

Company Registration No. 04045110 (England and Wales)

LIVEPERSON (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

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LIVEPERSON (UK) LIMITED

COMPANY INFORMATION

Directors	J Collins J Ford J Potter
Secretary	A Kaufman
Company number	04045110
Registered office	16 Great Queen Street London WC2B 5DG
Auditor	RSM UK Audit LLP Chartered Accountants St Olaf's Hall Church Road Lerwick Shetland Isles ZE1 0FD

LIVEPERSON (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the strategic report for the year ended 31 December 2023.

Review of the business and key performance indicators

LivePerson's hosted platforms power intelligent messaging on mobile apps, mobile and desktop web browsers, social media and third-party consumer messaging platforms. Our business-to-business services are all managed from a single user interface. By supplying a complete, unified consumer view, our solutions enable businesses to deliver a relevant, timely, personalized, and seamless consumer experience for heads of digital and customer care, as well as e-commerce, marketing, and contact centre executives. In addition to product offerings, LivePerson provides professional services and value-added business consulting to support complete deployment and optimization of our enterprise solutions.

The Company continues to provide sales and marketing support in the UK to the wider LivePerson group, recharging those costs to its parent on a cost plus basis.

The full results for the year are set out in the statement of comprehensive income on page 9.

The net assets position has increased slightly between 2023 and 2022, with the net assets balance being £14.236m and £13.670m respectively.

Principal risks and uncertainties

The Company provides a marketing and sales support function on behalf of the wider LivePerson group. As such, the company is exposed to some of the wider risks impacting the group as part of its external services and also exposed indirectly to other wider risks the group is exposed to as part of the Company's support function. As such, this report should be read in conjunction with those group risks. A summary of the key risks facing the LivePerson group is as follows:

- Our ability to attract and retain new customers;
- Our ability to retain and increase sales to existing customers;
- Our customers' demand for our services and business success;
- Our parent company's ability to service its future debt obligations;
- Consumer demand for our services;
- The introduction of new services by us or our competitors;
- Changes in our pricing models or policies or the pricing policies of our current and future competitors;
- Continued adoption by companies of mobile and cloud-based messaging solutions;
- Continued adoption by experts and consumers of web-based advice services;
- Our ability to avoid and/or manage service interruptions, disruptions, or security incidents;
- Exposure to foreign currency exchange rate fluctuations; and
- The amount and timing of capital expenditures and other costs related to operation and expansion of our business, including those related to acquisitions.

The full risks and uncertainties which affect the LivePerson group are detailed in the annual and quarterly filings of the ultimate parent company, LivePerson Inc. These can be obtained from the Investor Relations section of the group's website at <https://ir.liveperson.com/>

UK and Group management continue to monitor the UK's trading and risks within the wider group and consider that they have appropriate risk identification and mitigation controls in place to appropriately manage them.

LIVEPERSON (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Future developments

The Company expects to continue to trade profitably and trade in line with the wider group. The LivePerson group is focused on the following initiatives, further detail of which can be found in the LivePerson Inc. annual report:

- **Strengthening Our Position in both Existing and New Markets and Growing Our Recurring Revenue Base** - LivePerson plans to continue to develop its market position by increasing its customer base, and expanding within its installed base.
- **Fuel Increased Usage by Expanding our Engagement Tools and Offering Platform Pricing.**
- **Leverage Partners to Enhance our Offering** - In addition to developing our own applications, we continue to cultivate a partner eco-system capable of offering additional applications and services to our customers.
- **Maintaining Market Leadership in Technology and Security Expertise** - We are devoting significant resources to creating new products and enabling technologies designed to accelerate innovation and delivery of new products and technologies to our customer base.
- **International Presence** - LivePerson is focused on expanding its international revenue contribution, and generated positive results from previous investments in direct sales and services personnel in the United Kingdom and Western Europe. We also continued to focus on expanding our presence in the Asia Pacific region.
- **Continuing to Build Brand Recognition** - As a pioneer of brand-to-consumer digital messaging, LivePerson enjoys strong brand recognition and credibility. Our focus on creating meaningful connections among employees, with our customers, and between brands and their consumers, is a key component of our culture and our market strategy. We strategically target decision makers and influencers within key vertical markets, leveraging customer successes to generate increased awareness and demand for brand-to-consumer messaging.
- **Increasing the Value of Our Service to Our Customers** - Our strategy is to continue to enhance the Conversational Cloud messaging platform and to leverage the substantial amount of mobile and online consumer data we collect, with the aim of increasing agent efficiency, decreasing customer care costs, improving the customer experience and increasing customer lifetime value.

