

text|

Text S.A.

Q3 2023/24 KPIs

January 2024

VISION AND MISSION FOR TEXT.COM

Text intelligence for better customer service

We help brands provide better customer service at scale by analyzing enriching, and automating text communication.

KEY FACTS



Global SaaS business

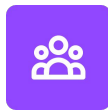
Ca 35% of MRR generated in the US, less than 2% in Poland

**B2B
subscription
revenue
model**



Unique customer acquisition model

Allowing high, sustainable margins.



Co-founders

Consortium led by co-founders is company's leading shareholder



Dividend company

With a track record of sharing profit with shareholders.

Products

 LiveChat

 ChatBot

 HelpDesk

 KnowledgeBase

 OpenWidget

with **premium customer service** and its own marketplace.

PRODUCTS

LiveChat

Customer service platform allowing for a contact with human agent across all channels and asynchronously

ChatBot

Platform to build and launch conversational chatbots without coding

HelpDesk

Ticketing system for teams

KnowledgeBase

A tool for gathering knowledge and sharing all the answers with customers and within team

KEY FEATURES OF OUR SERVICES

- Premium service and support
- Focus on customer experience
- Premium 24/7 customer support
- Over 200 LiveChat integrations with other products
- Enterprise security standards (GDPR, HIPAA etc.)
- Guaranteed uptime SLA (standard level agreement)
- Advanced reporting
- Open API

OpenWidget

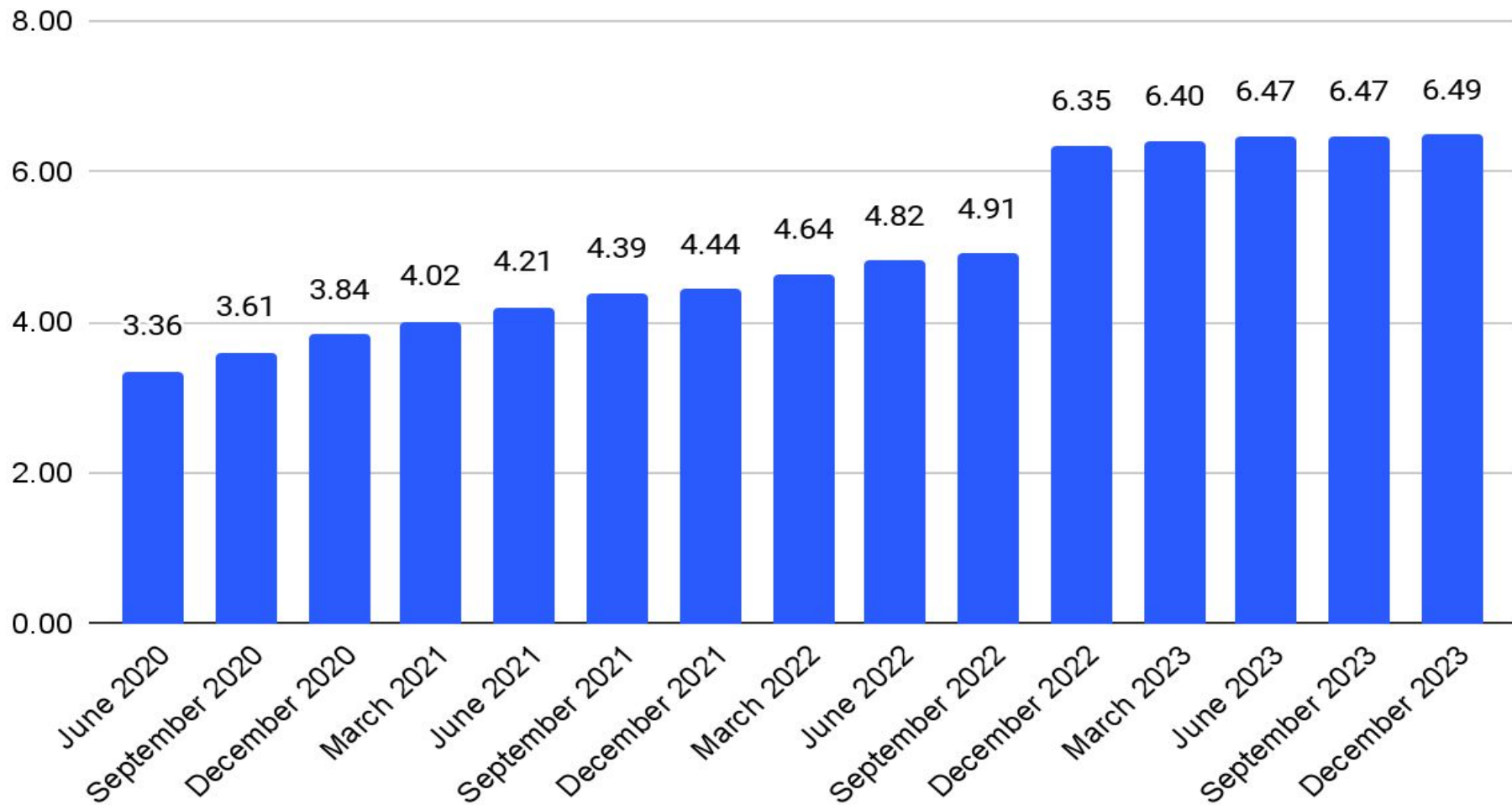
A free tool that allows you to easily create and install a functional widget supporting e-commerce.

