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INITIATION REPORT

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Oblong, Inc. (NASDAQ: OBLG)

April 27, 2021

Buy: Initiate Coverage with Buy and $15 Price Target

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We believe Oblong is very well positioned for the changed nature of work as enterprises adjust their business practices to the pandemic and its aftermath. The pandemic has revealed, among other things, that workers can be productive away from a central location, and maintaining communications and interaction with a team can be accomplished with videoconferencing. We believe Oblong's Mezzanine is a unique technology platform and will make remote work collaboration more productive and more efficient.

We are initiating coverage of Oblong, Inc. with a Buy rating and a $15 price target. Oblong's patented multi-stream collaboration technologies enable digital workplace collaborations, such as videoconferencing, to simultaneously share content among all the participants in a session regardless of the user's location or platform. This is a unique technology, and as digital collaboration becomes more common and more integral to companies' workflows, we expect multi-stream collaboration technologies to become critical for all videoconferencing applications.

Oblong is transitioning from a hardware-only solution to a cloud-based SaaS (software-as-a-service) model with positive implications for margins, cash-flow generation, consistency of results and the stock's EV/Sales multiple, in our view. The transition to a SaaS model will likely take a number of years, during which margins should improve and revenues accelerate as the user-base builds. Mature SaaS-based companies generate gross margins of 80% and sport EV/Sales multiples of 20x or more (see table on page 8). We believe these margins and multiples are within reach for Oblong over the next 5 to 7 years.

Oblong's flagship product family, Mezzanine, integrates rooms with multiple screens with remote terminals including laptops and mobile devices. The power of Mezzanine is its ability to enable sharing of content from any device connected in the session with all the other devices connected. We believe this is the next step in remote group collaboration and expect it to become ubiquitous over time since it improves meeting productivity and is particularly well-suited to the current environment where COVID has disrupted the traditional work environment.

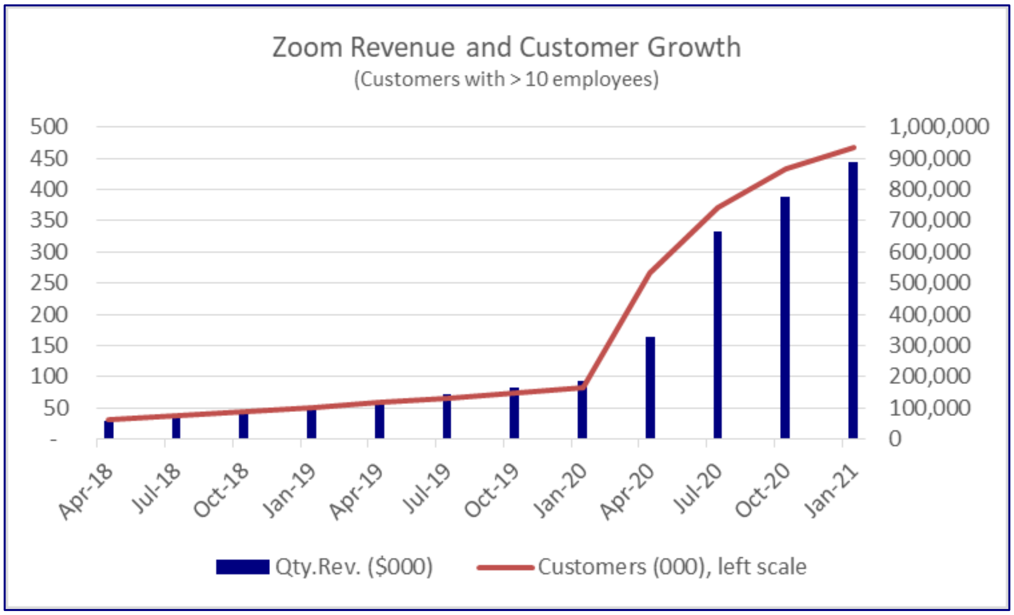
Valuation: We use a multiple of 15x on the $100 million revenue we expect Oblong to achieve in 5 to 7 years. This puts our projected valuation at $1.5 billion. Discounting this amount with a 25% discount rate results in an 18-month price target range of approximately $14.50 to $17.50 per share. Our $15 price target is based on the lower end of this range, partly to reflect the risks to our projections.

Current Price			**$4.53**
Price Target			**$15.00**
Estimates	F2020A	F2021E	F2022E
Revenues ($000s)	$ 15,333	$ 18,099	$ 29,353
1Q March	$ 5,328	$ 3,675	$ 5,953
2Q June	$ 2,816	$ 4,044	$ 6,872
3Q September	$ 3,266	$ 4,938	$ 7,798
4Q December	$ 3,923	$ 5,442	$ 8,730
	F2020A	F2021E	F2022E
EPS (diluted)	$ (1.48)	$ (0.35)	$ (0.11)
1Q March	$ (0.60)	$ (0.14)	$ (0.05)
2Q June	$ (0.65)	$ (0.09)	$ (0.04)
3Q September	$ (0.40)	$ (0.08)	$ (0.02)
4Q December	$ 0.06	$ (0.07)	$ (0.00)
EBITDA ($Ms)	$ (5.0)	$ (4.7)	$ 1.2
EV/EBITDA (x)	-23.7x	-25.5x	102.5x
Stock Data			
52-Week Range	$0.91	-	$12.25
Shares Outstanding (mil.)			26.6
Market Capitalization (mil.)			$121
Enterprise Value (mil.)			$119
Debt to Capital			5%
Book Value/Share			$2.85
Price/Book			1.6x
Average Three Months Trading Volume (K)			363
Insider Ownership			66.9%
Institutional Ownership			1.9%
Short interest (mil.)			0.7%
Dividend / Yield			$0.00/0.0%

