Fourth Quarter 2020

Earnings Call Supplemental Slides

Rob LoCascio, Chief Executive Officer
John Collins, Chief Financial Officer

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This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act"), and Section 21E of the Securities Exchange Act of 1934, as amended. You can generally identify forward-looking statements by our use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "seek," "vision" or "should," or the negative thereof or other variations thereon or comparable terminology. These forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those projected. Please refer to our filings with the Securities and Exchange Commission, particularly the "Risk Factors" included in our periodic Form 10-K and Form 10-Q reports, for factors that could cause actual results to materially differ from those we project. The forward-looking statements contained in this presentation are made as of the date hereof and LivePerson, Inc. (the "Company") assumes no obligation to update such statements.

This presentation includes non-GAAP financial measures, which complement the Company's financial statements prepared in accordance with GAAP. These non-GAAP financial measures are not intended to supersede or replace the Company's GAAP results. The most directly comparable GAAP financial measures and a detailed reconciliation between GAAP and non-GAAP financial measures is included in the Appendix to this presentation.

We obtained market, industry and other data in this presentation from our own internal estimates and research, publicly available information about our competitors, industry and general publications and research, surveys and studies conducted by third parties. While we believe that the publicly available information about our competitors, publications, research, surveys and studies that we have used is reliable, we have not independently verified the information from third-party sources. While we believe our internal estimates and research are reliable and the market definitions are appropriate, neither such estimates and research nor these definitions have been verified by an independent source.

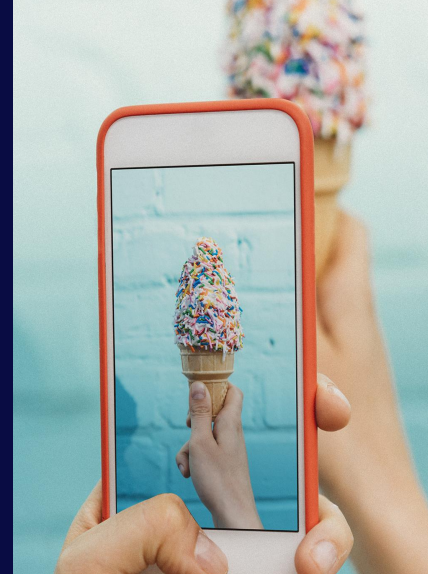# A digital shift always requires a fresh mindset and strategy

265 Billion
yearly calls to 1-800#s
(at a cost of $1.3 trillion) *(*)*

Voice Call Center

Web & E-Commerce

Web/App & Social Commerce

Messaging Conversational Commerce

Consumers don't want to call. They moved on to messaging in their personal lives and want the same experience with their favorite brands.

100B

messages are sent on WhatsApp, Facebook, and Instagram every day.

470M

new messaging users estimated to be added between 2018 and 2021.

90%

of 1B WeChat users use the app for payments or purchases.

18M

texts were sent every single minute in 2019.

Sources: Facebook Q3 2018 Earnings Call, Tencent 2018 Q3 results, Business Insider, Domo, eMarketer

Messaging impact and results have been incredible, but what can enhance the customer experience even further?

20%
Boost in customer satisfaction after making the switch to messaging. 🤗

2x
Uptick in employee efficiency. Moving to messaging also increases agent happiness. 💨

Up to **10x**
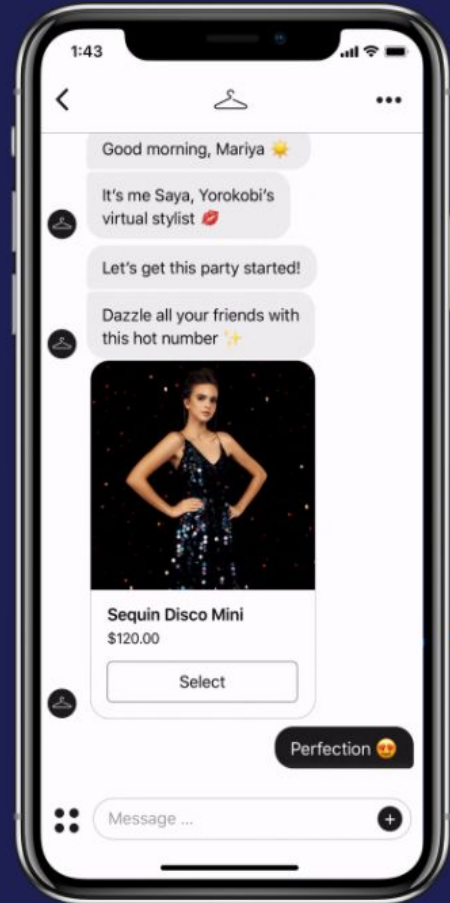Conversion rate versus traditional digital experiences. 💵

50%
Decrease in agent attrition rates after making the switch to messaging. 😍

Source: LivePerson data based on specific customer examples

A successful **intents-driven Conversational strategy** puts you in a direct dialogue with your customers—**forever**—and you own all of it.

