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

FORM 10-Q

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

For the quarterly period ended September 30, 2023

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	**82-3447941**
(State or Other Jurisdiction of Incorporation or Organization)	(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

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

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

As of November 3, 2023, the registrant had 94,635,594 shares of Class A common stock, par value $0.0001 per share, issued and outstanding (102,179,344 shares of common stock, less 7,543,750 shares held in escrow).

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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 proposed acquisition of the Company pursuant to the NICE Merger Agreement (as defined below);
- our expectations regarding the timing and completion of the NICE Merger (as defined below);
- 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, inflationary pressures, rising interest rates, volatility in foreign exchange rates, supply chain constraints, recessionary fears, and global impacts from armed conflicts, including the ongoing war between Ukraine and Russia and conflicts in the Middle East as well as governmental sanctions imposed in response;
- 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 reliance on third-party telecommunications and internet service providers and aggregators to provide its products and for other aspects of its business;
- the Company's ability to complete the NICE Merger, 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;
- 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 a period of 30 consecutive trading days; 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 elsewhere in this Quarterly Report and those described in our other filings with the SEC, including our Annual Report on Form 10-K filed with the SEC on March 2, 2023. Forward-looking statements reflect current views about LiveVox's plans, strategies and prospects, including the risks, uncertainties and other factors relating to our proposed acquisition pursuant to the NICE Merger, 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.

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PART I—FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

LIVEVOX HOLDINGS, INC.

Consolidated Balance Sheets
(In thousands, except per share data)

	As of	
	September 30, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,208	$ 20,742
Marketable securities—available for sale debt securities, current (amortized cost of $44,914 and $49,593 as of September 30, 2023 and December 31, 2022, respectively)	44,192	48,182
Accounts receivable, net of allowance of credit losses of $2,487 and $1,459 as of September 30, 2023 and December 31, 2022, respectively	23,807	21,447
Deferred sales commissions, current	3,531	3,171
Prepaid expenses and other current assets	6,925	5,211
Total current assets	91,663	98,753
Property and equipment, net	1,927	2,618
Goodwill	47,481	47,481
Intangible assets, net	14,254	16,655
Operating lease right-of-use assets	3,237	4,920
Deposits and other	406	371
Deferred sales commissions, net of current	7,676	7,356
Deferred tax asset, net	20	1
Total assets	$ 166,664	$ 178,155
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,602	$ 5,987
Accrued expenses	12,180	12,399
Deferred revenue, current	1,303	1,318
Term loan, current	1,823	982
Operating lease liabilities, current	1,207	1,655
Finance lease liabilities, current	—	11
Total current liabilities	22,115	22,352
Deferred revenue, net of current	450	338
Term loan, net of current	52,166	53,585
Operating lease liabilities, net of current	2,909	3,649
Warrant liability	500	633
Other long-term liabilities	361	363
Total liabilities	78,501	80,920
Commitments and contingencies (Note 9 and 21)		
Stockholders' equity:		
Preferred stock, $0.0001 par value per share; 25,000 shares authorized and none issued and outstanding as of September 30, 2023 and December 31, 2022.	—	—

Common stock, $0.0001 par value per share; 500,000 shares authorized and 94,469 shares issued and outstanding as of September 30, 2023; 500,000 shares authorized and 92,729 shares issued and outstanding as of December 31, 2022.	9	9
Additional paid-in capital	273,519	264,919
Accumulated other comprehensive loss	(1,263)	(2,196)
Accumulated deficit	(184,102)	(165,497)
Total stockholders' equity	88,163	97,235
Total liabilities & stockholders' equity	$ 166,664	$ 178,155

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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Revenue	$ 35,352	$ 35,253	$ 107,593	$ 100,333
Cost of revenue	11,274	12,893	35,676	39,073
Gross profit	24,078	22,360	71,917	61,260
Operating expenses				
Sales and marketing expense	10,988	13,759	35,761	42,795
General and administrative expense	10,057	7,255	28,621	22,855
Research and development expense	7,340	7,553	22,182	24,210
Total operating expenses	28,385	28,567	86,564	89,860
Loss from operations	(4,307)	(6,207)	(14,647)	(28,600)
Interest expense, net	1,036	896	3,458	2,390
Change in the fair value of warrant liability	50	350	(133)	(134)
Other expense, net	407	160	295	209
Total other expense, net	1,493	1,406	3,620	2,465
Pre-tax loss	(5,800)	(7,613)	(18,267)	(31,065)
Provision for (benefit from) income taxes	(53)	159	338	474
Net loss	$ (5,747)	$ (7,772)	$ (18,605)	$ (31,539)
Comprehensive loss				
Net loss	$ (5,747)	$ (7,772)	$ (18,605)	$ (31,539)
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustment	38	(159)	244	(361)
Net unrealized gain (loss) on marketable securities	103	(316)	689	(1,492)
Total other comprehensive income (loss), net of tax	141	(475)	933	(1,853)
Comprehensive loss	$ (5,606)	$ (8,247)	$ (17,672)	$ (33,392)
Net loss per share				
Net loss per share—basic and diluted	$ (0.06)	$ (0.08)	$ (0.20)	$ (0.34)
Weighted average shares outstanding—basic and diluted	94,372	92,351	93,598	91,800

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, 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
Finders Agreement Shares	781	—	—	—	—	—
Gross issuance of shares upon vesting of stock-based awards	259	—	—	—	—	—
Shares withheld to cover employees' withholding taxes for stock-based awards	(81)	—	(208)	—	—	(208)
Foreign currency translation adjustment	—	—	—	(159)	—	(159)
Net unrealized loss on marketable securities	—	—	—	(316)	—	(316)
Stock-based compensation	—	—	2,976	—	—	2,976
Net loss	—	—	—	—	(7,772)	(7,772)
Balance at September 30, 2022	92,506	$ 9	$ 261,821	$ (2,330)	$ (159,561)	$ 99,939

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at December 31, 2022	92,729	$ 9	$ 264,919	$ (2,196)	$ (165,497)	$ 97,235
Gross issuance of shares upon vesting of stock-based awards	316	—	—	—	—	—
Shares withheld to cover employees' withholding taxes for stock-based awards	(108)	—	(294)	—	—	(294)
Net transfer from LiveVox TopCo	—	—	219	—	—	219
Foreign currency translation adjustment	—	—	—	66	—	66
Net unrealized gain on marketable securities	—	—	—	427	—	427
Stock-based compensation	—	—	2,649	—	—	2,649
Net loss	—	—	—	—	(8,469)	(8,469)
Balance at March 31, 2023	92,937	$ 9	$ 267,493	$ (1,703)	$ (173,966)	$ 91,833
Gross issuance of shares upon vesting of stock-based awards	1,570	—	—	—	—	—
Shares withheld to cover employees' withholding taxes for stock-based awards	(305)	—	(835)	—	—	(835)
Net transfer from LiveVox TopCo	—	—	18	—	—	18
Foreign currency translation adjustment	—	—	—	140	—	140
Net unrealized gain on marketable securities	—	—	—	159	—	159
Stock-based compensation	—	—	3,242	—	—	3,242
Net loss	—	—	—	—	(4,389)	(4,389)
Balance at June 30, 2023	94,202	$ 9	$ 269,918	$ (1,404)	$ (178,355)	$ 90,168
Gross issuance of shares upon vesting of stock-based awards	385	—	—	—	—	—
Shares withheld to cover employees' withholding taxes for stock-based awards	(118)	—	(379)	—	—	(379)
Foreign currency translation adjustment	—	—	—	38	—	38
Net unrealized gain on marketable securities	—	—	—	103	—	103
Stock-based compensation	—	—	3,980	—	—	3,980
Net loss	—	—	—	—	(5,747)	(5,747)
Balance at September 30, 2023	94,469	$ 9	$ 273,519	$ (1,263)	$ (184,102)	$ 88,163

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 nine months ended September 30,	
	2023	2022
Operating activities:		
Net loss	$ (18,605)	$ (31,539)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	706	873
Amortization of identified intangible assets	2,401	2,677
Amortization of deferred debt issuance costs	143	81
Amortization of deferred sales commissions	2,702	2,312
Non-cash lease expense	986	1,369
Stock-based compensation expense	9,871	8,878
Credit loss expense	1,060	373
Loss on disposition or impairment of asset	773	13
Deferred income tax benefit	(19)	(133)
Net realized loss on sale of marketable securities	83	42
Amortization of premium paid on marketable securities	54	346
Change in the fair value of the warrant liability	(133)	(134)
Changes in assets and liabilities		
Accounts receivable	(3,420)	(498)
Other assets	(1,749)	1,249
Deferred sales commissions	(3,381)	(3,340)
Accounts payable	(386)	(2,369)
Accrued expenses	222	(1,945)
Deferred revenue	97	(71)
Operating lease liabilities	(1,189)	(1,467)
Net cash used in operating activities	(9,784)	(23,283)
Investing activities:		
Purchases of property and equipment	(69)	(880)
Purchases of marketable securities	(19,802)	(9,459)
Proceeds from sale of marketable securities	11,588	3,451
Proceeds from maturities and principal paydowns of marketable securities	12,755	5,961
Net cash provided by (used in) investing activities	4,472	(927)
Financing activities:		
Repayments on loan payable	(421)	(421)
Proceeds from drawdown on line of credit	320	—
Repayments of drawdown on line of credit	(320)	—
Payments of debt issuance costs	(299)	—
Repayments on finance lease obligations	(11)	(19)
Payments of employees’ withholding taxes on net share settlement of stock-based awards	(1,509)	(513)
Proceeds from the structured payable arrangement	—	1,311
Principal payments under the structured payable arrangement	(441)	(435)
Net transfer from LiveVox TopCo	237	—
Net cash used in financing activities	(2,444)	(77)
Effect of foreign currency translation	222	(336)
Net decrease in cash, cash equivalents and restricted cash	(7,534)	(24,623)

	2023	2022
Cash, cash equivalents, and restricted cash beginning of period	20,742	47,317
Cash, cash equivalents, and restricted cash end of period	$ 13,208	$ 22,694

	For the nine months ended September 30,	
	2023	2022
Supplemental disclosure of cash flow information:		
Interest paid	$ 4,130	$ 2,619
Income taxes paid	1,005	345
Supplemental schedule of non-cash investing activities:		
Net unrealized loss (gain) on marketable securities	$ (689)	$ 1,492
Additional right-of-use assets	—	1,261

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

	As of September 30,	
	2023	2022
Cash and cash equivalents	$ 13,208	$ 22,594
Restricted cash, current	—	100
Total cash, cash equivalents and restricted cash	$ 13,208	$ 22,694

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 special purpose acquisition company (“SPAC”) incorporated in Delaware, consummated the business combination pursuant to an Agreement and Plan of Merger, dated January 13, 2021 (the “SPAC 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 SPAC 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 SPAC Merger Agreement, the “SPAC 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 SPAC Merger and is a wholly owned subsidiary of the Company after the SPAC 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. The Company has five main operating subsidiaries: LiveVox, Inc., which is wholly owned and incorporated in Delaware, 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 which is wholly owned and organized in Ohio, and Engage Holdings, LLC (d/b/a BusinessPhone.com) (“BusinessPhone.com”) which is wholly owned and organized in Ohio. Additionally, the Company has a wholly owned subsidiary, LiveVox International, Inc., that is incorporated in Delaware. LiveVox, Inc. 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, 2022 included in the Company’s Annual Report on Form 10-K (“Annual Report”) filed with the SEC on March 2, 2023. The information as of December 31, 2022 included in the consolidated balance sheets was derived from those audited consolidated financial statements.

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 nine months ended September 30, 2023 and 2022 are not necessarily indicative of the results to be expected for the full annual periods.

Certain prior period amounts have been reclassified to conform to current period presentation. The reclassifications had no impact on the Company's net income, financial position, stockholders' equity or cash flows as previously reported.

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 credit losses, 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 presented. 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.

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 include:

- Available-for-sale ("AFS") debt securities, which are all classified as short-term securities to fund current operations and may be liquidated at the Company's discretion if the need arises. The Company held AFS debt securities of $44.2 million and $48.2 million as of September 30, 2023 and December 31, 2022, respectively. See Note 4 for more information;

- The term loan and revolving credit facility that the Company entered into with PNC Bank on November 7, 2016 (as amended, the "Credit Facility"), which has been amended several times, most recently as of May 31, 2023. As of September 30, 2023, the term loan commitment was $54.5 million, the revolver commitment was $5.0 million and the letter of credit sublimit was $1.5 million. See Notes 9 and 10 for more information.

