

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2021
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: 001-40998

Weave Communications, Inc.

(Exact name of registrant as specified in its charter)

Delaware 26-3302902

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

1331 West Powell Way

Lehi, Utah 84043

(Address of principal executive offices, including zip code)

(866) 439-2826

(Registrant's telephone number, including area code)

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

Title of each class:	Trading symbol:	Name of each exchange on which registered:
Common stock, par value \$0.00001 per share	WEAV	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No ☒

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 and post such files). Yes ☒ No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the registrant's shares of common stock held by non-affiliates of the registrant as of December 31, 2021 was approximately \$216.0 million, based on the closing price reported for such date on the New York Stock Exchange. The registrant has elected to use December 31, 2021 as the election date because on June 30, 2021 (the last business day of the registrant's most recently completed second fiscal quarter), the registrant was a privately held company. Shares of common stock held by each executive officer, director and holder of 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status does not reflect a determination that such persons are affiliates of the registrant for any other purpose.

As of March 11, 2022, the registrant had 64,648,614 shares of common stock, par value \$0.00001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates by reference certain information from the registrant's definitive proxy statement, or the 2022 Proxy Statement, relating to its 2022 Annual Meeting of Stockholders. The 2022 Proxy Statement will be filed with the United States Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

Table of Contents

	Page
PART I	
Item 1. <u>Business</u>	<u>9</u>
Item 1A. <u>Risk Factors</u>	<u>18</u>
Item 1B. <u>Unresolved Staff Comments</u>	<u>66</u>
Item 2. <u>Properties</u>	<u>66</u>
Item 3. <u>Legal Proceedings</u>	<u>66</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>66</u>
PART II	
Item 5. <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>67</u>
Item 6. <u>[Reserved]</u>	<u>69</u>
Item 7. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>70</u>
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>88</u>
Item 8. <u>Financial Statements and Supplementary Data</u>	<u>89</u>
Item 9. <u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosures</u>	<u>117</u>
Item 9A. <u>Controls and Procedures</u>	<u>117</u>
Item 9B. <u>Other Information</u>	<u>119</u>
Item 9C. <u>Disclosure Regarding Foreign Jurisdiction that Prevent Inspections</u>	<u>119</u>
Part III	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	<u>120</u>
Item 11. <u>Executive Compensation</u>	<u>120</u>
Item 12. <u>Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters</u>	<u>120</u>
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>120</u>
Item 14. <u>Principal Accounting Fees and Services</u>	<u>120</u>
Part IV	
Item 15. <u>Exhibits, Financial Statement Schedules</u>	<u>121</u>
Item 16. <u>Form 10-K Summary</u>	<u>124</u>
Item 16. <u>Signatures</u>	<u>124</u>

Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements. All statements contained in this Annual Report on Form 10-K other than statements of historical fact, including statements regarding our future results of operations, financial position, market size and opportunity, our business strategy and plans, the factors affecting our performance and our objectives for future operations, are forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended, (the "Securities Act") and the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "could," "would," "expect," "objective," "plan," "potential," "seek," "grow," "target," "if," and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled "Risk Factors" set forth in Part I, Item 1A of this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission, or the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our expectations regarding our results of operations, including gross margin, financial condition and cash flows;
- our expectations regarding the development and expansion of our business;
- anticipated trends, challenges and opportunities in our business and in the markets in which we operate;
- the impact of the COVID-19 pandemic;
- our ability to expand our customer base and expand sales to existing customers;
- our ability to expand into new vertical markets and additional countries;
- the impact of competition in our industry and innovation by our competitors;
- our ability to anticipate and address the evolution of technology and the technological needs of our customers, to roll out upgrades to our existing platform and to develop new and enhanced products to meet the needs of our customers;
- the impact of our corporate culture and our ability to retain and hire necessary employees and staff our operations appropriately;
- our ability to remediate the material weaknesses in our internal control over financial reporting;

- our ability to stay abreast of new or modified laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- our ability to maintain, protect and enhance our intellectual property; and
- the increased expenses associated with being a public company.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, we do not intend to update any of these forward-looking statements after the date of this Annual Report on Form 10-K or to conform these statements to actual results or revised expectations. In this report, unless otherwise specified or the context otherwise requires, "Weave," "we," "us," and "our" refer to Weave Communications, Inc. and its wholly owned subsidiaries Weave Communications Canada, Inc. and Weave Communications India Private Limited.

You should read this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

Risk Factors Summary

- We have a history of losses, and we may not achieve or sustain profitability in the future.
- Our recent rapid growth may not be indicative of our future growth. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.
- If we do not attract new customers, retain existing customers, and increase our customers' use of our platform, our business will suffer.
- We may not be able to successfully manage our growth, and if we are not able to grow efficiently, our business, financial condition and results of operations could suffer.
- We focus on serving small and medium-sized business ("SMBs") and are subject to risks associated with serving small businesses.
- The global COVID-19 pandemic may adversely impact our business, results of operations and financial performance.
- Our quarterly results may fluctuate, and if we fail to meet securities analysts' and investors' expectations, then the trading price of our common stock and the value of your investment could decline substantially.
- If we are not able to maintain and enhance our brand and increase market awareness of our company, platform and products, then our business, results of operations and financial condition may be adversely affected.
- The market for our platform and products is still relatively new and evolving, may decline or experience limited growth and is dependent in part on businesses continuing to adopt our platform and use our products.
- We may not be able to continue to expand our share of our existing vertical markets or expand into new vertical markets, which would inhibit our ability to grow and increase our profitability.
- If we are unable to attract new customers in a cost-effective manner, then our business, results of operations and financial condition would be adversely affected.
- The market in which we participate is intensely competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed.
- If we do not develop enhancements to our platform and products and introduce new products that achieve market acceptance, our business, results of operations and financial condition could be adversely affected.
- Breaches of our applications, networks or systems, or those of Google Cloud Platform, or GCP, or our service providers, could degrade our ability to conduct our business, compromise the integrity of our products, platform and data, result in significant data losses and the theft of our intellectual property, damage our reputation, expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data.
- Interruptions or performance problems associated with our technology and infrastructure may adversely affect our business and operating results.

- Our products and services must comply with industry standards, FCC regulations, state, local, country-specific and international regulations, and changes may require us to modify existing services, potentially increase our costs or prices we charge customers, and otherwise harm our business.
- We have identified material weaknesses in our internal control over financial reporting, and we may identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations or cause our access to the capital markets to be impaired.

Part I

Item 1. Business

Overview

Weave is a leading all-in-one customer communications and engagement software platform for small and medium-sized businesses. We are creating a world where SMB entrepreneurs can utilize state-of-the-art technology to transform how they attract, communicate and engage customers, grow their business and realize their dreams. Our platform enables entrepreneurs to maximize the value of their customer interactions and minimize the time and effort spent on manual or mundane tasks. In a similar way to how the smartphone has transformed the manner in which we live our daily lives, our platform changes the way SMBs manage their businesses. We are the “smartphone for small business.”

We have democratized powerful communications and engagement capabilities previously only available to enterprises, made them intuitive and easy to use and put them in one place – always within reach of the SMB. Our cloud-based software platform streamlines the day-to-day operations of running a small business. We offer an all-in-one platform spanning all forms of communications and customer engagement ranging from answering phones, to scheduling appointments, to sending text reminders, to requesting client reviews, to collecting payments, to sending email marketing campaigns. We bring small businesses and the people they serve closer together by unifying, modernizing and personalizing all customer interactions. Our platform helps improve communications, attract more customers, keep customers engaged and increase overall retention.

Our Platform

We help SMBs manage essential customer interactions. Our platform helps improve communications, attract more customers, keep customers engaged and increase overall retention. We consolidate telephony, messaging, customer analytics, scheduling, payments, employee collaboration, customer review management and marketing into one simple, easy and elegant solution. We allow SMBs to facilitate and manage customer interactions in a unified, modernized and personalized manner that best fits their customers' needs and preferences. We set SMBs free to do what they do best: to serve their customers. Before Weave, SMBs were forced to focus much of their time on entering data forms, scheduling, collecting payments, responding to missed calls and trying to find new customers. Now, we allow them to use their time to focus on their customers, grow revenue, expand profitability and truly achieve their dreams.

The key benefits of our platform include:

- *Easy to Use and Intuitive.* Our goal is to do for SMBs what smartphones do for consumers. Our platform is simple and intuitive – it is easy to use and it does not come with unnecessary and complex functionality for SMBs. We democratize enterprise customer communications and engagement capabilities for SMBs, saving them time and allowing them to effectively and efficiently communicate with their customers.
- *Unified Communications and Engagement.* We create a comprehensive communications hub by deeply integrating with an SMB's system of record, whether a practice management system, CRM or ERP software – and other third party applications – and providing a unified platform for answering phones, scheduling appointments, sending text reminders, requesting client reviews, collecting payments and managing email marketing, all in one place.
- *Low Total Cost of Ownership and High ROI.* Our platform can help our customers reduce cancellations, increase appointments, and increase customer growth. Furthermore, our solution

provides greater functionality and costs significantly less than what the combined point solution patchwork would require.

- *Purpose-Built for Our Industry Verticals.* To maximize the value from our solution, we design our platform and products to address the specific needs of the industry vertical that we target.
- *Reduced Churn for Our Customers.* Our platform helps businesses keep their customers engaged by interacting with them through their modality of choice, whether by phone, text, email or chat. This results in increased customer loyalty and retention.
- *Improved Ability to Attract New Customers.* Our platform helps businesses attract new customers more easily by collecting and managing online reviews and eliminating the friction typically associated with scheduling appointments, filling out forms and making payments.
- *Consumer-Driven Communication Modalities.* Our platform engages with customers in the manner that is easiest and most comfortable for them.

Our Products

We provide an all-in-one customer communications and engagement platform for SMB's. From the first phone call, to the final payment, and every touchpoint in between, we support the entire customer journey. The platform helps businesses unify, modernize and personalize the customer experience by transforming how local businesses communicate, attract, retain and engage customers to grow their businesses.

All of our communications features, including text, leverage a single phone number. This means all messages come from the business phone number, so no personal cell phone numbers have to be used and multiple team members can tackle conversations.

Customized Phone System. Weave provides a smarter phone system that helps businesses identify whether incoming calls are from new or current customers, provides helpful and actionable information at every call and manages heavy call times. With features such as WeavePop, businesses can instantly see a desktop pop-up display that shows information such as who is calling, who needs an appointment and who has a balance on their account.

Weave Text Messaging. Our two-way texting function allows businesses to communicate with customers in a way that is easy, simple and accessible. Businesses can send a broad array of communications ranging from birthday messages and appointment reminders to requests to pay overdue balances.

Weave Missed Call Text. With Missed Call Text, businesses can take action in real time upon notification of a missed call. This feature enables businesses to rapidly engage with their customers after hours or when otherwise unavailable by providing an immediate automatic text message asking how their office can help.

Weave Team. Weave provides a modern, secure group messaging solution that helps businesses and their team members communicate with each other from their work stations, allowing for faster collaboration to respond to and delight customers. And if key employees are out of the office, the group messaging function allows them to stay in-the-know on everything going on at the office, wherever they are.

Weave Mobile App. With Weave's mobile app, offices can text customers, request payments, receive and make calls from their own office number from anywhere through an Android device or iPhone. This provides businesses and their team members flexibility to continue communicating with customers and team members and operating key business functions without having to be in the office.

Weave Reviews. Weave Reviews helps businesses automatically request, collect, monitor and respond to reviews on sites such as Google, Facebook and Yelp. Weave Reviews helps businesses get discovered, rank higher in searches and grow their customer base.

Weave Email Marketing. Weave provides a robust but easy-to-use email system built for non-experts. Businesses can choose from a constantly-expanding library of pre-written email templates and a library of free images, to automatically send updates and promotions to segments of their customer and prospect base.

Web Assistant. Weave's Web Assistant Appointment Requests and Text Connect enables businesses to interact with their existing and potential customers online directly through their websites. This functionality gives businesses the flexibility to respond when it is convenient for them and their customers and prospects and enables multiple conversations at once.

Payments. Weave Payments is a comprehensive payment processing solution for businesses that offers multiple contactless payment options, allowing their customers to pay the way they want, whether they are in the office or miles away, and whenever it is most convenient for them. Customers can choose from in-office payments, mobile card payments, manual card entry or Text to Pay.

Customer Insights. Weave's platform centralizes all important information a business needs for each of its customers. The customer profile shows the client's name, birthdate, recent messages/calls, and upcoming appointments to empower the business to take actions faster. Among other things, this allows businesses to collect payments faster, improve personalized engagement with each customer and recommend follow-up items needed for an excellent customer experience.

Analytics. Weave's practice analytics, when integrated into the office's system of record, allows businesses to maximize profitability through easy to understand business snapshots. This functionality provides businesses with automated in-depth looks at trend data to identify unscheduled treatments, canceled appointments, unpaid invoices and other priority needs to be addressed.

Digital Forms. Weave's Digital Forms product simplifies the hassle of collecting patient and customer information. It creates a secure, convenient and modern way for customers to fill out critical information. Also businesses' customers can submit forms online before coming to their appointment, so businesses can reduce physical contact and lower their operating costs by eliminating a highly manual activity.

Scheduling. Weave's scheduling product, when integrated with the office's system of record, allows businesses to send automatic scheduling reminders via text message or email reminders at any time, any date and personalizes each reminder for the customer. This functionality allows businesses to schedule more appointments, reduce no-shows and fill their schedule more efficiently. Businesses can customize by appointment date and time, type of appointment, customer name, day of week they want to send, days or minutes ahead of appointment.

Our Customers

As of December 31, 2021, we had more than 23,800 locations under subscription and more than 22,000 customers in the United States and Canada. These customers represented many industries with the majority being in dental, optometry, veterinary, physical therapy, home services, audiology, medical specialty services and podiatry. No one single customer represents more than 1% of our revenue.

Sales and Marketing

We employ an efficient go-to-market strategy that combines a productive sales organization, with a diverse marketing and business development strategy to support their work.

Our marketing team focuses on generating demand and increasing brand awareness through multiple strategies and a multi-channel process. Leads are generated primarily through our website through traffic driven to our website in multiple ways, including paid advertising, digital events, sponsorships, ad

placements, email campaigns, social media, free content, blogs and organic searches. We also rely on trade shows and other events to drive demand as a primary component of our sales strategy.

Subscriptions are primarily sold through our direct inside sales team based in Lehi, Utah. Most of our sales teams are focused on attracting new customers and are organized by SMB vertical. In addition, we have a sales team specifically focused on expanding usage within our existing customer base. Our teams use phone, email and web meetings to interact with our current and potential customers.

In addition to our direct sales team and marketing teams, we have a business development team that finds, negotiates contracts and manages partner relationships. These partners include technology integration partners, key-opinion leaders, IT-installers, buying groups, affiliates and distributors. These partners refer customers to us on a commissioned basis. These referrals are then passed to the sales team to close. We also focus on growing our channel partnership programs to promote and sell our products directly through partners.

Customer Success and Support

We offer phone, AI-driven support solutions, web-chat and email-based support staff to resolve technical and operational issues for our customers, if and when such issues arise. All customer success, customer support, customer training and customer onboarding team members are currently located in the United States. In addition, we maintain an online self-help center and customer discussion community to assist our customers with routine matters.

We strive to maintain an exceptional quality of customer service to promote customer retention and referrals. We continuously monitor key customer service metrics such as phone hold time, ticket response time and ticket resolution rates, and we monitor the customer satisfaction of our customer support interactions.

Research and Development

Our engineering and product teams are responsible for the creation and development of high value features and functionality across our platform and the products we support. Our teams are highly focused on the customer and strive continually to deliver the tools needed for meaningful, digital engagements through both continued improvements of our internally-developed platform and the addition of new products. Our engineering and product teams strategically approach the design of products to serve our broad customer base while also developing customized features and products to meet the specific needs of each SMB vertical. Our engineering team also coordinates the use of open source technologies with code developed in-house to provide a cohesive experience to the customer.

We have a research and development presence in both the United States and India.

Our Technology

Weave Software Platform

Our platform is composed of microservices in a highly containerized environment, which allows for rapid scaling of resources to meet the demands of our customers. These services are built using cloud-native technologies, which allows us to take full advantage of the infrastructure- and platform-as-a-service offerings from our cloud service providers. We develop multiple client-side experiences, including web, mobile, and desktop clients, and integrate them with our phone system to provide a seamless experience for customers.

Weave Phone System

Our phone system is highly-customized, cloud based and integrated into our software platform. We built our phone systems in house, providing capabilities commonly found in expensive licensed hardware offerings. Our phone systems leverage our cloud infrastructure providers to provide multiple redundant

regions and lowest latency routing to ensure superior voice quality on calls to and from the entire United States and Canada.

We provide our customers with advanced business phones from a leading cloud-based communications hardware manufacturer. Once the phones are powered on and connected to a network by our customer, we provide configuration and automatic updates through the cloud. Our system also provides unlimited local and long distance voice calling within the United States and Canada to the Public Switched Telephone Network (PSTN) in the United States and Canada via SIP Trunking interconnects from multiple providers.

Security

We employ multiple layers of security to protect our systems, processes, buildings, our data and customer data, and other assets.

At an organization-wide level, we have a dedicated security team with security compliance, security engineering, security operations, and application security expertise to influence the secure handling of customer data, and secure development and operation of our products. We use multiple security technologies to monitor for intrusions and known vulnerable or insecure configurations of our use of cloud infrastructure providers, systems, and applications. Our security team members monitor for, and respond to incidents, events, and insecure configurations that may lead to the potential compromise of our products or customer data.

Our team members implement a robust suite of security policies and standards to execute processes, operations, and development in a secure manner consistent with industry standards outlined by ISO 27001, AICPA Trust Service Principles, and the NIST Cybersecurity Framework.

At the physical and infrastructure layers, our platform and products are hosted on Google Cloud Platform and Amazon Web Services.

At the data layer, data is encrypted in transit over public networks and at rest in our backend databases and object stores using industry accepted encryption protocols (TLS 1.2 or higher; AES-256 or higher) with known strong ciphers. Customer images, voicemails, and call recordings are encrypted with unique encryption keys for each customer. Encryption keys are stored only in memory by our services, and are encrypted on disk behind our key management system.

Human Capital

As of December 31, 2021, we had 889 employees. We have expanded our presence abroad during 2021 by hiring additional engineers in India.

We offer competitive compensation and benefits packages and strive to promote the well-being of our employees and their families by offering generous parental and other leave policies as well as flexible paid time-off policies to accommodate individual circumstances. We demonstrate our commitment to the professional development of all Weavers by offering department-specific trainings, managers development courses/tracks, executive coaching and external professional development offerings,

We also recognize that fostering a diverse and inclusive workforce makes us stronger as a company and is a key element of employee recruitment, engagement and retention strategy. Our goal is to ensure equitable people processes with hiring, compensation, performance management, promotions and personal development. We reinforce these values by promoting an inclusive culture through trainings/speaker series, sponsoring people resource groups, amplifying voices of underrepresented individuals, and community involvement.

Our culture is underpinned by the Weave Way, which consists of five key values that define our company, approach to people and ultimately guides all of our actions. Our employees are united by our mission and driven by our values:

- **Stay Hungry.** We remain HUNGRY and are never satisfied with the status quo. We are constantly blazing new trails and innovating the very best solutions. We volunteer for the hard things, knowing that the only easy day was yesterday. We're always asking questions and always trying to improve, knowing that our failures keep us moving onward and upward.
- **Care More.** CARING deeply about those around us—including our customers, our community, and each other—is just what we do. We believe everyone is important and should be treated with respect and courtesy. We value diversity of people and thought and strive to be kind and inclusive in all of our interactions. We know that true innovation happens when everyone has the opportunity to succeed and feels valued for their contributions.
- **Think Creatively.** Getting CREATIVE can solve a lot of challenges. We know that great ideas can come from anyone at any time. We go out beyond our circle and get involved. We ask questions and we're curious about the world around us, finding inspiration everywhere. We pay attention to the little things. We constantly challenge the old in order to make things better. We are scrappy and resourceful, and we never settle for ordinary.
- **Do the Right Thing.** We treat this business as our own, and we hold ourselves and each other ACCOUNTABLE for the goals that we set. As owners, we focus on integrity and honesty in all of our interactions and strive to do the right thing for our people, our customers and our community every day. We help one another, we speak up when we have concerns, and we understand that no problem is too small or too out of our scope to help tackle it.
- **The Customer is Everything.** We are laser-focused on our CUSTOMERS and care deeply about serving small businesses everywhere. They are the lifeblood of our company, our communities and our economy. We continually innovate the very best products and services with one thing on our mind: our customer.

Competition

The market for our platform and products is rapidly evolving, significantly fragmented and highly competitive, with relatively low barriers to entry in some segments. In many cases, our primary competition is the combination of existing point solutions, such as messaging, phone service, marketing tools, payments, CRM, analytics and social media management, that potential customers may already use to manage their businesses and in which they have made significant investments. In a broad sense, we compete with providers of customer interaction management, customer experience management, marketing solutions, business intelligence, unified communications and telecommunications and customer relationship management solutions. However, in this highly fragmented market landscape, we believe no single competitor provides a comprehensive, vertically integrated customer communications and engagement platform similar to ours. As a result, sometimes displacing the outdated, in-house manual processes of our customers is our biggest challenge. We could also face competition from new market entrants, some of whom might be our current integration partners.

We believe the principal competitive factors in our market include:

- platform breadth;
- all-in-one solution package;
- ease of deployment and use;
- industry-specific capabilities and workflows with best-in-class product functionality;
- depth of integration with leading systems of record;
- ability to enable differentiated customer insights and engagement;

- cloud-based delivery architecture;
- customer service;
- advanced payments capabilities;
- brand recognition; and
- pricing and total cost of ownership.

We believe we compete favorably with our competitors on the basis of the factors described above.

Intellectual Property

Our intellectual property is an important part of our business. We protect our intellectual property through a combination of domain names, copyright, trade secrets and trademarks, as well as through contractual provisions, our information security infrastructure and restrictions on access to or use of our proprietary technology. We have trademark applications for select marks in the United States and will pursue additional trademark applications to the extent we believe it will be beneficial. We also have registered domain names for the website that we use in our business. Additionally, we rely upon unpatented trade secrets and confidential know-how and continuing technological innovation to develop and maintain our competitive position. We also enter into confidentiality and intellectual property rights agreements with our employees, consultants and contractors. Under such agreements, our employees, consultants and contractors are subject to invention assignment provisions designed to protect our proprietary information and ensure our ownership in intellectual property developed pursuant to such agreements.

Regulatory

In the United States, at the federal level, we are subject to regulation by the Federal Communications Commission, or FCC, as a provider of Voice over Internet Protocol, or VoIP, as well as state and local regulations applicable to VoIP providers. For example, such regulations include E-911 requirements, conditions for porting of phone numbers, protection of customer data generated by the use of our services, disability access rules, providing law enforcement with access to records, and obligations to contribute to federal programs including the federal universal service fund and other regulatory funds as well as state universal service programs. We are also subject to E-911 surcharges (typically governed by localities and/or state departments of revenue). In Canada, our VoIP service subscriptions are regulated by the Canadian Radio-television and Telecommunications Commission, or CRTC, which, among other things, imposes requirements like those in the United States related to the provision of E-911 services.

Additionally, we are subject to several laws in the United States and Canada that regulate communications between businesses and their customers, and protect consumers from unwanted messages and telephone calls. These laws include, but are not limited to, the Telephone Consumer Protection Act, or TCPA, Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or CAN-SPAM, and Canada's Anti-Spam Law, or CASL. To the extent that our subscribers use our SMS texting, VoIP telephone, email marketing, and fax services, we provide features and functionality that enable our subscribers to manage their compliance with these customer protection laws. As electronic messaging increases in popularity, we expect regulations and best practices in this area to continue evolving, which may impact our ability to offer services and our cost to deliver our services.

As we expand internationally, we will be subject to laws and regulations in the countries in which we offer our subscriptions. Regulatory treatment of communications services over the internet outside the United States varies from country to country, and may be more onerous than imposed on our subscriptions in the United States. Our regulatory obligations in foreign jurisdictions could have a material adverse effect on the use of our subscriptions in international locations.

In the course of providing our services, we collect, store, and process many types of data, including personal data. Moreover, our customers can use our subscriptions to store contact and other personal or identifying information, and to process, transmit, receive, store, and retrieve a variety of communications and messages, including information about their own customers and other contacts. Customers are able, and may be authorized under certain circumstances, to use our subscriptions to transmit, receive, and/or store personal information, including Protected Health Information or Personal Health Information. The collection, use, processing, or disclosure of personal information may be subject to United States and Canadian federal, state and provincial regulations, including, but not limited to, the Health Insurance Portability and Accountability Act, or HIPAA; the California Consumer Privacy Act, or CCPA (California); US state data breach notification laws; and the Personal Information Protection and Electronic Documents Act, or PIPEDA (Canada).

In addition to these regulations, many states continue to consider enacting privacy legislation that may apply to companies such as us which collect, store, and process many types of data, including personal data. In particular, California has recently enacted the CCPA. The CCPA imposes new obligations on qualifying for-profit companies, such as us, doing business in California, and substantially increases potential liability for such companies for failure to comply with data protection rules applicable to California residents.

As internet commerce and communication technologies continue to evolve, thereby increasing online service providers' and network users' capacity to collect, store, retain, protect, use, process, and transmit large volumes of personal information, increasingly restrictive regulation by federal, state, or foreign agencies becomes more likely.

Regulations that do not directly apply to our business, but which do apply to our customers and partners, can also impact our business. As we expand our business, addressing customer and partner requirements in new jurisdictions and new verticals often requires investment on our part to address regulations that apply to our customers. Globally, these regulations continue to be introduced and to change over time. Such regulations can impact our ability to offer services to various customer segments, and our cost to deliver our services.

Corporate Information

We were organized in Delaware in September 2008 as Recall Solutions, LLC. We converted into a Delaware corporation in October 2015 under the name Weave Communications, Inc. Our principal executive offices are located at 1331 W Powell Way, Lehi, Utah 84043 and our telephone number is (888) 579-5668.

Available Information

We maintain a website at <https://www.getweave.com>. We make available free of charge, on or through our website via the Investor Relations section at <https://investors.getweave.com/>, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the Securities and Exchange Commission, or the SEC. References to website addresses in this report are intended to be inactive textual references only, and none of the information contained on our website is part of this report or incorporated in this report by reference.

We announce material information to the public using SEC filings, press releases, public conference calls, and on the investor relations page of our website at <https://investors.getweave.com/>. We use these channels, as well as social media, including our Twitter account (@getweave), our blog (www.getweave.com/blog), our LinkedIn page (www.linkedin.com/company/weave-communications), our Instagram account (@getweave), and our Facebook page (<https://www.facebook.com/search/top?q=weave>), to communicate with investors and the public about our company, our products and services and other matters. Therefore, we encourage investors, the media and others interested in our company to

review the information we make public in these locations, as such information could be deemed to be material information. Information on or that can be accessed through our websites or these social media channels is not part of this report, and the inclusion of our website addresses and social media channels are inactive textual references only.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, as well as the other information in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes, and the section titled “Management’s discussion and analysis of financial condition and results of operations,” before making an investment decision. The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not currently known to us or that we currently believe are not material may also impair our business, financial condition, results of operations and growth prospects.

Risks Related to our Business and our Industry

The global COVID-19 pandemic may adversely impact our business, results of operations and financial performance.

The COVID-19 pandemic and efforts to control its spread have significantly curtailed the movement of people, goods and services worldwide, including in most or all of the regions in which we sell our platform and products and conduct our business operations. While the duration and severity of the COVID-19 outbreak and the degree and duration of its impact on our business continues to be uncertain and difficult to predict, compliance with social distancing and shelter-in-place measures have impacted our day-to-day operations. Like many other companies, including our customers and prospective customers, we reduced our headcount and our employees transitioned to working from home and restricted business travel. Additionally, one of our significant sales channels, trade shows and other industry events, were canceled or postponed, or shifted to virtual-only experiences, and we had to further develop our inbound and outbound channels to make up for the absence of sales leads generated from trade shows and other industry events.

The continued spread of COVID-19 has had a disproportionate adverse impact on small and medium-sized businesses, or SMBs, as compared to larger companies. Since the vast majority of our customers are small businesses, we experienced a slowdown in new customer acquisition beginning in the first half of 2020. Despite widespread vaccination efforts in the United States, COVID-19 continues to have an adverse impact on our customers and their clients, as it did beginning in December 2021 when we experienced unexpected challenges with our sales and installation activities due to the impact of the spread of the Omicron variant of the disease. The impact of existing variants and any future variants cannot be predicted at this time, and could depend on numerous factors, including vaccination rates among the population, the effectiveness of COVID-19 vaccines against these variants and the response by governmental bodies and regulators.

The continuing economic uncertainty arising from the COVID-19 pandemic could also potentially result in reduced customer demand and willingness to enter into or renew subscriptions with us, any of which could adversely impact our business, results of operations and overall financial performance in future periods. We may also experience impact from delayed sales and implementation cycles, including customers and prospective customers delaying contract signing or subscription renewals, or reducing budgets. In addition, a majority of our customers are on monthly subscription arrangements with us and could terminate their subscriptions on short notice. If potential customers determine not to enter into subscriptions or defer subscribing to our platform, or if customers terminate or fail to renew their subscriptions, fail to pay us or reduce their spending with us, our revenue may grow more slowly or decline, we may be unable to collect amounts due and we may incur costs in enforcing the terms of our contracts.

In addition, to the extent our customers continue to support a fully or partially remote workforce and as individuals increasingly utilize voice, video and messaging for their communication needs, there will be increased strain and demand for telecommunications infrastructure, including our voice and messaging products. Supporting increased demand will require us to make additional investments to increase network capacity, the availability of which may be limited. For example, if the data centers that we rely on for our cloud infrastructure and the network service providers that we interconnect with are unable to keep up with capacity needs or if governmental or regulatory authorities determine to limit our bandwidth, customers may experience delays, interruptions or outages in service. From time to time, including during the COVID-19 pandemic, our cloud infrastructure and network service providers have had some outages which resulted in limited disruptions to service for some of our customers. In certain jurisdictions, governmental and regulatory authorities had announced that during the COVID-19 pandemic, telecommunications operators' implementation of traffic management measures may be justified to avoid network congestion. Such traffic management measures could result in customers experiencing delays, interruptions or outages in services. Additionally, while we have not experienced supply shortages during the COVID-19 pandemic, in recent periods there have been a global shortage of semiconductor chips due in part to the COVID-19 pandemic, which could result in future delays in the production of the phones used on our platform or the point of sale devices used for Weave Payment. Any of these events could harm our reputation, erode customer trust, cause customers to stop using our products, impair our ability to increase revenue from existing customers, impair our ability to grow our customer base, subject us to financial penalties and liabilities under certain of our agreements and otherwise harm our business, results of operations and financial condition.

While we have developed and continue to develop plans to help mitigate the potential negative impact of the COVID-19 pandemic on our business, we cannot predict the ultimate impact of the COVID-19 pandemic on our business or be sure that our efforts to mitigate the impact will be successful. The impact of the COVID-19 pandemic on our business will depend, among other things, on the duration and severity of the pandemic, the emergence of new COVID-19 variants, the effectiveness and availability of vaccines that are effective against the prevalent COVID-19 variants, the impact of further shelter-in-place or other government restrictions that may be imposed, and the effect of these developments on our customers' businesses.

Our recent rapid growth may not be indicative of our future growth. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

Our revenue was \$115.9 million, \$79.9 million and \$45.7 million during the years ended December 31, 2021, 2020 and 2019, respectively. As of the end of each of those periods, customer locations under subscription were 23,831, 18,539 and 13,084, respectively. Additionally, we have experienced significant growth in our number of employees (including both full- and part-time employees) over the last few years creating operational challenges that have been exacerbated by the high levels of employee turnover, particularly in our customer service and sales organizations in 2021. We have also recently expanded operations outside the United States including launching sales operations in Canada in 2020 and establishing engineering and administrative operations in India in 2021.

Although we have recently experienced significant growth in our revenue and number of customers, even if our revenue and number of customers continue to increase, we expect our growth rate will decline in the future as a result of a variety of factors, including the increasing scale of our business and as we achieve higher penetration rates in our existing vertical markets. Overall growth of our revenue and number of customers depends on a number of factors, including our ability to:

- price our products and services effectively to attract new customers and increase sales to our existing customers;
- manage the effects of the COVID-19 pandemic on our business and operations;

- expand the functionality and scope of the products we offer on our platform;
- maintain the rates at which customers subscribe to, and adopt additional products, such as Weave Payments, to extend their use of, our platform, and retain our existing customers;
- ability to support and charge usage-based fees for our products and services;
- hire new sales personnel to support our growth, and reduce the time for new personnel to achieve desired productivity levels;
- provide our customers with high-quality customer support that meets their needs;
- introduce our platform and products to new markets, including to markets outside of the United States;
- serve SMBs across a wide cross-section of vertical industries, such as those within healthcare and home services and to increase the number of vertical industries we serve;
- successfully identify and acquire or invest in businesses, products, or technologies that we believe could complement or expand our platform; and
- increase awareness of our brand and successfully compete with other companies.

We may not successfully accomplish any of these objectives, which makes it difficult for us to forecast our future operating results. If the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or if we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to achieve and maintain profitability. Additionally, due to our recent rapid growth, we have limited experience operating at our current scale and potentially at a larger scale, and as a result, it may be difficult for us to fully evaluate future prospects and risks. Our recent and historical growth should not be considered indicative of our future performance. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties that we use to plan and operate our business are incorrect or change, or if we do not address these risks successfully, our financial condition and operating results could differ materially from our expectations, our growth rates may decline and our business would be adversely impacted.