Risks: The digital workplace collaboration market could see a reduction in demand as workers return to the workplace, and this could impact our revenue estimates. We expect Oblong to generate well over 50% of its sales through Cisco for at least the next 18 months. Our revenue estimates are at risk if Cisco's Webex is unable to compete effectively against Zoom, Microsoft Teams and other videoconferencing services. Oblong's technology is patent protected, but success would likely attract competition, which could affect our estimates.

Remote Workplace Collaboration is Booming

The COVID pandemic has catalyzed growth in the digital collaboration and videoconferencing market. Zoom, which may be the poster child for this growth, generated $2.65 billion in revenue for its fiscal year ending January 2021, a 326% increase over its fiscal 2020 revenue. Revenue growth has been driven by the sharp rise in customers. The company reports the number of organizations with more than 10 employees using its service has grown from 82,000 at the end of January 2019 to over 467,000 by the end of January 2021.



Source: Zoom public filings

The growth in 2020 was so large that it was easy to miss that Zoom's growth even before the pandemic was remarkably high. In its fiscal year ending January 2017, Zoom generated $61 million in revenue. This more than doubled to $151 million in its fiscal year ending January 2018 and more than doubled again in its fiscal year ending January 2019. Consensus (FactSet) revenue estimates for Zoom call for 44% growth for its fiscal year ending January 2022 and growth of 20% for its fiscal year ending January 2023.

Cisco's Webex, Microsoft's Teams and Google's Meet have also experienced significant growth over the past 12 months. On its fiscal Q1 2021 conference call, Cisco stated the number of Webex participants grew from 300 million in March 2020 to 600 million in October 2020. That is equivalent to the trajectory of Zoom's growth over the same time period. Microsoft reported in its fiscal Q1 2021 conference call that daily active users of Teams grew from 20 million at the end of calendar 2019 to 115 million by the end of September 2020.

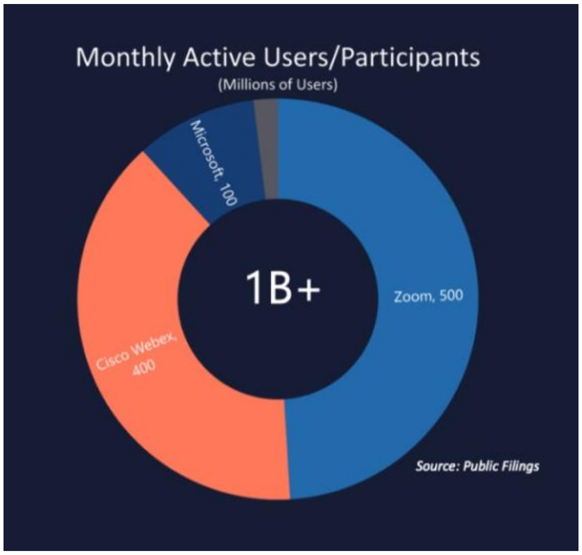
In our view, the recent hyper-growth is clearly a result of the pandemic, but the long-term growth in the market has been due to the increased availability of high-bandwidth connections required by video, initiatives by enterprises to more effectively utilize talent across a geographically dispersed workforce and the need to better incorporate mobile and off-site workers into the daily workflow.

We believe the pandemic has revealed a number of things that will result in continued high growth of this market and will drive further investments that will lay the conditions necessary for sustained high growth. In our view, the pandemic has revealed (with some exaggeration) that densely populated urban areas, trains, buses and offices are public health hazards. It has also revealed, among other things, that workers can be productive away from a central location, and maintaining communications and interaction with a team can be accomplished with videoconferencing. The availability of high-speed connections to home and remote offices was a necessary condition for videoconferencing to work well and the pandemic has created increased demand for high-speed connections to the home for personal and business use. This should enable even better videoconferencing capabilities in the future, continuing the growth and adoption cycle.

The genie will not be put back into the bottle. Workers and enterprises have discovered a daily physical presence is not required for a work group to be productive. The utopian notion of workers freed from the office may finally be upon us but not driven by the ineluctable improvements in technology but by the fear of getting sick from engaging in the activities we once considered necessary, such as commuting to an office and spending much of our day physically interacting with co-workers. This change in work has important implications for the future of cities, housing, public transportation and many other aspects of our society and economy that are far outside the scope of this report.

