agreement (the "Exchange Agreement") with entities affiliated with Foundry Group (the "Exchanging Stockholders"), pursuant to which the Company exchanged an aggregate of 406,776 shares of the Company's common stock owned by the Exchanging Stockholders for pre-funded warrants (the "Exchange Warrants") to purchase an aggregate of 406,776 shares of Common Stock (subject to adjustment in the event of stock splits, recapitalizations and other similar events affecting Common Stock), with an exercise price of $0.0001 per share. The Exchange Warrants are exercisable at any time, except that the Exchange Warrants will not be exercisable by the Exchanging Stockholders if, upon giving effect or immediately prior thereto, the Exchanging Stockholders would beneficially own more than 4.99% of the total number of issued and outstanding Common Stock, which percentage may change at the holders' election to any other number less than or equal to 19.99% upon 61 days' notice to the Company. The holders of the Exchange Warrants will not have the right to vote on any matter except to the extent required by Delaware law. The shares were exchanged in July 2023, and the returned shares were added back to the authorized and unissued share balance of the Company.

Common Stock activity for the nine three months ended September 30, 2023 March 31, 2024 is presented below. The Company did not issue any shares of Common Stock during the year ended December 31, 2022 below (in thousands).

Issued Shares as of December 31, 2021	**2,070,861**
Issued Shares as of December 31, 2022	2,070,861 2,071
Issuances from Preferred Stock conversions	2,111,337 14,102
Issuances related to warrant exercises	339,498 746
Issuances related to stock compensation	179,535 180
Common shares exchanged for prepaid warrants	(406,776) (407)
Issued Shares as of September 30, 2023 December 31, 2023	4,294,455 16,692
Issuances from Preferred Stock conversions	3,602
Issued Shares as of March 31, 2024	20,294
Less Treasury Shares:	7,553 (8)
Outstanding Shares as of September 30, 2023 March 31, 2024	4,286,902 20,286

Common Stock Warrants

On January 3, 2023, Warrants outstanding as of March 31, 2024 are as follows:

Issue Date	Warrants Outstanding	Exercise Price	Expiration Date
June 28, 2021	750	$ 66.00	December 31, 2024
March 31, 2023	4,136,850	$ 1.71	September 30, 2028
	4,137,600		

Warrant activity for the three months ended March 31, 2024 and the year ended December 31, 2023 is presented below.

	Outstanding and Exercisable	
	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding and exercisable, December 31, 2022	343,099	$ 66.34
Granted	4,543,626	1.71
Exercised	(746,027)	0.78
Expired	(2,601)	76.93
Forfeited	(247)	—
Warrants outstanding and exercisable, December 31, 2023	4,137,850	1.72
Expired	(250)	60.00
Warrants outstanding and exercisable, March 31, 2024	4,137,600	$ 1.72

Treasury Shares

The Company maintains treasury stock for the Common Stock shares bought back by the Company and all the holders of the Series A Warrants agreed when withholding shares to amend the terms of the Series A Warrants, issued cover taxes on June 28, 2021, transactions related to extend the termination date from January 4, 2023 to January 4, 2024. All other terms of the Series A Warrants remain in full force and effect. The modification resulted in an incremental value adjustment, and deemed dividend, of $25,000, which was recorded within additional paid-in capital equity awards. There were no treasury stock transactions during the three months ended March 31, 2023 March 31, 2024 or the year ended December 31, 2023.

Note 5 - Preferred Stock

Our Certificate of Incorporation authorizes the issuance of up to 5,000,000 shares of preferred stock. As of March 31, 2024, we had 1,983,250 designated shares of preferred stock and 1,008 shares of preferred stock issued and outstanding. As of December 31, 2023, we had 1,930 shares of preferred stock issued and outstanding.

Series F Preferred Stock

On March 30, 2023, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain accredited investors (the “Investors”), pursuant to which we issued and sold, in a private placement (the “Private Placement”) (i) 6,550 shares of our newly designated Series F Preferred Stock, $0.0001 par value per share (the “Series F Preferred Stock”), (ii) preferred warrants (the “Preferred Warrants”) to acquire 32,750 shares of Series F Preferred Stock, and (iii) common warrants (“Common Warrants” and with the Preferred Warrants the “Investor Warrants”) to acquire up to 3,830,417 shares of Common Stock. Please refer to **Note 74 - Preferred Capital Stock**for further discussion on additional detail regarding the Series F Preferred Stock and Preferred Warrants.

In connection with the Private Placement, pursuant to an engagement letter dated March 30, 2023, between the Company and Dawson James Securities, Inc. (the “Placement Agent”), the Company agreed to (i) pay the Placement Agent a cash fee

equal to 8% of the aggregate gross proceeds raised in the Private Placement, and (ii) grant to the Placement Agent warrants (the “Placement Agent Warrants”) to purchase 306,433 shares of Common Stock.

On March 31, 2023, the Company issued the Common Warrants and the Placement Agent Warrants to purchase an aggregate of 4,136,850 shares of the Company’s Common Stock. The Common Warrants and Placement Agent Warrants have a term of 5 years, commencing six months and one day from the date of issuance, and are initially exercisable for $1.71 per share. The exercise price is subject to customary adjustments for stock splits, stock dividends, stock combination, recapitalization, or other similar transactions involving the Common Stock, and subject to price-based adjustment, on a full ratchet basis, in the event of any issuances of Common Stock, or securities convertible, exercisable or exchangeable for Common Stock, at a price below the then-applicable exercise price for the Common Warrants (subject to certain exceptions). The Common Warrants and Placement Agent Warrants are exercisable for cash, provided that if there is no effective registration statement available permitting the resale of the common shares, they may be exercised on a cashless basis. Exercise of the Common Warrants and Placement Agent Warrants is subject to certain limitations, including a 4.99% beneficial ownership limitation. The fair value of the warrants was recorded within additional paid-in capital during the three months ended March 31, 2023.

On April 18, 2023, the Company entered into warrant exercise inducement offer letters with certain holders of outstanding warrants to purchase shares of the Company’s common stock originally issued on October 21, 2020, December 6, 2020, and June 28, 2021, (such holders the “Exercising Holders” and such warrants the “Existing Warrants”) pursuant to which the Exercising Holders agreed to exercise, for cash, Existing Warrants to purchase, in the aggregate, 339,498 shares of the Company’s common stock (the “Existing Warrant Shares”), in exchange for the Company’s agreement to lower the exercise price of the Existing Warrants to $1.71. The Company received net proceeds of $534,000 from the exercise of the Existing Warrants in April 2023 (net of $46,000 of financing costs). The inducement resulted in an incremental value adjustment, and deemed dividend, of $751,000, which was recorded within additional paid-in capital during the three months ended June 30, 2023. Following this transaction, 667, 1,934, and 1,000 warrants remained outstanding of the warrants issued on October 21, 2020, December 6, 2020, and June 28, 2021, respectively.

On April 23, 2023, the 667 unexercised warrants issued on October 21, 2020 expired.

On June 7, 2023, the 1,934 unexercised warrants issued on December 6, 2020 expired.

On October 6, 2023, the Company and Investors holding a majority of the outstanding shares of the Preferred Stock agreed to waive any and all provisions, terms, covenants and obligations in the Certificate of Designations or Common Warrants to the extent such provisions permit the conversion or exercise of the Preferred Stock and the Common Warrants, respectively, to occur at a price below $0.2792. Notwithstanding anything to the contrary in the Common Warrants, the “Exercise Price” as set forth in the Common Warrant shall in no event be less than $0.2792 (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations and similar events).

Warrants outstanding as of September 30, 2023 are as follows:

Issue Date	Warrants Outstanding	Exercise Price		Expiration Date
June 28, 2021	250	$	60.00	January 4, 2024
June 28, 2021	750	$	66.00	December 31, 2024
March 31, 2023	4,136,850	$	1.71	September 30, 2028
July 3, 2023	406,776	$	0.0001	None
	4,544,626			

Warrant activity for the nine months ended September 30, 2023 is presented below. There was no warrant activity during the year ended December 31, 2022.

	Outstanding			Exercisable		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Warrants outstanding and exercisable, December 31, 2021	343,099	$	66.34	343,099	$	66.34
Warrants outstanding and exercisable, December 31, 2022	343,099		66.34	343,099	$	66.34
Granted	4,136,850		1.56	4,136,850	$	1.56
Exercised	(339,498)		1.71	(339,498)	$	1.71
Expired	(2,601)		76.93	(2,601)	$	76.93
Warrants outstanding and exercisable, September 30, 2023	4,137,850	$	1.73	4,137,850	$	1.73

Treasury Shares

The Company maintains treasury stock for the Common Stock shares bought back by the Company when withholding shares to cover taxes on transactions related to equity awards. There were no treasury stock transactions during the nine months ended September 30, 2023 or the year ended December 31, 2022.

Note 7 - Preferred Stock

Our Certificate of Incorporation authorizes the issuance of up to 5,000,000 shares of preferred stock. As of September 30, 2023, we had 1,983,250 designated shares of preferred stock and 5,146 shares of preferred stock issued and outstanding. As of December 31, 2022, we had no shares of preferred stock issued or outstanding.