On behalf of the board

James Potter

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J Potter
Director

Date: 11/10/24
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LIVEPERSON (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the company continued to be that of the provision of sales and marketing services to its parent companies.

Going concern

The company is reliant on the support of the parent company, Liveperson Inc. The parent company has indicated it will provide support for a period of at least 12 months from the time of approving the financial statements. As such, the directors believe that the company will have sufficient resources to meet its obligations as they fall due for payment and as such believe it is appropriate to prepare these accounts on the going concern basis.

In coming to this conclusion, the directors have considered the current economic environment and the company's position in the market and its ability to grow the business.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R P LoCascio	(Resigned 7 September 2023)
J Collins	
N Osumi	(Resigned 2 February 2024)
J Ford	(Appointed 25 September 2023)
J Potter	(Appointed 29 November 2023)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review of the business for the year, principal risks and uncertainties, key performance indicators and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

LIVEPERSON (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

On behalf of the board

James Potter

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J Potter
Director

Date: 11/10/24

LIVEPERSON (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVEPERSON (UK) LIMITED

Opinion

We have audited the financial statements of Liveperson UK Ltd (the 'company') for the year ended 31 December 2023 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVEPERSON (UK) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVEPERSON (UK) LIMITED (CONTINUED)

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statements including disclosures, directors' and strategic reports to confirm they are in line with requirements. We also inspected correspondence with local tax authorities and evaluated computations received from tax advisors..

The most significant laws and regulations that have an indirect impact on the financial statements are those employment law. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations. In addition, we carried out audit procedures to detect non-compliances which may have a material impact on the financial statements, this included reviewing internal documentation. We performed audit procedures in relation to payroll transactions and evaluated the compliance with associated employment and tax legislation.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the calculation of share based payments.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Irene Hambleton BAcc CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
St Olaf's Hall
Church Road
Lerwick
Shetland Isles, ZE1 0FD

11 October 2024

LIVEPERSON (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	24,607,565	33,793,864
Cost of sales		-	(7,881,510)
Gross profit		<u>24,607,565</u>	<u>25,912,354</u>
Administrative expenses		(23,405,147)	(24,646,396)
Profit before taxation		<u>1,202,418</u>	<u>1,265,958</u>
Tax on profit	7	(636,324)	(274,120)
Profit for the financial year		<u><u>566,094</u></u>	<u><u>991,838</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

LIVEPERSON (UK) LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	8		1,851,907		2,902,317
Current assets					
Debtors	9	12,695,479		11,261,921	
Cash at bank and in hand		2,280,672		3,325,116	
		<u>14,976,151</u>		<u>14,587,037</u>	
Creditors: amounts falling due within one year	10	<u>(2,572,924)</u>		<u>(3,819,510)</u>	
Net current assets			<u>12,403,227</u>		<u>10,767,527</u>
Total assets less current liabilities			<u>14,255,134</u>		<u>13,669,844</u>
Provisions for liabilities	11		<u>(19,196)</u>		<u>-</u>
Net assets			<u><u>14,235,938</u></u>		<u><u>13,669,844</u></u>
Capital and reserves					
Called up share capital	15		1,000		1,000
Capital contribution reserve	16		85,112		85,112
Other reserves	16		3,022,076		3,022,076
Profit and loss reserves	16		11,127,750		10,561,656
Total equity			<u><u>14,235,938</u></u>		<u><u>13,669,844</u></u>

The financial statements were approved by the board of directors and authorised for issue on 11/10/24 and are signed on its behalf by:

James Potter

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J Potter
Director

LIVEPERSON (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital £	Capital contribution reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2022	1,000	85,112	3,022,076	9,569,818	12,678,006
Year ended 31 December 2022:					
Profit and total comprehensive income for the year	-	-	-	991,838	991,838
Balance at 31 December 2022	1,000	85,112	3,022,076	10,561,656	13,669,844
Year ended 31 December 2023:					
Profit and total comprehensive income for the year	-	-	-	566,094	566,094
Balance at 31 December 2023	1,000	85,112	3,022,076	11,127,750	14,235,938

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

LivePerson (UK) Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is 16 Great Queen Street, London, WC2B 5DG.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flows and related notes and disclosures;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;

The financial statements of the company are consolidated in the financial statements of LivePerson Inc. These consolidated financial statements are available from its registered office, 530 7th Avenue Floor M1 New York, NY 10018 USA.