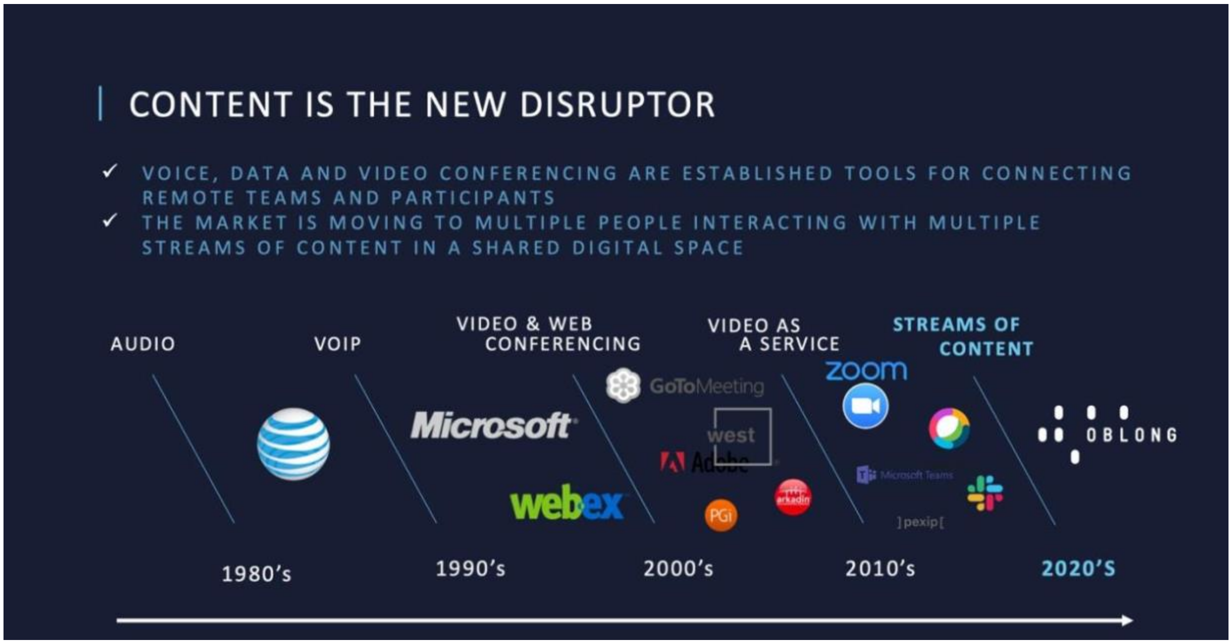
We expect workers to demand greater flexibility in their workspaces and access to their co-workers via videoconferencing. Employers will likely recognize that productivity can be improved, location is not as an important a factor in recruiting and retaining talent as it was previously, and fixed costs, such as real estate, can be reduced with a more robust videoconferencing infrastructure.

The videoconferencing market is already large, and it is still growing. The number of monthly active users in video calls exceeds one billion, and we expect this number to grow, and maybe more importantly, that it will become more common to conduct group/team business over Webex, Teams and Zoom.



Source: Oblong Investor Presentation, September 2020

The market for voice and video conferencing has been evolving since the 1980s. Voice conferencing was followed by videoconferencing. Private networks were supplanted by web-based services. Hardware-based networks were replaced with video-as-a-service. We believe the next step for the technology is sharing of multiple streams of content by many users accessing the sessions with heterogeneous devices. While videoconferencing has developed new features that allow sharing of information by hosts and participants, it is still mostly a lecture-like service, with the host controlling all aspects of the session, and interaction is limited. We believe the market is moving to sharing content, which is allowing all participants to share content with all other participants (i.e., a truly interactive session). This presents significant technological challenges, which Oblong has conquered.



Source: Oblong, Inc. September 2020 Investor Presentation

The pandemic has accelerated demand that was already being driven by factors including greater availability of low-cost videoconference infrastructure, such as room cameras and soundbars, increased penetration of cloud-based unified communications services, increased familiarity and demand for content collaboration capabilities such as annotation and editing, growth in the number of flexible meeting spaces and growth in the number of mobile and remote workers. The pandemic created an exigent need to use technology to bring work groups together and belied the assumption that co-workers needed to be co-located in order to be productive. Leading up to the pandemic, urban centers with high numbers of digital workers, such as the Bay Area, Boston, New York and Los Angeles have priced many out of the housing market with restrictive zoning and disincentives to build new housing units (see Kevin Erdmann, *Shut Out: How a Housing Shortage Caused the Great Recession and Crippled Our Economy*). The increased use of collaboration tools can enable companies to attract and retain talent without forcing workers to move to areas where housing consumes a considerable portion of an employee's budget.

Oblong estimates its total addressable market in the $8 billion virtual meeting market is $500 million to $1 billion in annual recurring revenue and its total addressable market for the 100,000 to 200,000 conference rooms globally is $100 million to $500 million annually. This puts the total addressable market for Oblong at $600 million to $1.5 billion annually.

Oblong Corporate History

Oblong Industries was founded in 2006 and received well over $100 million in venture funding through 2018. The company was acquired by Glowpoint, Inc., a managed service provider of video collaboration and network applications, in October 2019, at a $19 million valuation, in a transaction where Oblong Industries shareholders ended up with about 75% of the combined company. The company was renamed Oblong, Inc. in March 2020.

