

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 **June 30, 2022**

OR

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

For the transition period from _____ to _____

Commission file number **001-38825**

LIVEVOX HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

82-3447941

(I.R.S. Employer
Identification No.)

655 Montgomery Street, Suite 1000, San Francisco, CA 94111

(Address of principal executive offices) (Zip Code)

(415) 671-6000

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	LVOX	The Nasdaq Stock Market LLC
Redeemable Warrants, each whole Warrant exercisable to purchase one share of Class A common stock at an exercise price of \$11.50	LVOXW	The Nasdaq Stock Market LLC
Units, each consisting of one share of Class A common stock and one-half of one redeemable Warrant	LVOXU	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-Accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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 Securities Exchange Act of 1934). Yes No

As of August 5, 2022, the registrant had 99,872,358 shares of Class A common stock, par value \$0.0001 per share, issued and outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q (this “Quarterly Report”) includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of present or historical fact included in this Quarterly Report, regarding the future financial performance of LiveVox Holdings, Inc. (“LiveVox” or the “Company”), as well as LiveVox’s strategy, future operations, future operating results, financial position, expectations regarding revenue, losses, and costs, prospects, plans and objectives of management are forward-looking statements. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Quarterly Report are subject to risks and uncertainties that may include, for example:

- the business, operations and financial performance of the Company, including market conditions and global and economic factors beyond the Company’s control, such as a tight labor market and the invasion of Ukraine by Russia;
- the impact of COVID-19 and related changes in base interest rates, constraints in supply chain, inflationary pressures and significant market volatility in the Company’s business, our industry and the global economy;
- the high level of competition in the cloud contact center industry and the intense competition and competitive pressures from other companies in the industry in which the Company operates;
- the effect of legal, tax and regulatory changes;
- the Company’s ability to maintain its listing on The Nasdaq Stock Market LLC (“Nasdaq”), including its ability to comply with the requirement that the bid price for the Class A common stock be above \$1.00 for 30 consecutive trading days;
- the Company’s ability to raise financing or complete acquisitions in the future;
- the Company’s success in retaining or recruiting, or changes required in, its officers, key employees or directors;
- the future financial performance of the Company;
- the outcome of any legal proceedings that may be instituted against the Company;
- reliance on information systems and the ability to properly maintain the confidentiality and integrity of data;
- the occurrence of cyber incidents or a deficiency in cybersecurity protocols; and
- the ability to obtain third-party software licenses for use in or with the Company’s products.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other risk factors included herein. Forward-looking statements reflect current views about LiveVox’s plans, strategies and prospects, which are based on information available as of the date of this Quarterly Report. Except to the extent required by applicable law, LiveVox undertakes no obligation (and expressly disclaims any such obligation) to update or revise the forward-looking statements whether as a result of new information, future events or otherwise.

PART I—FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

LIVEVOX HOLDINGS, INC.
 Consolidated Balance Sheets
 (In thousands, except per share data)

	As of	
	June 30, 2022 (Unaudited)	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 29,873	\$ 47,217
Restricted cash, current	100	100
Marketable securities, current	47,220	7,226
Accounts receivable, net	18,524	20,128
Deferred sales commissions, current	2,885	2,691
Prepaid expenses and other current assets	4,068	6,151
Total Current Assets	102,670	83,513
Property and equipment, net	3,207	3,010
Goodwill	47,481	47,481
Intangible assets, net	18,320	20,195
Operating lease right-of-use assets	5,221	5,483
Deposits and other	406	664
Marketable securities, net of current	—	42,148
Deferred sales commissions, net of current	6,965	6,747
Deferred tax asset, net	89	—
Total Assets	\$ 184,359	\$ 209,241
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,081	\$ 6,490
Accrued expenses	10,208	13,855
Deferred revenue, current	1,142	1,307
Term loan, current	701	561
Operating lease liabilities, current	1,890	1,946
Finance lease liabilities, current	25	26
Total current liabilities	20,047	24,185
Long term liabilities:		
Deferred revenue, net of current	452	456
Term loan, net of current	54,092	54,459
Operating lease liabilities, net of current	3,729	4,046
Finance lease liabilities, net of current	—	11
Deferred tax liability, net	—	2
Warrant liability	283	767
Other long-term liabilities	338	337
Total liabilities	78,941	84,263
Commitments and contingencies (Note 9 and 21)		
Stockholders' equity:		

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Preferred stock, \$0.0001 par value per share; 25,000 shares authorized and none issued and outstanding as of June 30, 2022 and December 31, 2021.	—	—
Common stock, \$0.0001 par value per share; 500,000 shares authorized and 91,547 shares issued and outstanding as of June 30, 2022; 500,000 shares authorized and 90,697 shares issued and outstanding as of December 31, 2021.	9	9
Additional paid-in capital	259,053	253,468
Accumulated other comprehensive loss	(1,855)	(477)
Accumulated deficit	(151,789)	(128,022)
Total stockholders' equity	105,418	124,978
Total liabilities & stockholders' equity	\$ 184,359	\$ 209,241

The accompanying notes are an integral part of these consolidated financial statements.

LIVEVOX HOLDINGS, INC.

Consolidated Statements of Operations and Comprehensive Loss
(Unaudited) (In thousands, except per share data)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 32,987	\$ 28,913	\$ 65,080	\$ 56,858
Cost of revenue	12,548	21,615	26,180	32,795
Gross profit	20,439	7,298	38,900	24,063
Operating expenses				
Sales and marketing expense	14,970	27,685	29,622	36,593
General and administrative expense	7,546	24,637	15,014	29,517
Research and development expense	8,167	30,169	16,657	36,349
Total operating expenses	30,683	82,491	61,293	102,459
Loss from operations	(10,244)	(75,193)	(22,393)	(78,396)
Interest expense, net	744	941	1,494	1,885
Change in the fair value of warrant liability	(92)	(375)	(484)	(375)
Other expense, net	113	32	49	25
Total other expense, net	765	598	1,059	1,535
Pre-tax loss	(11,009)	(75,791)	(23,452)	(79,931)
Provision for (benefit from) income taxes	(229)	52	315	87
Net loss	\$ (10,780)	\$ (75,843)	\$ (23,767)	\$ (80,018)
Comprehensive loss				
Net loss	\$ (10,780)	\$ (75,843)	\$ (23,767)	\$ (80,018)
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustment	(153)	(25)	(202)	14
Net unrealized loss on marketable securities	(288)	—	(1,176)	—
Total other comprehensive income (loss), net of tax	(441)	(25)	(1,378)	14
Comprehensive loss	\$ (11,221)	\$ (75,868)	\$ (25,145)	\$ (80,004)
Net loss per share				
Net loss per share—basic and diluted	\$ (0.12)	\$ (1.08)	\$ (0.26)	\$ (1.17)
Weighted average shares outstanding—basic and diluted	91,562	69,945	91,520	68,291

The accompanying notes are an integral part of these consolidated financial statements.

LIVEVOX HOLDINGS, INC.
Consolidated Statements of Stockholders' Equity
(Unaudited) (In thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at December 31, 2020	1	\$ —	\$ 59,175	\$ (206)	\$ (24,828)	\$ 34,141
Retroactive application of reverse recapitalization	66,636	7	(7)	—	—	—
Balance at December 31, 2020, as converted	66,637	\$ 7	\$ 59,168	\$ (206)	\$ (24,828)	\$ 34,141
Foreign currency translation adjustment	—	—	—	39	—	39
Stock-based compensation	—	—	139	—	—	139
Net loss	—	—	—	—	(4,175)	(4,175)
Balance at March 31, 2021	66,637	\$ 7	\$ 59,307	\$ (167)	\$ (29,003)	\$ 30,144
Merger and PIPE financing	20,448	2	190,397	—	—	190,399
Foreign currency translation adjustment	—	—	—	(25)	—	(25)
Stock-based compensation	—	—	139	—	—	139
Net loss	—	—	—	—	(75,843)	(75,843)
Balance at June 30, 2021	87,085	\$ 9	\$ 249,843	\$ (192)	\$ (104,846)	\$ 144,814

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at December 31, 2021	90,697	\$ 9	\$ 253,468	\$ (477)	\$ (128,022)	\$ 124,978
Foreign currency translation adjustment	—	—	—	(49)	—	(49)
Net unrealized loss on marketable securities	—	—	—	(888)	—	(888)
Stock-based compensation	—	—	2,479	—	—	2,479
Net loss	—	—	—	—	(12,987)	(12,987)
Balance at March 31, 2022	90,697	\$ 9	\$ 255,947	\$ (1,414)	\$ (141,009)	\$ 113,533
Gross issuance of shares upon vesting of stock-based awards	1,055	—	—	—	—	—
Shares withheld to cover employees' withholding taxes for stock-based awards	(205)	—	(317)	—	—	(317)
Foreign currency translation adjustment	—	—	—	(153)	—	(153)
Net unrealized loss on marketable securities	—	—	—	(288)	—	(288)
Stock-based compensation	—	—	3,423	—	—	3,423
Net loss	—	—	—	—	(10,780)	(10,780)
Balance at June 30, 2022	91,547	\$ 9	\$ 259,053	\$ (1,855)	\$ (151,789)	\$ 105,418

The accompanying notes are an integral part of these consolidated financial statements.

LIVEVOX HOLDINGS, INC.
Consolidated Statements of Cash Flows
(Unaudited) (Dollars in thousands)

	For the six months ended June 30,	
	2022	2021
Operating activities:		
Net loss	\$ (23,767)	\$ (80,018)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	556	962
Amortization of identified intangible assets	1,875	2,244
Amortization of deferred loan origination costs	54	72
Amortization of deferred sales commissions	1,507	832
Non-cash lease expense	931	801
Stock-based compensation expense	5,902	278
Equity incentive bonus	—	68,674
Bad debt expense	402	22
Deferred income tax benefit	(91)	(230)
Loss on sale of marketable securities	42	—
Amortization of premium paid on marketable securities	246	—
Change in the fair value of the warrant liability	(484)	(375)
Offering cost associated with Warrants recorded as liabilities	—	41
Changes in assets and liabilities		
Accounts receivable	1,203	(1,358)
Other assets	2,340	(807)
Deferred sales commissions	(1,919)	(1,609)
Accounts payable	(409)	1,362
Accrued expenses	(3,647)	218
Deferred revenue	(169)	(33)
Operating lease liabilities	(990)	(724)
Other long-term liabilities	—	(1)
Net cash used in operating activities	(16,418)	(9,649)
Investing activities:		
Purchases of property and equipment	(772)	(604)
Purchases of marketable securities	(5,413)	—
Proceeds from sale of marketable securities	3,451	—
Proceeds from maturities and principal paydowns of marketable securities	2,652	—
Proceeds from asset acquisition, net of cash paid	—	1,326
Net cash provided by (used in) investing activities	(82)	722
Financing activities:		
Proceeds from Merger and PIPE financing, net of cash paid	—	157,383
Repayment on loan payable	(280)	(1,536)
Repayment of drawdown on line of credit	—	(4,672)
Repayments on finance lease obligations	(13)	(242)
Payment of employees' withholding taxes on net share settlement of share-based awards	(317)	—
Net cash provided by (used in) financing activities	(610)	150,933

Effect of foreign currency translation	(234)	(49)
Net increase (decrease) in cash, cash equivalents and restricted cash	(17,344)	141,957
Cash, cash equivalents, and restricted cash beginning of period	47,317	19,566
Cash, cash equivalents, and restricted cash end of period	<u>\$ 29,973</u>	<u>\$ 161,523</u>

	For the six months ended June 30,	
	2022	2021
Supplemental disclosure of cash flow information:		
Interest paid	\$ 1,626	\$ 1,805
Income taxes paid	247	175
Supplemental schedule of noncash investing activities:		
Change in unrealized loss on marketable securities	\$ 1,177	\$ —
Additional right-of-use assets	617	3,246
Contingent consideration in asset acquisition	—	7,000

Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets (dollars in thousands):

	As of June 30,	
	2022	2021
Cash and cash equivalents	\$ 29,873	\$ 161,423
Restricted cash, current	100	—
Restricted cash, net of current	—	100
Total cash, cash equivalents and restricted cash	<u>\$ 29,973</u>	<u>\$ 161,523</u>

The accompanying notes are an integral part of these consolidated financial statements.

LIVEVOX HOLDINGS, INC.

Notes to the Consolidated Financial Statements (Unaudited)

1. Organization

LiveVox Holdings, Inc. (formerly known as Crescent Acquisition Corp (“Crescent”)), and its subsidiaries (collectively, the “Company,” “LiveVox,” “we,” “us” or “our”) is engaged in the business of developing and marketing a cloud-hosted Contact Center as a Service (“CCaaS”) customer engagement platform that leverages microservice technology to rapidly innovate and scale digital engagement functionality that also incorporates the capabilities of fully integrated omnichannel customer connectivity, multichannel enabled Customer Relationship Management and Workforce Optimization applications. LiveVox’s customers are located primarily in the United States. LiveVox’s services are used to initiate and manage customer contact campaigns primarily for companies in the accounts receivable management, tele-sales and customer care industries.

On June 18, 2021 (the “Closing Date” or “Closing”), Crescent, a Delaware corporation, consummated the business combination pursuant to an Agreement and Plan of Merger, dated January 13, 2021 (the “Merger Agreement”), by and among Crescent, Function Acquisition I Corp, a Delaware corporation and direct, wholly owned subsidiary of Crescent (“First Merger Sub”), Function Acquisition II LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of Crescent (“Second Merger Sub”), LiveVox Holdings, Inc., a Delaware corporation (“Old LiveVox”), and GGC Services Holdco, Inc., a Delaware corporation, solely in its capacity as the representative, agent and attorney-in-fact (in such capacity, the “Stockholder Representative”) of LiveVox TopCo, LLC (“LiveVox TopCo”), a Delaware limited liability company and the sole stockholder of Old LiveVox as of immediately prior to Closing (the “LiveVox Stockholder”). Pursuant to the Merger Agreement, a business combination between Crescent and Old LiveVox was effected through (a) the merger of First Merger Sub with and into Old LiveVox, with Old LiveVox continuing as the surviving corporation (the “First Merger”) and (b) immediately following the First Merger and as part of the same overall transaction as the First Merger, the merger of Old LiveVox with and into Second Merger Sub, with Second Merger Sub continuing as the surviving entity (the “Second Merger”, and collectively with the other transactions described in the Merger Agreement, the “Merger”). On the Closing Date, Crescent changed its name to “LiveVox Holdings, Inc.” and Second Merger Sub changed its name to “LiveVox Intermediate LLC”.

On June 22, 2021, the Company’s ticker symbols on The Nasdaq Stock Market LLC (“Nasdaq”) for its Class A common stock, warrants to purchase Class A common stock and public units were changed to “LVOX”, “LVOXW” and “LVOXU”, respectively.

LiveVox, Inc. was a direct, wholly owned subsidiary of Old LiveVox prior to the Merger and is a wholly owned subsidiary of the Company after the Merger. LiveVox, Inc. was first incorporated in Delaware in 1998 under the name “Tools for Health” and in 2005 changed its name to “LiveVox, Inc.” On March 21, 2014, LiveVox, Inc. and its subsidiaries were acquired by Old LiveVox. The principal United States operations of the Company are located in San Francisco, California; Columbus, Ohio and Atlanta, Georgia. The Company has four main operating subsidiaries: LiveVox Colombia SAS which is wholly owned with an office located in Medellin, Colombia, LiveVox Solutions Private Ltd with an office located in Bangalore, India, Speech IQ, LLC located in Columbus, Ohio, and Engage Holdings, LLC (d/b/a BusinessPhone.com) (“BusinessPhone.com”) located in Columbus, Ohio. Additionally, the Company has a wholly owned subsidiary, LiveVox International, Inc., that is incorporated in Delaware. The Company and LiveVox International, Inc. own 99.99% and 0.01%, respectively, of LiveVox Solutions Private Ltd.

2. Summary of Significant Accounting Policies

a) Basis of Presentation and Principles of Consolidation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations or if they substantially duplicate the disclosures contained in the Company’s annual audited consolidated financial statements. Therefore, these unaudited interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and related notes as of and for the year ended December 31, 2021 included in the Company’s Annual Report on Form 10-K (“Annual Report”) filed with the SEC on March 11, 2022. The information as of December 31, 2021 included in the consolidated balance sheets was derived from those audited consolidated financial statements.

Pursuant to Accounting Standards Codification (“ASC”) 805, *Business Combinations*, the Merger completed on June 18, 2021 was accounted for as a reverse recapitalization, rather than a business combination, for financial accounting and reporting purposes. Accordingly, Old LiveVox was deemed the accounting acquirer (and legal acquiree) and Crescent was treated as the

LIVEVOX HOLDINGS, INC.
Notes to the Consolidated Financial Statements (Unaudited)

accounting acquiree (and legal acquirer). Under this method of accounting, the reverse recapitalization was treated as the equivalent of Old LiveVox issuing stock for the net assets of Crescent, accompanied by a recapitalization. The net assets of Crescent are stated at historical cost, with no goodwill or other intangible assets recorded. The consolidated assets, liabilities and results of operations prior to the Merger are those of Old LiveVox. The shares and corresponding capital amounts and earnings per share available for common stockholders in the accompanying consolidated financial statements and these related notes, prior to the Merger, have been retroactively restated as shares reflecting the exchange ratio established in the Merger Agreement.

In the opinion of management, the unaudited consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. All intercompany transactions and balances have been eliminated in consolidation. Results of operations for the three and six months ended June 30, 2022 and 2021 are not necessarily indicative of the results to be expected for the full annual periods.

b) Use of Estimates

The preparation of the consolidated financial statements in conformity with 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates, and such differences could be material to the Company's consolidated financial position and results of operations, requiring adjustment to these balances in future periods. Significant items subject to such estimates and assumptions include, but are not limited to, the determination of the useful lives of long-lived assets, period of benefit of deferred sales commissions, allowances for doubtful accounts, fair value of marketable securities, fair value of goodwill and long-lived assets, fair value of incentive awards, fair value of warrants, establishing standalone selling price, valuation of deferred tax assets, income tax uncertainties and other contingencies, including the Company's ability to exercise its right to repurchase incentive options from terminated employees.

c) Segment Information

The Company has determined that its Chief Executive Officer ("CEO") is its chief operating decision maker. The Company's CEO reviews financial information presented on a consolidated basis for purposes of assessing performance and making decisions on how to allocate resources. Accordingly, the Company has determined that it operates in a single reportable segment.

d) Foreign Currency Translation

The financial position and results of operations of the Company's international subsidiaries are measured using the local currency as the functional currency. Revenue and expenses have been translated into U.S. dollars at average exchange rates prevailing during the periods. Assets and liabilities have been translated at the rates of exchange on the balance sheet date. The resulting translation gain and loss adjustments are recorded directly as a separate component of stockholders' equity (accumulated other comprehensive loss), unless there is a sale or complete liquidation of the underlying foreign investments, or the adjustment is inconsequential.

e) Fair Value of Financial Instruments

Fair value is defined as the price that would be received from the sale of an asset or the transfer of a liability in an orderly transaction between market participants at the measurement date. The Company utilizes a fair value hierarchy to classify fair value amounts of the Company's assets and liabilities recognized or disclosed in the Company's consolidated financial statements based on the lowest level of input that is significant to the fair value measurement. The levels of the hierarchy are described below:

- Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2—Includes other inputs that are directly or indirectly observable in the marketplace.
- Level 3—Unobservable inputs that are supported by little or no market activity.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Observable or market inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions based on the best information available. The Company recognizes transfers into and out of the levels as of the end of each reporting period. Refer to Note 19 for additional information regarding the fair value measurements.