LivePerson's Conversational AI transforms brand's communication with consumers

DISCOVER
Receive intents and provide a unified view

UNDERSTAND
Automatically classify and route intents

DESIGN
Fulfill intents through automations

SCALE
Supervise automations with human agents

CUSTOMIZE
Connect backend systems seamlessly

Hey

Thank you for contacting Bolt Airways. I'm your automated travel assistant. How can I help you?

Conversation Builder
Greeting bot

I need to **add a frequent flyer number** to my upcoming flight

Intent Manager
Intent Analysis
Intent = Add frequent flyer

I can help you add a frequent flyer number to your flight.

Conversation Orchestrator
Route to Frequent Flyer bot

I see that you have a flight from JFK to SFO tomorrow at 7:00am, is that the flight you're referring to?

Conversation Builder
Frequent Flyer bot

LivePerson's AI-powered Conversational Cloud

Discover & Understand
Intent Manager:
Intent Builder
Intent Analyzer

Design & Scale
Conversation Builder
Conversation Manager
Conversation Orchestrator

Measure & Improve
Conversation Analytics:
Insights
Analytics Builder
Performance Dashboard

Connect to consumer endpoints
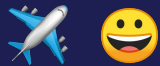
Customize with developer tools and APIs

Optimize with expert services

Secure with enterprise-grade reliability, compliance and security

Automation and bots help businesses **succeed** with a brand's currently existing resources

+33%

A major U.S. Airline experienced a **+33%** increase in customer satisfaction.

✈️ 😃

90%

A Japanese Telco saw containment rates of up to **90%**, and a **2x** uptick in agent efficiency.
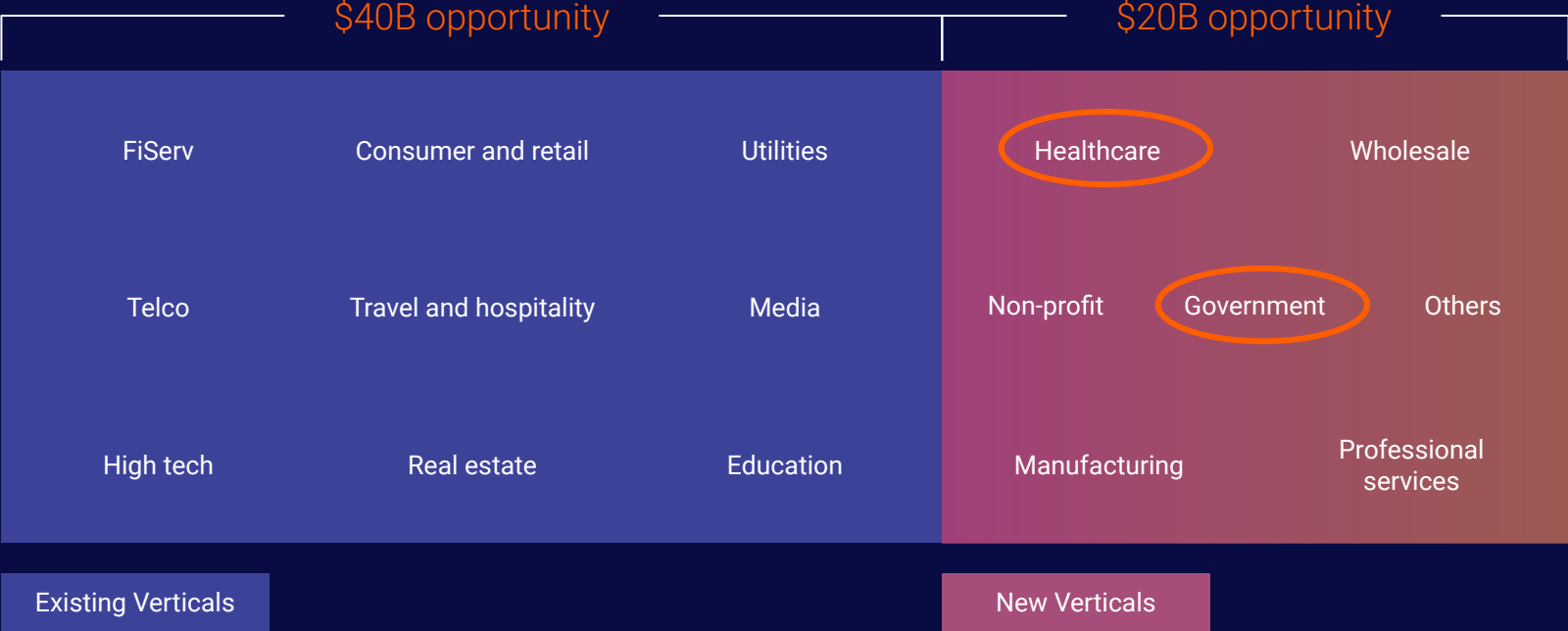
🌐 ⚡