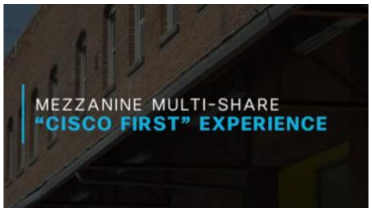
Since the acquisition, the company has focused on development of the Oblong Industries g-speak technology and Mezzanine product platform. In 2018, Mezzanine generated $17.2 million in revenue. This fell to $15.9 million in 2019, $9.1 million in 2020, and we forecast revenue will increase to $13.3 million in 2021. The Glowpoint business has been in decline and we expect this to continue until the business is sold or closed, which seems likely to occur in the next 24 months. In 2018, Glowpoint generated $12.6 million in revenue. In 2019, it generated $9.7 million, and in 2020, $6.2 million. We expect Glowpoint sales to fall to $4.8 million in 2021.

g-speak. Oblong has invested significant time and resources developing its core technology platform, g-speak, and the intellectual property of the platform is protected by (per the company's 2020 10K) 69 issued patents, 56 in the U.S., with the remainder spread across Europe, China, Japan, Korea and India, and 8 pending patents. The company's patents pertain to 1) the operating system that facilitates the implementation of multi-screen, multi-user, distributed applications; 2) multi-process communications; 3) spatial tracking with, for example, wands or hand gestures; 4) spatial, collaborative work environments of users simultaneously working with multiple screens and sources of content; and 5) multi-content stream sharing for remote participants using devices such as laptops and phones.

Mezzanine. Mezzanine is the company's flagship product built on the g-speak platform. Mezzanine is an application that endeavors to simultaneously engage multiple users, including remote workers, their devices and data. Most digital collaboration sessions, such as videoconferences, connect video and voice but little else. Mezzanine enables sharing of multiple, concurrent streams of content and allows content to be shared, manipulated, created and captured by all of the in-room and remote participants. The content can be shared on multiple screens, across multiple devices, and every participant, both local and remote, in a Mezzanine session, can display information for all participants to see. All participants view the same content in the same formation and in its entirety.

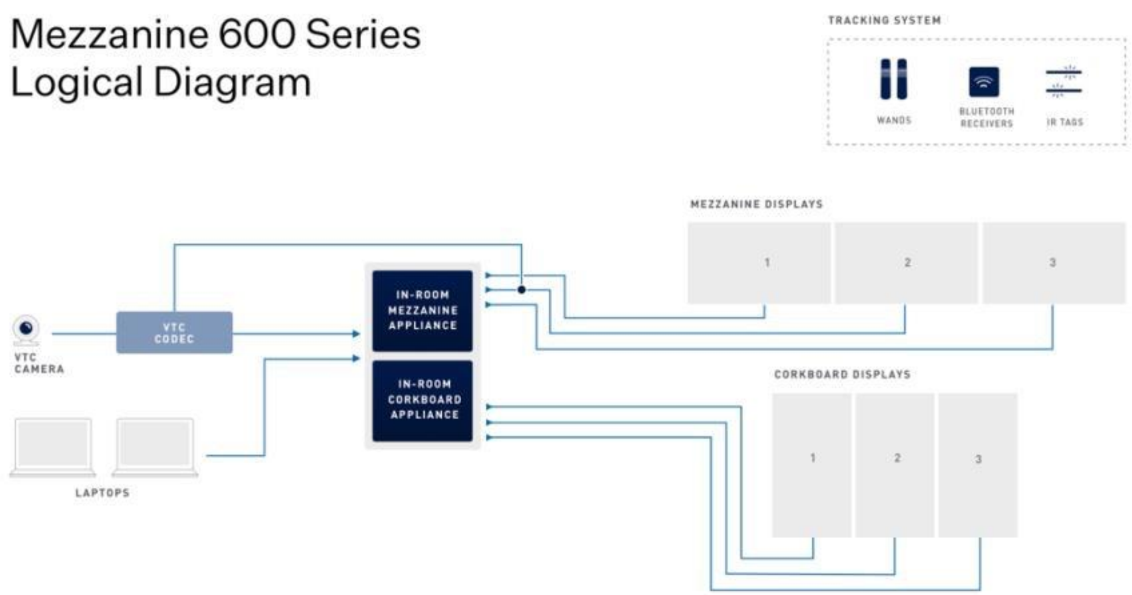
Mezzanine connects conference participants located in dedicated videoconference rooms with users connecting from other dedicated videoconference rooms and remote users connecting with their laptops or mobile devices. Users can upload and share images, slides, and video streams, which can be annotated and saved. Users can re-arrange the content that is being shared, highlighting important aspects for the group, such that all users can see changes in real time. With Mezzanine, participants in a videoconference can share the same workspace visually and perform as if they are in the same room. Content can be spread across screens and across different walls. The system is scalable to an arbitrary number of displays. The company has developed a proprietary wand that can move and edit content.

The video below gives an overview of Mezzanine:



Source: Oblong, Mezzanine Multi-share

Historically, Mezzanine was deployed as an integrated hardware solution and installed in conventional videoconference rooms. Modest Mezzanine-enabled videoconference rooms can cost $30,000, and to date, the system has been marketed to Fortune 500 enterprise customers. The Mezzanine product family includes a two-, three-, six-, and arbitrarily scalable-screen display called, respectively, the 200 Series, 300 Series, 600 Series, and 650 Series. The initial hardware sales have come with typical service agreements, but for the most part, sales have been based on the traditional hardware "one and done" model.