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 continues to depend on future developments that cannot be accurately predicted at this time, such as a tight labor market, inflationary pressures, rising interest rates, volatility in foreign exchange rates, supply chain constraints, recessionary fears 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 September 30, 2023 and December 31, 2022, the Company had no restricted cash. Cash and cash equivalents consist of bank deposits and money market funds.

i) Marketable Securities

The Company invests in various marketable securities. As of September 30, 2023 and December 31, 2022, 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. 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. 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 the unrealized losses are related to credit losses. Gains and losses on sales of AFS 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 AFS debt securities sold or the amount reclassified out of accumulated other comprehensive loss into earnings is determined using the specific identification method.

At each reporting date, the Company evaluates the amortized cost of AFS debt securities compared to their fair value to determine whether an AFS debt security is impaired. The Company first assesses whether it intends to sell the security or whether it is more

likely than not that the Company will be required to sell the security before the recovery of its entire amortized cost basis. If either of these criteria is met, the security's amortized cost basis is written down to fair value through other income (expense), net, in the consolidated statements of operations and comprehensive loss. If neither of these criteria is met, the Company evaluates whether the decline in fair value below amortized cost basis has resulted from credit losses or other factors. In making this assessment, the Company considers factors such as the extent to which fair value is less than amortized cost basis, any changes to the rating of the security by a rating agency, and any adverse conditions specifically related to the security. Credit related unrealized losses are recognized as an allowance for credit losses in the consolidated balance sheets with a corresponding charge in other income (expense), net, in the consolidated statements of operations and comprehensive loss. Non-credit related unrealized losses are recorded in other comprehensive income (loss), as applicable, net of applicable taxes.

On January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2016-13,*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and all subsequent updates (collectively, the "ASC 326") and applied to its AFS debt securities. Please refer to Note 2(aa) for more information about ASC 326. See Note 4 for additional information relating to the Company's marketable securities.

In connection with the adoption of new standards, the Company elected to exclude accrued interest from both the fair value and the amortized cost basis of AFS debt securities and present it within prepaid expenses and other current assets in the Company's consolidated balance sheets. The Company elected not to measure an allowance for credit losses for accrued interest receivable. As such, accrued interest receivable is written off in a timely manner when deemed uncollectible, by reversing previously recognized interest income.

j) Accounts Receivable

Trade accounts receivable are stated net of any write-offs and the allowance for credit losses, 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 credit losses, which represents the best estimate of lifetime expected credit losses against the existing accounts receivable, inclusive of unbilled receivables, based on certain factors including the age of the receivable balance, historical write-off experience, past collection experience with the customer, credit quality of the customer, current economic conditions, and reasonable and supportable forecasts of future economic conditions. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Accounts receivable are charged off against the allowance for credit losses 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 allowance for credit losses activities for the three and nine months ended September 30, 2023 and 2022 are as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Balance, beginning of period	$ 2,362	$ 1,454	$ 1,459	$ 1,282
Credit loss expense	153	(29)	1,060	373
Accounts receivable write-offs	(28)	(131)	(32)	(534)
Accounts receivable recoveries	—	35	—	208
Balance, end of period	$ 2,487	$ 1,329	$ 2,487	$ 1,329

On January 1, 2023, the Company applied ASC 326 to its trade accounts receivable. The Company determined that the allowance for credit losses as of December 31, 2022 recorded under the accounting standards in effect during that period is sufficient and that no additional allowance for credit losses on its trade accounts receivable is required upon adoption of ASC 326. Please refer to Note 2(aa) for more information about ASC 326.

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:

	Years
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 performs 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 Accounting Standards Codification ("ASC") 350-20-35, as amended by ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, 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.

During the three and nine months ended September 30, 2023 and 2022, no triggering events have occurred that would require an impairment review of goodwill outside of the required annual impairment review, and therefore, no impairment charges were recorded during those periods. 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. In 2023, the Company announced the closure of certain underutilized physical offices within the United States as more of the Company's employees shift to a hybrid or remote work environment. During the three and nine months ended September 30,

2023, the Company recognized an impairment charge of $0.2 million and $0.7 million, respectively, to reflect the write-down of the carrying amount excess over the fair value of the right-of-use asset for the offices closed. No impairment losses were recognized during the three and nine months ended September 30, 2022.

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 Credit and Customer 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 September 30, 2023 and December 31, 2022, 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 nine months ended September 30, 2023 and 2022, substantially all the Company's revenue was generated in the United States. For the three and nine months ended September 30, 2023 and 2022, no single customer represented more than 10% of the Company's revenue. As of September 30, 2023 and December 31, 2022, no single customer represented more than 10% of the Company's 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 September 30, 2023, one vendor accounted for approximately21.0% of the Company's accounts payable. No other single vendor exceeded 10% of the Company's accounts payable at September 30, 2023. At December 31, 2022, one vendor accounted for approximately 37.7% of the Company's accounts payable. No other single vendor exceeded 10% of the Company's accounts payable at December 31, 2022. 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 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 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 contract terms typically range from one to three years 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.

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 1.6% 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 September 30, 2023 and 2022 was $0.9 million and $0.8 million, respectively, and for the nine months ended September 30, 2023 and 2022 was $2.7 million and $2.3 million, respectively. No impairment losses were recognized during the three and nine months ended September 30, 2023 and 2022.

s) Advertising

The Company expenses non-direct response advertising costs as they are incurred. There were no advertising costs capitalized during the three and nine months ended September 30, 2023 and 2022. Advertising expense for the three months ended September 30, 2023 and 2022 was $0.2 million and $0.3 million, respectively, and for the nine months ended September 30, 2023 and 2022 was $1.4 million and $2.0 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 nine months ended September 30, 2023 and 2022.

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 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 non-employees in accordance with ASC 718,*Compensation—Stock Compensation*. Stock-based compensation is measured at fair value on grant date. The Company classified all stock awards 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 presented 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 non-employee's vesting period on the basis of the grant date fair value. The Company elects to account for forfeitures as they occur, rather than making estimates of future forfeitures.

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 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 by the LiveVox TopCo limited liability company agreement.

The Company measures stock-based compensation expense for MIUs based on the grant date fair value of the award estimated by using a Monte Carlo simulation. Monte Carlo simulation is a widely accepted approach for financial instruments with path dependencies. 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.

Please see Note 15 for further detail about stock-based compensation expenses related to MIUs under the Management Incentive Unit program.

2021 Equity Incentive Plan

On June 16, 2021, the stockholders of the Company approved the 2021 Equity Incentive Plan (as amended, the "2021 Plan"), which became effective upon the closing of the SPAC Merger on June 18, 2021. On June 13, 2023, the Compensation Committee approved an amendment to the 2021 Plan to clarify that the limitation on the maximum grant date fair value for awards shall apply only to the Company's non-employee directors. As of September 30, 2023, the number of shares reserved for issuance is 19,695,679. The Company grants Restricted Stock Units ("RSUs") and Performance-based Restricted Stock Units ("PSUs") awards to employees, executives, directors, and eligible consultants of the Company.

RSUs are subject to service conditions only. The Company estimates the grant date fair value of RSUs using the closing price of the Company's Class A common stock on Nasdaq on the measurement date. 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 non-employees is recognized as the goods are received or services are performed. The requisite service period typically ranges from one to six years based on the grantee's role in the Company. The amount of cumulative 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.

PSUs, which are granted to certain key employees, vest either based on the achievement of predetermined market conditions or based on both service and market conditions. The Company estimates the grant date fair value of PSUs using a Monte Carlo simulation. 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. 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.

Payment of the underlying shares in connection with the vesting of employee RSUs and PSUs generally triggers a tax obligation for the employee, which is required to be remitted to the relevant tax authorities. The Company withholds otherwise deliverable RSU or PSU shares having a fair value at the vest date equal to the maximum statutory withholding tax amount and remits the remaining RSU or PSU shares to the employee recipients. 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. During the nine months ended September 30, 2023, the Company withheld 530,919 shares to cover employee recipients' withholding tax obligations.

Non-employee directors acting in their role as members of a board of directors are treated as employees for purpose of ASC 718 if (a) those directors were elected by the Company's stockholders and (b) the awards granted to non-employee directors are for their services as directors but not for other services. While a non-employee director may be considered an employee under ASC 718, he or she is not considered an employee under the IRS statutory withholding requirements. As a result, no shares are withheld to cover withholding taxes for an award issued to a non-employee director. Independent consultants are non-employees under the IRS statutory withholding requirements. As a result, no shares are withheld to cover withholding taxes for an award issued to an independent consultant.

Please see Note 15 for further detail about stock-based compensation expenses related to 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 SPAC 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 SPAC 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 SPAC Merger. 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. 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 SPAC 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 SPAC 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 is 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) Restructuring Charges

Restructuring charges associated with management-approved restructuring plans may include employee severance and termination benefits, lease and non-lease contract termination costs, impairment of long-lived assets, and other related costs associated with restructuring activities.

The Company accounts for employee severance and termination benefits that represent a one-time benefit in accordance with ASC 420 *Exit or Disposal Cost Obligations.* The Company accrues employee severance and termination benefits associated with a one-time benefit arrangement when employees are notified of their termination benefits.

The Company records employee severance and termination benefits in accordance with ASC 712, *Compensation - Nonretirement and Postemployment Benefits*, if it pays the benefits as part of an ongoing benefit arrangement, which includes benefits provided as part of its established severance policies, a consistent past practice or in accordance with statutory requirements. The Company

accrues employee severance and termination benefits associated with an ongoing benefit arrangement when the payment is probable and the amount is reasonably estimable.

Non-lease contract termination costs and other costs associated with restructuring activities are recorded in accordance with ASC 420.

Please see Note 22 for a full description of the Company's restructuring actions.

aa) 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 adopted the following new accounting pronouncements during the nine months ended September 30, 2023:

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

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, which changes the impairment model for most financial assets, which includes the Company's accounts receivable and other financial instruments. The new standard replaces the existing incurred loss impairment model with a current expected credit loss impairment model. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to AFS debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. 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 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 No. 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. In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the recognition and measurement guidance for a troubled debt restructuring for creditors that have adopted ASU No. 2016-13 and also requires public business entities to present current-period gross write-offs (on a current year-to-date basis for interim-period disclosures) by year of origination in their vintage disclosures. ASU 2016-13 and all subsequent updates are 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 Company adopted these new standards effective January 1, 2023 on a modified retrospective basis, and the adoption did not result in a material cumulative-effect adjustment in its consolidated financial statements. Please refer to Note 2(i) and Note 2(j) for additional information relating to the Company's application of new standards to its marketable securities and accounts receivable, respectively.

ASU No. 2022-04, Liabilities—Supplier Finance Programs (Subtopic 405-50)

In September 2022, the FASB issued ASU No. 2022-04, *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, which requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the programs and information about their obligations outstanding at the end of the reporting period, including a rollforward of those obligations. The guidance is effective for all entities for fiscal years beginning after December 15, 2022, including interim periods in those fiscal years, except for the rollforward requirement, which is effective for fiscal years beginning after December 15, 2023. The Company adopted this standard effective January 1, 2023 utilizing a retrospective method of transition, except for the rollforward requirement which the Company applied

prospectively. The adoption did not have a material impact on the Company's consolidated financial statements and related disclosures. See Note 7 for further information on the Company's supplier finance program.