text|

2023/24 Q3

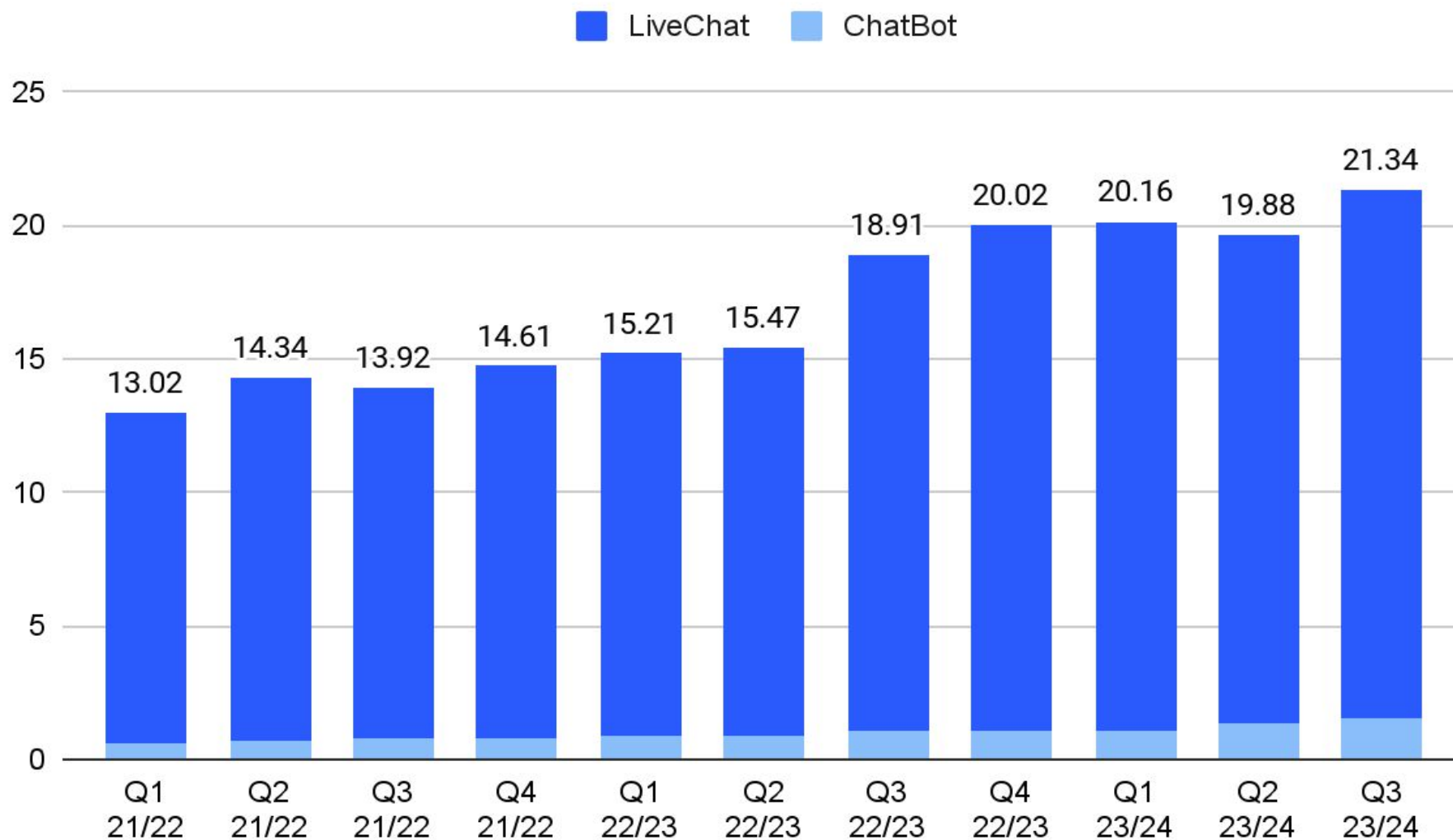
KPIs

MRR OF ALL PRODUCTS (M USD)



Monthly Recurring Revenues at the end of a given month

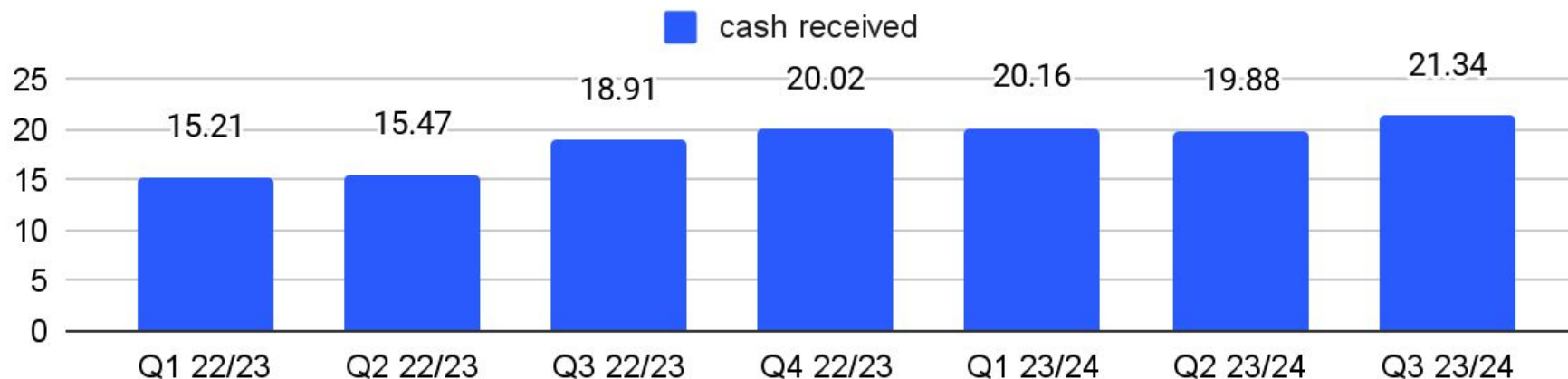
QUARTERLY CASH RECEIVED (M USD)



Sum of cash received in a quarter as reported in reports on preliminary results reports until Q1 2023/24

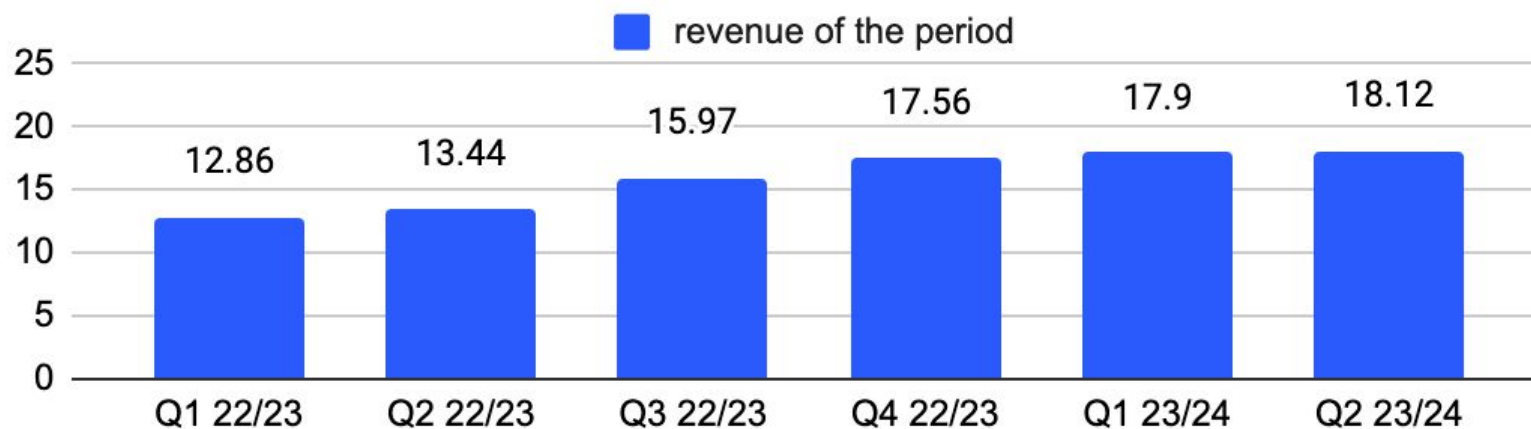
The presented data are the cash received in particular periods from subscriptions and contracts. Because the Company generates the vast majority of revenues in the US dollar (USD), the USD / PLN exchange rate has a significant impact on the results presented in the periodic reports in Polish zloty.

QUARTERLY CASH RECEIVED VERSUS REVENUES (M USD)