LIVEVOX HOLDINGS, INC.

Notes to the Consolidated Financial Statements (Unaudited)

f) Liquidity and Capital Resources

LiveVox's consolidated financial statements have been prepared assuming the Company will continue as a going concern for the 12-month period from the date of issuance of the consolidated financial statements, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company's main sources of liquidity are cash generated by operating cash flows and debt. For the six months ended June 30, 2022 and 2021, the Company's cash flow used in operating activities was \$16.4 million and \$9.6 million, respectively. The Company had restricted cash of \$0.1 million as of both June 30, 2022 and December 31, 2021, related to the holdback amount for an acquisition the Company made in 2019. The Company's primary use of cash is for operating and administrative activities including employee-related expenses, and general, operating and overhead expenses. Future capital requirements will depend on many factors, including the Company's customer growth rate, customer retention, timing and extent of development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced services offerings, the continuing market acceptance of the Company's services, effective integration of acquisition activities, if any, and maintaining the Company's bank credit facility. Additionally, the duration and extent of the impact from the current macroeconomic and geopolitical conditions and the COVID-19 pandemic continues to depend on future developments that cannot be accurately predicted at this time, such as supply chain constraints, inflationary pressures and the specific impact of these and other factors on LiveVox's business, employees, customers and partners. While those factors have caused operational difficulties, and may continue to create challenges for the Company's performance, they have not, thus far, had a substantial net impact on the Company's liquidity position.

The Company believes it has sufficient financial resources for at least the next 12 months from the date these consolidated financial statements are issued.

g) Debt Discount and Issuance Costs

The Company's debt issuance costs and debt discount are recorded as a direct reduction of the carrying amount of the debt liability and are amortized to interest expense over the contractual term of the term loan.

h) Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents are stated at fair value. The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. The Company limits its credit risk associated with the cash and cash equivalents by placing investments with banks it believes are highly creditworthy. The Company has exposure to credit risk to the extent cash balances exceed amounts covered by Federal deposit insurance. At June 30, 2022 and December 31, 2021, the Company had no cash equivalents. Cash consists of bank deposits. Restricted cash consists entirely of amounts held back from stockholders of the Company's acquired businesses for indemnification of outstanding liabilities. Such amounts are retained temporarily for a period of 4.5 months and then remitted to the applicable stockholders, net of fees paid for indemnification of liabilities. Since restricted cash amounts represent funds held for others, there is also a corresponding liability account. As of June 30, 2022, the Company has identified \$0.1 million as restricted cash as management's intention is to use this cash for the specific purpose of fulfilling the obligations associated with the holdback amount from recent acquisitions. As of December 31, 2021, the Company had \$0.1 million in restricted cash.

i) Marketable Securities

The Company invests in various marketable securities. As of June 30, 2022 and December 31, 2021, the Company designated all of these marketable securities as debt securities and classified them as available-for-sale ("AFS"). No debt securities were classified as held-to-maturity ("HTM") or trading. The Company determines the appropriate classification of marketable securities at the time of purchase and re-evaluates such designation as of each balance sheet date.

Debt securities classified as AFS are reported at fair value with unrealized gains and losses, net of income taxes, as a separate component of stockholders' equity (accumulated other comprehensive loss) in the consolidated balance sheets until the securities are sold or are other-than-temporary impaired ("OTTI"). Debt securities are classified as current or non-current, based on maturities and the Company's expectations of sales and redemptions in the next 12 months.

Gains and losses on sales of debt securities are recorded on the trade date in other income (expense), net, in the consolidated statements of operations and comprehensive loss. The cost of debt securities sold or the amount reclassified out of accumulated other comprehensive loss into earnings is determined using the specific identification method.

The Company evaluates the amortized cost of debt securities compared to their fair value to determine whether a debt security is impaired and whether an impaired debt security is OTTI at each reporting period. Factors considered in determining whether an OTTI occurs include the length of time and extent to which fair value has been less than the cost basis, credit quality of the issuer

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and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value. For a debt security deemed to be OTTI, the value of the debt security is reduced, the credit related component of OTTI is recorded in earnings and the noncredit related component is charged to other comprehensive income (loss) in the consolidated statements of operations and comprehensive loss.

Please refer to Note 4 for additional information relating to marketable securities.

j) Accounts Receivable

Trade accounts receivable are stated net of any write-offs and the allowance for doubtful accounts, at the amount the Company expects to collect. The Company performs ongoing credit evaluations of its customers and generally does not require collateral unless a customer has previously defaulted. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: aging of the account receivable, customer creditworthiness, past transaction history with the customer, current economic and industry trends, and changes in customer payment trends. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. At June 30, 2022 and December 31, 2021, the allowance for doubtful accounts was \$1.5 million and \$1.3 million, respectively. Accounts receivable are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. Recoveries of accounts receivable previously written off are recorded as income when received. The accounts receivable recoveries during the three and six months ended June 30, 2022 and 2021 were immaterial. The bad debt expense recorded for the three and six months ended June 30, 2022 was \$0.4 million and \$0.4 million, respectively, and for the three and six months ended June 30, 2021 was immaterial. The accounts written off for the three and six months ended June 30, 2022 was \$0.4 million and \$0.4 million, respectively, and for the three and six months ended June 30, 2021 was immaterial.

k) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs, including planned major maintenance activities, are charged to expense as incurred. When assets are retired or disposed, the asset's original cost and related accumulated depreciation are eliminated from the accounts and any gain or loss is reflected in the consolidated statements of operations and comprehensive loss. Amortization expense on capitalized software is included in depreciation expense. Depreciation of leasehold improvements is recorded over the shorter of the estimated useful life of the leasehold improvement or lease terms that are reasonably assured.

Depreciation of property and equipment is provided using the straight-line method based on the following estimated useful lives:

	Years
Computer equipment	3 - 5
Computer software	3
Furniture and fixtures	5 - 10
Leasehold improvements	5
Website development	2

l) Identified Intangible Assets

On March 21, 2014, LiveVox, Inc. and subsidiaries were acquired by LiveVox Holdings, Inc. On October 16, 2019, the Company acquired the rights to certain assets of Teckst Inc. On December 16, 2019, the Company acquired the rights to Speech IQ, LLC. On February 5, 2021, the Company completed its asset acquisition of BusinessPhone. The acquisitions resulted in identified marketing-based, technology-based, customer-based, trademark-based, and workforce-based intangible assets. The fair value of the identified assets was determined as of the date of the acquisition by management with the assistance of an independent valuation firm. The identified intangible assets are being amortized using the straight-line method based on the following estimated useful lives:

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	<u>Years</u>
Marketing-based	7
Technology-based	4 - 10
Customer-based	7 - 16
Trademark-based	4
Workforce-based	10

m) Goodwill

Goodwill represents the excess of the purchase price of acquired business over the fair value of the underlying net tangible and intangible assets. The Company performed its annual impairment review of goodwill on October 1 of each year, and when a triggering event occurs between annual impairment tests.

In testing for goodwill impairment, the Company has the option to first assess qualitative factors to determine if it is more likely than not that the fair value of the Company's single reporting unit is less than its carrying amount, including goodwill, or bypass the qualitative assessment and proceed directly to the quantitative impairment test in accordance with ASC 350-20-35, as amended by Accounting Standards Update ("ASU") 2017-04, to determine if the fair value of the reporting unit exceeds its carrying amount. If the fair value is determined to be less than the carrying value, an impairment charge is recorded for the amount by which the reporting unit's carrying amount exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. Refer to Note 6 for more information.

n) Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value. No impairment loss was recognized during the three and six months ended June 30, 2022 and 2021.

o) Amounts Due to Related Parties

In the ordinary course of business, the Company has and expects to continue to have transactions with its stockholders and affiliates. Refer to Note 11 for more information.

p) Concentration of Risk

Concentration of Customer and Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities and accounts receivable. Risks associated with cash and cash equivalents and marketable securities are mitigated using what the Company considers creditworthy institutions. The Company performs ongoing credit evaluations of its customers' financial condition. Substantially all of the Company's assets are in the United States.

As of June 30, 2022 and December 31, 2021, no single issuer represented more than 10% of the Company's marketable securities.

The Company's customers are primarily in the receivables management, tele-sales and customer care industries. During the three and six months ended June 30, 2022 and 2021, substantially all the Company's revenue was generated in the United States. For the three and six months ended June 30, 2022 and 2021, the Company did not have any customers that individually represented 10% or more of the Company's total revenue or whose accounts receivable balance at June 30, 2022 and December 31, 2021 individually represented 10% or more of the Company's total accounts receivable.

Concentration of Supplier Risk

The Company relies on third parties for telecommunication, bandwidth, and co-location services that are included in cost of revenue.

As of June 30, 2022, one vendor accounted for approximately 37% of the Company's total accounts payable. No other single vendor exceeded 10% of the Company's accounts payable at June 30, 2022. At December 31, 2021, one vendor accounted for

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approximately 43% of the Company's total accounts payable. No other single vendor exceeded 10% of the Company's accounts payable at December 31, 2021. The Company believes there could be a material impact on future operating results should a relationship with an existing significant supplier cease.

q) Revenue Recognition

The Company recognizes revenue in accordance with U.S. GAAP, pursuant to ASC 606, *Revenue from Contracts with Customers*.

The Company derives substantially all of its revenue by providing cloud-based contact center products under a usage-based model, with prices calculated on a per-call, per-seat, or, more typically, a per-minute basis and contracted minimum usage in accordance with the terms of the underlying agreements. Other immaterial ancillary revenue is derived from call recording, local caller identification packages, performance/speech analytics, text messaging services and professional services billed monthly on primarily usage-based fees and, to a lesser extent, fixed fees. Revenue is recognized when control of these services is transferred to the Company's customers, in an amount that reflects the consideration it expects to be entitled to in exchange for those services excluding amounts collected on behalf of third parties such as sales taxes, which are collected on behalf of and remitted to governmental authorities based on local tax law.

The Company determines revenue recognition through the following steps:

- a. Identification of the contract, or contracts, with a customer;
- b. Identification of the performance obligations in the contract;
- c. Determination of the transaction price;
- d. Allocation of the transaction price to the performance obligations in the contract; and
- e. Recognition of revenue when, or as, the performance obligations are satisfied.

The Company enters into contracts that can include various combinations of services, each of which are distinct and accounted for as separate performance obligations. The Company's cloud-based contact center solutions typically include a promise to provide continuous access to its hosted technology platform solutions through one of its data centers. Arrangements with customers do not provide the customer with the right to take possession of the Company's software platform at any time. LiveVox's performance obligations are satisfied over time as the customer simultaneously receives and consumes the benefits and the Company performs its services. The Company's contracts typically range from one to four year agreements with payment terms of net 10-60 days. As the services provided by the Company are generally billed monthly there is not a significant financing component in the Company's arrangements.

The Company's arrangements typically include monthly minimum usage commitments and specify the rate at which the customer must pay for actual usage above the monthly minimum. Additional usage in excess of contractual minimum commitments is deemed to be specific to the month that the usage occurs, since the minimum usage commitments reset at the beginning of each month. The Company has determined these arrangements meet the variable consideration allocation exception and therefore, it recognizes contractual monthly commitments and any overages as revenue in the month they are earned.

The Company has service-level agreements with customers warranting defined levels of uptime reliability and performance. Customers may receive credits or refunds if the Company fails to meet such levels. If the services do not meet certain criteria, fees are subject to adjustment or refund representing a form of variable consideration. The Company records reductions to revenue for these estimated customer credits at the time the related revenue is recognized. These customer credits are estimated based on current and historical customer trends, and communications with its customers. Such customer credits have not been significant to date.

For contracts with multiple performance obligations, the Company allocates the contract price to each performance obligation based on its relative standalone selling price ("SSP"). The Company generally determines SSP based on the prices charged to customers. In instances where SSP is not directly observable, such as when the Company does not sell the service separately, the SSP is determined using information that generally includes market conditions or other observable inputs.

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Professional services for configuration, system integration, optimization or education are billed on a fixed-price or time and material basis and are performed by the Company directly or, alternatively, customers may also choose to perform these services themselves or engage their own third-party service providers. Professional services revenue, which represents approximately 1% of revenue, is recognized over time as the services are rendered.

Deferred revenue represents billings or payments received in advance of revenue recognition and is recognized upon transfer of control. Balances consist primarily of annual or multi-year minimum usage agreements not yet provided as of the balance sheet date. Deferred revenue that will be recognized during the succeeding twelve-month period is recorded as deferred revenue, current in the consolidated balance sheets, with the remainder recorded as deferred revenue, net of current in the Company's consolidated balance sheets.

r) *Costs to Obtain Customer Contracts (Deferred Sales Commissions)*

Sales commissions are paid for initial contracts and expansions of existing customer contracts. Sales commissions and related expenses are considered incremental and recoverable costs of acquiring customer contracts. These costs are capitalized and amortized on a straight-line basis over the anticipated period of benefit, which the Company has estimated to be five years. The Company determined the period of benefit by taking into consideration the length of the Company's customer contracts, the customer attrition rate, the life of the technology provided and other factors. Amortization expense is recorded in sales and marketing expense within the Company's consolidated statements of operations and comprehensive loss. Amortization expense for the three months ended June 30, 2022 and 2021 was \$0.8 million and \$0.4 million, respectively, and for the six months ended June 30, 2022 and 2021 was approximately \$1.5 million and \$0.8 million, respectively. No impairment loss was recognized during the three and six months ended June 30, 2022 and 2021.

s) *Advertising*

The Company expenses non-direct response advertising costs as they are incurred. There were no advertising costs capitalized during the three and six months ended June 30, 2022 and 2021. Advertising expense for the three months ended June 30, 2022 and 2021 was \$1.1 million and \$0.1 million, respectively, and for the six months ended June 30, 2022 and 2021 was \$1.7 million and \$0.2 million, respectively. Advertising expense is included under sales and marketing expense in the accompanying consolidated statements of operations and comprehensive loss.

t) *Research and Development Costs*

Research and development costs not related to the development of internal use software are charged to operations as incurred. Research and development expenses primarily include payroll and employee benefits, consulting services, travel, and software and support costs.

u) *Software Development Costs*

The Company capitalizes costs of materials, consultants, payroll, and payroll-related costs of employees incurred in developing internal-use software after certain capitalization criteria are met and includes these costs in the computer software. Refer to Note 5 for additional information. Software development costs are expensed as incurred until preliminary development efforts are successfully completed, management has authorized and committed project funding, it is probable that the project will be completed, and the software will be used as intended. To date, all software development costs have been charged to research and development expense in the accompanying consolidated statements of operations and comprehensive loss. There were no capitalized software development costs related to internal-use software during the three and six months ended June 30, 2022 and 2021.

v) *Income Taxes*

Deferred Taxes

The Company accounts for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recognized for the future tax consequences arising from the temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements, as well as from net operating loss and tax credit carryforwards. Deferred tax amounts are determined by using the tax rates expected to be in effect when the taxes will be paid or refunds received, as

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provided for under currently enacted tax law. A valuation allowance is provided for deferred tax assets that, based on available evidence, are not expected to be realized.

Enactment of the Tax Cuts and Jobs Act in 2017 subjects a U.S. shareholder to current tax on global intangible low-taxed income (“GILTI”) earned by certain foreign subsidiaries. Under U.S. GAAP, an entity can make an accounting policy election to either recognize deferred taxes for temporary differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI resulting from those items in the year of the GILTI inclusion (i.e., as a period expense). The Company has elected to recognize the tax on GILTI as a period expense in the period of inclusion. As such, no deferred taxes are recorded on the Company’s temporary differences that might reverse as GILTI in future years.

Uncertain Tax Positions

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained in a court of last resort. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company does not believe its consolidated financial statements include any uncertain tax positions. It is the Company’s policy to recognize interest and penalties accrued on any unrecognized tax benefit as a component of income tax expense.

w) Stock-Based Compensation

The Company measures compensation expense for stock awards granted to employees and nonemployees in accordance with ASC 718, *Compensation—Stock Compensation*. Stock-based compensation is measured at fair value on grant date. The Company estimates the grant date fair value of Restricted Stock Units (“RSUs”) awards under the Company’s 2021 Equity Incentive Plan (the “2021 Plan”) by using the closing price of the Company’s Class A common stock on Nasdaq on the measurement date. The Company estimates the grant date fair value of Performance-based Restricted Stock Units (“PSUs”) awards under the Company’s 2021 Plan and management incentive units (“MIUs”) under the Management Incentive Unit program established by LiveVox TopCo in 2019, using the Monte Carlo simulation. Monte Carlo simulation is a widely accepted approach for financial instruments with path dependencies. The Company classified MIUs, RSUs and PSUs as equity awards at the grant date, and reassesses the liability versus equity treatment on a quarterly basis for any changes that have occurred during the period that may result in a reclassification. Equity-classified awards are recognized as stock-based compensation expense over an employee’s requisite service period or a nonemployee’s vesting period on the basis of the grant date fair value. Generally, the Company issues stock awards with service-based and/or market-based vesting conditions. For awards with only service-based vesting conditions (e.g., MIUs and RSUs), the Company records stock-based compensation expense using the straight-line method. For awards with market-based vesting conditions (e.g., PSUs), the Company recognizes stock-based compensation expense on a tranche-by-tranche basis (i.e., the accelerated attribution method). For awards issued to nonemployees, the Company recognizes stock-based compensation expense as the goods are received or services are performed. The Company elects to account for forfeitures as they occur, rather than making estimates of future forfeitures.

Payment of the underlying shares in connection with the vesting of employee RSUs generally triggers a tax obligation for the employee, which is required to be remitted to the relevant tax authorities. The 2021 Plan permits the following tax withholding methods:

- Net-share-settlement method—The Company withholds otherwise deliverable RSU shares having a fair value at the vest date equal to the maximum statutory withholding tax amount and remits the remaining RSU shares to the employee recipients. During the six months ended June 30, 2022, the Company withheld 204,749 shares to cover employee recipients’ withholding tax obligations. Any cash received and paid to meet an employees’ statutory withholding tax requirement is reflected as a financing activity within the consolidated statements of cash flows.
- Sell-to-cover method—The broker sells on behalf of employee recipients RSU shares having a fair value at the vest date equal to the maximum statutory withholding tax amount and remits the cash proceeds from such sales to the Company. The net impact of any cash received and paid to meet an employees’ statutory withholding tax requirement is reflected as an operating activity within the consolidated statements of cash flows.

Nonemployee directors acting in their role as members of a board of directors are treated as employees if (a) those directors were elected by the Company’s shareholders and (b) the awards granted to nonemployee directors are for their services as directors but not for other services. While a nonemployee director may be considered an employee under ASC 718, he or she is considered a nonemployee under the IRS statutory withholding requirements. As a result, no share was withheld or sold to cover withholding taxes for an award issued to a nonemployee director. Independent consultants are nonemployees under the IRS statutory

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withholding requirements. As a result, no share was withheld or sold to cover withholding taxes for an award issued to a nonemployee.