ASU No. 2023-03, Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation—Stock Compensation (Topic 718)

In July 2023, the FASB issued ASU No. 2023-03,*Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation—Stock Compensation (Topic 718*), which amends or supersedes various SEC paragraphs in the ASC pursuant to SEC Staff Accounting Bulletin No. 120, SEC staff announcement at the March 24, 2022, Emerging Issues Task Force meeting, and SEC Staff Accounting Bulletin Topic 6.B, Accounting Series Release No. 280 — General Revision of Regulation S-X: Income or Loss Applicable to Common Stock. This update adds interpretive guidance for public companies to consider when entering into share-based payment transactions while in possession of material non-public information. As this pronouncement does not provide any new guidance, there is no transition or effective date associated with its adoption. Accordingly, the Company adopted this standard immediately upon its issuance. The adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

bb) Recently Issued Accounting Pronouncements

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 September 30, 2023 and December 31, 2022 (dollars in thousands):

	September 30, 2023	December 31, 2022
Accounts receivable, net	$ 23,807	$ 21,447
Contract liabilities, current (deferred revenue)	1,303	1,318
Contract liabilities, non-current (deferred revenue)	450	338

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

	September 30, 2023	December 31, 2022	$ Change
Contract liabilities (deferred revenue)	$ 1,753	$ 1,656	$ 97

The increase in deferred revenue was due to billings in advance of performance obligations being satisfied, net of revenue recognized for services rendered during the period presented. Revenue of $0.1 million and $1.2 million was recognized during the three and nine months ended September 30, 2023, respectively, which was included in the deferred revenue balance at the beginning of the period. Revenue of $0.3 million and $1.2 million was recognized during the three and nine months ended September 30, 2022, 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 three years. Revenue as of September 30, 2023 that has not yet been recognized was approximately $164.8 million, of which $93.1 million and $71.7 million is expected to be recognized as revenue withinone year and beyond one year, respectively. As of September 30, 2023, the Company expects to recognize revenue on the remaining performance obligations over the next 83 months.

4. Marketable Securities

As of September 30, 2023 and December 31, 2022, the Company designated all marketable securities as debt securities and classified them as AFS. There were no transfers of debt securities among AFS, HTM and trading categories during the three and nine months ended September 30, 2023 and 2022.

The following table presents the amortized cost, gross unrealized gains and losses, and fair value of the Company's AFS debt securities at September 30, 2023 aggregated by major security type (dollars in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
U.S. corporate securities	$ 33,350	$ —	$ (481)	$ 32,869
U.S. government securities	2,459	—	(20)	2,439
Asset-backed securities	8,356	—	(211)	8,145
Other debt securities	749	—	(10)	739
Total available for sale securities	44,914	—	(722)	44,192
Total debt securities	$ 44,914	$ —	$ (722)	$ 44,192

The following table presents the amortized cost, gross unrealized gains and losses, and fair value of the Company's AFS debt securities at December 31, 2022 aggregated by major security type (dollars in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
U.S. corporate securities	$ 40,186	$ 4	$ (1,112)	$ 39,078
U.S. government securities	1,479	—	(2)	1,477
Asset-backed securities	7,181	8	(277)	6,912
Other debt securities	747	—	(32)	715
Total available for sale securities	49,593	12	(1,423)	48,182
Total debt securities	$ 49,593	$ 12	$ (1,423)	$ 48,182

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

Maturity Analysis

The following table presents the amortized cost and fair value of the Company's AFS debt securities by contractual maturities at September 30, 2023 (dollars in thousands):

As of September 30, 2023	Amortized Cost	Fair Value
Due in one year or less	$ 16,268	$ 16,015
Due after one year through five years	28,646	28,177
Total available for sale securities	44,914	44,192
Total debt securities	$ 44,914	$ 44,192

Sales of Marketable Securities

Proceeds from sale of AFS debt securities and the associated gains and losses realized in earnings during the three and nine months ended September 30, 2023 and 2022 are listed below (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Proceeds from sale of available for sale debt securities	$ 1,491	$ —	$ 11,588	$ 3,451
Gross realized gain	$ —	$ —	$ —	$ —
Gross realized loss	(9)	—	(83)	(42)
Net realized loss on sale of available for sale debt securities	$ (9)	$ —	$ (83)	$ (42)

Allowance for Credit Losses

At September 30, 2023, the Company reviewed 85 individual AFS debt securities in unrealized loss positions and determined that it does not intend to sell these securities and it is not more likely than not that it will be required to sell these securities before recovery of their amortized cost bases. The Company concluded that the unrealized losses identified as of September 30, 2023 are due to short-term interest rate fluctuations, and not credit losses. Further, the Company noted that the present value of future cash flows discounted using the effective interest rate at the date the security was acquired was equal to or greater than the book value of the security, which further supports the conclusion that there is no credit loss. As such, the Company determined no credit loss existed and did not record an allowance for credit losses for its AFS debt securities at September 30, 2023. The Company will continue to monitor its AFS debt securities on a quarterly basis to assess whether there have been any additional indicators of credit losses.

The following table presents the fair value and unrealized losses of the Company's AFS debt securities that are in unrealized loss positions and for which an allowance for credit losses has not been recorded at September 30, 2023 (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	$ 16,398	$ (256)	$ 16,471	$ (225)
U.S. government securities	490	(2)	1,949	(18)
Asset-backed securities	2,782	(89)	5,363	(122)
Other debt securities	739	(10)	—	—
Total available for sale securities	20,409	(357)	23,783	(365)
Total debt securities	$ 20,409	$ (357)	$ 23,783	$ (365)

At December 31, 2022, the Company reviewed 83 individual AFS debt securities in unrealized loss positions and determined that it did not intend to sell these securities and it is not more likely than not that it would be required to sell these securities

before recovery of their amortized cost bases. The Company concluded that the unrealized losses identified as of December 31, 2022 were due to short-term interest rate fluctuations, and did not result from credit losses. Further, the Company noted that the present value of future cash flows discounted using the effective interest rate at the date the security was acquired was equal to or greater than the book value of the security, which further supports the conclusion that there was no credit loss. As such, the unrealized loss remains appropriately recorded in other comprehensive income (loss) as of December 31, 2022 and is not adjusted at adoption of ASC 326.

The following table presents the fair value and unrealized losses of the Company's AFS debt securities that are in an unrealized loss position at December 31, 2022 (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	$ 23,625	$ (464)	$ 15,453	$ (648)
U.S. government securities	995	(2)	482	—
Asset-backed securities	1,034	(13)	5,878	(264)
Other debt securities	—	—	715	(32)
Total available for sale securities	25,654	(479)	22,528	(944)
Total debt securities	$ 25,654	$ (479)	$ 22,528	$ (944)

Accrued Interest

Accrued interest receivable on AFS debt securities at September 30, 2023 and December 31, 2022 was $0.3 million and $0.2 million, respectively, and was excluded from both the fair value and the amortized cost basis of AFS debt securities and was recorded within prepaid expenses and other current assets in the Company's consolidated balance sheets. There was no interest reversed during the three and nine months ended September 30, 2023 and 2022.

5. Property and Equipment

Property and equipment consisted of the following at September 30, 2023 and December 31, 2022 (dollars in thousands):

	September 30, 2023	December 31, 2022
Computer software	$ 429	$ 426
Computer equipment	3,344	3,408
Furniture and fixtures	1,338	1,736
Leasehold improvements	1,319	1,525
Total	6,430	7,095
Less: accumulated depreciation and amortization	(4,503)	(4,477)
Property and equipment, net	$ 1,927	$ 2,618

During the three and nine months ended September 30, 2023, the Company disposed of property and equipment that were fully or not fully depreciated with a gross book value totaling $0.9 million and a net book value of $0.1 million. The Company recognized a net loss on disposals of property and equipment of $0.1 million during the three and nine months ended September 30, 2023, which was included within other income (expense), net in the consolidated statements of operations and comprehensive loss. During the three and nine months ended September 30, 2022, the Company disposed of fully depreciated property and equipment with a gross book value totaling $8.3 million. The net loss recognized on disposals of property and equipment was immaterial during the three and nine months ended September 30, 2022.

Depreciation and amortization expense for property and equipment totaled $0.2 million and $0.3 million for the three months ended September 30, 2023 and 2022, respectively, and totaled $0.7 million and $0.9 million for the nine months ended

September 30, 2023 and 2022, respectively. Amortization of computer software charged to operations for the three months ended September 30, 2023 and 2022 was immaterial for both periods, and is included in depreciation expense. Amortization of computer software charged to operations for the nine months ended September 30, 2023 and 2022 was $0.1 million and $0.1 million, respectively.

6. Goodwill and Identified Intangible Assets

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 2022, the Company believes there have been no triggering events that would require an impairment review of goodwill outside of the required annual impairment review. For the three and nine months ended September 30, 2023 and 2022, there was no impairment to the carrying value of the Company's goodwill.

There were no changes in the carrying amount of goodwill during the nine months ended September 30, 2023 or the year ended December 31, 2022.

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 $0.8 million for the three months ended September 30, 2023 and 2022, respectively, and $2.4 million and $2.7 million for the nine months ended September 30, 2023 and 2022, 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 September 30, 2023 (dollars in thousands):

	Cost	Accumulated Amortization	Carrying Amount	Weighted Average Remaining Life (In Years)
Marketing-based	$ 1,400	$ (1,384)	$ 16	0.21
Technology-based	18,300	(17,847)	453	0.60
Customer-based	27,700	(14,138)	13,562	6.64
Workforce-based	380	(157)	223	7.35
	$ 47,780	$ (33,526)	$ 14,254	

Identified intangible assets consisted of the following at December 31, 2022 (dollars in thousands):

	Cost	Accumulated Amortization	Carrying Amount	Weighted Average Remaining Life (In Years)
Marketing-based	$ 1,400	$ (1,328)	$ 72	0.96
Technology-based	18,300	(17,082)	1,218	1.25
Customer-based	27,700	(12,581)	15,119	7.38
Workforce-based	380	(134)	246	6.48
	$ 47,780	$ (31,125)	$ 16,655	

Future amortization of identified intangible assets at September 30, 2023 is shown below (dollars in thousands):

As of September 30, 2023	Amount
Remaining 2023	$ 781
2024	2,321
2025	2,106
2026	2,088
2027	2,020
2028 and beyond	4,938
Total future identified intangible asset amortization	$ 14,254

7. Accrued Expenses

Accrued expenses consisted of the following at September 30, 2023 and December 31, 2022 (dollars in thousands):

	September 30, 2023	December 31, 2022
Accrued bonuses	$ 3,286	$ 4,078
Accrued paid time off	2,420	2,743
Accrued commissions	963	1,726
Principal and interest payable under the structured payable arrangement	—	444
Other accrued expenses	5,511	3,408
Total accrued expenses	$ 12,180	$ 12,399

In July 2022, the Company entered into a financing arrangement with a third-party intermediary to establish a structured payable arrangement related to the Company's commercial insurance policy on directors and officers. The structured payable arrangement was paid through three quarterly installment payments on August 22, 2022, November 22, 2022 and February 22, 2023. The following table summarizes the changes in the principal and interest payable under the structured payable arrangement during the nine months ended September 30, 2023 (dollars in thousands):

	Structured payable arrangement
Liability as of December 31, 2022	$ 444
Cash payments	(444)
Liability as of September 30, 2023	$ —

8. Leases

The Company accounts for operating leases and finance leases in accordance with 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 four 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.

There were no finance leases as of September 30, 2023 and the balance of finance leases was immaterial as of December 31, 2022.

The operating lease cost was as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating lease cost	$ 576	$ 556	$ 1,919	$ 1,631

In 2023, the Company announced the closure of certain underutilized physical offices within the United States as more of the Company's employees shift to a hybrid or remote work environment. During the three and nine months ended September 30, 2023, the Company recognized an impairment charge of $0.2 million and $0.7 million, respectively, to reflect the write-down of the carrying amount excess over the fair value of the right-of-use asset for the offices closed, which is included in the operating lease cost discussed above. No impairment losses were recognized during the three and nine months ended September 30, 2022.

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

	Nine Months Ended September 30,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash used in operating leases	$ 1,463	$ 1,766
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ —	$ 1,261

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

	September 30, 2023	December 31, 2022
Operating lease right-of-use assets	$ 3,237	$ 4,920
Operating lease liabilities:		
Operating lease liabilities—current	$ 1,207	$ 1,655
Operating lease liabilities—less current portion	2,909	3,649
Total operating lease liabilities	$ 4,116	$ 5,304

Weighted average remaining terms were as follows:

	September 30, 2023	December 31, 2022
Weighted average remaining lease term		
Operating leases	3.37 years	3.77 years

Weighted average discount rates were as follows:

	September 30, 2023	December 31, 2022
Weighted average discount rate		
Operating leases	9.3 %	8.9 %

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

As of September 30, 2023		Operating leases
Remaining 2023	$	479
2024		1,246
2025		1,085
2026		1,028
2027		513
Total lease payments		4,351
Less: imputed interest		(235)
Total	$	4,116

As of September 30, 2023, the Company had no operating leases which had been executed but not yet commenced.