+30%

A Hospitality brand saw a **+30%** increase in average spend with a branded concierge bot.

🛎️ 💵

We estimate a $60B opportunity in the Conversational Space. Well positioned in key verticals and expanding into new target markets

$40B opportunity

$20B opportunity

FiServ	Consumer and retail	Utilities	Healthcare	Wholesale
Telco	Travel and hospitality	Media	Non-profit Government	Others
High tech	Real estate	Education	Manufacturing	Professional services

Existing Verticals

New Verticals

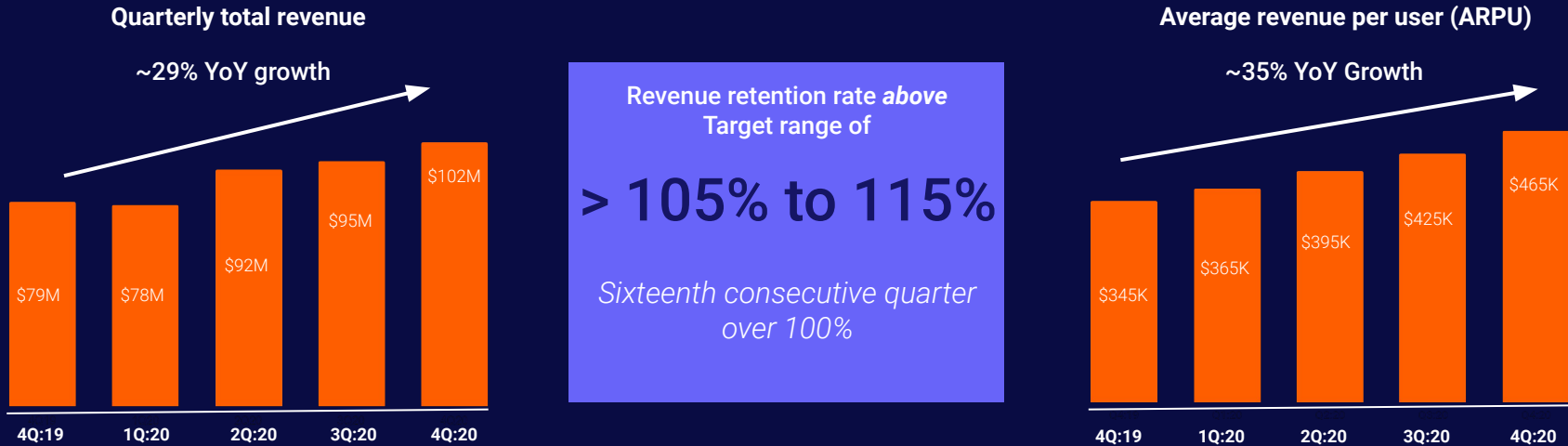# Our momentum and Conversational AI leadership has been recognized
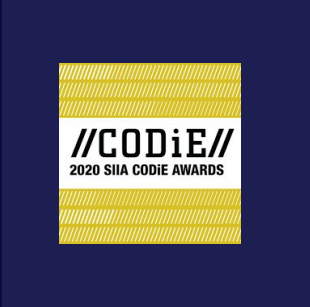
Outstanding 4Q20 results position LivePerson for 2021 acceleration into C-Commerce