21.34 m USD
cash received
in Q3 2023/24

Both revenues
of current
period
and of future
periods



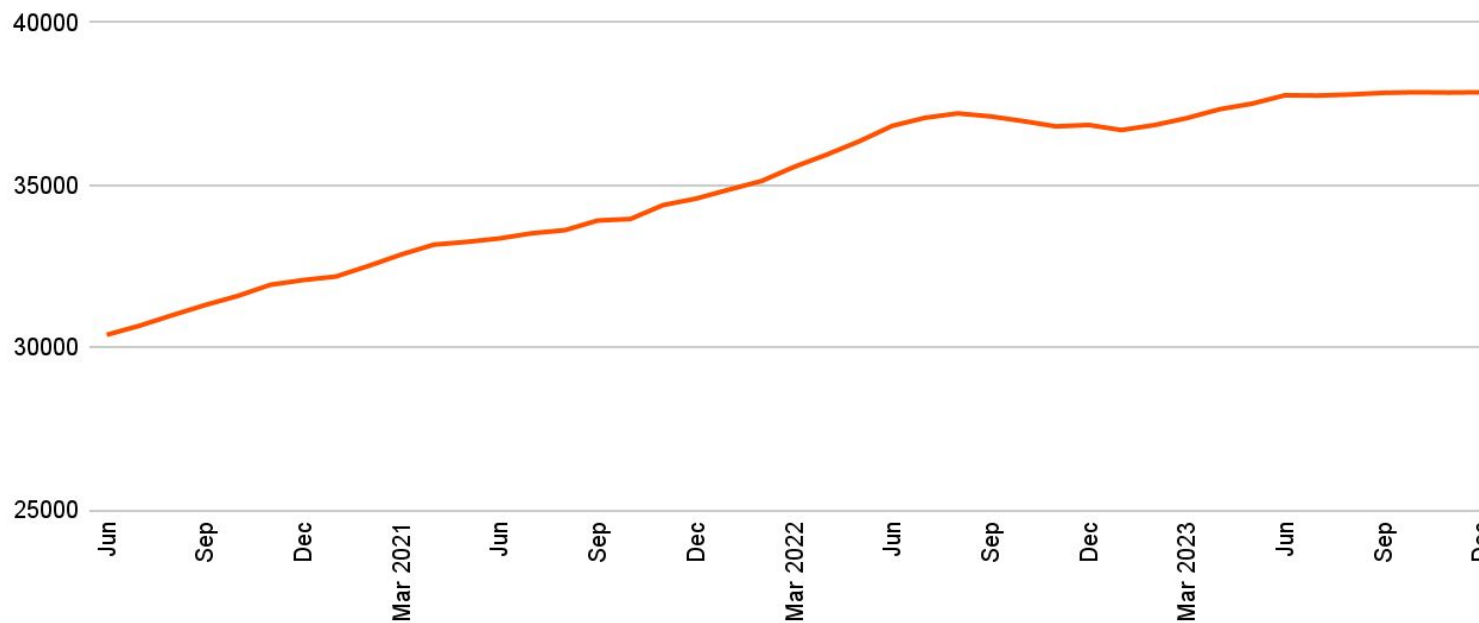
Sum of cash received in a quarter as reported in reports on preliminary results reports until Q1 2023/24

The presented data are the cash received in particular periods from subscriptions and contracts. Because the Company generates the vast majority of revenues in the US dollar (USD), the USD / PLN exchange rate has a significant impact on the results presented in the periodic reports in Polish zloty.

KPI's



LiveChat (number of customers)

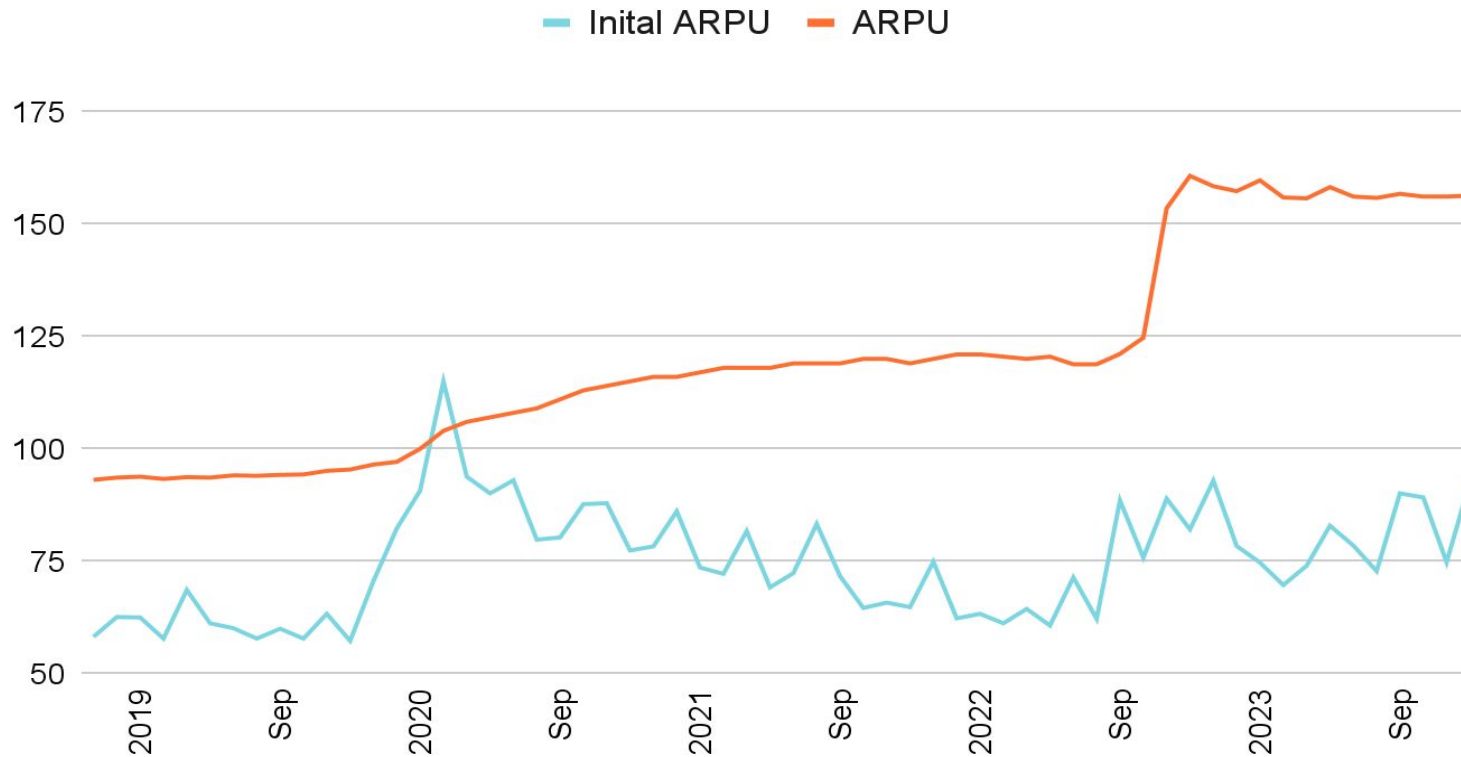


At the end of December 2023 the number of LiveChat clients amounted to **37,857**. Net customer growth for a quarter was +19 clients.

KPI's



ARPU and initial ARPU of LiveChat (in USD)