9. Borrowings Under Term Loan and Line of Credit

At September 30, 2023 and December 31, 2022, term loan borrowings were as follows (dollars in thousands):

		September 30, 2023		December 31, 2022
Total term loan obligations	$	53,989	$	54,567
Less: current portion of term loan		(1,823)		(982)
Long-term term loan obligations	$	52,166	$	53,585

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. The term loan is due December 31, 2025. On March 31, 2023, the Company entered into the Eighth Amendment to the Credit Facility (the “Eighth Amendment”). The Eighth Amendment, among other changes, (a) resets the existing annual recurring revenue financial covenant beginning with the testing period ending March 31, 2023, and (b) amends the interest rate provisions, including to replace the LIBOR benchmark interest rate with an adjusted SOFR benchmark interest rate (as defined in the agreement governing the Credit Facility). As amended, borrowings under the Credit Facility will accrue interest at a per annum rate, at the Company’s option, based on either (a) a base rate (as defined in the agreement governing the Credit Facility) plus a margin of 4.0% or (b) an adjusted term SOFR (based on one- or three-month interest periods) plus a margin of 5.0%. On May 31, 2023, the Company entered into the Ninth Amendment to the Credit Facility, which provides clarification related to the letter of credit fees. All other terms and conditions remain the same. The Company elected an adjusted SOFR rate at September 30, 2023 and the interest rate for the term loan portion of the Credit Facility was 10.0%.

As of September 30, 2023, the term loan commitment was $54.5 million, the revolver commitment was $5.0 million and the letter of credit sublimit was $1.5 million. Term loan repayments made by the Company totaled zero and $0.1 million during the three months ended September 30, 2023 and 2022, respectively, and $0.4 million and $0.4 million during the nine months ended September 30, 2023 and 2022, respectively.

The Company incurred original issue discount of $0.3 million related to the Eighth Amendment, which, along with the remaining balance of the previously deferred original issue discount and loan fees in the amount of $0.3 million related to the original Credit Facility and all previous amendments, is amortized and recorded to interest expense over the remaining term of the amended Credit Facility using the effective interest method. Third party loan fees associated with the Eighth Amendment were $0.1 million and expensed upon close of the loan. Total unamortized debt issuance costs associated with the term loan totaled $0.5 million and $0.3 million at September 30, 2023 and December 31, 2022, respectively and are recorded within term loan, net of current.

The Company was in compliance with all debt covenants at September 30, 2023 and December 31, 2022 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 September 30, 2023 and December 31, 2022. On March 31, 2023,

the Company drew down approximately $0.3 million under the revolving portion of the Credit Facility to pay for the original issue discount related to the Eighth Amendment, which was repaid in full by the Company as of September 30, 2023. The interest rate for the revolving portion of the Credit Facility on September 30, 2023 was zero. There were no amounts outstanding under the revolving portion of the Credit Facility as of December 31, 2022.

Aggregate principal maturities of the term loan as of September 30, 2023 were as follows (dollars in thousands):

As of September 30, 2023		Amount to Mature
Remaining 2023	$	561
2024		1,753
2025		52,158
Total	$	54,472

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

		September 30, 2023		December 31, 2022
Principal	$	54,472	$	54,893
Less: Unamortized debt issuance costs		(483)		(326)
Net carrying amount	$	53,989	$	54,567

10. Letters of Credit

On November 8, 2016, the Company established an irrevocable standby letter of credit 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 original expiration date, September 10, 2017, unless written notice is presented to the beneficiary at least 60 days prior to the current expiration date. The irrevocable standby letter of credit has been amended several times, and the latest amendment on July 20, 2022 decreased the total amount to $0.2 million. All other terms and conditions remained unchanged.

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 nine months ended September 30, 2023, board of director fees totaled $0.3 million and $0.9 million, respectively, and expense reimbursements were immaterial during both periods. The Company also granted RSUs to directors on August 18, 2021, August 5, 2022 and June 16, 2023 under the 2021 Plan. Stock-based compensation expense relating to the RSU awards granted to the board of directors totaled $0.5 million and $1.5 million during the three and nine months ended September 30, 2023, respectively. During the three and nine months ended September 30, 2022, board of director fees totaled $0.2 million and $0.6 million, respectively, and expense reimbursements were immaterial during both periods. Stock-based compensation expense relating to the RSU awards granted to the board of directors totaled $0.4 million and $0.7 million during the three and nine months ended September 30, 2022, respectively. The unpaid balance of board of director fees due to related parties was immaterial as of September 30, 2023 and December 31, 2022.

There were no related party accounts receivable as of September 30, 2023 and December 31, 2022.

The related party transactions with affiliate companies were immaterial during the nine months ended September 30, 2023. There were no related party transactions with affiliate companies during the three months ended September 30, 2023 or the three and nine months ended September 30, 2022.

12. Stock Warrants

Public and Forward Purchase Warrants

Immediately following the SPAC 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 $11.50 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 September 30, 2023, 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 September 30, 2023, the Company had 94,469,228 shares of Class A common stock issued and outstanding (102,012,978 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, 2022, 500,000,000 shares of Class A common stock were authorized, and 92,729,127 shares were issued and outstanding (100,272,877 shares of common stock, less 7,543,750 Escrowed Shares).

The accumulated other comprehensive loss and accumulated deficit are included in stockholders' equity. At September 30, 2023 and December 31, 2022, the accumulated other comprehensive loss totaled $1.3 million and $2.2 million, respectively. The Company's accumulated deficit totaled $184.1 million and $165.5 million at September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, no shares of LiveVox preferred stock were issued and outstanding.

Net Transfer from LiveVox TopCo

During the nine months ended September 30, 2023, the Company received $0.2 million from LiveVox TopCo to pay for the bonuses to the Company's Chief Financial Officer in connection with the consummation of the SPAC Merger, and recorded it as additional paid-in-capital in the consolidated balance sheets.

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 (loss) on the Company's AFS debt securities. Following is an analysis of the changes in accumulated other comprehensive loss, net of applicable taxes, at September 30, 2023 and 2022 (dollars in thousands):

	September 30, 2022		
	Foreign currency translation adjustment	Net unrealized gain (loss) on marketable securities	Total accumulated other comprehensive loss
Balance, beginning of period	$ (300)	$ (177)	$ (477)
Other comprehensive loss	(361)	(1,492)	(1,853)
Balance, end of period	$ (661)	$ (1,669)	$ (2,330)

	September 30, 2023		
	Foreign currency translation adjustment	Net unrealized gain (loss) on marketable securities	Total accumulated other comprehensive loss
Balance, beginning of period	$ (784)	$ (1,412)	$ (2,196)
Other comprehensive income	244	689	933
Balance, end of period	$ (540)	$ (723)	$ (1,263)

Components of other comprehensive income (loss) and related taxes for the three and nine months ended September 30, 2023 and 2022 are as follows (dollars in thousands):

	Three Months Ended September 30,					
	2023			2022		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Foreign currency translation adjustment	$ 38	$ —	$ 38	$ (156)	$ 3	$ (159)
Net unrealized gain (loss) on marketable securities	104	1	103	(310)	6	(316)
Total other comprehensive income (loss)	$ 142	$ 1	$ 141	$ (466)	$ 9	$ (475)

	Nine Months Ended September 30,					
	2023			2022		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Foreign currency translation adjustment	$ 240	$ (4)	$ 244	$ (356)	$ 5	$ (361)
Net unrealized gain (loss) on marketable securities	676	(13)	689	(1,470)	22	(1,492)
Total other comprehensive income (loss)	$ 916	$ (17)	$ 933	$ (1,826)	$ 27	$ (1,853)

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 is $0.1 million during the nine months ended September 30, 2023 and immaterial during the three months ended September 30, 2023 and the three and nine months ended September 30, 2022.

15. Stock-Based Compensation

Management Incentive Units

As of September 30, 2023, all MIUs are classified as equity.MIU activities for the nine months ended September 30, 2023 are summarized as follows (in thousands, except for per share data):

	Number of Shares	Weighted-average Grant Date Fair Value (per share)	Weighted-average Remaining Contractual Term (1)
Outstanding at December 31, 2022	1,896	$ 0.79	
Granted	—	—	
Vested	(632)	0.79	
Forfeited	(215)	0.79	
Outstanding at September 30, 2023	1,049	$ 0.79	0.75 years

(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

Restricted Stock Units

As of September 30, 2023, all RSUs granted to employees and non-employees are classified as equity.

Employee RSU activities for the nine months ended September 30, 2023 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, 2022	8,110	$ 4.00	
Granted	6,743	2.69	
Vested	(2,265)	3.70	
Forfeited	(1,156)	4.33	
Outstanding at September 30, 2023	11,432	$ 3.25	1.56 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 September 30, 2023, based on the fair value at the reporting period end, was $38.2 million. The aggregate fair value of employee RSUs vested during the nine months ended September 30, 2023, based on the fair value on the vest date, was $6.4 million.

Non-employee RSU activities for the nine months ended September 30, 2023 are summarized as follows (in thousands, except for per share data):

	Equity-classified RSUs - non-employee (1)		
	Number of Shares	Weighted-average Grant Date Fair Value (per share)	Weighted-average Remaining Contractual Term (2)
Outstanding at December 31, 2022	19	$ 2.91	
Granted	20	2.75	
Vested	(6)	2.88	
Forfeited	—	—	
Outstanding at September 30, 2023	33	$ 2.82	1.59 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 non-employee RSUs outstanding as of September 30, 2023, based on the fair value at the reporting period end, was $0.1 million. The aggregate fair value of non-employee RSUs vested during the nine months ended September 30, 2023, based on the fair value on the vest date, was immaterial.

Performance-Based Restricted Stock Units

As of September 30, 2023, all PSUs granted to employees are classified as equity.

As discussed in Note 2(w), the Company estimates the fair value of the PSUs at each measurement date 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. 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 volatility input is estimated using the volatility of the Company's peer companies as well as the Company's own implied volatility. The expected life of the PSUs is 30 years and all PSUs are assumed to be fully vested at the end of year30. The risk-free interest rate is based on the Thirty-year Constant Maturity Treasury Rate. The vesting hurdles are set forth in the PSU agreement. 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:

	September 30, 2023	December 31, 2022
Stock price	$ 2.59	$ 4.94
Measurement period	30.00 years	30.00 years
Expected volatility	52.50 %	47.50 %
Risk-free rate	3.73 %	2.24 %
Vesting hurdle 1	$ 4.42	$ 12.50
Vesting hurdle 2	$ —	$ 15.00
Vesting hurdle 3	$ —	$ 17.50

PSU activities for the nine months ended September 30, 2023 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, 2022	1,707	$ 6.39	
Granted	211	2.59	
Vested	—	—	
Forfeited	(170)	6.28	
Outstanding at September 30, 2023	1,748	$ 5.94	8.66 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 September 30, 2023, based on the fair value at the reporting period end, was $5.8 million. None of the PSUs vested during the nine months ended September 30, 2023.

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 nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of revenue	$ 351	$ 284	$ 716	$ 999
Sales and marketing expense	748	706	1,624	2,184
General and administrative expense	1,607	1,055	4,496	2,655
Research and development expense	1,274	931	3,035	3,040
Total stock-based compensation	$ 3,980	$ 2,976	$ 9,871	$ 8,878

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Equity-classified awards:				
MIUs	$ 104	$ 139	$ 311	$ 417
RSUs - employee	3,599	2,580	8,929	7,644
RSUs - non-employee	8	6	19	29
PSUs - employee	269	251	612	788
Total equity-classified awards	3,980	2,976	9,871	8,878
Total stock-based compensation	$ 3,980	$ 2,976	$ 9,871	$ 8,878

There were no income tax benefits recognized for the nine months ended September 30, 2023 and 2022, related to tax deductions from RSU awards vesting during those periods. 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.

As of September 30, 2023, unrecognized stock-based compensation expense related to unvested awards by award type and their expected weighted-average recognition periods are summarized in the following table (dollars in thousands):

LIVEVOX HOLDINGS, INC.