- Stellar Q4 results across the board:
  - Q4 revenue increased 29% YoY to $102M, exceeding guidance and marking the 3rd consecutive quarter of 25%-plus growth
  - Reported record 2020 revenue of $367M, 26% year-over-year growth, surpassing and one year ahead of long term plan
  - Enterprise/mid-market ARPU increased 35% year-over-year, reaching a new high-water mark at approximately $465,000
  - Enterprise/mid-market revenue retention rate exceeded the high end of target range of 105% to 115%
  - Signed 10 seven-figure deals in fourth quarter, including 4 seven-figure new logos
  - New logo demand regaining momentum, with signed annual contract values nearly doubling year-over-year
  - Hitting Rule of 40 for the 2nd consecutive quarter, with record adjusted EBITDA of $18.2M exceeding guidance midpoint by $7.9M and reflecting a 16.3 percentage point YoY margin increase
  - 2020 total adjusted EBITDA of $38M, 27% higher than midpoint of our 2020 guidance issued in 3Q20
  - Healthy growth across geographies, with the U.S. up 37% YoY and International up 18%
  - Materially strengthened balance sheet by raising $518M in zero interest convertible notes maturing in 2026
  - Improved cash burn by nearly $100M, surpassing initial 2020 target of cutting cash burn in half

- LPSN is a clear leader in Conversational AI and conversational commerce:
  - Consumers are driving a massive structural shift to digital shopping and demonstrating a preference for messaging to interact with brands
  - Brands are automating conversations at scale and introducing messaging to satisfy growing digital demand
  - Platform volumes continued to accelerate, driven by commerce applications, up nearly 70% since February, led by a 90% increase in AI-based conversations. Automation capabilities are key differentiator for LivePerson, helping extend the commerce use cases on Conversational Cloud
  - Volume on Conversational Cloud skyrocketed during Cyber Weekend, with peak conversation volume growing 200% YoY
  - Virtually every Enterprise customer is deploying AI on LivePerson's platform; automations power two-thirds of messaging conversations
  - Expanding strategic partnership with IBM GBS to capture the increasing demand for Conversational AI
  - Retail/Ecommerce led YoY revenue growth and volume usage growth, indicating that conversational commerce is becoming mainstream
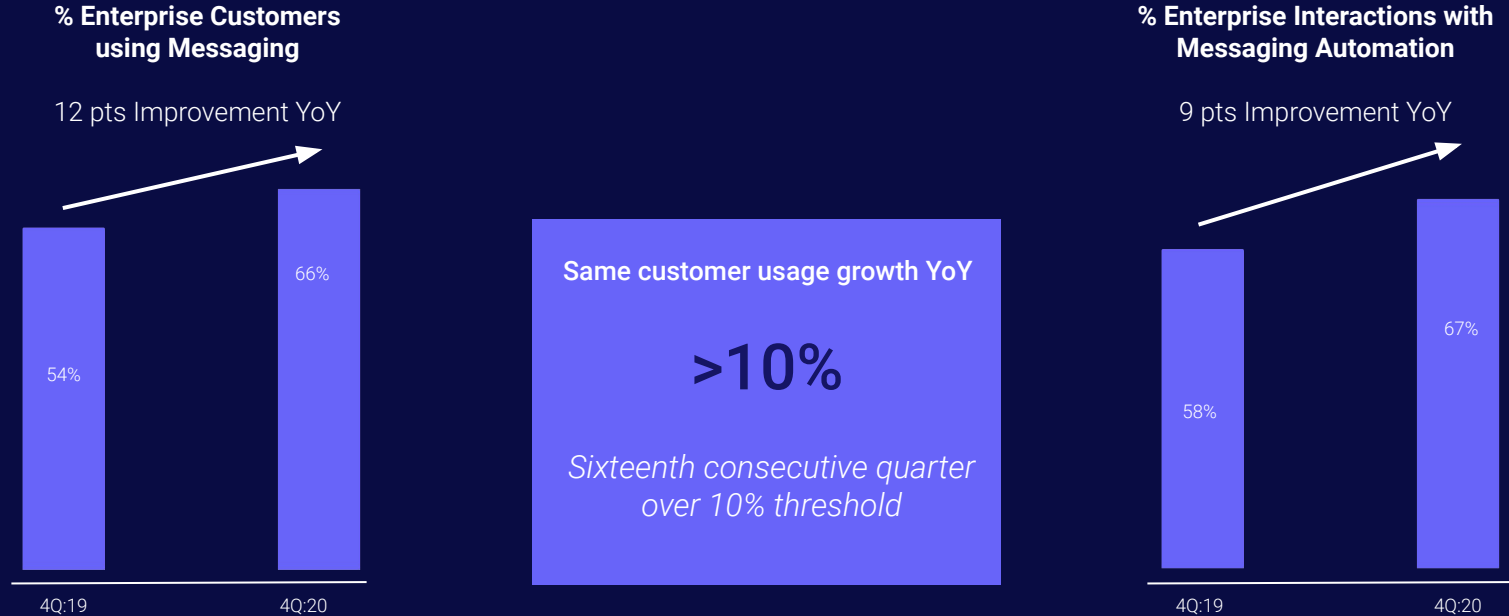
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Positive Conversational AI leading indicators