Please see Note 15 for further detail about stock-based compensation expenses related to MIUs under the Management Incentive Unit program, and RSUs and PSUs under the 2021 Plan.

x) Acquisitions

The Company evaluates acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs which would meet the definition of a business. Significant judgment is required in the application of the screen test to determine whether an acquisition is a business combination or an acquisition of assets.

y) Public and Forward Purchase Warrants

Prior to the Merger, Crescent issued 7,000,000 private placement warrants ("Private Warrants") and 12,499,995 public warrants ("Public Warrants") at the close of Crescent's initial public offering ("IPO") on March 7, 2019. As an incentive for LiveVox to enter into the Merger Agreement, pursuant to the Sponsor Support Agreement dated January 13, 2021, Crescent's sponsor agreed to the cancellation of all of the Private Warrants prior to the Closing Date. In addition, 833,333 Forward Purchase Warrants ("Forward Purchase Warrants") were issued pursuant to the Forward Purchase Agreement dated January 13, 2021 between Crescent and Old LiveVox. The 12,499,995 Public Warrants and the 833,333 Forward Purchase Warrants (collectively, the "Warrants") remain outstanding after the Merger. Each whole Warrant entitles the holder to purchase one share of the Company's Class A common stock at a price of \$1.50 per share, subject to adjustments. The Warrants are exercisable at any time prior to June 18, 2026. See Note 12 for further information on stock warrants.

Upon consummation of the Merger, the Company concluded that (a) the Public Warrants meet the derivative scope exception for contracts in the Company's own stock and are recorded in stockholders' equity and (b) the Forward Purchase Warrants do not meet the derivative scope exception and are accounted for as derivative liabilities. Specifically, the Forward Purchase Warrants contain provisions that cause the settlement amounts to be dependent upon the characteristics of the holder of the Warrant which is not an input into the pricing of a fixed-for-fixed option on equity shares. Therefore, the Forward Purchase Warrants are not considered indexed to the Company's stock and should be classified as a liability. Since the Forward Purchase Warrants meet the definition of a derivative, the Company recorded the Forward Purchase Warrants as liabilities on the consolidated balance sheets at fair value upon the Merger, with an offsetting entry to additional paid-in capital. The gain or loss resulting from decrease or increase in the fair value of the Forward Purchase Warrants in the subsequent periods are recognized in the consolidated statements of operations and comprehensive loss. The fair value of the Forward Purchase Warrants was measured using the Black-Scholes option-pricing model at each measurement date. See Note 19 for further information on fair value.

z) Recently Adopted Accounting Pronouncements

As an emerging growth company ("EGC"), the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act until such time the Company is no longer considered to be an EGC. The Company did not adopt any new accounting pronouncements during the six months ended June 30, 2022.

aa) Recently Issued Accounting Pronouncements

ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326)

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which changes the impairment model for most financial assets. The new model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances for losses. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, which clarifies that receivables arising from operating leases are not within the scope of Topic 326, *Financial Instruments—Credit Losses*. Instead, impairment of receivables arising from operating leases

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should be accounted for in accordance with Topic 842, *Leases*. In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*, which clarifies treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-05, *Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief*, which permits an entity, upon adoption of ASU 2016-13, to irrevocably elect the fair value option (on an instrument-by-instrument basis) for eligible financial assets measured at amortized cost basis. In November 2019, FASB issued ASU No. 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*, which changes the effective dates for Topic 326 to give implementation relief to certain types of entities. In November 2019, the FASB issued ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, which includes various narrow-scope improvements and clarifications. In March 2020, the FASB issued ASU No. 2020-03, *Codification Improvements to Financial Instruments*, which clarifies and improves certain financial instruments guidance. The guidance is effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other entities, for annual reporting periods beginning after December 15, 2022 and interim periods within those fiscal years. The guidance is to be adopted on a modified retrospective basis. The Company is currently evaluating the impact this pronouncement will have on its consolidated financial statements and plans to adopt this standard effective January 1, 2023.

ASU No. 2019-12, Income Taxes (Topic 740)

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740)*, which enhances and simplifies various aspects of the income tax accounting guidance, including requirements such as hybrid tax regimes, tax basis step-up in goodwill obtained in a transaction that is not a business combination, separate financial statements of legal entities not subject to tax, intraperiod tax allocation exception to incremental approach, ownership changes in investments, interim-period accounting for enacted changes in tax law, year-to-date loss limitation in interim-period tax accounting, income statement presentation of tax benefits of tax-deductible dividends and impairment of investment in qualified affordable housing projects accounted for under the equity method. The guidance is effective for public business entities for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. For all other entities, the guidance is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The guidance has various elements and different transition methods (retrospective, modified-retrospective, or prospective) which are applied based on the nature of the elements. The Company is currently evaluating the impact this pronouncement will have on its consolidated financial statements and will adopt this standard on December 31, 2022.

ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for convertible instruments and contracts on an entity's own equity, including removing certain conditions for equity classification, and amending certain guidance on the computation of EPS for contracts on an entity's own equity. The guidance is effective for public business entities for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. For all other entities, the guidance is effective for annual reporting periods beginning after December 15, 2023, and interim periods within fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Entities can elect to adopt the guidance through either a modified retrospective method of transition or a fully retrospective method of transition. The Company is currently evaluating the impact this pronouncement will have on its consolidated financial statements and plans to adopt this standard effective January 1, 2024.

3. Revenue**Contract Balance**

The following table provides information about accounts receivable, net, and contract liabilities from contracts with customers. The Company did not have any contract assets as of June 30, 2022 or December 31, 2021 (dollars in thousands):

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	June 30, 2022	December 31, 2021
Accounts receivable, net	\$ 18,524	\$ 20,128
Contract liabilities, current (deferred revenue)	1,142	1,307
Contract liabilities, non-current (deferred revenue)	452	456

Changes in the contract liabilities balances are as follows (dollars in thousands):

	June 30, 2022	December 31, 2021	\$ Change
Contract liabilities (deferred revenue)	\$ 1,594	\$ 1,763	\$ (169)

The decrease in deferred revenue was due to billings in advance of performance obligations being satisfied, net of revenue recognized for services rendered during the period. Revenue of \$0.4 million and \$0.9 million was recognized during the three and six months ended June 30, 2022, respectively, which were included in the deferred revenue balance at the beginning of the period. Revenue of \$0.4 million and \$1.0 million was recognized during the three and six months ended June 30, 2021, respectively, which was included in the deferred revenue balance at the beginning of the period.

Remaining Performance Obligations

Remaining performance obligations represent the contracted minimum usage commitments and do not include an estimate of additional usage in excess of contractual minimum commitments. The Company's contract terms typically range from one to four years. Revenue as of June 30, 2022 that has not yet been recognized was approximately \$164.5 million, of which \$86.7 million and \$77.8 million is expected to be recognized as revenue within one year and beyond one year, respectively. As of June 30, 2022, the Company expects to recognize revenue on the remaining performance obligations over the next 60 months.

4. Marketable Securities

As of June 30, 2022 and December 31, 2021, the Company designated all marketable securities as debt securities and classified them as AFS. There were no transfers of debt securities between AFS, HTM and trading categories during the three and six months ended June 30, 2022 and 2021.

The following table presents the amortized cost, gross unrealized gains and losses, and fair value of the Company's debt securities at June 30, 2022 aggregated by major security type (dollars in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
U.S. corporate securities	\$ 38,944	\$ —	\$ (1,097)	\$ 37,847
U.S. government securities	2,999	—	(16)	2,983
Asset-backed securities	5,884	—	(207)	5,677
Other debt securities	746	—	(33)	713
Total available for sale securities	48,573	—	(1,353)	47,220
Total debt securities	\$ 48,573	\$ —	\$ (1,353)	\$ 47,220

The following table presents the amortized cost, gross unrealized gains and losses, and fair value of the Company's debt securities at December 31, 2021 aggregated by major security type (dollars in thousands):

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	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
U.S. corporate securities	\$ 39,370	\$ 5	\$ (154)	\$ 39,221
U.S. government securities	2,997	—	(1)	2,996
Asset-backed securities	6,439	1	(22)	6,418
Other debt securities	745	—	(6)	739
Total available for sale securities	<u>49,551</u>	<u>6</u>	<u>(183)</u>	<u>49,374</u>
Total debt securities	<u>\$ 49,551</u>	<u>\$ 6</u>	<u>\$ (183)</u>	<u>\$ 49,374</u>

The following table presents the amortized cost and fair value of the Company's debt securities by contractual maturities at June 30, 2022 (dollars in thousands):

As of June 30, 2022	Amortized Cost	Fair Value
Due in one year or less	\$ 14,183	\$ 14,047
Due after one year through five years	34,390	33,173
Total available for sale securities	<u>48,573</u>	<u>47,220</u>
Total debt securities	<u>\$ 48,573</u>	<u>\$ 47,220</u>

Refer to Note 19 for additional information regarding the fair value measurements of the Company's marketable securities.

Proceeds from sales of debt securities and the associated gains and losses realized in earnings during the three and six months ended June 30, 2022 and 2021 are listed below (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Available for sale debt securities:				
Proceeds from sales of debt securities	\$ 1,936	\$ —	\$ 3,451	\$ —
Gross realized gains	\$ —	\$ —	\$ —	\$ —
Gross realized losses	(33)	—	(42)	—
Net realized losses	<u>\$ (33)</u>	<u>\$ —</u>	<u>\$ (42)</u>	<u>\$ —</u>

The Company has reviewed 82 individual debt securities in unrealized loss positions at June 30, 2022 to determine whether a decline in fair value below the amortized cost is other than temporary. The Company does not intend to sell these debt securities and it is not more likely than not that the Company will be required to sell these debt securities before recovery of their amortized cost bases. The Company then assessed whether the entire amortized cost bases of these debt securities will be recovered. As the present value of future cash flows discounted using the effective interest rate at the date these debt securities were acquired was equal to or greater than the amortized cost basis of these debt securities, the Company did not consider any debt securities to be impaired at June 30, 2022.

The following table presents the fair value and unrealized losses of the Company's debt securities that are in unrealized loss positions and for which an OTTI has not been recognized in earnings at June 30, 2022 (dollars in thousands):

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	In Unrealized Loss Position For Less Than 12 Months		In Unrealized Loss Position For 12 Months Or Longer	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. corporate securities	\$ 37,847	\$ (1,097)	\$ —	\$ —
U.S. government securities	2,983	(16)	—	—
Asset-backed securities	5,677	(207)	—	—
Other debt securities	713	(33)	—	—
Total available for sale securities	47,220	(1,353)	—	—
Total debt securities	\$ 47,220	\$ (1,353)	\$ —	\$ —

At December 31, 2021, the Company has determined that the unrealized losses were temporary in nature and did not consider any debt securities to be OTTI.

The following table presents the fair value and unrealized losses of the Company's debt securities that are in an unrealized loss position and for which an OTTI has not been recognized in earnings at December 31, 2021 (dollars in thousands):

	In Unrealized Loss Position For Less Than 12 Months		In Unrealized Loss Position For 12 Months Or Longer	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. corporate securities	\$ 35,961	\$ (154)	\$ —	\$ —
U.S. government securities	2,996	(1)	—	—
Asset-backed securities	4,938	(22)	—	—
Other debt securities	739	(6)	—	—
Total available for sale securities	44,634	(183)	—	—
Total debt securities	\$ 44,634	\$ (183)	\$ —	\$ —

5. Property and Equipment

Property and equipment consisted of the following at June 30, 2022 and December 31, 2021 (dollars in thousands):

	June 30, 2022	December 31, 2021
Computer software	\$ 1,253	\$ 1,253
Computer equipment	9,183	9,063
Furniture and fixtures	1,253	1,181
Leasehold improvements	2,005	1,478
Total	13,694	12,975
Less: accumulated depreciation and amortization	(10,487)	(9,965)
Property and equipment, net	\$ 3,207	\$ 3,010

Depreciation and amortization expense for property and equipment totaled \$0.3 million and \$0.5 million for the three months ended June 30, 2022 and 2021, respectively, and totaled \$0.6 million and \$1.0 million for the six months ended June 30, 2022 and 2021, respectively. Amortization of computer software charged to operations for the three months ended June 30, 2022 and 2021 was immaterial for both periods, and is included in depreciation expense. Amortization of computer software charged to operations for the six months ended June 30, 2022 and 2021 was \$0.1 million and \$0.1 million, respectively.

6. Goodwill and Identified Intangible Assets

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Goodwill

Goodwill was recorded as a result of the acquisition of the Company in 2014 by funds affiliated with Golden Gate Capital and the acquisitions made by the Company in 2019 of Teckst Inc. and SpeechIQ LLC.

Subsequent to the annual impairment test completed during the fourth quarter of 2021, the Company believes there have been no triggering events that would require an impairment review of goodwill outside of the required annual impairment review. No impairment charges were recorded during the three and six months ended June 30, 2022 and 2021.

There were no changes in the carrying amount of goodwill during the six months ended June 30, 2022 or the year ended December 31, 2021.

Identified Intangible Assets

Intangible assets were acquired in connection with the acquisition of the Company in March 2014 by Golden Gate Capital, and the Company's acquisition of Teckst Inc., SpeechIQ LLC and BusinessPhone in October 2019, December 2019, and February 2021, respectively.

Amortization expense related to the Company's identified intangible assets was \$0.8 million and \$1.1 million for the three months ended June 30, 2022 and 2021, respectively, and \$1.9 million and \$2.2 million for the six months ended June 30, 2022 and 2021, respectively. On the face of the consolidated statements of operations and comprehensive loss the amortization of technology-based intangible assets is included within cost of revenue, the amortization of marketing-based and customer-based intangible assets are included within sales and marketing expense, and the amortization of the acquired workforce is included within cost of revenue and research and development expense.

Identified intangible assets consisted of the following at June 30, 2022 (dollars in thousands):

	Cost	Accumulated Amortization	Carrying Amount	Weighted Average Remaining Life (In Years)
Marketing-based	\$ 1,400	\$ (1,291)	\$ 109	1.46
Technology-based	18,300	(16,572)	1,728	1.74
Customer-based	27,700	(11,544)	16,156	7.87
Workforce-based	380	(53)	327	8.60
	<u>\$ 47,780</u>	<u>\$ (29,460)</u>	<u>\$ 18,320</u>	

Identified intangible assets consisted of the following at December 31, 2021 (dollars in thousands):

	Cost	Accumulated Amortization	Carrying Amount	Weighted Average Remaining Life (In Years)
Marketing-based	\$ 1,400	\$ (1,253)	\$ 147	1.96
Technology-based	18,300	(15,791)	2,509	2.01
Customer-based	27,700	(10,506)	17,194	8.37
Workforce-based	380	(35)	345	9.10
	<u>\$ 47,780</u>	<u>\$ (27,585)</u>	<u>\$ 20,195</u>	

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Future amortization of identified intangible assets at June 30, 2022 is shown below (dollars in thousands):

As of June 30, 2022	Amount
Remaining 2022	\$ 1,604
2023	3,189
2024	2,328
2025	2,114
2026	2,096
2027 and beyond	6,989
Total future identified intangible asset amortization	<u>\$ 18,320</u>

7. Accrued Expenses

Accrued expenses consisted of the following at June 30, 2022 and December 31, 2021 (dollars in thousands):

	June 30, 2022	December 31, 2021
Accrued bonuses	\$ 2,694	\$ 3,580
Accrued paid time off	3,022	2,802
Accrued commissions	1,262	2,748
Other accrued expenses	3,230	4,725
Total accrued expenses	<u>\$ 10,208</u>	<u>\$ 13,855</u>

8. Leases

The Company accounts for operating leases and finance leases in accordance with U.S. GAAP, pursuant to ASC 842 *Leases*.

The Company has leases for offices, data centers and other computer and networking equipment that expire at various dates through 2027. The Company's leases have remaining terms of one to six years, and some of the leases include a Company option to extend the leases. As the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company has elected the practical expedient on not separating lease components from non-lease components for right-of-use assets.

The components of lease expenses were as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating lease cost	\$ 555	\$ 548	\$ 1,075	\$ 1,016
Finance lease cost:				
Amortization of right-of-use assets	\$ 4	\$ 114	\$ 7	\$ 229
Interest on lease liabilities	1	5	1	12
Total finance lease cost	<u>\$ 5</u>	<u>\$ 119</u>	<u>\$ 8</u>	<u>\$ 241</u>

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Supplemental cash flow information related to leases was as follows (dollars in thousands):

	Six Months Ended June 30,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash used in operating leases	\$ 1,168	\$ 942
Financing cash used in finance leases	14	254
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 617	\$ 3,246
Finance leases	—	—

Supplemental balance sheet information related to leases was as follows (dollars in thousands):

	June 30, 2022	December 31, 2021
Operating Leases		
Operating lease right-of-use assets	\$ 5,221	\$ 5,483
Operating lease liabilities:		
Operating lease liabilities—current	\$ 1,890	\$ 1,946
Operating lease liabilities—less current portion	3,729	4,046
Total operating lease liabilities	\$ 5,619	\$ 5,992
Finance Leases		
Property and equipment, gross	\$ 301	\$ 2,182
Less: accumulated depreciation and amortization	(237)	(1,621)
Property and equipment, net	\$ 64	\$ 561
Finance lease liabilities:		
Finance lease liabilities—current	\$ 25	\$ 26
Finance lease liabilities—less current portion	—	11
Total finance lease liabilities	\$ 25	\$ 37

Weighted average remaining terms were as follows:

	June 30, 2022	December 31, 2021
Weighted average remaining lease term		
Operating Leases	3.40 years	3.58 years
Finance Leases	0.92 years	1.67 years

Weighted average discount rates were as follows:

	June 30, 2022	December 31, 2021
Weighted average discount rate		
Operating Leases	8.7 %	8.1 %
Finance Leases	7.5 %	7.5 %

Maturities of lease liabilities were as follows (dollars in thousands):

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As of June 30, 2022	Operating Leases	Finance Leases
Remaining 2022	\$ 1,202	\$ 14
2023	1,974	12
2024	1,274	—
2025	1,114	—
2026	481	—
2027 and beyond	172	—
Total lease payments	6,217	26
Less: imputed interest	(598)	(1)
Total	<u>\$ 5,619</u>	<u>\$ 25</u>

9. Borrowings Under Term Loan and Line of Credit

At June 30, 2022 and December 31, 2021, term loan borrowings were as follows (dollars in thousands):

	June 30, 2022	December 31, 2021
Total term loan obligations	\$ 54,793	\$ 55,020
Less: current portion of term loan	(701)	(561)
Long-term term loan obligations	<u>\$ 54,092</u>	<u>\$ 54,459</u>

The Company entered into a term loan and revolving credit facility with PNC Bank on November 7, 2016 (as amended, the “Credit Facility”), which has been amended several times, more recently as of August 2, 2021. The Credit Facility provides for a \$57.6 million term loan, a \$5.0 million line of credit and a \$1.5 million letter of credit sub-facility. The term loan is due December 31, 2025. Term loan repayments made by the Company totaled \$0.1 million and \$0.4 million during the three months ended June 30, 2022 and 2021, respectively, and \$0.3 million and \$0.7 million during the six months ended June 30, 2022 and 2021, respectively.