Notes to the Consolidated Financial Statements (Unaudited)

	Unrecognized Stock-based Compensation Expense	Weighted-average Recognition Period (1)
Equity-classified awards:		
MIUs	$ 518	1.25 years
RSUs - employee	33,513	3.00 years
RSUs - non-employee	89	3.11 years
PSUs - employee	8,328	8.66 years
Total equity-classified awards	42,448	
Total unrecognized stock-based compensation	$ 42,448	

(1) The weighted-average recognition period is calculated as the sum of the weighted remaining period to recognize expense for unvested 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

The following table disaggregates the Company’s revenue by geographic area for the three and nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
United States	$ 32,732	$ 32,784	$ 100,070	$ 93,089
Americas (excluding United States)	799	943	2,503	2,931
Asia	1,799	1,500	4,952	4,216
Europe	22	26	68	97
Total revenue	$ 35,352	$ 35,253	$ 107,593	$ 100,333

In addition, 99.5% of the Company’s revenue is denominated in U.S. dollars and0.5% is denominated in foreign currencies.

Property and Equipment

The following table summarizes total property and equipment, net in the respective locations at September 30, 2023 and December 31, 2022 (dollars in thousands):

	September 30, 2023	December 31, 2022
United States	$ 841	$ 1,291
Americas (excluding United States)	266	309
Asia	820	1,018
Property and equipment, net	$ 1,927	$ 2,618

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 $(0.1) million and $0.2 million for the three months ended September 30, 2023 and 2022, respectively, and $0.3 million and $0.5 million for the nine months ended September 30, 2023 and 2022, respectively. The benefit from or provision for income taxes for the three and nine months ended September 30, 2023 and 2022 consisted primarily of foreign and state income taxes.

The effective tax rates were 0.91% and (2.10)% for the three months ended September 30, 2023 and 2022, respectively, and (1.85)% and (1.53)% for the nine months ended September 30, 2023 and 2022, respectively. The change in the effective tax rate for the nine months ended September 30, 2023, relative to 2022, was primarily attributable to the change in valuation allowance, a decrease in foreign taxes and certain non-deductible expenses.

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 September 30, 2023, the Company remains subject to U.S. and certain state income tax examinations for tax years 2019 through 2022, and in certain other states for tax years 2018 through 2022. 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.

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. Effective January 1, 2022, the Company removed the maximum $200 per pay period matching contribution limitation, and began matching fifty percent of the employee contribution up to a maximum of $4,800 per plan year. The Company made matching contributions totaling $0.2 million and $0.3 million during the three months ended September 30, 2023 and 2022, respectively, and $0.8 million and $1.0 million during the nine months ended September 30, 2023 and 2022, respectively.

19. Fair Value Measurement

The following table sets forth the fair value of the Company's assets and liabilities at September 30, 2023 (dollars in thousands):

	Level 1	Level 2	Level 3	Totals
Cash and cash equivalents	$ 13,208	$ —	$ —	$ 13,208
Marketable securities—available for sale debt securities	—	44,192	—	44,192
Total assets	$ 13,208	$ 44,192	$ —	$ 57,400
Term loan	$ —	$ 53,989	$ —	$ 53,989
Warrant liability—Forward Purchase Warrants	—	—	500	500
Total liabilities	$ —	$ 53,989	$ 500	$ 54,489

The following table sets forth the fair value of the Company's assets and liabilities at December 31, 2022 (dollars in thousands):

	Level 1	Level 2	Level 3	Totals
Cash and cash equivalents	$ 20,742	$ —	$ —	$ 20,742
Marketable securities—available for sale debt securities	—	48,182	—	48,182
Total assets	$ 20,742	$ 48,182	$ —	$ 68,924
Term loan	$ —	$ 54,567	$ —	$ 54,567
Finance lease obligations	—	11	—	11
Warrant liability—Forward Purchase Warrants	—	—	633	633
Total liabilities	$ —	$ 54,578	$ 633	$ 55,211

Level 1 and Level 2 of the Fair Value Hierarchy

As of September 30, 2023 and December 31, 2022, 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

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 September 30, 2023 and December 31, 2022.

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 SPAC 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:

	September 30, 2023	December 31, 2022
Stock price	$ 3.34	$ 2.97
Exercise price	$ 11.50	$ 11.50
Contractual term	2.70 years	3.50 years
Expected volatility	72.50%	77.50%
Risk-free rate	4.90%	4.20%
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):

	September 30, 2023	December 31, 2022
Balance, beginning of period	$ 633	$ 767
Changes in fair value of warrant liability	(133)	(134)
Balance, end of period	$ 500	$ 633

During the three months ended September 30, 2023 and 2022, the loss recognized due to increase in the fair value of warrant liability was $0.1 million and $0.4 million, respectively, and was recorded within other income (expense), net in the consolidated statements of operations and comprehensive loss. During the nine months ended September 30, 2023 and 2022, the gain recognized due to decrease in the fair value of warrant liability was $0.1 million and $0.1 million, respectively.

20. Basic and Diluted Loss Per Share

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 presented, including net issuance of shares upon vesting stock-based payment awards and excluding 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 nine months ended September 30, 2023 and 2022 are as follows (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Loss attributable to common stockholders—basic and diluted	$ (5,747)	$ (7,772)	$ (18,605)	$ (31,539)
Denominator:				
Weighted average shares outstanding—basic and diluted	94,372	92,351	93,598	91,800
Loss per share:				
Basic and diluted	$ (0.06)	$ (0.08)	$ (0.20)	$ (0.34)

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
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	118	81	531	286
Unvested RSUs	11,465	7,361	11,465	7,361
Unvested PSUs	1,748	1,707	1,748	1,707
Total	35,852	31,670	36,265	31,875

(1) As additional consideration payable to the LiveVox Stockholder, the Company issued5,000,000 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 nine months ended September 30, 2023 and 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 during the seven-year period beginning June 18, 2021. No contingent consideration shares were issued or released during the three and nine months ended September 30, 2023 and 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 nine months ended September 30, 2023 and 2022.

21. Commitments and Contingencies

Commitments

As of September 30, 2023 and December 31, 2022, $54.5 million and $54.9 million of the term loan principal was outstanding, respectively. The term loan is due December 31, 2025. See Note 9 for more information.

On June 29, 2023, the Company renewed an agreement for cloud services under which the Company has a non-cancelable minimum spend commitment in exchange for negotiated discounts on fees for use of eligible services. The total non-cancelable

spend commitment is approximately $40.3 million for the period from July 1, 2023 to June 30, 2026. As of September 30, 2023, the remaining spend commitment under this agreement was approximately $36.7 million.

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 September 30, 2023 and December 31, 2022, 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. As of the date of issuance of these consolidated financial statements, the Company is not a party to any claims that would have a material adverse effect on its business operations or financial position.

22. Restructuring

2022 Restructuring Plan

On August 1, 2022, the Company initiated a restructuring plan (the “2022 Restructuring Plan”), following a review of the Company’s business, operating expenses and the macroeconomic environment. The purpose of the 2022 Restructuring Plan was to reduce the Company’s cost structure and improve its operational efficiency.

The 2022 Restructuring Plan included a reduction of approximately 3% of the Company’s global workforce. Restructuring charges incurred as a result of the 2022 Restructuring Plan totaled $0.9 million, and consist primarily of employee severance and termination benefits. The unpaid balance of restructuring charges was $0.1 million as of September 30, 2023, which the Company expects to pay off by the end of 2023.

2023 Restructuring Plan

On January 13, 2023, the Company authorized a new restructuring plan (the “2023 Restructuring Plan”). Management, with the oversight and guidance of the Company’s board of directors, determined to implement the 2023 Restructuring Plan following a review of the Company’s business, operating expenses and the macroeconomic environment. The 2023 Restructuring Plan was intended to reduce the Company’s cost structure and improve its operational efficiency.

The 2023 Restructuring Plan included a reduction of approximately 98 employees, comprising approximately 16% of the Company’s global workforce. Restructuring charges incurred as a result of the 2023 Restructuring Plan totaled $3.2 million, and consist primarily of employee severance and termination benefits. The 2023 Restructuring Plan charges were fully paid off in the second quarter of 2023.

Restructuring Charges

The following table summarizes (a) restructuring charges incurred as a result of the 2022 Restructuring Plan and the 2023 Restructuring Plan, by major type of cost and by financial statement line item, and (b) the changes in the liability for restructuring charges, included within accrued expenses on the consolidated balance sheets (dollars in thousands):

	2022 Restructuring Plan		2023 Restructuring Plan				
	Employee severance and termination benefits	Subtotal	Employee severance and termination benefits	Non-lease contract termination costs	Other costs	Subtotal	Aggregate Total
Liability as of December 31, 2021	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restructuring charges							
Cost of revenue	400	400	—	—	—	—	400
Sales and marketing expense	147	147	—	—	—	—	147
General and administrative expense	—	—	—	—	—	—	—
Research and development expense	5	5	—	—	—	—	5
Total restructuring charges	552	552	—	—	—	—	552
Cash payments	(552)	(552)	—	—	—	—	(552)
Liability as of December 31, 2022	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restructuring charges							
Cost of revenue	—	—	1,110	63	2	1,175	1,175
Sales and marketing expense	242	242	1,350	—	—	1,350	1,592
General and administrative expense	—	—	43	—	—	43	43
Research and development expense	101	101	658	—	—	658	759
Total restructuring charges	343	343	3,161	63	2	3,226	3,569
Cash payments	—	—	(2,991)	(37)	(2)	(3,030)	(3,030)
Liability as of March 31, 2023	$ 343	$ 343	$ 170	$ 26	$ —	$ 196	$ 539
Restructuring charges							
Cost of revenue	—	—	(20)	—	—	(20)	(20)
Sales and marketing expense	4	4	(21)	—	—	(21)	(17)
General and administrative expense	—	—	—	—	—	—	—
Research and development expense	—	—	(6)	—	—	(6)	(6)
Total restructuring charges	4	4	(47)	—	—	(47)	(43)
Cash payments	(224)	(224)	(123)	(26)	—	(149)	(373)
Liability as of June 30, 2023	$ 123	$ 123	$ —	$ —	$ —	$ —	$ 123
Restructuring charges							
Cost of revenue	—	—	—	—	—	—	—
Sales and marketing expense	—	—	—	—	—	—	—
General and administrative expense	—	—	—	—	—	—	—
Research and development expense	—	—	—	—	—	—	—
Total restructuring charges	—	—	—	—	—	—	—
Cash payments	—	—	—	—	—	—	—
Liability as of September 30, 2023	$ 123	$ 123	$ —	$ —	$ —	$ —	$ 123

23. 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 subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

Agreement and Plan of Merger

On October 3, 2023, the Company entered into an Agreement and Plan of Merger (the "NICE Merger Agreement") with inContact, Inc., a Delaware corporation ("Parent"), Laser Bridge Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Subsidiary"), and NICE Ltd., a company organized under the laws of the State of Israel ("NICE"). Pursuant to the NICE Merger Agreement, Merger Subsidiary will be merged with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent (the "NICE Merger").

Upon the terms and subject to the conditions set forth in the NICE Merger Agreement, upon the effective time of the NICE Merger (the "Effective Time"), each share of Class A common stock, par value $0.0001 per share, of the Company (the "Company Stock") that is issued and outstanding as of immediately prior to the Effective Time (other than any shares of Company Stock that are held by the Company as treasury stock or owned by NICE, Parent, Merger Subsidiary or any other subsidiaries thereof, the Earn-Out Shares and the Lock-Up Shares, or any shares of Company Stock as to which appraisal rights have been properly exercised in accordance with Delaware law), will be automatically cancelled, extinguished and converted into the right to receive $3.74, without interest thereon.

On October 4, 2023, following the execution of the NICE Merger Agreement, the holders of a majority of the outstanding shares of Company Stock entitled to vote thereon executed a written consent adopting the NICE Merger Agreement and approving the transactions contemplated thereby, including the NICE Merger. No further approval of the stockholders of the Company is required to approve the NICE Merger. The NICE Merger is expected to close in the first half of 2024, subject to certain regulatory clearances and closing conditions.

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 included in Part II, Item 1A of this Quarterly Report and 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 2, 2023.