If we do not attract new customers, retain existing customers, and increase our customers' use of our platform, our business will suffer.

Our ability to attract new customers, retain existing customers and increase use of the platform by existing customers is critical to our success. Our future revenue will depend in large part on our success in attracting additional customers to our platform. Our ability to attract additional customers will depend on a number of factors, including the effectiveness of our sales team, the success of our marketing efforts, our levels of investment in expanding our sales and marketing teams, referrals by existing customers, our brand recognition within the markets we address, our efforts to provide satisfactory customer service, the stability and reliability of our platform, the perceived value of our platform and the features and functionality it offers, and the nature and availability of competitive offerings. We may not experience the same levels of success in the future with respect to our customer acquisition strategies as we have experienced in the past, and if the costs associated with acquiring new customers were to materially increase in the future, our expenses may rise significantly.

A majority of our customers pay their subscription on a monthly basis, while a significant and increasing percentage of our customers pay their subscriptions on an annual basis. Our customers have no contractual obligation to renew their subscriptions after their subscription term expires. As a result, even though the number of customers using our platform has grown rapidly in recent periods, there can be no assurance that we will be able to retain these customers. Renewals of subscriptions may decline or

fluctuate as a result of a number of factors, including dissatisfaction with our platform or support, the perception that a competitive platform, product or service presents a better or less expensive option or our failure to successfully deploy sales and marketing efforts towards existing customers as they approach the expiration of their subscription term. In addition, we may terminate our relationships with customers for various reasons, such as heightened credit risk, excessive card chargebacks, unacceptable business practices or contract breaches. We have historically experienced customer turnover as a result, in part, of our customers being SMBs, which as a category, are more susceptible than larger businesses to general economic conditions, higher levels of churn, consolidation with other businesses and other risks affecting their businesses.

In addition to attracting new customers and retaining existing customers, we seek to expand usage of our platform by broadening adoption by our customers of the various products available on our platform. We cannot be certain that we will be successful in increasing adoption of additional products by our existing customers. Our ability to increase adoption of our products by our customers will depend on a number of factors, including our customers' satisfaction with our platform, competition, pricing and our ability to demonstrate the value proposition of our products. Our costs associated with renewals and generating sales of additional products to existing customers are substantially lower than our costs associated with entering into subscriptions with new customers. Accordingly, our business model relies to a significant extent on our ability to renew subscriptions and sell additional products to existing customers, and, if we are unable to retain revenue from existing customers or to increase revenue from existing customers, our operating results would be adversely impacted even if such lost revenue were offset by an increase in revenue from new customers.

We may not be able to successfully manage our growth, and if we are not able to grow efficiently, our business, financial condition and results of operations could suffer.

We have significantly expanded our business and operations, and our business strategy contemplates that we will significantly expand our business and operations in the future. Our future operating results depend to a large extent on our ability to manage this expansion and growth successfully. Sustaining our growth will place significant demands on our management as well as on our administrative, operational, and financial resources. If we are unable to manage our growth effectively, our revenue and profits could be adversely affected.

To manage our growth, we must continue to improve our operational, financial, and management information systems and expand, motivate, retain and manage our workforce. These improvements will require significant investments in, among other things, sales and marketing, customer support, technology infrastructure, regulatory compliance and risk management and general and administrative functions. These investments may not result in increased revenue growth in our business. If we are unable to increase our revenue at a rate sufficient to offset the expected increase in our costs, or if we encounter difficulties in managing a growing number of customers, our business, financial position and operating results will be harmed, and we may not be able to achieve or maintain profitability over the long term. Risks that we face in undertaking future expansion include:

- effectively recruiting, integrating, training, and motivating a large number of new employees, including our customer services representatives, direct sales force, and engineering resources, while retaining existing employees and reducing the rate of employee turnover, maintaining the beneficial aspects of our corporate culture, and effectively executing our business plan;
- successfully improving and expanding the capabilities of our platform and introducing new products and services;
- being able to expand our installer partner ecosystem;
- controlling expenses and investments in anticipation of expanded operations; and

- managing the expansion of operations in the United States and in additional countries in the future, which will place additional demands on our resources and operations.

We focus on serving SMBs and are subject to risks associated with serving small businesses.

Our revenue is derived from SMBs, and the majority of our revenue is derived from small businesses. SMBs often have higher rates of business failures. Further, SMBs are fragmented in terms of size, geography, sophistication and nature of business and, consequently, are more challenging to serve at scale and in a cost-effective manner. Many of these SMBs are in the early stages of their development and there is no guarantee that their businesses will succeed. In addition, SMBs may be affected by economic uncertainty or downturns to a greater extent than enterprises and typically have more limited financial resources, including capital borrowing capacity, than enterprises. The COVID-19 pandemic has adversely impacted economies and financial markets globally, which have particularly impacted many SMBs. SMBs are also typically less able to make technology-related decisions based on factors other than price. These factors may make us more susceptible to economic downturns and may limit our ability to grow our business and become profitable. If we are not able to effectively address the risks associated with serving SMBs, our revenue, results of operations and financial condition could be adversely impacted.

We face risks in targeting medium-sized businesses for sales of our subscriptions and, if we do not manage these efforts effectively, our business and results of operations could suffer.

A majority of our current customer base consists of small businesses. In addition to pursuing continued customer growth among small businesses, we intend to pursue opportunities to expand our customer base among medium-sized businesses. As we target a portion of our sales efforts to larger and multi-location businesses, we may incur higher costs and longer sales and installation cycles, and we may be less effective at predicting when we will complete these sales. In these market segments, the decision to purchase our subscriptions may require the approval of more technical personnel and management levels within a potential customer's organization and, therefore, sales to larger and multi-location businesses may require us to invest more time educating potential customers about the benefits of our subscriptions. In addition, larger and multi-location businesses may demand more features, integration services and customization, and may require more highly skilled sales and support personnel. These new businesses may also demand service-level agreements, or SLAs, or other contractual terms that may introduce additional risk. To date, there has not been a material failure to meet our service-level commitments, and we do not currently have any material liabilities accrued on our consolidated balance sheets for such commitments. Our investment in marketing our subscriptions to these potential customers may not be successful, which could adversely affect our results of operations and our overall ability to grow our customer base.

We have a history of losses and we may not achieve or sustain profitability in the future.

We have incurred net losses in each year since our inception, including net losses of \$51.7 million, \$40.4 million and \$32.1 million in 2021, 2020 and 2019, respectively. We had an accumulated deficit of \$181.9 million as of December 31, 2021. While we have experienced significant revenue growth in recent periods, this growth rate may decline in future periods and you should not rely on the revenue growth of any given prior period as an indication of our future performance. We are not certain whether we will be able to sustain or increase our revenue or whether or when we will attain sufficient revenue to achieve or maintain profitability in the future. We also expect our costs and expenses to increase in future periods, which could negatively affect our future results of operations if our revenue does not increase by amounts sufficient to offset such costs and expenses. We expect to continue to expend substantial financial and other resources on, among other things:

- sales and marketing, including the continued expansion of our direct sales organization and marketing programs and expanding our programs directed at increasing our brand awareness among current and new customers;

- increased labor and compensation expenses;
- investments in our customer support teams;
- improvements in regulatory compliance and risk management, including security and data protection;
- investments in our engineering team and the development of new products, features and functionality and enhancements to our platform, including developing the features and functionality required by new vertical markets that we choose to address in the future;
- expansion of our operations and technology infrastructure;
- international expansion; and
- general administration, including legal, accounting and other expenses related to being a public company.

These investments may not result in increased revenue or growth of our business. We also expect that our revenue growth rate will decline over time. Accordingly, we may not be able to generate sufficient revenue to offset our expected cost increases and achieve and sustain profitability. If we fail to achieve and sustain profitability, then our business, results of operations and financial condition would be adversely affected.

Our quarterly results may fluctuate, and if we fail to meet securities analysts' and investors' expectations, then the trading price of our common stock and the value of your investment could decline substantially.

Our results of operations, including the levels of our revenue, cost of revenue, gross margin and operating expenses, have fluctuated from quarter to quarter in the past and may continue to vary significantly in the future. These fluctuations are a result of a variety of factors, many of which are outside of our control, and may be difficult to predict and may or may not fully reflect the underlying performance of our business. If our quarterly results of operations or forward-looking quarterly and annual financial guidance fall below the expectations of investors or securities analysts, then the trading price of common stock could decline substantially. Some of the important factors that may cause our results of operations to fluctuate from quarter to quarter include:

- the impact of COVID-19 on our customers, our pace of hiring and the U.S. economy in general;
- our ability to retain and increase revenue from existing customers and attract new customers;
- our ability to introduce new products and enhance existing products;
- our success in penetrating new vertical markets;
- competition and the actions of our competitors, including pricing changes and the introduction of new products, services and geographies;
- changes in laws, industry standards, regulations or regulatory enforcement in the United States or internationally;
- changes in network service provider fees that we pay in connection with the delivery of communications on our platform;
- changes in payment processing network and partner fees;
- increases in fees from integration partners, such as providers of practice management systems or accounting software;

- changes in cloud infrastructure fees that we pay in connection with the operation of our platform;
- changes in our pricing as a result of our optimization efforts or otherwise;
- the rate of expansion and productivity of our sales force;
- change in the mix of products that our customers use;
- increases in revenue from outside the United States;
- the amount and timing of operating costs and capital expenditures related to the operations and expansion of our business, including investments in research and development of new features and functionality for our platform, products and services, our international expansion and additional systems and processes;
- costs associated with defending and resolving intellectual property infringement and other claims;
- significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our products on our platform;
- expenses in connection with mergers, acquisitions or other strategic transactions and the follow-on costs of integration;
- the timing of customer payments and any difficulty in collecting accounts receivable from customers;
- general economic conditions that may adversely affect a prospective customer's ability or willingness to adopt our products, delay a prospective customer's adoption decision, reduce the revenue that we generate from subscriptions to our platform and use of our products or affect customer retention;
- sales tax and other tax determinations by authorities in the jurisdictions in which we conduct business;
- the impact of new accounting pronouncements; and
- fluctuations in stock-based compensation expense.

The occurrence of one or more of the foregoing and other factors may cause our results of operations to vary significantly. As such, we believe that quarter-to-quarter comparisons of our results of operations may not be meaningful and should not be relied upon as an indication of future performance. In addition, a significant percentage of our operating expenses is fixed in nature and is based on forecasted revenue trends. Accordingly, in the event of a revenue shortfall, we may not be able to mitigate the negative impact on our loss and margins in the short term. If we fail to meet or exceed the expectations of investors or securities analysts, then the trading price of our common stock could fall substantially, and we could face costly lawsuits, including securities class action suits.

If we are not able to maintain and enhance our brand and increase market awareness of our company, platform and products, then our business, results of operations and financial condition may be adversely affected.

We believe that maintaining and enhancing our brand identity and increasing market awareness of our company, platform and products are critical to achieving widespread acceptance of our platform, to strengthen our relationships with our existing customers and to our ability to attract new customers. The successful promotion of our brand will depend largely on our continued marketing efforts, our ability to continue to offer high quality products and support and our ability to successfully differentiate our platform

and products from competing offerings. Our brand promotion activities may not be successful or yield increased revenue.

As we seek to expand our customer base by targeting additional vertical markets in the future, we will need to establish brand awareness in new markets in which we have not historically had a presence. Although we have invested in promoting our brand generally, we may not have significant brand awareness in these new markets, and will need to make additional investments to expand awareness of our brand in the new vertical markets we seek to address. In addition, as we seek to expand our reach internationally, we will need to invest in establishing awareness of our brand in new international markets.

From time to time, our customers have complained about our platform and products, such as complaints about our pricing and customer support. If we do not handle customer complaints effectively, then our brand and reputation may suffer, our customers may lose confidence in us and they may reduce or cease their use of our products. In addition, many of our customers post and discuss on social media about internet-based products and services, including our platform and products. Our success depends, in part, on our ability to generate positive customer feedback and minimize negative feedback on social media channels where existing and potential customers seek and share information. If actions we take or changes we make to our platform or products upset these customers, then their online commentary could negatively affect our brand, reputation and customer trust. Complaints or negative publicity about us, our platform or products could adversely impact our ability to attract and retain customers, our business, results of operations and financial condition.

The promotion of our brand requires us to make substantial expenditures, and we anticipate that these expenditures will increase as our market becomes more competitive and as we expand into new markets. To the extent that these activities increase revenue, this revenue still may not be enough to offset the increased expenses we incur. In addition, due to restrictions on travel and in-person meetings as a result of the on-going COVID-19 pandemic, we have limited ability to attend trade shows and similar industry events, which have been a significant source of our customer pipeline in periods prior to the start of the pandemic. It is likely that we will have a mix of virtual and in-person trade show or other industry events in the near future and overall a smaller number of in-person events than we attended prior to the COVID-19 pandemic. We have typically relied on trade shows, industry events and other in-person meetings to facilitate customer sign-ups and generate leads for potential customers, and we cannot predict how long or the extent to which the COVID-19 pandemic may continue to constrain our marketing, promotional and sales activities. If we do not successfully maintain and enhance our brand, then our business may not grow, we may have to lower our prices to compete and we may lose customers, all of which would adversely affect our business, results of operations and financial condition.

The market for our platform and products is still relatively new and evolving, may decline or experience limited growth and is dependent in part on businesses continuing to adopt our platform and use our products.

We believe that our future success will depend in part on the growth, if any, and evolution of the market for a platform that enables SMBs to communicate and engage with their customers. The utilization of a platform by SMBs to communicate and engage with their customers is still relatively new, and SMBs may not recognize the need for, or benefits of, our platform and products. SMBs may decide to adopt alternative products and services to satisfy their communications and customer engagement needs. In order to grow our business and extend our market position, we intend to focus on educating SMBs about the benefits of our products and platform, expanding the functionality of our platform and products and bringing new technologies to market to increase market acceptance and use of our platform and to address additional markets. Our ability to expand the market that our platform and products address depends upon a number of factors, including the cost, performance, technology, IT infrastructure, and the perceived value associated with our platform and products. The market for our platform and products could fail to grow significantly or there could be a reduction in demand for our platform and products as a result of a lack of customer acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening economic conditions and other

causes. If our market does not experience significant growth or demand for our platform and products decreases, then our business, results of operations and financial condition could be adversely affected.

We may not be able to continue to expand our share of our existing vertical markets or expand into new vertical markets, which would inhibit our ability to grow and increase our profitability.

Our future growth and profitability depend, in part, upon our continued expansion within the healthcare vertical markets, such as dentistry, optometry and veterinary, where our revenue is concentrated, as well as our ability to penetrate new vertical markets, such as home services.

Our expansion into new vertical markets also depends upon our ability to adapt our existing platform, develop additional features and functionality to meet the particular needs of each new vertical market, and integrate our platform with practice management software or other systems of record. For example, home services providers may require greater mobile functionality than customers in other vertical markets. Other new vertical markets may require additional functionality to address regulatory considerations. For example, in our existing vertical markets such as dentistry and optometry, we had to expend significant time and resources to integrate with dental practice management software and address the strict patient and other privacy regulations associated with those industries. We may not have adequate financial or technological resources to develop effective and secure enhancements to our platform and new products that will satisfy the demands of these new vertical markets. In addition, we will need to make sales and marketing investments to increase awareness of our platform and products in new vertical markets in which we have not historically had a presence. Further, as positive references from existing customers are vital to expanding into new vertical and geographic markets within the home services economy, any dissatisfaction on the part of existing customers may harm our brand and reputation and inhibit market acceptance of our platform and products.

As part of our strategy to expand into new vertical markets, we may look for acquisition opportunities and partnerships that will allow us to enhance our offerings and distribution channels for those verticals and increase our market penetration. We may not be able to successfully identify suitable acquisition, partnership, or integration candidates in the future, and if we do, they may not provide us with the benefits we anticipated.

Penetrating new vertical markets may also prove to be more challenging or costly or take longer than we may anticipate. If we fail to expand into new vertical markets and increase our penetration into existing vertical markets, we may not be able to continue to grow our revenue. Moreover, we will need to make investments to enter new markets in advance of deriving revenue from those markets, and, if we are unable to derive incremental revenue from new vertical markets in which we make investments to earn an adequate return on our investments, our business and results of operations will suffer. In addition, we cannot be sure that the time periods that have been required historically to identify, evaluate, develop and launch new product offerings to address specific vertical markets will be representative of the time that will be required to address new vertical markets in the future. Delays in addressing vertical markets may result in an increase in the investment required to address these markets, delay our ability to derive revenue from these markets and adversely affect our ability to address those markets if other companies are able to address those markets with competitive offerings before we are able to do so.

If we are unable to attract new customers in a cost-effective manner, then our business, results of operations and financial condition would be adversely affected.

In order to grow our business, we must continue to attract new customers in a cost-effective manner. We use a variety of marketing channels to promote our products and platform, such as industry and customer events, trade shows, public relations initiatives and brand marketing, as well as search engine marketing and optimization. If the costs of the lead generation and marketing channels we use increase dramatically, then we may choose to use alternative and less expensive channels, which may not be as effective as the channels we currently use. As we add to or change the mix of our lead generation and marketing strategies, we may need to expand into more expensive channels than those we are currently

in, which could adversely affect our business, results of operations and financial condition. As a result of COVID-19, our in-person lead generation and marketing efforts have largely halted, but we anticipate rebalancing our marketing spend to account for the resumption of in-person business development activities. To the extent that trade shows and other in-person lead generation activities resume, there can be no assurance that those activities will attract new customers in a cost-effective manner or at levels that existed prior to the COVID-19 pandemic.

We will incur marketing expenses before we are able to recognize any revenue that the lead generation and marketing initiatives may generate, and these expenses may not result in increased revenue or brand awareness. We have made in the past, and may make in the future, significant expenditures and investments in new marketing campaigns, and we cannot guarantee that any such investments will lead to the cost-effective acquisition of additional customers. If we are unable to maintain effective marketing programs, then our ability to attract new customers could be adversely affected, our advertising and marketing expenses could increase substantially, and our results of operations may suffer.

If we are unable to develop and maintain successful relationships with integration partners, such as providers of practice management systems, or PMS, or accounting software, the value of our platform and products could decline and our results of operations and financial condition could be adversely affected.

We have entered into integration relationships with integration partners, such as providers of PMS or related solutions, and we intend to pursue such partnerships in the future. Our agreements with these partners are typically structured as commercial and technical partnership agreements, pursuant to which we integrate certain aspects of our platform and products with the systems or software that are utilized by our customers, for agreed payments to such integration partners. The success of our business strategy relies, in part, on our ability to form and maintain these alliances with such partners in order to facilitate and permit the integration of our platform and products into the systems or software used by our customers. For example, dental PMS product Dentrrix provides critical functionality to our platform for a significant portion of our customer base, pursuant to a contract that provides for integration through July 2026, subject to certain conditions including third party access approval and security protocols for data protection and system integrity. Providers of these systems or software may compete with certain of the functionality offered by our platform and products, and they may in the future expand their offerings to compete more directly with our platform and products or elect to partner with our competitors. If providers of these systems or software amend, terminate or fail to perform their obligations under their agreements with us, or if they elect to prioritize developing competing offerings or developing integration with offerings of our competitors, our platform and products may no longer integrate with the systems or software of our customers, which would lower the value of our platform and products to our customers and materially and adversely affect our business results.

We may also seek to enter into new integration relationships in the future, and we may not be successful in entering into future relationships on terms favorable to us. For example, as we target expansion to the home services vertical market, we have integrated with QuickBooks, a leading accounting software platform for SMBs, to provide functionality to our platform and products that is valued by many of our customers. If we are not able to enter into similar relationships with other providers of systems or software used by our customers, the attractiveness of our products to customers may be diminished. In addition, any delay in entering into integration relationships with providers of systems or software used by our customers or potential customers could delay or impair our ability to enter new vertical markets or enhance the functionality of our platform and products, and reduce their competitiveness. Any such delay could adversely affect our business.

The market in which we participate is intensely competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed.

The market for our platform and products is rapidly evolving, significantly fragmented and highly competitive, with relatively low barriers to entry in some segments. In many cases, our primary

competition is the combination of existing point solutions, such as messaging, phone service, marketing tools, payments, CRM, analytics and social media management, that potential customers may already use to manage their businesses and in which they have made significant investments.

The principal competitive factors in our market include platform breadth, ability to offer an all-in-one solution package, ease of deployment and use, industry-specific capabilities and workflows with best-in-class product functionality, depth of integration with leading systems of record, ability to enable differentiated customer insights and engagement, cloud-based delivery architecture, advanced payments capabilities, brand recognition and pricing and total cost of ownership. Our competitors fall into the following primary categories:

- customer interactions management solutions;
- customer experience management;
- marketing solutions;
- business intelligence;
- integrated payment providers;
- unified communications and telecommunications; and
- customer relationship management.

We may also face competition from the systems of record, including suppliers of PMS, that have significant market penetration and broad market acceptance in the markets that we address. Although these systems do not currently offer the broad functionality provided by our platform or products, if the providers of these systems were to seek to integrate some or all of the functionality offered by our platform or products in the future, either by integrating that functionality into their systems or through partnerships with third parties, existing or potential customers that use these systems may choose to use that functionality rather than to subscribe to our platform and products. This development could have an adverse effect on our business, operating results and financial condition.

If one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively. For example, sales force automation and CRM vendors could acquire or develop applications that compete with our marketing software offerings. Some of these companies have recently acquired social media marketing and other marketing software providers to integrate with their broader offerings, which may increase the competition we experience from those third parties.

Some of our competitors and potential competitors are larger and have greater name recognition, longer operating histories, more established customer relationships, larger budgets and significantly greater resources than we do. In addition, they have the operating flexibility to bundle competing products and services at little or no perceived incremental cost, including offering them at a lower price as part of a larger sales transaction. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. In addition, some competitors may offer products or services that address one or a limited number of functions at lower prices, with greater depth than our products or in different geographies or in vertical markets. Customers utilize our products in many ways and use varying levels of functionality that our products offer or are capable of supporting or enabling within their applications. Customers that use only limited functionality in our platform or products may be able to more easily replace our products with competitive offerings. In addition, some of our customers may choose to use our platform and products and our competitors' products at the same time.

Moreover, as we expand the functionality of our platform and products to include additional solutions, address new vertical markets and enter new markets outside the United States, we may face additional

sources of competition. We cannot be sure that we will compete as successfully against companies with products that offer solutions in those markets as we have to date. In addition, we cannot be sure we will compete successfully against incumbent providers of solutions with established brands and market presence as we enter new vertical markets and new markets outside the United States.

In addition, some of our competitors have lower list prices than us, which may be attractive to certain customers even if those products have different or lesser functionality. Our current and potential competitors may also develop and market new products and services with comparable functionality to our products, and this could lead to us having to decrease prices in order to remain competitive. If we are unable to maintain our current pricing due to competitive pressures, our margins will be reduced and our business, results of operations and financial condition would be adversely affected. In addition, increased competition generally could result in reduced revenue, reduced margins, increased losses or the failure of our products to achieve or maintain widespread market acceptance, any of which could harm our business, results of operations and financial condition.

If we do not develop enhancements to our platform and products and introduce new products that achieve market acceptance, our business, results of operations and financial condition would be adversely affected.

Our ability to attract new customers and increase revenue from existing customers depends in part on our ability to enhance and improve our existing platform and products, increase adoption and usage of our products and introduce new products. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels, overall market acceptance, ease of use of the new product and trained customer support personnel who can assist customers with the new product. Enhancements and new products that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, may require reworking features and capabilities, may have interoperability difficulties with our platform or other products or may not achieve the broad market acceptance necessary to generate significant revenue. Our ability to generate usage of additional products by our customers may also require increasingly sophisticated and more costly sales efforts. In addition, adoption of new products or enhancements may put additional strain on our customer support and success teams, which could require us to make additional expenditures related to further hiring and training. We also may invest in the acquisition of complementary businesses, technologies, services, products and other assets that expand the products that we can offer our customers. We may make these investments without being certain that they will result in products or enhancements that will be accepted by existing or prospective customers. If we are unable to successfully enhance our existing platform and products to meet evolving customer requirements, increase adoption and usage of our products or develop new products, or if our efforts to increase the usage of our products are more expensive than we expect, then our business, results of operations and financial condition would be adversely affected.

Any failure to offer high quality customer service and support may adversely affect our relationships with our customers and prospective customers, and adversely affect our business, results of operations and financial condition.

Many of our customers depend on our customer support and success teams to assist them in deploying our products effectively, to help them to resolve post deployment issues quickly and to provide ongoing support. As such, we believe our focus on customer service and support is critical to onboarding new customers and retaining our existing customers and growing our business. If we do not devote sufficient resources or are otherwise unsuccessful in supporting our customers effectively, our ability to retain existing customers could suffer and prospective customers may be less likely to adopt our platform and products. Accordingly, we expect to devote significant resources to maintaining and enhancing the effectiveness of our customer service and support function, and increased investments in customer service and support, without corresponding revenue, could adversely affect our business, results of operations and financial condition.

Our ability to provide effective customer service and support may be adversely affected by a variety of factors. We may be unable to respond quickly enough to accommodate short term increases in demand for service and support from our customer support and success teams. Over half of our current customer service and support staff has been employed with us for less than one year and therefore may be less familiar with our platform and products than our more tenured employees. In addition, as we add more functionality to our platform or as customers begin to increase the ways in which they use our platform or products, customer service needs have become more time-consuming to meet. These factors have led to increased hold times for customers, which has caused some customers to be dissatisfied with our platform. If our customers are not satisfied with the level of customer support we provide, they may stop using our platform or may not subscribe to additional products we offer. In addition, to improve our level of customer support and service and to meet increased customer demand for support, we may need to devote additional resources to hiring and training personnel, which will increase our costs and without additional corresponding revenue, could adversely affect our business, results of operations and financial condition.

Our ability to gain new customers is highly dependent on our business reputation and on positive recommendations from customers. Any failure to maintain high quality customer service and support, or a market perception that we do not maintain high quality customer service and support, could erode customer trust and adversely affect our reputation, business, results of operations and financial condition.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing customer needs, requirements or preferences, our platform and products may become less competitive.

The market for communications and engagement software in general, and cloud-based communications in particular, is subject to rapid technological change, evolving industry standards, changing regulations, as well as changing customer needs, requirements and preferences. Customers and consumers may choose to adopt other forms of electronic communications or alternative communications platforms. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. If we are unable to develop functionality for our platform or new products that satisfy our customers and provide enhancements and new features for our existing products that keep pace with rapid technological and industry change, including but not limited to applicable industry standards, our business, results of operations and financial condition could be adversely affected. If new technologies emerge that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete effectively.

Our platform must integrate with a variety of network, hardware, mobile and software platforms and technologies, and we need to continuously modify and enhance our products and platform to adapt to changes and innovation in these technologies if mobile phone operating system providers, network service providers, our customers or their end users adopt new software platforms or infrastructure, we may be required to develop new versions of our products to work with those new platforms or infrastructure. This development effort may require significant resources, which would adversely affect our business, results of operations and financial condition. We may need to devote significant resources to the creation, support, and maintenance of our mobile applications, and any failure of our platform and products to operate effectively with evolving or new platforms and technologies could reduce the demand for our platform and products. If we are unable to respond to these changes in a cost-effective manner, or at all, our platform and products may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition could be adversely affected.

We depend on the interoperability of our platform or products with those of our integration partners.

We maintain integrations with various third-party applications, products and services. These third-party offerings are constantly evolving, and we may not be able to maintain or modify our platform to

ensure its compatibility with these offerings. In addition, some of these third parties may have or introduce offerings that compete with our platform. These third parties or our competitors may take actions that disrupt the interoperability of our platform with their products or services, or they may exert strong business influence on our ability to, and the terms on which, we operate and distribute our platform. As our platform evolves, we expect the types and levels of competition we face to increase. Should any of our competitors modify their technologies, standards, or terms of use in a manner that degrades the functionality or performance of our platform or is otherwise unsatisfactory to us or gives preferential treatment to our competitors' products or services, our platform, business, financial condition, and results of operations could be adversely affected.

We rely on hardware purchased or leased from, software licensed from, and services rendered by third parties in order to provide our platform and products and run our business, sometimes by a single-source supplier.

We rely on hardware, purchased or leased from, software licensed from, and services rendered by third-parties in order to provide our solutions and run our business, sometimes by a single-source supplier. In particular, we rely on single-source suppliers for phones and point-of-sale terminals: Yealink to supply phones for our platform and Stripe to provide point-of-sale devices and payment processing services for Weave Payments. Additionally, Bandwidth and Telnyx power the texting functionality of our platform. We also rely on hosted SaaS technologies from third parties in order to operate critical internal functions of our business, including enterprise resource planning, customer support and customer relations management services. We do not have long-term supply agreements with our sole source hardware suppliers and maintain only a small amount of inventory, making us vulnerable to price increases and supplier capacity and supply chain constraints. Third-party hardware, software and services may not continue to be available on a timely basis, on commercially reasonable terms, or at all. Any loss of the supply, right to use or any failures of third-party hardware, software or services, could result in delays in our ability to provide our platform and products or run our business. In addition, even if we are able to identify equivalent hardware, software or services or are able to internally develop a replacement solution, integrating any new hardware, software or service could be costly and time-consuming and may not result in an equivalent solution, any of which could adversely affect our business, results of operations and financial condition.

In the event our customers' ability to use the functionality supplied by our platform were disrupted as a result of issues affecting the hardware, software or services provide by third parties, customers could assert claims against us in connection with such service disruption or cease conducting business with us altogether. Even if not successful, a claim brought against us by any of our customers would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our platform and products.

Breaches of our applications, networks or systems, or those of GCP or our service providers, could degrade our ability to conduct our business, compromise the integrity of our products, platform and data, result in significant data losses and the theft of our intellectual property, damage our reputation, expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data.

We depend upon our information technology, or IT, systems to conduct virtually all of our business operations, ranging from operation of our platform, our internal operations and research and development activities to our marketing and sales efforts and communications with our customers and integration partners. Individuals or entities may attempt to penetrate our network security, or that of our platform, and to cause harm to our business operations, including by misappropriating our proprietary information or that of our customers, employees and integration partners or to cause interruptions of our products and platform. In particular, cyberattacks (including ransomware) and other malicious internet-based activity continue to increase in frequency and in magnitude generally, and cloud-based companies continue to be targeted. In addition to threats from traditional computer hackers, malicious code (such as malware,

viruses, worms, and ransomware), employees theft or misuse, password spraying, phishing, credential stuffing, and denial-of-service attacks, we also face threats from sophisticated organized crime, nation-state, and nation-state supported actors who engage in attacks (including advanced persistent threat intrusions) that add to the risk to our systems (including those hosted on GCP or other cloud services), internal networks, our customers' systems and the information that they store and process. Because the techniques used by such individuals or entities to access, disrupt or sabotage devices, systems and networks change frequently and may not be recognized until launched against a target, we may be required to make further investments over time to protect data and infrastructure as cybersecurity threats develop, evolve and grow more complex over time. We may also be unable to anticipate these techniques, and we may not become aware in a timely manner of such a security breach, which could exacerbate any damage we experience. Additionally, we depend upon our employees and contractors to appropriately handle confidential and sensitive data, including customer data, and to deploy our IT resources in a safe and secure manner that does not expose our network systems to security breaches or the loss of data.

We have been and expect to be subject to cybersecurity threats and incidents, including denial-of-service attacks, employee errors or individual attempts to gain unauthorized access to information systems. Any information security incidents, including internal malfeasance or inadvertent disclosures by our employees or a third party's fraudulent inducement of our employees to disclose information, unauthorized access or usage, virus or similar breach or disruption of us or our service providers, such as GCP, could result in the loss of confidential or personal information, damage to our reputation, erosion of customer trust, loss of customers, litigation, regulatory investigations, fines, penalties and other liabilities. Furthermore, we are required to comply with laws and regulations, including stringent regulations such as HIPAA, that require us to maintain the security of personal information and we may have contractual and other legal obligations to notify customers, regulators or other relevant stakeholders of security breaches. Such disclosures could lead to negative publicity, may cause our customers to lose confidence in the effectiveness of our security measures and require us to expend significant capital and other resources to respond to and/or mitigate the security breach. Accordingly, if our cybersecurity measures or those of GCP or our service providers, fail to protect against unauthorized access, attacks (which may include sophisticated cyberattacks), compromise or the mishandling of data by our employees and contractors, then our reputation, customer trust, business, results of operations and financial condition could be adversely affected.

While we maintain errors, omissions, and cyber liability insurance policies covering certain security and privacy damages, we cannot be certain that our existing insurance coverage will continue to be available on acceptable terms, and in sufficient amounts, to cover the potentially significant losses that may result from a security incident or breach or that the insurer will not deny coverage as to any future claim.

We rely on a single supplier to provide the technology we offer through Weave Payments.

In order to provide Weave Payments, we have entered into payment service provider agreements with Stripe Inc., or Stripe. These payment service provider agreements renew on 3 year terms, unless we provide a notice of termination prior to the end of the then current term. These agreements are integral to Weave Payments, and any problems with Stripe or disruption affecting its services could have an adverse effect on our reputation, results of operations and financial results. If Stripe were to terminate its relationship with us, we could incur substantial delays and expense in finding and integrating an alternative payment service provider into Weave Payments, and the quality and reliability of such alternative payment service provider may not be comparable. Any temporary or permanent disruption in our ability to offer Weave Payments, whether as a result of an interruption in Stripe's services due to technical or other issues, or due to the termination of our agreement with Stripe, would decrease our revenue and adversely affect our business.