The Company accounts for previously deferred original issue discount and loan fees in the amount of \$0.3 million related to the original Credit Facility dated November 7, 2016, first amendment to the Credit Facility dated February 28, 2018, and third amendment to Credit Facility dated December 16, 2019, and the additional original issue discount in the amount of \$0.2 million related to the seventh amendment to Credit Facility dated August 2, 2021 by amortizing and recording to interest expense over the remaining term of the amended Credit Facility using the effective interest method. Third party loan fees totaling \$0.1 million associated with the \$13.9 million increase of the term loan related to the third amendment to Credit Facility are expensed upon close of the loan. Total unamortized loan costs associated with the term loan totaled \$0.4 million and \$0.4 million at June 30, 2022 and December 31, 2021, respectively and are recorded within term loan, net of current.

The Company was in compliance with all debt covenants at June 30, 2022 and December 31, 2021 and was in compliance with all debt covenants as of the date of issuance of these consolidated financial statements. There was no unused borrowing capacity under the term loan portion of the Credit Facility at June 30, 2022 or December 31, 2021. There were no amounts outstanding under the revolving portion of the Credit Facility as of June 30, 2022 or December 31, 2021.

Aggregate principal maturities of the term loan as of June 30, 2022 was as follows (dollars in thousands):

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As of June 30, 2022	Amount to Mature
Remaining 2022	\$ 280
2023	982
2024	1,753
2025	52,158
Total	<u>\$ 55,173</u>

The net carrying amount of the liability component of the term loan was as follows (dollars in thousands):

	June 30, 2022	December 31, 2021
Principal	\$ 55,173	\$ 55,454
Less: Unamortized issuance costs	(380)	(434)
Net carrying amount	<u>\$ 54,793</u>	<u>\$ 55,020</u>

10. Letters of Credit

On November 8, 2016, the Company established an irrevocable letter of credit in the amount of \$0.3 million using a sub-facility under the Credit Facility, to serve as a security deposit for the Company's San Francisco office. The letter of credit automatically extends for one-year periods from the expiration date, September 10, 2017, unless written notice is presented to the beneficiary at least 60 days prior to the expiration date. During 2017, the Company expanded its San Francisco office with lease terms that required an additional \$0.1 million deposit. On April 26, 2017, the Company's irrevocable letter of credit was amended, increasing the total amount to \$0.5 million and providing for decreases in the letter of credit as specified in the lease, in the amount of \$0.1 million on each of the following dates: February 1, 2019, February 3, 2020, February 1, 2021 and February 1, 2022. All other terms and conditions remained the same.

On February 11, 2022, the Company established an irrevocable standby letter of credit in the amount of \$0.3 million using a sub-facility under the Credit Facility, to serve as a guarantee in connection with the buildout of the office that LiveVox Colombia SAS leases in Medellin, Colombia. The standby letter of credit expires one year from the issuance date.

11. Related Party Transactions

The Company pays monthly board of director fees plus reimbursement of expenses incurred on behalf of the Company to members of the Company's board of directors. During the three and six months ended June 30, 2022, board of director fees totaled \$0.2 million and \$0.4 million, respectively, and expense reimbursements were immaterial during both periods. The Company also granted RSUs to directors on August 18, 2021 under the 2021 Plan. During the three and six months ended June 30, 2022, stock-based compensation expense relating to the RSU awards to the board of directors totaled \$0.2 million and \$0.3 million, respectively. As of June 30, 2022, the unpaid balance of board of director fees due to related parties was immaterial. During the three and six months ended June 30, 2021, board of director fees totaled \$0.1 million and \$0.2 million, respectively, and there were no expense reimbursements during either period. In connection with the Merger consummated on June 18, 2021, the VCIP awards granted to the board of directors were liquidated, which resulted in \$4.3 million expenses related to the board of directors during the three and six months ended June 30, 2021. As of December 31, 2021, the unpaid balance of board of director fees due to related parties was immaterial.

Prior to the closing of the Merger on June 18, 2021, Old LiveVox paid quarterly management fees plus reimbursement of expenses incurred on behalf of Old LiveVox to funds affiliated with Golden Gate Capital, its majority shareholder pre-Merger. During the three and six months ended June 30, 2021, the Company obtained a refund of management fees totaled \$0.1 million and \$0, respectively, and expense reimbursements were immaterial for both periods. The payment of management fees and reimbursement of expenses to funds affiliated with Golden Gate Capital has been discontinued since the Merger. There were no management fees or expense reimbursements during the three and six months ended June 30, 2022, and no unpaid balance as of June 30, 2022 or December 31, 2021.

There were no related party accounts receivable as of June 30, 2022 or December 31, 2021.

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12. Stock Warrants

Public and Forward Purchase Warrants

Immediately following the Merger, LiveVox assumed 833,333 Forward Purchase Warrants and 12,499,995 Public Warrants that had been previously issued by Crescent. Each whole Warrant entitles the holder to purchase one share of the Company's Class A common stock at a price of \$ 1.50 per share, subject to adjustments.

The Company may redeem the outstanding Public Warrants, in whole and not in part, upon a minimum of 30 days' prior written notice of redemption ("Redemption Period"). For purposes of the redemption, "Redemption Price" shall mean the last reported sales price of the Company's common stock for any twenty trading days within the thirty trading-day period ending on the third trading day prior to the date on which notice of the redemption is given. The Company may redeem the outstanding Public Warrants for cash at a price of \$0.01 per Warrant if the Reference Value equals or exceeds \$18.00 per share. The warrant holders have the right to exercise their outstanding Warrants prior to the scheduled redemption date during the Redemption Period at \$11.50 per share. If the Company calls the Public Warrants for redemption, the Company will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis", as described in the warrant agreement.

The Forward Purchase Warrants and the shares of Class A common stock issuable upon the exercise of the Forward Purchase Warrants are transferable, assignable and salable, subject to certain limited exceptions. Additionally, the Forward Purchase Warrants are exercisable for cash or on a cashless basis, at the holder's option, and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Forward Purchase Warrants are held by someone other than the initial purchasers or their permitted transferees then such Warrants will be redeemable by the Company and exercisable by the warrant holders on the same basis as the Public Warrants.

As of June 30, 2022, there were 13,333,328 Warrants outstanding, and no Warrants have been exercised.

13. Stockholders' Equity

Common Stock

On June 22, 2021, the Company's Class A common stock, publicly traded warrants and publicly traded units began trading on Nasdaq under the ticker symbols "LVOX", "LVOXW" and "LVOXU," respectively. Pursuant to the Company's certificate of incorporation, the Company is authorized to issue 500,000,000 shares of Class A common stock with a par value of \$0.0001 per share. As of June 30, 2022, the Company had 91,547,358 shares of Class A common stock issued and outstanding (99,091,108 shares of common stock, less 7,543,750 of which are held in an escrow account to be released only if the price of Class A common stock trading on Nasdaq exceeds certain thresholds during the seven-year period beginning June 18, 2021 (the "Escrowed Shares")). As of December 31, 2021, 500,000,000 shares of Class A common stock were authorized, and 90,696,977 shares were issued and outstanding (98,240,727 shares of common stock, less 7,543,750 Escrowed Shares).

The accumulated other comprehensive loss and accumulated deficit are included in stockholders' equity. At June 30, 2022 and December 31, 2021, the accumulated other comprehensive loss totaled \$1.9 million and \$0.5 million, respectively. The Company's accumulated deficit totaled \$151.8 million and \$128.0 million at June 30, 2022 and December 31, 2021, respectively.

Preferred Stock

Pursuant to the Company's certificate of incorporation, the Company is authorized to issue 25,000,000 shares of preferred stock having a par value of \$0.0001 per share. As of June 30, 2022, no shares of LiveVox preferred stock were issued and outstanding. As of December 31, 2021, 25,000,000 shares of preferred stock were authorized, and no shares of preferred stock were issued and outstanding.

14. Analysis of the Changes in Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) in the Company's consolidated balance sheets includes foreign currency translation items associated with the Company's foreign operations, and unrealized gain or loss on the Company's marketable

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securities available for sale. Following is an analysis of the changes in accumulated other comprehensive loss, net of applicable taxes, at June 30, 2022 and 2021 (dollars in thousands):

	June 30, 2021		
	Foreign currency translation adjustment	Net unrealized loss on marketable securities	Total accumulated other comprehensive loss
Balance, beginning of period	\$ (206)	\$ —	\$ (206)
Other comprehensive income	14	—	14
Balance, end of period	<u>\$ (192)</u>	<u>\$ —</u>	<u>\$ (192)</u>

	June 30, 2022		
	Foreign currency translation adjustment	Net unrealized loss on marketable securities	Total accumulated other comprehensive loss
Balance, beginning of period	\$ (300)	\$ (177)	\$ (477)
Other comprehensive loss	(202)	(1,176)	(1,378)
Balance, end of period	<u>\$ (502)</u>	<u>\$ (1,353)</u>	<u>\$ (1,855)</u>

Components of other comprehensive income (loss) and related taxes for the three and six months ended June 30, 2022 and 2021 are as follows (dollars in thousands):

	Three Months Ended June 30,					
	2022			2021		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Foreign currency translation adjustment	\$ (156)	\$ (3)	\$ (153)	\$ (25)	\$ —	\$ (25)
Net unrealized loss on marketable securities	(295)	(7)	(288)	—	—	—
Total other comprehensive income (loss)	<u>\$ (451)</u>	<u>\$ (10)</u>	<u>\$ (441)</u>	<u>\$ (25)</u>	<u>\$ —</u>	<u>\$ (25)</u>

	Six Months Ended June 30,					
	2022			2021		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Foreign currency translation adjustment	\$ (199)	\$ 3	\$ (202)	\$ 14	\$ —	\$ 14
Net unrealized loss on marketable securities	(1,160)	16	(1,176)	—	—	—
Total other comprehensive income (loss)	<u>\$ (1,359)</u>	<u>\$ 19</u>	<u>\$ (1,378)</u>	<u>\$ 14</u>	<u>\$ —</u>	<u>\$ 14</u>

The amount of net realized loss on sale of marketable securities that has been previously included as net unrealized loss in other comprehensive income (loss) and then reclassified out of other comprehensive income (loss) into earnings during the three and six months ended June 30, 2022 is immaterial. There was no reclassification during the three and six months ended June 30, 2021.

15. Stock-Based Compensation

Management Incentive Units

During 2019, LiveVox TopCo established a Management Incentive Unit program whereby the LiveVox TopCo board of directors has the power and discretion to approve the issuance of Class B Units of LiveVox TopCo that represent MIUs to any manager, director, employee, officer or consultant of the Company or its subsidiaries. Vesting begins on the date of issuance, and the MIUs vest ratably over five years with 20% of the MIUs vesting on each anniversary of a specified vesting

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commencement date, subject to the grantee’s continued employment with the Company on the applicable vesting date. Vesting of the MIUs will accelerate upon consummation of a “sale of the company”, which is defined by the LiveVox TopCo limited liability company agreement.

The Company records stock-based compensation expense for the issued and outstanding MIUs based on the service condition on a straight-line basis over the requisite service period of five years, reduced for actual forfeited MIUs. Stock-based compensation expense for MIUs is measured based on the grant date fair value of the award estimated by using a Monte Carlo simulation. The weighted average assumptions (weighted by relative grant date fair value) used in the Monte Carlo simulation to value MIUs during the periods presented are as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Holding period	2.00 years	2.00 years
Volatility	45.0 %	45.0 %
Discount for lack of marketability	28.0 %	28.0 %
Risk-free rate	1.6 %	1.6 %

MIU activities for the six months ended June 30, 2022 are summarized as follows (in thousands, except for per share data):

	<u>Number of Shares</u>	<u>Weighted-average Grant Date Fair Value (per share)</u>	<u>Weighted-average Remaining Contractual Term (1)</u>
Outstanding at December 31, 2021	2,814	\$ 0.79	
Granted	—	—	
Vested	(704)	0.79	
Forfeited	—	—	
Outstanding at June 30, 2022	<u>2,110</u>	<u>\$ 0.79</u>	<u>1.13 years</u>

(1) The weighted-average remaining contractual term is calculated as the sum of the weighted amount of time between the reporting period end and the vest date divided by the sum of the shares that are outstanding by the end of the reporting period.

2021 Equity Incentive Plan

On June 16, 2021, the stockholders of the Company approved the 2021 Plan, which became effective upon the closing of the Merger on June 18, 2021. As of June 30, 2022, the number of shares reserved for issuance is 14,682,036. The Company grants RSUs and PSUs to employees, executives, directors, and eligible consultants of the Company.

On May 05, 2022, the Company corrected the terms of the PSUs granted to two executives with a grant date of February 11, 2022, to provide that the upper tranche of the volume-weighted average price per share (the “VWAP”) hurdle be increased from \$17.00 to \$17.50 with all other terms unchanged. The increase of the upper tranche of VWAP hurdle would not change the fair value of the applicable executives’ PSUs on the modification date or result in incremental compensation cost to recognize, but increased the requisite service period of the modified PSUs. The Company elects to recognize (a) the unrecognized compensation expense remaining from the original grant-date valuation over the remainder of the original requisite service period and (b) the incremental compensation expense over the additional service period. As discussed above, the incremental compensation expense associated with the modification is zero. Therefore, the compensation expense for the modified PSUs is recognized over the remainder of the original requisite service period.

Restricted Stock Units

RSUs are subject to service conditions only. Stock-based compensation expense for RSUs issued to employees is recognized on a straight-line basis over the vesting period for the entire award, reduced for actual forfeited RSUs. Stock-based compensation expense for RSUs issued to nonemployees is recognized as the goods are received or services are performed. The amount of

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compensation cost recognized at any date must at least equal the portion of the grant-date value of the award that is vested at that date. The fair value of the RSUs is estimated by using the closing price of the Company's Class A common stock on Nasdaq on the measurement date. As of June 30, 2022, all RSUs granted to employees and nonemployees are classified as equity.

Employee RSU activities for the six months ended June 30, 2022 are summarized as follows (in thousands, except for per share data):

	Equity-classified RSUs - employee (1)		
	Number of Shares	Weighted-average Grant Date Fair Value (per share)	Weighted-average Remaining Contractual Term (2)
Outstanding at December 31, 2021	4,962	\$ 6.44	
Granted	2,111	3.39	
Vested	(1,049)	6.49	
Forfeited	(291)	6.27	
Outstanding at June 30, 2022	5,733	\$ 5.32	1.85 years

(1) Represents awards granted to employees, executives and directors of the Company.

(2) The weighted-average remaining contractual term is calculated as the sum of the weighted amount of time between the reporting period end and the vest date divided by the sum of the shares that are outstanding by the end of the reporting period.

The aggregate fair value of employee RSUs outstanding as of June 30, 2022, based on the fair value at the reporting period end, was \$0.5 million. The aggregate fair value of employee RSUs vested during the six months ended June 30, 2022, based on the fair value on the vest date, was \$1.6 million.

Nonemployee RSU activities for the six months ended June 30, 2022 are summarized as follows (in thousands, except for per share data):

	Equity-classified RSUs - nonemployee (1)		
	Number of Shares	Weighted-average Grant Date Fair Value (per share)	Weighted-average Remaining Contractual Term (2)
Outstanding at December 31, 2021	20	\$ 6.51	
Granted	2	4.94	
Vested	(6)	6.34	
Forfeited	—	—	
Outstanding at June 30, 2022	16	\$ 6.34	1.60 years

(1) Represents awards granted to eligible consultants of the Company.

(2) The weighted-average remaining contractual term is calculated as the sum of the weighted amount of time between the reporting period end and the vest date divided by the sum of the shares that are outstanding by the end of the reporting period.

The aggregate fair value of nonemployee RSUs outstanding as of June 30, 2022, based on the fair value at the reporting period end, was immaterial. The aggregate fair value of nonemployee RSUs vested during the six months ended June 30, 2022, based on the fair value on the vest date, was immaterial.

Performance-Based Restricted Stock Units

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PSUs vest either based on the achievement of predetermined market conditions or based on both service and market conditions. The Company recognizes stock-based compensation expense for PSUs on a tranche-by-tranche basis (i.e., the accelerated attribution method) over an employee’s requisite service period, which is the longer of the time-vesting period or the derived service period inferred from the valuation model. As of June 30, 2022, all PSUs granted to employees are classified as equity, and stock-based compensation expense of equity-classified PSUs is recognized provided that the good is delivered or the service is rendered, regardless of when, if ever, the market conditions are satisfied.

The Company estimates the fair value of the PSUs at each measurement date by using a Monte Carlo simulation. The weighted average assumptions (weighted by relative grant date fair value) used in the Monte Carlo simulation to value PSUs granted during the periods presented are as follows:

	June 30, 2022	December 31, 2021
Stock price	\$ 4.94	\$ 6.13
Measurement period	30.00 years	30.00 years
Expected volatility	47.50 %	47.50 %
Risk-free rate	2.24 %	1.89 %
Vesting hurdle 1	\$ 12.50	\$ 12.50
Vesting hurdle 2	\$ 15.00	\$ 15.00
Vesting hurdle 3	\$ 17.50	\$ 17.50

PSU activities for the six months ended June 30, 2022 are summarized as follows (in thousands, except for per share data):

	Equity-classified PSUs - employee (1)		
	Number of Shares	Weighted-average Grant Date Fair Value (per share)	Weighted-average Remaining Contractual Term (2)
Outstanding at December 31, 2021	1,612	\$ 6.50	
Granted	125	4.94	
Vested	—	—	
Forfeited	—	—	
Outstanding at June 30, 2022	1,737	\$ 6.39	10.42 years

(1) Represents awards granted to employees and executives of the Company.

(2) The weighted-average remaining contractual term is calculated as the sum of the weighted amount of time between the reporting period end and the vest date divided by the sum of the shares that are outstanding by the end of the reporting period.

The aggregate fair value of PSUs outstanding as of June 30, 2022, based on the fair value at the reporting period end, was \$2.9 million. None of the PSUs vested during the six months ended June 30, 2022.

Stock-Based Compensation Expense

The following tables present the Company’s stock-based compensation expense by financial statement line item and by award type for the three and six months ended June 30, 2022 and 2021 (dollars in thousands):

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cost of revenue	\$ 403	\$ 14	\$ 715	\$ 28
Sales and marketing expense	870	28	1,477	56
General and administrative expense	941	69	1,601	138
Research and development expense	1,209	28	2,109	56
Total stock-based compensation	<u>\$ 3,423</u>	<u>\$ 139</u>	<u>\$ 5,902</u>	<u>\$ 278</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Equity-classified awards:				
MIUs	\$ 139	\$ 139	\$ 278	\$ 278
RSUs - employee	2,997	—	5,064	—
RSUs - nonemployee	15	—	23	—
PSUs - employee	272	—	537	—
Total equity-classified awards	<u>3,423</u>	<u>139</u>	<u>5,902</u>	<u>278</u>
Total stock-based compensation	<u>\$ 3,423</u>	<u>\$ 139</u>	<u>\$ 5,902</u>	<u>\$ 278</u>

There were no income tax benefits recognized for the three and six months ended June 30, 2022, related to tax deductions from RSU awards vested. Due to the Company's net operating loss, the related tax deductions result in deferred tax assets that are fully offset with a valuation allowance. None of the RSUs vested during the three and six months ended June 30, 2021, and therefore there were no income tax benefits recognized during those periods.