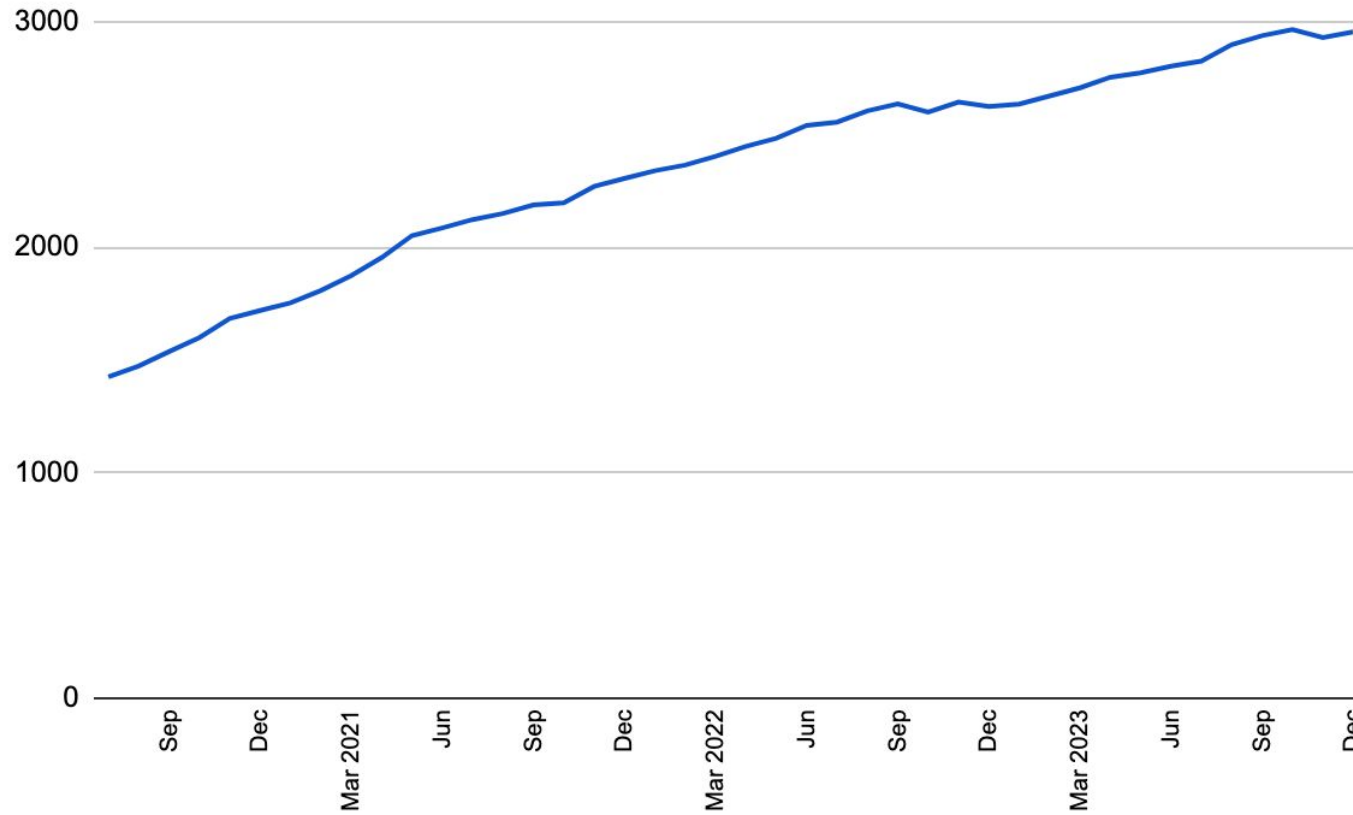
Initial ARPU is just the "first payment". Many customers' ARPU grows significantly during their lifecycle, even in the first few months. Therefore, lower Initial ARPU does not have to prevent the growth of this KPI for the entire base.

Initial Sale ARPU (or Average Sale Price) is the average MRR of new customers at the moment they convert to a paid account).

KPI's



ChatBot (number of paying customers)

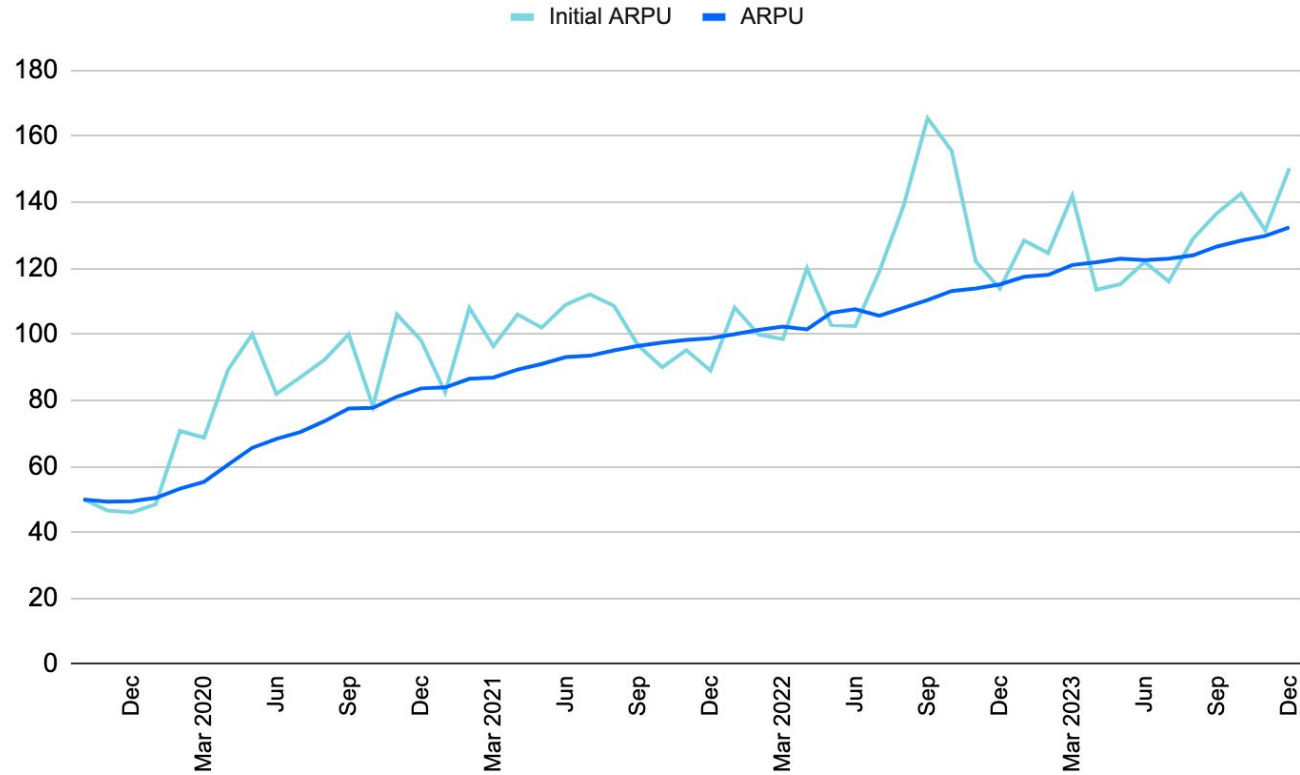


At the end of December the ChatBot product had 2,956 active and paying customers.



KPI's

ARPU of ChatBot (in USD)