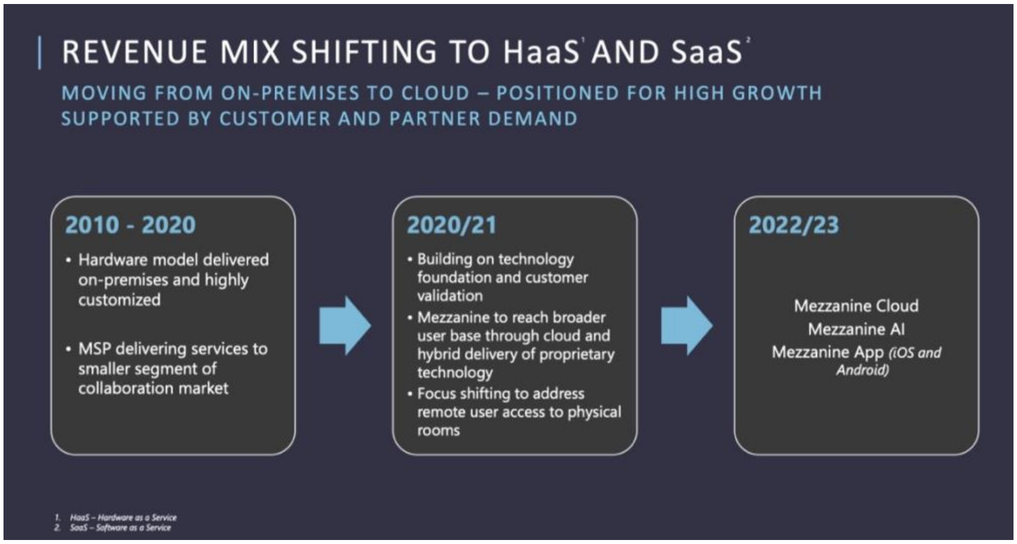


Source: Oblong. Mezzanine 600 Product Overview

We believe the pandemic has changed the way businesses will use their conferencing assets and will require vendors to enable a far greater number of users in a more heterogeneous environment that includes home offices, satellite offices, and mobile workers not necessarily tethered to the traditional conference rooms. We also expect businesses to require conferencing services that are more interactive, which enables greater sharing of resources during the conference.

In our view, it will be important for Mezzanine to be able to integrate existing corporate videoconferencing assets with new locations for workers, since a completely remote workforce does not appear likely in the foreseeable future. This means conferencing solutions must be able to integrate legacy systems with new office locations that may lack the traditional conference room infrastructure.

The company has a product migration strategy to move Mezzanine from a hardware-only solution to a hybrid, hardware-as-a-service offering with some cloud services, then to a complete cloud-based SaaS offering. Oblong has indicated the initial cloud offering will be introduced in the first half of 2021. Over the next three years, we expect additional cloud offerings to come to market and an increasing share of the company's revenues to be derived from the cloud offering.



Source: Oblong, Inc. September 2020 Investor Presentation

Cisco Relationship

In 2017, Oblong became a Cisco Solutions Integrator, and in June of 2019, Mezzanine products became available globally on the Cisco Global Price list after the two companies signed a sales channel partner agreement. Mezzanine is tightly integrated with Cisco Webex Room Systems and is compatible with Webex Room Kit, Room Kit Plus, Room Kit Pro, Room 55 Dual, and Room 70 Dual G2. The look, feel and calling behavior of Cisco is preserved in the Mezzanine user interface. This is an important agreement for Oblong since it has limited resources to effectively serve the Fortune 500 enterprise market on its own.

We believe the relationship is important for Cisco as well. The Webex platform was modernized in 2018 and 2019, in response to the rapid growth by Zoom and others. The relationship with Oblong, while not exclusive, provides an advantage for Cisco in regaining share and retaining its customers in a market that we believe will continue to grow at high rates due to the changes in the workplace. Plus, the Mezzanine product will be critical for Cisco to live up to its promise of making a Webex experience 10x better than in-person.

We expect sales through the Cisco channel to account for at least 50% of Oblong's sales over the next two years or longer.

Source: Oblong, Inc. September 2020 Investor Presentation

Competition

There are many competitors in the workplace collaboration hardware, software and services market, and while Oblong is currently unique in its capabilities in combining content with interactivity, others will surely move to replicate the company's offerings, in our view.

Interactive display and digital whiteboard companies and products are available from Bluescape, Google's Jamboard, InFocus, Microsoft's Surface Hub, Miro, MultiTaction, Nureva's Span, and Prysm. These products focus on the display itself and/or the software underlying digital whiteboard sharing.

Traditional videoconferencing hardware and services from Zoom, Webex, Polycom, GoToMeeting, and services bundled into platforms from Microsoft Teams and Slack, offer some aspects of the Oblong solution.

There are also software or cloud-based collaboration products from Mersive and Barco. Mersive's Solstice is a software-based, cloud-enabled meeting collaboration platform optimized for both local and remote teams. Barco's ClickShare is a wireless presentation and conferencing technology that utilizes devices brought by the participants.