Going concern

The company is reliant on the support of the parent company, Liveperson Inc. The parent company has indicated it will provide support for a period of at least 12 months from the time of approving the financial statements. As such, the directors believe that the company will have sufficient resources to meet its obligations as they fall due for payment and as such believe it is appropriate to prepare these accounts on the going concern basis.

In coming to this conclusion, the directors have considered the current economic environment and the company's position in the market and its ability to grow the business.

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

Turnover

Turnover represents the fair value of amounts recoverable, excluding value added tax, from sales made during the year and derives from the provision of services falling within the company's ordinary activities.

The majority of the Company's turnover is comprised of amounts billed to parent undertakings on a cost-plus basis. It is recognised in line with costs incurred which are considered recoverable.

The Company also generates turnover from monthly service revenues to external parties on the sale of LivePerson services. Revenue is recognised when control of these services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

By the end of 2022 all external revenue contracts had been transferred to the parent company so in 2023 the turnover is exclusively cost-plus revenue to parent undertakings. The services supplied and external revenue are continuing but are now billed to another group entity.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	Straight line over 3 to 4 years
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include amounts owed by group undertakings, other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade creditors, other creditors and amounts owed to group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

The company participates in a share-based payment arrangement granted to employees of the parent company and its subsidiaries.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the statement of comprehensive income, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Commissions payable

Commissions payable are recognised in administrative expenses and cost of sales as and when the employee has fulfilled criteria and earned in line with their respective compensation plans.

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Depreciation

The company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.

Classification of leases as operating leases

In categorising a lease as an operating lease, the directors make judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

Onerous lease rentals

For leased properties no longer in use by the company, the directors make judgements as to whether the company will be able to surrender, assign or sublet the leases and the extent to which provision should be made in the financial statements for future uncovered lease rentals.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2023	2022
	£	£
Turnover analysed by class of business		
Sales and marketing services	24,611,147	32,914,890
External revenue	(3,582)	878,974
	<u>24,607,565</u>	<u>33,793,864</u>
	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	(3,582)	878,974
Rest of Europe	16,954,202	23,264,403
Rest of World	7,656,945	9,650,487
	<u>24,607,565</u>	<u>33,793,864</u>

The 2022 comparative figures have been updated within the 2023 financial statements.

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	3,004	105,294
Fees payable to the company's auditor for the audit of the company's financial statements	35,750	32,500
Depreciation of owned tangible fixed assets	1,433,450	1,613,901
Operating lease charges	766,516	858,058
	<u> </u>	<u> </u>

Within administrative costs are exceptional costs in relation to restructuring of £700,849 (2022: £609,526) related to costs associated with re-prioritizing and reallocating resources to focus on areas believed by management to show high growth potential.

5 Employees

The average monthly number of persons (excluding directors) employed by the company during the year was:

	2023	2022
	Number	Number
Administration	7	13
Sales & Marketing & R&D	118	153
	<u> </u>	<u> </u>
Total	125	166
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	15,529,583	19,939,373
Social security costs	1,854,829	2,730,706
Pension costs	643,063	769,882
	<u> </u>	<u> </u>
	18,027,475	23,439,961
	<u> </u>	<u> </u>

No remuneration or other benefits were paid to the directors in the current or prior year. No pension benefits were accrued for directors in the current or prior year.

6 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	35,750	32,500
	<u> </u>	<u> </u>

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

7 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	592,363	-
Adjustments in respect of prior periods	-	812
Total current tax	<u>592,363</u>	<u>812</u>
Deferred tax		
Origination and reversal of timing differences	(49,656)	315,841
Adjustment in respect of prior periods	93,617	(42,533)
Total deferred tax	<u>43,961</u>	<u>273,308</u>
Total tax charge	<u>636,324</u>	<u>274,120</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	<u>1,202,418</u>	<u>1,265,958</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	282,809	240,532
Tax effect of expenses that are not deductible in determining taxable profit	202,522	285,995
Adjustments in respect of prior years	93,617	(41,721)
Capital allowances super-deduction	404	(31,196)
Deferred tax movement on share scheme	127,431	45,221
Share scheme deduction	(67,521)	(300,513)
Effect of movement in tax rate	(2,938)	75,802
Taxation charge for the year	<u>636,324</u>	<u>274,120</u>

The UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. Where deferred tax is recognised, it is at a rate of 25% in the current year (2022: 25%).