As of June 30, 2022, unrecognized stock-based compensation expense related to nonvested awards by award type and their expected weighted-average recognition periods are summarized in the following table (dollars in thousands):

	Unrecognized Stock-based Compensation Expense	Weighted-average Recognition Period (1)
Equity-classified awards:		
MIUs	\$ 1,390	2.50 years
RSUs - employee	29,281	3.33 years
RSUs - nonemployee	104	2.98 years
PSUs - employee	10,178	10.42 years
Total equity-classified awards	<u>40,953</u>	
Total unrecognized stock-based compensation	<u>\$ 40,953</u>	

(1) The weighted-average recognition period is calculated as the sum of the weighted remaining period to recognize expense for nonvested awards divided by the sum of the shares that are expected to vest for all awards that have not vested or expired by the end of the reporting period. For awards for which the straight-line method is used for expense recognition, the remaining recognition period is the amount of time between the end of the reporting period and the end of the entire award. For awards for which the accelerated attribution method is used for expense recognition, the remaining recognition period is the amount of time between the end of the reporting period and the end of each separately vesting portion of the award.

16. Geographic Information

Disaggregation of Revenue

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The following table disaggregates the Company’s revenue by geographic area for the three and six months ended June 30, 2022 and 2021 (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
United States	\$ 30,756	\$ 27,303	\$ 60,305	\$ 53,732
Americas (excluding United States)	936	653	1,988	1,304
Asia	1,256	918	2,715	1,760
Europe	39	39	72	62
Total revenue	<u>\$ 32,987</u>	<u>\$ 28,913</u>	<u>\$ 65,080</u>	<u>\$ 56,858</u>

In addition, 99.5% of the Company’s revenue is denominated in U.S. dollars and 0.5% is denominated in foreign currencies.

Property and Equipment

The following table summarizes total property and equipment, net in the respective locations at June 30, 2022 and December 31, 2021 (dollars in thousands):

	June 30, 2022	December 31, 2021
United States	\$ 1,680	\$ 1,989
Americas (excluding United States)	401	367
Asia	1,126	654
Property and equipment, net	<u>\$ 3,207</u>	<u>\$ 3,010</u>

The geographical location of the Company’s customers affects the nature, amount, timing and uncertainty of revenue and cash flows due to the potential for unfavorable and uncertain regulatory, political, economic and tax conditions. These uncertainties can impact the amount of revenue recognized through price adjustments and uncertainty of cash flows that may arise due to local regulations.

17. Income Taxes

The effective tax rate used for interim periods is the estimated annual effective consolidated tax rate, based on the current estimate of full year results, except that taxes related to specific discrete events, if any, are recorded in the interim period in which they occur. The annual effective tax rate is based upon several significant estimates and judgments, including the estimated annual pre-tax income of the Company in each tax jurisdiction in which it operates, and the development of tax planning strategies during the year. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. In addition, the Company’s tax expense can be impacted by changes in tax rates or laws and other factors that cannot be predicted with certainty. As such, there can be significant volatility in interim tax provisions.

The provision for (benefit from) income taxes was \$(0.2) million and \$0.1 million for the three months ended June 30, 2022 and 2021, respectively, and \$0.3 million and \$0.1 million for the six months ended June 30, 2022 and 2021, respectively. The benefit from or provision for income taxes for the three and six months ended June 30, 2022 and 2021 consisted primarily of foreign and state income taxes.

The effective tax rates were 2.21% and (0.07)% for the three months ended June 30, 2022 and 2021, respectively, and (1.38)% and (0.11)% for the six months ended June 30, 2022 and 2021, respectively. The change in the effective tax rate for the six months ended June 30, 2022, relative to 2021, was primarily attributable to an increase in foreign taxes and certain nondeductible expense.

The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, India and Colombia. The tax returns are subject to statutes of limitations that vary by jurisdiction. At June 30, 2022, the Company remains subject to U.S. and certain state income tax examinations for tax years 2018 through 2021, and in certain other states for tax years 2017 through 2021. However, due to the Company’s net operating loss carryforwards in various jurisdictions, tax authorities have the ability to adjust carryforwards related to closed years.

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18. Retirement Benefit Plan

The Company amended its existing 401(k) plan (the “Plan”) effective on July 1, 2018. The amended Plan covers eligible employees immediately upon employment with the Company. Participants may contribute up to a maximum percentage of their annual compensation to the Plan as determined by the Company limited to the maximum annual amount set by the Internal Revenue Service. The Plan provides for traditional tax-deferred and Roth 401(k) contribution options. Prior to the Plan amendment, the Company did not provide a matching contribution. The Company began matching fifty percent of the employee contribution up to a maximum of \$200 per pay period, limited to \$4,800 annually, upon adoption of the Plan. One hundred percent of the employer match vests immediately. The Company made matching contributions totaling \$0.3 million and \$0.3 million during the three months ended June 30, 2022 and 2021, respectively, and \$0.7 million and \$0.5 million during the six months ended June 30, 2022 and 2021, respectively.

19. Fair Value Measurement

The following table sets forth the fair value of the Company’s assets and liabilities at June 30, 2022 (dollars in thousands):

	Level 1	Level 2	Level 3	Totals
Cash and cash equivalents	\$ 29,873	\$ —	\$ —	\$ 29,873
Restricted cash	100	—	—	100
Marketable securities	—	47,220	—	47,220
Total assets	<u>\$ 29,973</u>	<u>\$ 47,220</u>	<u>\$ —</u>	<u>\$ 77,193</u>
Term loan	\$ —	\$ 54,793	\$ —	\$ 54,793
Finance lease obligations	—	25	—	25
Warrant liability—Forward Purchase Warrants	—	—	283	283
Total liabilities	<u>\$ —</u>	<u>\$ 54,818</u>	<u>\$ 283</u>	<u>\$ 55,101</u>

The following table sets forth the fair value of the Company’s assets and liabilities at December 31, 2021 (dollars in thousands):

	Level 1	Level 2	Level 3	Totals
Cash and cash equivalents	\$ 47,217	\$ —	\$ —	\$ 47,217
Restricted cash	100	—	—	100
Marketable securities	—	49,374	—	49,374
Total assets	<u>\$ 47,317</u>	<u>\$ 49,374</u>	<u>\$ —</u>	<u>\$ 96,691</u>
Term loan	\$ —	\$ 55,020	\$ —	\$ 55,020
Finance lease obligations	—	37	—	37
Warrant liability—Forward Purchase Warrants	—	—	767	767
Total liabilities	<u>\$ —</u>	<u>\$ 55,057</u>	<u>\$ 767</u>	<u>\$ 55,824</u>

Level 1 and Level 2 of the Fair Value Hierarchy

As of June 30, 2022 and December 31, 2021, the carrying amounts of the Company’s cash, cash equivalents and restricted cash approximate their fair values due to their short maturities and have been classified as Level 1 of the fair value hierarchy. The fair value of the term loan and finance lease obligations approximates their carrying value. The fair value is determined based on observable inputs on the price of the term loan in the market and has been classified as Level 2 of the fair value hierarchy. The fair value of the Company’s AFS debt securities is determined based on valuations provided by external investment managers who obtain them from a variety of industry standard data providers and has been classified as Level 2 of the fair value hierarchy. Refer to Note 4 for additional information regarding the fair value of the Company’s marketable securities.

Level 3 of the Fair Value Hierarchy

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The Company's liability related to the Forward Purchase Warrants is measured at fair value on a recurring basis and is classified as Level 3 within the fair value hierarchy. There were no other assets or liabilities measured at fair value on a recurring basis at June 30, 2022 or December 31, 2021.

Warrant liability—Forward Purchase Warrants

As discussed in Note 2(y), 833,333 Forward Purchase Warrants were issued pursuant to the Forward Purchase Agreement dated January 13, 2021 between Crescent and Old LiveVox. Upon consummation of the Merger, the Company concluded that the Forward Purchase Warrants do not meet the derivative scope exception and are accounted for as derivative liabilities. The Forward Purchase Warrants are classified as Level 3 fair value measurement. The Company employed a Black-Scholes option pricing model specific to the contractual terms of the Forward Purchase Warrants to determine their fair value at each reporting period, with changes in fair value recognized in the consolidated statements of operations and comprehensive loss. Inherent in the options pricing model are assumptions related to current stock price, exercise price, expected share price volatility, expected life, risk-free interest rate and dividend yield. The stock price is based on the closing price of the Company's Class A common stock on Nasdaq as of the valuation date. The exercise price is based on the terms of the warrant agreement. The volatility input is estimated using the implied volatility of the Public Warrants and the volatility of the Company's peer companies. The expected life of the Forward Purchase Warrants is based on the time from valuation date to the contractual expiration date. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of issuance for zero-coupon U.S. Treasury notes with maturities corresponding to the expected five-year term. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero. Future change in these assumptions could result in a material change to the fair value of the Forward Purchase Warrants, and such changes will be recorded in the consolidated statements of operations and comprehensive loss.

The following table provides quantitative information regarding assumptions used in the Black Scholes option-pricing model to determine the fair value of the Forward Purchase Warrants:

	June 30, 2022	December 31, 2021
Stock price	\$ 1.66	\$ 5.15
Exercise price	\$ 11.50	\$ 11.50
Contractual term	4.00 years	4.50 years
Expected volatility	80.00%	47.50%
Risk-free rate	3.00%	1.20%
Dividend yield	0.00%	0.00%

Changes in the Level 3 Fair Value Measurement

The changes in fair value of the Level 3 liabilities are as follows (dollars in thousands):

	June 30, 2022	December 31, 2021
Balance, beginning of period	\$ 767	\$ 286
VCIP/OBIP payments	—	(286)
Closing-date fair value of warrant liability	—	2,008
Changes in fair value of warrant liability	(484)	(1,241)
Balance, end of period	<u>\$ 283</u>	<u>\$ 767</u>

During the three and six months ended June 30, 2022, the gain recognized due to decrease in the fair value of warrant liability was \$0.1 million and \$0.5 million, respectively, and was recorded within other income (expense), net in the consolidated statements of operations and comprehensive loss. During the three and six months ended June 30, 2021, the gain recognized due to decrease in the fair value of warrant liability was \$0.4 million for both periods.

20. Basic and Diluted Loss Per Share

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As discussed in Note 2(a), the shares and corresponding capital amounts and earnings per share available for common stockholders, prior to the Merger, have been retroactively restated as shares reflecting the exchange ratio established in the Merger. As a result of the Merger, the Company has retrospectively adjusted the weighted-average number of shares of common stock outstanding prior to June 18, 2021 by multiplying them by the exchange ratio of 66,637 used to determine the number of shares of Class A common stock into which they converted.

Basic net loss per share is calculated by dividing net loss by the weighted average number of shares of Class A common stock outstanding during the period, including vested stock-based payment awards and excluding any unvested stock-based payment awards and shares withheld to cover employees' withholding taxes upon vesting of stock-based payment awards. Diluted net loss per share is computed giving effect to all potentially dilutive shares of Class A common stock, including Class A common stock issuable upon vesting of stock-based payment awards and contingent earnout shares. Basic and diluted loss per share was the same for each period presented as the inclusion of all potential Class A common stock outstanding would have been antidilutive.

The computation of loss per share and weighted average shares of the Company's common stock outstanding for the three and six months ended June 30, 2022 and 2021 are as follows (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Numerator:				
Loss attributable to common stockholders—basic and diluted	\$ (10,780)	\$ (75,843)	\$ (23,767)	\$ (80,018)
Denominator:				
Weighted average shares outstanding—basic and diluted	91,562	69,945	91,520	68,291
Loss per share:				
Basic and diluted	\$ (0.12)	\$ (1.08)	\$ (0.26)	\$ (1.17)

The following outstanding common stock equivalents were either considered antidilutive or were contingently issuable upon the resolution of their contingencies, and therefore, excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Earn-Out Shares (1)	5,000	5,000	5,000	5,000
Lock-Up Shares (2)	2,544	2,544	2,544	2,544
Finders Agreement Shares (3)	1,644	1,644	1,644	1,644
Warrants to purchase common stock	13,333	13,333	13,333	13,333
Shares withheld to cover employees' withholding taxes upon vesting of RSUs	205	—	205	—
Unvested RSUs	5,749	—	5,749	—
Unvested PSUs	1,737	—	1,737	—
Total	<u>30,212</u>	<u>22,521</u>	<u>30,212</u>	<u>22,521</u>

(1) As additional consideration payable to the LiveVox Stockholder, the Company issued 5,000,000 shares of Class A common stock (the "Earn-Out Shares") held in an escrow account to be released only if the price of Class A common stock trading on Nasdaq exceeds certain thresholds during the seven-year period beginning June 18, 2021. No contingent consideration shares were issued or released during the three and six months ended June 30, 2022.

(2) Represents 2,543,750 shares of converted Class A common stock held by the SPAC sponsor and certain independent directors (the "Lock-Up Shares") immediately following the closing, which were placed in an escrow account to be subject to release only if the price of Class A common stock trading on Nasdaq exceeds certain thresholds

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during the seven-year period beginning June 18, 2021. No contingent consideration shares were issued or released during the three and six months ended June 30, 2022.

(3) Represents 1,643,750 shares of Class A common stock (the “Finders Agreement Shares”) to be issued only if the price of Class A common stock trading on Nasdaq exceeds certain thresholds during the seven-year period beginning June 18, 2021, pursuant to the terms of the Finders Agreement. No contingent consideration shares were issued during the three and six months ended June 30, 2022.

21. Commitments and Contingencies

Commitments

As of June 30, 2022 and December 31, 2021, \$55.2 million and \$55.5 million of the term loan principal was outstanding, respectively. The term loan is due December 31, 2025. See Note 9 for more information.

Contingencies

The Company is subject to the possibility of various gain or loss contingencies arising in the ordinary course of business that will ultimately be resolved depending on future events. The Company considers the likelihood of loss or impairment of an asset, or the incurrence of a liability, as well as the ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when information available prior to issuance of the consolidated financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the consolidated financial statements, and the amount or range of loss can be reasonably estimated. Legal costs are expensed as incurred. Gain contingencies are not recognized until they are realized or realizable.

Indemnification Agreements

The Company has entered into indemnification agreements with its directors, officers and certain employees that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. As of June 30, 2022 and December 31, 2021, there were no claims that the Company is aware of that could have a material effect on its consolidated balance sheets, consolidated statements of operations and comprehensive loss, or consolidated statements of cash flows.

Litigation and Claims

From time to time and in the ordinary course of business, the Company may be subject to various claims, charges, investigations, and litigation.

The Company is engaged in two collection actions against former customers who defaulted in their contractual obligations. One of those customers has filed counterclaims against LiveVox, also alleging breach of contract. LiveVox is vigorously defending against these counterclaims, which it believes to be without merit, while pursuing its own claims in these matters. In addition, the Company was served with a complaint by another former customer for claims associated with their purchase of the LiveVox platform. LiveVox believes the claims asserted against it in this matter to be without merit, and has filed a demurrer in this action. The Company does not expect that any of these cases will have a material adverse effect on its business operations or financial position. As of the date of issuance of these consolidated financial statements, a potential loss as a result of the aforementioned cases is neither probable nor estimable.

22. Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the consolidated financial statements were issued. Other than as described below, the Company did not identify any other subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

Finders Agreement Shares

On July 19, 2022, pursuant to Finders Agreement made and entered into as of January 13, 2021, by and among the Company and Neuberger Berman BD LLC (“Neuberger”), the Company issued 781,250 shares of Class A common stock to Neuberger as consideration for the performance by Neuberger of its obligations under the Finders Agreement.

RSU Grants

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On August 5, 2022, pursuant to the Company's 2021 Plan, the Compensation Committee of the Company approved the grant of 2,025,464 RSU awards to employees, executives, directors and eligible consultants, and authorized the CEO to approve the grant of 132,750 RSUs to employees. Each RSU had a grant date fair value of \$2.02. The total stock-based compensation expense of \$4.4 million shall be amortized on a straight-line basis over the vesting period (i.e., approximately 45 months to 48 months for employees', executives' and eligible consultants' RSUs and approximately 10 months for directors' RSUs) into cost of revenue and operating expenses within the consolidated statements of operations and comprehensive loss.

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

Throughout this section, unless otherwise noted, the "Company," "LiveVox," "we," "us," and "our" refers to LiveVox Holdings, Inc., and its subsidiaries, collectively. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our unaudited interim consolidated financial statements and related notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report"). In addition to historical information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth in the section entitled "Item 1A. Risk Factors" in our Annual Report on Form 10-K ("Annual Report") filed with the SEC on March 11, 2022.

Overview

We enable next-generation cloud contact center functionality through a cloud contact-center-as-a-service (or CCaaS) platform that we provide for enterprises, business process outsourcers (BPOs) and collections agencies. Our CCaaS platform provides customers with a scalable, cloud-based architecture and pre-integrated artificial intelligence (AI) capabilities to support enterprise-grade deployments of our solutions including omnichannel customer connectivity, customer relationship management (CRM) and workforce optimization (WFO). Our omnichannel product offerings enable our customers to connect with their customers via their channel of choice, including human voice, virtual agents powered by artificial intelligence (AI), email, text or web chat. Our platform features a native CRM which unifies disparate, department-level systems of record to present contact center agents with a single view of its customers without displacing or replacing existing CRMs or other systems of record. Our WFO offerings include a lightweight yet fully-featured product that meets the needs of smaller or less mature contact center operations as well as seamless integration with WFO products from other providers.

We typically sell our products to customers under one- to four-year subscription contracts that stipulate a minimum amount of monthly usage and associated revenue with the ability for the customer to consume more usage above the minimum contract amount each month. Our subscription revenue is comprised of the minimum usage revenue under contract (which we call "contract revenue") and amounts billed for usage above the minimum contract value (which we call "excess usage revenue"), both of which are recognized on a monthly basis following deployment to the customer. Excess usage revenue is deemed to be specific to the month in which the usage occurs, since the minimum usage commitments reset at the beginning of each month. Subscription revenue (i.e., contract revenue and excess usage revenue) accounted for 98.1% and 97.9% for the three and six months ended June 30, 2022, respectively, and 97.7% and 97.7% for the three and six months ended June 30, 2021, respectively, of our total revenue with the remainder consisting of professional services and other non-recurring revenue derived from the implementation of our products.

Matters Affecting Comparability

LiveVox's financial condition and results of operations may not be comparable between periods as a result of the Merger (as defined below) and becoming a public company.

Pursuant to Accounting Standards Codification ("ASC") 805, *Business Combinations*, the merger between LiveVox Holdings, Inc. (hereinafter referred to as "Old LiveVox") and Crescent Acquisition Corp ("Crescent") consummated on June 18, 2021 (the transaction referred to as the "Merger") was accounted for as a reverse recapitalization, rather than a business combination, for financial accounting and reporting purposes. Accordingly, Old LiveVox was deemed the accounting acquirer (and legal acquiree) and Crescent was treated as the accounting acquiree (and legal acquirer). Under this method of accounting, the reverse recapitalization was treated as the equivalent of Old LiveVox issuing stock for the net assets of Crescent, accompanied by a recapitalization. The net assets of Crescent are stated at historical cost, with no goodwill or other intangible assets recorded. The consolidated assets, liabilities and results of operations prior to the Merger are those of Old LiveVox. The shares and corresponding capital amounts and earnings per share available for common stockholders, prior to the Merger, have been retroactively restated as shares reflecting the exchange ratio established in the Merger Agreement dated January 13, 2021.