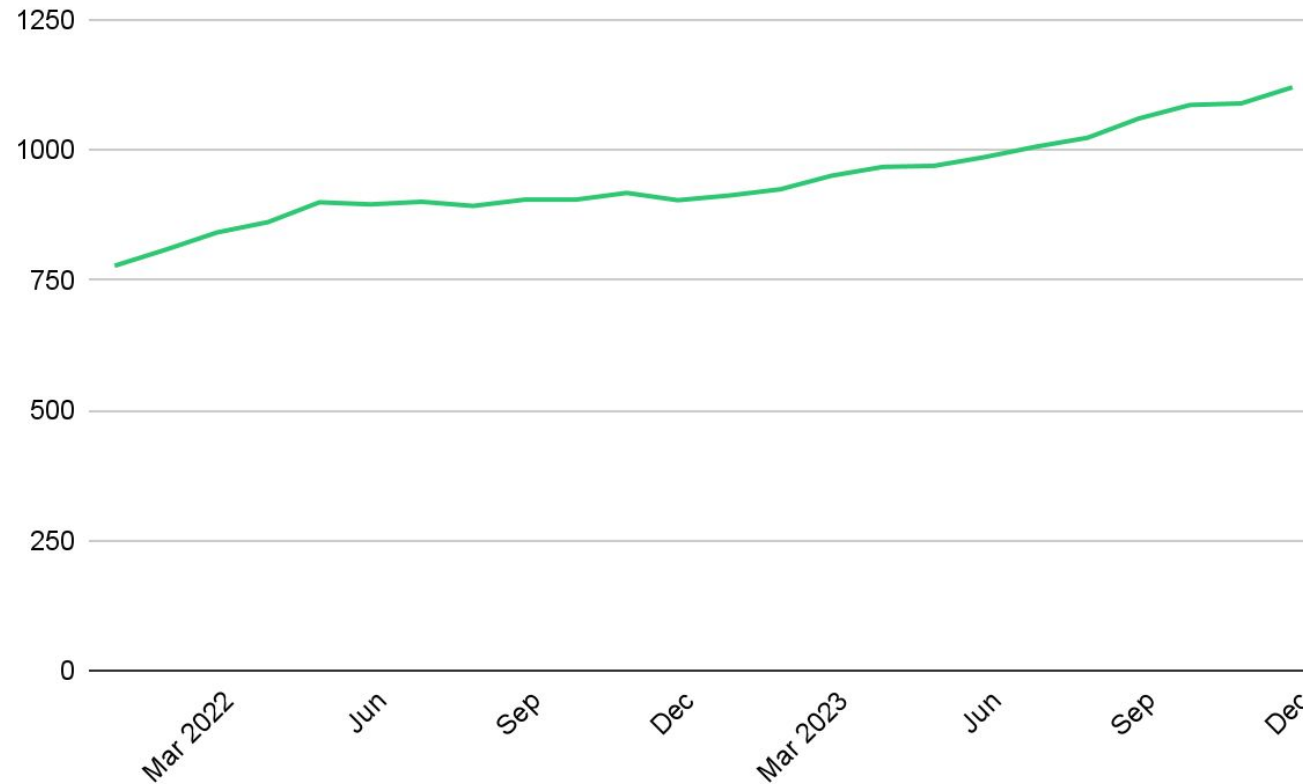


The visible increase in the sale price is the effect of introducing new subscription plans in January 2020 and new pricing for new customers in September 2022. Payments for additional interactions (exceeding the subscriber's plan limit) are not included in the ChatBot's MRR and ARPU.

KPI's



HelpDesk (number of paying customers)

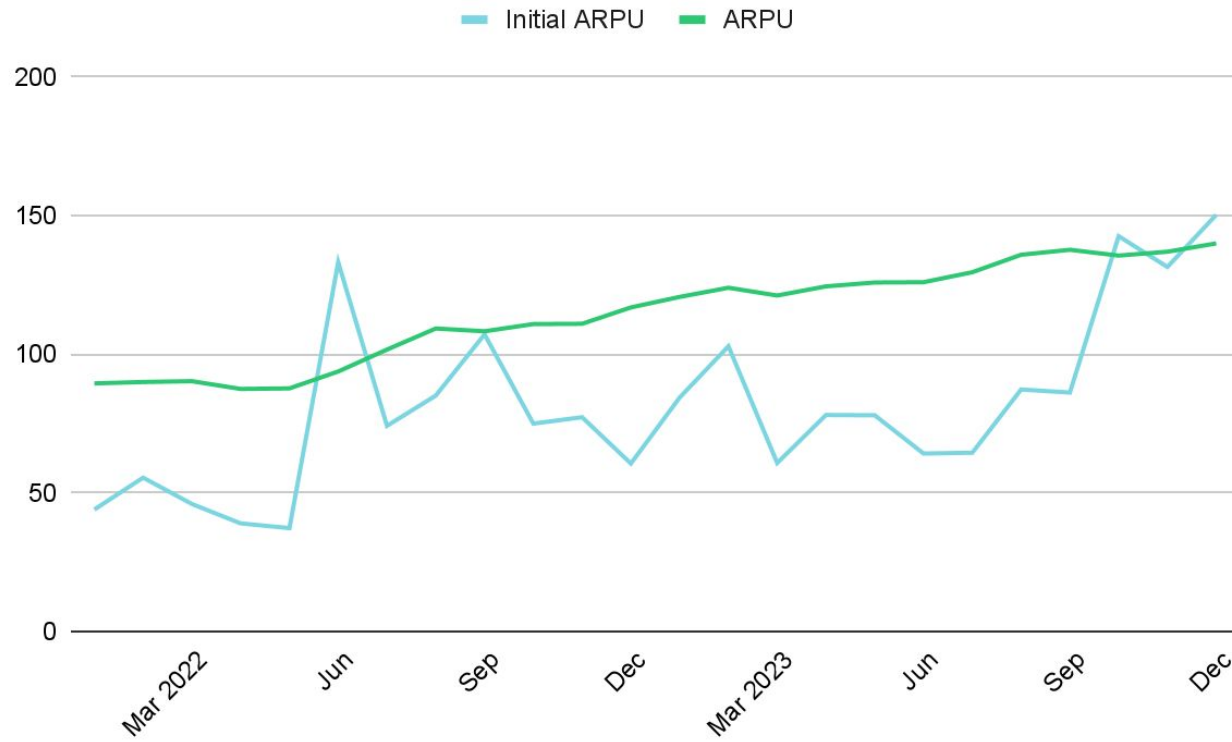


The number of HelpDesk customers exceeded the milestone of 1,000 in July 2023. At the end of December 2023 product had 1121 paid customers.

KPI's

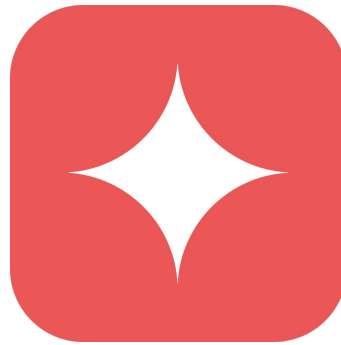


ARPU of HelpDesk (in USD)



The increase in ARPU reflects continuous product development.

INSIGHTS



New AI-based add-on for LiveChat used currently by ca 80 paid customers, including [Valley Driving School](#).



Valley Driving School Makes Decisions Faster with Insights

Valley Driving School navigates through thousands of chats with Insights — a weekly summary with the most popular questions from LiveChat messages.



Never miss important changes

Set up a custom alert for any LiveChat Report and get notified when big movements happen

Monitoring frequency

Hourly Daily Weekly



Reports to monitor

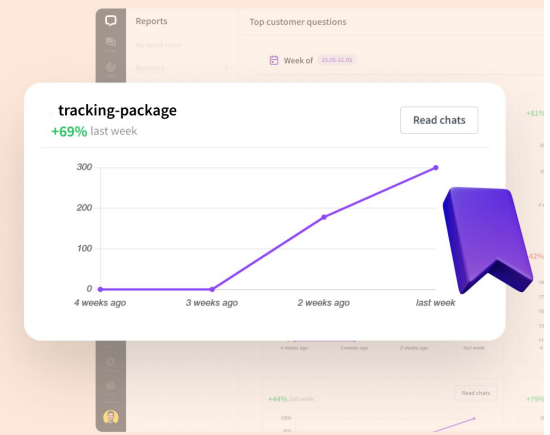
- Number of chats ([link](#))
- Chat engagement ([link](#))
- Number of missed chats ([link](#))
- Number of chats tagged ([link](#))
- Chat satisfaction ([link](#))
- Chat availability ([link](#))
- Chat duration ([link](#))
- Chat response time ([link](#))
- Number of queued customers ([link](#))
- Queue abandonment ([link](#))

Tags

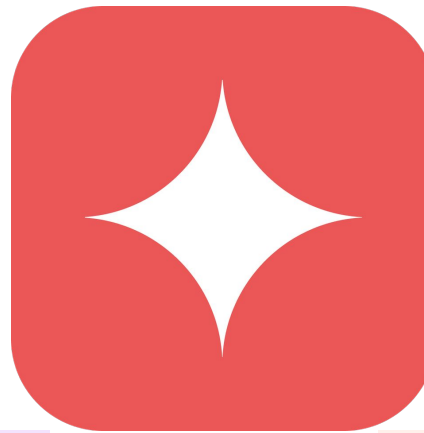
Each tag will be monitored separately.