As of the filing of this report, the Company has 2,278 shares of Series F Preferred Stock issued and outstanding. See **Note 12 - Subsequent Events** for further information.

Series F Preferred Stock

On March 30, 2023, the Company entered into the Purchase Agreement with Investors, pursuant to which we issued and sold, in a Private Placement (i) 6,550 shares of our newly designated Series F Preferred Stock, (ii) Preferred Warrants to acquire 32,750 shares of Series F Preferred Stock, and (iii) Common Warrants to acquire up to 3,830,417 shares of Common Stock. Please refer to **Note 6 - Capital Stock** for further discussion on the Common Warrants. The terms of the Series F Preferred Stock are as set forward in the Certificate of Designations of Series F Preferred Stock of Oblong, Inc. (the "Certificate of Designations"), which was filed and became effective with the Secretary of State of the State of Delaware on March 31, 2023. The Private Placement closed on March 31, 2023, in exchange for gross and net proceeds of $6,386,000 and $5,435,000, $5,364,000, respectively.

All of the Preferred Shares and Investor Warrants were issued at the Closing, but part of the purchase price equivalent to $4,000,000 was placed into an escrow account with American Stock Transfer & Trust Company (the "Escrow"), to be released upon our obtaining stockholder approval permitting the issuance of more than 19.99% of our outstanding shares of Common Stock at less than the Minimum Price (as defined under the Nasdaq Rules) in accordance with Nasdaq listing standards and as otherwise may be required (the "Stockholder Approval"). The Company received the Stockholder Approval via a Special Meeting of Stockholders held on May 18, 2023, and the funds were released from escrow. During the nine months ended September 30, 2023, the Company recorded $5,435,000 in net proceeds. The financing fees associated with the Purchase Agreement were $951,000. $1,022,000.

The Series F Preferred Shares are convertible into fully paid and non-assessable shares of the Company's Common Stock at the election of the holder at any time at an initial conversion price of $1.71 (the "Conversion Price"). The holders of the Series F Preferred Shares may also elect to convert their shares at an alternative conversion price equal to the lower of (i) 80% of the applicable Conversion Price as in effect on the date of the conversion, (ii) 80% of the closing price on the trading day immediately preceding the delivery of the conversion notice, and (iii) the greater of (a) the Floor Price (as defined in the Certificate of Designations) and (b) the quotient of (x) the sum of the five lowest Closing Bid Prices (as defined in the

Certificate of Designations) for trading days in the 30 consecutive trading day period ending and including the trading day immediately preceding the delivery of the applicable Conversion Notice, divided by (y) five. The Conversion Price is subject to customary adjustments for stock splits, stock dividends, stock combination recapitalization, or other similar transactions involving the Common Stock, and subject to price-based adjustment, on a full ratchet basis, in the event of any issuances of our common stock, or securities convertible, exercisable or exchangeable for Common Stock, at a price below the then-applicable Conversion Price (subject to certain exceptions).

On October 6, 2023, the Company and Investors holding a majority of the outstanding shares of the Preferred Stock agreed to waive any and all provisions, terms, covenants and obligations in the Certificate of Designations or Common Warrants to the

extent such provisions permit the conversion or exercise of the Preferred Stock and the Common Warrants, respectively, to occur at a price below $0.2792. Notwithstanding anything to the contrary in the Certificate of Designations, each of the “Alternate Conversion Price” and the “Floor Price” as set forth in the Certificate of Designations shall in no event be less than $0.2792 (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations and similar events).

Under the Certificate of Designations, the Series F Preferred Shares have an initial stated value of $1,000 per share (the “Stated Value”). The holders of the Series F Preferred Shares are entitled to dividends of 9% per annum, which will be payable in arrears quarterly. Accrued dividends may be paid, at our option, in cash and if not paid, shall increase the stated value of the Series F Preferred Shares. Upon the occurrence and during the continuance of a Triggering Event (as defined in the Certificate of Designations), the Series F Preferred Shares will accrue dividends at the rate of 20% per annum (the “Default Rate”). The Series F Preferred Shares have no voting rights, other than with respect to certain matters affecting the rights of the Series F Preferred Shares. On matters with respect to which the holders of the Series F Preferred Shares have a right to vote, holders of the Preferred Shares will have voting rights on an as-converted basis.

Our ability to settle conversions is subject to certain limitations set forth in the Certificate of Designations. Further, the Certificate of Designations contains a certain beneficial ownership limitation after giving effect to the issuance of shares of common stock issuable upon conversion of the Series F Preferred Shares.

The Certificate of Designations includes certain Triggering Events (as defined in the Certificate of Designations), including, among other things, (i) the failure to file and maintain an effective registration statement covering the sale of the holder’s securities registrable pursuant to the Registration Rights Agreement, (ii) the failure to pay any amounts due to the holders of the Series F Preferred Shares when due, and (iii) if Peter Holst ceases to be the chief executive officer of the Company other than because of his death, and a qualified replacement, reasonably acceptable to a majority of the holders of the Series F Preferred Shares, is not appointed within thirty (30) business days. In connection with a Triggering Event, the Default Rate is triggered. We are subject to certain affirmative and negative covenants regarding the incurrence of indebtedness, acquisition transactions, the existence of liens, the repayment of indebtedness, the payment of cash in respect of dividends (other than dividends pursuant to the Certificate of Designations), maintenance of properties and the transfer of assets, among other matters.

During the three year ended December 31, 2023 and nine the three months ended September 30, 2023 March 31, 2024, 1,229 4,620 and 1,404 922 shares of Series F Preferred Stock, plus accrued dividends, were converted to 1,964,750 14,102,477 and 2,111,337 3,602,103 shares of the Company’s common stock, respectively. There were 5,146 1,008 shares of Series F Preferred Stock outstanding and accrued dividends of $235,502 $94,000 as of September 30, 2023 March 31, 2024. Series F Preferred Stock transactions are summarized in the table below: below (in thousands except for shares of Series F Preferred Stock:

	Series F Preferred Stock Shares	**Accrued Dividends**	**Weighted Average Conversion Price**	**Common Shares Issued from Conversions**
March 31, 2023 Issuance	6,550	$ —		
Q2 2023 Accrued Dividends		148,744		
Q2 2023 Conversions	(175)	(3,665)	$ 1.22	146,587
June 30, 2023 Balance	6,375	$ 145,079		146,587
Q3 2023 Accrued Dividends		133,364		
Q3 2023 Conversions	(1,229)	(42,941)	$ 0.65	1,964,750
September 30, 2023 Balance	5,146	$ 235,502		2,111,337

	Series F Preferred Stock Shares	Preferred Stock Dividends	Weighted Average Conversion Price	Common Shares Issued from Conversions
March 31, 2023 Issuance	6,550	$ —		—
2023 Accrued Dividends	—	$ 343		—
2023 Conversions	(4,620)	$ (211)	$ 0.34	14,102
December 31, 2023 Balance	1,930	$ 132		14,102
2024 Accrued Dividends	—	$ 44		—

2024 Conversions	(922) $	(82)	0.28	3,602
March 31, 2024 Balance	1,008 $	94 $	0.33	17,704

Series F Preferred Stock Warrants

The Preferred Warrants are exercisable for Series F Preferred Shares at an exercise price of $975. The exercise price is subject to customary adjustments for stock splits, stock dividends, stock combination recapitalizations or other similar transactions involving the Common Stock. The Preferred Warrants expire three years from the date of issuance and are exercisable for cash. For each Preferred Warrant exercised, the Investors shall receive Common Warrants to purchase a number of shares of Common Stock equal to 100% of the number of shares of Common Stock the Investors would receive if the Series F Preferred Shares issuable upon exercise of such Warrant were converted at the applicable Conversion Price. The fair value of the Preferred Warrants was recorded within additional paid-in capital during the nine months ended September 30, 2023. upon issuance. As of September 30, 2023 March 31, 2024, no Preferred Warrants have been exercised.

Note 8 6 - Stock Based Compensation

2019 Equity Incentive Plan

On December 19, 2019, the Oblong, Inc. 2019 Equity Incentive Plan (the “2019 Plan”) was approved by the Company’s stockholders at the Company’s 2019 Annual Meeting of Stockholders. The 2019 Plan is an omnibus equity incentive plan pursuant to which the Company may grant equity and cash incentive awards to certain key service providers of the Company and its subsidiaries. As of December 31, 2022 December 31, 2023, the share pool available for new grants under the 2019 Plan was 177,567. On April 18, 2023, 177,564 restricted stock units were granted to certain members of the board, reducing the share pool available for new grants under the 2019 Plan to 3.

Stock Options

A summary of stock compensation expense by category, for the three and nine months ended September 30, 2023 and 2022, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Stock Based Compensation	2023	2022	2023	2022
Options	$ 31	$ 31	$ 93	$ 30
RSU	—	—	380	—
Total	$ 31	$ 31	$ 473	$ 30

A summary of stock compensation by department, for the three and nine months ended September 30, 2023 and 2022 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Stock Based Compensation	2023	2022	2023	2022
Research and Development	$ —	$ —	$ —	$ (63)
General & Administrative	31	31	473	93
Total	$ 31	$ 31	$ 473	$ 30

Stock Options

During the nine months ended September 30, 2023, no stock options were granted, 3,336 stock options vested, and 6,668 vested stock options expired. During the nine months ended September 30, 2022, no stock options were granted, 501 vested stock options expired, and 10,000 unvested stock options were forfeited.