Overview

We enable next-generation cloud contact center functionality through a cloud contact-center-as-a-service ("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 engagement management ("WEM"). Our omnichannel product offerings enable our customers to connect with their customers via their channel of choice, including human voice, virtual agents powered by 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 WEM 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 WEM products from other providers.

We typically sell our products to customers under one- to three-year subscription contracts that stipulate a minimum amount of monthly usage and associated revenue with the ability for the customer to consume excess usage above the minimum contract amount, all 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 accounted for 99.6% and 98.5% for the three and nine months ended September 30, 2023, respectively, and 98.1% and 98.2% for the three and nine months ended September 30, 2022, respectively, of our total revenue with the remainder consisting of professional services and other non-recurring revenue derived from the implementation of our products.

Agreement and Plan of Merger

On October 3, 2023, the Company entered into the NICE Merger Agreement with Parent, Laser Bridge Merger Sub and NICE. Pursuant to the NICE Merger Agreement, Merger Subsidiary will be merged with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent.

Upon the terms and subject to the conditions set forth in the NICE Merger Agreement, upon the Effective Time of the NICE Merger, each share of the Company Stock that is issued and outstanding as of immediately prior to the Effective Time (other than any shares of Company Stock that are held by the Company as treasury stock or owned by NICE, Parent, Merger Subsidiary or any other subsidiaries thereof, the Earn-Out Shares and the Lock-Up Shares, or any shares of Company Stock as to which appraisal rights have been properly exercised in accordance with Delaware law), will be automatically cancelled, extinguished and converted into the right to receive $3.74, without interest thereon.

On October 4, 2023, following the execution of the NICE Merger Agreement, the holders of a majority of the outstanding shares of Company Stock entitled to vote thereon executed a written consent adopting the NICE Merger Agreement and approving the transactions contemplated thereby, including the NICE Merger. No further approval of the stockholders of the Company is required to approve the NICE Merger. The NICE Merger is expected to close in the first half of 2024, subject to certain regulatory clearances and closing conditions.

Restructuring Events

On August 1, 2022, the Company initiated the 2022 Restructuring Plan to reduce the Company's cost structure and improve its operational efficiency. The 2022 Restructuring Plan included a reduction of approximately 3% of the Company's global workforce. Restructuring charges incurred as a result of the 2022 Restructuring Plan totaled $0.9 million, and consist primarily of employee severance and termination benefits. The unpaid balance of restructuring charges was $0.1 million as of September 30, 2023, which the Company expects to pay off by the end of fiscal 2023.

On January 13, 2023, the Company authorized the 2023 Restructuring Plan. Management, with the oversight and guidance of the Company's board of directors, determined to implement the 2023 Restructuring Plan following a review of the Company's business, operating expenses and the macroeconomic environment. The 2023 Restructuring Plan was intended to reduce the Company's cost structure and improve its operational efficiency. The 2023 Restructuring Plan included a reduction of approximately 98 employees, comprising approximately 16% of the Company's global workforce. Restructuring charges incurred as a result of the 2023 Restructuring Plan totaled $3.2 million, and consist primarily of employee severance and termination benefits. The 2023 Restructuring Plan charges were fully paid off in the second quarter of fiscal 2023.

Please see Note 22 to the consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information about this plan.

LiveVox's Segments

The Company has determined that its 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.

Annualized Recurring Revenue

Annualized Recurring Revenue ("ARR") is calculated as the sum of the most recent quarter of (a) recurring subscription amounts and (b) recurring platform usage charges for all customers, multiplied by four. Professional services and revenue of a one-time nature are excluded.

ARR in the three months ended September 30, 2023 was $140.8 million, which is $3.0 million or 2.2% higher than the $137.8 million of ARR in the three months ended September 30, 2022.

LTM Net Revenue Retention Rate

We believe that our Last Twelve Months ("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 September 2023 includes recurring revenue from all customers for whom revenue was recognized from October 2021 to September 2022 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 October 2022 to September 2023 (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 98.5% 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, non-recurring 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 September 30,		Twelve Months Ended December 31,	
	2023	2022	2022	2021
LTM Net Revenue Retention Rate	108 %	109 %	113 %	105 %

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 decreased by 1.6 percentage points, to 107.7% in the twelve months ended September 30, 2023 from 109.3% in the twelve months ended September 30, 2022. Recurring revenue expansion in the last twelve months ended September 30, 2023 was approximately 3.0 percentage points lower than the last twelve months ended September 30, 2022, which was partially offset by a favorable change in Shrink and Churn of approximately 1.4 percentage points.

Our LTM Net Revenue Retention Rate increased by 7.7 percentage points, to 113.1% in the twelve months ended December 31, 2022 from 105.4% in the twelve months ended December 31, 2021. Recurring revenue expansion in the last twelve months ended December 31, 2022 was approximately 5.0 percentage points higher than the last twelve months ended December 31, 2021, and Shrink and Churn in the last twelve months ended December 31, 2022 changed favorably by approximately 2.7 percentage points compared to the last twelve months ended December 31, 2021.

Adjusted EBITDA

In addition to net loss presented in accordance with U.S. GAAP, we monitor Adjusted EBITDA, a 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 income or expense, net, (e) change in the fair value of warrant liability, (f) other income or expense, net, (g) benefit from or provision for 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 September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2023	**2022**	**2023**	**2022**
Net loss	$ (5,747)	$ (7,772)	$ (18,605)	$ (31,539)
Non-GAAP adjustments:				
Depreciation and amortization (1)	1,025	1,119	3,106	3,550
Long-term equity incentive bonus and stock-based compensation expense (2)	3,980	2,976	9,871	8,878
Interest expense, net	1,036	896	3,458	2,390
Change in the fair value of warrant liability	50	350	(133)	(134)
Other expense, net	407	160	295	209
Acquisition and financing related fee and expense (3)	—	—	—	10
Transaction-related cost (3)(4)	1,431	98	1,431	281
Provision for (benefit from) income taxes	(53)	159	338	474
Restructuring cost (5)	—	521	3,526	521
Other non-recurring expenses (3)(6)	329	—	1,095	—
Adjusted EBITDA	$ 2,458	$ (1,493)	$ 4,382	$ (15,360)

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

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2023	2022	2023	2022
Cost of revenue	$ 299	$ 343	$ 908	$ 1,295
Sales and marketing expense	588	613	1,772	1,835
General and administrative expense	114	126	348	312
Research and development expense	24	37	78	108
Total depreciation and amortization	$ 1,025	$ 1,119	$ 3,106	$ 3,550

(2) There were no long-term equity incentive bonuses during the periods presented. Stock-based compensation expenses included in our results of operations are as follows (dollars in thousands):

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2023	2022	2023	2022
Cost of revenue	$ 351	$ 284	$ 716	$ 999
Sales and marketing expense	748	706	1,624	2,184
General and administrative expense	1,607	1,055	4,496	2,655
Research and development expense	1,274	931	3,035	3,040
Total stock-based compensation expenses	$ 3,980	$ 2,976	$ 9,871	$ 8,878

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

(4) Transaction-related costs incurred during the three and nine months ended September 30, 2023 relate to the proposed NICE Merger described above.

(5) Restructuring costs relate to charges incurred as a result of the 2022 Restructuring Plan initiated in August 2022 and the 2023 Restructuring Plan initiated in January 2023 described above. These restructuring costs included in our results of operations are as follows (dollars in thousands):

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2023	2022	2023	2022
Cost of revenue	$ —	$ 400	$ 1,155	$ 400
Sales and marketing expense	—	116	1,575	116
General and administrative expense	—	—	43	—
Research and development expense	—	5	753	5
Total restructuring costs	$ —	$ 521	$ 3,526	$ 521

(6) Other non-recurring expenses consist primarily of impairment loss on right-of-use asset associated with the closure of certain underutilized physical offices within the United States.

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

In addition to gross profit presented in accordance with GAAP, we also monitor non-GAAP gross profit and non-GAAP gross margin percentage. 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 allow for better comparison of our financial results with those of our competitors. We also 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.

Non-GAAP gross profit and Non-GAAP gross margin percentage should not be considered in isolation from, or as a substitute for, U.S. GAAP measures. 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. 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 expense; and
- restructuring cost

We add back depreciation and amortization, long-term equity incentive bonus and stock-based compensation expense, and restructuring cost 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.

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

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2023	2022	2023	2022
Gross profit	$ 24,078	$ 22,360	$ 71,917	$ 61,260
Depreciation and amortization	299	343	908	1,295
Long-term equity incentive bonus and stock-based compensation expense	351	284	716	999
Restructuring cost	—	400	1,155	400
Non-GAAP gross profit	$ 24,728	$ 23,387	$ 74,696	$ 63,954
Gross margin %	68.1 %	63.4 %	66.8 %	61.1 %
Non-GAAP gross margin %	69.9 %	66.3 %	69.4 %	63.7 %

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, Advanced Analytics, Hosted PBX services); and

4) a per agent pricing model with a minimum agent commitment with a monthly maximum commitment (e.g., Attempt Supervisor, Advanced Analytics).

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 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, by the end of fiscal 2021 we eliminated our capital expenditures for data center equipment, fully depreciated our old co-location facility and increased our data center costs for our cloud provisioning. A primary factor in our improvement in gross margin from the first quarter of fiscal 2022 has been the optimization of public cloud data center costs and the rationalization and redeployment of duplicative resources. We expect feature release efficiencies for our cloud operations as research and development resources eliminate the release effort associated with our co-location deployment.

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 September 30, 2023 and 2022

The following tables summarize key components of our results of operations for the three months ended September 30, 2023 and 2022 (in thousands, except per share data):

	Three Months Ended September 30, (unaudited)	
	2023	2022
Revenue	$ 35,352	$ 35,253
Cost of revenue	11,274	12,893
Gross profit	24,078	22,360
Operating expenses		
Sales and marketing expense	10,988	13,759
General and administrative expense	10,057	7,255
Research and development expense	7,340	7,553
Total operating expenses	28,385	28,567
Loss from operations	(4,307)	(6,207)
Interest expense, net	1,036	896
Change in the fair value of warrant liability	50	350
Other expense, net	407	160
Total other expense, net	1,493	1,406
Pre-tax loss	(5,800)	(7,613)
Provision for (benefit from) income taxes	(53)	159
Net loss	$ (5,747)	$ (7,772)
Net loss per share—basic and diluted	$ (0.06)	$ (0.08)
Weighted average shares outstanding—basic and diluted	94,372	92,351

Revenue

	Three Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Revenue	$ 35,352	$ 35,253	$ 99	0.3 %

Revenue increased by $0.1 million, or 0.3%, to $35.4 million in the three months ended September 30, 2023 from $35.3 million in the three months ended September 30, 2022. The increase was attributable primarily to an increase in subscription revenue of $0.8 million driven by the acquisition of new customers and upsells to our existing customer base, which was partially offset by a decrease in professional services and other non-recurring revenue of $0.7 million.

Cost of revenue

	Three Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Cost of revenue	$ 11,274	$ 12,893	$ (1,619)	(12.6) %
% of revenue	31.9 %	36.6 %		

Cost of revenue decreased by $1.6 million, or 12.6%, to $11.3 million in the three months ended September 30, 2023 from $12.9 million in the three months ended September 30, 2022. The decrease was attributable primarily to a decrease in personnel costs of $1.8 million resulting from decreased employee headcount, which was partially offset by an increase in stock-based compensation expenses of $0.1 million associated with the 2023 annual refresh grants under the 2021 Plan.

Gross profit

	Three Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Gross profit	$ 24,078	$ 22,360	$ 1,718	7.7 %
Gross margin percentage	68.1 %	63.4 %		

Gross profit increased by $1.7 million, or 7.7%, to $24.1 million in the three months ended September 30, 2023 from $22.4 million in the three months ended September 30, 2022. The increase in gross profit was a result of increased revenue of $0.1 million and decreased personnel costs of $1.8 million, which were partially offset by increased stock-based compensation expenses of $0.1 million, described above.

Sales and marketing expense

	Three Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Sales and marketing expense	$ 10,988	$ 13,759	$ (2,771)	(20.1) %
% of revenue	31.1 %	39.0 %		

Sales and marketing expense decreased by $2.8 million, or 20.1%, to $11.0 million in the three months ended September 30, 2023 from $13.8 million in the three months ended September 30, 2022. The decrease was attributable primarily to decreases in personnel costs of $1.9 million resulting from decreased employee headcount, marketing, promotions and tradeshow expenses of $0.5 million and travel costs of $0.3 million as a result of cost management for marketing spending.