Powerful metrics to track the tag trends

Get up to date information on the biggest topics on your chat so you can react quickly.



Insights



AI ALGORITHMS

Find meaning in chat data

Insights uses AI algorithms to automatically find, organize questions in chats from your customers.

2. Can you help me track my package? 32 questions

- Jane: "How can I check the current location of my order?"
- Caroline: "Could you explain how I can track it?"
- Customer: "Can you provide an update on my package?"
- Customer: "Could help me with tracking my package?"
- Rizwan: "Could you provide me with an update on the tracking status?"
- Hans: "Can you check the tracking for me?"
- Bart: "Where is my package?"
- Customer: "Can you help me with the tracking status?"
- Michael: "Can you check the tracking?"

Analyze thousands of chats in minutes

Get the most popular questions and topics from your customers without having to read through thousands of chats.

Week of 15.08-21.05

- How do I reset my password? 48 questions
- Can you help me track my package? 32 questions
- What are the shipping options and costs for my order? 25 questions

Show 38 more

SUMMARY

KPIs

Product

Company

- MRR grew by **2.2%** on annual basis and by **0.3%** q/q
- Cash-flow based revenue grew by **12.9%** y/y and by **7.3%** versus previous 3 months to the record **USD 21.34 mn** due to very high level of annual payments.
- The growth in the number of customers was hampered by relatively high churn related to the economic situation in our key markets.

- Commercial launch of AI-based version of ChatBot
- New features and paid add-ons (incl. Insights)
- New channels of customer acquisition (Webflow integration and marketplace)
- Review of subscriptions plans
- Advanced works on new revenue streams

- New revenue recognition policy introduced in H1 report
- Advance payment toward dividend to be paid on January 15 (PLN 1.63 per share vs PLN 1.46 per share year ago)
- Group's rebranding completed: LiveChat Inc. renamed as Text Inc.

text|

2023/24 H1

financial results

NEW REVENUE RECOGNITION POLICY

Results

New policy of revenue recognition:

- Revenue - PLN 162.7 million
- EBITDA - PLN 99.9 million
- Operating profit - PLN 90.7 million
- Profit before tax - PLN 90.5 million

The value of the "liabilities from customer contracts" item, representing deferred revenue, is estimated at PLN 68.0 million.

“Old” policy of revenue recognition:

- Revenue - PLN 166.6 million
- EBITDA - PLN 104.3 million
- Operating profit - PLN 95.1 million
- Profit before tax - PLN 95.0 million

No "liabilities from customer contracts" - reserve "for the servers" kept

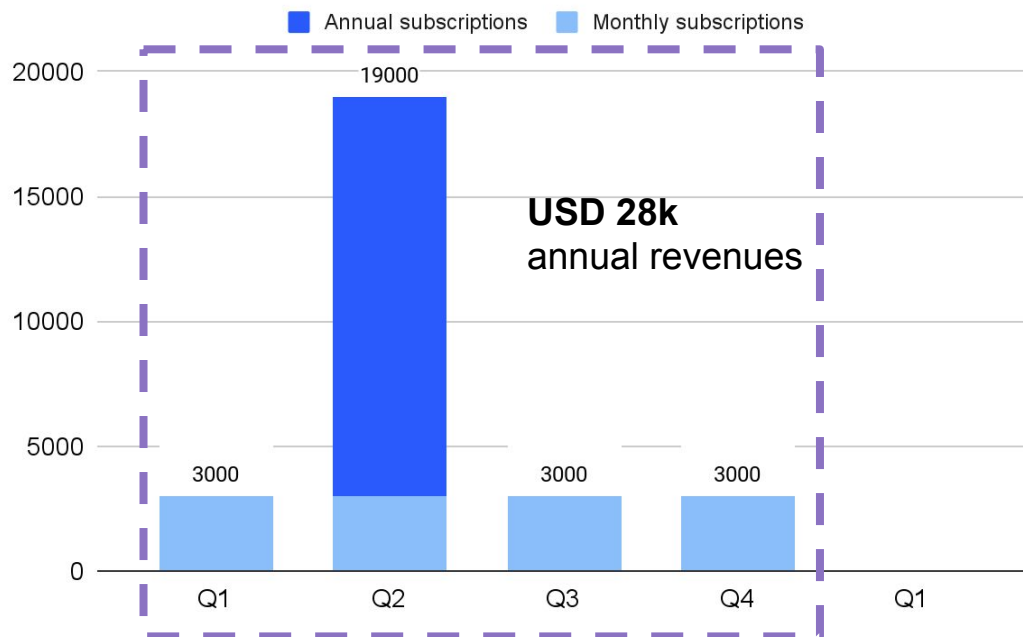
NEW REVENUE RECOGNITION POLICY - EXAMPLES

- Monthly subscription at USD 1000 paid each month
- One annual subscription at USD 16 000 paid in Q2

Old revenue booking policy

Revenues booked at the time of cash payment

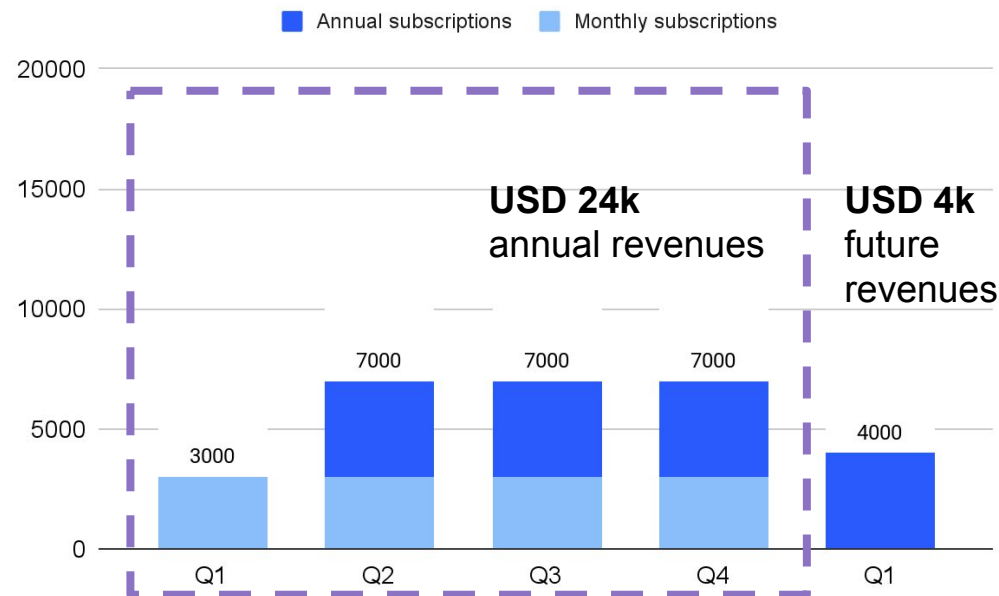
Q1 revenues = 3x monthly payment 1000 USD = **3k**
 Q2 revenues = 3x monthly payment 1000 USD +
 annual subscription 16 000 USD = **19k**