A summary of stock options granted, expired, and forfeited option activity under our plans, and options outstanding as of, and changes made during the nine three months ended September 30, 2023 March 31, 2024 and year ended December 31, 2022 December 31, 2023 is presented below:

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	Outstanding		Exercisable	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding and exercisable, December 31, 2021	27,169	$ 113.63	7,169	$ —
Vested	—	—	3,332	48.75
Expired	(501)	410.18	(501)	410.18
Forfeited	(10,000)	48.75	—	—
Options outstanding and exercisable, December 31, 2022	16,668	143.63	10,000	206.85
Vested	—	—	3,336	48.75
Expired	(6,668)	285.89	(6,668)	285.89
Options outstanding and exercisable, September 30, 2023	10,000	$ 48.75	6,668	$ 48.75

Additional information as of September 30, 2023 is as follows:

	Outstanding			Exercisable	
Range of price	Number of Options	Weighted Average Remaining Contractual Life (In Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$0.00 – $100.00	10,000	7.75	$ 48.75	6,668	$ 48.75

	Outstanding		Exercisable	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding and exercisable, December 31, 2022	16,668	$ 143.63	10,000	$ 206.85
Vested	—	—	3,336	48.75
Expired	(6,668)	285.89	(6,668)	285.89
Options outstanding and exercisable, December 31, 2023	10,000	48.75	6,668	48.75
Options outstanding and exercisable, March 31, 2024	10,000	$ 48.75	6,668	$ 48.75

The intrinsic value of vested and unvested options was not significant for all periods presented. Stock compensation expense related to stock options for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $31,000. Stock compensation $31,000 and was recorded as a general and administrative expense related to stock options for the nine months ended September 30, 2023 was $93,000, and net stock compensation expense related to stock options for the nine months ended September 30, 2022 was $30,000, made up on our Condensed Consolidated Statements of $114,000 in expense offset by $84,000 related to forfeiture credits. Operations. The remaining unrecognized stock-based compensation expense for options as of September 30, 2023 March 31, 2024 is $92,000, $30,000, which will be recognized over a weighted average period of 0.75 years.

3 months.

Restricted Stock Awards

On May 28, 2023, in relation to the departure of certain directors, 42 restricted stock awards became fully vested and were delivered in shares of the Company's common stock. The awards were issued in 2014 and vested over the lesser of ten years, a change in control, or separation from the company.

As of September 30, 2023 March 31, 2024 and December 31, 2023, there were no unvested outstanding restricted stock awards outstanding and there is no unrecognized stock-based compensation expense for or restricted stock awards. There units ("Restricted Stock"). For the three months ended March 31, 2024 and 2023, there was no stock compensation expense recorded for Restricted Stock and there was no unamortized expense related to restricted stock awards Restricted Stock. The following table shows a summary of Restricted Stock activity for the year ended December 31, 2023. There was no Restricted Stock activity during the three and nine months ended September 30, 2023 and 2022. March 31, 2024.

	Restricted Stock Awards		Restricted Stock Units	
	Shares	Weighted Average Grant Price	Shares	Weighted Average Grant Price
Unvested shares, December 31, 2022	42	$ 235.87	—	$ —
Granted	—		177,564	2.14
Vested	(42)	235.87	(177,564)	2.14
Unvested Shares, December 31, 2023	—	—	—	—
Unvested Shares, March 31, 2024	—	$ —	—	$ —

Restricted Stock Units

On April 18, 2023, 177,564 restricted stock units ("RSUs") were granted to certain board members. These RSUs vested immediately upon issuance. The closing price per share of the Company's common stock was $2.14 on the day prior to the grant date, resulting in a total fair value of $380,000 which was included in general and administrative expense, as stock-based compensation expense, upon issuance.

On May 28, 2023, in relation to the departure of certain directors, 1,929 fully vested RSUs were delivered in shares of the Company's common stock, in accordance with the terms of the RSUs.

As of September 30, 2023, there were no unvested RSUs outstanding and there was no remaining unrecognized stock-based compensation expense for RSUs. There was no stock compensation expense related to RSUs for the three and nine months ended September 30, 2023 and 2022.

Note 9 7 - Net Loss Per Share

On January 3, 2023, the Company effected a 1-for-15 reverse stock split for its Common Stock. All Common Stock share information in the following net loss per share discussion and tables are shown as adjusted for this stock split retrospectively for all periods represented herein.

Basic net loss per share is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. The weighted-average number of shares of common stock outstanding does not include any potentially dilutive securities or unvested restricted stock. Restricted Stock. Unvested restricted stock, Restricted Stock, although classified as issued and outstanding at September 30, 2022 March 31, 2023, is was considered contingently returnable until the restrictions lapse lapsed and will was not be included in the basic net loss per share calculation until for the shares are vested. three months ended March 31, 2023. Unvested restricted stock Restricted Stock does not contain non-forfeitable rights to dividends and dividend equivalents. Unvested RSUs are not included in calculations of basic net loss per share, as they are not considered issued and outstanding at time of grant.

Diluted net loss per share is computed by giving effect to all potential shares of common stock, including stock options, preferred stock, warrants, RSUs, and unvested restricted stock, Restricted Stock, to the extent they are dilutive. For the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, all such common stock equivalents have been excluded from diluted net loss per share as the effect to net loss per share would be anti-dilutive (due to the net loss).

The following table sets forth the computation of the Company's basic and diluted net loss per share (in thousands, except per share data):

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	2024

2024

2024

Numerator:

Numerator:

Numerator:

Net loss

Net loss

Net loss

Less: preferred stock dividends

Less: preferred stock dividends

Less: preferred stock dividends

	Three Months Ended September 30,		Nine Months Ended September 30,	
Less: warrant modification				
	2023	2022	2023	2022
Numerator:				
Net loss	$ (895)	$ (7,152)	$ (3,163)	$ (20,724)
Less: deemed dividend	(133)	—	(282)	—
Less: induced conversion on warrants	—	—	(751)	—
Less: warrant modification				
Less: warrant modification Less: warrant modification	—	—	(25)	—
Net loss attributable to common stockholders Net loss attributable to common stockholders	$ (1,028)	$ (7,152)	$ (4,221)	$ (20,724)
Net loss attributable to common stockholders				
Net loss attributable to common stockholders				
Denominator:				
Denominator:				
Denominator: Denominator:				
Weighted-average number of shares of common stock for basic and diluted net loss per share Weighted-average number of shares of common stock for basic and diluted net loss per share	3,463	2,065	2,676	2,065
Weighted-average number of shares of common stock for basic and diluted net loss per share				
Weighted-average number of shares of common stock for basic and diluted net loss per share				
Basic and diluted net loss per share				
Basic and diluted net loss per share				
Basic and diluted net loss per share Basic and diluted net loss per share	$ (0.30)	$ (3.46)	$ (1.58)	$ (10.04)

The following table represents the potential shares that were excluded from the computation of weighted-average number of shares of common stock in computing the diluted net loss per share for the periods presented because including them would have had an anti-dilutive effect (due to the net loss):

As of September 30,

	2023	2022
	As of March 31,	
	2024	2023
Unvested restricted stock awards	—	42
Outstanding stock options	10,000	16,668
Common stock issuable upon conversion of Series F Preferred Stock	18,850,645	—
Common stock issuable upon conversion of Series F Preferred Warrants	117,299,427	—
Outstanding stock options		
Outstanding stock options		
Common stock issuable upon conversion of Series F Preferred Stock (1)		
Common stock issuable upon conversion of Series F Preferred Warrants (2)		
Common stock issuable upon conversion of Common Stock warrants	4,137,850	343,101

(1) Calculation assumes conversion of the stated value, and accrued dividends, of the Series F Preferred Stock into Common Stock at the Floor Price as of March 31, 2024, and at the initial conversion price of $1.71 as of March 31, 2023.

(2) Calculation assumes exercise of the Series F Preferred Warrants for cash into Series F Preferred Stock and subsequent conversion of the Series F Preferred Stock into Common Stock at the Floor Price as of March 31, 2024. The Series F Preferred Stock Warrants were not exercisable as of March 31, 2023.

Note 10 8 - Segment Reporting

The Company currently operates in two segments: (1) “Managed Services”, which represents the business surrounding managed services for video collaboration and network applications; and (2) “Collaboration Products” which represents the business surrounding our Mezzanine™ product offerings.

