



# Fourth Quarter 2021

## Earnings Call Supplemental Slides

Rob LoCascio, Chief Executive Officer  
John Collins, Chief Financial Officer  
Richard Gu, SVP Finance and IR

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# Disclaimer

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 adjusted EBITDA, a non-GAAP financial measure, which supplements the Company’s financial statements prepared in accordance with GAAP. This non-GAAP financial measure is not intended to supersede or replace the Company’s GAAP results. The most directly comparable GAAP financial measure and a detailed reconciliation between GAAP and non-GAAP financial measures is included in the Appendix to this presentation. The following forward-looking measures and the underlying assumptions involve significant known and unknown risks and uncertainties, and actual results may vary materially from these forward-looking measures. The Company does not present a quantitative reconciliation of the forward-looking non-GAAP financial measures adjusted EBITDA and adjusted EBITDA margin to the most directly comparable GAAP financial measures (or otherwise present such forward-looking GAAP measures) because it is impractical to forecast certain items without unreasonable efforts due to the uncertainty and inherent difficulty of predicting, within a reasonable range, the occurrence and financial impact of and the periods in which such items may be recognized. In particular, these non-GAAP financial measures exclude certain items, including amortization of purchased intangibles, stock-based compensation, depreciation, other litigation and consulting costs, restructuring costs, contingent earn-out adjustments, provision for (benefit from) income taxes, interest income (expense), and other expense (income), which depend on future events that are inherently uncertain. Depending on the size of these items, they could have a significant impact on the Company’s GAAP financial results.

We obtained market, industry and other data in this presentation from our own internal estimates and research, publicly available information about industry and general publications and research, surveys and studies conducted by third parties. While we believe that the 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.

# Fourth Quarter Business Highlights

## Financial Update

- 4Q21 Revenue of \$123.8M, within the upper half of revenue guidance range, growing at ~21% YoY
- Adjusted EBITDA<sup>1</sup> of \$(4.4)M, exceeding guidance midpoint by \$15.1M
- Full year 2021 revenue grew 28% YoY to \$469.6M, a record high and a major milestone for LivePerson

## Go-to-market Update

- Focus on balancing growth with a strong bottom line and build a deeper foundation for profitable and leverageable growth
- Drive meaningful synergies with our customers as we launch new voice offerings by integrating VoiceBase and Tenfold capabilities into our Conversational Cloud platform
- Expand in key verticals including Healthcare, Financial Services, and Commerce
  - Continued partnership with global top ten largest healthcare company
  - Signed seven 7-figure deals, four of which were multi-year, multi-million dollar expansions with existing customers
  - Signed two deals with 8-figure total contract value

## Product Update

- Accelerated Voice AI strategy through integrating VoiceBase and Tenfold, setting the stage for 1H22
- Announced new capabilities including advanced routing and self-learning technology, integrations with thousands of apps, and better ways to track and deliver conversational commerce
- Continued to see robust platform usage driven by customer adoption of AI, with Conversational Cloud automated messaging volume up 44% YoY and total billable volume rising 13% YoY

<sup>1</sup>For a reconciliation between GAAP and non-GAAP financial measures, please see the Appendix to this presentation or our Press Release issued on February 24, 2022.

# Notable Wins of the Quarter



## **A leading provider of loyalty marketing services**

- Key offerings: automation with Conversation Builder and Intent Manager, Proactive Messaging, Social Connect, Performance Optimizer
- Use cases: integrating messaging capabilities directly within app, transitioning interactions from voice to messaging to improve customer service



## **One of the world's largest cryptocurrency exchanges**

- Key offerings: Performance Optimizer, AI-powered messaging using Conversation Builder and Intent Manager
- Use cases: offering live support to accommodate increased usage driven by high trading volatility



## **One of the three leading retail corporations in the world**

- Key offerings: AI-powered messaging, IVR deflection, Proactive Messaging
- Use cases: grocery shopping via WhatsApp, leveraging AI and automation to reduce operating expenses and transition from voice to messaging

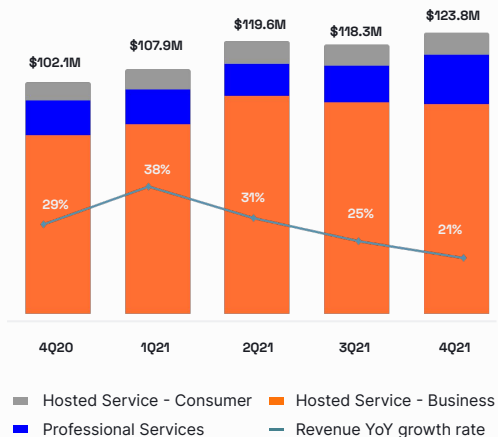


## **A Fortune 500 paint manufacturer and retailer**

- Key offerings: AI-powered messaging on the web
- Use cases: driving a higher percentage of digital self-service interactions, accelerating automation and digital customer care

# Fourth Quarter Financial & Operational Highlights

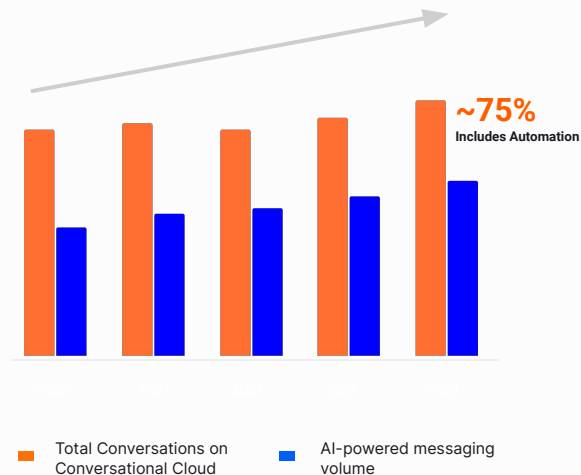
## Quarterly Revenue



- Continued strong interest and growth in both Commerce and Care use cases
- Expanding long-term commitment with existing customers, expanding into key verticals (Healthcare, Financial Services and Commerce)