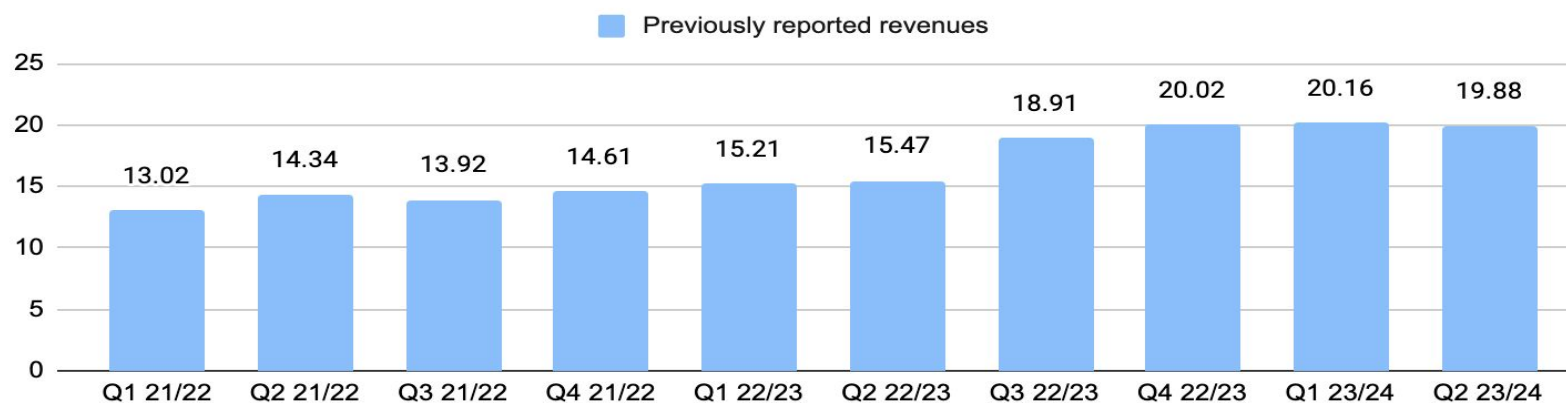
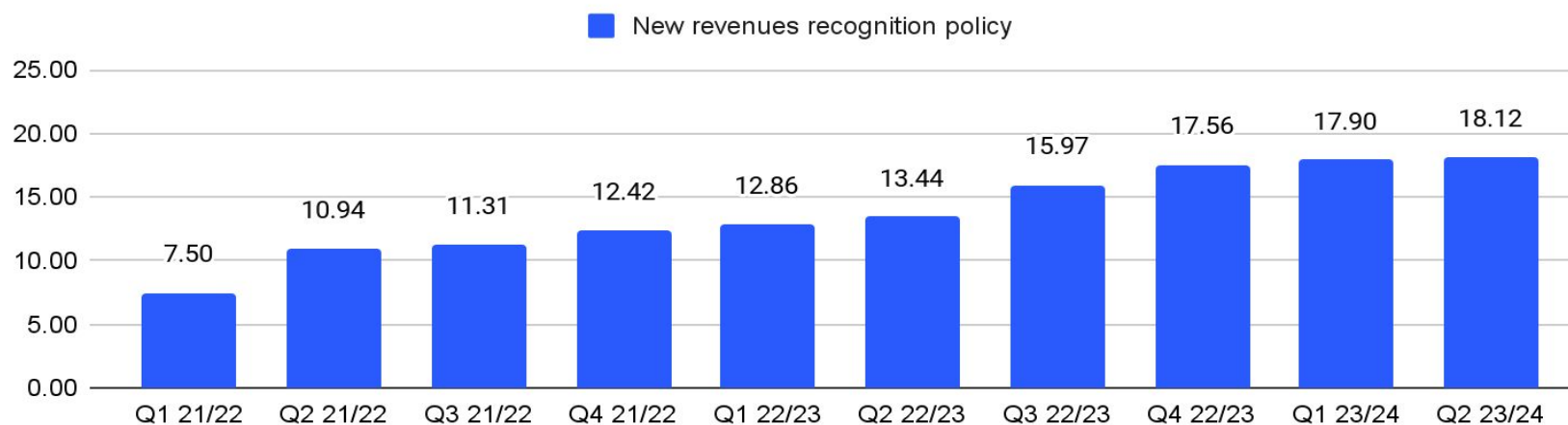
New revenue booking policy

Revenues spread across the respective periods for which the subscription is sold

Q1 revenues = 3x monthly payment 1000 USD = **3k**
 Q2 revenues = 3x monthly payment 1000 USD +
 3 months of the annual subscription 16 000 USD =
 3k + 4k = **7k**



QUARTERLY REVENUES (IN USD MN)



As reported in reports on preliminary results

Revenues recalculated since the beginning of 2021/22

For invoices since April 2021 all revenues are divided into respective periods. The value of the individual licenses is spread evenly over the time the service is provided.

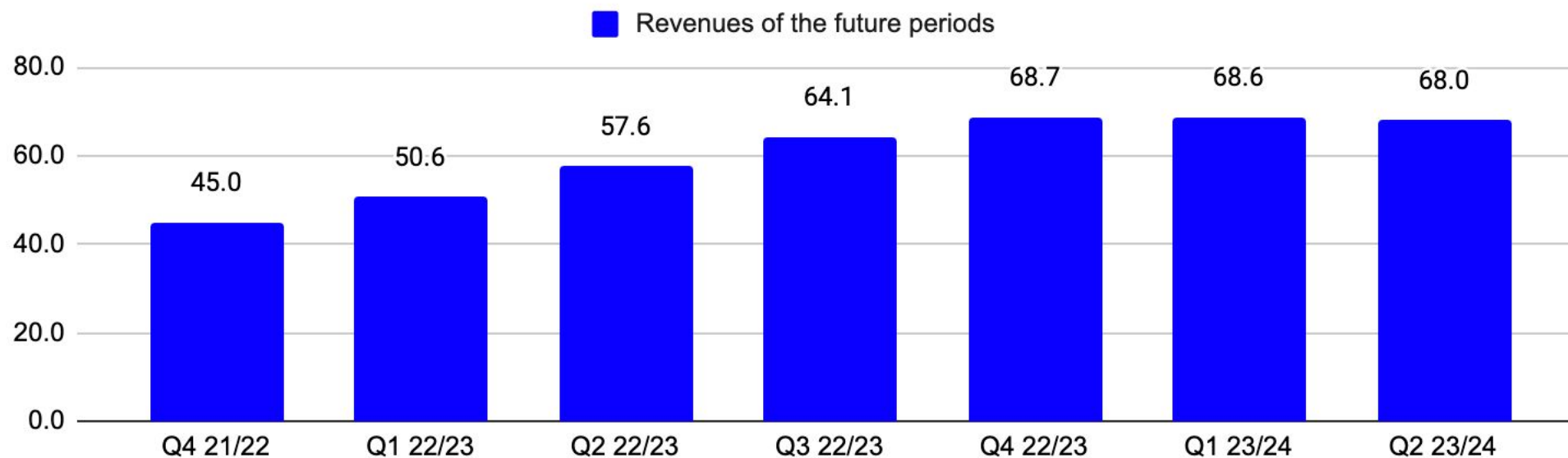
The effect was the most significant in the first quarters after the change.

The revenues according to the new revenue policy are aligned with MRR.

Previously the Company recognized the revenues when the payments were received (also in case of the payments for periods longer than a month).