Certain information concerning the Company’s segments for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 is presented in the following tables (in thousands):

	Three Months Ended September 30, 2023			
	Managed Services	Collaboration Products	Corporate	Total
Revenue	$ 603	$ 269	$ —	$ 872
Cost of revenues	398	250	—	648
Gross profit	$ 205	$ 19	$ —	$ 224
Gross profit %	34 %	7 %		26 %
Allocated operating expenses	$ —	$ 151	$ —	$ 151
Unallocated operating expenses	—	—	998	998
Total operating expenses	$ —	$ 151	$ 998	$ 1,149
Income (loss) from operations	$ 205	$ (132)	$ (998)	$ (925)
Interest and other (income) expense, net	(35)	5	—	(30)
Net income (loss) before tax	240	(137)	(998)	(895)
Income tax expense	—	—	—	—
Net income (loss)	$ 240	$ (137)	$ (998)	$ (895)

	Three Months Ended September 30, 2022			
	Managed Services	Collaboration Products	Corporate	Total
Revenue	$ 797	$ 388	$ —	$ 1,185
Cost of revenues	552	289	—	841
Gross profit	$ 245	$ 99	$ —	$ 344
Gross profit %	31 %	26 %		29 %
Allocated operating expenses	$ —	$ 6,425	$ —	$ 6,425
Unallocated operating expenses	—	—	1,079	1,079
Total operating expenses	$ —	$ 6,425	$ 1,079	$ 7,504
Income (loss) from operations	$ 245	$ (6,326)	$ (1,079)	$ (7,160)
Interest and other expense (income), net	1	(6)	—	(5)
Income (loss) before income taxes	244	(6,320)	(1,079)	(7,155)
Income tax benefit	—	(3)	—	(3)
Net income (loss)	$ 244	$ (6,317)	$ (1,079)	$ (7,152)

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	Nine Months Ended September 30, 2023			
	Managed Services	Collaboration Products	Corporate	Total
Revenue	$1,933	$ 933	$ —	$ 2,866
Cost of revenues	1,288	956	—	2,244
Gross profit (loss)	$ 645	$ (23)	$ —	$ 622
Gross profit (loss)%	33 %	(2) %		22 %

	Three Months Ended March 31, 2024			
	Managed Services	Collaboration Products	Corporate	Total
Revenue				
Cost of revenues				
Gross profit				
Gross profit %	29 %	(150)%		— %
Allocated operating expenses				

Allocated operating expenses

Allocated operating expenses	Allocated operating expenses	$ 3	$ 61	$ —	$ 64
Unallocated operating expenses	Unallocated operating expenses	—	—	3,777	3,777
Total operating expenses	Total operating expenses	$ 3	$ 61	$ 3,777	$ 3,841
Income (loss) from operations	Income (loss) from operations	$ 642	$ (84)	$ (3,777)	$(3,219)

Income (loss) from operations

Income (loss) from operations

Interest and other income, net	Interest and other income, net	(69)	(25)	—	(94)
Net income (loss) before tax	Net income (loss) before tax	711	(59)	(3,777)	(3,125)
Income tax expense	Income tax expense	7	31	—	38
Net income (loss)	Net income (loss)	$ 704	$ (90)	$ (3,777)	$(3,163)

		Nine Months Ended September 30, 2022			
		Managed Services	Collaboration Products	Corporate	Total
	Three Months Ended March 31, 2023				
	Managed Services				
Revenue	Revenue	$2,573	$ 1,477	$ —	$ 4,050
Cost of revenues	Cost of revenues	1,722	1,078	—	2,800
Gross profit	Gross profit	$ 851	$ 399	$ —	$ 1,250
Gross profit %	*Gross profit %*	33 %	27 %		31 %
Allocated operating expenses	Allocated operating expenses	$ 57	$ 17,954	$ —	$ 18,011

	Three Months Ended March 31, 2023			
	Managed Services	Collaboration Products	Corporate	Total
Gross profit %	33 %	13 %		27 %

Allocated operating expenses

Allocated operating expenses

Unallocated operating expenses	Unallocated operating expenses	—	—	3,954	3,954
Total operating expenses	Total operating expenses	$ 57	$ 17,954	$ 3,954	$ 21,965
Income (loss) from operations	Income (loss) from operations	$ 794	$ (17,555)	$ (3,954)	$(20,715)
Income (loss) from operations					
Income (loss) from operations					
Interest and other expense (income), net	Interest and other expense (income), net	7	(6)	—	1
Net income (loss) before tax		787	(17,549)	(3,954)	(20,716)
Income (loss) before income taxes					
Income tax expense	Income tax expense	8	—	—	8
Net income (loss)	Net income (loss)	$ 779	$ (17,549)	$ (3,954)	$(20,724)

Unallocated operating expenses in Corporate include costs for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 that are not specific to a particular segment but are general to the group; included are expenses incurred for administrative and accounting staff, general liability and other insurance, professional fees, and other similar corporate expenses.

For the three months ended September 30, 2023 March 31, 2024, 11% of our revenue was attributable to the United Kingdom. For the three months ended September 30, 2022, 10% of our revenue was attributable to Singapore. For the nine months ended September 30, 2023 and 2022, 2023, there was no material revenue attributable to any individual foreign country.

Revenue by geographic area is allocated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			

Domestic	$ 356	$ 575	$ 1,356	$ 2,120
Foreign	516	610	1,510	1,930
	$ 872	$ 1,185	$ 2,866	$ 4,050

Domestic
Domestic
Domestic
Foreign
Foreign
Foreign
$
$
$

Disaggregated information for the Company's revenue has been recognized in the accompanying Condensed Consolidated Statements of Operations and is presented below according to contract type (in thousands):

	Three Months Ended September 30,			
	2023	% of Revenue	2022	% of Revenue
Revenue: Managed Services				
Video collaboration services	$ 38	4 %	$ 69	6 %
Network services	557	64 %	716	60 %
Professional and other services	8	1 %	12	1 %
Total Managed Services revenue	$ 603	69 %	$ 797	67 %
Revenue: Collaboration Products				
Visual collaboration product offerings	$ 268	31 %	$ 385	33 %
Professional services	1	— %	—	— %
Licensing	—	— %	3	— %
Total Collaboration Products revenue	269	31 %	388	33 %
Total revenue	$ 872	100 %	$ 1,185	100 %

	Nine Months Ended September 30,				Three Months Ended March 31,					
	2023	% of Revenue	2022	% of Revenue	2024		% of Revenue	2023		% of Revenue
Revenue: Managed Services										
Video collaboration services	$ 148	5 %	$ 264	7 %	$ 14	2	2 %	$64	6	6 %
Network services	1,758	61 %	2,260	56 %	503	80	80 %	618	60	60 %
Professional and other services	27	1 %	49	1 %	5	1	1 %	8	1	1 %

Revenue: Managed Services
Video collaboration services
Video collaboration services

Total Managed Services revenue	Total Managed Services revenue	$1,933	67 %	$2,573	64 %	Total Managed Services revenue	$522	83	83 %	$ 690	66	66 %
Revenue: Collaboration Products	Revenue: Collaboration Products											
Revenue: Collaboration Products												
Revenue: Collaboration Products												
Visual collaboration product offerings	Visual collaboration product offerings	$ 932	33 %	$1,467	36 %							
Professional services		1	— %	—	— %							
Licensing		—	— %	10	— %							
Total Collaboration Products revenue		933	33 %	1,477	36 %							
Visual collaboration product offerings												
Visual collaboration product offerings							$104		17 %	$ 348		34 %
Total revenue	Total revenue	$2,866	100 %	$4,050	100 %							
Total revenue												
Total revenue							$626		100 %	$ 1,038		100 %

The Company considers a significant customer to be one that comprises more than 10% of the Company's consolidated revenues or accounts receivable. The loss of or a reduction in sales or anticipated sales to our most significant or several of our smaller customers could have a material adverse effect on our business, financial condition, and results of operations.

Concentration of consolidated revenues was as follows:

		Three Months Ended September 30,	
		2023	2022
	Segment	% of Revenue	% of Revenue
Customer A	Managed Services	60 %	53 %

		Nine Months Ended September 30,	
		2023	2022
	Segment	% of Revenue	% of Revenue
Customer A	Managed Services	56 %	48 %

		Three Months Ended March 31,

		2024	2023
	Segment	% of Revenue	% of Revenue
Customer A	Managed Services	82 %	52 %

Concentration of accounts receivable was as follows:

			As of September 30, 2023									
			2023		2022							
		Segment	% of Accounts Receivable		% of Accounts Receivable							
			As of March 31, 2024						As of March 31, 2024			
			2024						2024		2023	
	Segment							Segment	% of Accounts Receivable			
Customer A	Customer A	Managed Services	—	%	52	%	Customer A	Managed Services	—	%	41	%
Customer B	Customer B	Collaboration Products	38	%	—	%	Customer B	Managed Services	—	%	11	%
Customer C	Customer C	Collaboration Products	—	%	12	%	Customer C	Collaboration Products	—	%	14	%
Customer D	Customer D	Collaboration Products	12	%	—	%	Customer D	Collaboration Products	—	%	15	%
Customer E							Customer E	Collaboration Products	73	%	—	%

Note 11 9 - Commitments and Contingencies

From time to time, we are subject to various legal proceedings arising in the ordinary course of business, including proceedings for which we have insurance coverage. As of the date hereof, we are not party to any legal proceedings that we currently believe will have a material adverse effect on our business, financial position, results of operations or liquidity.