We have in the past experienced limited interruptions with respect to payments processed through Stripe, which in some cases resulted in the temporary inability of some of our customers to collect

payments through our platform. In the event that Stripe fails to maintain adequate levels of support, experiences interrupted operations, experiences a breach of their networks or systems, does not provide high quality service, or increases the fees they charge us, we may suffer additional costs and be required to pursue new third-party relationships, which could materially disrupt our operations. In addition, interruptions affecting payment processing by Stripe could result in periods of time during which Weave Payments cannot function properly, and therefore cannot collect payments for our customers, which could adversely affect our relationships with our customers and our business, reputation, brand, financial condition, and results of operations.

To deliver our products, we rely on network service providers and internet service providers for our network service and connectivity and disruption or deterioration in the quality of these services could adversely affect our business, results of operations and financial condition.

We currently interconnect with network service providers to enable the use by our customers of our products over their networks and we rely on network service providers for these services. Where we do not have direct access to phone numbers, our reliance on network service providers has reduced our operating flexibility, ability to make timely service changes and control quality of service. In addition, the fees that we are charged by network service providers may change daily or weekly, while we do not typically change our customers' pricing as rapidly.

At times, network service providers have instituted additional fees due to regulatory, competitive or other industry related changes that increase our network costs. Additionally, our ability to respond to any new fees may be constrained if all network service providers in a particular market impose equivalent fee structures, if the magnitude of the fees is disproportionately large when compared to the underlying prices paid by our customers, or if the market conditions limit our ability to increase the price we charge our customers. For example, in recent periods we have experienced higher fees associated with text messaging.

Furthermore, many of these network service providers do not have long-term committed contracts with us and may interrupt services or terminate their agreements with us without notice. If a significant portion of our network service providers stop providing us with access to their infrastructure, fail to provide these services to us on a cost-effective basis, cease operations, or otherwise terminate these services, the delay caused by qualifying and switching to other network service providers could be time consuming and costly and could adversely affect our business, results of operations and financial condition. Further, if problems occur with our network service providers, it may cause errors or poor quality communications with our products, and we could encounter difficulty identifying the source of the problem. The occurrence of errors or poor quality communications on our products, whether caused by our platform or a network service provider, may result in the loss of our existing customers or the delay of adoption of our products by potential customers and may adversely affect our business, results of operations and financial condition.

Further, we sometimes access network services through intermediaries who have direct access to network service providers. We expect that we will continue to rely on intermediaries for these services, but this may change in the future. These intermediaries sometimes have offerings that directly compete with our products and may stop providing services to us on a cost-effective basis. If a significant portion of these intermediaries stop providing services or stop providing services on a cost-effective basis, our business could be adversely affected.

We also interconnect with internet service providers to enable the use of our communications products by our customers, and we expect that we will continue to rely on internet service providers for network connectivity going forward. Our reliance on internet service providers reduces our control over quality of service and exposes us to potential service outages and rate fluctuations. If a significant portion of our internet service providers stop providing us with access to their network infrastructure, fail to provide access on a cost-effective basis, cease operations, or otherwise terminate access, the delay

caused by qualifying and switching to other internet service providers could be time consuming and costly and could adversely affect our business, results of operations, and financial condition.

If problems were to occur with any of these third-party network or internet service providers, they may cause errors or poor call quality that could impact our customers, and we could encounter difficulty identifying the source of the problem. These third-party network or service providers have been adversely impacted or overloaded by the large increase in traffic caused by the COVID-19 pandemic, which could increase our exposure to damage from service interruptions. The occurrence of errors or poor call quality, whether caused by our systems or a third-party network or service provider, may result in the loss of our existing customers and delay or loss of market acceptance of our platform and products, and harm our business and results of operations.

We substantially rely upon GCP to operate our platform, and any disruption of or interference with our use of GCP would adversely affect our business, results of operations and financial condition.

GCP provides a distributed computing infrastructure platform for business operations, or what is commonly referred to as a cloud computing service. We outsource a substantial majority of our cloud infrastructure to GCP, which hosts our products and platform, and have designed our software and computer systems to utilize data processing, storage capabilities, and other services provided by GCP. We cannot easily switch our GCP operations to another cloud provider, and any disruption of, or interference with, our use of GCP could have a material adverse effect on our business, operating results, and financial condition.

Our customers need to be able to access our platform at any time, without interruption or degradation of performance. GCP runs its own platform that we access, and we are, therefore, vulnerable to service interruptions at GCP. We have experienced, and expect that in the future we may experience interruptions, delays and outages in service and availability due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. Capacity constraints could be due to a number of potential causes, including technical failures, natural disasters, pandemics such as COVID-19, fraud or security attacks. In addition, if our security, or that of GCP, is compromised, or our products or platform are unavailable or our users are unable to use our products within a reasonable amount of time or at all, then our business, results of operations and financial condition could be adversely affected. It may become increasingly difficult to maintain and improve our platform performance, especially during peak usage times, as our products become more complex and the usage of our products increases. To the extent that we do not effectively address capacity constraints, either through GCP or alternative providers of cloud infrastructure, our business, results of operations and financial condition may be adversely affected. In addition, any changes in service levels from GCP may adversely affect our ability to meet our customers' requirements, result in negative publicity which could harm our reputation and brand and may adversely affect the usage of our platform.

GCP may terminate our agreement, among other reasons, at their convenience upon 30 days' prior written notice. Although we have successfully transitioned cloud service providers in the past and we expect that we could receive similar services from other third parties in the future, if any of our arrangements with GCP are terminated, we could experience interruptions on our platform and in our ability to make our products available to customers, as well as delays and additional expenses in arranging alternative cloud infrastructure services.

Any of the above circumstances or events may harm our reputation, erode customer trust, cause customers to stop using our products, impair our ability to increase revenue from existing customers, impair our ability to grow our customer base, subject us to financial penalties and liabilities under certain of our agreements and otherwise harm our business, results of operations and financial condition.

Defects or errors in our platform or products could diminish demand for our products, harm our business and results of operations and subject us to liability.

Our customers use our platform and products for important aspects of their businesses, and any errors, defects or disruptions to our products and any other performance problems with our products could damage our customers' businesses and, in turn, hurt our brand and reputation and erode customer trust. We provide regular updates to our platform and products, which have in the past contained, and may in the future contain, undetected errors, failures, vulnerabilities and bugs when first introduced or released. Real or perceived errors, failures or bugs in our products could result in negative publicity, loss of or delay in market acceptance of our platform, loss of competitive position, lower customer retention or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. In addition, we may not carry insurance sufficient to compensate us for any losses that may result from claims arising from defects or disruptions in our products. As a result, our reputation and our brand could be harmed, and our business, results of operations and financial condition may be adversely affected.

Interruptions or performance problems associated with our technology and infrastructure may adversely affect our business and operating results.

Our continued growth depends in part on the ability of our existing and potential customers to access our platform at any time and within an acceptable amount of time. Our platform is proprietary, and we rely on the expertise of members of our engineering, operations, and product development teams for our platform's continued performance. We have experienced, and may in the future experience, disruptions, outages, and other performance problems related to our platform due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, delays in scaling our technical infrastructure if we do not maintain enough excess capacity and accurately predict our infrastructure requirements, capacity constraints due to an overwhelming number of users accessing our platform simultaneously, denial-of-service attacks, human error, actions or inactions attributable to third parties, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks and other geopolitical unrest, computer viruses, ransomware, malware or other events. Our systems also may be subject to break-ins, sabotage, theft, and intentional acts of vandalism, including by our own employees. Some of our systems are not fully redundant and our disaster recovery planning may not be sufficient for all eventualities. Further, our business or network interruption insurance may not be sufficient to cover all of our losses that may result from interruptions in our service as a result of systems failures and similar events.

From time to time, we may experience limited periods of server downtime due to server failure or other technical difficulties. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times and as our platform becomes more complex and our user traffic increases. If our platform is unavailable or if our users are unable to access our platform within a reasonable amount of time, or at all, our business would be adversely affected and our brand could be harmed. In the event of any of the factors described above, or certain other failures of our infrastructure, customer or guest data may be permanently lost.

Moreover, a limited number of our agreements with customers may provide for limited service level commitments from time to time, and it is possible that an increasing number of our agreements may include service-level commitments in the future. If we experience significant periods of service downtime in the future, we may be subject to claims by our customers against these service level commitments. System failures in the future could also result in significant losses of revenue. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed, and continually develop our

technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be adversely affected.

Growth may place significant demands on our infrastructure.

As our operations grow in size, scope, and complexity, we will need to improve and upgrade our systems and infrastructure to attract, service, and retain an increasing number of customers. For example, we expect the volume of simultaneous calls to increase significantly as our customer base grows. Our infrastructure may not be able to accommodate this additional simultaneous call volume. The expansion of our systems and infrastructure will require us to commit substantial financial, operational, and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Any such additional capital investments will increase our cost base.

Our growth in revenue generated from Weave Payments depends on customers increasing their use of this product, and if our customers do not increase their use of this product, our business, results of operations and financial condition could be adversely affected.

We generate revenue from our payments product, Weave Payments, based on customer usage. While this product has the potential to meaningfully diversify our sources of revenue, our ability to generate incremental revenue from this product depends not only on convincing customers who do not already subscribe to Weave Payments to become Weave Payments customers, but also on those who have already subscribed increasing their usage of it. If our customers do not increase their use of Weave Payments, then our results of operations and future prospects may be harmed.

We cannot accurately predict customers' usage levels. Revenue from Weave Payments is generally calculated as a percentage of payment volume plus a per-transaction fee and, accordingly, varies depending on the total dollar amount processed through our platform in a particular period. This amount may vary, depending on, among other things, interchange and processor fees, the success of our customers' businesses, the proportion of our customers' payment volume processed through our platform, consumer spending levels in general, and overall economic conditions. In addition, the revenue and gross profit derived from Weave Payments varies depending on the particular type of payment processed on our platform. During the COVID-19 pandemic, card-not-present transactions, which are transactions for which the credit card is not physically present at the merchant location at the time of the transaction, accounted for a larger proportion of the total payment transactions processed through our platform, which contributed to higher gross margins on those transactions than in prior periods. We expect the relative percentage of credit card transactions, and transactions where the card is present to increase in future periods.

Failure to effectively develop and expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our platform.

To increase total customers and achieve broader market acceptance of our platform and products, we will need to expand our marketing and sales operations, including our sales force. We will continue to dedicate significant resources to inbound and outbound sales and marketing programs and to increase and develop our digital marketing competencies. The effectiveness of our inbound and outbound sales and marketing and third-party channel partners has varied over time and may vary in the future. All of these efforts will require us to invest significant financial and other resources. We may not achieve anticipated revenue growth by expanding our sales force if, among other reasons, we are unable to hire, develop and retain talented sales personnel, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time or if our sales and marketing programs are not effective. Our business will be seriously harmed if our investments in sales and marketing do not generate an increase in revenue that represents an appropriate return on our investment.

If we do not successfully maintain the quality of the installation of our platform and products by our third-party installers, our reputation could suffer and our sales could decline.

We rely on a large number of third-party independent contractors to install our customer premises equipment and implement integrations. These services are critical because any failure to properly install our product can lead to reduced operability and poor customer satisfaction. While we currently provide customers with a list of reputable independent installers from which they may select their installer of choice, a quality installation may not be delivered, which would impact customer experience. We recently transitioned to this installation model from our nationwide installation program described in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," and we cannot assure you that our new model will be as successful as our prior model or that it will provide installations of the quality our customers expect. To the extent this model fails or we otherwise have poor quality installations, we may need to devote additional resources to the identification and monitoring of independent installers. If growth of our new subscriber base outpaces growth of the available independent installer base, the quality of installations or customer service provided by independent installers could suffer. If the installers used by customers fail to provide the quality of service that our customers expect, we may lose existing customers, our reputation and market acceptance of our platform and products could suffer, our sales could decline and we may experience increased warranty claims and costs, any of which would harm our business.

The standards that private entities and email service providers use to regulate the use and delivery of email have in the past interfered with, and may in the future interfere with, the effectiveness of our platform and our ability to conduct business.

Our customers rely on email for commercial solicitation. In addition to legal requirements addressing spam, a variety of private entities such as email service providers advocate standards of conduct or practice that significantly exceed current legal requirements and classify certain solicitations that comply with current legal requirements as spam. Some of these entities maintain "blacklists" of companies and individuals, and the websites, email service providers and IP addresses associated with those entities or individuals that do not adhere to those standards of conduct or practices for commercial solicitations that the blacklisting entity believes are appropriate. If a company's IP addresses are listed by a blacklisting entity, emails sent from those addresses may be blocked if they are sent to any internet domain or internet address that subscribes to the blacklisting entity's service or uses its blacklist. Due to the nature of our customer base, we have not had significant issues related to this risk; however, as we continue to increase our customer base and expand into other vertical markets outside of healthcare, we may have greater exposure to this risk. There can be no guarantee that we will be able to successfully remove ourselves from any blacklists. Because we fulfill email delivery on behalf of our customers, blacklisting of this type could undermine the effectiveness of our customers' transactional email, email marketing programs and other email communications, all of which could have a material negative impact on our business, financial condition and results of operations.

Additionally, even if emails we process are not blacklisted, email service providers from time to time block emails we process from reaching their users. For example, some email service providers categorize as "promotional" emails that originate from email service providers such as us, and, as a result, direct them to an alternate or "tabbed" section of the recipient's inbox. While we improve our own technology and work closely with email service providers to maintain our deliverability rates, the implementation of new or more restrictive policies by email service providers may make it more difficult to deliver our customers' emails, particularly if we are not given adequate notice of a change in policy or are unable to update our platform or products to comply with the changed policy in a reasonable amount of time. If email service providers materially limit or halt the delivery of our customers' emails, or if we fail to deliver our customers' emails in a manner compatible with email service providers' email handling or authentication technologies or other policies, or if the open rates of our customers' emails are negatively impacted by the actions of email service providers to categorize emails, then customers may question the

effectiveness of our platform and cancel their accounts. This, in turn, could harm our business, financial condition and results of operations.

The standards that Mobile Network Operators use to regulate the delivery of SMS text messages have in the past interfered with, and may in the future interfere with, the effectiveness of our platform and our ability to conduct business.

Our customers rely on SMS text messaging for communicating with their customers. To address requirements set forth in TCPA, CAN-SPAM, CTIA guidelines, and other FCC rules regarding unwanted communications, the U.S. wireless communications industry and Mobile Network Operators, or MNOs, have set forth standards governing the delivery of non-consumer messages via wireless provider networks with the primary objective of protecting consumers from unwanted messages. MNOs monitor non-consumer messages and block or limit throughput of messages if a sender does not adhere to industry and MNO-defined standards. If non-conforming text messages are sent from a business' telephone number, that number may be blocked or limited from sending text messages, or charged additional fees by the MNOs. We work closely with our service providers in order to comply with the applicable laws and maintain our deliverability rates. However, as the popularity of text messaging increases over time, we expect the MNOs and the wireless communications industry to continue to implement additional requirements, restrictions, and fees for sending non-consumer messages.

There are some exceptions to non-consumer messaging requirements, which apply to a large number of our customers, including exceptions for health-care related messages and messages sent from "low-volume" senders, such as small businesses. Accordingly, our customer base has not had meaningful exposure to this risk. However, as we continue to expand into additional verticals outside of healthcare, we may have greater exposure to this risk. If text messages originating from our customers are blocked or limited by MNOs, or if MNOs impose additional fees for certain text messages, the effectiveness of our customers' text message communications with their customers may be impacted, and our customers may question the effectiveness of our platform and discontinue service. This could result in harm to our business, financial condition and results of operations.

We are continuing to expand our international operations, which exposes us to significant risks.

We currently market our platform and products only in the United States and Canada, which we entered for the first time in 2019. We are continuing to expand our international operations to increase our revenue from customers outside of the United States as part of our growth strategy.

We expect to open additional international offices and hire employees to work at these offices in order to gain access to additional technical talent. For example, we recently opened an office and as of December 31, 2021 had onboarded a team of 58 employees in India to further our engineering and administrative operations.

Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks in addition to those we already face in the United States. Because of our limited experience with international operations or with developing and managing sales in international markets, our international expansion efforts may not be successful.

In addition, we will face risks in doing business internationally that could adversely affect our business, including:

- the difficulty of managing and staffing international operations and the increased operations, travel, infrastructure and legal compliance costs associated with servicing international customers and operating numerous international locations;
- our ability to effectively price our products in competitive international markets;
- new and different sources of competition or other changes to our current competitive landscape;

- understanding, reconciling and complying with different technical standards, telecommunications and payment processing regulations, registration and certification requirements outside the United States, which could prevent customers from deploying our platform and products and limit the features and functionality we may be able to provide or limit their usage;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- higher or more variable network service provider fees outside of the United States;
- the need to adapt and localize our products for specific countries;
- the need to offer customer support in various languages;
- difficulties in understanding and complying with local laws, regulations and customs in non-U.S. jurisdictions;
- export controls and economic sanctions administered by the Department of Commerce Bureau of Industry and Security and the Treasury Department's Office of Foreign Assets Control;
- compliance with various anti-bribery and anti-corruption laws such as the Foreign Corrupt Practices Act;
- changes in international trade policies, tariffs and other non-tariff barriers, such as quotas and local content rules;
- more limited protection for intellectual property rights in some countries;
- adverse tax consequences;
- fluctuations in currency exchange rates, which could increase the price of our products outside of the United States, increase the expenses of our international operations and expose us to foreign currency exchange rate risk;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- restrictions on the transfer of funds;
- deterioration of political relations between the United States and other countries;
- the impact of natural disasters and public health epidemics or pandemics such as COVID-19 on employees, contingent workers, partners, travel and the global economy and the ability to operate freely and effectively in a region that may be fully or partially on lockdown; and,
- political or social unrest or economic instability in a specific country or region in which we operate, which could have an adverse impact on our operations in that location.

Also, due to costs from our international expansion efforts and network service provider fees outside of the United States, which can be higher than domestic rates, our gross margin for international customers may be lower than our gross margin for domestic customers. As a result, our gross margin may be adversely impacted and fluctuate as we expand our operations and customer base worldwide.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

Failure to set optimal prices for our products could adversely impact our business, results of operations and financial condition.

We offer various subscription plans as well as other products for additional fees, which in the case of Weave Payments is based on usage. We expect that we may need to change our pricing from time to time, and we have limited experience with respect to determining the optimal prices for our platform and products. One of the challenges to our pricing is that the fees that we pay to network service providers over whose networks we transmit communications can vary daily or weekly and are affected by volume and other factors that may be outside of our control and difficult to predict. Additionally, regulatory developments may require us to incur additional costs to provide our services. Any of these changes could result in us incurring increased costs that we may be unable or unwilling to pass through to our customers, which could adversely impact our business, results of operations and financial condition. In addition, for customers who pay their subscriptions on an annual basis, we would not be able to increase the prices we charge to reflect these costs until the end of the contract term. Moreover, SMBs, which comprise substantially all of our customers, may be quite sensitive to price increases or lower prices that our competitors may offer. Further, as we expand into new vertical or international markets, we also must determine the appropriate price to enable us to compete effectively in those markets. As a result, in the future we may be required to reduce our prices or change our pricing models, which could adversely affect our revenue, gross profit, profitability, financial position and cash flows.

We incur chargeback liability when our customers refuse to or cannot reimburse chargebacks resolved in favor of their customers. While we have not experienced these issues to a significant degree in the past, any increase in chargebacks not paid by our customer may adversely affect our business, financial condition or results of operations.

In the event a dispute between a cardholder and a customer is not resolved in favor of the customer, the transaction is normally charged back to the customer and the purchase price is credited or otherwise refunded to the cardholder. If we are unable to collect such amounts from the customer's account or reserve account, if applicable, or if the customer refuses or is unable, due to closure, bankruptcy or other reasons, to reimburse us for a chargeback, we are responsible for the amount of the refund paid to the cardholder. The risk of chargebacks is typically greater with those customers that promise future delivery of goods and services rather than delivering goods or rendering services at the time of payment, as well as "card not present" transactions in which consumers do not physically present cards to customers in connection with the purchase of goods and services, such as e-commerce, telephonic and mobile transactions. While we have not experienced these issues to a significant degree in the past and do not view them to be material, we may experience significant losses from chargebacks in the future. A substantial increase in chargebacks not paid by our customers could have a material adverse effect on our business, financial condition or results of operations. We have policies and procedures to monitor and manage customer-related credit risks and often mitigate such risks by requiring collateral, such as cash reserves, and monitoring transaction activity. Notwithstanding our policies and procedures for managing credit risk, it is possible that a default on such obligations by one or more of our customers could adversely affect our business, financial condition or results of operations.

If we are unable to hire, retain and motivate qualified employees, our business will suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled employees. We believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other employees with experience in our industry in Utah, where our headquarters are located, and in other locations where we maintain offices. We must provide competitive compensation packages and a high-quality work environment to hire, retain and motivate employees. In addition, we recently completed our initial public offering, or IPO, and potential candidates may not perceive our compensation package, including our equity awards, as favorably as employees hired prior to our IPO, particularly as our stock price has declined substantially since our IPO. Our recruiting personnel, methodology, and approach may need to be altered to address a changing candidate pool and

profile, and we may not be able to identify or implement such changes in a timely manner. If we are unable to retain and motivate our existing employees and attract qualified employees to fill key positions, we may be unable to manage our business effectively, including the development, marketing and sale of our platform and products, which could adversely affect our business, results of operations and financial condition. In addition, replacing key employees and management personnel may be difficult or costly and may take an extended period of time because of the limited number of individuals in our industry and where we are located with the breadth of skills and experience that we require. Additionally, our U.S.-based employees, including our senior management team, work for us on an at-will basis and there is no assurance that any such employee will remain with us. Current nationwide job market dynamics, where the number of workers across the U.S. who quit their job in a single month in 2021 has broken multiple all-time U.S. records (referred to as the "Great Resignation"), further increases the challenge of employee retention. To the extent we hire employees from competitors, we also may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

Volatility in, or lack of performance of, our stock price may also affect our ability to attract and retain key employees. Many of our key employees are, or will soon be, vested in a substantial number of shares of common stock or stock options. Employees may be more likely to terminate their employment with us if the shares they own or the shares underlying their vested options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or, conversely, if the exercise prices of the options that they hold are significantly above the trading price of our common stock. If we are unable to retain our employees, our business, results of operations and financial condition could be adversely affected.

If we cannot maintain our company culture as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success and our business may be harmed.

We have experienced and may continue to experience rapid expansion and turnover of our employee ranks. In May 2020, in response to the COVID-19 pandemic, we reduced our employee ranks by approximately 55 employees. Additionally, in recent periods, we have experienced transitions in our executive leadership team. We have subsequently hired additional personnel to support the growth of our business. These changes may yield unintended consequences and costs, such as additional attrition, the distraction of employees, reduced employee morale and could adversely affect both our reputation as an employer and our company culture, which could make it more difficult for us to hire new employees in the future.

We believe that a critical component to our success to date has been our company culture, which is based on hunger for improvement, caring, creativity, accountability, and customer focus. We have invested substantial time and resources in building our team within this company culture. Any failure to preserve our culture could result in decreased employee satisfaction, and negatively affect our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our company culture. If we fail to maintain our company culture, our business may be adversely impacted.

We depend on our senior management team and other key employees, and the loss of one or more of these employees or an inability to attract and retain qualified key personnel could adversely affect our business.

A number of members of our senior management team, including our Chief Executive Officer, Roy Banks, joined our company relatively recently, and several long-tenured members of management have transitioned out of our organization. As a result, the remaining members of management are even more critical to our vision, strategic direction, culture, and overall business success. Because of these recent changes, our senior management team, including members of our financial and accounting staff, has not worked at the company for an extended period of time and may not be able to work together effectively to

execute our business objectives. Further, organizational changes like these can be disruptive because new members of management may have different backgrounds, experiences and perspectives from those individuals who previously served as executive officers and, thus, may have different views on the issues that will determine our future. Changes like these have also contributed and may continue to contribute to attrition in a competitive labor market.

Our success depends largely upon the continued services of our senior management and other key personnel. From time to time, there have been changes in our senior management team resulting from the hiring or departure of executives and key employees, which could disrupt our business, and we can provide no assurance that any of our executives or key employees will continue their employment with us. Our senior management and key employees are “at-will” employees and therefore may terminate employment with us at any time with no advance notice. In addition, we currently do not have “key person” insurance on any of our employees. We also rely on our leadership team in the areas of research and development, marketing, services and general and administrative functions. The loss and replacement of one or more of our members of senior management or other key employees, including our Chief Executive Officer, would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives. Furthermore, volatility or lack of performance in our stock price may affect our ability to attract and retain replacements should key personnel depart. If we are not able to retain our key personnel, our business, results of operations and financial condition could be harmed.

Our management team has limited experience managing a public company.

Our management team has limited experience managing a public company, interacting with public company investors and securities analysts, and complying with the increasingly complex laws pertaining to public companies. These new obligations and constituents require significant attention from our management team and could divert their attention away from the day-to-day management of our business, which could harm our business, results of operations and financial condition.

We may engage in merger and acquisition activities, which would require significant management attention and could disrupt our business, dilute stockholder value, and adversely affect our business, results of operations and financial condition.

As part of our business strategy to expand usage of our products and services, expand into additional markets, grow our business in response to changing technologies and customer demand, and competitive pressures, we may in the future make investments in, or acquisitions of, other companies, products, or technologies. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve the goals of such acquisition, and any acquisitions we complete could be viewed negatively by customers or investors. We may encounter difficult or unforeseen expenditures in integrating an acquisition, particularly if we cannot retain the key personnel of the acquired company. In addition, if we fail to successfully integrate such acquisitions, or the assets, technologies, or personnel associated with such acquisitions, into our company, the business and results of operations of the combined company would be adversely affected.

Acquisitions may disrupt our ongoing operations, divert management from their primary responsibilities, subject us to additional liabilities, increase our expenses, subject us to increased regulatory requirements, cause adverse tax consequences or unfavorable accounting treatment, expose us to claims and disputes by stockholders and third parties, and adversely impact our business, financial condition, and results of operations. We may not successfully evaluate or utilize the acquired assets and accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may pay cash for any such acquisition, which would limit other potential uses for our cash. If we incur debt to fund any such acquisition, such debt may subject us to material restrictions in our ability to conduct our business, result in increased fixed obligations, and subject us to covenants or other restrictions that would decrease our operational flexibility and impede our ability to manage our

operations. If we issue a significant amount of equity securities in connection with future acquisitions, existing stockholders' ownership would be diluted.

Our loan agreement contains certain restrictions that may limit our ability to operate our business.

The terms of our existing loan and security agreement and the related collateral documents with Silicon Valley Bank, or SVB, contain, and any future indebtedness may contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability, and the ability of our subsidiaries, to take actions that may be in our best interests, including, among others, disposing of assets, entering into change of control transactions, mergers or acquisitions, incurring additional indebtedness, granting liens on our assets, declaring and paying dividends, and agreeing to do any of the foregoing. Our loan and security agreement requires that, at any time, if our total unrestricted cash and cash equivalents at SVB is less than \$100 million, we must at all times thereafter maintain a consolidated minimum \$20 million in liquidity, meaning unencumbered cash plus available borrowing on the line of credit, and that we meet specified minimum levels of EBITDA, as adjusted for equity-based compensation and changes in our deferred revenue. Our ability to meet financial covenants can be affected by events beyond our control, and we may not be able to continue to meet this covenant. A breach of any of these covenants or the occurrence of other events (including a material adverse effect) specified in the loan and security agreement and/or the related collateral documents could result in an event of default under the loan and security agreement. Upon the occurrence of an event of default, SVB could elect to declare all amounts outstanding, if any, under the loan and security agreement to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, SVB could proceed against the collateral granted to them to secure such indebtedness. We have pledged substantially all of our assets (other than intellectual property) as collateral under the loan documents. If SVB accelerates the repayment of borrowings, if any, we may not have sufficient funds to repay our existing debt. As of December 31, 2021, we had \$10.0 million outstanding under this loan and security agreement.

Risks Related to Governmental Regulation

Our products and services must comply with industry standards, FCC regulations, state, local, country-specific and international regulations, and changes may require us to modify existing services, potentially increase our costs or prices we charge customers, and otherwise harm our business.

As a provider of interconnected voice over internet protocol, or VoIP, services, we are subject to various international, federal, state and local requirements applicable to our industry. For example, our business is regulated by the Federal Communications Commission, or FCC. The FCC is considering whether interconnected VoIP services should be treated as telecommunications services, which could subject interconnected VoIP services to additional common carrier regulation. The FCC's efforts may result in additional regulation of IP network and service providers, which may negatively affect our business. If we do not comply with applicable FCC rules and regulations, or rules and regulations of other governing regulatory agencies, we could be subject to enforcement actions, fines, loss of licenses, and possibly restrictions on our ability to operate or offer certain of our subscriptions. Any enforcement action by the FCC, which may be a public process, would hurt our reputation in the industry and could have a material adverse impact on our revenue. The failure of our platform and products to comply, or delays in compliance, with various existing and evolving standards could delay or interrupt our introduction of new products, subject us to fines or other imposed penalties, or harm our reputation, any of which would have a material adverse effect on our business, financial condition or operating results.

Regulations to which we may be subject address the following matters, among others:

- license requirements that apply to providers of communications services in many jurisdictions;
- acceptable marketing practices;

- our obligation to contribute to various Universal Service Fund, or USF, programs, including at the state level;
- monitoring on rural call completion rates;
- safeguarding and use of Customer Proprietary Network Information;
- rules concerning access requirements for users with disabilities;
- our obligation to offer 7-1-1 abbreviated dialing for access to relay services;
- compliance with the requirements of U.S. and foreign law enforcement agencies, including the Communications Assistance for Law Enforcement Act and cooperation with local authorities in conducting wiretaps, pen traps and other surveillance activities;
- the ability to dial 9-1-1 (or corresponding numbers in regions outside the U.S.), auto-locate E-911 calls (or corresponding equivalents) when required, and access emergency services;
- the transmission of telephone numbers associated with calling parties between carriers and service providers like us;
- regulations governing outbound dialing, including the Telephone Consumer Protection Act; and
- FCC and other regulators efforts to combat robo-calling and caller ID spoofing.

A number of states require us to register as a VoIP provider, contribute to state universal service and related programs, pay E-911 surcharges, and pay other surcharges and fees that fund various utility commission programs, while others are actively considering extending their public policy programs to include the subscriptions we provide. We pass USF, E-911 fees, and other surcharges through to our customers, which may result in our subscriptions becoming more expensive or require that we absorb these costs. In the future, state public utility commissions may expand their jurisdiction over VoIP subscriptions like ours.

Regulation of our services as telecommunications services may require us to obtain authorizations or licenses to operate in additional states or foreign jurisdictions and comply with legal requirements applicable to traditional telephony providers. This regulation may impact our ability to differentiate ourselves from incumbent service providers and impose substantial compliance costs on us, negatively affecting our margins.

Efforts to address robo-calling and caller ID spoofing could cause us competitive harm.

In June 2019, the FCC ruled that providers of voice services may by default (subject to opt-out by subscribers) block voice traffic based on reasonable analytics designed to identify unwanted calls. In March 2020, the FCC required that all voice service providers implement the STIR/SHAKEN caller ID authentication framework in the Internet Protocol, or IP, portions of their networks by June 30, 2021 and that non-facilities-based voice providers comply fully with STIR/SHAKEN by June 30, 2022. There remains significant uncertainty regarding how STIR/SHAKEN will work and the standards by which voice service providers that do not have authorization to directly obtain telephone numbers will be able to authenticate calls originated by their customers. We currently rely on our service providers in order to be able to authenticate calls under STIR/SHAKEN originated by our subscribers in the United States.

The STIR/SHAKEN framework will likely be used throughout the world. It is likely that the standards to obtain STIR/SHAKEN signing authority in other countries will differ from the U.S. requirements and these standards may not be interoperable with the U.S. requirements. For example, the Canadian Radio-television and Telecommunications Commission, or CRTC, has required all telecommunications service providers implement STIR/SHAKEN to authenticate and verify caller identification information for IP-based voice calls, effective November 30, 2021, and file status reports every six months starting May 31,

2022. Despite initially denying non-facilitated providers access, the Canadian Secure Token Governance Authority, or CST-GA, created a new process in November 2021 for such providers to obtain Service Provider Code Tokens and, in turn, Secure Telephone Identity Certificates to allow higher (Level A or B) call attestation. Calls that are not attested at a higher level, either directly or by an underlying provider, are at greater risk of being blocked or flagged and ignored by end users. Further it is unclear how cross-border calls originating from U.S. service providers will be authenticated under Canada's framework or vice versa. In addition, foreign regulators have allowed terminating voice service providers to block voice traffic to address robo-calling or other unwanted calls.

If we do not have a solution in place for STIR/SHAKEN when STIR/SHAKEN becomes widely adopted, or our solutions are not interoperable with foreign regulators' requirements, our business could be harmed if we or our service providers are unable to authenticate originating calls from our customers' telephone numbers under STIR/SHAKEN. Call recipients would be less likely to answer non-authenticated calls. In addition, the terminating voice service providers may block calls that are not authenticated under STIR/SHAKEN as the lack of authentication could be viewed as a reasonable indication that the call is unwanted by the recipient. This would make our service less desirable for our customers. Further if we do not have STIR/SHAKEN caller ID authentication in place when required, we could be subject to regulatory enforcement action.

United States federal legislation and international laws impose certain obligations on the senders of commercial emails, which could minimize the effectiveness of our platform, and establish financial penalties for non-compliance, which could increase the costs of our business.