In our view, the near-term imperatives for Oblong are leveraging sales via the Cisco channel and introduction of a SaaS offering. Over time, the company will likely integrate with other collaboration platforms such as Microsoft Teams. In the long term, the company will have to make the decision to either remain a best-of-breed solution or broaden its offering and provide a bundle of products and services. It could accomplish this organically, via acquisition, or by being acquired.

Outlook

We expect Mezzanine to be the growth driver over our forecast period. We have modeled Glowpoint revenues to decline at a 30% to 35% annual rate but expect the unit to be sold or closed within the next 24 months as it is non-core to the company's strategy. In 2021, our revenue estimate includes $4.8 million from Glowpoint, declining to $2.3 million in 2023.

In 2021, we have modeled revenue from Mezzanine to increase to $13.3 million from $9.1 million in 2020. We think a few factors are driving this growth. First, 2020 was negatively impacted by the drop in demand from the pandemic and price cuts, followed by a rebound in demand as the economy improved and remote work infrastructure became a priority. We think this momentum will continue in the first half of 2021 and that the second half will benefit from the introduction of cloud-based services that we assume occurs in the first half.

Gross margin should improve as a greater share of revenue is generated by the higher-margin Mezzanine business, relative to Glowpoint, and in the second half as the high-margin SaaS business begins to contribute to the company's results. We expect this margin dynamic to continue over our forecast horizon, with gross margin improving from 53% in 2020 to 70% in 2023. We believe gross margin can go higher still as more of the business is generated by cloud-based SaaS revenue.

Valuation and Price Target

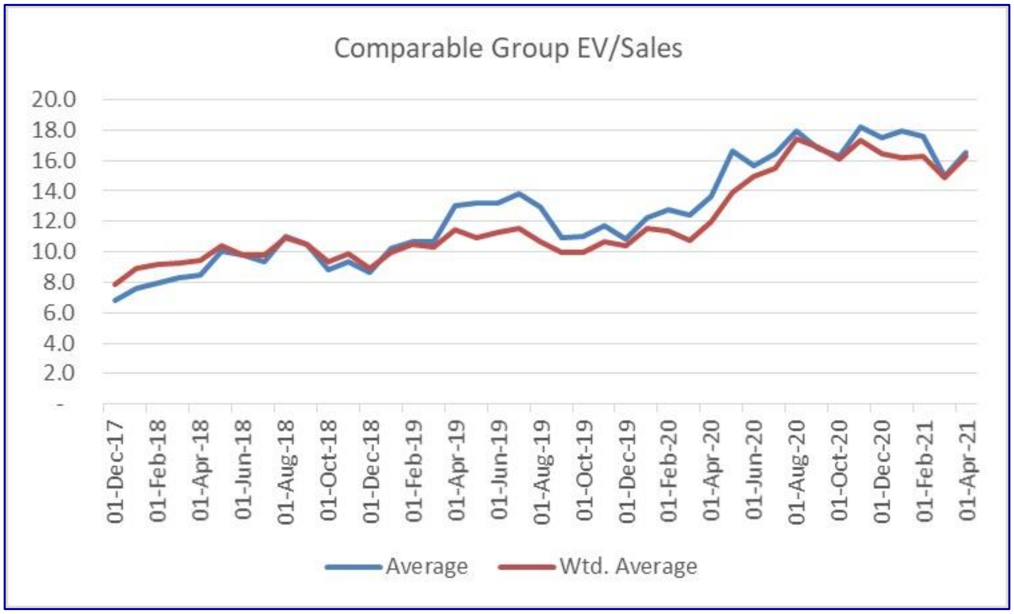
Our valuation is based on the assumption Oblong will be successful transitioning to a SaaS provider. This should drive margins higher, and higher margins should drive an EV/Sales multiple expansion. If there are delays in developing the SaaS platform, or the company is less successful than we model in becoming a pure-play SaaS provider, our margin and multiple assumptions will be at risk.

The table below presents a comp group of enterprise software, SaaS providers and collaboration software companies. The median EV/sales multiple for the group is 17x, but SaaS providers have EV/Sales multiples of 20x to 25x.

		Price	TEV (in M's)	FTM Sales (in M's)	EV/ Sales	FTM EBITDA (in M's)	EV/ EBITDA
ADBE	Adobe Inc.	$ 515.70	$246,248.6	$ 15,843.3	15.54	$ 7,792.8	31.6
ASAN	Asana, Inc. Class A	34.17	5,771.1	312.1	18.49	(227.0)	(25.4)
TEAM	Atlassian Corp. Plc Class A	236.50	58,344.0	2,140.3	27.26	528.4	110.4
CTXS	Citrix Systems, Inc.	140.60	18,557.2	3,387.3	5.48	1,171.2	15.8
DOCU	DocuSign, Inc.	234.36	45,738.4	1,973.3	23.18	346.4	132.1
DBX	Dropbox, Inc. Class A	26.56	10,704.8	2,107.8	5.08	744.3	14.4
HUBS	HubSpot, Inc.	572.87	26,081.5	1,167.7	22.34	150.5	173.3
NTNX	Nutanix, Inc. Class A	27.45	5,480.0	1,412.0	3.88	(202.5)	(27.1)
ONTF	ON24, Inc.	47.11	2,302.5	207.8	11.08	(0.2)	NM
RNG	RingCentral, Inc. Class A	330.51	30,734.8	1,487.7	20.66	201.7	152.4
SMAR	Smartsheet, Inc. Class A	63.49	7,524.7	502.7	14.97	(33.9)	(221.8)
TWLO	Twilio, Inc. Class A	400.68	65,874.7	2,452.9	26.86	154.4	426.7
WDAY	Workday, Inc. Class A	259.24	61,694.1	4,993.4	12.36	1,174.6	52.5
ZM	Zoom Video Communications, Inc. (	336.42	94,622.2	3,810.0	24.84	1,230.5	76.9
	Median				17.02		52.5
OBLG	Oblong Inc.	$ 4.53	$ 116.8	$ 21.7	5.38	$ (2.8)	(41.6)