COVID-19

On March 11, 2020, the World Health Organization ("WHO") announced that infections of the novel Coronavirus (COVID-19) had become pandemic, and on March 13, 2020, the U.S. President announced a National Emergency relating to the disease. In May 2023, the WHO declared COVID-19 over as a global health emergency. Customers generally use our Mezzanine™ products in traditional office and operating center environments such as conference rooms or other presentation spaces. Revenue declines for our Collaboration Products business are primarily attributable due to lower demand, largely a consequence of the commercial reactions to the COVID-19 pandemic and its prolonged effects. We believe the COVID-19 pandemic fundamentally altered the way businesses consider the use of physical office spaces and, consequently, the demand for technologies that enable in-person collaboration within these spaces. Our analysis indicates that the reduced demand for our Mezzanine™ products, particularly in the aftermath of COVID-19, reflects a broader reassessment among our customers regarding the COVID-19 pandemic on our existing necessity and target customers as they continue to evaluate behavioral changes investment in how and when employees choose to work from collaboration solutions tailored for traditional office environments, resulting in delayed buying decisions for our Collaboration Products. environments. Continuation of the ongoing effects of the COVID-19 pandemic, this trend could cause further disruptions declines in our revenue for this business. Although the Company cannot presently quantify the future financial impacts of this trend, such impacts will likely continue to our have a material adverse impact on the Company's consolidated financial condition, results of operations, and the operations of our customers, suppliers and logistics partners and could significantly adversely affect our near-term and long-term revenues, earnings, liquidity and cash flows.

Note 12 - Subsequent Events

As of the filing of this Report, the Company has 14,955,475 and 14,947,922 shares of common stock issued and outstanding, respectively, and 2,278 shares of Series F Convertible Preferred Stock issued and outstanding. From October 1, 2023 through the filing of this Report, the Company has issued 10,661,020 shares of common stock pursuant to conversions of its Series F Convertible Preferred Stock.

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

Overview

We are a provider of patented multi-stream collaboration products and managed services for video collaboration and network solutions. The Company currently operates in two segments: (1) "Collaboration Products," which represents the business surrounding our Mezzanine™ product offerings, and (2) "Managed Services," which represents the business surrounding managed services for video collaboration and network solutions.

Mezzanine™ Product Offerings

Our flagship product is called Mezzanine™, a family of turn-key products that enable dynamic and immersive visual collaboration across multi-users, multi-screens, multi-devices, and multi-locations (see further description of Mezzanine™ in Part I, Item 1). Mezzanine™ allows multiple people to share, control and arrange content simultaneously, from any location, enabling all participants to see the same content in its entirety at the same time in identical formats, resulting in dramatic enhancements to both in-room and virtual videoconference presentations. Applications include video telepresence, laptop and application sharing, whiteboard sharing and slides. Spatial input allows content to be spread across screens, spanning different walls, scalable to an arbitrary number of displays and interaction with our proprietary wand device. Mezzanine™ substantially enhances day-to-day virtual meetings with technology that accelerates decision making, improves communication, and increases productivity. Mezzanine™ scales up to support the most immersive and commanding innovation centers; across to link labs, conference spaces, and situation rooms; and down for the smallest work groups. Mezzanine's digital collaboration platform can be sold as delivered systems in various configurations for small teams to total immersion experiences. The family includes the 200 Series (two display screen), 300 Series (three screen), and 600 Series (six screen). We also sell maintenance and support contracts related to Mezzanine™.

Historically, customers have used Mezzanine™ products in traditional office and operating center environments such as conference rooms or other presentation spaces. As discussed below, sales of our Mezzanine product have been adversely affected by the commercial response to the COVID-19 pandemic. pandemic and its aftermath. Like many technology companies in recent months, we will continue to monitor and manage our costs relative to demand with the goal of growing the Company's revenue in the future. To the extent we believe new investments in product development, marketing, or sales are warranted as a result of changes in market demand, we believe additional capital will be required to fund those efforts and our ongoing operations.

Managed Services for Video Collaboration

We provide a range of managed services for video collaboration, from automated to orchestrated, to simplify the user experience in an effort to drive adoption of video collaboration throughout our customers' enterprise. We deliver our services through a hybrid service platform or as a service layer on top of our customers' video infrastructure. We provide our customers with i) managed videoconferencing, where we set up and manage customer videoconferences and ii) remote service management, where we provide 24/7 support and management of customer video environments.

Managed Services for Network

We provide our customers with network solutions that ensure reliable, high-quality and secure traffic of video, data and internet. Network services are offered to our customers on a subscription basis. Our network services business carries variable costs associated with the purchasing and reselling of this connectivity.

Oblong's Results of Operations

Three Months Ended September 30, 2023 March 31, 2024 (the "2023 Third 2024 First Quarter") compared to the Three Months Ended September 30, 2022 March 31, 2023 (the "2022 Third "2023 First Quarter")

Certain information concerning the Company's segments for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 and is presented below (in thousands):

		Three Months Ended September 30, 2023			
		Managed Services	Collaboration Products	Corporate	Total
	Three Months Ended March 31, 2024				
	Managed Services				
Revenue	Revenue	$ 603	$ 269	$ —	$ 872
Cost of revenues	Cost of revenues	398	250	—	648
Gross profit	Gross profit	$ 205	$ 19	$ —	$ 224
Gross profit %	*Gross profit %*	34 %	7 %		26 %
Allocated operating expenses	Allocated operating expenses	$ —	$ 151	$ —	$ 151
Allocated operating expenses					
Allocated operating expenses					
Unallocated operating expenses	Unallocated operating expenses	—	—	998	998
Total operating expenses	Total operating expenses	$ —	$ 151	$ 998	$1,149
Income (loss) from operations	Income (loss) from operations	$ 205	$ (132)	$ (998)	$ (925)
Interest and other (income) expense, net		(35)	5	—	(30)
Income (loss) from operations					
Income (loss) from operations					
Interest and other income, net					
Net income (loss) before tax	Net income (loss) before tax	240	(137)	(998)	(895)
Income tax expense	Income tax expense	—	—	—	—
Net income (loss)	Net income (loss)	$ 240	$ (137)	$ (998)	$ (895)

	Three Months Ended March 31, 2024			
	Managed Services	Collaboration Products	Corporate	Total
Gross profit %	29 %	(150)%	—	%

Three Months Ended September 30, 2022

		Managed Services	Collaboration Products	Corporate	Total
	Three Months Ended March 31, 2023				
	Managed Services				
		Managed Services	Collaboration Products	Corporate	Total
Revenue	Revenue	$ 797	$ 388	$ —	$ 1,185
Cost of revenues	Cost of revenues	552	289	—	841
Gross profit	Gross profit	$ 245	$ 99	$ —	$ 344
Gross profit %	*Gross profit %*	31 %	26 %		29 %
	Gross profit %	33 %	13 %		27 %
Allocated operating expenses	Allocated operating expenses	$ —	$ 6,425	$ —	$ 6,425
Allocated operating expenses					
Allocated operating expenses					
Unallocated operating expenses	Unallocated operating expenses	—	—	1,079	1,079
Total operating expenses	Total operating expenses	$ —	$ 6,425	$ 1,079	$ 7,504
Income (loss) from operations	Income (loss) from operations	$ 245	$ (6,326)	$ (1,079)	$(7,160)
Income (loss) from operations					
Income (loss) from operations					
Interest and other expense (income), net	Interest and other expense (income), net	1	(6)	—	(5)
Income (loss) before income taxes	Income (loss) before income taxes	244	(6,320)	(1,079)	(7,155)
Income tax benefit		—	(3)	—	(3)
Income tax expense					
Net income (loss)	Net income (loss)	$ 244	$ (6,317)	$ (1,079)	$(7,152)

Unallocated operating expenses in Corporate include costs during the 2023 2024 and 2022 2023 Third First Quarters that are not specific to a particular segment but are general to the group; included are expenses incurred for administrative and accounting staff, general liability and other insurance, professional fees, and other similar corporate expenses.

Revenue. Total revenue decreased 26% 40% in the 2023 Third 2024 First Quarter compared to the 2022 Third 2023 First Quarter. The following table summarizes the changes in components of our revenue (in thousands), and the significant changes in revenue are discussed in more detail below.

	Three Months Ended September 30,				Three Months Ended March 31,					
	2023	% of Revenue	2022	% of Revenue	2024		% of Revenue	2023		% of Revenue
Revenue: Managed Services										
Video collaboration services	$ 38	4 %	$ 69	6 %	$ 14	2	2 %	$64	6	6 %
Network services	557	64 %	716	60 %	503	80	80 %	618	60	60 %
Professional and other services	8	1 %	12	1 %	5	1	1 %	8		1 %
Total Managed Services revenue	$603	69 %	$ 797	67 %	$522	83	83 %	$ 690	66	66 %
Revenue: Collaboration Products										
Visual collaboration product offerings	$268	31 %	$ 385	33 %	$104		17 %	$ 348		34 %
Professional services	1	— %	—	— %						
Licensing	—	— %	3	— %						
Total Collaboration Products revenue	269	31 %	388	33 %						

Total revenue	Total revenue	$872	100 %	$1,185	100 %
Total revenue					
Total revenue	$626	100 %	$ 1,038	100 %	

Managed Services

- The decrease in revenue for video collaboration services is mainly attributable to lower revenue from existing customers (either from reductions in price or level of services) and loss of customers to competition.