Our text, voice and email messaging and management services, and our customers' use of these services, expose us to various regulatory risks. For example, the Federal Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or the CAN-SPAM Act, establishes certain requirements for commercial email messages and transactional email messages and specifies penalties for the transmission of email messages that are intended to deceive the recipient as to source or content. Among other things, the CAN-SPAM Act, obligates the sender of commercial emails to provide recipients with the ability to "opt-out" of receiving future commercial emails from the sender. In addition, some states have passed laws regulating commercial email practices that are significantly more restrictive and difficult to comply with than the CAN-SPAM Act. For example, Utah and Michigan prohibit the sending of email messages that advertise products or services that minors are prohibited by law from purchasing (e.g., alcoholic beverages, tobacco products, illegal drugs) or that contain content harmful to minors (e.g., pornography) to email addresses listed on specified child protection registries. Some portions of these state laws may not be preempted by the CAN-SPAM Act. In addition, certain non-U.S. jurisdictions have enacted laws regulating the sending of email that are more restrictive than U.S. laws, such as the Canadian Anti-Spam Law, or CASL. If we were found to be in violation of the CAN-SPAM Act, applicable state laws governing email not preempted by the CAN-SPAM Act or foreign laws regulating the distribution of email, whether as a result of violations by our customers or our own acts or omissions, we could be required to pay large penalties, which would adversely affect our financial condition, significantly harm our business, injure our reputation and erode customer trust. The terms of any injunctions, judgments, consent decrees or settlement agreements entered into in connection with enforcement actions or investigations against our company in connection with any of the foregoing laws may also require us to change one or more aspects of the way we operate our business, which could impair our ability to attract and retain customers or could increase our operating costs.

Our customers' and other users' violation of our policies or other misuse of our platform to transmit unauthorized, offensive or illegal messages, spam, phishing scams, and website links to harmful applications or for other fraudulent or illegal activity could damage our reputation, and we may face a risk of litigation and liability for illegal activities on our platform and unauthorized, inaccurate, or fraudulent information distributed via our platform.

The actual or perceived improper sending of text messages, pre-recorded messages, or voice calls may subject us to potential risks, including liabilities or claims relating to consumer protection laws and regulatory enforcement, including fines. For example, the Telephone Consumer Protection Act of 1991, or TCPA, and the Telemarketing Sales Rule restrict telemarketing and the use of automatic SMS text messages. The TCPA requires companies to obtain prior express written consent before making telemarketing calls or sending certain text messages and to not contact any number placed on either federal or state "do-not-call" registries or the company's internal do-not-call list. The FCC may take enforcement action against persons or entities that send "junk faxes," or make illegal robocalls, and individuals also may have a private cause of action. Although the FCC's rules prohibiting unsolicited fax advertisements or making illegal robocalls apply to those who "send" the advertisements or make the calls, fax transmitters or other service providers that have a high degree of involvement in, or actual notice of, unlawful sending of junk faxes or making of illegal robocalls and have failed to take steps to prevent such transmissions may also face liability under the FCC's rules, or in the case of illegal robocalls, Federal Trade Commission, or FTC, rules. We take significant steps designed to prevent our systems from being used to make illegal robocalls or send unsolicited faxes on a large scale, and we do not believe that we have a high degree of involvement in, or notice of, the use of our systems to broadcast junk faxes or make illegal robocalls. However, because fax transmitters and related service providers do not enjoy an absolute exemption from liability under the TCPA and related FCC rules, we could face FCC or FTC inquiry and enforcement or civil litigation, or private causes of action, if someone uses our system for such purposes. Because the TCPA provides for a private right of action under which a plaintiff may recover monetary damages, this may result in civil claims against our company and requests for information through third party subpoenas. The scope and interpretation of the laws that are or may be applicable to the delivery of text messages or voice calls are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws by obtaining proper consent, we could face direct liability.

Moreover, despite our ongoing and substantial efforts to limit such use, certain customers may use our platform to transmit unauthorized, offensive or illegal messages, calls, spam, phishing scams, and website links to harmful applications, reproduce and distribute copyrighted material or the trademarks of others without permission, and report inaccurate or fraudulent data or information. These actions are in violation of our policies, in particular, our acceptable use policies. However, our efforts to defeat spamming attacks, illegal robocalls and other fraudulent activity will not prevent all such attacks and activity. Such use of our platform could damage our reputation and we could face claims for damages, regulatory enforcement, copyright or trademark infringement, defamation, negligence, or fraud. Moreover, our customers' and other users' promotion of their products and services through our platform might not comply with federal, state, and foreign laws. These risks may increase as we enter new vertical markets that rely more heavily on email marketing campaigns to obtain new customers. We rely on contractual representations made to us by our customers that their use of our platform will comply with our policies and applicable law, including, without limitation, our email and messaging policies. Although we retain the right to verify that customers and other users are abiding by certain contractual terms, our acceptable use policy, and our email and messaging policies, and, in certain circumstances, we review their email and distribution lists, our customers and other users are ultimately responsible for compliance with our policies, and we do not systematically audit our customers or other users to confirm compliance with our policies.

We cannot predict whether our role in facilitating our customers' or other users' activities would expose us to liability under applicable law, or whether that possibility could become more likely if changes

to current laws regulating content moderation, such as Section 230 of the Communications Decency Act are enacted. There have been various Congressional and executive efforts to eliminate or modify Section 230, which limits the liability of internet platforms for third-party content that is transmitted via those platforms and for good-faith moderation of offensive content. President Biden and many Members of Congress from both parties support reform or repeal of Section 230, so the possibility of Congressional action remains. In addition, a petition filed by the Trump administration with the FCC to adopt rules interpreting Section 230 remains before the FCC. If the FCC adopts rules, the scope of the protection offered by Section 230 could be narrowed considerably. The FCC has not released any document describing the rules that would be proposed and no date has been set for a vote on any such proposal. The Democratic Commissioners of the FCC have indicated that they are opposed to the petition and now control the agenda of the FCC. Even if claims asserted against us do not result in liability, we may incur substantial costs in investigating and defending such claims. If we are found liable for our customers' or other users' activities, we could be required to pay fines or penalties, redesign business methods or otherwise expend resources to remedy any damages caused by such actions and to avoid future liability.

Similar rules in Canada, such as Canada's Anti-Spam Legislation and Unsolicited Telecommunications Rules, may subject our company to similar risks, even if merely resulting in reputational or monetary harm associated with investigating and defending such claims, even if such claims do not result in liability.

Our emergency and E-911 calling services may expose us to significant liability.

The FCC requires VoIP providers, such as our company, to provide E-911 service in all geographic areas covered by the traditional wire-line 911 network. Under the FCC's rules, VoIP providers must transmit the caller's phone number and dispatchable location information to the appropriate public safety answering point, or PSAP, for the caller's registered location. We are also subject to similar requirements in Canada.

In connection with the regulatory requirements that we provide access to emergency services dialing to our VoIP customers, we must obtain from each end customer, prior to the initiation of or changes to service, the physical locations at which the service will first be used for each VoIP line. For subscriptions that can be utilized from more than one physical location, we must provide automated dispatchable location, if technically feasible, registered location information and provide end customers one or more methods of updating their physical location, or alternative location information. Because we are not able to confirm that the service is used at the physical addresses provided by our end customers, and because end customers may provide an incorrect location or fail to provide updated location information, it is possible that emergency services calls may be routed to the wrong PSAP. If emergency services calls are not routed to the correct PSAP, and if the delay results in serious injury or death, we could be sued and the damages could be substantial.

In August 2019, the FCC adopted an order that will require providers of interconnected VoIP service to automatically provide with each 911 call, when technically feasible, more specific address information that can be used to adequately identify the location of the caller (such as a room or floor number). The requirement took effect on January 6, 2022. In addition to existing applicable 911/E-911 requirements, the CRTC has required telecommunications service providers (including VoIP providers) to make necessary changes to support next generation 911 by March 1, 2022.

The FCC also issued rules, effective February 17, 2020, that require providers of multi-line telephone systems (MLTS), which are typically found in enterprises such as office buildings, to provide notification when 911 is called to a central location on-site or off-site where someone is likely to see or hear the notification, such as a reception desk. The notification must include the fact that 911 has been dialed, and where technically feasible, a valid callback number and information about the caller's location. Similar regulations exist in a number of states and are expected to be enacted in Canada in addition to existing requirements for MLTS providers. The ongoing implementation of these requirements may increase our costs and make our solutions more expensive, which could adversely affect our results of operations.

We could be subject to enforcement action by the FCC or international regulators if we are unable to provide access to emergency services in accordance with regulatory requirements. Such an enforcement action could result in significant monetary penalties and restrictions on our ability to offer non-compliant subscriptions.

In addition, end customers may attempt to hold us responsible for any loss, damage, personal injury or death suffered as a result of delayed, misrouted or uncompleted emergency service calls or text messages, subject to any limitations on a provider's liability provided by applicable laws, regulations and our customer agreements.

We process business and personal information of our customers and employees, which subjects us to HIPAA and other stringent and changing federal, state and foreign laws, regulations, industry standards, information security policies, self-regulatory schemes, contractual obligations, and other legal obligations related to data processing, protection, privacy, and security, and our actual or perceived failure to comply with such obligations could harm our business, financial condition, results of operations, and prospects and could expose us to liability.

We process business and personal information belonging to our customers and employees and because of this, we are subject to numerous federal, state, local, and foreign laws, orders, codes, regulations, and regulatory guidance regarding privacy, data protection, information security, and the processing of personal information and other content (Data Protection Laws), the number and scope of which are changing, subject to differing applications and interpretations, and may be inconsistent among countries, or conflict with other rules, laws, or Data Protection Obligations (defined below). These laws and regulations include HIPAA, which establishes a set of national privacy and security standards for the protection of protected health information, or PHI, by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, and individuals and entities that perform services for them which involve the use, or disclosure of, individually identifiable health information, known as business associates and their subcontractors. We are considered a business associate under HIPAA, and we execute business associate agreements with our customers, subcontractors, and trusted suppliers. HIPAA requires covered entities and business associates, such as us, and their covered subcontractors to develop and maintain policies and procedures with respect to PHI that is used or disclosed, including the adoption of administrative, physical and technical safeguards to protect such information.

Failure to comply with HIPAA could subject us to direct civil liability by the Department of Health and Human Services' Office for Civil Rights, or OCR. In the event of an information security incident affecting PHI or other violation, OCR could require us to pay a civil monetary penalty and enter into a Corrective Action Plan that could cause to incur substantial compliance costs.

Similar Data Protection Laws are in place in Canada, including the Personal Information Protection and Electronic Documents Act, or PIPEDA. Failure to comply could subject us to investigation and monetary penalty by the Office of the Privacy Commissioner of Canada.

In addition, experiencing a breach of personal information or PHI, or failing to comply with HIPAA could also subject us to contractual liability under our BAAs with our covered entity customers and damage our reputation which might hurt our ability to retain existing customers or attract new customers.

We expect that there will continue to be new Data Protection Laws and Data Protection Obligations, and we cannot yet determine the impact such future Data Protection Laws may have on our business.

We are also subject to the terms of our internal and external privacy and security policies, codes, representations, certifications, industry standards, publications, and frameworks, which we refer to as Privacy Policies, and obligations to third parties related to privacy, data protection, and information security, which we refer to as Data Protection Obligations.

The requirements or obligations of the regulatory framework for privacy, information security, data protection, and data processing worldwide is, and is likely to remain, uncertain for the foreseeable future, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices.

Any significant change in Data Protection Laws or Data Protection Obligations, including without limitation, regarding processing of our users' or customers' data, or regarding the manner in which the express or implied consent of users or customers for the use and disclosure of such data is obtained, could increase our costs and could require us to modify our products or operations, possibly in a material manner, and may limit our ability to develop new services and features that make use of the data that our users and customers voluntarily share, or may limit our ability to store and Process customer data and operate our business.

Data protection legislation is also becoming increasingly common in the United States at both the federal and state level. For example, California also enacted legislation, the California Consumer Privacy Act of 2018, or the CCPA, which affords consumers expanded privacy protections as of January 1, 2020. The potential effects of this legislation are far-reaching and may require us to modify our data Processing practices and policies and to incur substantial costs and expenses in an effort to comply. For example, the CCPA gives California residents expanded rights to request access to and deletion of their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. In addition, the CCPA has prompted a number of proposals for new federal and state privacy legislation that, if passed, could increase our potential liability, increase our compliance costs, and adversely affect our business. It also remains unclear how much private litigation will ensue under the data breach private right of action. Additionally, the California Privacy Rights Act of 2020, or CPRA, which was passed by ballot initiative in November 2020 and becomes fully effective on January 1, 2023, expands the rights of California residents with respect to their personal information. The CPRA will, among other things, give California residents the ability to limit use of certain sensitive personal information, further restrict the use of cross-contextual advertising, establish restrictions on the retention of personal information, expand the types of data breaches subject to the CCPA's private right of action, provide for increased penalties for CPRA violations concerning California residents under the age of 16, and establish a new California Privacy Protection Agency to implement and enforce the new law which would likely result in increased regulatory scrutiny of California businesses in the areas of data protection and security. Similar laws have been proposed or enacted in other states and at the federal level. For example, Virginia enacted the Consumer Data Protection Act (CDPA) and Colorado enacted the Colorado Privacy Act, or CPA. Compliance with any newly enacted privacy and data security laws or regulations may be challenging and cost and time-intensive, and we may be required to put in place additional mechanisms to comply with applicable legal requirements. In addition, the various state privacy laws may limit how we may use personal information we collect, particularly with respect to marketing and the use of online advertising networks.

Furthermore, the FTC and many state attorneys general continue to enforce federal and state consumer protection laws against companies for online collection, use, dissemination and security practices that appear to be unfair or deceptive. There are a number of legislative proposals in the United States, at both the federal and state level and more globally, that could impose new obligations in areas such as e-commerce and other related legislation or liability for copyright infringement by third parties. We cannot yet determine the impact that future laws, regulations, and standards may have on our business.

Change in existing legislation or introduction of new legislation may require us to incur additional expenditures to ensure compliance with such legislation, which may adversely affect our financial condition. We strive to comply with Data Protection Laws and Data Protection Obligations to the extent possible, but we may at times fail, or may be perceived to have failed, to do so. Moreover, despite our efforts, we may not be successful in achieving compliance if our employees, partners, or vendors do not comply with applicable Data Protection Laws and Data Protection Obligations. A finding that our Privacy

Policies are, in whole or part, inaccurate, incomplete, deceptive, unfair, or misrepresentative of our actual practices, a failure or perceived failure by us to comply with Data Protection Laws or Data Protection Obligations or any data compromise that results in the unauthorized release or transfer of business or personal information or other user or customer data, may increase our compliance and operational costs, limit our ability to market our products or services and attract new and retain current customers, limit or eliminate our ability to process data, and result in domestic or foreign governmental enforcement actions and fines, litigation, significant costs, expenses, and fees (including attorney fees), cause a material adverse impact to business operations or financial results, and otherwise result in other material harm to our business. In addition, any such failure or perceived failure could result in public statements against us by consumer advocacy groups, the media or others, which may cause us material reputational harm. Our actual or perceived failure to comply with Data Protection Laws, Privacy Policies, and Data Protection Obligations could also subject us to litigation, claims, proceedings, actions, or investigations by governmental entities, authorities, or regulators that could require changes to our business practices, diversion of resources and the attention of management from our business, regulatory oversights and audits, discontinuance of necessary processing, or other remedies that adversely affect our business.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our products, and could adversely affect our business, results of operations and financial condition.

Changes in laws or regulations relating to the use of the internet could require us to modify our products and platform in order to comply with these changes. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees or other charges for accessing the Internet or commerce conducted via the Internet. These laws or charges could limit the growth of Internet related commerce or communications generally or result in reductions in the demand for Internet based products and services such as our products and platform. In particular, the re-adoption of “network neutrality” rules in the United States, which President Biden supported during his campaign, could affect the services used by us and our customers. If we are not able to adapt our platform and products to address any new laws or regulations, our business, results of operations and financial condition could be adversely affected.

We are subject to anti-corruption, anti-bribery, and similar laws, and our failure to comply with these laws could subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to anti-corruption and anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the India Prevention of Corruption Act, 1988, and other anti-corruption, anti-bribery, and anti-money laundering laws in countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly and prohibit companies and their employees and agents from promising, authorizing, making, offering, soliciting, or accepting, directly or indirectly, improper payments or other benefits to or from any person whether in the public or private sector. As we increase our international sales and business further, our risks under these laws may increase especially to the extent that we rely on sales to and through resellers and other intermediaries. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, adverse media coverage and other consequences. Any investigations, actions, or sanctions could harm our business, results of operations and financial condition.

Risks Related to Intellectual Property

Failure to protect or enforce our intellectual property rights could impair our ability to protect our internally-developed technology and our brand, and our business may be adversely affected.

Our success is dependent, in part, upon obtaining, maintaining and protecting our intellectual property rights, internally-developed technology and other proprietary information. We rely and expect to continue to rely on a combination of trademark, copyright, and trade secret protection laws to protect our intellectual property rights, internally-developed technology and other proprietary information. Additionally, we maintain a policy requiring our employees, consultants, independent contractors, and other third parties who are engaged in developing any intellectual property for us to enter into confidentiality and invention assignment agreements to control access to and use of our technology and other proprietary information and to ensure that any intellectual property developed by such employees, contractors, consultants, and other third parties are assigned to us. However, we cannot guarantee that such confidentiality and proprietary agreements or other employee, consultant, or independent contractor agreements that we enter into will adequately protect our intellectual property rights, internally-developed technology and other proprietary information. In addition, we cannot guarantee that these agreements will not be breached, that we will have adequate remedies for any breach, or that the applicable counterparties to such agreements will not assert rights to our intellectual property rights, internally-developed technology or other proprietary information arising out of these relationships. Furthermore, the steps we have taken and may take in the future may not prevent misappropriation of our internally-developed solutions or technologies, particularly with respect to directors, officers and employees who are no longer employed by us.

In addition, third parties may knowingly or unknowingly infringe or circumvent our intellectual property rights, and we may not be able to prevent infringement even after incurring substantial expenses. Litigation brought to protect and enforce our intellectual property rights would be costly, time-consuming, and distracting to management and key personnel, and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. If the protection of our intellectual property rights is inadequate to prevent use or misappropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our platform and methods of operations. Any of these events would have a material adverse effect on our business, results of operations and financial condition.

We could incur substantial costs as a result of any claim of infringement of another party's intellectual property rights.

There is considerable activity in connection with the development of intellectual property, whether or not patentable, in our industry. Our competitors, as well as a number of other entities, including non-practicing entities and individuals, may own or claim to own intellectual property relating to our industry and our business. As we face increasing competition and our public profile increases, the possibility of intellectual property rights claims against us may also increase. From time to time, we have been and will continue to be subject to legal proceedings and claims by our competitors or other third parties that we are infringing upon, misappropriating, or violating their intellectual property rights, even if we are unaware of such intellectual property rights. Such claims, regardless of merit, may result in litigation. The costs of defending such litigation are considerable, and such litigation may divert management and key personnel's attention and resources, which might seriously harm our business, results of operations, and financial condition. We may be required to settle such litigation on terms that are unfavorable to us. For example, a settlement may require us to obtain a license to continue practices found to be in violation of a third party's rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such practices may not be available to us at all. As a result, we may also be required to develop alternative non-infringing technology or practices or discontinue the

practices. The development of alternative non-infringing technology or practices would require significant effort and expense. Similarly, if any litigation to which we may be a party fails to settle and we go to trial, we may be subject to an unfavorable judgment. For example, the terms of a judgment may require us to cease some or all of our operations or require the payment of substantial amounts to the other party. Any of these events or other outcomes may:

- materially and adversely affect our business and results of operations;
- result in the loss of a substantial number of existing customers or prohibit the acquisition of new customers;
- cause us to pay license fees for intellectual property we are deemed to have infringed;
- cause us to incur costs and devote valuable technical resources to redesigning our products or platform;
- cause our cost of revenue to increase;
- cause us to accelerate expenditures to preserve existing revenue;
- cause existing or new vendors to require pre-payments or letters of credit;
- materially and adversely affect our brand in the marketplace and cause a substantial loss of goodwill;
- cause us to change our business methods;
- require us to cease certain business operations or offering certain products or features; and
- lead to our bankruptcy or liquidation.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Our agreements with third parties typically include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of intellectual property infringement, loss or exposure of confidential or sensitive data, damages caused by us to property or persons or other liabilities relating to or arising from our products or platform or other acts or omissions. The term of these contractual provisions often survives termination or expiration of the applicable agreement. Large indemnity payments or damage claims from contractual breach could harm our business, results of operations and financial condition. Although typically we contractually limit our liability with respect to such obligations, we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other current and prospective customers, demand for our products and adversely affect our business, results of operations and financial condition.

Our use of “open source” and third-party software could impose unanticipated conditions or restrictions on our ability to commercialize our solutions and could subject us to possible litigation.

A portion of the technologies we use in our products incorporate “open source” software, and we may continue to incorporate open source software in our products in the future. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and their compliance with the terms of the applicable open source license. We may be subject to lawsuits by parties claiming ownership of what we believe to be open source software, or claiming noncompliance with the applicable open source licensing terms. Some open source licenses require end-users who distribute or make available software and services across a network that include open source

software to make available all or part of such software, which in some circumstances could include valuable proprietary code, at no cost, or license such code under the terms of the particular open source license. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable internally-developed source code, we may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the applicable terms of such license, including claims for infringement of intellectual property rights or for breach of contract. Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose source code that incorporates or is a modification of such licensed software. Furthermore, there is an increasing number of open-source software license types, almost none of which have been tested in a court of law, resulting in a dearth of guidance regarding the proper legal interpretation of such license types. If an author or other third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable open source license, we could expend substantial time and resources to re-engineer some or all of our software or be required to incur significant legal expenses defending against such allegations. Additionally, we could be subject to significant damages, enjoined from the use of our platform, products, or other technologies we use in our business that contain such open source software, and be required to comply with the foregoing conditions, including the public release of certain portions of our internally-developed source code.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open-source licensors generally do not provide warranties or set up controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to exploit vulnerabilities in such software and determine how to compromise our platform. Any of the foregoing could be harmful to our business, financial condition or operating results.

In the future, we may need to obtain licenses from third parties to use intellectual property rights associated with the development of our platform, products, and other internal tools, which might not be available on acceptable terms, or at all. Any loss of the right to use any third-party software required for the development and maintenance of our platform, products, or other internal tools could result in loss of functionality or availability of our platform, products, or other internal tools until equivalent technology is either developed by us, or, if available, is identified, obtained, and integrated. Any errors or defects in third-party software could result in errors or a failure of our platform, products, or other internal tools. Any of the foregoing would disrupt the deployment of our platform, products, or other internal tools and harm our business, results of operations and financial condition.

Risks Related to Tax Matters

We may have additional income tax liabilities, which could harm our business, results of operations and financial condition.

Significant judgments and estimates are required in determining our provision for income taxes and other tax liabilities. Our tax expense may be impacted, for example, if tax laws change or are clarified to our detriment or if tax authorities successfully challenge the tax positions that we take, such as, for example, positions relating to the arms-length pricing standards for our intercompany transactions and our indirect tax positions. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the Internal Revenue Service, or the IRS, and other tax authorities. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could adversely affect our results of operations and financial condition.

We could be required to collect additional sales, value added or similar taxes or be subject to other tax liabilities that may increase the costs our customers would have to pay for subscriptions to our platform and products and adversely affect our results of operations.

We collect sales, value added or similar indirect taxes in a number of jurisdictions. An increasing number of states have considered or adopted laws that attempt to impose sales tax collection obligations on out-of-state companies. Additionally, the Supreme Court of the United States ruled in *South Dakota v. Wayfair, Inc.* et al, or Wayfair, that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state. In response to Wayfair, or otherwise, states or local governments may adopt, or begin to enforce, laws requiring us to calculate, collect and remit taxes on sales in their jurisdictions. Similarly, many foreign jurisdictions have considered or adopted laws that impose value added, digital service, or similar taxes, on companies despite not having a physical presence in the foreign jurisdiction. A successful assertion by one or more states, or foreign jurisdictions, requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The requirement to collect sales, value added or similar indirect taxes by foreign, state or local governments for sellers that do not have a physical presence in the jurisdiction could also create additional administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on our competitors, decrease our future sales and subject us to liabilities for future or historical periods, which could have a material adverse effect on our business and results of operations. We continually monitor the ever-evolving tax landscape in the jurisdictions in which we operate and those jurisdictions where our customers reside. Effective March 2017, we began collecting certain telecommunications-based taxes from our customers in certain jurisdictions. Since then, we have added more jurisdictions where we collect these taxes and we expect to continue expanding the number of jurisdictions in which we will collect these taxes in the future.

In the event any of these jurisdictions disagree with our assumptions and analysis, the assessment of our tax exposure could differ materially from our current estimates. Some customers may question incremental tax charges that we may impose and some may seek to negotiate lower pricing from us, which could adversely affect our business, results of operations and financial condition.

Changes in U.S. and global tax legislation may adversely affect our financial condition, operating results, and cash flows.

We are unable to predict what U.S. or global tax reforms may be proposed or enacted in the future or what effects such future changes would have on our business. Any such changes in tax legislation, regulations, policies or practices in the jurisdictions in which we operate could increase the estimated tax liability that we have expensed to date and paid or accrued on our balance sheet; affect our financial position, future operating results, cash flows, and effective tax rates where we have operations; reduce post-tax returns to our stockholders; and increase the complexity, burden, and cost of tax compliance. We are subject to potential changes in relevant tax, accounting, and other laws, regulations, and interpretations, including changes to tax laws applicable to corporate multinationals.

Our ability to use our net operating losses, or NOLs, to offset future taxable income may be subject to certain limitations.

As of December 31, 2021, we had NOL carryforwards for federal and state income tax purposes of \$169.1 million and \$113.1 million, respectively, which may be available to offset taxable income in the future, and which expire in various years beginning in 2037 for federal purposes and 2032 for state purposes if not utilized. Under legislative changes made in December 2017, U.S. federal NOLs incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such NOLs is limited to 80% of taxable income each year. States may or may not adopt similar changes. In addition, the federal and state NOLs carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended, or the Code, and

similar provisions of state law. Under those sections of the Code, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change NOL carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income or tax may be limited. In general, an “ownership change” will occur if there is a cumulative change in our ownership by “5-percent shareholders” that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We have not completed a Section 382 assessment to determine whether we have experienced an ownership change in the past, including as a result of our IPO. Additionally, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our NOL carryforwards and tax credits is materially limited, it would harm our business by effectively increasing our future tax obligations. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to reduce future income tax liabilities, including for state tax purposes. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our results of operations and financial condition. We have recorded a full valuation allowance against the deferred tax assets attributable to our NOLs.

Risks Related to Accounting Matters

As previously reported in our prospectus filed with the SEC November 10, 2021 (the “Prospectus”), we have identified material weaknesses in our internal control over financial reporting and we may identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, which may result in material misstatements of our consolidated financial statements, cause us to fail to meet our periodic reporting obligations or cause our access to the capital markets to be impaired.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. We identified material weaknesses in our internal control over financial reporting which consisted of the following:

- We did not design and maintain an effective control environment commensurate with our accounting and financial reporting requirements. Specifically, we did not maintain a sufficient complement of personnel with an appropriate degree of internal controls and accounting knowledge, experience, and training to appropriately analyze, record, review, and disclose the accounting impacts of the application of US GAAP within the consolidated financial statements to more complex transactions and commensurate with our accounting and financial reporting requirements. This material weakness contributed to the following additional material weakness:
- We did not maintain effective controls related to the timely identification, understanding, assessment, application of accounting requirements, and recognition of certain complex transactions related to the determination of the capitalization of costs to fulfill a contract and the valuation of common stock options.

These material weaknesses resulted in the misstatement of our cost of revenue, deferred contract acquisition costs, stock-based compensation expense, additional paid-in capital, and related disclosures, which were corrected prior to the issuance of our consolidated financial statements for the year ended December 31, 2020. Additionally, each of the material weaknesses described above could result in a misstatement of substantially all account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

In response to the identified material weaknesses, our management, with the oversight of the Audit Committee of our board of directors, we have begun implementation of a plan to remediate these material weaknesses. These remediation measures are ongoing and include the following:

- Hiring additional finance and accounting personnel to bolster the accounting capabilities and capacity, and to establish and maintain internal control over financial reporting;
- Engaging external consultants as an additional accounting documentation preparation resource and an additional level of review for more complex accounting matters including, but not limited to stock-based compensation, debt/equity transactions, revenue recognition, and implementations of new accounting pronouncements;
- Engaging an external advisor to assist with further evaluating, designing and documenting the design and operating effectiveness of our internal control over financial reporting and assist with the remediation of deficiencies, as necessary; and
- Providing ongoing training for personnel on accounting, financial reporting and internal control over financial reporting.

In order to maintain and improve the effectiveness of its internal control over financial reporting, we have expended, and anticipate to continue to expend, significant resources, including accounting-related costs and significant management oversight.

We are remediating the material weaknesses as efficiently and effectively as possible and remediation efforts will continue beyond the fiscal year ended December 31, 2021. At this time, we cannot provide an estimate of costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, will result in us incurring significant costs, and will place significant demands on our financial and operational resources.

The material weaknesses will not be considered remediated until our remediation plan has been fully implemented, the applicable controls operate for a sufficient period of time, and we have concluded, through testing, that the newly implemented and enhanced controls are operating effectively. At this time, we cannot predict the success of such efforts or the outcome of our assessment of the remediation efforts. Our efforts may not remediate these material weaknesses in our internal control over financial reporting, or guarantee that additional material weaknesses will not be identified in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our consolidated financial statements that could result in a restatement of our consolidated financial statements, and could cause us to fail to meet our reporting obligations, any of which could diminish investor confidence in us and cause a decline in the price of our common stock. Additionally, ineffective internal controls could expose us to an increased risk of financial reporting fraud and the misappropriation of assets and subject us to potential delisting from the stock exchange on which we list or to other regulatory investigations and civil or criminal sanctions.

As a public company, we are required to furnish a report by management on the effectiveness of our internal control over financial reporting as of December 31, 2022. This assessment needs to include disclosure of any material weaknesses identified in our internal control over financial reporting. Once we cease to be an emerging growth company, our independent registered public accounting firm will also be required to audit the effectiveness of our internal control over financial reporting. Following our first annual assessment, we are also required to disclose, on a quarterly basis, changes made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Failure to comply with the rules and regulations of the Sarbanes-Oxley Act could potentially subject us to sanctions or investigations by the SEC, the stock exchange on which our securities are listed or other regulatory authorities, which would require additional financial and management resources. We have begun the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation of the effectiveness of our internal control

over financial reporting, but we may not be able to complete our evaluation, testing and any required remediation in a timely fashion.

A failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could adversely affect our ability to produce timely and accurate financial statements or comply with applicable regulations, which in turn could harm investor confidence in our company and the trading price of our common stock.

The rules and regulations of the SEC require that we evaluate the effectiveness of our disclosure controls and procedures and internal control over financial reporting. We are continuing to improve our internal control over financial reporting. In order to maintain and improve our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and investments to strengthen our accounting systems. If any of these new or improved controls and systems do not perform as expected, we may experience material weaknesses in our controls, including, without limitation, the material weaknesses in our internal control over financial reporting described above.

In addition to our results determined in accordance with GAAP, we believe certain non-GAAP measures may be useful in evaluating our operating performance. We present certain non-GAAP financial measures in this Annual Report on Form 10-K and intend to continue to present certain non-GAAP financial measures in future filings with the SEC and other public statements. Any failure to accurately report and present our non-GAAP financial measures could cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock.

Our current controls and any new controls that we develop may be inadequate if we fail to remediate the material weaknesses we have identified or because of changes in conditions in our business. Further, additional weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will be required to include in our periodic reports that are filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition and stock-based compensation, including the fair value of our common stock. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our results of operations.

A change in accounting standards or practices may have a significant effect on our results of operations and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

For example, in May 2014, the Financial Accounting Standards Board, or FASB, issued new revenue recognition rules under Accounting Standard Codification 606 — Revenue from Contracts with Customers, or ASC 606, which became effective in January 2019 and included a single set of rules and criteria for revenue recognition to be used across all industries. Adoption of these types of accounting standards and any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which result in regulatory discipline and harm investors' confidence in us.

Risks Related to Ownership of our Common Stock

The stock price of our common stock may be volatile or may decline regardless of our operating performance.

The market price of our common stock has and will likely continue to fluctuate significantly in response to numerous factors in addition to the ones described in the preceding Risk Factors, many of which are beyond our control, including:

- overall performance of the equity markets and the economy as a whole;
- changes in the financial projections we may provide to the public or our failure to meet these projections;
- actual or anticipated changes in our growth rate relative to that of our competitors;
- changes in the anticipated future size or growth rate of our addressable markets;
- announcements of new products and services, technological and platform updates or enhancements, or of acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments, by us or by our competitors;
- disruptions to our products and services or our other technology;
- additions or departures of board members, management or key personnel;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- rumors and market speculation involving us or other companies in our industry;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits threatened or filed against us or investigations by governmental authorities;
- the expiration of contractual lock-up or market standoff agreements;

- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events;
- health epidemics, such as the COVID-19 pandemic, influenza, and other highly communicable diseases; and
- sales of shares of our common stock by us or our stockholders, including sales by our stockholders immediately following the early releases from the lock-up period.