Source: FactSet, Dawson James Securities estimates

We believe the accommodative Fed policy has resulted in an increase in overall equity multiples, and we also believe SaaS and enterprise productivity software has, on a relative basis, benefitted from the changes in business wrought by the pandemic. This, too, has resulted in a multiple increase for the group. Since the end of 2019, the comp group average EV/Sales has increased from 10.8x FTM sales to 17x FTM sales.



Source: FactSet, Dawson James Securities estimates.

We believe multiples for the group can remain at high levels due to changes resulting from the pandemic in business practices and the Fed's stated policy of keeping monetary policy accommodative for an extended period of time. If the Fed changes its policy, our EV/Sales target multiple could be at risk.

We believe Oblong can achieve $100 million in revenue over the next 5 to 7 years. Shares of high-growth SaaS companies, with scale, have traded as high as 30x FTM sales, and shares of a comp group, with a mix of low- and high-growth companies, trade, on average, at almost 17x FTM sales. Using a multiple of 15x on the $100 million revenue puts the target valuation at $1.5 billion. Discounting this value with a 25% discount rate, a share count of 30 million and a net cash balance of zero, results in an 18-month price target range of approximately $14.50 to $17.50 per share. Our $15 price target uses the lower end of this range, partly to reflect the risks to our projections, and is based on the assumption that it would take about 7 years to reach the $100 million revenue level.

Risk Analysis

The company faces considerable risks. The digital workplace collaboration market has experienced dramatic growth since COVID disrupted the global economy. As vaccines are deployed, there could be a sharp reduction in demand as workers return to the workplace, and this could impact our revenue estimates. We expect Oblong to generate well over 50% of its sales through Cisco for at least the next 18 months. Our revenue estimates are at risk if Cisco's Webex is unable to compete effectively against Zoom, Microsoft Teams and other videoconferencing services. Oblong's technology is patent protected, but success will likely attract competition. Oblong will need to integrate with other collaboration technology products and services, which could be time-consuming and expensive. Offering a product that is part of a larger service presents opportunities, but also risks since Oblong may not exert price control or have direct contact with the customer. This could put the company's revenue stream at risk.

Exhibit 1. Income Statement

($ in 000's)	31-Dec-18	31-Dec-19	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Dec-21	31-Dec-22	31-Dec-23
(except per share data)	FY2018	FY2019	FY2020	FQ12021 E	FQ22021 E	FQ32021 E	FQ42021 E	FY2021 E	FY2022 E	FY2023 E
Revenue	$ 12,557	$ 12,827	$ 15,333	$ 3,675	$ 4,044	$ 4,938	$ 5,442	$ 18,099	$ 29,353	$ 48,289
COGS	7,598	7,427	7,280	1,762	1,851	2,127	2,269	8,009	10,747	14,658
Gross Profit	4,959	5,400	8,053	1,913	2,193	2,812	3,172	10,090	18,606	33,631
	39%	42%	53%	52%	54%	57%	58%	56%	63%	70%
R&D	921	2,023	3,711	1,100	1,210	1,210	1,331	4,851	6,024	7,322
Sales and marketing	319	1,936	3,392	1,000	1,200	1,300	1,400	4,900	5,871	8,692
G&A	4,611	5,377	6,724	1,334	1,367	1,546	1,567	5,814	6,503	5,867
Impairment charges	5,093	2,317	1,150	0	0	0	0	0	0	0
D&A	755	1,321	3,140	797	797	797	797	3,186	3,188	3,178
Opex	11,699	12,974	18,117	4,230	4,573	4,852	5,095	18,751	21,586	25,059
Operating Income	$ (6,740)	$ (7,574)	$ (10,064)	$ (2,318)	$ (2,380)	$ (2,041)	$ (1,922)	$ (8,661)	$ (2,980)	$ 8,572
Interest and other	(415)	(187)	2,765	(65)	(65)	(65)	(65)	(195)	(195)	(195)
Pretax Income	(7,155)	(7,761)	(7,318)	(2,383)	(2,445)	(2,106)	(1,987)	(8,921)	(3,240)	8,312
Taxes	0	0	103					0	0	0
Preferred dividends	13	23	805	0	0	0	0	0	0	0
Net to common	$ (7,168)	$ (7,784)	$ (8,226)	$ (2,383)	$ (2,445)	$ (2,106)	$ (1,987)	$ (8,921)	$ (3,240)	$ 8,312
Basic Shares	4,795	5,108	5,547	17,183	27,177	27,753	28,889	25,251	30,074	30,209
Diluted Shares	4,795	5,108	5,547	17,183	27,177	27,753	28,889	25,251	30,074	30,209
Basic EPS	$ (1.49)	$ (1.52)	$ (1.48)	$ (0.14)	$ (0.09)	$ (0.08)	$ (0.07)	$ (0.35)	$ (0.11)	$ 0.28
Diluted EPS	$ (1.49)	$ (1.52)	$ (1.48)	$ (0.14)	$ (0.09)	$ (0.08)	$ (0.07)	$ (0.35)	$ (0.11)	$ 0.28
D&A	755	1,321	3,140	797	797	797	797	3,186	3,188	3,178
Stock Comp	365	110	198	163	195	211	228	797	955	1,414
Other	5,093	2,317	1,686	0	0	0	0	0	0	0
EBITDA	(527)	(3,826)	(5,040)	(1,359)	(1,388)	(1,033)	(898)	(4,678)	1,163	13,164
Margin	-4.2%	-29.8%	-32.9%	-37.0%	-34.3%	-20.9%	-16.5%	-25.8%	4.0%	27.3%