- The decrease in revenue for network services is mainly attributable to net attrition of customers and lower demand for our services given the competitive environment and pressure on pricing that exists in the network services business.

- For the three months ended March 31, 2024, one customer made up 98% of Managed Services revenue. For the three months ended March 31, 2023, this same customer made up 80% of Managed Services revenue.

- We expect revenue declines in our Managed Services segment will continue in the future.

Collaboration Products

- Customers generally use our Mezzanine™ products in traditional office and operating center environments such as conference rooms or other presentation spaces. The year over year year-over-year decrease in revenue for our Collaboration Products business is primarily attributable due to lower demand, largely a consequence of the work-place reactions to the COVID-19 pandemic and its prolonged effects. We believe the COVID-19 pandemic fundamentally altered the way businesses consider the use of physical office spaces and, consequently, the demand for technologies that enable in-person collaboration within these spaces. Our analysis indicates that the reduced demand for our Mezzanine™ products, particularly in the aftermath of COVID-19, reflects a broader reassessment among our customers regarding the COVID-19 pandemic on our existing necessity and target customers as they continue to evaluate behavioral changes investment in how and when employees choose to work from collaboration solutions tailored for traditional office environments, resulting in delayed buying decisions for our Collaboration Products. Continuation of the ongoing effects of the COVID-19 pandemic, could cause further disruptions to our operations and the operations of our customers, suppliers and logistics partners and could significantly adversely affect our near-term and long-term revenues, earnings, liquidity and cash flows. environments.

Cost of Revenue (exclusive of depreciation and amortization). Cost of revenue, exclusive of depreciation and amortization and casualty loss, includes all internal and external costs related to the delivery of revenue. Cost of revenue also includes taxes which have been billed to customers. Cost of revenue by segment is presented in the following table (in thousands):

		Three Months Ended September 30,			
		2023	2022		
	Three Months Ended March 31,			Three Months Ended March 31,	
	2024			2024	2023
Cost of Revenue	**Cost of Revenue**				
Managed Services					
Managed Services					
Managed Services	Managed Services	$ 398	$ 552		
Collaboration Products	Collaboration Products	250	289		
Total cost of revenue	Total cost of revenue	$ 648	$ 841		

The decrease in our consolidated cost of revenue is mainly attributable to lower costs associated with the decrease in revenue during the same period. period, offset by an increase in the expense related to our reserve for obsolescence on our inventory asset for our Collaboration Products segment. Our consolidated gross profit as a percentage of revenue was 26% 0% in the 2023 Third 2024 First Quarter compared to 29% in the 2022 Third Quarter. The a consolidated gross profit as a percentage of revenue for our Collaboration Products of 27% in the 2023 First Quarter.

Our Managed Services segment was 7% recorded a 29% gross profit as a percentage of sales for the 2024 First Quarter compared to 33% in the 2023 Third Quarter compared to 26% in the 2022 Third First Quarter. This decrease was mainly attributable to fixed overhead costs related to lower sales as addressed above.

Our Collaboration Products segment recorded a negative gross profit as a percentage of sales of 150% for the 2024 First Quarter compared to a 13% gross profit as a percentage of revenue in the 2023 First Quarter. This decrease was mainly attributable to lower sales and an increase in our inventory obsolescence reserve of $58,000 $35,000 in the 2023 Third 2024 First Quarter compared to the 2022 Third 2023 First Quarter.

Operating expenses are presented in the following table (in thousands):

		Three Months Ended September 30,													
		2023	2022	$ Change	% Change										
Operating expenses (gains):															
		Three Months Ended March 31,													
		2024													
		2024													
		2024					2023		$ Change		% Change				
Operating expenses:															
Research and development															
Research and development															
Research and development	Research and development	$ 5	$ 232	$ (227)	(98)%	$	50	$	$6	$	$44	733	733	%	
Sales and marketing	Sales and marketing	81	282	(201)	(71)%	Sales and marketing	54	218	218	(164)	(164)	(75)	(75)%		
General and administrative	General and administrative	977	1,229	(252)	(21)%	General and administrative	1,077	1,169	1,169	(92)	(92)	(8)	(8)%		
Impairment charges		—	5,169	(5,169)	(100)%										
Depreciation and amortization															
Depreciation and amortization															
Depreciation and amortization	Depreciation and amortization	86	592	(506)	(85)%		—	86	86	(86)	(86)	(100)	(100)	%	
Total operating expenses	Total operating expenses	$1,149	$7,504	$(6,355)	(85)%	Total operating expenses	$1,181	$	$1,479	$	$(298)	(20)	(20)	%	

Research and Development. Research and development expenses include internal and external costs related to developing new product offerings as well as features and enhancements to our existing product offerings. The decrease increase in research and development expenses for the 2023 Third 2024 First Quarter compared to the 2022 Third 2023 First Quarter is primarily attributable to the ceasing of the majority of R&D activities during late 2022, which resulted an increase in lower personnel costs due to reduced headcount, consulting, and outsourced labor costs between these periods.

Sales and Marketing Expenses. The decrease in sales and marketing expenses for 2023 Third 2024 First Quarter compared to the 2022 Third 2023 First Quarter is primarily attributable to i) lower personnel costs due to reduced headcount and less sales as discussed above ii) and reduced marketing costs between these periods, and iii) reduced overhead between these periods due to the termination of an office lease that was not renewed. periods.

General and Administrative Expenses. General and administrative expenses include direct corporate expenses and costs of personnel in the various corporate support categories, including executive, finance and accounting, legal, human resources and information technology. The decrease in general and administrative expenses for the 2023 Third 2024 First Quarter compared to the 2022 Third 2023 First Quarter is primarily attributable to reduced overhead and professional service expenses as a result of cost cutting cost-cutting measures.

Impairment Charges. There were no impairment charges for the 2023 Third Quarter. The impairment charges in the 2022 Third Quarter were attributable to impairment of long-lived assets. Future declines of our revenue, cash flows and/or market capitalization may give rise to a triggering event that may require the Company to record impairment charges in the future related to our intangible assets and other long-lived assets.

Depreciation and Amortization. The decrease in depreciation and amortization expenses for the 2023 Third 2024 First Quarter compared to the 2022 Third 2023 First Quarter is mainly attributable to the disposition and impairment of certain assets during the year ended 2022, as well as a decrease in depreciation as certain assets became fully depreciated.

Loss from Operations. The decrease in the Company's loss from operations for the 2023 Third Quarter compared to the 2022 Third Quarter is mainly attributable to lower operating expenses as addressed above. 2023.

Interest and Other Income, Net. Interest and other income, net for the 2023 Third 2024 First Quarter primarily comprised of interest income related to our cash accounts, partially offset by interest expense.

Nine Months Ended September 30, 2023 compared to the Nine Months Ended September 30, 2022

Certain information concerning the Company's segments for the nine months ended September 30, 2023 and 2022 and is presented below (in thousands):

	Nine Months Ended September 30, 2023			
	Managed Services	Collaboration Products	Corporate	Total
Revenue	$ 1,933	$ 933	$ —	$ 2,866
Cost of revenues	1,288	956	—	2,244
Gross profit (loss)	$ 645	$ (23)	$ —	$ 622
Gross profit (loss)%	33 %	(2)%		22 %
Allocated operating expenses	$ 3	$ 61	$ —	$ 64
Unallocated operating expenses	—	—	3,777	3,777
Total operating expenses	$ 3	$ 61	$ 3,777	$ 3,841
Income (loss) from operations	$ 642	$ (84)	$ (3,777)	$ (3,219)
Interest and other income, net	(69)	(25)	—	(94)
Net income (loss) before tax	711	(59)	(3,777)	(3,125)
Income tax expense	7	31	—	38
Net income (loss)	$ 704	$ (90)	$ (3,777)	$ (3,163)

	Nine Months Ended September 30, 2022			
	Managed Services	Collaboration Products	Corporate	Total
Revenue	$ 2,573	$ 1,477	$ —	$ 4,050
Cost of revenues	1,722	1,078	—	2,800
Gross profit	$ 851	$ 399	$ —	$ 1,250
Gross profit %	33 %	27 %		31 %
Allocated operating expenses	$ 57	$ 17,954	$ —	$ 18,011
Unallocated operating expenses	—	—	3,954	3,954
Total operating expenses	$ 57	$ 17,954	$ 3,954	$ 21,965

Income (loss) from operations	$ 794	$ (17,555)	$ (3,954)	$ (20,715)
Interest and other expense (income), net	7	(6)	—	1
Net income (loss) before tax	787	(17,549)	(3,954)	(20,716)
Income tax expense	8	—	—	8
Net income (loss)	$ 779	$ (17,549)	$ (3,954)	$ (20,724)

Unallocated operating expenses in Corporate include costs during the nine months ended September 30, 2023 and 2022 that are not specific to a particular segment but are general to the group; included are expenses incurred for administrative and accounting staff, general liability and other insurance, professional fees and other similar corporate expenses.

Revenue. Total revenue decreased 29% in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The following table summarizes the changes in components of our revenue (in thousands), and the significant changes in revenue are discussed in more detail below.