In addition, the stock market with respect to newly public companies, particularly companies in the technology industry, have experienced significant price and volume fluctuations that have affected and continue to affect the market prices of stock prices of these companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business. Further, we provide indemnification for our officers and directors for certain claims in connection with such litigation. Large indemnity payments would adversely affect our business, results of operations and financial condition.

Our business and financial performance may differ from any projections that we disclose or any information that may be attributed to us by third parties.

From time to time, we may provide guidance via public disclosures regarding our projected business or financial performance. However, any such projections involve risks, assumptions and uncertainties and our actual results could differ materially from such projections. Factors that could cause or contribute to such differences include, but are not limited to, those identified in these risk factors, some or all of which are not predictable or within our control. Other unknown or unpredictable factors also could adversely impact our performance, and we undertake no obligation to update or revise any projections, whether as a result of new information, future events or otherwise. In addition, various news sources, bloggers and other publishers often make statements regarding our historical or projected business or financial performance, and you should not rely on any such information even if it is attributed directly or indirectly to us.

You may incur dilution as a result of future equity issuances.

Any common stock that we issue under our existing equity incentive plans or other equity incentive plans that we may adopt in the future would dilute the percentage ownership held by our other equity holders. Also, in the future, we may issue securities in connection with investments, acquisitions, or capital raising activities. In particular, the number of shares of our common stock issued in connection with an investment or acquisition, or to raise additional equity capital, could constitute a material portion of our then-outstanding shares of our common stock. Any such issuance of additional securities in the future may result in additional dilution to you or may adversely impact the price of our common stock. In addition, we have issued warrants to purchase shares of common stock and stock options to acquire common stock. To the extent these outstanding warrants or stock options are ultimately settled or exercised, there will be further dilution to our equity holders.

Sales of substantial amounts of our common stock by existing holders in the public markets, or the perception that they might occur, could cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock into the public market, particularly sales by our directors, executive officers, and principal stockholders, or the perception that these sales might occur, could cause the market price of our common stock to decline and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

Substantially all of our outstanding securities are currently restricted from resale as a result of lock-up and market standoff agreements. These securities may not be sold during the period from the date of the final prospectus dated November 10, 2021, or the Prospectus, and filed with the SEC pursuant to Rule 424(b) under the Securities Act, continuing through the earlier of (i) the commencement of trading on the second trading day after the date that we publicly announce earnings for the quarter ending March 31, 2022, and (ii) the 181st day after the date of the Prospectus.

Additionally, Goldman Sachs & Co. LLC may permit our security holders to sell shares prior to the expiration of the restrictive provisions contained in the lock-up agreements. Shares held by directors, executive officers, and other affiliates will also be subject to volume limitations under Rule 144 under the Securities Act and various vesting agreements.

We have also filed a registration statement to register shares reserved for future issuance under our equity incentive plans. As a result, subject to the lock-up or market standoff agreements and the satisfaction of applicable exercise periods and applicable volume and restrictions that apply to affiliates, the shares issued upon exercise of outstanding stock options are available for immediate resale in the United States in the open market.

Further, certain of our stockholders have rights, subject to some conditions, to require us to file registration statements for the public resale of the common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for us or other stockholders. Any registration statement we file to register additional shares, whether as a result of registration rights or otherwise, could cause the trading price of our common stock to decline or be volatile.

The concentration of our share ownership in those stockholders who held our stock prior to our IPO, including our executive officers, directors and holders of more than 5% of our capital stock, may limit your ability to influence corporate matters.

Our executive officers, directors, holders of more than 5% of our capital stock and affiliated entities together beneficially owned approximately 73% of our total shares outstanding as of December 31, 2021. As a result, these stockholders, acting together, will have control over our management and affairs and over all matters requiring stockholder approval, including election of directors and significant corporate transactions, such as a merger or other sale of us or our assets, for the foreseeable future. Corporate action might be taken even if other stockholders oppose them. This concentration of ownership could also delay or prevent a change of control of us that other stockholders may view as beneficial.

We are an emerging growth company under the JOBS Act, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an “emerging growth company” as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may choose to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404, reduced Public Company Accounting Oversight Board (United States) reporting requirements, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our common stock less attractive to investors. In addition, if we cease to be an emerging growth company, we will no longer be able to use the extended transition period for complying with new or revised accounting standards. We

cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and the trading price of our common stock may be more volatile.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

Historically, we have financed our operations and capital expenditures primarily through sales of our capital stock and debt securities that are convertible into our capital stock. In the future, we may raise additional capital through additional debt or equity financings to support our business growth, to respond to business opportunities, challenges, or unforeseen circumstances, or for other reasons. On an ongoing basis, we are evaluating sources of financing and may raise additional capital in the future. Our ability to obtain additional capital will depend on our investor demand, the condition of the capital markets and other factors. Our capital needs will depend on our development efforts, business plans, expenditures to support the growth of our business and the enhancement of our platform and products, and financial performance. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked, or debt securities, those securities may have rights, preferences, or privileges senior to the rights of existing stockholders, and existing stockholders may experience dilution. Further, if we are unable to obtain additional capital when required or are unable to obtain additional capital on satisfactory terms, our ability to continue to support our business growth or to respond to business opportunities, challenges, or unforeseen circumstances would be adversely affected.

The requirements of being a public company may strain our resources and divert management's attention.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, New York Stock Exchange listing standards, and other applicable securities rules and regulations. Compliance with the requirements of these rules and regulations have and will continue to increase our legal, accounting, and financial compliance costs, may make some activities more difficult, time-consuming, and costly, and may place significant strain on our personnel, systems, and resources. For example, the Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, results of operations, and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and

governance practices. We intend to invest substantial resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

As a public company subject to enhanced rules and regulations, it is also more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers. As a result of disclosure obligations required in our public filings, our business and financial condition has become more visible, which may result in an increased risk of threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, results of operations, and financial condition.

Our trading price and trading volume could decline if securities or industry analysts cease to publish research about our business, or if they publish unfavorable research.

The trading market for our common stock depends in part on research and reports that securities or industry analysts publish about us or our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations and we do not have any control over the content and opinions included in the analysts' reports. The trading price of our common stock could decline if one or more equity research analysts downgrade our stock or publish other unfavorable commentary or research. If one or more equity research analysts cease coverage of our company, or fail to regularly publish reports on us, the demand for our common stock could decrease, which in turn could cause our trading price or trading volume to decline.

Certain provisions in our corporate charter documents and under Delaware law may prevent or hinder attempts by our stockholders to change our management or to acquire a controlling interest in us, and the trading price of our common stock may be lower as a result.

There are provisions in our amended and restated certificate of incorporation and amended and restated bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control were considered favorable by our stockholders. These anti-takeover provisions include:

- a classified board of directors so that not all members of our board of directors are elected at one time;
- the ability of our board of directors to determine the number of directors and to fill any vacancies and newly created directorships;
- a requirement that our directors may only be removed for cause;
- a prohibition on cumulative voting for directors;
- the requirement of a super-majority to amend some provisions in our amended and restated certificate of incorporation and amended and restated bylaws;
- authorization of the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;

- an inability of our stockholders to call special meetings of stockholders; and
- a prohibition on stockholder actions by written consent, thereby requiring that all stockholder actions be taken at a meeting of our stockholders.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibit a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a three-year period beginning on the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Any provision in our amended and restated certificate of incorporation, our amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America as the exclusive forums for certain disputes between us and our stockholders, which will restrict our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: any derivative action or proceeding brought on our behalf, any action asserting a breach of a fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. The provisions would not apply to suits brought to enforce a duty or liability created by the Securities Act, the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Accordingly, given the provision in Section 22 of the Securities Act for concurrent jurisdiction by federal and state courts, there is uncertainty as to whether a court would enforce this forum selection provision with respect to claims arising under the Securities Act.

We believe these provisions benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us, our directors, officers, or other employees in a venue other than in the federal district courts of the United States of America. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions, and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

General Risks

Any legal proceedings or claims against us could be costly and time-consuming to defend and could harm our reputation regardless of the outcome.

From time to time we may be subject to legal proceedings and claims that arise in the ordinary course of business, such as disputes or employment claims made by our current or former employees. Any litigation, whether meritorious or not, could harm our reputation, will increase our costs and may divert management's attention, time and resources, which may in turn seriously harm our business. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could seriously harm our business.

Unfavorable conditions in our industry or the global economy or reductions in spending on information technology and communications by SMBs could adversely affect our business, results of operations and financial condition.

Our results of operations may vary based on the impact of changes in our industry or the global economy on our customers. Our results of operations depend in part on demand for information technology and cloud communications. In addition, our revenue is dependent on the usage of our products, which in turn is influenced by the scale of business that our customers are conducting. To the extent that weak economic conditions, supply chain shortages, economic inflation, geopolitical developments, such as existing and potential trade wars, military conflicts, including the military conflict between Russia and Ukraine, and other events outside of our control such as the continuing COVID-19 pandemic, result in a reduced volume of business for, and communications by, our customers and prospective customers, demand for, and use of, our products may decline. Furthermore, weak economic conditions may make it more difficult to collect on outstanding accounts receivable. Additionally, we generate substantially all of our revenue from SMBs, which may be affected by economic uncertainty or downturns to a greater extent than enterprises, and typically have more limited financial resources, including capital borrowing capacity, than enterprises. If our customers reduce their use of our platform or products, or prospective customers delay adoption or elect not to adopt our platform or products, as a result of a weak economy or recession or due to economic uncertainty, this could adversely affect our business, results of operations and financial condition. Uncertain and adverse economic conditions may also lead to increased refunds and chargebacks, any of which could adversely affect our business.

Our business is subject to the risks of pandemics, earthquakes, fire, floods and other natural catastrophic events, and to interruption by man-made problems such as power disruptions, computer viruses, data security breaches or terrorism.

A significant natural disaster, such as an earthquake, fire or flood, occurring at our headquarters, at one of our other facilities or where a business partner is located could adversely affect our business, results of operations and financial condition. Further, if a natural disaster or man-made problem were to affect our network service providers or internet service providers, this could adversely affect the ability of our customers to use our platform and products. In addition, natural disasters, pandemics, including COVID-19, and acts of terrorism could cause disruptions in our or our customers' businesses and national or regional economies. Health concerns or political or governmental developments in countries in which we or our customers, partners and service providers operate could result in economic, social or labor instability and could have an adverse effect on our business and our results of operations and financial condition.

We also rely on our network and third-party infrastructure and enterprise applications and internal technology systems for our engineering, sales and marketing and operations activities. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by

a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could adversely affect our business, results of operations and financial condition.

In addition, computer malware, viruses and computer hacking, fraudulent use attempts and phishing attacks have become more prevalent in our industry, have occurred on our platform in the past and may occur on our platform in the future. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security, integrity and availability of our platform and products and technical infrastructure to the satisfaction of our users may harm our reputation and our ability to retain existing users and attract new users.

Our risk management strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.

We operate in a rapidly changing industry. Accordingly, our risk management strategies may not be fully effective to identify, monitor and manage all risks that our business encounters. In addition, when we introduce new services, focus on expanding relationships with new types of customers, or begin to operate in new markets, we may be less able to forecast risk levels and reserve accurately for potential losses, as a result of fraud or otherwise. If our strategies are not fully effective or we are not successful in identifying and mitigating all risks to which we are or may be exposed, we may suffer uninsured liability or harm to our reputation, or be subject to litigation or regulatory actions, any of which could adversely affect our business, financial condition and results of operations.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

As of December 31, 2021, we currently lease approximately 180,000 square feet of office space for our current corporate headquarters in Lehi, Utah under a lease agreement that expires in 2033. We also maintain offices in St. George, Utah and Noida, India.

We believe that our current facilities are suitable and adequate to meet our current needs. We intend to add new facilities or expand existing facilities as we add employees, and we believe that suitable additional or substitute space will be available as needed to accommodate any such expansion of our operations close to our current facility.

Item 3. Legal Proceedings

From time to time, we have been and will continue to be subject to legal proceedings and claims. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition, or cash flows. We have received, and may in the future continue to receive, claims from third parties asserting, among other things, infringement of their intellectual property rights. Future litigation may be necessary to defend ourselves, our partners, and our customers by determining the scope, enforceability, and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 4. Mine Safety Disclosures

None.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our common stock began trading on the New York Stock Exchange under the symbol "WEAV" on November 11, 2021 in connection with the IPO of our common stock. Prior to that date, there was no public market for our common stock.

Holders of Record

As of March 11, 2022, there were 69 holders of record of our common stock. This figure does not include a substantially greater number of beneficial holders of our common stock whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock, and we do not currently intend to pay any cash dividends for the foreseeable future. We expect to retain future earnings, if any, to fund the development and growth of our business. Any future determination to pay dividends on our common stock will be at the discretion of our board of directors and will depend upon, among other factors, our financial condition, operating results, current and anticipated cash needs, plans for expansion, the terms of any then-outstanding debt instruments and other factors that our board of directors may deem relevant.

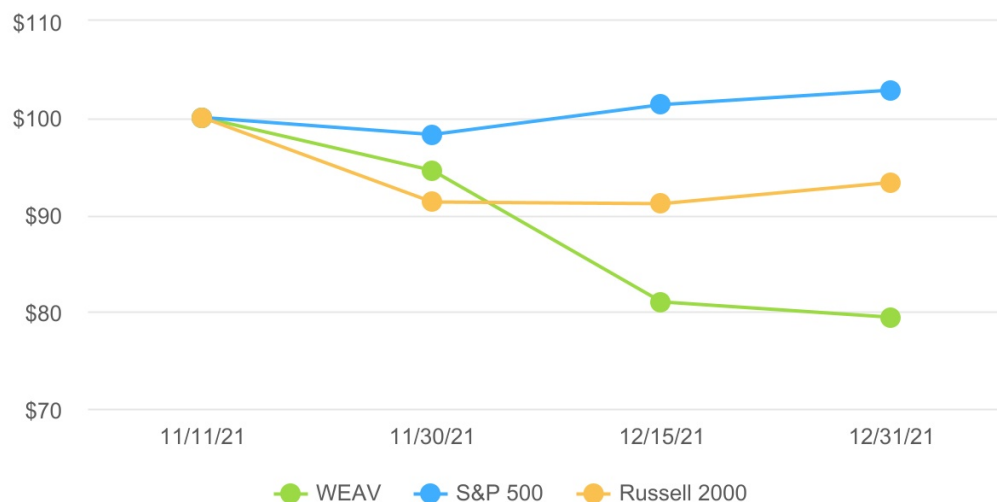
Stock Performance Graph

This graph is not "soliciting material" or subject to Regulation 14A, deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to liabilities under that section, and shall not be deemed incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

The following graph depicts the total cumulative stockholder return on our common stock from November 11, 2021, the first day of trading of our common stock on The New York Stock Exchange, through December 31, 2021, relative to the performance of the Standard & Poor's (S&P) 500 Index and the Russell 2000 Index. The graph assumes an initial investment of \$100.00 at the close of trading on November 11, 2021 and that all dividends paid by companies included in these indices have been reinvested. The performance shown in the graph below is not intended to forecast or be indicative of future stock price performance.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.

Comparison of Cumulative Total Return*
Among Weave Communications, Inc., the S&P 500 Index and the Russell 2000 Index



*\$100 invested on November 11, 2021 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.
 Copyright© 2022 Standard & Poor's, a division of S&P Global. All rights reserved.
 Copyright© 2022 Russell Investment Group. All rights reserved.

	November 11, 2021	December 31, 2021
Weave Communications, Inc.	\$ 100.00	\$ 79.35
S&P 500	\$ 100.00	\$ 102.78
Russell 2000	\$ 100.00	\$ 93.34

Sale of Unregistered Securities and Use of Proceeds

Recent Sales of Unregistered Securities

From October 1, 2021 through November 12, 2021 (the date of the filing of our registration statement on Form S-8), we did not grant any options to purchase shares of the Company's common stock under our 2015 Plan.

On November 12, 2021, we issued an aggregate of 104,269 shares of our common stock upon the net exercise of outstanding warrants to purchase 45,000 and 62,000 shares of our common stock at exercise prices of \$0.20 and \$0.6825 per share, respectively.

The foregoing transactions did not involve any underwriters, any underwriting discounts or commissions, or any public offering. We believe the offers, sales, and issuances of the above securities were exempt from registration under the Securities Act (or Regulation D or Regulation S promulgated thereunder) by virtue of Section 4(a)(2) of the Securities Act, because the issuance of securities to the recipient did not involve a public offering, or in reliance on Rule 701 because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule. The cashless exercises of warrants were exempt pursuant to Section 3(a)(9) of the Securities Act, as no commission or other remuneration was paid or given directly or indirectly for soliciting the exchanges and the Company did not receive any compensation for the issuance of the shares of common stock in connection with such exercises. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof. All recipients had adequate access, through their relationships with us or otherwise, to information about us. The issuances of these securities were made without any general solicitation or advertising.

Use of Proceeds from Registered Securities

On November 15, 2021, we completed our IPO pursuant to which we issued and sold 5,000,000 shares of common stock at a price to the public of \$24.00 per share. All of the shares issued and sold in our IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (No. 333-260321), which was declared effective by the SEC on November 10, 2021. Goldman Sachs & Co. LLC, BofA Securities, Inc., Citigroup Global Markets Inc., Piper Sandler & Co., Raymond James & Associates, Inc., Stifel, Nicolaus & Company, Incorporated, William Blair & Company, L.L.C., Guggenheim Securities, LLC, Academy Securities, Inc., Loop Capital Markets LLC, and Tigress Financial Partners LLC acted as underwriters for the IPO. Upon completion of the sale of the shares of our common stock referenced in the preceding sentences, the IPO terminated.

The net proceeds to us, after deducting underwriting discounts and commissions of \$8.4 million and estimated offering expenses of \$4.0 million, were \$107.6 million. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates. There has been no material change in the planned use of proceeds from the IPO as described in the final prospectus dated as of November 10, 2021 and filed with the SEC pursuant to Rule 424(b)(4) on November 12, 2021.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our financial condition and results of operations in conjunction with the financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Readers are cautioned that these forward-looking statements are subject to risks, uncertainties, and assumptions that are difficult to predict, including the continuing impact of COVID-19 on our business, results of operations and financial condition and our and the U.S. government or regulator's further responses to it, and the impact of COVID-19 on our business, results of operations and financial condition and our and the U.S. government's response to it, and those identified above, under "Part I, Item 1A. Risk Factors," and elsewhere herein. Therefore, our actual results could differ materially from those discussed in the forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

In this Annual Report, unless otherwise specified or the context otherwise requires, "Weave," "we," "us," and "our" refer to Weave Communications, Inc. and its consolidated subsidiaries.

We have omitted the management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2020 compared to the year ended December 31, 2019 as it would be redundant to the discussion previously included in Management's Discussion and Analysis of Financial Condition and Result of Operations within our Prospectus, which was declared effective by the SEC on November 10, 2021.

Overview

Weave is a leading all-in-one customer communications and engagement software platform for small and medium-sized businesses. We are creating a world where SMB entrepreneurs can utilize state-of-the-art technology to transform how they attract, communicate and engage customers, grow their business and realize their dreams. Our platform enables entrepreneurs to maximize the value of their customer interactions and minimize the time and effort spent on manual or mundane tasks. In a similar way to how the smartphone has transformed the manner in which we live our daily lives, our platform changes the way SMBs manage their businesses.

We have democratized powerful communications and engagement capabilities previously only available to enterprises, made them intuitive and easy to use and put them in one place – always within reach of the SMB. Our cloud-based software platform streamlines the day-to-day operations of running a small business. We offer an all-in-one platform spanning all forms of communications and customer engagement ranging from answering phones, to scheduling appointments, to sending text reminders, to requesting client reviews, to collecting payments, to sending email marketing campaigns. We bring small businesses and the people they serve closer together by unifying, modernizing and personalizing all customer interactions. Our platform helps improve communications, attract more customers, keep customers engaged and increase overall retention.

Since our founding in 2011, we have evolved our platform, innovating and improving the products and integrations we provide for small businesses. We have expanded our product offering from a suite of integrated phone, email and text solutions to include analytics in 2019, payments in 2019 and forms in 2021, among other capabilities launched in those years. Through investments in product development and integrations, we have expanded beyond dentistry and optometry to other verticals, such as home services, as we pursue our vertical "domino" growth strategy.

Initial Public Offering

On November 15, 2021, we completed our IPO for the sale of 5,000,000 shares of our common stock, \$0.00001 par value per share at an offering price of \$24.00 per share, pursuant to our Prospectus. We received aggregate proceeds of \$111.6 million from our IPO after deducting underwriting discounts and commissions.

In connection with the IPO, the 43,836,109 outstanding shares of redeemable convertible preferred stock with a carrying value of \$151.9 million converted into an aggregate of 43,836,109 shares of common stock.

See footnote 13 within the consolidated financial statements for details on additional equity-based compensation elements, including the 2021 Equity Incentive Plan, the Employee Stock Purchase Plan and Restricted Stock Units, which were adopted/issued in connection with the IPO.

Supplemental Financial Information — Disaggregated Revenue and Cost of Revenue

To supplement our discussion of our consolidated results of operations, we have separated our revenue and cost of revenue into recurring and non-recurring categories to disaggregate revenue and costs of revenue that are one-time in nature from those that are term-based and renewable.

We generate revenue primarily from recurring subscription fees charged to access our software platform and phone services, including recurring hardware fees. These recurring revenues accounted for 94%, 95% and 98% of our revenue for the years ended December 31, 2021, 2020 and 2019, respectively. In addition, we provide recurring payment processing services through Weave Payments and derive revenue on transactions between our customers that utilize Weave Payments and their end consumers.

We also derive revenue associated with non-recurring installation fees for onboarding customers and from embedded leases on phone hardware. We utilize our onboarding services and phone hardware as customer acquisition tools and price them competitively to lower the barriers to entry for new customers adopting our platform. As a result, the variable cost associated with providing phone hardware and onboarding assistance has historically exceeded the related revenue, resulting in negative gross profit for each. The revenue and related costs associated with onboarding new customers are typically non-recurring, and are primarily associated with the initial setup of a customer's software and phone system. Revenue on phone hardware provided to our customers, deemed embedded lease revenue, is recognized over the related subscription period. The associated costs, which primarily represent depreciation expense on phones financed under capital lease arrangements, are incurred over the useful lives of the phones. We consider the net costs of onboarding and hardware, in addition to our sales and marketing activities, to be core elements of our customer acquisition approach.

The table below sets for our revenue and associated cost of revenue for our recurring subscription and payment processing services, as well as for our onboarding services, and phone hardware:

	Year Ended December 31,		
	2021	2020	2019
	(dollars in thousands)		
Subscription and payment processing:			
Revenue	\$ 108,841	\$ 74,182	\$ 42,838
Cost of revenue	29,452	19,595	10,171
Gross profit	\$ 79,389	\$ 54,587	\$ 32,667
Gross margin	73 %	74 %	76 %
Onboarding:			
Revenue	\$ 3,687	\$ 3,095	\$ 745
Cost of revenue	10,942	7,691	3,803
Gross profit	\$ (7,255)	\$ (4,596)	\$ (3,058)
Gross margin	(197)%	(149)%	(411)%
Hardware:			
Revenue	\$ 3,343	\$ 2,619	\$ 2,163
Cost of revenue ⁽¹⁾	8,978	7,163	4,546
Gross profit ⁽¹⁾	\$ (5,635)	\$ (4,544)	\$ (2,383)
Gross margin	(169)%	(174)%	(110)%

(1) Cost of revenue related to hardware represents depreciation of phone hardware over a 3-year useful life.

Factors Affecting Our Performance

Our historical financial performance has been, and we expect our financial performance in the future to be, driven by our ability to attract new customers, retain and expand within our customer base, add new products and expand into new industry verticals.

Attract New Customers

Our ability to attract new customers is dependent upon a number of factors, including the effectiveness of our pricing and products, the sum total of the features and pricing of the alternative point solution patchwork, the effectiveness of our marketing efforts, the effectiveness of our channel partners in selling and marketing our platform and the growth of the market for SMB communications and engagement. Sustaining our growth requires continued adoption of our platform by new customers. We aim to add new customers through a combination of unpaid channels, such as recommendations and word of mouth, and paid channels, such as digital marketing, professional events, brand marketing and our teams of sales representatives. Historically, our go-to-market strategy focused on increasing the number of locations with most of our customers having a single location; however, we recently introduced multi-office functionality to our platform to allow us to better service organizations with multiple locations. In addition to pursuing continued customer growth among small businesses, we intend to pursue opportunities to expand our customer base among medium-sized businesses. Our ability to expand among medium-sized businesses will depend upon our ability to successfully sell our platform to multi-location organizations and effectively retain them. As of December 31, 2021, we had more than 22,000 customers in the United States and Canada, spanning organizations across our end markets, and 23,831 customer locations under subscription.

Retain and Expand Within Our Customer Base

Our ability to retain and increase revenue within our existing customer base is dependent upon a number of factors, including customer satisfaction with our platform and support, the sum total of the

features and pricing of the alternative point solution patchwork and our ability to effectively enhance our platform by developing new applications and features and addressing additional use cases. The deployment of the Weave phone system at each of our customers increases stickiness and customer loyalty. Historically, our subscriptions have provided our new customers with immediate access to the majority of our products and functionality. However, we have added additional add-on products in recent years, such as Weave Payments, which we have begun to successfully cross-sell to our customer base. We believe our increasing dollar-based net retention rate over the periods presented demonstrates the effectiveness of this strategy. We intend to continue to invest in enhancing awareness of our platform, creating additional use cases and developing more products, features and functionality.

Customer retention also impacts our future financial performance given its potential to drive improved gross margin. The initial onboarding costs as well as the cost of hardware, which is depreciated over three years, represent substantial cost of revenue elements during the first few years of a customer's life. We believe our disaggregated revenue and cost of revenue financial data, particularly our subscription and payment processing gross margin, provide insight into the impact of customer retention on overall gross margin improvement. Our subscription and payment processing gross margin was 73%, 74% and 76% for the years ended December 31, 2021, 2020 and 2019.

Add New Products

We continue to add new products and functionality to our platform, broadening our use cases and applicability for different customers. Our ability to cohesively deliver a deep product suite with as little friction as possible to customers is a key determinant of winning new customers. In short, our ability to add new SMB customers is dependent on the features and functionality we add to our platform for small business. The depth of our platform's functionality is dependent upon both our internally-developed technology and our platform partnerships. We expect our future success in winning new clients to be partially driven by our ability to continue to develop and deliver new, innovative products to small businesses in a timely manner.

Expand to New Industry Verticals

We believe we have built a flexible platform that encompasses the majority of the functionality needed for communications and engagement across industry verticals, and we have developed a repeatable playbook for assessing new industry verticals and building the remaining "last mile" of vertical-specific functionality. Entering a new industry vertical includes identifying, evaluating, developing and launching the new offering. We create functionality specific to the new industry vertical and then integrate that functionality with the primary systems of record in that vertical. We started in dental and have since successfully expanded to optometry and veterinary, among other areas. In the near term, while we intend to continue to grow within our core vertical markets, we are focused on additional expansion opportunities. We believe expansion into adjacent markets, such as home services, diversifies our end-market exposure and creates a flywheel effect.

Business Update Regarding COVID-19

The COVID-19 pandemic has had a disproportionate adverse impact on SMBs as compared to larger companies. This resulted in an initial slowdown in new customer acquisition during the first half of 2020. However, we experienced a recovery and return to growth in subsequent periods through 2021, which we believe was aided by the meaningful ways in which the pandemic impacted our customers and intensified their communications and engagement challenges. Given the nature of our business, the COVID-19 pandemic did not have a negative material impact on our revenue and results of operations. We did not experience a material number of non-renewals of subscriptions during 2020 or 2021, nor any material declines in revenue associated with potential declines in our customers' revenues. Out of an abundance of caution, in mid 2020 we did undergo a reduction of force of approximately 9% of our total workforce, but we are now hiring and we have continued to increase our headcount, period-over-period since those terminations. Through December 31, 2021, we have experienced headwinds in our lead generation

activities due to COVID-19-related cancellation or postponement of trade shows and conferences, which are channels we have historically utilized as part of our go-to-market strategy. While we believe these headwinds have negatively impacted our growth rates throughout 2020 and 2021, we have shifted our lead-generation activities to increase our focus on inbound and outbound channels which has driven substantial growth in customer locations under subscription and revenue over the same periods.

Despite widespread vaccination efforts in the United States, COVID-19 could still have an adverse impact on our customers and their clients. For example, the Omicron variant, which appears to be the most transmissible variant to date, has spread throughout the United States. The impact of the Omicron variant and additional variants cannot be predicted at this time, and could depend on numerous factors, including vaccination rates among the population, the effectiveness of COVID-19 vaccines against these variants and the response by governmental bodies and regulators. As a result, we could experience reduced customer demand and willingness to enter into or renew subscriptions with us. We may also experience impact from delayed sales and implementation cycles, including customers and prospective customers delaying contract signing or subscription

Key Business Metrics

In addition to our GAAP financial information, we review several operating and financial metrics, including the following key metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions.

	December 31,		
	2021	2020	2019
Number of locations (at period end)	23,831	18,539	13,084
Dollar-based net retention rate	103 %	102 %	97 %
Dollar-based gross retention rate	94 %	91 %	93 %

Number of Customer Locations

We believe the number of customer locations for each year provides us an indicator of our market penetration, the growth of our business and our potential future business opportunities. We measure locations as the total number of customer locations under subscription active on the Weave platform as of the end of each month. A single organization or customer with multiple divisions, segments, offices or subsidiaries is counted as multiple locations if they have entered into subscriptions for each location.

We believe quarter to quarter changes in the number of customer locations do not provide meaningful information because they tend to overstate positive or negative trends in our business. Accordingly, we plan to only disclose this information on an annual basis in our annual reports on Form 10-K and our annual and fourth quarter earnings releases.

Dollar-Based Net Retention Rate

We believe our dollar-based net retention rate, or NRR, provides insight into our ability to retain and grow revenue from our customer locations, as well as their potential long-term value to us. For retention rate calculations, we use adjusted monthly revenue, or AMR, which is calculated for each location as the sum of (i) the subscription component of revenue for each month and (ii) the average of the trailing-three-month recurring payments revenue. Since payments revenue represents the revenue we recognize on payment processing volume, which is reported net of transaction processing fees, we believe the three-month average appropriately adjusts for short-term fluctuations in transaction volume. To calculate our NRR, we first identify the cohort of locations, or the Base Locations, that were active in a particular month, or the Base Month. We then divide AMR for the Base Locations in the same month of the subsequent year, or the Comparison Month, by AMR in the Base Month to derive a monthly NRR. AMR in the Comparison Month includes the impact of any churn, revenue contraction, revenue expansion, and pricing changes, and by definition does not include any new customer locations under subscription added

between the Base Month and Comparison Month. We derive our annual NRR as of any date by taking a weighted average of the monthly net retention rates over the trailing twelve months prior to such date.

Dollar-Based Gross Retention Rate

We believe our dollar-based gross retention rate, or GRR, provides insight into our ability to retain our customers, allowing us to evaluate whether the platform is addressing customer needs. To calculate our GRR, we first identify the cohort of locations, or the Base Locations, that were under subscription in a particular month, or the Base Month. We then calculate the effect of reductions in revenue from customer location terminations by measuring the amount of AMR in the Base Month for Base Locations still under subscription twelve months subsequent to the Base Month, or Remaining AMR. We then divide Remaining AMR for the Base Locations by AMR in the Base Month for the Base Locations to derive a monthly gross retention rate. We calculate GRR as of any date by taking a weighted average of the monthly gross retention rates over the trailing twelve months prior to such date. GRR reflects the effect of customer locations that terminate their subscriptions, but does not reflect changes in revenue due to revenue expansion, revenue contraction, or addition of new customer locations.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared in conformity with generally accepted accounting principles in the United States, or GAAP, we use free cash flow, free cash flow margin and Adjusted EBITDA, which are non-GAAP financial measures, to enhance the understanding of our GAAP financial measures, evaluate growth trends, establish budgets and assess operating performance. These non-GAAP financial measures should not be considered by the reader as substitutes for, or superior to, the financial statements and financial information prepared in accordance with GAAP. See below for a description of these non-GAAP financial measures and their limitations as an analytical tool.

	Year Ended December 31,		
	2021	2020	2019
	(dollars in thousands)		
Net cash used in operating activities	\$ (20,373)	\$ (15,518)	\$ (22,069)
Net cash used in investing activities	\$ (9,809)	\$ (3,859)	\$ (2,469)
Net cash provided by (used in) financing activities	\$ 110,480	\$ (5,150)	\$ 64,995
Free cash flow	\$ (30,182)	\$ (19,377)	\$ (24,538)
Net cash used in operating activities as a percentage of revenue	(18)%	(19)%	(48)%
Free cash flow margin	(26)%	(24)%	(54)%
Net loss	\$ (51,690)	\$ (40,421)	\$ (32,060)
Adjusted EBITDA	\$ (33,271)	\$ (25,592)	\$ (28,778)

Free Cash Flow and Free Cash Flow Margin

We define free cash flow as net cash used in operating activities, less purchases of property and equipment and capitalized internal-use software costs, and free cash flow margin as free cash flow as a percentage of revenue. We believe that free cash flow and free cash flow margin are useful indicators of liquidity that provide useful information to management and investors, even if negative, as they provide information about the amount of cash consumed by our combined operating and investing activities. For example, as free cash flow has been negative, we have needed to access cash reserves or other sources of capital for these investments.

Adjusted EBITDA

EBITDA is defined as earnings before interest expense, provision for taxes, depreciation, and amortization. Our depreciation adjustment includes depreciation on operating fixed assets and does not include depreciation on phone hardware provided to our customers. We further adjust EBITDA to exclude equity-based compensation expense, a non-cash item. We believe that adjusted EBITDA provides management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations. Additionally, management uses adjusted EBITDA to measure our financial and operational performance and prepare our budgets.