Impact of COVID-19

While impacts associated with COVID-19 had certain adverse impacts on our business and operating results in the first two quarters of fiscal 2020, we have not experienced a sustained disruption in our overall business other than as described below.

In March of fiscal 2020, we began to experience softness in our excess usage revenue in relation to our contract revenue (as evidenced by the calculation of total revenue divided by contract revenue which we call the "usage multiplier") as a result of the COVID-19 pandemic and this softness continued to persist through the end of fiscal 2021. We attribute this softness to financial stimulus packages designed to address the financial hardships of Americans brought about by the COVID-19 pandemic which allowed

many of our customers in the collections industry to meet their collection goals with fewer interactions with debtors. As a result, our usage multiplier declined sequentially from the fourth quarter of fiscal 2020 to the second quarter of fiscal 2021. In the second half of fiscal 2021 our usage multiplier increased slightly over the second quarter of fiscal 2021, but remained below the first quarter of fiscal 2021. When the effects of the pandemic and the associated financial stimulus (including, but not limited to direct stimulus payments, extensions and enhancements of unemployment benefits and loan forbearances) dissipate and there is a return to growth in consumer debt relative to disposable income, we believe the usage multiplier will recover to normal historical levels. As that relationship moves towards normal historical levels, our excess usage revenue is likely to grow faster than our contract revenue. The impact of COVID-19 in the first and second quarter of fiscal 2022 is described under “—Usage Impacts on the First Quarter of Fiscal 2022 relative to the Fourth Quarter of Fiscal 2021—” and “—Usage Impacts on the Second Quarter of Fiscal 2022 relative to the First Quarter of Fiscal 2022—” below.

Impact of Consumer Financial Protection Bureau (CFPB) Seven Voice Attempts In Seven Days Ruling

The dialing practices of several of our larger BPOs and collection customers were constrained by Regulation F, which took effect on November 30, 2021. Regulation F governs third-party debt collectors and, among other things, limits the number of call attempts that a debt collector may make to a consumer to seven calls per account within a seven day period (sometimes referred to as “7 in 7”). Once the debt collector makes actual contact with a consumer, the debt collector may not call the consumer again about that same account for a seven-day period. Excess usage revenue in December 2021 was impacted by approximately \$1.0 million as many customers conservatively changed their dialing pattern to less than 7 in 7. We have been actively presenting a best practice designed to enhance our customers’ profitability that replaces their previous behavior with a Regulation F-compliant calling regimen supplemented by best-time dial technology and/or 2 text messages per week. Sales of our Attempt Supervisor product have increased in the fourth quarter of fiscal 2021, and while we expect sales of this product to continue to increase in 2022, we continue to believe the conservative dialing behavior demonstrated by our customers immediately following the implementation of Regulation F will be replaced by behavior that optimizes the profitability of our customers in the future. We believe that our recommended best practices, if implemented, will result in higher collection results for our customers, at a lower labor cost with a slight increase in software costs. However, there can be no assurance as to when our customers will adopt our recommended Regulation F-compliant practices, if at all. For the fourth quarter of fiscal 2021, our usage multiplier was unfavorably impacted by approximately 0.04x. The impact of Regulation F rules in the first and second quarter of fiscal 2022 is described under “—Usage Impacts on the First Quarter of Fiscal 2022 relative to the Fourth Quarter of Fiscal 2021—” and “—Usage Impacts on the Second Quarter of Fiscal 2022 relative to the First Quarter of Fiscal 2022—” below.

Usage Impacts on the First Quarter of Fiscal 2022 relative to the Fourth Quarter of Fiscal 2021

Our business and operating results in the first quarter of fiscal 2022 were affected by a number of variables, including:

- Regulation F rules were in effect for all three months of the first quarter of fiscal 2022, relative to just the month of December in fiscal 2021. It is unclear how many customers have adopted our recommended best practices;
- Increased originations and delinquencies, which are leading indicators of the expected dissipation of the effects of the COVID-19 pandemic and the associated financial stimulus. In the first quarter of fiscal 2022, these increases have translated, and we believe will continue to translate into higher minute and digital volumes over time;
- An increase in volume during tax season as refunds improve the yield of our collections customers efforts;
- The cumulative effect of external events on the behavior of our customers, a tight labor market, increased uncertainty caused by higher inflation and the invasion of Ukraine by Russia; and
- Our mix of non-recurring and professional services revenue declined from 4% of total revenue in the fourth quarter of fiscal 2021 to 3% in the first quarter of fiscal 2022, driving a 0.01x unfavorable reduction in the multiplier.

The combined effect of these variables has unfavorably impacted our usage multiplier metric which measures the relationship between total revenue and contracted revenue. Total revenue divided by contracted revenue decreased from 1.31x in the fourth quarter of fiscal 2021 to 1.27x in the first quarter of fiscal 2022. While we can quantify the effect of product mix on the multiplier indicator, we cannot differentiate the impact of the other variables. However, our collections customers were flat sequentially, indicating that the decline was driven by our blended BPOs and customer engagement customer categories.

Usage Impacts on the Second Quarter of Fiscal 2022 relative to the First Quarter of Fiscal 2022

Our business and operating results in the second quarter of fiscal 2022 were affected by a number of variables, including:

- Regulation F rules have been in effect since November of 2021. It remains unclear how many customers have adopted our recommended best practices;

- We believe increased originations and delinquencies are leading indicators of the expected dissipation of the effects of the COVID-19 pandemic and the associated financial stimulus. In the second quarter of fiscal 2022, these increases have translated, and we believe will continue to translate into higher minute and digital volumes over time;
- A slight decrease in volume for our collections customers as the absence of tax refunds after tax season translates into lower collections yields;
- The cumulative effect of external events on the behavior of our customers, a tight labor market, increased uncertainty caused by higher inflation and the invasion of Ukraine by Russia; and
- Our mix of non-recurring and professional services revenue declined from 2.4% of total revenue in the first quarter of fiscal 2022 to 1.9% in the second quarter of fiscal 2022, driving a 0.01x unfavorable reduction in the multiplier.

The combined effect of these variables has unfavorably impacted our usage multiplier metric which measures the relationship between total revenue and contracted revenue. Total revenue divided by contracted revenue decreased from 1.27x in the first quarter of fiscal 2022 to 1.23x in the second quarter of fiscal 2022. While we can quantify the effect of product mix on the multiplier indicator, we cannot differentiate the impact of the other variables. However, like last quarter, our collections customers were flat sequentially, indicating that the decline was driven by our blended BPOs and customer engagement customer categories.

LiveVox's Segments

The Company has determined that its Chief Executive Officer ("CEO") is its chief operating decision maker. The Company's CEO reviews financial information presented on a consolidated basis for purposes of assessing performance and making decisions on how to allocate resources. Accordingly, the Company has determined that it operates in a single reportable segment.

Key Operating and Non-GAAP Financial Performance Metrics

In addition to measures of financial performance presented in our consolidated financial statements, we monitor the key metrics set forth below to help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts and assess operational efficiencies.

LTM Net Revenue Retention Rate

We believe that our LTM Net Revenue Retention Rate provides us and investors with insight into our ability to retain and grow revenue from our customers and is a meaningful measure of the long-term value of our customer relationships. We calculate LTM Net Revenue Retention Rate by dividing the recurring revenue recognized during the most recent LTM period by the recurring revenue recognized during the LTM period immediately preceding the most recent LTM period, provided, however, that recurring revenue from a customer in the most recent LTM period is excluded from the calculation if recurring revenue was not recognized from that customer in the preceding LTM period. Customers who cease using our products during the most recent LTM period are included in the calculation. For example, LTM Net Revenue Retention for the 12-month period ending June 2022 includes recurring revenue from all customers for whom revenue was recognized from July of 2020 to June of 2021 regardless of whether such customers increased, decreased, or stopped their use of our products during that period (i.e., old customers), but excludes recurring revenue from all customers who began using our services from July of 2021 to June of 2022 (i.e., new customers). We define monthly recurring revenue as recurring monthly contract and excess usage revenue, which we calculate separately from one-time, non-recurring revenue by month by customer. We consider all contract and excess usage revenue, which represents 98% of our revenue, to be recurring revenue as all of our contracts provide for a minimum commitment amount. We consider professional services revenue and one-time adjustments, which are booked on a one-time, nonrecurring basis, to be non-recurring revenue. Professional services and other one-time adjustments are generally not material to the result of the calculation. However, one-time non-recurring revenue is important with respect to timing as we bill installation and non-standard statement of work fees immediately and recognize the revenue as the work is completed, which is generally in advance of the beginning of recurring revenue which is when we recognize the beginning of the LTM period immediately preceding the most recent LTM period.

The following table shows our LTM Net Revenue Retention Rate for the periods presented:

	Twelve Months Ended June 30,				Twelve Months Ended December 31,			
	2022		2021		2021		2020	
LTM Net Revenue Retention Rate	108	%	105	%	105	%	106	%

Our LTM Net Revenue Retention Rate reflects the expansion over time of our existing customers as they add new products and additional units of service. A much higher percentage of the product revenue from our customers is contracted on our per minute

pricing model with a minimum commitment as compared to our per agent pricing model with minimum commitments for both agents and units of service.

Our LTM Net Revenue Retention Rate increased by 3 percentage points, to 108% in the twelve months ended June 30, 2022 from 105% in the twelve months ended June 30, 2021 primarily as a result of the tapering of the impact of COVID-19 and the related decrease in excess usage revenue that occurred from the first quarter of fiscal 2020 (which is no longer included in the calculation to the third quarter of 2020). In addition, monthly minimum contract revenue for customers grew by 22% from the twelve months ended June 30, 2021 to the twelve months ended June 30, 2022.

Our LTM Net Revenue Retention Rate decreased by 1 percentage point, to 105% in the twelve months ended December 31, 2021 from 106% in the twelve months ended December 31, 2020 primarily as a result of the impact of COVID-19 and the related decrease in excess usage revenue, described above. Despite the decline in LTM Net Revenue Retention Rate, monthly minimum contract revenue for customers grew by 26% from fiscal 2020 to fiscal 2021.

Adjusted EBITDA

We monitor Adjusted EBITDA, a non-generally accepted accounting principle (“Non-GAAP”) financial measure, to analyze our financial results and believe that it is useful to investors, as a supplement to U.S. GAAP measures, in evaluating our ongoing operational performance and enhancing an overall understanding of our past financial performance. We believe that Adjusted EBITDA helps illustrate underlying trends in our business that could otherwise be masked by the effect of the income or expenses that we exclude from Adjusted EBITDA. Furthermore, we use this measure to establish budgets and operational goals for managing our business and evaluating our performance. We also believe that Adjusted EBITDA provides an additional tool for investors to use in comparing our recurring core business operating results over multiple periods with other companies in our industry.

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP, and our calculation of Adjusted EBITDA may differ from that of other companies in our industry. We compensate for the inherent limitations associated with using Adjusted EBITDA through disclosure of these limitations, presentation of our consolidated financial statements in accordance with U.S. GAAP and reconciliation of Adjusted EBITDA to the most directly comparable U.S. GAAP measure, net loss. We calculate Adjusted EBITDA as net loss before (a) depreciation and amortization, (b) long-term equity incentive bonus, (c) stock-based compensation expense, (d) interest expense, net, (e) change in the fair value of warrant liability, (f) other expense, net, (g) provision for (benefit from) income taxes, and (h) other items that do not directly affect what we consider to be our core operating performance.

The following table shows a reconciliation of net loss to Adjusted EBITDA for the periods presented (dollars in thousands):

	Three Months Ended June 30, (unaudited)		Six Months Ended June 30, (unaudited)	
	2022	2021	2022	2021
Net loss	\$ (10,780)	\$ (75,843)	\$ (23,767)	\$ (80,018)
Non-GAAP adjustments:				
Depreciation and amortization (1)	1,085	1,602	2,431	3,205
Long-term equity incentive bonus and stock-based compensation expenses (2)(3)	3,423	69,423	5,902	69,965
Interest expense, net	744	941	1,494	1,885
Change in the fair value of warrant liability	(92)	(375)	(484)	(375)
Other expense, net	113	32	49	25
Acquisition and financing related fees and expenses (4)	—	1,041	—	1,041
Transaction-related costs (4)	183	570	183	1,303
Golden Gate Capital management fee expenses (4)	—	(25)	—	146
Provision for (benefit from) income taxes	(229)	51	315	86
Adjusted EBITDA	\$ (5,553)	\$ (2,583)	\$ (13,877)	\$ (2,737)

(1) Depreciation and amortization expenses included in our results of operations are as follows (dollars in thousands):

	Three Months Ended June 30, (unaudited)		Six Months Ended June 30, (unaudited)	
	2022	2021	2022	2021
Cost of revenue	\$ 342	\$ 911	\$ 952	\$ 1,858
Sales and marketing expense	613	602	1,221	1,178
General and administrative expense	94	54	186	102
Research and development expense	36	35	72	67
Total depreciation and amortization	\$ 1,085	\$ 1,602	\$ 2,431	\$ 3,205

(2) Long-term equity incentive bonus included in our results of operations are as follows (dollars in thousands):

	Three Months Ended June 30, (unaudited)		Six Months Ended June 30, (unaudited)	
	2022	2021	2022	2021
Cost of revenue	\$ —	\$ 9,619	\$ —	\$ 9,658
Sales and marketing expense	—	17,964	—	18,087
General and administrative expense	—	18,307	—	18,401
Research and development expense	—	23,394	—	23,541
Total long-term equity incentive bonus	\$ —	\$ 69,284	\$ —	\$ 69,687

(3) Stock-based compensation expenses included in our results of operations are as follows (dollars in thousands):

	Three Months Ended June 30, (unaudited)		Six Months Ended June 30, (unaudited)	
	2022	2021	2022	2021
Cost of revenue	\$ 403	\$ 14	\$ 715	\$ 28
Sales and marketing expense	870	28	1,477	56
General and administrative expense	941	69	1,601	138
Research and development expense	1,209	28	2,109	56
Total stock-based compensation expenses	\$ 3,423	\$ 139	\$ 5,902	\$ 278

(4) Included in general and administrative expense for all periods presented.

Non-GAAP Gross Profit and Non-GAAP Gross Margin Percentage

U.S. GAAP defines gross profit as revenue less cost of revenue. Cost of revenue includes all expenses associated with our various product offerings as more fully described under the caption “—Components of Results of Operations—Cost of Revenue—” below. We define Non-GAAP gross profit as gross profit after adding back the following items:

- depreciation and amortization;
- long-term equity incentive bonus and stock-based compensation expenses; and
- other non-recurring expenses

We add back depreciation and amortization, long-term equity incentive bonus and stock-based compensation expenses and other non-recurring expenses because they are one-time or non-cash items. We eliminate the impact of these one-time or non-cash items because we do not consider them indicative of our core operating performance. Their exclusion facilitates comparisons of our operating performance on a period-to-period basis. Therefore, we believe showing Non-GAAP gross margin to remove the impact of these one-time or non-cash expenses is helpful to investors in assessing our gross profit and gross margin performance in a way that is similar to how management assesses our performance.

We calculate Non-GAAP gross margin percentage by dividing Non-GAAP gross profit by revenue, expressed as a percentage of revenue.

Management uses Non-GAAP gross profit and Non-GAAP gross margin percentage to evaluate operating performance and to determine resource allocation among our various product offerings. We believe Non-GAAP gross profit and Non-GAAP gross margin percentage provide useful information to investors and others to understand and evaluate our operating results in the same manner as our management and board of directors and allows for better comparison of financial results among our competitors. Non-GAAP gross profit and Non-GAAP gross margin percentage may not be comparable to similarly titled measures of other companies because other

companies may not calculate Non-GAAP gross profit and Non-GAAP gross margin percentage or similarly titled measures in the same manner as we do.

The following table shows a reconciliation of gross profit to Non-GAAP gross profit for the periods presented (dollars in thousands):

	Three Months Ended June 30, (unaudited)		Six Months Ended June 30, (unaudited)	
	2022	2021	2022	2021
Gross profit	\$ 20,439	\$ 7,298	\$ 38,900	\$ 24,063
Depreciation and amortization	342	911	952	1,858
Long-term equity incentive bonus and stock-based compensation expenses	403	9,633	715	9,686
Non-GAAP gross profit	\$ 21,184	\$ 17,842	\$ 40,567	\$ 35,607
Gross margin %	62.0 %	25.2 %	59.8 %	42.3 %
Non-GAAP gross margin %	64.2 %	61.7 %	62.3 %	62.6 %

Components of Results of Operations

Revenue

We derive revenue by providing products under a variety of pricing models. Our recently released AI Virtual Agent product and our historical Voice product are provided under a usage-based pricing model with prices calculated on a per-minute basis with a contracted minimum commitment in accordance with the terms of the underlying pricing agreements. Voice is our predominant source of revenue. Other revenue sources are derived from products under the following pricing models:

- 1) a per “unit of measure” with a minimum commitment (e.g., Speech IQ);
- 2) the combination of per agent and per “unit of measure” models with minimum contracted commitments for each (e.g., SMS, email, U-CRM services);
- 3) a per agent pricing model with a minimum agent commitment (e.g., U-Script, U-Ticket, U-Chat, U-Quality Management, U-Screen Capture, U-CSAT, U-BI, Hosted PBX services); and
- 4) a per agent pricing model with a minimum agent commitment with a monthly maximum commitment (e.g., PDAS—our compliance product, U-BI).

Outside of Voice, our pricing models detailed above are relatively new to the market and are not yet material to our business from a financial perspective.

Cost of Revenue

Our cost of revenue consists of personnel costs and associated costs such as travel, information technology, facility allocations and stock-based compensation for Implementation and Training Services, Customer Care, Technical Support, Professional Services, User Acceptance Quality Assurance, Technical Operations and VoIP services to our customers. Other costs of revenue include non-cash costs associated with depreciation and amortization including acquired technology, charges from telecommunication providers for communications, data center costs and costs to providers of cloud communication services, software, equipment maintenance and support costs to maintain service delivery operations.

In the fourth quarter of fiscal 2021, we completed a major strategic milestone when our data center transitioned from a model based on maintaining a co-location facility with our own capital equipment to a 100% cloud strategy based on monthly recurring charges for capacity added in generally small step function increments. As a result, we have reduced our capital expenditures for data center equipment, which has slowed growth in depreciation and increased our data center costs for our cloud provisioning. We expect feature release efficiencies for our cloud operations as research and development resources eliminate the release effort associated with our co-location deployment. We have accelerated depreciation expense associated with the change in useful life estimate of the co-location facility.

As our business grows, we expect to realize economies of scale in our cost of revenue. We use the LiveVox platform to facilitate data-driven innovations to identify and facilitate efficiency improvement to our implementation, customer care and support, and technical operations teams. Additionally, our research and development priorities include ease of implementation, reliability and ease of use objectives that reduce costs and result in economies of scale relative to revenue growth.

