

GLOWPOINT, INC.
Form 10-Q
May 11, 2017

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 March 31, 2017.

or

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

Commission file number: 001-35376

GLOWPOINT, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

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

1776 Lincoln Street, Suite 1300, Denver, CO, 80203
(Address of Principal Executive Offices, including Zip Code)

(303) 640-3838
(Registrant's Telephone Number, including Area Code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

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 May 8, 2017 was 36,535,000.

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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 Glowpoint, Inc. (“Glowpoint” or “we” or “us” or the “Company”). All statements other than statements of current or historical fact contained in this Report, including statements regarding Glowpoint’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 Glowpoint, are intended to identify forward-looking statements. These statements are based on Glowpoint’s current plans, and Glowpoint’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. Glowpoint 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 “Risk Factors,” as well as our consolidated financial statements and the footnotes thereto, for the fiscal year ended December 31, 2016 as filed with the SEC with our Annual Report on Form 10-K filed on March 31, 2017. Glowpoint undertakes no obligation to revise these forward-looking statements to reflect events occurring after the date hereof. All subsequent written and oral forward-looking statements attributable to Glowpoint 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: our ability to meet commercial commitments; our expectations and estimates relating to customer attrition, sales cycles, future revenues, expenses and cash flows; the status of our largest customer; our anticipated capital expenditures for 2017; estimated 2017 principal payments on our debt arrangements; our ability to service debt obligations and fund operations; compliance with financial covenants under our debt arrangements; our ability to refinance our indebtedness and/or renegotiate existing financial covenants; expectations regarding adjustments to our cost of revenue and other operating expenses; our ability to raise capital through sales of additional equity or debt securities and/or loans from financial institutions; our ability to continue as a going concern; and adequacy of our internal controls.

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

	March 31, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash	\$ 1,110	\$ 1,140
Accounts receivable, net	1,642	1,635
Prepaid expenses and other current assets	1,036	978
Total current assets	3,788	3,753
Property and equipment, net	1,997	2,203
Goodwill	9,225	9,225
Intangibles, net	1,092	1,309
Other assets	10	10
Total assets	\$ 16,112	\$ 16,500
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 10,678	\$ 10,660
Accounts payable	156	75
Accrued expenses and other liabilities	1,222	1,165
Accrued dividends	50	47
Accrued sales taxes and regulatory fees	340	395
Total current liabilities	12,446	12,342
Long term liabilities:		
Deferred tax liability	257	230
Total liabilities	12,703	12,572
Commitments and contingencies (see Note 11)		
Stockholders' equity:		
Preferred stock, Series A-2, convertible; \$.0001 par value; \$7,500 stated value; 7,500 shares authorized, 32 shares issued and outstanding and liquidation preference of \$237 at March 31, 2017 and December 31, 2016	100	100
Common stock, \$.0001 par value; 150,000,000 shares authorized; 36,782,000 issued and 36,535,000 outstanding at March 31, 2017 and 36,659,000 issued and 36,455,000 outstanding at December 31, 2016	4	4
Treasury stock, 247,000 and 204,000 shares at March 31, 2017 and December 31, 2016, respectively	(231) (219
Additional paid-in capital	180,494	180,333
Accumulated deficit	(176,958) (176,290
Total stockholders' equity	3,409	3,928
Total liabilities and stockholders' equity	\$ 16,112	\$ 16,500

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2017	2016
Revenue	\$4,080	\$5,518
Operating expenses:		
Cost of revenue (exclusive of depreciation and amortization)	2,448	3,459
Research and development	287	287
Sales and marketing	140	280
General and administrative	1,016	1,240
Depreciation and amortization	459	547
Total operating expenses	4,350	5,813
Loss from operations	(270)	(295)
Interest and other expense, net	371	380
Loss before income taxes	(641)	(675)
Income tax expense	27	37
Net loss	(668)	(712)
Preferred stock dividends	3	3
Net loss attributable to common stockholders	\$(671)	\$(715)
Net loss attributable to common stockholders per share:		
Basic and diluted net loss per share	\$(0.02)	\$(0.02)
Weighted-average number of shares of common stock:		
Basic and diluted	36,181	35,456

See accompanying notes to condensed consolidated financial statements.

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GLOWPOINT, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Three Months Ended March 31, 2017

(In thousands, except shares of A-2 Preferred Stock)

(Unaudited)

	Series A-2 Preferred Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Total
	Shares Amount	Shares Amount	Shares Amount			
Balance at December 31, 2016	32 \$ 100	36,659 \$ 4	204 \$ (219)	\$ 180,333		