Limitations and Reconciliation of Non-GAAP Financial Measures

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as substitutes for financial information presented under GAAP. There are a number of limitations related to the use of non-GAAP financial measures versus comparable financial measures determined under GAAP. For example, the non-GAAP financial information presented above may be determined or calculated differently by other companies and may not be directly comparable to that of other companies. In addition, free cash flow does not reflect our future contractual commitments and the total increase or decrease of our cash balance for a given period. Further, Adjusted EBITDA excludes some costs, namely, non-cash equity-based compensation expense. Therefore, adjusted EBITDA does not reflect the non-cash impact of equity-based compensation expense or working capital needs, that will continue for the foreseeable future. All of these limitations could reduce the usefulness of these non-GAAP financial measures as analytical tools. Investors are encouraged to review the related GAAP financial measures and the reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures and to not rely on any single financial measure to evaluate our business.

Free Cash Flow and Free Cash Flow Margin

	Year Ended December 31,		
	2021	2020	2019
	(dollars in thousands)		
Revenue	\$ 115,871	\$ 79,896	\$ 45,746
Net cash used in operating activities	\$ (20,373)	\$ (15,518)	\$ (22,069)
Less: Purchase of property and equipment	(7,376)	(2,759)	(2,469)
Less: Capitalized internal-use software	(2,433)	(1,100)	—
Free cash flow	\$ (30,182)	\$ (19,377)	\$ (24,538)
Net cash used in investing activities	\$ (9,809)	\$ (3,859)	\$ (2,469)
Net cash provided by (used in) financing activities	\$ 110,480	\$ (5,150)	\$ 64,995
Net cash used in operating activities as a percentage of revenue	(18)%	(19)%	(48)%
Free cash flow margin	(26)%	(24)%	(54)%

Adjusted EBITDA

	Year Ended December 31,		
	2021	2020	2019
	(dollars in thousands)		
Net loss	\$ (51,690)	\$ (40,421)	\$ (32,060)
Interest on outstanding debt	1,184	1,097	811
Tax expense (benefit)	60	—	—
Depreciation ⁽¹⁾	2,269	1,611	1,076
Amortization ⁽²⁾	815	508	—
Equity-based compensation	14,091	11,613	1,395
Adjusted EBITDA	<u>\$ (33,271)</u>	<u>\$ (25,592)</u>	<u>\$ (28,778)</u>

(1) Does not include depreciation on phone hardware provided to our customers.

(2) Represents amortization of capitalized internal-use software costs.

Components of Results of Operations

Revenue

We generate revenue primarily from recurring subscription fees charged to access our software and phone services platform, and recurring embedded lease revenue on hardware provided to customers. The majority of these subscription arrangements have contractual terms of month to month, with a small minority portion having contractual terms of 1-3 years. Subscription and hardware fees are prepaid and customers may elect to be billed monthly or annually, with the majority of our revenue coming from those that elect to be billed monthly. To incentivize annual payments, we offer pricing concessions that apply ratably over the twelve-month subscription plan. As of December 31, 2021 and December 31, 2020, approximately 42% of customer locations elected annual prepayments. Subscription revenue is recognized ratably over the term of the subscription agreement. Amounts billed in excess of revenue recognized are deferred. Recurring revenue on subscriptions and hardware, excluding Weave Payments, accounted for 94%, 95% and 98% of total revenue for the years ended December 31, 2021, 2020 and 2019.

In addition, we provide payment processing services and receive a revenue share from a third-party payment facilitator on transactions between our customers that utilize our payments platform and their end consumers. These payment transactions are generally for services rendered at customers' business location via credit card terminals or through "Text-to-Pay" functionality. As we act as an agent in these arrangements, revenue from payments services is recorded net of transaction processing fees and is recognized when the payment transactions occur.

We also collect non-recurring installation fees for onboarding customers, the revenue for which is recognized upon completion of the installation. In the first quarter of 2020, we launched a nationwide installation program, or the Installation Program, and began encouraging all new customers to use an on-site technician to configure phone hardware, install our platform software and assist with network upgrades recommended to optimize platform performance. While the Installation Program increased our revenue in 2020, it also increased our onboarding costs substantially. This program was phased out during the third and fourth quarters of 2021, resulting in limited impact to revenue and cost of revenue. Following this change, our customers now directly engage with third-party independent contractors to configure hardware, install the software and assist with upgrades, for which we do not derive any revenue. We may also collect installation or activation fees for the onboarding services provided by our employees.

Cost of Revenue

Cost of revenue consists of costs related to providing our platform to customers and costs to support our customers. Direct costs associated with providing our platform include data center and cloud infrastructure costs, payment processing costs, depreciation of phone hardware provided to customers, fees to application providers, voice connectivity and messaging fees and amortization of internal-use software development costs. Indirect costs included in costs of revenue include fees paid to third-party independent contractors as part of the Installation Program and personnel-related expenses, such as salaries, benefits, bonuses, and equity-based compensation expense, of our onboarding and customer support staff. Cost of revenue also includes an allocation of overhead costs for facilities and shared IT-related expenses, including depreciation expense.

The launch of the Installation Program in the first quarter of 2020 resulted in a substantial increase in onboarding costs. Prior to launching this program, our employees provided limited installation assistance remotely from our corporate headquarters.

As we acquire new customers and existing customers increase their use of our cloud-based platform, we expect that the dollar amount of our cost of revenue will continue to increase. However, our cost of revenue has been and will continue to be affected by a number of factors including increased regulatory fees on texting and phone calls, the number of phones provided to customers, our equity-based compensation expense, and the timing of the amortization of internal-use software development costs, which could cause it to fluctuate as a percentage of revenue in future periods.

Operating Expenses

Our operating expenses consist of sales and marketing, research and development, and general and administrative expenses. Personnel costs are the most significant component of operating expenses and consist of salaries, benefits, bonuses, equity-based compensation and sales commissions. Operating expenses also include allocated overhead costs for facilities and shared IT-related expenses, including depreciation expense.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related expenses associated with our sales and marketing staff, including salaries, benefits, bonuses and equity-based compensation. Sales commissions paid on new subscriptions are deferred and amortized over the expected period of benefit which is determined to be three years. Marketing expenses consist of lead generating and other advertising activities, such as our Business Growth Summit and the costs of traveling to and attending trade shows.

We expect that our sales and marketing expenses will increase and continue to be our largest operating expense for the foreseeable future as we grow our business. As in-person events and conferences return to activity, we will experience an increase in marketing expenses. As a percentage of revenue, we anticipate sales and marketing expenses to be relatively consistent in 2022 as compared to 2021, but we expect these expenses to decrease as a percent of revenue over time.

Research and Development

Research and development expenses include software development costs that are not eligible for capitalization and support our efforts to ensure the reliability, availability and scalability of our solutions. Our platform is software-driven, and its research and development teams employ software engineers in the continuous testing, certification and support of our platform and products. Accordingly, the majority of our research and development expenses result from employee-related costs, including salaries, benefits, bonuses, equity-based compensation and costs associated with technology tools used by our engineers.

We expect that our research and development expenses will increase as our business grows, particularly as we incur additional costs related to continued investments in our platform and products. However, we expect that our research and development expenses will decrease as a percentage of our revenue over time. In addition, research and development expenses that qualify as internal-use software development costs are capitalized, and the amount capitalized may fluctuate significantly from period to period.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses for our finance, legal, human resources, facilities, and administrative personnel, including salaries, benefits, bonuses, and stock-based compensation. General and administrative expenses also include external legal, accounting, and other professional services fees, software and subscription services dedicated for use by our general and administrative functions, insurance and other corporate expenses.

As a result of our initial public offering (IPO), we have incurred and expect to continue to incur additional expenses to operate as a public company, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations, and increased expenses for insurance, investor relations, and professional services. We expect that our general and administrative expenses will increase in absolute dollars as our business grows but will decrease as a percentage of our revenue over time.

In addition, in November 2021, our compensation committee approved, contingent upon the completion of this offering, the grant of a total of 171,075 restricted stock units to employees at an estimated preliminary aggregate fair value of approximately \$3.2 million. These employees are all considered part of our general and administrative function. The grant date fair value is based on the number of RSUs multiplied by the close price on November 12, 2021, the date on which the related S-8 was filed.

Interest Expense

Interest expense results primarily from interest payments on our borrowings and interest on capital lease obligations. Interest on borrowings is based on a floating per annum rate at specified percentages above the prime rate. Interest on capital leases is based on our incremental borrowing rate at the time the agreements are initiated.

Other Income (Expense), Net

Other income consists primarily of interest income earned on our cash and cash equivalents.

Provision for (Benefit from) Income Taxes

Provision for income taxes consists primarily of income taxes related to foreign and state jurisdictions in which we conduct business. Because of the uncertainty of the realization of the deferred tax assets, we have a full valuation allowance for domestic net deferred tax assets, including net operating loss carryforwards.

Results of Operations

The following table sets forth our consolidated statements of operations data for the periods indicated:

	Year Ended December 31,		
	2021	2020	2019
	(in thousands)		
Revenue	\$ 115,871	\$ 79,896	\$ 45,746
Cost of revenue (1)	49,372	34,449	18,520
Gross profit	66,499	45,447	27,226
Operating expenses:			
Sales and marketing (1)	58,244	39,258	31,726
Research and development (1)	27,009	19,967	14,407
General and administrative (1)	31,637	25,793	13,016
Total operating expenses	116,890	85,018	59,149
Loss from operations	(50,391)	(39,571)	(31,923)
Other income (expense):			
Interest expense	(1,184)	(1,097)	(811)
Other income (expense), net	(55)	247	674
Loss before income taxes	(51,630)	(40,421)	(32,060)
Provision for income taxes	(60)	—	—
Net loss	\$ (51,690)	\$ (40,421)	\$ (32,060)

(1) Includes equity-based compensation expense as follows:

	Year Ended December 31,		
	2021	2020	2019
	(in thousands)		
Cost of revenue	526	282	36
Sales and marketing	1,962	544	323
Research and development	3,545	1,442	274
General and administrative	8,058	9,345	762
Total equity-based compensation	14,091	11,613	1,395

Equity-based compensation expense for the years ended December 31, 2021, 2020 and 2019 included \$3.4 million, \$7.3 million, and \$— million, respectively, of compensation expense related to amounts paid in excess of the estimated fair value of the common stock in secondary sales of common stock. See Note 13 for further details.

The following table sets forth our consolidated statements of operations data expressed as a percentage of revenue for the periods indicated:

	Year Ended December 31,			
	2021	2020		2019
	(percentage of total revenue)			
Revenue	100 %	100 %	100 %	
Cost of revenue	43	43	40	
Gross profit	57	57	60	
Operating expenses:				
Sales and marketing	50	49	69	
Research and development	23	25	31	
General and administrative	27	32	28	
Total operating expenses	101	106	129	
Loss from operations	(43)	(50)	(70)	
Other income (expense):				
Interest expense	(1)	(1)	(2)	
Other income (expense), net	—	—	1	
Loss before income taxes	(45)	(51)	(70)	
Provision for income taxes	—	—	—	
Net loss	(45)%	(51)%	(70)%	

Comparison of the Years Ended December 31, 2021 and December 31, 2020

Revenue

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(dollars in thousands)			
Revenue	\$ 115,871	\$ 79,896	\$ 35,975	45 %

Revenue increased by \$36.0 million or 45% for the year ended December 31, 2021 compared to the year ended December 31, 2020. Of the total increase, approximately \$18.8 million or 52%, was attributable to new customer locations acquired during the year ended December 31, 2021, and \$17.2 million, or 48%, was attributable to existing customer locations under subscription as of December 31, 2020. Customer locations totaled 23,831 as of December 31, 2021. This growth represents a 29% increase over the 18,539 locations we had as of December 31, 2020.

Cost of Revenue and Gross Margin

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(dollars in thousands)			
Cost of revenue	49,372	34,449	\$ 14,923	43 %
Revenue	\$ 115,871	\$ 79,896		
Gross margin	57 % 0.57	57 %		

The dollar amount increase in cost of revenue was primarily due to an increase of \$8.2 million in direct costs to support customer usage and growth of our customer base, including cloud infrastructure costs and fees paid to application providers, and a personnel-related cost increase of \$6.7 million as a result of increased support and onboarding headcount needed to support the growth of our business and related infrastructure.

Gross margin has stayed consistent year over year. While we have seen a decrease in third-party installation costs later in the year from phasing our nationwide install program, we have also seen increased costs in voice connectivity and messaging fees and we have also accelerated customer support headcount hiring to better address anticipated customer growth.

Sales and Marketing

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(dollars in thousands)			
Sales and marketing	\$ 58,244	\$ 39,258	\$ 18,986	48 %

The increase in sales and marketing expenses was primarily attributable to an increase of \$11.4 million in personnel-related expenses driven by increased headcount, \$4.4 million increase in advertising costs particularly due to increased digital lead generation efforts, and a \$1.4 million increase in allocated overhead as a result of increased overall costs to support the growth of our business and related infrastructure.

Research and Development

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(dollars in thousands)			
Research and development	\$ 27,009	\$ 19,967	\$ 7,042	35 %

The dollar amount increase in research and development expenses was due primarily to an increase of \$6.8 million in personnel-related costs driven by higher headcount directly engaged in developing new product offerings, \$0.8 million in allocated overhead as a result of increased overall costs to support the growth of our business and related infrastructure. These cost increases were partially offset by \$1.0 million additional software development costs capitalized in 2021 compared to 2020.

General and Administrative

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(dollars in thousands)			
General and administrative	\$ 31,637	\$ 25,793	\$ 5,844	23 %

The dollar amount increase in general and administrative expenses was primarily due to increases of \$2.4 million in personnel-related expenses driven by increased headcount, \$1.7 million in computer and office supplies, including software subscription costs. Related to our initial public offering, we also saw an

increase of \$0.4 million in professional fees, which included accounting and legal fees not considered direct offering costs related to our IPO, and a \$0.5 million increase in liability insurance expense.

Other Income (Expense), Net

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(dollars in thousands)			
Other income (expense), net	\$ 1,239	\$ 850	\$ 389	46 %

The increase is due to additional interest expense related to an increased number of phone hardware capital lease agreements.

Provision for Income Taxes

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(dollars in thousands)			
Provision for income taxes	\$ 60	\$ —	\$ 60	100 %

Provision for income taxes increased \$0.1 million due to the start up of operations in a new foreign jurisdiction during the year ended December 31, 2021. We expect income tax expense to increase in conjunction with growth in our international subsidiaries in the long term.

Liquidity and Capital Resources

Since inception, we have financed operations primarily through the net proceeds we have received from the sales of our preferred stock, cash generated from the sale of subscriptions to our platform, and our bank borrowings. We have generated losses from our operations as reflected in our accumulated deficit of \$181.9 million as of December 31, 2021 and negative cash flows from operating activities for the 2021, 2020 and 2019 fiscal years. Our future capital requirements will depend on many factors, including revenue growth and costs incurred to support customer usage and growth in our customer base, increased research and development expenses to support the growth of our business and related infrastructure, and increased general and administrative expenses to support being a publicly traded company. We expect our operating cash flows to further improve as we increase our operational efficiency and experience economies of scale.

Our principal sources of liquidity were cash held as deposits in financial institutions and cash equivalents consisting of highly liquid investments in money market securities of \$136.0 million as of December 31, 2021.

A substantial source of our cash provided by operating activities is our deferred revenue, which is included on our consolidated balance sheets as a liability. Deferred revenue consists of the unearned portion of billed fees for our subscriptions, which is recorded as revenue over the subscription term. We had \$29.5 million of deferred revenue recorded as a current liability as of December 31, 2021. This deferred revenue will be recognized as revenue when all of the revenue recognition criteria are met.

We assess our liquidity primarily through our cash on hand as well as the projected timing of billings under contract with our paying customers and related collection cycles. We believe our current cash, cash equivalents, marketable securities and amounts available under our senior secured term loan facility will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months.

The following table shows a summary of our cash flows for the periods presented:

	Year Ended December 31,		
	2021	2020	2019
	(in thousands)		
Net cash used in operating activities	\$ (20,373)	\$ (15,518)	\$ (22,069)
Net cash used in investing activities	(9,809)	(3,859)	(2,469)
Net cash provided by (used in) financing activities	110,480	(5,150)	64,995

Operating Activities

For the year ended December 31, 2021, cash used in operating activities was \$20.4 million, primarily consisting of our net loss of \$51.7 million adjusted for non-cash charges of \$36.0 million, and net cash outflows of \$4.7 million provided by changes in our operating assets and liabilities. The main drivers of the changes in operating assets and liabilities were a \$12.8 million increase in deferred customer acquisition costs, comprising mainly sales commissions earned on bookings; and an increase in prepaid expenses of \$4.1 million. These amounts were partially offset by a \$6.6 million increase in deferred revenue due to our prepay arrangements with our customers, an increase in accounts payable and accrued liabilities of \$2.1 million, and an increase in deferred rent of \$4.3 million.

For the year ended December 31, 2020, cash used in operating activities was \$15.5 million, primarily consisting of our net loss of \$40.4 million, adjusted for non-cash charges of \$28.2 million, and net cash outflows of \$3.3 million provided by changes in our operating assets and liabilities. The main drivers of the changes in operating assets and liabilities were a \$9.7 million increase in deferred customer acquisition costs, comprising mainly sales commissions earned on bookings, a \$0.7 million increase in prepaid expenses and a \$0.6 million increase in accounts receivable due to an increase in customers and revenue. These amounts were partially offset by a \$6.7 million increase in deferred revenue due to our prepay arrangements with our customers, particularly those with annual billing, and a \$0.8 million increase in accrued liabilities due to increased headcount and unremitted payroll taxes related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

For the year ended December 31, 2019, cash used in operating activities was \$22.1 million, primarily consisting of our net loss of \$32.1 million, adjusted for non-cash charges of \$11.0 million and net cash outflows of \$1.1 million provided by changes in our operating assets and liabilities. The main drivers of the changes in operating assets and liabilities were a \$8.9 million increase in deferred customer acquisition costs, a \$1.8 million increase in accounts receivable due to an increase in customers, revenue and the number of declined credit card transactions, and a \$1.1 million increase in prepaid expenses. These amounts were partially offset by a \$7.9 million increase in deferred revenue due to our prepay arrangements with our customers, particularly with those with annual billing, a \$1.9 million increase in accounts payable, and a \$1.1 million increase in accrued liabilities due to increased headcount.

Investing Activities

Cash used in investing activities for the year ended December 31, 2021 was \$9.8 million, primarily due to furniture, equipment and leasehold improvements of \$7.4 million, primarily attributable to furnishing and building out our new corporate headquarters, which we occupied beginning the first quarter of 2021. Additional investing cash flow activities included personnel-related costs capitalized as internal-use software development of \$2.4 million.

Cash used in investing activities for the year ended December 31, 2020 was \$3.9 million, primarily due to furniture, equipment and leasehold improvements on our new corporate headquarters. Additional investing cash flow activities included purchases of employee equipment and personnel-related costs capitalized as internal-use software development.

Cash used in investing activities for the year ended December 31, 2019 was \$2.5 million, resulting primarily from purchases of employee equipment.

Financing Activities

Cash provided by financing activities for the year ended December 31, 2021 was \$110.5 million, primarily due to cash proceeds from our IPO, which resulted in \$117.6 million proceeds to the Company, net of underwriter commissions and paid offering costs. We also received \$4.2 million from employee stock option exercises and net proceeds from our line of credit of \$6.0 million. These cash inflows were partially offset by payments on capital lease obligations of \$7.9 million.

Cash used in financing activities for the year ended December 31, 2020 was \$5.2 million, primarily as a result of principal payments on capital lease obligations, partially offset by cash proceeds from employee stock option exercises.

Cash provided by financing activities for the year ended December 31, 2019 was \$65.0 million, primarily as a result of proceeds from the issuance of Series D preferred shares and employee stock option exercises, partially offset by principal payments on capital lease obligations.

Contractual Obligations and Commitments

Refer to the Notes to Consolidated Financial Statements within Part II, Item 8 of this Annual Report on Form 10-K for more details on contractual obligations.

Our principal commitments consist of obligations under the Silicon Valley Bank Credit Facility (discussed below and within Note 11), operating leases for office space (Note 9), capital leases for phone equipment for our solution (Note 10), as well as non-cancellable purchase commitments (Note 9).

Indemnifications

Certain of our agreements with partners, resellers and customers include provisions for indemnification against liabilities should our platform contribute to a data compromise, particularly a compromise of protected health information. We have not incurred any costs as a result of such indemnification obligations historically and have not accrued any liabilities related to such obligations in our consolidated financial statements as of December 31, 2021.

Silicon Valley Bank Credit Facility

As of December 31, 2020 and through August 2021, we carried a \$4 million note payable, which bears interest at the greater of prime rate plus 0.75% and 5.50%. The note payable required interest-only payments through September 2021, followed by 36 monthly principal payments of \$111,111 plus interest. Along with the note payable, Silicon Valley Bank provided us with a \$10 million revolving line of credit, bearing interest at the greater of prime rate plus 0.5% and 5.25%. As of December 31, 2020 and through August 2021, we had not taken any advances on the line of credit and the full \$10 million was available for borrowing.

In August 2021, we amended our agreement with Silicon Valley Bank ("SVB") to increase the revolving line of credit from \$10 million to \$50 million. The total borrowing capacity is subject to reduction should we fail to meet certain metrics for recurring revenue and customer retention. Amounts outstanding on the line will accrue interest at the greater of prime rate plus 0.25% and 3.5%. As part of our agreement with SVB, the \$4 million note payable was converted to a deemed advance on the line of credit. In connection with this transaction, we drew down an additional \$6.0 million from the line of credit resulting in a total outstanding balance of \$10.0 million. We are required to pay an annual fee of \$0.13 million beginning on the effective date of the agreement, and continuing on the anniversary of the effective date. We are also required to pay a quarterly unused line fee of 0.15% per annum of the available borrowing amount should the outstanding principal balance drop below \$10 million (calculated based on the number of days and based on the average available borrowing amount). The line of credit is collateralized by

substantially all of our assets. This amended agreement includes financial covenants requiring that, at any time, if our total unrestricted cash and cash equivalents at SVB is less than \$100 million, we must at all times thereafter maintain a consolidated minimum \$20 million in liquidity, meaning unencumbered cash plus available borrowing on the line of credit, and that we meet specified minimum levels of EBITDA, as adjusted for equity-based compensation and changes in our deferred revenue. As of December 31, 2021, \$10.0 million was outstanding on the line of credit and we were in compliance with all loan covenants.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that of our significant accounting policies, which are described in Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition, results of operations, and cash flows.

Revenue Recognition

We account for revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue From Contracts With Customers (ASC 606) for all periods presented.

Revenue recognition is determined from the following steps:

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

Our primary source of revenue is month-to-month subscription arrangements. Subscription revenue is generated from fees that provide customers access to one or more of our software applications and phone services. Arrangements with customers do not provide the customer with the right to take possession of our software at any time. Instead, customers are granted continuous access to the services over the contractual period. Accordingly, the fixed consideration related to subscriptions is recognized over time on a straight-line basis over the contract term beginning on the date our service is made available to the customer.

We deem phone and software service installations as a separate performance obligation. Any fees collected from customers related to installation are recognized as revenue upon completion of the installation.

For our payments product, we act as an agent between our customers and a payment facilitator. As a result, the related revenue is recorded net of transaction processing fees and is recognized when the payment transactions occur.

Deferred Contract Acquisition Costs

Deferred contract acquisition costs are incremental costs that are associated with acquiring customer contracts and consist primarily of sales commissions and the associated payroll taxes and certain referral fees paid to independent third-parties. The costs incurred upon the execution of the contracts are primarily deferred and amortized over an expected benefit period, which we estimate to be three years. Significant judgement is used to determine the expected benefit period by taking into consideration the Company's technology life cycle and an estimated customer relationship period, including expected contract renewals. There have been no changes to this estimated period of benefit during the reporting period.

Equity-Based Compensation

We issue stock options and restricted stock units (RSUs) to employees, consultants, and directors, and stock purchase rights granted under the Employee Stock Purchase Plan (ESPP) to employees based on their estimated fair value on the date of the grant. For stock options and ESPP, the fair value is estimated using the Black-Scholes option-pricing model, and equity-based compensation is recognized in the consolidated statements of operations using the straight-line attribution method. The fair value of RSUs is based on the closing market price of our common stock on the date of the grant. We recognize equity-based compensation expense over the requisite service period, which is the vesting period of the respective awards. Forfeitures are accounted for when they occur.

Prior to our IPO, the fair value of our common stock on the date of the grant was determined based on independent third-party valuations as there was no public market. Our first RSU grants were made effective November 12, 2021 in connection with the IPO and, as such, prior to the IPO we had not recognized equity-based compensation on RSUs.

Changes in the assumptions, which are subjective and generally require significant analysis and judgement to develop, can materially affect the valuation of our equity awards and impact how much equity-based compensation expense is recognized.

Recently Adopted Accounting Pronouncements

See the sections titled "Basis of Presentation and Summary of Significant Accounting Policies—Accounting Pronouncements Adopted" and "—Accounting Pronouncements Not Yet Adopted" in Note 2 to our consolidated financial statements for more information.

Emerging Growth Company Status

We are an "emerging growth company", as defined in the Jumpstart Our Business Startups (JOBS) Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." We may take advantage of these exemptions until we are no longer an "emerging growth company." Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. We have elected to use the extended transition period for complying with new or revised accounting standards and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. We may take advantage of these exemptions up until the last day of the

fiscal year following the fifth anniversary of this offering or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.07 billion in annual revenue, we have more than \$700.0 million in market value of our stock held by non-affiliates (and we have been a public company for at least 12 months and have filed one annual report on Form 10-K) or we issue more than \$1.0 billion of non-convertible debt securities over a three-year period.

Item 7A. Quantitative and Qualitative Disclosures about Market Risks

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

Our cash and cash equivalents consist of cash on deposit and highly liquid money market accounts. Because our cash equivalents have a short maturity, our portfolio's fair value is relatively insensitive to interest rate changes. We therefore do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates. In future periods, we will continue to evaluate our investment policy in order to ensure that we continue to meet our overall objectives.

As of December 31, 2020 the company had a \$4 million note payable bearing interest at the greater of Prime Rate plus 0.75% or 5.50%. In August 2021, the Company restructured its debt agreement and as of December 31, 2021 had a \$10 million outstanding balance on the new line of credit with an interest rate of the greater of Prime Rate plus 0.25% or 3.50%. Increases in Prime Rate would increase the interest rate on these borrowings.

Foreign Currency Exchange Risk

The vast majority of our customer subscription agreements are denominated in U.S. dollars, with a small number of subscription agreements denominated in Canadian dollars. A small portion of our operating expenses are incurred outside the United States, denominated in foreign currencies, and subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian Dollar and the Indian Rupee. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our consolidated statements of operations. As the impact of foreign currency exchange rates has not been material to our historical operating results, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency becomes more significant.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
<u>Report of independent registered public accounting firm (PCAOB ID 238)</u>	<u>90</u>
<u>Consolidated balance sheets</u>	<u>91</u>
<u>Consolidated statements of operations</u>	<u>92</u>
<u>Consolidated statements of comprehensive loss</u>	<u>93</u>
<u>Consolidated statements of redeemable convertible preferred stock and stockholders' equity (deficit)</u>	<u>94</u>
<u>Consolidated statements of cash flows</u>	<u>95</u>
<u>Notes to consolidated financial statements</u>	<u>96</u>

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Weave Communications, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Weave Communications, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive loss, of redeemable convertible preferred stock and stockholders' equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues from contracts with customers in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Salt Lake City, Utah
March 23, 2022

We have served as the Company's auditor since 2016.

WEAVE COMMUNICATIONS, INC
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 135,996	\$ 55,698
Accounts receivable	3,059	2,544
Deferred contract acquisition costs, net	8,931	7,178
Prepaid expenses	6,461	2,254
Total current assets	154,447	67,674
Non-current assets:		
Property and equipment, net	24,502	18,294
Deferred contract acquisition costs, net, less current portion	7,873	6,208
Other non-current assets	663	797
TOTAL ASSETS	\$ 187,485	\$ 92,973
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 4,061	\$ 3,400
Accrued liabilities	12,250	10,286
Deferred revenue	29,511	22,851
Current portion of capital lease obligations	8,485	7,086
Current portion of long-term debt	—	400
Total current liabilities	54,307	44,023
Non-current liabilities:		
Deferred rent	4,319	1
Capital lease obligations, less current portion	6,558	7,356
Long-term debt	10,000	3,600
Total liabilities	75,184	54,980
COMMITMENTS AND CONTINGENCIES (Note 9)		
Redeemable convertible preferred stock		
Redeemable convertible preferred stock, \$0.00001 par value per share; zero and 43,836,109 shares authorized, issued and outstanding as of December 31, 2021 and 2020, respectively; liquidation preference of zero and \$159,073 as of December 31, 2021 and 2020, respectively	—	151,938
Stockholders' equity (deficit):		
Preferred stock, \$0.00001 par value per share; 10,000,000 and zero shares authorized, zero and zero shares issued and outstanding as of December 31, 2021 and 2020, respectively	—	—
Common stock, \$0.00001 par value per share; 500,000,000 and 65,084,328 shares authorized as of December 31, 2021 and 2020, respectively; 64,324,628 and 11,882,286 issued and outstanding as of December 31, 2021 and 2020, respectively	—	—
Additional paid-in capital	294,230	16,261
Accumulated deficit	(181,898)	(130,208)
Accumulated other comprehensive (loss) income	(31)	2
Total stockholders' equity (deficit)	112,301	(113,945)
TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 187,485	\$ 92,973

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

WEAVE COMMUNICATIONS, INC
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	Year Ended December 31,		
	2021	2020	2019
Revenue	\$ 115,871	\$ 79,896	\$ 45,746
Cost of revenue	49,372	34,449	18,520
Gross profit	66,499	45,447	27,226
Operating expenses:			
Sales and marketing	58,244	39,258	31,726
Research and development	27,009	19,967	14,407
General and administrative	31,637	25,793	13,016
Total operating expenses	116,890	85,018	59,149
Loss from operations	(50,391)	(39,571)	(31,923)
Other income (expense):			
Interest expense	(1,184)	(1,097)	(811)
Other income (expense), net	(55)	247	674
Loss before income taxes	(51,630)	(40,421)	(32,060)
Provision for income taxes	(60)	—	—
Net loss	\$ (51,690)	\$ (40,421)	\$ (32,060)
Less: cumulative dividends on redeemable convertible preferred stock	(1,961)	(2,124)	(1,968)
Net loss attributable to common stockholders	\$ (53,651)	\$ (42,545)	\$ (34,028)
Net loss per share attributable to common stockholders - basic and diluted	\$ (2.60)	\$ (3.75)	\$ (3.30)
Weighted-average common shares outstanding - basic and diluted	20,636,583	11,355,385	10,324,621

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

WEAVE COMMUNICATIONS, INC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Net loss	\$ (51,690)	\$ (40,421)	\$ (32,060)
Other comprehensive income (loss)			
Change in foreign currency translation, net of tax	(33)	2	—
Total comprehensive loss	<u>\$ (51,723)</u>	<u>\$ (40,419)</u>	<u>\$ (32,060)</u>

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

WEAVE COMMUNICATIONS, INC
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

(in thousands, except share amounts)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	39,129,968	\$ 81,939	9,628,751	\$ —	\$ 1,603	\$ (63,518)	\$ —	\$ (61,915)
Cumulative effect of Topic 606	—	—	—	—	—	5,791	—	5,791
Issuance of common shares from stock option exercises	—	—	1,187,480	—	799	—	—	799
Issuance of Series C preferred shares	9,337	50	—	—	—	—	—	—
Issuance of Series D preferred shares	4,696,804	69,949	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	1,395	—	—	1,395
Net loss	—	—	—	—	—	(32,060)	—	(32,060)
Balance at December 31, 2019	43,836,109	\$ 151,938	10,816,231	\$ —	\$ 3,797	\$ (89,787)	\$ —	\$ (85,990)
Issuance of common shares from stock option exercises	—	—	1,066,055	—	851	—	—	851
Equity-based compensation	—	—	—	—	11,613	—	—	11,613
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	2	2
Net loss	—	—	—	—	—	(40,421)	—	(40,421)
Balance at December 31, 2020	43,836,109	\$ 151,938	11,882,286	\$ —	\$ 16,261	\$ (130,208)	\$ 2	\$ (113,945)
Issuance of common shares from stock option exercises	—	—	3,501,964	—	4,166	—	—	4,166
Conversion of redeemable convertible preferred stock to common stock in connection with initial public offering	(43,836,109)	(151,938)	43,836,109	—	151,938	—	—	151,938
Issuance of common stock in connection with initial public offering, net of underwriting discounts	—	—	5,000,000	—	111,600	—	—	111,600
Offering costs	—	—	—	—	(3,826)	—	—	(3,826)
Cashless exercise of common stock warrants	—	—	104,269	—	—	—	—	—
Equity-based compensation	—	—	—	—	14,091	—	—	14,091
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	(33)	(33)
Net loss	—	—	—	—	—	(51,690)	—	(51,690)
Balance at December 31, 2021	—	\$ —	64,324,628	\$ —	\$ 294,230	\$ (181,898)	\$ (31)	\$ 112,301

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

WEAVE COMMUNICATIONS, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (51,690)	\$ (40,421)	\$ (32,060)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	12,140	9,425	5,732
Provision for losses on accounts receivable	355	287	92
Amortization of contract acquisition costs	9,410	6,862	4,141
Gain on recovery of previously recognized contract loss	—	—	(317)
Equity-based compensation	14,091	11,613	1,395
Changes in operating assets and liabilities:			
Accounts receivable	(870)	(567)	(1,751)
Contract acquisition costs	(12,828)	(9,670)	(8,928)
Prepaid expenses and other assets	(4,073)	(727)	(1,060)
Accounts payable	583	302	1,856
Accrued and other liabilities	1,564	792	1,064
Deferred revenue	6,627	6,738	7,909
Deferred rent	4,318	(152)	(142)
Net cash used in operating activities	(20,373)	(15,518)	(22,069)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(7,376)	(2,759)	(2,469)
Capitalized internal-use software costs	(2,433)	(1,100)	—
Net cash used in investing activities	(9,809)	(3,859)	(2,469)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from advance on line of credit	6,000	—	—
Principal payments on capital lease obligations	(7,860)	(6,001)	(4,389)
Proceeds from stock option exercises	4,166	851	799
Payout of accrued repurchase of common shares	—	—	(1,414)
Proceeds from preferred shares issuance, net of professional fees paid	—	—	69,999
Proceeds from initial public offering, net of underwriting discounts	111,600	—	—
Paid offering costs	(3,426)	—	—
Net cash provided by (used in) financing activities	110,480	(5,150)	64,995
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	80,298	(24,527)	40,457
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	55,698	80,225	39,768
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 135,996	\$ 55,698	\$ 80,225
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	\$ 1,184	\$ 1,078	\$ 811
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Equipment purchases financed with accounts payable	78	130	10
Equipment purchases financed with capital leases	8,461	8,733	8,943
Accrued unpaid offering costs	400	—	—

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

WEAVE COMMUNICATIONS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Organization and Description of the Business

Description of the Business

Weave Communications, Inc. (the “Company”) sells subscriptions for its integrated communications platform, which combines software communication and analysis tools with voice over internet protocol (“VoIP”) phone services. The Company was incorporated in the state of Delaware in October 2015 and its corporate headquarters are located in Lehi, UT.