General and administrative expense

	Three Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
General and administrative expense	$ 10,057	$ 7,255	$ 2,802	38.6 %
% of revenue	28.4 %	20.6 %		

General and administrative expense increased by $2.8 million, or 38.6%, to $10.1 million in the three months ended September 30, 2023 from $7.3 million in the three months ended September 30, 2022. The increase was attributable primarily to an increase in accounting, audit and legal fees of $2.3 million driven by (a) the implementation of a new CPQ, billing, accounts receivable and revenue recognition software, and (b) the proposed NICE Merger described above. In addition, stock-based compensation expenses increased by $0.6 million as a result of the 2023 annual refresh grants under the 2021 Plan, and personnel costs increased by $0.1 million mainly due to the new CEO hired by the Company in the fourth quarter of fiscal 2022.

Research and development expense

	Three Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Research and development expense	$ 7,340	$ 7,553	$ (213)	(2.8) %
% of revenue	20.8 %	21.4 %		

Research and development expense decreased by $0.3 million, or 2.8%, to $7.3 million in the three months ended September 30, 2023 from $7.6 million in the three months ended September 30, 2022. The decrease was attributable primarily to a decrease in personnel costs of $0.6 million resulting from decreased employee headcount, which was partially offset by an increase in stock-based compensation expenses of $0.3 million associated with the 2023 annual refresh grants under the 2021 Plan.

Interest expense, net

	Three Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Interest expense, net	$ 1,036	$ 896	$ 140	15.6 %
% of revenue	2.9 %	2.5 %		

Interest expense, net increased by $0.1 million, or 15.6%, to $1.0 million in the three months ended September 30, 2023 from $0.9 million in the three months ended September 30, 2022. The increase was attributable primarily to an increase in interest expense of $0.2 million associated with higher interest rates in the three months ended September 30, 2023, which was partially offset by an increase in interest income of $0.1 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 September 30, (unaudited)			
	2023	2022	$ Change	% Change
Change in the fair value of warrant liability	$ 50	$ 350	$ (300)	(85.7) %
% of revenue	0.1 %	1.0 %		

Loss recognized due to change in the fair value of warrant liability decreased by $0.3 million, or 85.7%. The decrease was attributable primarily to an increase in fair value of the Forward Purchase Warrants of $0.1 million in the three months ended September 30, 2023 compared to an increase in fair value of $0.4 million in the three months ended September 30, 2022. 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 nine months ended September 30, 2023 and 2022

The following tables summarize key components of our results of operations for the nine months ended September 30, 2023 and 2022 (in thousands, except per share data):

	Nine Months Ended September 30, (unaudited)	
	2023	2022
Revenue	$ 107,593	$ 100,333
Cost of revenue	35,676	39,073
Gross profit	71,917	61,260
Operating expenses		
Sales and marketing expense	35,761	42,795
General and administrative expense	28,621	22,855
Research and development expense	22,182	24,210
Total operating expenses	86,564	89,860
Loss from operations	(14,647)	(28,600)
Interest expense, net	3,458	2,390
Change in the fair value of warrant liability	(133)	(134)
Other expense, net	295	209
Total other expense, net	3,620	2,465
Pre-tax loss	(18,267)	(31,065)
Provision for income taxes	338	474
Net loss	$ (18,605)	$ (31,539)
Net loss per share—basic and diluted	$ (0.20)	$ (0.34)
Weighted average shares outstanding—basic and diluted	93,598	91,800

Revenue

	Nine Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Revenue	$ 107,593	$ 100,333	$ 7,260	7.2 %

Revenue increased by $7.3 million, or 7.2%, to $107.6 million in the nine months ended September 30, 2023 from $100.3 million in the nine months ended September 30, 2022. The increase was attributable primarily to an increase in subscription revenue of $7.8 million driven by the acquisition of new customers and upsells to our existing customer base, which was partially offset by a decrease in professional services and other non-recurring revenue of $0.5 million.

Cost of revenue

	Nine Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Cost of revenue	$ 35,676	$ 39,073	$ (3,397)	(8.7) %
% of revenue	33.2 %	38.9 %		

Cost of revenue decreased by $3.4 million, or 8.7%, to $35.7 million in the nine months ended September 30, 2023 from $39.1 million in the nine months ended September 30, 2022. The decrease was attributable primarily to a decrease in personnel costs of $4.4 million resulting from decreased employee headcount, which was partially offset by an increase in employee severance and termination costs of $0.8 million associated with the restructuring plans described above.

Gross profit

	Nine Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Gross profit	$ 71,917	$ 61,260	$ 10,657	17.4 %
Gross margin percentage	66.8 %	61.1 %		

Gross profit increased by $10.7 million, or 17.4%, to $71.9 million in the nine months ended September 30, 2023 from $61.3 million in the nine months ended September 30, 2022. The increase in gross profit was a result of increased revenue of $7.3 million and decreased personnel costs of $4.4 million, which were partially offset by increased employee severance and termination costs of $0.8 million, described above.

Sales and marketing expense

	Nine Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Sales and marketing expense	$ 35,761	$ 42,795	$ (7,034)	(16.4) %
% of revenue	33.2 %	42.7 %		

Sales and marketing expense decreased by $7.0 million, or 16.4%, to $35.8 million in the nine months ended September 30, 2023 from $42.8 million in the nine months ended September 30, 2022. The decrease was attributable primarily to a decrease in personnel costs of $5.4 million resulting from decreased employee headcount, which was partially offset by an increase in employee severance and termination costs of $1.5 million associated with the restructuring plans described above. In addition, marketing, promotions and tradeshow expenses decreased by $2.2 million and miscellaneous sales and marketing expenses decreased by $0.9 million as a result of cost management for marketing spending.

General and administrative expense

	Nine Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
General and administrative expense	$ 28,621	$ 22,855	$ 5,766	25.2 %
% of revenue	26.6 %	22.8 %		

General and administrative expense increased by $5.8 million, or 25.2%, to $28.6 million in the nine months ended September 30, 2023 from $22.9 million in the nine months ended September 30, 2022. The increase was attributable primarily to an increase in accounting, audit and legal fees of $3.0 million driven by (a) the implementation of a new CPQ, billing, accounts receivable and revenue recognition software, and (b) the proposed NICE Merger described above. In addition, stock-based compensation expenses increased by $1.8 million as a result of the 2023 annual refresh grants under the 2021 Plan, and personnel costs increased by $0.9 million mainly due to the new CEO hired by the Company in the fourth quarter of fiscal 2022.

Research and development expense

	Nine Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Research and development expense	$ 22,182	$ 24,210	$ (2,028)	(8.4) %
% of revenue	20.6 %	24.1 %		

Research and development expense decreased by $2.0 million, or 8.4%, to $22.2 million in the nine months ended September 30, 2023 from $24.2 million in the nine months ended September 30, 2022. The decrease was attributable primarily to a decrease in personnel costs of $2.0 million resulting from decreased employee headcount, which was partially offset by an increase in employee severance and termination costs of $0.7 million associated with the restructuring plans described above. In addition, software expenses decreased by $0.5 million and consulting and contracted services decreased by $0.2 million.

Interest expense, net

	Nine Months Ended September 30, (unaudited)			
	2023	2022	$ Change	% Change
Interest expense, net	$ 3,458	$ 2,390	$ 1,068	44.7 %
% of revenue	3.2 %	2.4 %		

Interest expense, net increased by $1.1 million, or 44.7%, to $3.5 million in the nine months ended September 30, 2023 from $2.4 million in the nine months ended September 30, 2022. The increase was attributable primarily to an increase in interest expense of $1.3 million associated with higher interest rates in the nine months ended September 30, 2023, which was partially offset by an increase in interest income of $0.2 million associated with the marketable securities which we invested since the fourth quarter of fiscal 2021.

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 include:

- AFS debt securities, which are all classified as short-term securities to fund current operations and may be liquidated at the Company's discretion if the need arises. The Company held AFS debt securities of $44.2 million and $48.2 million as of September 30, 2023 and December 31, 2022, respectively. Please see Note 4 to the Company's consolidated financial statements included in Part I, Item 1 of this Quarterly Report for more information;
- The term loan and revolving credit facility that the Company entered into with PNC Bank on November 7, 2016, which has been amended several times, most recently as of May 31, 2023. As of September 30, 2023, the term loan commitment was $54.5 million, the revolver commitment was $5.0 million and the letter of credit sublimit was $1.5 million. Please see Note 9 and 10 to the Company's consolidated financial statements included in Part I, Item 1 of this Quarterly Report for more information.

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 leases, spend commitment 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. The principal amount is due December 31, 2025. 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;
- Operating lease obligations – The Company leases its corporate headquarters and worldwide offices under operating 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 leases and the timing of expected future lease payments;
- Spend commitment – The Company has a non-cancelable minimum spend commitment under a renewed agreement for cloud services in exchange for negotiated discounts on fees for use of eligible services. Please see Note 21 to the

Company’s consolidated financial statements included in Part I, Item 1 of this Quarterly Report for further detail of the Company’s spend commitment and the timing of expected future payments;

- Other liabilities – These include other long-term liabilities reflected in the Company’s consolidated balance sheets as of September 30, 2023, 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 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. However, under the NICE Merger Agreement, the Company is subject to certain restrictions that may prevent it from engaging in such acquisitions or transactions prior to the closing or
termination of the NICE Merger Agreement.

Comparison of cash flows for the nine months ended September 30, 2023 and 2022

The following table summarizes key components of our cash flows for the nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Nine Months Ended September 30, (unaudited)	
	2023	2022
Net cash used in operating activities	$ (9,784)	$ (23,283)
Net cash provided by (used in) investing activities	4,472	(927)
Net cash used in financing activities	(2,444)	(77)
Effect of foreign currency translation	222	(336)
Net decrease in cash, cash equivalents and restricted cash	$ (7,534)	$ (24,623)

Net cash used in operating activities

Cash flows used in operating activities in the nine months ended September 30, 2023 decreased by $13.5 million to cash outflows of $9.8 million from cash outflows of $23.3 million during the nine months ended September 30, 2022. The decrease to net cash used in operating activities was primarily attributable to a decrease of $12.9 million in net loss and an increase of $1.9 million in non-cash adjustments to net loss. The increase in non-cash items was primarily attributable to increases in stock-based compensation expenses of $1.0 million associated with the 2023 annual refresh grants under the 2021 Plan, and credit loss expense of $0.7 million due to the adoption of ASC 326 on January 1, 2023. Net cash used in operating activities also included an increase of $1.4 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 provided by (used in) investing activities in the nine months ended September 30, 2023 increased by $5.4 million to cash inflows of $4.5 million from cash outflows of $0.9 million during the nine months ended September 30, 2022. The increase to net

cash provided by (used in) investing activities was primarily attributable to increases in proceeds from sales of AFS debt securities of $8.1 million, and proceeds from maturities and principal paydowns of AFS debt securities of $6.8 million, partially offset by an increase of $10.3 million in purchases of AFS debt securities.

Net cash used in financing activities

Cash flows used in financing activities in the nine months ended September 30, 2023 increased by $2.4 million to cash outflows of $2.4 million from cash outflows of $0.1 million during the nine months ended September 30, 2022. The increase to net cash used in financing activities was primarily attributable to a decrease of $1.3 million in proceeds from a structured payable arrangement related to the Company's commercial insurance policy on directors and officers, and an increase of $1.0 million in payment of employees' withholding taxes on net share settlement of stock-based awards under the 2021 Plan.

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 credit losses, 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. In 2023, the Company announced the closure of certain underutilized physical offices within the United States as more of the Company's employees shift to a hybrid or remote work environment. During the three and nine months ended September 30, 2023, the Company recognized an impairment charge of $0.2 million and $0.7 million, respectively, to reflect the write-down of the carrying amount excess over the fair value of the right-of-use asset for the offices closed. No impairment losses were recognized during the three and nine months ended September 30, 2022.

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.

Allowance for credit losses for marketable securities and accounts receivable

On January 1, 2023, the Company adopted ASC 326 and applied to its AFS debt securities and accounts receivable. ASC 326 replaces the existing incurred loss impairment model with a current expected credit loss impairment model. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to AFS debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities.