	Nine Months Ended September 30,			
	2023	% of Revenue	2022	% of Revenue
Revenue: Managed Services				
Video collaboration services	$ 148	5 %	$ 264	7 %
Network services	1,758	61 %	2,260	56 %
Professional and other services	27	1 %	49	1 %
Total Managed Services revenue	$ 1,933	67 %	$ 2,573	64 %
Revenue: Collaboration Products				
Visual collaboration product offerings	$ 932	33 %	$ 1,467	36 %
Professional services	1	— %	—	— %
Licensing	—	— %	10	— %
Total Collaboration Products revenue	933	33 %	1,477	36 %
Total revenue	$ 2,866	100 %	$ 4,050	100 %

Managed Services

- The decrease in revenue for video collaboration services is mainly attributable to lower revenue from existing customers (either from reductions in price or level of services) and loss of customers to competition.

- The decrease in revenue for network services is mainly attributable to net attrition of customers and lower demand for our services given the competitive environment and pressure on pricing that exists in the network services business.

- We expect revenue declines in our Managed Services segment will continue in the future.

Collaboration Products

- Customers generally use our Mezzanine™ products in traditional office and operating center environments such as conference rooms or other presentation spaces. The year over year decrease in revenue for our Collaboration Products business is primarily attributable to the aftermath of the COVID-19 pandemic on our existing and target customers as they continue to evaluate behavioral changes in how and when employees choose to work from traditional office environments, resulting in delayed buying decisions for our Collaboration Products. Continuation of the ongoing effects of the COVID-19 pandemic, could cause further disruptions to our operations and the operations of our customers, suppliers and logistics partners and could significantly adversely affect our near-term and long-term revenues, earnings, liquidity and cash flows.

Cost of Revenue (exclusive of depreciation and amortization). Cost of revenue, exclusive of depreciation and amortization and casualty loss, includes all internal and external costs related to the delivery of revenue. Cost of revenue also includes taxes which have been billed to customers. Cost of revenue by segment is presented in the following table (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Cost of Revenue		
Managed Services	$ 1,288	$ 1,722
Collaboration Products	956	1,078
Total cost of revenue	$ 2,244	$ 2,800

The decrease in our consolidated cost of revenue is mainly attributable to lower costs associated with the decrease in revenue during the same period. Our consolidated gross profit as a percentage of revenue was 22% for the nine months ended September 30, 2023 compared to 31% for the nine months ended September 30, 2022. The gross profit as a percentage of

revenue for our Collaboration Products segment was (2)% for the nine months ended September 30, 2023 compared to 27% for the nine months ended September 30, 2022. This decrease was mainly attributable to i) an increase in our inventory obsolescence reserve of $210,000 in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, ii) a one-time assessment for common area charges on warehouse space of $12,000, and iii) an increase in personnel costs as a percentage of revenue between these periods.

Operating expenses are presented in the following table (in thousands):

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
Operating expenses (gains):				
Research and development	$ 16	$ 1,634	$ (1,618)	(99)%
Sales and marketing	241	1,161	(920)	(79)%
General and administrative	3,723	4,104	(381)	(9)%
Impairment charges	2	12,715	(12,713)	(100)%
Casualty loss (gain), net of insurance proceeds	(400)	533	(933)	(175)%
Depreciation and amortization	259	1,818	(1,559)	(86)%
Total operating expenses	$ 3,841	$ 21,965	$ (18,124)	(83)%

Research and Development. Research and development expenses include internal and external costs related to developing new product offerings as well as features and enhancements to our existing product offerings. The decrease in research and development expenses for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 is primarily attributable to the ceasing of R&D activities during late 2022, which resulted in lower personnel costs due to reduced headcount, consulting, and outsourced labor costs between these periods.

Sales and Marketing Expenses. The decrease in sales and marketing expenses for nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 is primarily attributable to i) lower personnel costs due to reduced headcount and less sales as discussed above, including the reversal of approximately $294,000 in accrued compensation, ii) reduced marketing costs between these periods, and iii) reduced overhead between these periods due to the termination of an office lease that was not renewed.

General and Administrative Expenses. General and administrative expenses include direct corporate expenses and costs of personnel in the various corporate support categories, including executive, finance and accounting, legal, human resources and information technology. The decrease in general and administrative expenses for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 is primarily attributable to a decrease in office related expenses and bad debt expense.

Impairment Charges. Impairment charges for the nine months ended September 30, 2023 were attributable to property and equipment related to our Managed Services segment. The impairment charges for the nine months ended September 30, 2022 were attributable to i) the impairment of goodwill and ii) the impairment of a right-of-use asset related to a leased office space no longer being utilized. Future declines of our revenue, cash flows and/or market capitalization may give rise to a triggering event that may require the Company to record impairment charges in the future related to our intangible assets and other long-lived assets.

Casualty Loss. In June 2022, the Company discovered that $533,000 of inventory was stolen from the Company's warehouse in City of Industry, California, and we recorded a casualty loss in operating expenses. During the nine months ended September 30, 2023, we received and recorded a recovery payment from one of our insurance policies of $400,000 as an offset to this casualty loss.

Depreciation and Amortization. The decrease in depreciation and amortization expenses for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 is mainly attributable to the disposition and impairment of certain assets during the year ended 2022, as well as a decrease in depreciation as certain assets became fully depreciated.

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Interest and Other Income, Net. Interest and other income, net for the nine months ended September 30, 2023 primarily comprised of interest income related to our cash accounts, partially offset by interest expense.

Loss from Operations. The decrease in the Company's loss from operations for the nine three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023 is mainly attributable to lower operating expenses, partially offset by lower gross profit, as addressed above.

Off-Balance Sheet Arrangements

As of September 30, 2023 March 31, 2024, we had no off-balance sheet arrangements.

Inflation

Management does not believe inflation had a significant effect on the Condensed Consolidated Financial Statements for the periods presented.

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Critical Accounting Policies

There have been no changes to our critical accounting policies during the nine three months ended September 30, 2023 March 31, 2024. Critical accounting policies and the significant estimates made in accordance with such policies are regularly discussed with our Audit Committee. Those policies are discussed under "*Critical Accounting Policies*" in "*Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*" as well as in our Condensed Consolidated Financial Statements and the footnotes thereto, each included in our 2022 2023 Annual Report.

Liquidity and Capital Resources

As of September 30, 2023 March 31, 2024, we had $6,766,000 $5,360,000 in cash and working capital of $6,297,000. $4,436,000. For the nine three months ended September 30, 2023 March 31, 2024, we incurred a net loss of $3,163,000 $1,136,000 and used $2,288,000 $630,000 of net cash in operating activities.

Net cash provided by financing activities for the nine months ended September 30, 2023 was $5,969,000, attributable to net proceeds from an equity financing and net cash proceeds received from the exercise of warrants.The Company expects to use the net proceeds from the Private Placement and the proceeds, if any, from the exercise of outstanding warrants for general corporate purposes and potential strategic alternatives. We believe that our existing cash and cash equivalents will be sufficient to fund our operations and meet our working capital requirements for at least the next 12 months from the filing date of this Report with the SEC.

We believe additional capital will be required, in the long-term, to fund operations and provide growth capital including our pursuit of potential strategic alternatives and investments in technology, product development and sales and marketing. To access capital to fund operations or provide growth capital, we will need to raise capital in one or more debt and/or equity offerings. There can be no assurance that we will be successful in raising necessary capital or that any such offering will be on terms acceptable to the Company. If we are unable to raise additional capital that may be needed on terms acceptable to us, it could have a material adverse effect on the Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "*smaller reporting company*" as defined by the rules and regulations of the SEC, we are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2023 March 31, 2024. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2023 March 31, 2024, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the

SEC's rules and forms and are designed to ensure that information required to be disclosed by the Company in the reports we file or submit under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting occurred during the fiscal quarter ended September 30, 2023 March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are subject to various legal proceedings arising in the ordinary course of business, including proceedings for which we have insurance coverage. As of the date hereof, we are not party to any legal proceedings that we currently believe will have a material adverse effect on our business, financial position, results of operations, or liquidity.

ITEM 1A. RISK FACTORS

A description of the risks associated with our business, financial conditions and results of operations is set forth in "*Part* "*Part* I.*Item 1A. Risk Factors*" of our 2022 Annual Report, *as well as under "Part II. Item 1A. Risk Factors"* in of our Q1 2023 Quarterly Report on Form 10-Q, for the three months ended March 31, 2023, filed with the SEC on May 10, 2023 (the "Q1 2023 Quarterly Report").There Annual Report. Except as set forth below, there have been no material changes to these risks during the three months ended September 30, 2023 March 31, 2024. The risks described in the 2022 2023 Annual Report and the Q1 2023 Quarterly Report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or future results.