Operating Expenses

We classify our operating expenses as sales and marketing, general and administrative, and research and development.

Sales and Marketing. Sales and marketing expenses consist primarily of salaries and related expenses, including stock-based compensation, for personnel in sales and marketing, sales commissions, channel special program incentive funds (SPIFF) and channel commissions, travel costs, as well as marketing pipeline management, content delivery, programs, campaigns, lead generation, and allocated overhead. We believe it is important to continue investing in sales and marketing to continue to generate revenue growth, and we expect sales and marketing expenses to increase in absolute dollars and fluctuate as a percentage of revenue as we continue to support our growth initiatives.

General and Administrative. General and administrative expenses consist primarily of salary and related expenses, including stock-based compensation, for management, finance and accounting, legal, information systems and human resources personnel, professional fees, compliance costs, other corporate expenses and allocated overhead. We expect that general and administrative expenses will fluctuate in absolute dollars from period to period but decline as a percentage of revenue over time.

Research and Development. Research and development expenses consist primarily of salary and related expenses, including stock-based compensation, for LiveVox personnel as well as limited outsourced software development resources related to the identification and development of improvements, and expanded features for our products, as well as quality assurance, testing, product management and allocated overhead. Research and development costs are expensed as incurred. We have not performed research and development for internal-use software that would meet the qualifications for capitalization. We believe it is important to continue investing in research and development to continue to expand and improve our products and generate future revenue growth, and we expect research and development expenses to increase in absolute dollars and fluctuate as a percentage of revenue as we continue to support our growth initiatives.

Results of Operations

Comparison of the three months ended June 30, 2022 and 2021 (dollars in thousands)

The following tables summarize key components of our results of operations for the three months ended June 30, 2022 and 2021 (in thousands, except per share data):

	Three Months Ended June 30, (unaudited)	
	2022	2021
Revenue	\$ 32,987	\$ 28,913
Cost of revenue	12,548	21,615
Gross profit	20,439	7,298
Operating expenses		
Sales and marketing expense	14,970	27,685
General and administrative expense	7,546	24,637
Research and development expense	8,167	30,169
Total operating expenses	30,683	82,491
Loss from operations	(10,244)	(75,193)
Interest expense, net	744	941
Change in the fair value of warrant liability	(92)	(375)
Other expense, net	113	32
Total other expense, net	765	598
Pre-tax loss	(11,009)	(75,791)
Provision for (benefit from) income taxes	(229)	52
Net loss	\$ (10,780)	\$ (75,843)
Net loss per share—basic and diluted	\$ (0.12)	\$ (1.08)
Weighted average shares outstanding—basic and diluted	91,562	69,945

Revenue

	Three Months Ended June 30, (unaudited)		\$ Change	% Change
	2022	2021		
Revenue	\$ 32,987	\$ 28,913	\$ 4,074	14.1 %

Revenue increased by \$4.1 million, or 14.1%, to \$33.0 million in the three months ended June 30, 2022 from \$28.9 million in the three months ended June 30, 2021, primarily due to 19.7% growth in contracted revenue driven by the acquisition of new customers and upsells to our existing customer base, partially offset by a reduction in usage driven by several variables as discussed above.

Cost of revenue

	Three Months Ended June 30, (unaudited)		\$ Change	% Change
	2022	2021		
Cost of revenue	\$ 12,548	\$ 21,615	\$ (9,067)	(41.9) %
% of revenue	38.0 %	74.8 %		

Cost of revenue decreased by \$9.1 million, or 41.9%, to \$12.5 million in the three months ended June 30, 2022 from \$21.6 million in the three months ended June 30, 2021. The decrease was attributable primarily to decrease in personnel costs of \$9.5 million, of which \$9.6 million was associated with our Value Creation Incentive Plan (“VCIP”) and Option-based Incentive Plan (“OBIP”) awards that fully vested and were recorded as compensation expense upon a liquidity event (i.e., the Merger) in the second quarter of fiscal 2021. The decrease in personnel costs were partially offset by increase in stock-based compensation expenses of \$0.4 million associated with restricted stock units (“RSUs”) and performance-based restricted stock units (“PSUs”) granted under the 2021 Equity Incentive Plan (the “2021 Plan”) since the third quarter of fiscal 2021 after the Merger.

Gross profit

	Three Months Ended June 30, (unaudited)		\$ Change	% Change
	2022	2021		
Gross profit	\$ 20,439	\$ 7,298	\$ 13,141	180.1 %
Gross margin percentage	62.0 %	25.2 %		

Gross profit increased by \$13.2 million, or 180.1%, to \$20.5 million in the three months ended June 30, 2022 from \$7.3 million in the three months ended June 30, 2021. The increase in gross profit was a result of increased revenue of \$4.1 million and decreased personnel costs of \$9.5 million related to VCIP and OBIP awards, which were partially offset by increased stock-based compensation expenses of \$0.4 million related to RSUs and PSUs, described above.

Sales and marketing expense

	Three Months Ended June 30, (unaudited)		\$ Change	% Change
	2022	2021		
Sales and marketing expense	\$ 14,970	\$ 27,685	\$ (12,715)	(45.9) %
% of revenue	45.4 %	95.8 %		

Sales and marketing expense decreased by \$12.7 million, or 45.9%, to \$15.0 million in the three months ended June 30, 2022 from \$27.7 million in the three months ended June 30, 2021. The decrease was attributable primarily to decrease in personnel costs of \$15.7 million, of which \$18.0 million was associated with our VCIP and OBIP awards that fully vested and were recorded as compensation expense upon a liquidity event (i.e., the Merger) in the second quarter of fiscal 2021. The decrease in personnel costs were partially offset by increase in marketing, promotions and tradeshow expenses of \$1.0 million, increase in stock-based

compensation expenses of \$0.8 million associated with the RSUs and PSUs granted under the 2021 Plan since the third quarter of fiscal 2021, increase in travel costs of \$0.5 million, and increase in miscellaneous sales and marketing expenses of \$0.5 million.

General and administrative expense

	Three Months Ended June 30, (unaudited)		\$ Change	% Change
	2022	2021		
General and administrative expense	\$ 7,546	\$ 24,637	\$ (17,091)	(69.4) %
% of revenue	22.9 %	85.2 %		

General and administrative expense decreased by \$17.1 million, or 69.4%, to \$7.5 million in the three months ended June 30, 2022 from \$24.6 million in the three months ended June 30, 2021. The decrease was attributable primarily to decrease in personnel costs of \$18.2 million, of which \$18.3 million was associated with our VCIP and OBIP awards that fully vested and were recorded as compensation expense upon a liquidity event (i.e., the Merger) in the second quarter of fiscal 2021. The decrease in personnel costs were partially offset by increase in stock-based compensation expenses of \$0.9 million associated with RSUs and PSUs granted under the 2021 Plan since the third quarter of fiscal 2021.

Research and development expense

	Three Months Ended June 30, (unaudited)		\$ Change	% Change
	2022	2021		
Research and development expense	\$ 8,167	\$ 30,169	\$ (22,002)	(72.9) %
% of revenue	24.8 %	104.3 %		

Research and development expense decreased by \$22.0 million, or 72.9%, to \$8.2 million in the three months ended June 30, 2022 from \$30.2 million in the three months ended June 30, 2021. The decrease was attributable primarily to decrease in personnel costs of \$23.0 million, of which \$23.4 million was associated with our VCIP and OBIP awards that fully vested and were recorded as compensation expense upon a liquidity event (i.e., the Merger) in the second quarter of fiscal 2021. The decrease in personnel costs were partially offset by increase in stock-based compensation expenses of \$1.2 million associated with the RSUs and PSUs granted under the 2021 Plan since the third quarter of fiscal 2021.

Interest expense, net

	Three Months Ended June 30, (unaudited)		\$ Change	% Change
	2022	2021		
Interest expense, net	\$ 744	\$ 941	\$ (197)	(20.9) %
% of revenue	2.3 %	3.3 %		

Interest expense, net decreased by \$0.2 million, or 20.9%, to \$0.7 million in the three months ended June 30, 2022 from \$0.9 million in the three months ended June 30, 2021. The decrease was attributable primarily to increase in interest income of \$0.2 million associated with the marketable securities which we invested since the fourth quarter of fiscal 2021.

Change in the fair value of warrant liability

	Three Months Ended June 30, (unaudited)		\$ Change	% Change
	2022	2021		
Change in the fair value of warrant liability	\$ (92)	\$ (375)	\$ 283	(75.5) %
% of revenue	(0.3) %	(1.3) %		

Gain recognized due to change in the fair value of warrant liability decreased by \$0.3 million, or 75.5%. The decrease was attributable primarily to decrease in fair value of Forward Purchase Warrants of \$0.1 million in the three months ended June 30, 2022 compared to decrease in fair value of \$0.4 million in the three months ended June 30, 2021. For more information, see Note 19 of the Company's consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Comparison of the six months ended June 30, 2022 and 2021

The following tables summarize key components of our results of operations for the six months ended June 30, 2022 and 2021 (in thousands, except per share data):

	Six Months Ended June 30, (unaudited)	
	2022	2021
Revenue	\$ 65,080	\$ 56,858
Cost of revenue	26,180	32,795
Gross profit	38,900	24,063
Operating expenses		
Sales and marketing expense	29,622	36,593
General and administrative expense	15,014	29,517
Research and development expense	16,657	36,349
Total operating expenses	61,293	102,459
Loss from operations	(22,393)	(78,396)
Interest expense, net	1,494	1,885
Change in the fair value of warrant liability	(484)	(375)
Other expense, net	49	25
Total other expense, net	1,059	1,535
Pre-tax loss	(23,452)	(79,931)
Provision for income taxes	315	87
Net loss	\$ (23,767)	\$ (80,018)
Net loss per share—basic and diluted	\$ (0.26)	\$ (1.17)
Weighted average shares outstanding—basic and diluted	91,520	68,291

Revenue

	Six Months Ended June 30, (unaudited)		\$ Change	% Change
	2022	2021		
Revenue	\$ 65,080	\$ 56,858	\$ 8,222	14.5 %

Revenue increased by \$8.2 million, or 14.5%, to \$65.1 million in the six months ended June 30, 2022 from \$56.9 million in the six months ended June 30, 2021, primarily due to 20.5% growth in contracted revenue driven by the acquisition of new customers and upsells to our existing customer base, partially offset by a reduction in usage driven by several variables as discussed above.

Cost of revenue

	Six Months Ended June 30, (unaudited)				\$ Change	% Change
	2022		2021			
Cost of revenue	\$	26,180	\$	32,795	\$ (6,615)	(20.2) %
% of revenue		40.2 %		57.7 %		

Cost of revenue decreased by \$6.6 million, or 20.2%, to \$26.2 million in the six months ended June 30, 2022 from \$32.8 million in the six months ended June 30, 2021. The decrease was attributable primarily to decrease in personnel costs of \$9.0 million, of which \$9.7 million was associated with our VCIP and OBIP awards that fully vested and were recorded as compensation expense upon a liquidity event (i.e., the Merger) in the second quarter of fiscal 2021. The decrease in personnel costs were partially offset by increase in cloud data center costs of \$1.6 million while we continue to build out new virtual production instances to migrate customers from our co-location deployment. With the transition to the cloud complete in late 2021, going forward, we expect continued benefit from reduced technical debt (i.e., a concept in software development that reflects the implied cost of additional rework caused by choosing an easy solution now instead of using a better approach that would take longer), increased development efficiency and significantly reduced capital expenditure needs. Stock-based compensation expenses increased by \$0.7 million associated with RSUs and PSUs granted under the 2021 Plan since the third quarter of fiscal 2021.

Gross profit

	Six Months Ended June 30, (unaudited)				\$ Change	% Change
	2022		2021			
Gross profit	\$	38,900	\$	24,063	\$ 14,837	61.7 %
Gross margin percentage		59.8 %		42.3 %		

Gross profit increased by \$14.8 million, or 61.7%, to \$38.9 million in the six months ended June 30, 2022 from \$24.1 million in the six months ended June 30, 2021. The increase in gross profit was a result of increased revenue of \$8.2 million and decreased personnel costs of \$9.0 million related to VCIP and OBIP awards, which were partially offset by increased cloud data center costs of \$1.6 million and increased stock-based compensation expenses of \$0.7 million related to RSUs and PSUs, described above.

Sales and marketing expense

	Six Months Ended June 30, (unaudited)				\$ Change	% Change
	2022		2021			
Sales and marketing expense	\$	29,622	\$	36,593	\$ (6,971)	(19.1) %
% of revenue		45.5 %		64.4 %		

Sales and marketing expense decreased by \$7.0 million, or 19.1%, to \$29.6 million in the six months ended June 30, 2022 from \$36.6 million in the six months ended June 30, 2021. The decrease was attributable primarily to decrease in personnel costs of \$12.3 million, of which \$18.1 million was associated with our VCIP and OBIP awards that fully vested and were recorded as compensation expense upon a liquidity event (i.e., the Merger) in the second quarter of fiscal 2021. The decrease in personnel costs were partially offset by increase in marketing, promotions and tradeshow expenses of \$1.7 million, increase in stock-based compensation expenses of \$1.4 million associated with the RSUs and PSUs granted under the 2021 Plan since the third quarter of fiscal 2021, increase in travel expenses of \$1.3 million as travel restrictions related to the COVID-19 pandemic continued to ease, and increase in miscellaneous sales and marketing expenses of \$0.4 million.

General and administrative expense

	Six Months Ended June 30, (unaudited)				\$ Change	% Change
	2022		2021			
General and administrative expense	\$	15,014	\$	29,517	\$ (14,503)	(49.1) %
% of revenue		23.1 %		51.9 %		

General and administrative expense decreased by \$14.5 million, or 49.1%, to \$15.0 million in the six months ended June 30, 2022 from \$29.5 million in the six months ended June 30, 2021. The decrease was attributable primarily to decrease in personnel costs of \$17.4 million, of which \$18.4 million was associated with our VCIP and OBIP awards that fully vested and were recorded as compensation expense upon a liquidity event (i.e., the Merger) in the second quarter of fiscal 2021. The decrease in personnel costs were partially offset by increase in stock-based compensation expenses of \$1.5 million associated with the RSUs and PSUs granted under the 2021 Plan since the third quarter of fiscal 2021, increase in miscellaneous general and administrative expenses of \$0.9 million primarily attributable to directors' and officers' insurance, increase in software expenses of \$0.3 million and increase in office space and utilities expenses of \$0.3 million.

Research and development expense

	Six Months Ended June 30, (unaudited)				\$ Change	% Change
	2022		2021			
Research and development expense	\$	16,657	\$	36,349	\$ (19,692)	(54.2) %
% of revenue		25.6 %		63.9 %		

Research and development expense decreased by \$19.7 million, or 54.2%, to \$16.7 million in the six months ended June 30, 2022 from \$36.3 million in the six months ended June 30, 2021. The decrease was attributable primarily to decrease in personnel costs of \$21.9 million, of which \$23.5 million was associated with our VCIP and OBIP awards that fully vested and were recorded as compensation expense upon a liquidity event (i.e., the Merger) in the second quarter of fiscal 2021. The decrease in personnel costs were partially offset by increase in stock-based compensation expenses of \$2.1 million associated with the RSUs and PSUs granted under the 2021 Plan since the third quarter of fiscal 2021.

Interest expense, net

	Six Months Ended June 30, (unaudited)				\$ Change	% Change
	2022		2021			
Interest expense, net	\$	1,494	\$	1,885	\$ (391)	(20.7) %
% of revenue		2.3 %		3.3 %		

Interest expense, net decreased by \$0.4 million, or 20.7%, to \$1.5 million in the six months ended June 30, 2022 from \$1.9 million in the six months ended June 30, 2021. The decrease was attributable primarily to increased interest income of \$0.4 million associated with the marketable securities which we invested since the fourth quarter of fiscal 2021.

Change in the fair value of warrant liability

	Six Months Ended June 30, (unaudited)							
	2022		2021		\$ Change	% Change		
Change in the fair value of warrant liability	\$	(484)	\$	(375)		\$	(109)	29.1
% of revenue		(0.7)	%	(0.7)	%			

Gain recognized due to change in the fair value of warrant liability increased by \$0.1 million, or 29.1%. The increase was attributable primarily to decrease in fair value of Forward Purchase Warrants of \$0.5 million in the six months ended June 30, 2022 compared to decrease in fair value of \$0.4 million in the six months ended June 30, 2021. For more information, see Note 19 of the Company's consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Liquidity and Capital Resources

Sources of Cash

LiveVox's consolidated financial statements have been prepared assuming the Company will continue as a going concern for the 12-month period from the date of issuance of the consolidated financial statements, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company's main sources of liquidity are cash generated by operating cash flows and debt. For the six months ended June 30, 2022 and 2021, the Company's cash flow used in operating activities was \$16.4 million and \$9.6 million, respectively.

As of June 30, 2022 and December 31, 2021, the Company held cash and cash equivalents of \$29.9 million and \$47.2 million, respectively. In addition, the Company had restricted cash of \$0.1 million as of both June 30, 2022 and December 31, 2021, related to the holdback amount for an acquisition the Company made in 2019. The Company also held marketable securities of \$47.2 million and \$49.4 million as of June 30, 2022 and December 31, 2021, respectively.

The term loan and revolving credit facility that the Company entered into with PNC Bank, as amended (the "Credit Facility"), provides for a \$57.6 million term loan, a \$5.0 million line of credit and a \$1.5 million letter of credit sub-facility. The Credit Facility is collateralized by a first-priority perfected security interest in substantially all the assets of the Company and is subject to certain financial covenants before and after a covenant conversion date. Covenant conversion may be elected early by the Company if certain criteria are met, including, but not limited to, meeting fixed charge coverage and liquidity ratio targets as of the most recent twelve-month period. Prior to the covenant conversion date, the Company is required to maintain minimum levels of liquidity and recurring revenue. As of the covenant conversion date, the Company is required to maintain the Fixed Charge Coverage Ratio and Leverage Ratio (as defined in the Credit Facility) measured on a quarter-end basis for the four-quarter period ending on each such date through the end of the agreement. The term loan is due December 31, 2025. The Company was in compliance with all debt covenants at June 30, 2022 and December 31, 2021 and was in compliance with all debt covenants as of the date of issuance of these consolidated financial statements. There was no unused borrowing capacity under the term loan portion of the Credit Facility at June 30, 2022 or December 31, 2021. There were no amounts outstanding under the revolving portion of the Credit Facility as of June 30, 2022 or December 31, 2021.

Cash Requirements

LiveVox's cash requirements within the next 12 months consist primarily of operating and administrative activities including employee related expenses and general, operating and overhead expenses, current maturities of the Company's term loan, operating and finance leases and other obligations.