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8 Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2023	8,861,231
Additions	383,040
	<hr/>
At 31 December 2023	9,244,271
	<hr/>
Depreciation and impairment	
At 1 January 2023	5,958,914
Depreciation charged in the year	1,433,450
	<hr/>
At 31 December 2023	7,392,364
	<hr/>
Carrying amount	
At 31 December 2023	1,851,907
	<hr/> <hr/>
At 31 December 2022	2,902,317
	<hr/> <hr/>

9 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Corporation tax recoverable	117,405	709,769
Amounts owed by group undertakings	11,855,251	10,075,900
Other debtors	516,415	397,702
Prepayments and accrued income	206,408	53,785
	<hr/>	<hr/>
	12,695,479	11,237,156
	<hr/> <hr/>	<hr/> <hr/>
Amounts falling due after more than one year:		
Deferred tax asset (note 13)	-	24,765
	<hr/> <hr/>	<hr/> <hr/>
Total debtors	12,695,479	11,261,921
	<hr/> <hr/>	<hr/> <hr/>

Amounts due from fellow group undertakings are unsecured, interest free and payable on demand.

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

10 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,016,229	1,678,456
Amounts owed to group undertakings	226,092	507,424
Other creditors	76,435	-
Accruals and deferred income	1,254,168	1,633,630
	<u>2,572,924</u>	<u>3,819,510</u>

Amounts due to group undertakings are unsecured, interest free and payable on demand.

Pension contributions totalling £91,712 (2022 - £99,715) were payable to the fund at the year end and are included in accruals.

11 Provisions for liabilities

	Notes	2023 £	2022 £
Deferred tax liabilities	13	19,196	-

12 Share-based payment transactions

Equity-settled share option scheme

The share options issued to company employees are equity-settled options over shares in the ultimate parent company, Liveperson Inc. Vesting conditions are based on continuing employment over the vesting period, and the maximum vesting period remaining at 31 December 2023 was 3 years.

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Balances:				
Accelerated capital allowances	126,524	-	-	(314,872)
Tax losses	-	-	-	94,861
Short term timing differences	(107,328)	-	-	244,776
	<u>19,196</u>	<u>-</u>	<u>-</u>	<u>24,765</u>

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

13 Deferred taxation (Continued)

	2023 £
Movements in the year:	
Asset at 1 January 2023	24,765
Charge to profit or loss	(43,961)
Liability at 31 December 2023	<u>(19,196)</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

14 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>643,063</u>	<u>769,882</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The shares have attached to them equal full voting, dividend and capital distribution rights.

16 Reserves

Capital contribution reserve

A capital contribution provided by the parent entity.

Other reserves

Other reserves relate to the dividend in specie received as a result of the transfer of trade and assets of Contact at Once! Limited during the year ended 31 December 2017.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

LIVEPERSON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£	£
Within one year	418,175	672,675
Between one and five years	386,290	658,965
	<u>804,465</u>	<u>1,331,640</u>

18 Events after the reporting date

Security

On 13 May 2024 LivePerson Inc. (ultimate parent company) issued \$150m of new 2029 Notes, comprised of \$100m issued in exchange for \$146m of the outstanding 2026 Notes, along with \$50m issued for cash. As part of the transaction we also have the ability to draw down an additional \$50m ("Delayed Draw Notes"), which has not been done yet. LivePerson (UK) Limited has provided security for these 2029 Convertible Senior Secured Notes.

Leases

The decision to exit one of the leases was taken after the year end. At the year end, the company had outstanding commitments for future payments in relation to the lease of £658,965. On activating the termination clause with the landlord, LivePerson UK Limited received a claim from the landlord for the cost of works in lieu of dilapidations. LivePerson UK Limited have made an offer of \$150,000 settle this claim.

19 Related party transactions

The company has taken advantage of the exemption from related party disclosures, as all transactions are with parties that are wholly owned by the ultimate parent and are consolidated in the ultimate parent company's financial statements (see Note 20).

There were no transactions or outstanding balances with other related parties during the year.

20 Ultimate controlling party

The ultimate parent is LivePerson Inc. registered in the United States of America (Nasdaq:LPSN).

The company's immediate parent undertaking which controls 100% of the share capital of the company is LivePerson Netherlands B.V., a company incorporated and registered in the Netherlands. The registered office is Herengracht 124, 1015 BT Amsterdam, Netherlands.

The largest group in which the results of the company are consolidated is that headed by LivePerson Inc. The group financial statements of LivePerson Inc are available to the public and may be obtained from 530 7th Avenue Floor M1 New York, NY 10018 USA. The smallest group in which the results of the company are consolidated is headed by LivePerson Netherlands B.V.