## Conversational Cloud Conversations

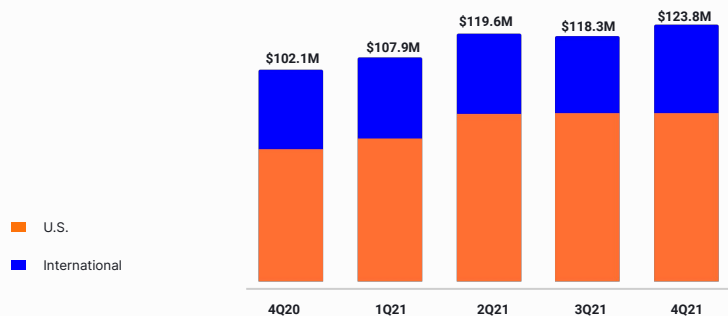
~13% YoY growth



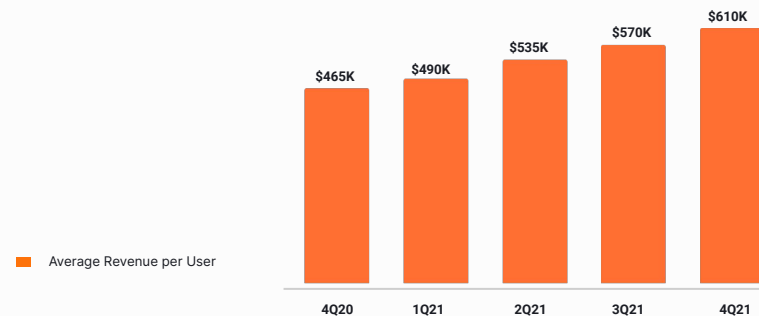
- Conversational Cloud volume increased 13% YoY
- Continued increase in automation with AI-powered messaging volume on the Conversational Cloud increasing 44% YoY

# Fourth Quarter Financial & Operational Highlights (cont'd)

## Revenue by Geographies



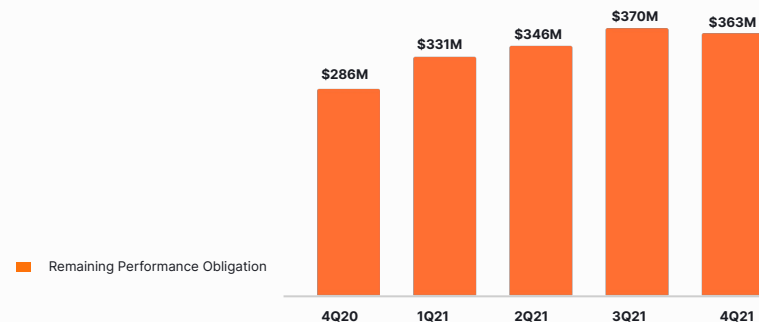
## Average Revenue per User (ARPU)



## Revenue Retention Rate

Within target range of  
**105% to 115%**  
Eighteenth consecutive quarter  
within or above target range

## Remaining Performance Obligation



\*Note: Revenue retention rate measures the percentage 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.

# Selected Pro Forma Guidance Measures <sup>(1)</sup>

	1Q22 Guidance	2022 Guidance
Revenue	\$124.6 - \$126.8	\$544.8 - \$563.3
YoY revenue growth	15.5% - 17.5%	16.0% - 20.0%
Non-GAAP Gross Margin	65.0% - 66.0%	67.0% - 70.0%
Adjusted EBITDA	\$(26.1) - \$(21.8)	\$(20.0) - \$0.0
Adjusted EBITDA Margin	(20.9)% - (17.2)%	(3.7)% - 0.0%

- In light of the shift in consumer shopping behavior in Gainshare business and government policy on COVID-19 testing, coupled with fewer incremental quota carrying reps.
- Targets FY22 revenue in a range of \$544.8M to \$563.3M and 1Q22 revenue in a range of \$124.6M to \$126.8M.
- Targets FY22 adjusted EBITDA in a range of \$(20.0)M to \$0.0M and 1Q22 adjusted EBITDA in a range of \$(26.1)M to \$(21.8)M, incorporating the contribution of M&A assets, product innovations, and refined investment plan on go-to-market strategy.

(1) Dollar amounts in millions. Adjusted EBITDA and Non-GAAP Gross Margin are Non-GAAP financial measures. For detailed current financial expectations, please see our Press Release issued on February 24, 2022.

# APPENDIX



## Reconciliation of Adjusted EBITDA

	4Q21	2021
GAAP net loss	\$(49.9)	\$(125.0)
Depreciation & amortization	\$11.3	\$36.8
Stock-based compensation	\$21.7	\$69.7
Other non-recurring costs	\$7.8	\$16.0
(Benefit from) taxes	\$(4.7)	\$(2.4)
Interest expense	\$9.6	\$37.4
Other (income) expense, net	\$(0.3)	\$(3.3)
Adjusted EBITDA	\$(4.4)	\$29.1

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, interest (income) expense, 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 24, 2022 for more information concerning the reconciliation of non-GAAP measures to the nearest applicable GAAP measure.