Initial Public Offering

On November 15, 2021, we completed our IPO for the sale of 5,000,000 shares of our common stock, \$0.00001 par value per share at an offering price of \$24.00 per share, pursuant to our Prospectus. We received aggregate proceeds of \$111.6 million from our IPO after deducting underwriting discounts and commissions.

Upon the completion of our IPO, the 43,836,109 outstanding shares of redeemable convertible preferred stock with a carrying value of \$151.9 million converted into an aggregate of 43,836,109 shares of common stock.

Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of Weave Communications, Inc. and its wholly owned subsidiaries Weave Communications Canada, Inc. and Weave Communications India Private Limited (collectively “Weave” or the “Company”). Intercompany accounts and transactions have been eliminated in consolidation. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the U.S. Securities and Exchange Commission (“SEC”).

Segments

The Company operates as one operating and reportable segment. The Company’s chief operating decision maker (“CODM”) evaluates reporting operations and financial information on a consolidated basis for the purposes of making operating decisions, assessing financial performance and allocating resources.

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 amount of sales and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the Company’s financial statements include the valuation allowance against deferred tax assets, recoverability of long-lived assets, fair value of issued warrants, fair value of equity-based compensation, amortization period of deferred contract acquisition costs, and useful lives for depreciable assets.

Cash and Cash Equivalents

Cash consists of deposits in financial institutions. Cash equivalents consist of highly liquid investments in money market securities with an original maturity of 90 days or less. The fair value of cash equivalents approximated their carrying value as of December 31, 2021 and December 31, 2020. As of December 31, 2021 and December 31, 2020 the Company did not have any restricted cash.

Liquidity and Capital Resources

The Company has incurred losses and generated negative cash flows from operations since inception. As of December 31, 2021 the Company had an accumulated deficit of \$181.9 million. The Company has partially funded its operations through cash flows generated by sales of its product offerings, and as of December 31, 2021 the Company had completed several rounds of equity financing as a private company with total net proceeds approximating \$159.0 million. In November 2021, the Company completed its initial public offering, which generated an additional net proceeds of \$111.6 million. As of December 31, 2021 the Company had outstanding borrowings under its revolving line of credit of \$10.0 million.

The Company believes its existing cash and cash equivalents and cash flows provided by sales of product offerings and proceeds from the initial public offering will be sufficient to meet operating cash flow requirements for at least twelve months from the date of issuance of the December 31, 2021 consolidated financial statements. As a result of the Company's growth plans, the Company expects that losses and negative cash flows from operations may continue in the foreseeable future.

Foreign Currency

The reporting currency of the Company is the U.S. dollar. The functional currency of the subsidiaries is the applicable local currency. Transactions within a subsidiary entity which are denominated in currencies other than the subsidiary's functional currency are recorded based on the exchange rates at the time such transactions arise. Resulting gains and losses are recorded in other income (expense), net in the consolidated statements of operations in the period of occurrence.

Revenues and expenses of the Company's foreign subsidiaries is translated from the applicable functional currency to the U.S. dollar using the average exchange rates during the reporting period, while assets and liabilities are translated at the period-end exchange rates. Resulting gains or losses from translating foreign currency are included in accumulated other comprehensive income (loss).

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amounts when an unconditional right to cash exists. Accounts receivable do not bear interest. Accounts outstanding longer than the contractual payment terms are considered past due. Accounts are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when cash is received. The Company specifically identified uncollectible accounts of \$0.4 million, \$0.3 million and \$0.1 million for the years ended December 31, 2021, 2020 and 2019, respectively. As the receivables outstanding as of December 31, 2021 and 2020 mostly comprised credit card billings and there were no specifically identified receivables deemed to have significant collection risk in addition to those already written off to bad debt, the Company did not record an allowance for doubtful accounts as of December 31, 2021 and 2020.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of property and equipment or over the related lease terms (if shorter). Costs of major improvements that extend the useful life of the property and equipment have been capitalized, while costs of normal repairs and maintenance are expensed as incurred. For customers who subscribed prior to August 2021, phone hardware provided to customers as part of the subscription arrangement remains the property of the Company for three years beginning on the date that the customer begins receiving subscribed services. After three years, the title of the phone hardware passes to the customer. For phones provided to customers subscribing in or after August 2021, the Company retains ownership of the phone. Phone hardware is deemed to have a useful life of three years and is depreciated over that period. The estimated useful life of each asset category is summarized as follows:

	Estimated Useful Life
Office equipment	3 - 5 years
Phone hardware	3 years
Payment terminals	3 years
Office furniture	7 years
Leasehold improvements	Shorter of remaining lease term or estimated life

When property and equipment is retired or otherwise disposed of, the net book value of the asset is removed from the respective accounts and any gain or loss is included in the results of operations.

Capitalized Internal-Use Software Costs

The Company capitalizes certain costs in connection with implementing or developing software for internal use. Amortization of such costs begins when the implementation/development project is substantially complete and the software is ready for its intended use. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Capitalized software is stated at cost less accumulated amortization and amortized on a straight-line basis over its estimated period of expected benefit, which is three years.

Deferred Offering Costs

Deferred offering costs, which consisted of direct incremental legal, consulting, accounting, and other fees relating to the anticipated sale of the Company's common stock in the IPO, were initially capitalized and recorded in other non-current assets on the consolidated balance sheets. Upon the completion of our IPO in November 2021, the deferred offering costs were reclassified into stockholders' equity (deficit) as a reduction from the proceeds of the offering. There were no deferred offering costs as of December 31, 2021 or 2020.

Capital Leases

The Company finances purchases of phone hardware and computer equipment through capital lease agreements. Capital lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As these leases do not provide an implicit rate, the Company uses its incremental borrowing rate (5.25% to 6.25%) based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is the rate incurred to borrow on a collateralized basis. As of December 31, 2021, the incremental borrowing rate was determined at the greater of Prime Rate plus 0.25% or 3.50%. The Company classifies all obligations due within the next twelve months as current with the remainder classified as non-current on the consolidated balance sheets.

Operating Leases

The Company leases real estate facilities under operating leases. For leases that contain rent escalation or rent concession provisions, the Company records the total rent expense during the lease term on a straight-line basis over the term of the lease. The Company records the difference between the rent paid and the straight-line rent expense expected to be amortized within the next twelve months as current and included in deferred rent, with the remainder classified as non-current and included in deferred rent on the consolidated balance sheets.

Impairment of Long-Lived Assets

The Company's long-lived assets consist of property and equipment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Significant management judgment is required in determining the estimated undiscounted future cash flows expected to be generated by the asset and the fair value of long-lived assets for impairment.

purposes. No events or changes in circumstances were identified and no impairment has been recognized for the years ended December 31, 2021, 2020, and 2019.

Advertising Expense

Advertising costs are expensed as incurred. The Company recorded advertising expense of \$6.8 million, \$2.9 million, and \$1.5 million for the years ended December 31, 2021, 2020, and 2019 respectively. Advertising costs are included in sales and marketing expenses in the consolidated statements of operations.

Research and Development

Research and development expenses include software development costs that are not eligible for capitalization and support the Company's efforts to ensure the reliability, availability and scalability of the Company's solutions. The Company's cloud platform is software-driven, and its research and development teams employ software engineers in the continuous testing, certification and support of the Company's solutions. Accordingly, the majority of the Company's research and development expenses result from employee-related costs, including salaries, bonuses, benefits, and costs associated with technology tools used by the Company's engineers.

Income Taxes

The Company records a provision for income taxes for the anticipated tax of its reported results of operations using the asset and liability method. Under this method, deferred income taxes are recognized by applying the enacted tax rates expected to be in effect in future years to the differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as net operating losses and tax credit carryforwards. The measurement of deferred tax assets is reduced by a valuation allowance when it is more likely than not that some portion of the deferred tax assets will not be realized.

The Company does not recognize certain tax benefits from uncertain tax positions within the provision for income taxes. A tax benefit is recognized only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. For such positions, the largest benefit that has a greater than 50% likelihood of being realized upon settlement is recognized in the consolidated financial statements. Where applicable, interest and penalties are recognized in income tax expense.

Sales Commissions

Sales commissions for all sales personnel are deferred and amortized on a straight-line basis over the period of consumer benefit, which has been determined to be three years. See Deferred Contract Acquisition Costs below for more detail on the period of benefit.

Equity-Based Compensation

Equity-based compensation expense resulting from stock options is measured at the grant date fair value of the award and is calculated using the Black-Scholes option pricing model. This compensation expense is recognized using the straight-line attribution method over the requisite service period. The Company accounts for forfeitures as they occur. See Note 13 for further detail on the judgements and assumptions used to calculate equity-based compensation.

The Company records restricted stock unit compensation expense based on the grant date fair value of the awards and recognizes the fair value of those awards as expense using the straight-line method over the requisite service period of the award.

Stock-based compensation expense related to purchase rights issued under the Employee Stock Purchase Plan (ESPP) is based on the Black-Scholes option-pricing model fair value of the estimated number of awards as of the beginning of the offering period. Stock-based compensation expense is recognized using the straight-line method over the offering period.

Net loss per share

Net loss per share attributable to common stockholders is calculated using the two-class method required for companies with participating securities. All series of the Company's redeemable convertible preferred stock are considered participating securities as they participate on a pari passu basis in any dividends declared to holders of the Company's common stock. Net loss is adjusted for the effect of any cumulative dividends on the Company's redeemable convertible preferred stock prior to allocating undistributed earnings to common stockholders and holders of participating securities. Undistributed earnings are allocated to participating securities to the extent that each participating security may share in the earnings as if all of the earnings for the period had been distributed. In periods in which the Company reports a net loss, no amounts are allocated to participating securities as holders of the Company's redeemable convertible preferred stock do not have a contractual obligation to share in losses. Note that all redeemable convertible preferred stock was converted to common stock in connection with our IPO.

Basic net loss per share is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

Diluted net loss per share is computed using the weighted-average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method unless their effect is anti-dilutive.

Concentration of Risks

The functionality of the Company's software and cloud-based phone system relies heavily on the ability to integrate with customers' practice or client management systems. Less than five providers make up the majority of practice management systems maintained by dentists and optometrists in the United States. At this time, the Company does not anticipate loss of integration rights with any of these major providers. To mitigate the risk, the Company has developed a system-agnostic platform that, if needed, does not rely on an integration for functionality.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. At times, the Company's cash balances may exceed the amount insured by the Federal Deposit Insurance Corporation. The Company, however, does not anticipate nonperformance by those institutions.

No customers accounted for more than 10% of accounts receivable or total revenues as of and for the years ended December 31, 2021, 2020, and 2019.

COVID-19 Pandemic

The World Health Organization declared a global health emergency in January 2020 and in March 2020, it declared the spread of COVID-19 a global pandemic. The COVID-19 pandemic developed rapidly in 2020 and there was worldwide impact. The impact of COVID-19 included changes in consumer and business behavior, pandemic fears, market downturns, and restrictions on business and individual activities, and created significant volatility in the global economy that led to reduced economic activity.

The Company is not aware of any specific events or circumstances that would require an update to estimates, judgements, the measurement of assets or liabilities, or the recognition of gains or losses. The extent and duration of the impact of the COVID-19 pandemic over the longer term remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of COVID-19, the introduction and spread of new variants of the virus, including, for example, the Omicron variant which emerged in November of 2021, that may be more easily transmittable and resistant to currently approved vaccines, the continuation of existing or implementation of new government travel restrictions, the extent and effectiveness of containment actions taken, including mobility restrictions, the timing, availability, and effectiveness of vaccines. These future developments may directly or indirectly impact the Company's business, financial condition, results of operations and cash flows.

Geographic Information

Other than the United States, no individual country exceeded 10% of total revenues for the years ended December 31, 2021, 2020, and 2019. As of December 31, 2021 and 2020, substantially all of the Company's property and equipment was located in the United States. The Company only operated in the United States through December 31, 2019.

Revenue Recognition - ASC 606

The Company derives substantially all revenue from subscription services by providing customers access to its platform.

The Company adopted the provisions of Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, (referred to collectively as "ASC 606") effective January 1, 2019 using the modified retrospective method. Following the adoption of ASC 606, the Company recognizes revenue when control of these services are transferred to customers in an amount that reflects consideration to which the Company expects to be entitled in exchange for those services, net of tax. Revenue recognition is determined from the following steps:

- Identification of a contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations within the contract;
- Recognition of revenue when, or as, performance obligations are satisfied.

The Company recognizes revenue as follows:

Subscriptions revenue (software and phone service) is generated from fees that provide customers access to one or more of the Company's software applications and related services. These arrangements generally have contractual terms of month to month. Arrangements with customers do not provide the customer with the right to take possession of the Company's software at any time. Instead, customers are granted continuous access to the services over the contractual period. The Company transfers control of services evenly over the contractual period. Accordingly, the consideration related to subscriptions is recognized over time on a straight-line basis over the contract term beginning on the date the Company's service is made available to the customer.

The Company also provides payment processing/collection services and receives a revenue share from a third-party payment facilitator on transactions between Weave customers that utilize the Weave payments platform, and their end consumers. These payment transactions are generally for services rendered at customers' business location via credit card terminals or through "text-to-pay" functionality. As the Company acts as an agent in these arrangements, revenue from payments services is recorded net of transaction processing fees and revenue is recognized as the performance obligation is performed each time transactions are processed.

Previously, as part of the onboarding process, the customer could request the Company install pre-configured applications on hardware which allow remote access to Weave's cloud solution. In addition, the customer could request the Company install phone hardware at the customer's location. Whereas the Company continues to provide remote installation services, the in-office installation program was phased out during the third and fourth quarters of 2021. Whether performed remotely or in office, the Company considers onboarding/installation a separate performance obligation, and recognizes revenue at the time the installation services are complete.

With the exception of payments services and installation revenue, customers are billed in advance and they may elect to be billed on a monthly or annual basis. The Company records contract liabilities to

deferred revenue when cash payments are received, or billings are due in advance of revenue recognition from services. Deferred revenue is recognized as revenue when, or as, the performance obligations are satisfied. Software and phone service revenue is recognized net of discounts in the statements of operations. The Company does not consider discounts variable consideration as they are stated on each agreement and not subject to contingencies or variability. The Company collects sales and communications taxes from its customers. In the statement of operations, amounts collected from taxes are excluded from the reported revenue amounts.

The Company elected to apply the practical expedient to not disclose the transaction price allocated to remaining performance obligations for contracts with a contract term of one year or less. As of December 31, 2021, approximately \$2.2 million of revenue is expected to be recognized from remaining performance obligations for contracts with original performance obligations that exceed one year. As the right to invoice for this \$2.2 million does not begin until January 2022, this amount is not recorded in deferred revenue as of December 31, 2021. The Company expects to recognize revenue on these remaining performance obligations over the next 19 months.

In addition to providing VoIP phone and software services, the Company provides phone hardware to its customers as part of the subscription. Title of the phones does not transfer to the customer until 36 months of subscription have occurred. If a customer were to cancel at any time prior to completion of the 36-month period, the phones are returned to the Company. The Company allows customers to include up to 10 phones without adjustment to the subscription base price. Effective for new sales beginning August 2021, the Company modified sales terms so that title to the phones is no longer given to the customer free of charge at the end of the 36-month period; instead, the phones remain an asset of the Company, as the phones are leased to the customer. The Company allows customers to include up to 5 phones without adjustment to the subscription base price. Such arrangements are deemed to be an embedded lease per guidance provided in ASC 840-10, Accounting for Leases, as the arrangement entails conveying the right to use Company equipment. The Company becomes the lessor in these agreements and has assessed the fair value of all elements provided to customers in order to allocate a portion of the subscription price to the lease element of the sales arrangement. For the years ended December 31, 2021, 2020, and 2019 the Company recorded \$3.3 million, \$2.6 million and \$2.2 million, respectively, in lease revenues associated with the phone hardware.

As a lessor, future minimum lease payments to be received are variable due to customer agreements being month to month and the fact that they are allocated based on the fair value of all services provided to the customer. Maturities of each agreement are also variable as customer agreements are month to month. With phones being deployed to customers for their useful life, residual value does not accrue to the benefit of the Company. Phones that are returned are refurbished and placed into service.

Deferred Contract Acquisition Costs

In accordance with ASC-340, the Company capitalizes incremental costs of obtaining a contract provided the Company expects to recover those costs. The capitalized amounts mainly consist of sales commissions paid to the Company's direct sales force. Capitalized costs also include:

- Commissions to sales management for achieving incremental sales quota.
- The associated payroll taxes and fringe benefit costs associated with the payments to the Company's employees.
- One time commissions paid to partners.

These costs are recorded as deferred contract acquisition costs on the consolidated balance sheet. Amortization of deferred contract acquisition costs related to commissions, and the associated taxes and fringe benefit costs, are included in sales and marketing expense. Deferred contract acquisition costs related to one time commissions paid to partners are included in cost of revenue. These expenses are amortized on a straight-line basis over the average period of consumer benefit, three years. In arriving at

this average period of benefit, the Company evaluated both qualitative and quantitative factors which included the anticipated customer life, historical customer life, and the useful life of the Company's product offerings.

Monthly commensurate revenue share fees paid to partners are expensed as incurred as their estimated period of benefit does not extend beyond 12 months and therefore fall under the practical expedient which allows these costs to be expensed as incurred.

Accounting Pronouncements Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs-Contracts with Customers (Subtopic 340-40), which supersedes nearly all existing revenue recognition guidance. The core principle behind ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for delivering those goods and services. The standard also provides guidance on the recognition of costs related to obtaining customer contracts. The Company adopted the standard as of January 1, 2019 using the modified retrospective method. Upon adoption, the Company recognized the cumulative effect of adopting the standard as an adjustment to the opening balance of stockholders' deficit.

The following table summarizes the adjustments made to the Company's consolidated balance sheet as of January 1, 2019 as a result of adopting ASC 606 (in thousands):

BALANCE SHEET			
	Reported as of 12/31/2018	ASC 606 adjustments	Adjusted as of 1/1/2019
Deferred contract acquisition costs, net	\$ —	\$ 5,791	\$ 5,791
Accumulated deficit	(63,518)	5,791	(57,727)

In August 2018, the FASB issued ASU 2018-15, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. This standard requires the Company to capitalize implementation costs and amortize the expense over the remaining contract life. The Company adopted this guidance as of January 1, 2021 with no material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740 and clarifies certain aspects of the current guidance to promote consistency among reporting entities. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The standard is effective for annual periods beginning after December 15, 2021, and interim periods with fiscal years beginning after December 15, 2022. The Company early adopted the standard for the fiscal year ended December 31, 2020. The standard removes the exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and other comprehensive income, as a result the Company was not required to apply the incremental approach for intraperiod tax allocation during the year ended December 31, 2020. The adoption of ASU 2019-12 was not material to the consolidated financial statements.

Accounting Pronouncements Pending Adoption

As an "emerging growth company," the Jumpstart Our Business Startups Act, or the JOBS Act, allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use the adoption dates applicable to private companies. As a result, the Company's financial

statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which updates the requirements related to financial reporting for leasing arrangements, including requiring lessees to recognize an operating lease with a term greater than one year on their consolidated balance sheets as a right-of-use ("ROU") asset and corresponding lease liability, measured at the present value of the lease payments. Upon adoption, lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements or they may record the amount in the year in which the ASU is adopted. The accounting applied by a lessor is largely unchanged from that applied under previous Topic 840. For example, the vast majority of operating leases should remain classified as operating leases, and lessors should continue to recognize lease income for those leases on a generally straight-line basis over the lease term. In June of 2020 the FASB issued ASU 2020-05 which extended the adoption of Topic 842 for one year. As a result, the Company will adopt the standard as of January 1, 2022 using the modified retrospective transition method as of the adoption date. The Company expects to elect the package of transition practical expedients, which allows them to carry forward their historical assessment of (1) whether contracts are or contain leases, (2) lease classification, and (3) initial direct costs. In addition, the Company expects to elect the practical expedient that allows lessees the option to account for lease and non lease components together as a single component for all classes of underlying assets.

The preliminary impact of adoption, assuming no changes in the Company's leasing arrangements, is expected to result in recognition of additional ROU assets and lease liabilities for operating leases in the range of approximately \$46.0 to \$50.0 million, and \$50.0 to \$54.0 million, respectively, as of January 1, 2022. The Company does not expect a material impact on the consolidated statements of operations and comprehensive income or consolidated statements of cash flows. The Company is continuing its assessment, which may identify additional impacts Topic 842 could have on our consolidated financial statements, through the end of the first quarter of 2022.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost, and includes the Company's accounts receivable, certain financial instruments and contract assets. ASU 2016-13 results in more timely recognition of credit losses. For non-public companies, adoption is required for fiscal years beginning after December 15, 2022, including interim periods within fiscal years beginning after December 15, 2022. As a result, the Company expects to adopt the standard as of January 1, 2023 and is currently evaluating the expected impact of adoption on the financial statements.

Revenue

The Company accounts for revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts With Customers for all periods presented. See Note 2 for a description of the Company's revenue recognition accounting policy.

Contract Balances

For the years ended December 31, 2021, 2020 and 2019, the Company recognized revenue of \$22.9 million, \$16.1 million and \$8.1 million, respectively, that was included in the corresponding deferred revenue balance at the beginning of the period.

Costs to Obtain a Contract

The following table summarizes the activity of deferred contract acquisition costs (thousands):

	Year Ended December 31,		
	2021	2020	2019
Beginning balance	\$ 13,386	\$ 10,578	\$ 5,792
Capitalization of contract costs	12,828	9,670	8,927
Amortization of deferred contract acquisition costs	(9,410)	(6,862)	(4,141)
Ending balance	\$ 16,804	\$ 13,386	\$ 10,578

Performance Obligations

Performance obligations promised in a contract are based on the services and products that will be transferred to the customer. They must be capable of being distinct and separately identifiable from other promises in the contract. The Company's performance obligations consist of the following:

- Software services;
- Cloud-based phone services;
- Payment services;
- Onboarding/Installation services (pre-configured applications and phone hardware); and
- Phone equipment.

Disaggregation of Revenues

Revenue has been disaggregated into recurring and non-recurring categories to identify revenue and costs of revenue that are one-time in nature from those that are term-based and renewable.

The table below outlines revenue for our recurring subscription (software and phone services) and payment processing services, as well as for our onboarding services, and phone hardware (in thousands) for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
	2021	2020	2019
Subscription and payment processing	\$ 108,841	\$ 74,182	\$ 42,838
Onboarding	3,687	3,095	745
Hardware (embedded lease)	3,343	2,619	2,163
Total revenue	\$ 115,871	\$ 79,896	\$ 45,746

Fair Value Measurements

Financial instruments recorded at fair value in the financial statements are categorized as follows:

- Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets.
- Level 2: Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs reflecting management's assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The following table summarizes the assets measured at fair value on a recurring basis by level within the fair value hierarchy for the periods presented (in thousands):

	December 31, 2021	December 31, 2020
Level 1		
Money market fund	\$ 118,962	\$ 53,701
Level 2	—	—
Level 3	—	—
Total	\$ 118,962	\$ 53,701

As of December 31, 2021 and 2020 the fair value of debt was \$10.6 million and \$4.4 million, respectively (Level 2). The carrying amounts of certain financial instruments, including accounts receivable, accounts payable, and accrued liabilities approximate fair value due to their short-term maturities and are excluded from the fair value tables above.

Property and Equipment

Property and equipment consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Office equipment	\$ 4,729	\$ 3,835
Office furniture	5,588	2,940
Leasehold improvements	2,496	650
Fixed assets not placed in service	118	1,340
Capitalized internal-use software	3,533	1,100
Phone hardware	26,034	23,102
Payment terminals	1,581	430
Property and equipment, gross	44,079	33,397
Less accumulated depreciation and amortization	(19,577)	(15,103)
Property and equipment, net	\$ 24,502	\$ 18,294

Depreciation and amortization expense was \$12.1 million, \$9.4 million, and \$5.7 million for the years ended December 31, 2021, 2020 and 2019, respectively. Of this expense, \$9.1 million, \$7.3 million and \$4.7 million was related to phone hardware and data center equipment and has been included in cost of revenue in the consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019, respectively. Capitalized internal-use software amortization expense was \$0.8 million and \$0.5 million for the years ended December 31, 2021 and 2020, respectively, and has been included in the cost of revenue in the consolidated statements of operations. Capitalized software implementation amortization expense was \$0.2 million for the year ended December 31, 2021 and has been included in operating expense in the consolidated statements of operations. The net carrying value of capitalized internal-use software was \$2.3 million and \$0.6 million as of December 31, 2021 and 2020, respectively.

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Payroll-related accruals	\$ 8,434	\$ 7,566
Sales and telecom taxes	1,508	1,056
Third-party commissions	440	553
Interest payable	—	19
Other	1,868	1,092
Total	<u>\$ 12,250</u>	<u>\$ 10,286</u>

Income Taxes

The components of the provision for (benefit from) income taxes were as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Current			
Federal	\$ —	\$ —	\$ —
State	22	—	—
Foreign	43	—	—
Deferred			
Federal	—	—	—
State	—	—	—
Foreign	(5)	—	—
Total	<u>\$ 60</u>	<u>\$ —</u>	<u>\$ —</u>

Loss before income taxes was as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
United States	\$ (51,777)	\$ (40,278)	\$ (32,060)
Foreign	147	(143)	—
Total	<u>\$ (51,630)</u>	<u>\$ (40,421)</u>	<u>\$ (32,060)</u>

The following reconciles the differences between the federal statutory income tax rate in effect in each year to the Company's effective tax rate:

	Year Ended December 31,		
	2021	2020	2019
Statutory federal tax rate	21.00 %	21.00 %	21.00 %
State tax, net of federal tax effect	2.64	(0.74)	(0.14)
Stock compensation	3.51	(3.49)	(0.11)
Change in valuation allowance	(27.21)	(16.34)	(20.12)
Other	(0.06)	(0.43)	(0.63)
Effective tax rate	<u>(0.12)%</u>	<u>— %</u>	<u>— %</u>

The components of deferred tax assets and (liabilities) were as follows (in thousands):

	December 31, 2021	December 31, 2020
Deferred tax assets:		
Net operating losses	\$ 41,167	\$ 28,540
Sales and use tax reserves	195	195
Stock compensation	1,808	711
Compensation related accruals	846	564
Interest expense limitations	527	226
Leases	1,123	—
Other	55	54
Fixed Assets	475	223
Valuation allowance	(40,101)	(26,052)
Total deferred tax assets - net	6,095	4,461
Deferred tax liabilities:		
State taxes	(1,193)	(827)
Intangible assets	(528)	(154)
Deferred contract acquisition costs	(4,369)	(3,480)
Total deferred tax liabilities	(6,090)	(4,461)
Net deferred taxes assets (liabilities)	\$ 5	\$ —

Activity of the deferred tax asset valuation allowance was as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Balance at beginning of the year	\$ 26,052	\$ 20,537	\$ 13,093
Charged to costs and expense	14,049	5,515	7,444
Balance at end of the year	\$ 40,101	\$ 26,052	\$ 20,537

The Company evaluates its ability to realize net deferred tax assets by considering all available positive and negative evidence including past results of operations, forecasted earnings, tax planning strategies, and all sources of future taxable income. A full valuation allowance was maintained on domestic deferred tax assets as of December 31, 2021, primarily due to cumulative losses in recent years. Net deferred tax assets are included in the other non-current assets on the consolidated balance sheets.

As of December 31, 2021, U.S. Federal and State net operating loss ("NOL") carry forwards are both approximately \$169.1 million and \$113.1 million. These NOLs have expiration dates starting in 2037 for U.S. Federal and 2032 for State jurisdictions. The U.S. federal NOL generated in 2018 and years forward, are not subject to a carryforward limitation and can be utilized at any time in the future. The total federal NOLs not subject to carryover limitation are \$137.4 million. Full realization of the NOLs is dependent on generating sufficient taxable income prior to their expiration. The ability to realize the NOLs could also be limited by previous or future changes in ownership in accordance with rules in Internal Revenue Code Sections 382 and 383.

ASC 740-10, Accounting for Uncertainty in Income Taxes, provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is more likely than not that the position will be sustained upon examination. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. The Company determined it did not have any unrecognized tax benefits at December 31, 2021 or 2020. The Company accounts for interest expense and penalties for unrecognized tax benefits as a part of its income tax provision. The Company does not anticipate any significant changes in unrecognized tax benefits during the next 12 months.

The Company files income tax returns in the U.S. Federal jurisdiction and in various states. Additionally, the Company files income tax returns in the foreign jurisdictions in which it operates. The statute of limitations for the federal US income tax returns is still open for tax years 2018 forward. The statute of limitations for state income tax returns varies between three and four years in the state taxing jurisdictions where the Company files, and would still be open for tax years 2017 forward or 2018 depending on the jurisdiction. The statute of limitations in the foreign jurisdictions varies by foreign jurisdiction, however, the Company has open returns in the foreign jurisdictions beginning for tax year 2020.

On March 27, 2020, The Coronavirus Aid, Relief and Economic Security ("CARES") Act was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits deferral of payment of the employer's portion of payroll taxes for up to two years. The Company has evaluated the impact of this payroll deferral and has included the impact of the deferral in the financial statements for the years ended December 31, 2021 and 2020.

Related Party Transactions

There were no related-party transactions during the years ended years ended December 31, 2021 2020, and 2019.

Commitments and Contingencies

Operating Leases

In April 2018, the Company relocated its headquarters to a new building in Lehi, Utah (Ashton Blvd) and entered into a new operating lease agreement. The new lease contained an escalation clause for the lease payments in future years, for which lease expense was recognized on a straight-line basis. The initial term of this lease was from April 2018 to March 2026. However, in November 2019, the Company signed a new office space lease agreement (Powell Way) which commenced in January 2021. Contemporaneously with the rent commencement date on the Powell Way building, the real estate company, along with the developer, agreed to take over the lease payments on the existing building (Ashton Blvd), relieving Weave of the liability. Straight-line expense recognition from the Powell Way building resulted in a deferred rent liability of \$4.3 million as of December 31, 2021.

Total rent expense for office space lease was approximately \$5.3 million, \$2.3 million and \$1.7 million for the years ended December 31, 2021, 2020 and 2019, respectively. These amounts are included in the operating expenses in the statements of operations above.

Aggregate future minimum rental payments applicable to the above non-cancellable operating leases as of December 31, 2021 are as follows (in thousands):

	<u>Years ending December 31,</u>	
2022	\$	4,407
2023		5,404
2024		5,539
2025		5,677
2026		5,819
Thereafter		38,666
Total	\$	<u>65,512</u>

Legal Matters

The Company was not involved in any material legal proceedings as of December 31, 2021.

Other Purchase Commitments

In the ordinary course of business the Company has entered into certain non-cancelable contractual commitments related to third-party cloud infrastructure agreements and subscription arrangements. As of December 31, 2021 the commitments related to these services totaled \$13.3 million.

Payments on these non-cancelable contractual commitments as of December 31, 2021, are as follows (in thousands):

	<u>Years ending December 31,</u>	
2022	\$	4,879
2023		3,527
2024		1,833
2025		1,833
2026		1,222
Thereafter		—
Total	\$	<u>13,294</u>

Indemnification

The Company enters into standard indemnification arrangements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent or other intellectual property infringement claims brought by any third party against such indemnified party with respect to licensed technology. The term of these indemnification agreements is generally perpetual any time after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these agreements is not determinable because it involves claims that may be made against the Company in the future but have not yet been made. To date, the Company has not incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company has entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct of the individual. No liability associated with such indemnifications has been recorded as of December 31, 2021.