Source: Oblong, Inc. and Dawson James Securities estimates

Exhibit 2. Balance Sheet and Cash Flow Statement

($ in 000's)	31-Dec-18 FY2018	31-Dec-19 FY2019	31-Dec-20 FY2020	31-Dec-21 FY2021 E	31-Dec-22 FY2022 E	31-Dec-23 FY2023 E
Cash	$ 2,007	$ 4,602	$ 5,058	$ 11,889	$ 11,813	$ 23,148
Restricted Cash	0	0	158	$ 158	$ 158	$ 158
A/R	1,371	2,543	3,166	3,628	5,820	9,669
Inventory	0	1,816	920	920	920	920
Prepaid Expenses & other	547	965	691	792	1,270	2,110
Current Assets	$ 3,925	$ 9,926	$ 9,993	$ 17,387	$ 19,981	$ 36,006
PP&E	728	1,316	573	573	573	573
Goodwill	2,795	7,907	7,367	7,367	7,367	7,367
Intangibles	499	12,572	10,140	7,754	5,366	2,988
Operating lease	0	3,117	903	903	903	903
Other	15	71	167	167	167	167
Total Assets	**$ 7,962**	**$ 34,909**	**$ 29,143**	**$ 34,151**	**$ 34,357**	**$ 48,004**
LTD, current	0	2,664	2,014	0	0	0
A/P	222	647	313	359	575	956
Accrued Expenses	867	1,752	1,201	1,376	2,208	3,668
Deferred revenue	43	1,901	1,217	1,394	2,237	3,717
Operating lease	0	1,294	830	830	830	830
Current Liabilities	$ 1,132	$ 8,258	$ 5,575	$ 3,959	$ 5,850	$ 9,171
LTD	0	2,843	403	0	0	0
Operating lease	0	2,020	602	602	602	602
Deferred revenue	0	0	506	506	506	506
Other	0	3	0	0	0	0
Equity	6,830	21,785	22,057	29,083	27,399	37,725
Total Liabilities & Equity	**$ 7,962**	**$ 34,909**	**$ 29,143**	**$ 34,151**	**$ 34,357**	**$ 48,004**

	31-Dec-18 FY2018	31-Dec-19 FY2019	31-Dec-20 FY2020	31-Dec-21 FY2021 E	31-Dec-22 FY2022 E	31-Dec-23 FY2023 E
Net Income	$ (7,168)	$ (7,761)	$ (7,421)	$ (8,921)	$ (3,240)	$ 8,312
Depreciation & Amort.	755	1,321	3,140	3,186	3,188	3,178
Stock Comp	365	110	198	797	955	1,414
Working Capital & Other	4,893	3,077	(2,483)	(164)	(780)	(1,369)
Operating CF	**$ (1,155)**	**$ (3,253)**	**$ (6,566)**	**$ (5,102)**	**$ 124**	**$ 11,535**
Capx	(335)	(45)	(38)	(800)	(800)	(800)
Acquisitions/Other	0	2,194	7	0	0	0
Investing Activities	**$ (335)**	**$ 2,149**	**$ (31)**	**$ (800)**	**$ (800)**	**$ (800)**
Equity	1,383	3,699	7,355	15,150	600	600
Debt	(1,832)	0	(83)	(2,417)	0	0
Financing	**$ (449)**	**$ 3,699**	**$ 7,272**	**$ 12,733**	**$ 600**	**$ 600**
Change in Cash	**$ (1,939)**	**$ 2,595**	**$ 675**	**$ 6,831**	**$ (76)**	**$ 11,335**

Source: Oblong, Inc. and Dawson James Securities estimates

Important Disclosures:

Price Chart:

Price target and ratings changes over the past three years:
Initiated – Buy – April 27, 2021 – Price Target $15.00

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The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

As of: 19-Apr-21

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	20	67%	5	25%
Market Perform (Neutral)	10	33%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	30	100%	5	17%

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