LiveVox's long-term cash requirements consist of various contractual obligations and commitments, including:

- Term loan – The Company has contractual obligations under its term loan to make principal and interest payments. Please see Note 9 to the Company's consolidated financial statements included in Part I, Item 1 of this Quarterly Report for a discussion of the contractual obligations under the Company's term loan and the timing of principal maturities. The principal amount is due December 31, 2025;
- Operating and finance lease obligations – The Company leases its corporate headquarters and worldwide offices under operating leases, and finance computer and networking equipment and software purchases for its co-location data centers under finance leases. Please see Note 8 to the Company's consolidated financial statements included in Part I, Item 1 of this Quarterly Report for further detail of the Company's obligations under operating and finance leases and the timing of expected future lease payments;
- Other liabilities – These include other long-term liabilities reflected in the Company's consolidated balance sheets as of June 30, 2022, including obligations associated with certain employee and non-employee incentive plans, Forward

Purchase Warrants, unrecognized tax benefits and various long-term liabilities, which have some inherent uncertainty in the timing of these payments.

Future capital requirements will depend on many factors, including the Company's customer growth rate, customer retention, timing and extent of development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced services offerings, the continuing market acceptance of the Company's services, effective integration of acquisition activities, if any, and maintaining the Company's bank credit facility. Additionally, the duration and extent of the impact from the current macroeconomic and geopolitical conditions and the COVID-19 pandemic continues to depend on future developments that cannot be accurately predicted at this time. While those factors have caused operational difficulties, and may continue to create challenges for the Company's performance, they have not, thus far, had a substantial net impact on the Company's liquidity position.

The Company believes the cash generated by operating cash flows and debt will be sufficient to meet the Company's anticipated cash requirements for at least the next 12 months from the date of this Quarterly Report and beyond, while maintaining sufficient liquidity for normal operating purposes.

Acquisition Opportunities

The Company believes that there may be opportunity for further consolidation in LiveVox's industry. From time to time, the Company evaluates potential strategic opportunities, including acquisitions of other providers of cloud-based services. The Company has been in, and from time to time may engage in, discussions with counterparties in respect of various potential strategic acquisition and investment transactions. Some of these transactions could be material to the Company's business and, if completed, could require significant commitments of capital, result in increased leverage or dilution and/or subject the Company to unexpected liabilities. In connection with evaluating potential strategic acquisition and investment transactions, the Company may incur significant expenses for the evaluation and due diligence investigation of these potential transactions.

Comparison of cash flows for the six months ended June 30, 2022 and 2021

The following table summarizes key components of our cash flows for the six months ended June 30, 2022 and 2021 (dollars in thousands):

	Six Months Ended June 30, (unaudited)	
	2022	2021
Net cash used in operating activities	\$ (16,418)	\$ (9,649)
Net cash provided by (used in) investing activities	(82)	722
Net cash provided by (used in) financing activities	(610)	150,933
Effect of foreign currency translation	(234)	(49)
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ (17,344)</u>	<u>\$ 141,957</u>

Net cash used in operating activities

Cash flows used in operating activities in the six months ended June 30, 2022 increased by \$6.8 million to \$16.4 million from \$9.6 million during the same period in fiscal 2021. The increase to net cash used in operating activities was primarily attributable to a decrease of \$62.4 million in non-cash adjustments to net loss, partially offset by a \$56.3 million decrease to net loss. The decrease in non-cash items was primarily attributable to the compensation expense of \$68.7 million recorded in the second quarter of fiscal 2021 associated with the VCIP and OBIP awards fully vested in connection with the Merger, partially offset by a \$5.6 million increase of stock-based compensation expense associated with the RSUs and PSUs granted under the 2021 Plan since the third quarter of fiscal 2021. Net cash used in operating activities also included a decrease of \$0.6 million in cash from operating assets and liabilities, primarily due to the timing of cash payments to vendors and cash receipts from customers.

Net cash provided by (used in) investing activities

Cash flows from investing activities in the six months ended June 30, 2022 decreased by \$0.8 million to cash outflows of \$0.1 million from cash inflows of \$0.7 million during the same period in fiscal 2021. Net cash used in investing activities during the six months ended June 30, 2022 was comprised of the purchases of debt securities of \$5.4 million and the purchases of property and equipment of \$0.8 million, partially offset by proceeds from sale of debt securities of \$3.5 million and proceeds from maturities and principal paydowns of debt securities of \$2.7 million.

Net cash provided by (used in) financing activities

Cash flows from financing activities in the six months ended June 30, 2022 decreased by \$151.5 million to cash outflows of \$0.6 million from cash inflows of \$150.9 million during the same period in fiscal 2021. The decrease to net cash from financing activities was primarily attributable to the net cash proceeds of \$157.4 million incurred in the second quarter of fiscal 2021 as a result of the Merger, partially offset by the repayment of drawdown on the revolving Credit Facility of \$4.7 million made in the second quarter of fiscal 2021.

Critical Accounting Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements included in Part I, Item 1 of this Quarterly Report, which have been prepared in accordance with U.S. GAAP.

The preparation of these consolidated financial statements 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 revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include, but are not limited to, the determination of the useful lives of long-lived assets, period of benefit of deferred sales commissions, allowances for doubtful accounts, fair value of marketable securities, fair value of goodwill and long-lived assets, fair value of incentive awards, fair value of warrants, establishing standalone selling price, valuation of deferred tax assets, income tax uncertainties and other contingencies. Management periodically evaluates such estimates and they are adjusted prospectively based upon such periodic evaluation. Actual results could differ from those estimates, and such differences could be material to the Company's consolidated financial position and results of operations, requiring adjustment to these balances in future periods.

While our significant accounting policies are more fully described in the notes to the consolidated financial statements included in Part I, Item 1 of this Quarterly Report, we believe that the following accounting estimates are critical to our business operations and understanding of our financial results. We consider an accounting judgment, estimate or assumption to be critical when (a) the estimate or assumption is complex in nature or requires a high degree of subjectivity and judgment and (b) the use of different judgments, estimates and assumptions could have a material impact on our consolidated financial statements.

Impairment of long-lived assets, including intangible assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value. No impairment losses have been recognized in any of the periods presented.

We perform our annual impairment review of goodwill on October 1 of each year, and when a triggering event occurs between annual impairment tests. In testing for goodwill impairment, the Company has the option to first assess qualitative factors to determine if it is more likely than not that the fair value of the Company's single reporting unit is less than its carrying amount, including goodwill, or bypass the qualitative assessment and proceed directly to the quantitative impairment test to determine if the fair value of the reporting unit exceeds its carrying amount. If the fair value is determined to be less than the carrying value, an impairment charge is recorded for the amount by which the reporting unit's carrying amount exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. No impairment losses have been recognized in any of the periods presented.

Intangible assets, consisting of acquired developed technology, corporate name, customer relationships and workforce, are reviewed for impairment whenever events or changes in circumstances indicate an asset's carrying value may not be recoverable. No impairment losses have been recognized in any of the periods presented.

Impairment of marketable securities

The Company evaluates the amortized cost of debt securities compared to their fair value to determine whether a debt security is impaired and whether an impaired debt security is other-than-temporary impaired ("OTTI") at each reporting period. Factors considered in determining whether an OTTI occurs include the length of time and extent to which fair value has been less than the cost basis, credit quality of the issuer and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value. For a debt security deemed to be OTTI, the value of the debt security is reduced, the credit related component of OTTI is recorded in earnings and the noncredit related component is charged to other comprehensive income (loss) in the consolidated statements of operations and comprehensive loss.

At June 30, 2022 and December 31, 2021, the Company has determined that the unrealized losses were temporary in nature and did not consider any debt securities to be OTTI.

Revenue Recognition

The Company recognizes revenue in accordance with U.S. GAAP, pursuant to ASC 606, *Revenue from Contracts with Customers*.

The Company derives substantially all of its revenue by providing cloud-based contact center products under a usage-based model. The Company's performance obligations are satisfied over time as the customer has continuous access to its hosted technology platform solutions through one of its data centers and simultaneously receives and consumes the benefits and the Company performs its services. Other immaterial ancillary revenue is derived from call recording, local caller identification packages, performance/speech analytics, text messaging services and professional services billed monthly on primarily usage-based fees, and to a lesser extent, fixed fees. Professional services, which represents approximately 1% of revenue, are billed on a fixed-price or on a time and material basis and the revenue is recognized over time as the services are rendered.

The Company has service-level agreements with customers warranting defined levels of uptime reliability and performance. If the services do not meet certain criteria, fees are subject to adjustment or refund representing a form of variable consideration. The Company records reductions to revenue for these estimated customer credits at the time the related revenue is recognized. These customer credits are estimated based on current and historical customer trends, and communications with its customers. Such customer credits have not been significant to date.

For contracts with multiple performance obligations (e.g., including various combinations of services), the Company allocates the contract price to each performance obligation based on its relative standalone selling price ("SSP"). The Company generally determines SSP based on the prices charged to customers. In instances where SSP is not directly observable, the Company determines the SSP using information that generally includes market conditions or other observable inputs.

Income Taxes

The Company accounts for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recognized for the future tax consequences arising from the temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements, as well as from net operating loss and tax credit carryforwards. Deferred tax amounts are determined by using the tax rates expected to be in effect when the taxes will be paid or refunds received, as provided for under currently enacted tax law. A valuation allowance is provided for deferred tax assets that, based on available evidence, are not expected to be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained in a court of last resort. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company does not believe its consolidated financial statements include any uncertain tax positions. It is the Company's policy to recognize interest and penalties accrued on any unrecognized tax benefit as a component of income tax expense.

Judgment is required in assessing the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact our consolidated financial statements.

Stock-Based Compensation

Management Incentive Units

During 2019, LiveVox TopCo, LLC ("LiveVox TopCo"), the sole stockholder of the Company prior to the Merger, established a Management Incentive Unit program whereby the LiveVox TopCo board of directors has the power and discretion to approve the issuance of Class B Units of LiveVox TopCo that represent management incentive units ("MIUs") to any manager, director, employee, officer or consultant of the Company or its subsidiaries. Vesting begins on the date of issuance, and the MIUs vest ratably over five years with 20% of the MIUs vesting on each anniversary of a specified vesting commencement date, subject to the grantee's continued employment with the Company on the applicable vesting date. Vesting of the MIUs will accelerate upon consummation of a "sale of the company", which is defined in the LiveVox TopCo limited liability company agreement. The Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period of five years, reduced for actual forfeited MIUs. Stock-based compensation expense for MIUs is measured based on the grant date fair value of the award using a Monte Carlo simulation. Assumptions used in the Monte Carlo simulation are holding period, expected share price volatility, discount for lack of marketability, and risk-free interest rate.

2021 Equity Incentive Plan

On June 16, 2021, the stockholders of the Company approved the 2021 Equity Incentive Plan (the "2021 Plan"), which became effective upon the closing of the Merger on June 18, 2021. The Company grants RSUs and PSUs to employees, executives, directors, and eligible consultants of the Company. RSUs are subject only to service conditions and typically vest over periods ranging from three to six years based on the grantee's role in the Company. PSUs are granted to certain key employees and vest either based on the achievement of predetermined market conditions, or based on both service and market conditions. All RSUs and PSUs will be settled in shares of Class A common stock and are classified as equity awards. Equity-classified awards are recognized as stock-based compensation expense over an employee's requisite service period or a nonemployee's vesting period on the basis of the grant-date

fair value. Generally, the Company recognizes stock-based compensation expense of RSUs using the straight-line method, and recognizes stock-based compensation expense of PSUs subject to graded market vesting on a tranche-by-tranche basis (i.e., the accelerated attribution method). The fair value of the RSUs is estimated by using the closing price of the Company's Class A common stock on Nasdaq on the measurement date. The fair value of the PSUs at each measurement date is estimated by using a Monte Carlo simulation. The key inputs used in the Monte Carlo simulation are stock price, expected share price volatility, expected life, risk-free interest rate, and vesting hurdles. While the Company believes that the assumptions used in these calculations are reasonable, differences in actual experience or changes in assumptions could materially affect the expense related to the Company's 2021 Plan.

Acquisitions

The Company evaluates acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs which would meet the definition of a business. Significant judgment is required in the application of the screen test to determine whether an acquisition is a business combination or an acquisition of assets.

If an acquisition is determined to be a business combination, the assets acquired and liabilities assumed are recorded at their respective estimated fair values at the date of the acquisition. Any excess of the purchase price over the estimated fair values of the identifiable net assets acquired is recorded as goodwill.

If an acquisition is determined to be an asset acquisition, the cost of the asset acquisition, including transaction costs, are allocated to identifiable assets acquired and liabilities assumed based on a relative fair value basis. If the cost of the asset acquisition is less than the fair value of the net assets acquired, no gain is recognized in earnings. The excess fair value of the acquired net assets acquired over the consideration transferred is allocated on a relative fair value basis to the identifiable net assets (excluding non-qualifying assets).

Determining estimated fair value requires a significant amount of judgment and estimates. If our assumptions change or errors are determined in our calculations, the fair value could materially change resulting in a change in our goodwill or identifiable net assets acquired.

Public and Forward Purchase Warrants

Immediately following the Merger, the Company assumed 833,333 Forward Purchase Warrants ("Forward Purchase Warrants") and 12,499,995 public warrants ("Public Warrants") (collectively "Warrants") that had been previously issued by Crescent. Each whole Warrant entitles the holder to purchase one share of the Company's Class A common stock at a price of \$11.50 per share, subject to adjustments.

Upon consummation of the Merger, the Company concluded that (a) the Public Warrants meet the derivative scope exception for contracts in the Company's own stock and are recorded in stockholders' equity and (b) the Forward Purchase Warrants do not meet the derivative scope exception and are recorded as liabilities on the consolidated balance sheets at fair value upon the Merger, with subsequent changes in the fair value recognized in the consolidated statements of operations and comprehensive loss at each reporting date. The Forward Purchase Warrants are classified as Level 3 fair value measurement and the fair value is measured using a Black-Scholes option pricing model. Inherent in options pricing models are assumptions related to current stock price, exercise price, expected share price volatility, expected life, risk-free interest rate and dividend yield. While the Company believes that the assumptions used in these calculations are reasonable, changes in assumptions could materially affect the liabilities related to the Warrants.

Recently Adopted Accounting Pronouncements

See Note 2 to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the balance sheet date included in this Quarterly Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Concentration risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities and accounts receivable. Risks associated with cash and cash equivalents and marketable securities are mitigated using what the Company considers creditworthy institutions. The Company performs ongoing credit evaluations of its customers' financial condition. Substantially all of LiveVox's assets are in the United States.

As of June 30, 2022 and December 31, 2021, no single issuer represented more than 10% of the Company's marketable securities.

For the three and six months ended June 30, 2022 and 2021, the Company did not have any customers that individually represented 10% or more of the Company's total revenue or whose accounts receivable balance at June 30, 2022 and December 31, 2021 individually represented 10% or more of the Company's total accounts receivable.

The Company relies on third parties for telecommunication, bandwidth, and colocation services that are included in cost of revenue.

As of June 30, 2022, one vendor accounted for approximately 37% of the Company's total accounts payable. No other single vendor exceeded 10% of the Company's accounts payable at June 30, 2022. At December 31, 2021, one vendor accounted for approximately 43% of the Company's total accounts payable. No other single vendor exceeded 10% of the Company's accounts payable at December 31, 2021. We believe there could be a material impact on future operating results should a relationship with an existing supplier cease.

Interest rate sensitivity

The term loan portion of the Credit Facility is subject to interest rate risk, as the loan is termed as either a base rate loan or LIBOR rate loan (each as defined in the agreement governing the Credit Facility) and can be a combination of both. LIBOR interest elections are for one, two or three-month periods. Interest changes affect the fair value of the term loan but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation.

Foreign exchange risk

The Company reports its results in U.S. dollars, which is its reporting currency. The functional currency of the Company's foreign subsidiaries is their local currency. We also have international sales that are denominated in foreign currencies. For these international subsidiaries and customers, the monetary assets and liabilities are translated into U.S. dollars at the current exchange rate as of the balance sheet date, and all non-monetary assets and liabilities are translated into U.S. dollars at historical exchange rates. Revenue and expenses are translated using average rates in effect on a monthly basis. The resulting translation gain and loss adjustments are recorded directly as a separate component of stockholders' equity (accumulated other comprehensive loss), unless there is a sale or complete liquidation of the underlying foreign investments, or the adjustment is inconsequential.

We experience fluctuations in transaction gains or losses from remeasurement of monetary assets and liabilities that are denominated in currencies other than the functional currency of the entities in which they are recorded. Exchange gains and losses resulting from foreign currency transactions were not significant in any period and are reported in other income (expense), net in the consolidated statements of operations and comprehensive loss.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of June 30, 2022.

Based on management's evaluation, our CEO and CFO concluded that, as of June 30, 2022, our disclosure controls and procedures were designed at a reasonable assurance level and were effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter ended June 30, 2022 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Our management recognizes that any control system, no matter how well

designed and operated, is based upon certain judgments and assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. In addition, the design of a control system must reflect the fact that there are resource constraints and that our management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is currently, and from time to time may become, involved in legal or regulatory proceedings arising in the ordinary course of its business, including tort claims, employment disputes and commercial contract disputes. Although the outcome of such claims cannot be predicted with certainty, as of the date of this Quarterly Report, we were not a party to any litigation or regulatory proceeding that would reasonably be expected to be material to LiveVox's business, results of operations, financial condition or cash flows. Please read Note 21 to the consolidated financial statements included in Part I, Item 1 of this Quarterly Report, which is incorporated by reference herein.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those results in this Quarterly Report are described in our Annual Report. The occurrence of one or more of these factors, alone or in combination with other events or circumstances, may have a material adverse effect on our business, financial condition, results of operations and cash flows. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business, results of operations, financial condition or cash flows. As of the date of this Quarterly Report, there have been no material changes to the risk factors previously disclosed in the Annual Report.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report.

Exhibit No.	Description of Exhibits
3.1	Second Amended and Restated Certificate of Incorporation of LiveVox Holdings, Inc. (filed as Exhibit 3.1 to the Current Report on Form 8-K of the Company on June 24, 2021 and incorporated herein by reference).
3.2	Second Amended and Restated Bylaws of LiveVox Holdings, Inc. (filed as Exhibit 3.2 to the Current Report on Form 8-K of the Company on June 24, 2021 and incorporated herein by reference).
31.1*	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer, pursuant to Rule 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Chief Financial Officer, pursuant to Rule 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document
104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized.

LiveVox Holdings, Inc.

Date: August 9, 2022

By: /s/ Louis Summe

Louis Summe
Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 9, 2022

By: /s/ Gregg Clevenger

Gregg Clevenger
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Louis Summe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LiveVox Holdings, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
-

Date: August 9, 2022

By: /s/ Louis Summe
Louis Summe
Chief Executive Officer and Director
(Principal Executive Officer)

Certification of the Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gregg Clevenger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LiveVox Holdings, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
-

Date: August 9, 2022

By: /s/ Gregg Clevenger
Gregg Clevenger
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification of the Chief Executive Officer, pursuant to Rule 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of LiveVox Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Louis Summe, Chief Executive Officer and Director of the Company, hereby certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2022

By: /s/ Louis Summe
Louis Summe
Chief Executive Officer and Director
(Principal Executive Officer)

Certification of the Chief Financial Officer, pursuant to Rule 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of LiveVox Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregg Clevenger, Executive Vice President and Chief Financial Officer of the Company, hereby certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2022

By: /s/ Gregg Clevenger
Gregg Clevenger
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)