Capital Lease Obligations

In June 2016, the Company began financing its purchases of phone hardware through lease agreements classified as capital leases. As of December 31, 2021 the Company had 91 executed and active lease agreements, respectively, for phone hardware. These agreements require monthly payments ranging from approximately \$140 to \$21,975 and have maturity dates ranging from January 2022 to December 2024. As of December 31, 2021, the gross value of phone hardware acquired under these capital leases approximated \$26 million. For the years ended December 31, 2021, 2020 and 2019, depreciation expense on capital leased phone hardware was \$8.6 million, \$7.1 million and \$4.5 million, respectively, which is included in the depreciation expense referenced in Note 5.

The Company has leased certain computer equipment under agreements classified as capital leases. As of December 31, 2021, the Company had three executed and active agreements all of which require 36 monthly payments and have maturity dates of October 2022 to February 2023. Monthly payments on these leases combined approximate \$9,600 and as of December 31, 2021, the gross value of computer equipment acquired under capital leases approximated \$0.2 million. Depreciation on this computer equipment was \$0.1 per year for the years ended December 31, 2021, 2020 and 2019, which is included in the \$12.1 million, \$9.4 million and \$5.7 million depreciation referenced in Note 5.

Future payments and present value of future payments on these capital leases are listed below. To calculate interest expense and present value of future payments for both the phone hardware and

computer equipment leases, the Company utilizes its incremental borrowing rate. At the time these lease agreements were initiated the incremental borrowing rate ranged from 3.5% to 6.25%. As of December 31, 2021 the incremental borrowing rate was determined at the greater of Prime Rate plus 0.25% or 3.50%. As of December 31, 2020, and 2019, the incremental borrowing rate was determined at the greater of Prime Rate plus 0.75% or 5.50% for both periods. For the years ended December 31, 2021, 2020 and 2019, the Company recognized approximately \$0.9 million, \$0.9 million, and \$0.6 million, respectively, of interest expense on capital leases.

As of December 31, 2021, future minimum lease payments under capital lease obligations by year are as follows (in thousands):

2022	\$	9,058
2023		4,715
2024		2,075
Thereafter		—
Total		15,848
Less amounts representing interest		(805)
Present value of minimum lease payments	\$	15,043

As of December 31, 2021, the current principal portion of capital lease obligations was \$8.5 million and gross assets resulting from capital lease arrangements was \$26.0 million in phone hardware and \$0.2 million in computer equipment. As of December 31, 2021, accumulated depreciation on this phone hardware and computer equipment was \$13.6 million and \$0.2 million, respectively.

As of December 31, 2020, the current principal portion of capital lease obligations was \$7.1 million and gross assets resulting from capital lease arrangements was \$23.1 million in phone hardware and \$0.3 million in computer equipment. As of December 31, 2020, accumulated depreciation on this phone hardware and computer equipment was \$10.4 million and \$0.2 million, respectively.

Long-Term Debt

Throughout 2020, the Company held a \$4.0 million note payable and a revolving line of credit with Silicon Valley Bank. The note required interest only payments through September 2021, followed by 36 principal payments of \$0.1 million plus interest (maturity in February 2024). The revolving line of credit had a maximum borrowing capacity of \$10.0 million.

In August of 2021, the Company amended the agreement with Silicon Valley Bank to increase the revolving line of credit from \$10.0 million to \$50.0 million. The total borrowing capacity is subject to reduction should the Company fail to meet certain expectations for recurring revenue and customer retention. Amounts outstanding on the line will accrue interest at the greater of prime rate plus 0.25% and 3.5%. As part of the agreement, the \$4.0 million note payable was converted to a deemed advance on the line of credit and was deemed a debt modification. In connection with this transaction, the Company drew down an additional \$6.0 million from the line of credit resulting in a total outstanding balance of \$10.0 million. The Company has made no additional draws or repayments on the line of credit since the finalization of the agreement. The Company is required to pay an annual fee of \$0.1 million beginning on the effective date of the agreement, and continuing on the anniversary of the effective date as well as a quarterly unused line fee of 0.15% per annum of the available borrowing amount should the outstanding principal balance drop below \$10.0 million (calculated based on the number of days and based on the average available borrowing amount). The line of credit is collateralized by substantially all of our assets. Under the terms of this amendment, the loan and security agreement requires that, at any time, if total unrestricted cash and cash equivalents held at Silicon Valley Bank is less than \$100.0 million, the Company must at all times thereafter maintain a consolidated minimum \$20.0 million in liquidity, meaning unencumbered cash plus available borrowing on the line of credit, and that the Company meet specified

minimum levels of EBITDA, as adjusted for equity-based compensation and changes in our deferred revenue. The Company was in compliance with all debt covenants as of the periods ended December 31, 2021 and December 31, 2020. The balance on the line of credit is due on August 4, 2023.

The Company's long-term debt consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Note payable, current	\$ —	\$ 400
Note payable, noncurrent	—	3,600
Line of credit	10,000	—
Total	<u>\$ 10,000</u>	<u>\$ 4,000</u>

Redeemable Convertible Preferred Stock

The Company had issued redeemable convertible preferred shares prior to 2020. Upon completion the Company's IPO in November 2021, these preferred shares were all converted on a one-to-one basis to an aggregate 43,836,109 shares of common stock. The following table summarizes the Company's redeemable convertible preferred stock as of December 31, 2020 (in thousands, except share and per share amounts):

	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Carrying Amount	Liquidation Preference
Series AA	4,766,263	4,766,263	\$ 0.21	\$ 1,000	\$ 1,000
Series A-1	1,253,739	1,253,739	0.46	\$ 580	\$ 580
Series A-2	432,323	432,323	0.58	\$ 250	\$ 250
Series A	3,070,449	3,070,449	1.68	\$ 5,152	\$ 5,150
Series B	9,412,354	9,412,354	1.69	\$ 15,480	\$ 15,900
Series B-1	13,191,371	13,191,371	1.69	\$ 22,008	\$ 28,693
Series C	7,012,806	7,012,806	5.35	\$ 37,468	\$ 37,500
Series D	4,696,804	4,696,804	14.90	\$ 70,000	\$ 70,000
	<u>43,836,109</u>	<u>43,836,109</u>		<u>\$ 151,938</u>	<u>\$ 159,073</u>

As of December 31, 2021 there was no preferred stock outstanding.

Stockholders' Equity (Deficit)

Amendment and Restatement of Certificate of Incorporation

In connection with the IPO, the Company filed an amended and restated certificate of incorporation, which authorized a total of 500,000,000 shares of common stock, \$0.00001 par value per share and 10,000,000 shares of preferred stock, par value \$0.00001 per share.

Equity-Based Compensation Expense

Equity-based compensation expense, consisting of service-based expense related to the equity incentive plan, the employee stock purchase plan and restricted stock units as well as expense from secondary sales of commons shares, was classified as follows in the accompanying consolidated statements of operations for each of the periods presented (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Cost of revenue	\$ 526	\$ 282	\$ 35
Sales and marketing	1,962	544	323
Research and development	3,545	1,442	273
General and administrative	8,058	9,345	764
Total	\$ 14,091	\$ 11,613	\$ 1,395

Equity Incentive Plan

During 2016, the Company adopted the 2015 Equity Incentive Plan (the “2015 EIP”) under which common stock options could be issued for employee awards and the Company began issuing stock options under this plan in 2016.

In November 2021 in connection with IPO, the Company adopted the 2021 Equity Incentive Plan (the “2021 EIP”). Upon adoption of the 2021 EIP, the 2015 EIP plan was terminated. All options issued and outstanding or available for issuance under the 2015 EIP were absorbed into the 2021 EIP. Along with the absorbed 2015 EIP options, the Company reserved an additional 9,000,000 shares of common stock for future issuance under the 2021 EIP, with scheduled annual increases to the reserve for amounts to be determined by the Board, subject to a maximum amount. These plans are collectively referred to herein as the “EIP”.

Most options have a four-year vesting schedule with a one-year cliff and are classified as incentive stock options (ISOs). Some options have been granted in lieu of bonuses and have expedited two- or three-year vesting schedules. All awards vest based on service conditions. Options with accelerated vesting clauses, should there be a change in Company control, were 3,689,243 as of December 31, 2021.

Equity-based compensation expense related to the EIP was \$10.6 million, \$4.4 million and \$1.4 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Unrecognized equity-based compensation expense as of December 31, 2021 and December 31, 2020 was \$34.5 million and \$27.0 million, respectively. Equity-based compensation expense is recognized on a straight-line basis over the remaining weighted-average vesting periods. As of December 31, 2021 and December 31, 2020 the weighted-average vesting periods approximated 2.96 and 3.16 years, respectively.

The aggregate intrinsic value of options exercised is outlined in the table below. The intrinsic value represents the excess of the estimated fair value of the Company's common stock on the date of exercise over the exercise price of each option.

Stock option activity was as follows for the year ended December 31, 2021:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2020	9,868,915	\$ 3.62	8.13	\$ 101,070
Exercisable as of December 31, 2020	4,401,361	\$ 1.10	6.78	\$ 56,117
2021 Activity				
Granted	2,439,759	\$ 15.66		
Exercised	(3,501,964)	\$ 1.19		
Forfeited and expired	(1,232,574)	\$ 3.76		

Outstanding as of December 31, 2021	7,574,136	\$	8.60	8.35	\$	52,257
Exercisable as of December 31, 2021	2,719,252	\$	3.44	7.03	\$	31,929

The aggregate intrinsic value of options exercised for the years ended December 31, 2021, 2020 and 2019 was \$47.6 million, \$11.1 million and \$0.6 million, respectively. The intrinsic value represents the excess of the estimated fair value of the Company's common stock on the date of exercise over the exercise price of each option.

Equity-based compensation expense is measured at the grant date based on the estimated fair value of the award. The fair value of the awards is fixed at grant date and amortized over the remaining service period. The Company uses the Black-Scholes model to estimate the value of its stock options issued under the EIP. Prior to the Company's IPO, the common stock fair values used in the models were based on the most recent 409(a) valuation as of the option grant date. Management reviews option grants and determines whether further valuation adjustments are appropriate based on recent company performance and/or changes in market conditions. The volatility assumed in the estimate was based on publicly traded companies in the same industry and considers the expected term calculated by the Company. The expected term of the options was derived from a simplified method which estimates the term based on an averaging of the vesting period and contractual term of the option grant. The risk-free rate utilized was the average of the five- and seven-year U.S. Treasury yield as the estimated expected term for options approximates 6 years. The Company has no plans to declare dividends in the foreseeable future.

The assumptions used in the Black-Scholes pricing model for equity-based compensation for options granted in the periods below were as follows:

	Year Ended December 31,		
	2021	2020	2019
Risk free interest rate	0.97% - 1.06%	0.38% - 0.53%	2.07% - 2.59%
Expected term	5.83 - 6.25 Years	5.50 - 6.25 Years	5.50 - 6.25 Years
Expected volatility	42.43% - 43.01%	42.00 %	37.00 %
Dividend yield	0.00 %	0.00 %	0.00 %

Estimated fair value of granted options by grant date based on the Black-Scholes model:

	Number of Options	Fair Value
March 2019	1,102,625	\$ 0.8428
April 2019	824,000	\$ 1.1304
July 2019	412,000	\$ 1.5193
September 2019	1,351,242	\$1.6574 - 1.8930
March 2020	502,016	\$ 6.5353
July 2020	414,149	\$8.3377 - 8.4404
October 2020	346,250	\$ 9.3857
December 2020	2,371,893	\$6.7118 - 10.1240
April 2021	249,067	\$ 9.8159
July 2021	1,610,102	\$ 9.1387
September 2021	580,590	\$ 8.6490

Employee Stock Purchase Plan

In October 2021, the Company adopted the Employee Stock Purchase Plan ("ESPP") in which eligible employees may contribute up to 50% of their base compensation to purchase shares of common stock at a price equal to 85% of the lower of (1) the fair market value of a share of the Company's common stock at the beginning of the offering period and (2) the fair market value of a share of the Company's common stock on the purchase date. No participant may purchase more than 2,500 shares

during any offering period. The ESPP became effective in November 2021 in connection with the IPO. As of December 31, 2021, 1,300,000 shares were reserved for issuance and no shares of common stock had been issued under the ESPP. The number of shares available for issuance under the ESPP may be increased on the first day of each fiscal year beginning with the 2022 fiscal year by an amount to be determined by the board of directors.

Except for the initial offering period, the 2021 ESPP provides for six-month offering periods beginning February 16 and August 16 of each year, and the last day of each offering period is the purchase date for that period. The initial offering period began on December 1, 2021 and will end on August 15, 2022 and consists of one purchase period, which is the last day of the offering period.

During the year ended December 31, 2021, the Company recognized \$0.1 million of equity-based compensation expense related to ESPP and withheld \$0.3 million in contributions from employees. As of December 31, 2021, total unrecognized compensation costs related to the ESPP was \$0.4 million, which will be amortized over the remaining offering period through August 15, 2022.

The following assumptions were used to calculate the fair value of shares to be granted under the ESPP during the period:

Risk free interest rate	0.21 %
Expected term	0.67 years
Expected volatility	36.62 %
Dividend yield	0.00 %

Restricted Stock Units

In connection with the IPO, in November 2021 the Company granted 171,075 restricted stock units ("RSUs") to employees with a time-based service condition and a four-year vesting schedule with 25% cliff vesting at one year from grant date and the remaining 75% vesting monthly over the remaining three years. The effective grant date of these RSUs was November 12, 2021. The aggregate grant date fair value of these RSUs was \$3.2 million and the related equity-based compensation was \$0.1 million for the year ended December 31, 2021, which is reported within General and Administrative expenses on the consolidated statements of operations. As of December 31, 2021, these RSUs had an intrinsic value of \$2.6 million, none had vested and none had been canceled.

Secondary Sales of Common Stock

Certain of the Company's investors have acquired outstanding common stock from employees and certain sales of common stock by employees to new investors were facilitated by the Company. For these transactions, and where shares have been acquired at a price in excess of the estimated fair value of the Company's common stock, the Company has recorded equity-based compensation expense of the difference between the price paid by the investors and the estimated fair value as of the date of the transactions. Equity-based compensation expense for these transactions totaled \$3.4 million, \$7.3 million and \$0.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Repurchase of Common Shares

In November 2018, the Company repurchased and retired 1,420,128 Common Shares held by employee shareholders at a price of \$5.3545 per share (Series C Preferred Share price), resulting in total payments of approximately \$7.6 million to these shareholders. In January 2019, \$4.0 million of these repurchase payments were made, comprising \$1.4 million of common stock fair value, as determined via 409(a) valuation, and \$2.6 million of compensation expense in excess of common stock fair value. No other share repurchases took place during the years ended December 31, 2021, 2020 and 2019.

Common Share Warrants

All warrants discussed in this section were evaluated by the Company under the guidance of ASC 480-10, *Distinguishing Liabilities from Equity*, and were determined to be recognized under the provisions of this guidance as equity transactions.

In September 2014, the Company issued 45,000 common share warrants, with a \$0.20 strike price, to a financial institution in connection with the note payable discussed in Note 11. Using the Black-Scholes model, the Company estimated the fair value of the warrants to be \$9,178 at issuance, which was recorded in equity in 2014. These warrants expire on the earlier of (1) October 13, 2025, or (2) three years after the Company's Initial Public Offering. Should the fair value of the underlying common shares exceed the strike price at either expiration dates, the warrants will automatically be exercised via cashless net settlement.

The following inputs were used in the Black-Scholes valuation for these warrants:

Risk free interest rate	1.16 %
Contractual term	11 years
Expected volatility	55.00 %
Dividend yield	0.00 %

In connection with the note payable issued in September 2016, the Company issued 62,000 common share warrants, with a \$0.6825 strike price, to the same financial institution. These warrants have substantially the same terms as the other warrants discussed above. Using the Black-Scholes model, the Company estimated the fair value of the warrants to be \$22,192 at issuance, which was recorded in equity in 2016. These warrants expire on March 14, 2026. Should the fair value of the underlying common shares exceed the strike price at the expiration date, the warrants will automatically be exercised via cashless net settlement.

The following inputs were used in the Black-Scholes valuation for these warrants:

Risk free interest rate	1.97 %
Contractual term	10 years
Expected volatility	40.00 %
Dividend yield	0.00 %

The Company refinanced its notes payable in January of 2019, in April 2020 and again in August 2021 (see Note 11). The refinances had no impact on the warrants issued with the notes payable and no additional warrants were issued as part of the refinances.

In November 2021, both sets of common share warrants discussed above were exercised. A net exercise was elected, in which no cash proceeds were received by the Company and in exchange, the financial institution received a total 104,269 common shares, which is reduced from the 107,000 combined total of the initial warrant grants.

14. Net Loss Per Share

The following tables present the calculation of basic and diluted net loss per share for the years ended December 31, 2021, 2020 and 2019 (in thousands, except share and per share amounts):

	Year Ended December 31,		
	2021	2020	2019
Numerator:			
Net loss	\$ (51,690)	\$ (40,421)	\$ (32,060)
Less: cumulative dividends on redeemable convertible preferred stock	(1,961)	(2,124)	(1,968)
Net loss attributable to common stock holders - basic and diluted	\$ (53,651)	\$ (42,545)	\$ (34,028)
Denominator:			
Weighted-average common shares outstanding - basic and diluted	20,636,583	11,355,385	10,324,621
Net loss per share			
Net loss per share, basic and diluted	\$ (2.60)	\$ (3.75)	\$ (3.30)

The following outstanding potential common shares were excluded from the computation of diluted net loss per share attributable to common stockholders as of the end of the periods presented because their inclusion would have been antidilutive:

	Year Ended December 31,		
	2021	2020	2019
Options to purchase common stock	7,574,136	9,868,915	7,536,292
Redeemable convertible preferred stock	—	43,836,109	43,836,109
Warrants	—	107,000	107,000
Number of shares issuable from ESPP	169,025	—	—
Restricted stock units	171,075	—	—
	7,914,236	53,812,024	51,479,401

Retirement Plan

In March 2016, the Company established a qualified domestic 401(k) defined contribution plan covering substantially all employees. This plan allows employees to contribute a portion of their pretax salary up to the maximum dollar limitation prescribed by the Internal Revenue Service which was \$19,500 for the years ended December 31, 2021 and 2020, and \$19,000 for the year ended December 31, 2019. As a result of the COVID-19 pandemic, in May of 2020 the Company made an election to temporarily suspend the Company match policy, and the match was reinstated in January of 2021. During the years ended December 31, 2021, 2020 and 2019 the Company made approximately \$2.13 million, \$0.76 million, and \$1.05 million in employer matching contributions to this plan, respectively.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the

SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2021 due to the material weaknesses in our internal control over financial reporting described below.

Material Weaknesses in Internal Control Over Financial Reporting

As previously reported in our Prospectus, in connection with the preparation and audit of our consolidated financial statements, material weaknesses were identified in internal control over financial reporting as of December 31, 2020, which continued to exist as of December 31, 2021. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We did not design and maintain an effective control environment commensurate with our accounting and financial reporting requirements. Specifically, we did not maintain a sufficient complement of personnel with an appropriate degree of internal controls and accounting knowledge, experience and training to appropriately analyze, record, review and disclose accounting impacts of the application of US GAAP within the consolidated financial statements to more complex transactions and commensurate with our accounting and financial reporting requirements. This material weakness contributed to the following additional material weakness:

- We did not maintain effective controls related to the timely identification, understanding, assessment, application of accounting requirements, and recognition of certain complex transactions related to the determination of the capitalization of costs to fulfill a contract and the valuation of common stock options.

These material weaknesses resulted in the misstatement of our cost of revenue, deferred contract acquisition costs, stock-based compensation expense, additional paid-in capital, and related disclosures, which were corrected prior to the issuance of our consolidated financial statements for the year ended December 31, 2020. Additionally, each of the material weaknesses described above could result in a misstatement of substantially all account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected. No misstatements were noted for the year ended December 31, 2021 as a result of these material weaknesses.

Remediation Plan

In response to the identified material weaknesses, our management, with the oversight of the Audit Committee of our board of directors, have begun implementation of a plan to remediate these material weaknesses. These remediation measures are ongoing and include the following:

- Hiring additional finance and accounting personnel to bolster the accounting capabilities and capacity, and to establish and maintain internal control over financial reporting;
- Engaging external consultants as an additional accounting documentation preparation resource and an additional level of review for more complex accounting matters including, but not limited to stock-based compensation, debt/equity transactions, revenue recognition, and implementations of new accounting pronouncements;

- Engaging an external advisor to assist with further evaluating, designing and documenting the design and operating effectiveness of our internal control over financial reporting and assist with the remediation of deficiencies, as necessary;
- Providing ongoing training for personnel on accounting, financial reporting and internal control over financial reporting;

We are remediating the material weaknesses as efficiently and effectively as possible. The remediation efforts as described above did not result in material changes during the three months ended December 31, 2021, and these remediation efforts will continue beyond December 31, 2021. At this time, we cannot provide an estimate of costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, will result in us incurring significant costs, and will place significant demands on our financial and operational resources.

In order to maintain and improve the effectiveness of its internal control over financial reporting, we have expended, and anticipate to continue to expend, significant resources, including accounting-related costs and significant management oversight.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm as permitted in this transition period under the rules of the SEC for newly public companies. A report of management's assessment regarding internal control over financial reporting will be required to be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Additionally, for as long as we remain an emerging growth company, we intend to take advantage of the exemption permitting us not to comply with the requirement that our independent registered public accounting firm provide an attestation on the effectiveness of our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections.

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2021.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2021.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2021.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2021.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2021.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) Financial Statements

The information concerning our financial statements and the Report of Independent Registered Public Accounting Firm required by this Item 15(a)(1) is incorporated by reference herein to the section of this Annual Report on Form 10-K in Part II, Item 8, titled "Financial Statements and Supplementary Data."

(a)(2) Financial Statement Schedule

All financial statement schedules have been omitted as the information is not required under the related instructions or is not applicable or because the information required is already included in the financial statements or the notes to those financial statements.

(a)(3) Exhibits

We have filed, or incorporated into this Annual Report on Form 10-K by reference, the exhibits listed on the accompanying Exhibit Index immediately preceding the signature page of this Annual Report on Form 10-K.

EXHIBIT INDEX

Exhibit Number	Exhibit Title	Incorporated By Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of the Registrant.	8-K	001-40998	3.1	November 18, 2021	
3.2	Amended and Restated Bylaws of the Registrant.	8-K	001-40998	3.2	November 18, 2021	
4.1	Form of Registrant's Common Stock Certificate	S-1/A	333-260321	4.1	November 2, 2021	
4.2	Third Amended and Restated Investor Rights Agreement, dated as of October 18, 2019, by and among the Registrant and certain investors of the Registrant	S-1	333-260321	4.2	October 18, 2021	
4.3	Description of Securities					X
10.1+	Form of Indemnification Agreement entered into between the Registrant and each of its directors and executive officers	S-1/A	333-260321	10.1	November 2, 2021	
10.2+	2015 Equity Incentive Plan, as amended	S-1	333-260321	10.2	October 18, 2021	
10.3+	2021 Equity Incentive Plan, and forms of agreement thereunder	S-1/A	333-260321	10.3	November 2, 2021	
10.4+	2021 Employee Stock Purchase Plan	S-1/A	333-260321	10.4	November 2, 2021	
10.5+	Employment Agreement, dated October 29, 2021, by and between Roy Banks and the Registrant	S-1/A	333-260321	10.5	November 2, 2021	
10.6+	Employment Agreement, dated October 30, 2021, by and between Alan Taylor and the Registrant	S-1/A	333-260321	10.6	November 2, 2021	
10.7+	Employment Agreement, dated October 30, 2021, by and between Marty Smuin and the Registrant	S-1/A	333-260321	10.7	November 2, 2021	
10.8	Lease Agreement, dated November 8, 2019, by and between Lehi Block Office 1, L.C. and the Registrant, as amended	S-1	333-260321	10.10	October 18, 2021	
10.9+	Separation agreement, dated November 20, 2020, by and between Brandon Rodman and the Registrant	S-1	333-260321	10.11	October 18, 2021	
10.10†	Second Amended and Restated Loan and Security Agreement, dated as of April 9, 2020, by and among Silicon Valley Bank, the Registrant, and Weave Communications Canada, Inc., as amended	S-1	333-260321	10.13	October 18, 2021	
21.1	List of subsidiaries of the Registrant	S-1	333-260321	21.1	October 18, 2021	
23.1	Consent of Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K)					X
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) of the Exchange Act					X
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) of the Exchange Act					X

32.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
32.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheets as of December 31, 2021 and 2020, (ii) Consolidated Statements of Operations of the Years Ended December 31, 2021, 2020 and 2019, (iii) Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2021, 2020 and 2019 (iv) Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2021, 2020 and 2019, (v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020 and 2019 and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags	X
104	Cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in Inline XBRL	X

* These exhibits are furnished with this Annual Report on Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Weave Communications, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filings.

+ Indicates a management contract or compensatory plan or arrangement.

† Certain exhibits and schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The registrant hereby agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon its request.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Weave Communications, Inc.

Dated: March 23, 2022

By: /s/ Roy Banks

Roy Banks

Chief Executive Officer and Director

(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Roy Banks, Alan Taylor and Wendy Harper, and each of them, such individual's true and lawful attorneys-in-fact and agents with full power of substitution, for such individual and in such individual's name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such individual might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or substitutes, may lawfully do or cause to be done or by virtue hereof. This Power of Attorney may be signed in one or more counterparts.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Roy Banks		
_____ Roy Banks	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	March 23, 2022
/s/ Alan Taylor		
_____ Alan Taylor	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	March 23, 2022
/s/ David Silverman		
_____ David Silverman	Director	March 23, 2022
/s/ Tyler Newton		
_____ Tyler Newton	Director	March 23, 2022
/s/ Blake G Modersitzki		
_____ Blake G Modersitzki	Director	March 23, 2022
/s/ Brett White		
_____ Brett White	Director	March 23, 2022
/s/ Stuart C. Harvey Jr.		
_____ Stuart C. Harvey Jr.	Director and Chairperson of the Board of Directors	March 23, 2022
/s/ Debora Tomlin		
_____ Debora Tomlin	Director	March 23, 2022

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED
PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

Weave Communications, Inc. and its subsidiaries ("we," "our," "us," or the "company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); our common stock. The following description of our capital stock is a summary and does not purport to be complete. It is subject to, and qualified in its entirety by reference to, the applicable provisions of our amended and restated certificate of incorporation and our amended and restated bylaws, each of which are filed as exhibits to our Annual Report on Form 10-K and are incorporated by reference herein. We encourage you to read our amended and restated certificate of incorporation, our amended and restated bylaws, and the applicable provisions of the Delaware General Corporation Law ("DGCL") for more information.

Authorized Capital Shares

We are authorized to issue 500,000,000 shares of common stock, par value \$0.00001 per share, and 10,000,000 shares of undesignated preferred stock, par value \$0.00001 per share.

Common Stock

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available at the times and in the amounts that our board of directors may determine.

Voting Rights

Each holder of our common stock is entitled to one vote per share. Our restated certificate of incorporation and restated bylaws establish a classified board of directors that is divided into three classes with staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of our stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms. Our restated certificate of incorporation does not provide for cumulative voting for the election of directors.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to conversion or redemption.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities

and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Fully Paid and Non-assessable

All of the outstanding shares of our common stock are fully paid and non-assessable.

Preferred Stock

Pursuant to our amended and restated certificate of incorporation, our board of directors has the authority, without further action by the stockholders, to issue from time to time up to 10,000,000 shares of preferred stock in one or more series. Our board of directors may designate the rights, preferences, privileges and restrictions of the preferred stock, including including, without limitation, voting rights, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the common stock, the preferred stock or any future class or series of preferred stock or common stock. The issuance of preferred stock could have the effect of restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock or delaying, deterring, or preventing a change in control. Such issuance could have the effect of decreasing the market price of the common stock. No shares of preferred stock are currently outstanding.

Registration Rights

We are party to an amended and restated investors' rights agreement that provides that certain holders of our convertible preferred stock have certain registration rights as set forth below. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act of 1933, as amended (the "Securities Act") when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered by the demand, piggyback, and Form S-3 registrations described below.

The registration rights set forth in the amended and restated investors' rights agreement will expire on the tenth anniversary of the date of this prospectus or, with respect to any particular stockholder, when such stockholder owns less than 50% of the shares held by such stockholder immediately following our initial public offering and is able to sell all of its shares pursuant to Rule 144(b)(1)(i) of the Securities Act or holds 1% or less of our common stock and is able to sell all of its Registrable Securities, as defined in the amended and restated investors' rights agreement, without registration pursuant to Rule 144 of the Securities Act during any three-month period. We will pay the registration expenses (other than underwriting discounts and selling commissions) of the holders of the shares registered pursuant to the registrations described below, including the reasonable fees of one counsel for the selling holders. In an underwritten offering, the underwriters have the right, subject to specified conditions, to limit the number of shares such holders may include.

S-1 Demand Registration Rights

Certain holders our common stock are entitled to Form S-1 demand registration rights. The holders of at least 30% of these shares may request that we register all or a portion of their shares on a Form S-1.

Such request for registration must cover shares with an anticipated aggregate offering price, net of underwriting discounts and commissions, of at least \$15 million.

S-3 Demand Registration Rights

Certain holders of our common stock are entitled to Form S-3 demand registration rights. The holders of at least 20% of these shares then outstanding may make a written request that we register the offer and sale of their shares on a registration statement on Form S-3 if we are eligible to file a registration statement on Form S-3 so long as the request covers at least that number of shares with an anticipated offering price, net of underwriting discounts and selling commissions, of at least \$3 million. These stockholders may make an unlimited number of requests for registration on Form S-3; however, we will not be required to effect a registration on Form S-3 during the period that is 60 days before our good faith estimate of the date of filing of, and ending on a date that is 180 days after the effective date of a registration statement initiated by us. In addition, if we determine that it would be materially detrimental to us and our stockholders to effect such a demand registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 120 days. In addition, in an underwritten public offering, the underwriters have the right, subject to specified conditions, to limit the number of shares that these stockholders may include for registration.

Piggyback Registration Rights

In the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, certain holders of our common stock will be entitled to certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (1) a registration relating solely to the sale of securities to participants in our stock option, stock purchase, or similar plan, (2) a registration relating to a transaction covered by Rule 145 under the Securities Act, (3) any registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of registrable securities, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, or (4) a registration in which the only stock being registered is common stock upon conversion of debt securities also being registered, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Some provisions of Delaware law, our restated certificate of incorporation, and restated bylaws contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased

protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Stockholder Meetings

Our restated bylaws provide that a special meeting of stockholders may be called only by our chairperson of the board, chief executive officer, or president, or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our restated bylaws establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Staggered Board

Our board of directors is divided into three classes. The directors in each class serve for a three-year term, one class being elected each year by our stockholders. This system of electing and removing directors may tend to discourage a third-party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our restated certificate of incorporation provides that no member of our board of directors may be removed from office by our stockholders except for cause and, upon the approval of not less than two-thirds of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors, in addition to any other vote required by law.

Stockholders Not Entitled to Cumulative Voting

Our restated certificate of incorporation does not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Delaware Anti-takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed to be “interested stockholders” from engaging in a “business combination” with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation’s

voting stock. Generally, a “business combination” includes a merger, asset, or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by our board of directors.

Choice of Forum

Our restated certificate of incorporation provides that that the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty or other wrongdoing by any of our directors, officers, employees, or agents to us or our stockholders; (3) any action asserting a claim against us arising pursuant to any provision of the General Corporation Law of the State of Delaware or our certificate of incorporation or bylaws; (4) any action to interpret, apply, enforce, or determine the validity of our certificate of incorporation or bylaws; or (5) any action asserting a claim governed by the internal affairs doctrine. The provisions would not apply to suits brought to enforce a duty or liability created by the Securities Act, the Exchange Act, or any other claim for which the U.S. federal courts have exclusive jurisdiction. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Accordingly, given the provision in Section 22 of the Securities Act for concurrent jurisdiction by federal and state courts, there is uncertainty as to whether a court would enforce this forum selection provision with respect to claims arising under the Securities Act.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least two-thirds of the total voting power of all of our outstanding voting stock.

The provisions of Delaware law, our restated certificate of incorporation, and our restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make

it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Stock Exchange Listing

Our common stock is listed on the New York Stock Exchange under the symbol “WEAV”.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. The transfer agent's address is 250 Royall Street, Canton, Massachusetts 02021.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-261029 and 333-261557) of Weave Communications, Inc. of our report dated March 23, 2022 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Salt Lake City, Utah
March 23, 2022

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Roy Banks, certify that:

1. I have reviewed this Annual Report on Form 10-K of Weave Communications, Inc. (the "registrant");
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)) 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) 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
 - c) 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.

Dated: March 23, 2022

/s/ Roy Banks
Roy Banks
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Alan Taylor, certify that:

1. I have reviewed this Annual Report on Form 10-K of Weave Communications, Inc. (the "registrant");
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)) 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) 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
 - c) 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.

Dated: March 23, 2022

/s/ Alan Taylor
Alan Taylor
Chief Financial Officer

**CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report of Weave Communications, Inc. (the "Company"), on Form 10-K for the year ended December 31, 2021 (the "Report"), I, Roy Banks, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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.

Dated: March 23, 2022

/s/ Roy Banks
Roy Banks
Chief Executive Officer

**CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report of Weave Communications, Inc. (the "Company"), on Form 10-K for the year ended December 31, 2021 (the "Report"), I, Alan Taylor, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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.

Dated: March 23, 2022

/s/ Alan Taylor
Alan Taylor
Chief Financial Officer