At each reporting date, the Company evaluates the amortized cost of AFS debt securities compared to their fair value to determine whether an AFS debt security is impaired, and, if the fair value is below amortized cost basis, whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers factors such as the extent to which fair value is less than amortized cost basis, any changes to the rating of the security by a rating agency, and any adverse conditions specifically related to the security. Credit related unrealized losses are recognized as an allowance for credit losses in the consolidated balance sheets with a corresponding charge in other income (expense), net, in the consolidated statements of operations and comprehensive loss. Non-credit related unrealized losses are recorded in other comprehensive income (loss), as applicable, net of applicable taxes.

Trade accounts receivable are stated net of any write-offs and the allowance for credit losses, 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 credit losses, which represents the best estimate of lifetime expected credit losses against the existing accounts receivable, inclusive of unbilled receivables, based on certain factors including the age of the receivable balance, historical write-off experience, past collection experience with the customer, credit quality of the customer, current economic conditions, and reasonable and supportable forecasts of future economic conditions. If the financial condition of the Company’s customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Accounts receivable are charged off against the allowance for credit losses 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.

While management believes it has exercised prudent judgment and applied reasonable assumptions, there can be no assurance that in the future, changes in economic conditions or other factors would not cause changes in the financial health of our marketable security issuers or our customers. If the financial health deteriorates, the timing and amount of payments received could be impacted and therefore, could result in a change to our estimated credit losses.

Revenue Recognition

The Company recognizes revenue in accordance with 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 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 1.6% 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 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 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 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 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 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. 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 MIUs.

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 SPAC Merger on June 18, 2021. On June 13, 2023, the Compensation Committee approved an amendment to the 2021 Plan to clarify that the limitation on the maximum grant date fair value for awards shall apply only to the Company's non-employee directors. The Company grants RSUs and PSUs to employees, executives, directors, and eligible consultants of the Company. RSUs are subject to service conditions only and typically vest over periods ranging from one to six years based on the grantee's role in the Company. PSUs, which are granted to certain key employees, 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 non-employee'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 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 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, is 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 SPAC Merger, the Company 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 $11.50 per share, subject to adjustments.

Upon consummation of the SPAC 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 SPAC 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 September 30, 2023 and December 31, 2022, no single issuer represented more than 10% of our marketable securities.

As of September 30, 2023 and December 31, 2022, no single customer represented more than 10% of our total accounts receivable. For the three and nine months ended September 30, 2023 and 2022, no single customer represented more than 10% of our revenue.

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

As of September 30, 2023, one vendor accounted for approximately 21.0% of our accounts payable. No other single vendor exceeded 10% of our accounts payable at September 30, 2023. At December 31, 2022, one vendor accounted for approximately 37.7% of our accounts payable. No other single vendor exceeded 10% of our accounts payable at December 31, 2022. We believe there could be a material impact on future operating results should a relationship with an existing significant supplier cease.

Interest rate sensitivity

The term loan portion of the Credit Facility is subject to interest rate risk. Effective with the Eighth Amendment entered into on March 31, 2023, the LIBOR benchmark interest rate was replaced with an adjusted SOFR benchmark interest rate. As amended, borrowings under the Credit Facility will accrue interest at a per annum rate, at the Company's option, based on either (a) a base rate (as defined in the agreement governing the Credit Facility) plus a margin of 4.0% or (b) an adjusted term SOFR (based on one- or three-month interest periods) plus a margin of 5.0%. The Company elected an adjusted SOFR rate at September 30, 2023 and the interest rate for the term loan portion of the Credit Facility was 10.0%. Interest changes affect the fair value of the term loan but the impact on our financial position, cash flows and results of operations was not significant in any period.

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 September 30, 2023.

Based on management's evaluation, our CEO and CFO concluded that, as of September 30, 2023, 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 September 30, 2023 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, other than as described below, there have been no material changes to the risk factors previously disclosed in the Annual Report, which risk factor section in the Annual Report is hereby incorporated in this Quarterly Report by reference.

Risks Related to the NICE Merger

The announcement and pendency of the NICE Merger may have an adverse effect on our business and results of operations and our failure to complete the NICE Merger could have an adverse effect on our business, financial condition, results of operations, and stock price.

The closing of the NICE Merger is subject to certain conditions, including (a) the requisite approval of the Company's stockholders adopting the NICE Merger Agreement (which was satisfied via written consent delivered on October 4, 2023), (b) the expiration or termination of any applicable waiting periods under the Hart-Scott-Rodino Act (which waiting periods expired on November 6, 2023 at 11:59 p.m.), (c) certain clearances relating to the review of the NICE Merger by the Committee on Foreign Investment in the United States, (d) in the case of Parent's obligations to consummate the NICE Merger, the absence of any event, occurrence, or development of a state of circumstances or facts which, individually or in the aggregate, has had a Material Adverse Effect (as defined in the NICE Merger Agreement) on the Company that is continuing or would reasonably be expected to have a Material Adverse Effect and (e) other customary conditions for a transaction of this type, such as the absence of any legal restraint prohibiting the consummation of the NICE Merger.

The NICE Merger may be delayed, and may ultimately not be completed, due to a number of factors, including:

- the failure to obtain regulatory approvals from the requisite governmental entities;
- potential future stockholder litigation and other legal and regulatory proceedings, which could prevent, materially restrain, or materially impair the consummation of the NICE Merger; and
- the failure to satisfy the other conditions to the completion of the NICE Merger, including the possibility that a Material Adverse Effect would permit Parent to not close the NICE Merger.

If the NICE Merger does not close, we may suffer other consequences that could adversely affect our business, financial condition, results of operations, and stock price, and our stockholders would be exposed to additional risks, including:

- to the extent that the current market price of our stock reflects an assumption that the NICE Merger will be completed, the market price of our Company Stock could decrease if the NICE Merger is not completed;
- investor confidence in us could decline, stockholder litigation could be brought against us, relationships with existing and prospective customers, service providers, investors, lenders and other business partners may be adversely impacted, we may be unable to retain key personnel, and our operating results may be adversely impacted due to costs incurred in connection with the NICE Merger;
- any disruptions to our business resulting from the announcement and pendency of the NICE Merger, including adverse changes in our relationships with customers, suppliers, partners and employees, may continue or intensify in the event the NICE Merger is not consummated or is significantly delayed; and
- the risks related to the diversion of attention of our management or employees from ongoing operations during the pendency of the NICE Merger, including our ability to timely complete our internal financial reporting processes.

There can be no assurance that our business, relationships with other parties, liquidity or financial condition will not be adversely affected, as compared to the condition prior to the announcement of the NICE Merger, if the NICE Merger is not consummated. Even if successfully completed, there are certain risks to our stockholders from the NICE Merger, including:

- the amount of cash to be paid pursuant to the NICE Merger Agreement is fixed and will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition or operating results or in the event of any change in the market price of, analyst estimates of, or projections relating to, our Company Stock;
- receipt of the all-cash per share merger consideration pursuant to the NICE Merger Agreement may be taxable to stockholders; and
- if the NICE Merger is completed, our stockholders will forego the opportunity to realize the potential long-term value of the successful execution of our current strategy as an independent company.

While the NICE Merger is pending, we are subject to business uncertainties and contractual restrictions that could harm our business relationships, financial condition, results of operations, and business.

During the period prior to the closing of the NICE Merger and pursuant to the terms of the NICE Merger Agreement, our business is exposed to certain inherent risks and contractual restrictions that could harm our business relationships, financial condition, results of operations, and business, including:

- potential business uncertainties and general uncertainty in the marketplace, which could lead current and prospective customers to purchase products and services from other providers or delay purchasing from us;
- difficulties maintaining existing and/or establishing business relationships, including business relationships with significant customers and partners;
- the possibility of disruption to our business and operations resulting from the announcement and pendency of the NICE Merger, including diversion of management attention and resources;
- the inability to attract and retain key personnel and recruit prospective employees, and the possibility that our current employees could be distracted, and their productivity decline as a result, due to uncertainty regarding the NICE Merger;
- the inability to pursue alternative business opportunities or make changes to our business pending the completion of the NICE Merger, and other restrictions on our ability to conduct our business;
- our inability to freely issue securities, incur certain indebtedness, declare or authorize any dividend or distribution, or make certain material capital expenditures without Parent’s approval;
- our inability to solicit other acquisition proposals during the pendency of the NICE Merger;
- the amount of the costs, fees, expenses and charges related to the NICE Merger Agreement and the NICE Merger, including but not limited to the cost of any legal proceeding that may be instituted against us, which may materially and adversely affect our financial condition; and
- other developments beyond our control, including, but not limited to, changes in global economic conditions that may affect the timing or success of the NICE Merger.

If any of these effects were to occur, it could adversely impact our business, cash flow, results of operations, or financial condition, as well as the market price of our Company Stock and our perceived value, regardless of whether the NICE Merger is completed.

Litigation may arise in connection with the NICE Merger, which could be costly, prevent consummation of the NICE Merger, divert management’s attention, and otherwise harm our business.

Regardless of the outcome of any future litigation related to the NICE Merger, such litigation may be time-consuming and expensive and may distract our management from running the day-to-day operations of our business. The litigation costs and diversion of management’s attention and resources to address the claims and counterclaims in any litigation related to the NICE Merger may adversely affect our business, results of operations, prospects, and financial condition. If the NICE Merger is not consummated for any reason, litigation could be filed in connection with the failure to consummate the NICE Merger. Any litigation related to the NICE Merger may result in negative publicity or an unfavorable impression of us, which could adversely affect the price of our Company Stock, impair our ability to recruit or retain employees, damage our relationships with our customers and channel partners, and other business partners, or otherwise harm our operations and financial performance.

In connection with the NICE Merger, our current and prospective employees could experience uncertainty about their future with us. As a result, key employees may depart because of issues relating to such uncertainty.

In connection with the NICE Merger, our current and prospective employees could experience uncertainty about their future with us or decide that they do not want to continue their employment. As a result, key employees may depart because of issues relating to such uncertainty or a desire not to remain with the Company following the completion of the NICE Merger. Losses of officers or employees could adversely affect our business, results of operations, and financial condition. Such adverse effects could also be exacerbated by a delay in the completion of the NICE Merger for any reason, including delays associated with obtaining requisite regulatory approvals or the requisite approval of our stockholders. We may also experience challenges in hiring new employees during the pendency of the NICE Merger, or if the NICE Merger Agreement is terminated, which could harm our ability to grow our business, execute on our business plans or enhance our operations.

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).
10.1	Agreement and Plan of Merger, dated as of October 3, 2023, by and among LiveVox Holdings, Inc., inContact, Inc., Laser Bridge Merger Sub Inc., and NICE Ltd. (filed as Exhibit 2.1 to the Current Report on Form 8-K of the Company on October 4, 2023 and incorporated herein by reference).
10.2	Support Agreement, dated as of October 3, 2023, by and among inContact, Inc., LiveVox Topco, LLC, and GGC Public Equities Opportunities, L.P. (filed as Exhibit 99.2 to the Current Report on Form 8-K of the Company on October 4, 2023 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: November 9, 2023	By: /s/ John DiLullo
	John DiLullo *Chief Executive Officer and Director* *(Principal Executive Officer)*
Date: November 9, 2023	By: /s/ Gregg Clevenger
	Gregg Clevenger *Executive Vice President and Chief Financial Officer* *(Principal Financial and Accounting Officer)*

Exhibit 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

I, John DiLullo, 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: November 9, 2023	**By:**	/s/ John DiLullo John DiLullo Chief Executive Officer and Director (Principal Executive Officer)

Exhibit 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

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: November 9, 2023	**By:**	/s/ Gregg Clevenger Gregg Clevenger Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 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

In connection with the Quarterly Report of LiveVox Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John DiLullo, Chief Executive 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: November 9, 2023	**By:**	/s/ John DiLullo
		John DiLullo
		Chief Executive Officer and Director
		(Principal Executive Officer)

Exhibit 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

In connection with the Quarterly Report of LiveVox Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023 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: November 9, 2023	**By:**	/s/ Gregg Clevenger
		Gregg Clevenger
		Executive Vice President and Chief Financial Officer
		(Principal Financial and Accounting Officer)