We rely on a limited number of customers for a significant portion of our revenue, and the loss of any one of those customers, or several of our smaller customers, could materially harm our business. A significant portion of our revenue is generated from a limited number of customers. For the three months ended

March 31, 2024, one major customer accounted for 82% of the Company’s total consolidated revenue. The composition of our significant customers will vary from period-to-period, and we expect that most of our revenue will continue, for the foreseeable future, to come from a relatively small number of customers. Consequently, our financial results may fluctuate significantly from period-to-period based on the actions of one or more significant customers. A customer may take actions that affect the Company for reasons that we cannot anticipate or control, such as reasons related to the customer’s financial condition, changes in the customer’s business strategy or operations, changes in technology and the introduction of alternative competing products, or as the result of the perceived quality or cost-effectiveness of our products. Our agreements with these customers may be canceled if we materially breach the agreement or for other reasons outside of our control such as insolvency or financial hardship that may result in a customer filing for bankruptcy court protection against unsecured creditors. If our customers were to experience losses due to a failure of a depository institution to return their deposits, it could expose us to an increased risk of nonpayment under our contracts with them. In addition, our customers may seek to renegotiate the terms of current agreements or renewals. The loss of or a reduction in sales or anticipated sales to our most significant or several of our smaller customers could have a material adverse effect on our business, financial condition, and results of operations.

We could fail to satisfy the standards to maintain our listing on a stock exchange. Our Common Stock is listed on The Nasdaq Capital Market. In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards. Previously, on September 21, 2023, we received a letter from the listing qualifications staff of Nasdaq providing notification that the bid price for our Common Stock had closed below $1.00 per share for the previous 30 consecutive business days and our Common Stock no longer met the minimum bid price requirement for continued listing under Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we were provided an initial period of 180 calendar days, until March 19, 2024, in which to regain compliance. To regain compliance, the closing bid price of our Common Stock must meet or exceed $1.00 per share for a minimum of 10 consecutive business days at any time before the expiration of the initial compliance period.

On March 20, 2024, the Company received written notification from the Listing Qualifications Department of Nasdaq, granting the Company's request for a 180-day extension to regain compliance with the Bid Price Rule. The Company now has until September 16, 2024 to meet the requirement. If at any time prior to September 16, 2024, the bid price of the Company's ordinary shares closes at $1.00 per share or more for a minimum of 10 consecutive business days, the Company will regain compliance with the Bid Price Rule.

If the Company does not regain compliance with the Bid Price Rule during the additional 180-day extension, Nasdaq will provide written notification to the Company that its Common Stock will be delisted. At that time, the Company may appeal such delisting determination to a hearings panel pursuant to the procedures set forth in the applicable Nasdaq Listing Rules. There can be no assurance that such appeal would be successful.

In the event that we are unable to establish compliance, or again become non-compliant, with Rule 5550(a)(2) or other continued listing requirements of Nasdaq and cannot re-establish compliance within the required timeframe, our Common Stock could be delisted from The Nasdaq Capital Market, which could have a material adverse effect on our financial condition and which may cause the value of our Common Stock to decline. If our Common Stock is not eligible for listing or quotation on another market or exchange, trading of our Common Stock could be conducted in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it would become more difficult to dispose of, or obtain accurate price quotations for, our Common Stock, and there would likely be a reduction in our coverage by security analysts and the news media, which could cause the price of our Common Stock to decline further. In addition, it may be difficult for us to raise additional capital if we are not listed on a national securities exchange.

While Nasdaq rules do not impose a specific limit on the number of times a listed company may effect a reverse stock split to maintain or regain compliance with Listing Rule 5810(c)(3)(A), Nasdaq has stated that a series of reverse stock splits may undermine investor confidence in securities listed on Nasdaq. Accordingly, Nasdaq may determine that it is not in the public interest to maintain our listing, even if we regain compliance with Listing Rule 5810(c)(3)(A) as a result of any reverse stock split. In addition, Nasdaq Listing Rule 5810(c)(3)(A)(iv) states that any listed company that fails to meet Listing Rule 5810(c)(3)(A) after effecting one or more reverse stock splits over the prior two-year period with a cumulative ratio of 250 shares or more to one will not be eligible for an automatic 180-day grace compliance period and the Nasdaq Listing Qualifications Department is obligated to immediately issue a delisting determination.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities by the Company

There have been no unregistered sales of securities by the Company during the period covered by this Report that have not been previously reported in a Current Report on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None. (c) During the period covered by this Quarterly Report on Form 10-Q, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation, as amended (filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q, file with the SEC on May 10, 2023, and incorporated herein by reference).
3.2	By-laws, as amended by the First Amendment to Amended and Restated By-Laws, dated October 19, 2023 (filed as Exhibit 3.1 to th Registrant's Current Report on Form 8-K filed with the SEC on October 19, 2023.
4.1	Form of Amendment to Series A Warrants (filed as Exhibit 4.1 to the Registrants Current Report on Form 8-K, filed with the SEC on January 2023, and incorporated herein by reference).
4.2 4.1	Certificate of Designations, Preferences and Rights of Series D Preferred Stock (filed as Exhibit 4.6 to the Registrant's Current Report on For 8-K filed with the SEC on September 24, 2007, and incorporated herein by reference).
4.3 4.2	Certificate of Designations, Preferences and Rights of Series A-2 Preferred Stock of the Registrant (filed as Exhibit 4.1 to the Registrant Current Report on Form 8-K filed with the SEC on August 11, 2009, and incorporated herein by reference).
4.4 4.3	Certificate of Designations, Preferences and Rights of Perpetual Series B Preferred Stock of the Registrant (filed as Exhibit 4.1 to th Registrant's Current Report on Form 8-K filed with the SEC on March 30, 2010, and incorporated herein by reference).
4.5 4.4	Certificate of Designations, Preferences and Rights of Perpetual Series B-1 Preferred Stock of the Registrant (filed as Exhibit 3.1 to th Registrant's Current Report on Form 8-K filed with the SEC on August 9, 2011, and incorporated herein by reference).
4.6 4.5	Certificate of Designations of Rights, Powers, Preferences, Privileges and Restrictions of the 0% Series B Convertible Preferred Stock (filed a Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 14, 2017, and incorporated herein by reference).
4.7 4.6	Certificate of Designations of Rights, Powers, Preferences, Privileges and Restrictions of the 0% Series C Convertible Preferred Stock (filed a Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 25, 2018, and incorporated herein by reference).
4.8 4.7	Certificate of Designations of the 6.0% Series D Convertible Preferred Stock (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8- filed with the SEC on October 7, 2019, and incorporated herein by reference).
4.9 4.8	Certificate of Designations of the 6.0% Series E Convertible Preferred Stock (filed as Exhibit 3.2 to the Registrant's Current Report on Form 8- filed with the SEC on October 7, 2019, and incorporated herein by reference).
4.10 4.9	Certificate of Designations of the 9.0% Series F Convertible Preferred Stock (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8- filed with the SEC on April 3, 2023, and incorporated herein by reference).
4.11 4.10	Form of Common Warrant (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 3, 2023, ar incorporated herein by reference).
4.12 4.11	Form of Preferred Warrant (filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 3, 2023, ar incorporated herein by reference).
4.13	Form of Exchange Warrant (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 5, 2023, ar incorporated herein by reference.
10.1	Securities Purchase Agreement, dated March 31, 2023 (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SE on April 3, 2023, and incorporated herein by reference).
10.2	Registration Rights Agreement, dated March 31, 2023 (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SE on April 3, 2023, and incorporated herein by reference).
10.3	Engagement Letter, dated March 30, 2023 (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 2023, and incorporated herein by reference).
10.4	Form of Warrant Repricing Letter, dated April 18, 2023 (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SE on April 24, 2023, and incorporated herein by reference).
10.5	Exchange Agreement, dated as of of June 30, 2023, between Oblong, Inc. and Foundry Venture Capital 2007, L.P. and Foundry Group Sele Fund, L.P. (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 5, 2023, and incorporated herein b reference).
10.6	Waiver, dated as of October 6, 2023, between Oblong, Inc. and certain Investors, filed as exhibit 10.1 to the Registrant's Current Report o Form 8-K filed with the SEC on October 10, 2023.
31.1*	Rule 13a—14(a)/15d—14(a) Certification of the Chief Executive Officer.
31.2*	Rule 13a—14(a)/15d—14(a) Certification of the Chief Financial Officer.

32.1**	Section 1350 Certification of the Chief Executive Officer and Chief Financial Officer.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.
** Furnished herewith.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OBLONG, INC.

November 14, 2023 May 8, 2024	By:	/s/ Peter Holst
		Peter Holst
		Chief Executive Officer
		(Principal Executive Officer)
November 14, 2023 May 8, 2024	By:	/s/ David Clark
		David Clark
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Peter Holst, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Oblong, 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.

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

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

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

Date: November 14, 2023 May 8, 2024

/s/ Peter Holst

Peter Holst
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, David Clark, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Oblong, 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.

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

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

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

Date: November 14, 2023 May 8, 2024

/s/ David Clark
David Clark
Chief Financial Officer
(principal financial and accounting officer)

Exhibit 32.1

SECTION 906 CERTIFICATION

The undersigned officers of Oblong, Inc., a Delaware corporation (the "Company"), do hereby certify, in accordance with 18 U.S.C. Section 1350, as created pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2023 March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; 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: November 14, 2023 May 8, 2024

/s/ Peter Holst
Peter Holst
Chief Executive Officer

/s/ David Clark
David Clark
Chief Financial Officer

DISCLAIMER