Trends for key metrics point to sustained growth trajectory

Quarterly total revenue

~29% YoY growth

$79M	$78M	$92M	$95M	$102M
4Q:19	1Q:20	2Q:20	3Q:20	4Q:20

Revenue retention rate *above* Target range of

> 105% to 115%

Sixteenth consecutive quarter over 100%

Average revenue per user (ARPU)

~35% YoY Growth

$345K	$365K	$395K	$425K	$465K
4Q:19	1Q:20	2Q:20	3Q:20	4Q:20

*Note: Revenue retention rate measures the % of revenue retained at quarter end from full service customers that were either on Conversational Cloud or with LivePerson, respectively, at quarter end in the year ago period. ARPU is a measure of the average revenue per enterprise and midmarket customer over the trailing-twelve months.

Positive Conversational AI leading indicators

Trends for key metrics point to sustained growth trajectory

% Enterprise Customers using Messaging

12 pts Improvement YoY

54%

66%

4Q:19   4Q:20

Same customer usage growth YoY

>10%

Sixteenth consecutive quarter over 10% threshold

% Enterprise Interactions with Messaging Automation

9 pts Improvement YoY

58%

67%

4Q:19   4Q:20

Selected Pro Forma Guidance Measures[1]

	1Q:21 Guidance	2021 Guidance	Actual 2020
Revenue	$103.0 - $104.0	$458.0 - $466.0	$366.6
Gross Margin	69.0%	70.0%	~71%
GAAP Net Loss	$(38.8) - $(36.8)	$(139.0) - $(130.8)	$(107.6)
Adjusted EBITDA	$5.0 - $7.0	$33.5 - $41.5	$37.9
Adjusted EBITDA Margin	5% - 7%	7% - 9%	~10%

- Guides for 2021 revenue acceleration to a range of 25% to 27%. Q1 revenue guidance targets a revenue growth of 32% to 33%.

- Sees demand inflection as consumers are shifting significantly to conversational commerce, and brands adopt Conversational AI and messaging to satisfy growing digital demand.

- Accelerating growth outlook reflects inflecting demand for Conversational AI, strong momentum in volume usage, accelerating automation and AI adoption, expanding and strengthening partner relationships, and a revenue run rate that is ahead of plan.

- Guides for 2021 adjusted EBITDA of $33.5M - $41.5M, expecting to accelerate investment in early 2021 while continuing to materialize efficiency gains from internal automation.

- Targets first quarter of adjusted EBITDA in a range of $5M - $7M, at 5% - 7% margin, given investments acceleration in go-to-market capacity and product development in first half of 2021.

Projected Non-GAAP adjusted EBITDA reconciliation

Guidance	1Q:21E	2021E
GAAP net loss	$(38.8) - $(36.8)	$(139.0) - $(130.8)
Depreciation & amortization	$11.0	$44.0
Stock-based compensation	$16.3	$77.2
Other non-recurring costs	$6.0	$9.5
Provision for taxes	$1.2	$4.2 - $4.0
Other (income) expense, net	$9.2	$37.5
Adjusted EBITDA	$5.0 - $7.0	$33.5 - $41.5

Note: Dollar amounts in millions. Certain items may not total due to rounding. Adjusted EBITDA is a Non-GAAP financial measure. Adjusted EBITDA excludes provision for (benefit from) income taxes, other (income)/expense, net, depreciation and amortization, stock-based compensation, restructuring costs, acquisition costs and other costs. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. Please see our press release issued February 25, 2021 for more information concerning the reconciliation of non-GAAP measures to the nearest applicable GAAP measure.