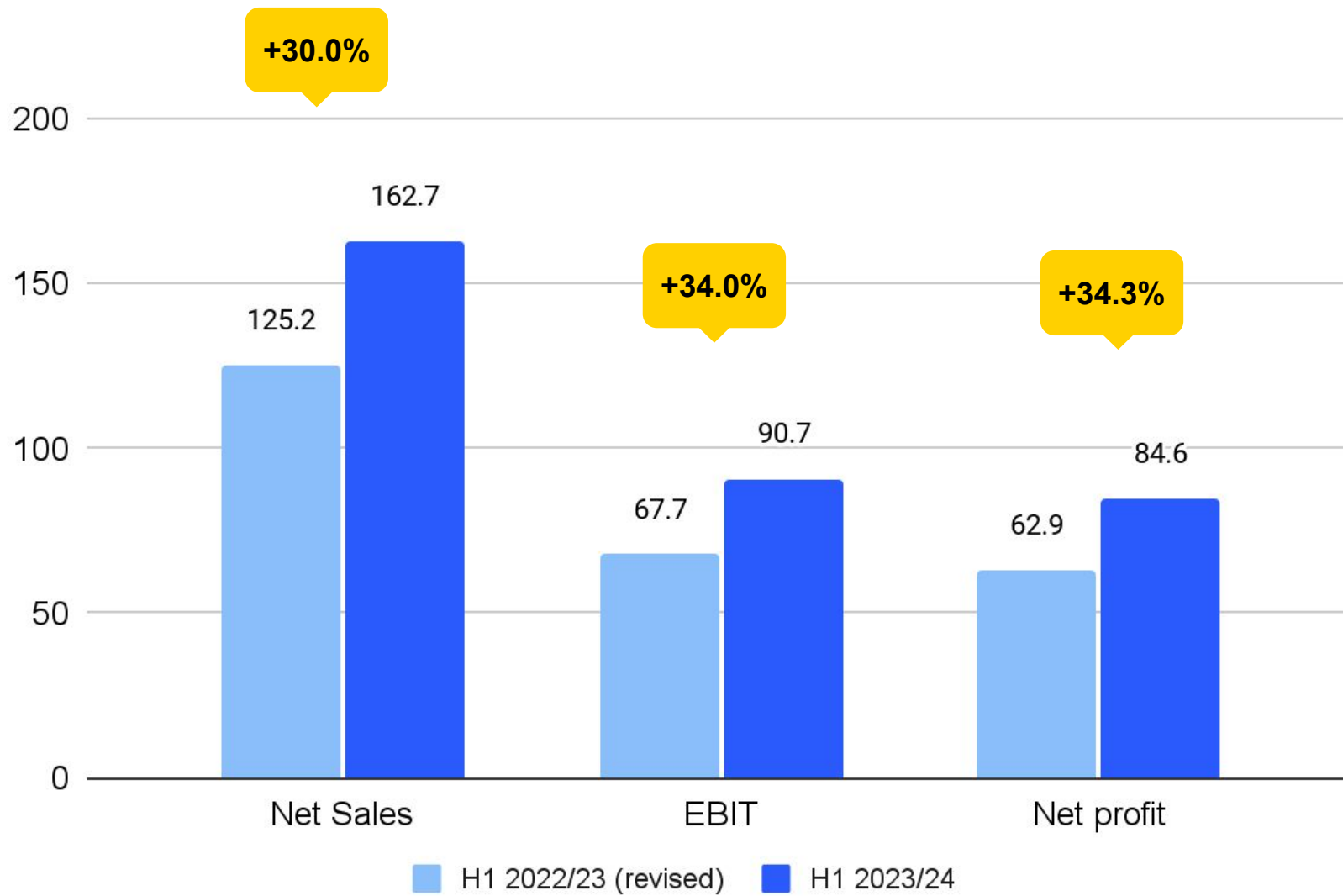
The presented data are the estimates and preliminary as published in the respective reports. Therefore, they may ultimately differ from those shown in the periodic financial reports. Because the Company generates the vast majority of revenues in the US dollar (USD), the USD / PLN exchange rate has a significant impact on the results presented in the periodic reports in Polish zloty.

FUTURE REVENUES (IN PLN M)

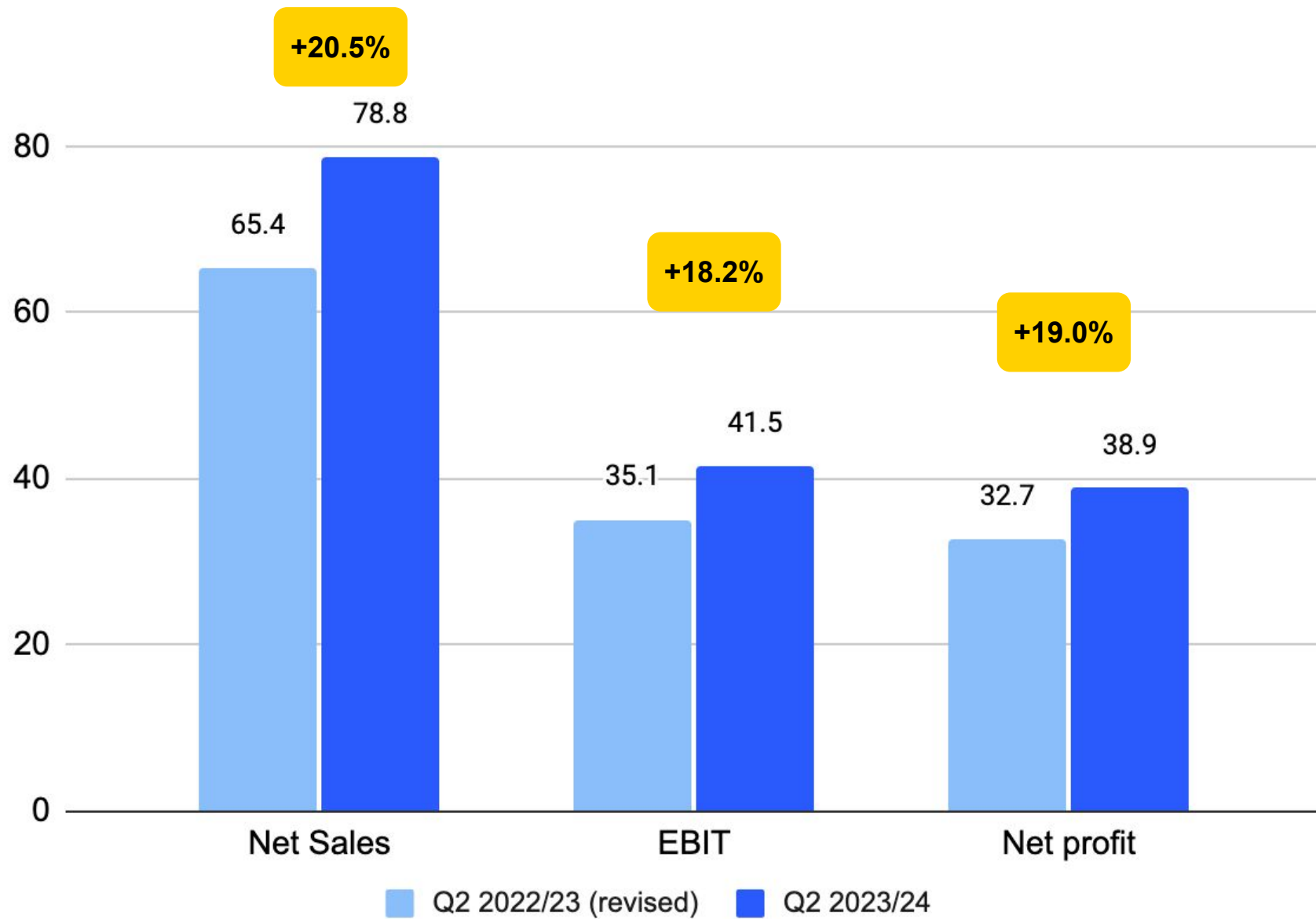


As a result of the new revenue recognition policy the annual subscriptions and longer contracts are spread evenly over the time the service is provided, creating the revenues of the future revenues. Presented as liabilities from customer contracts at the end of Q2 2023/24 they amounted to PLN 68.0m

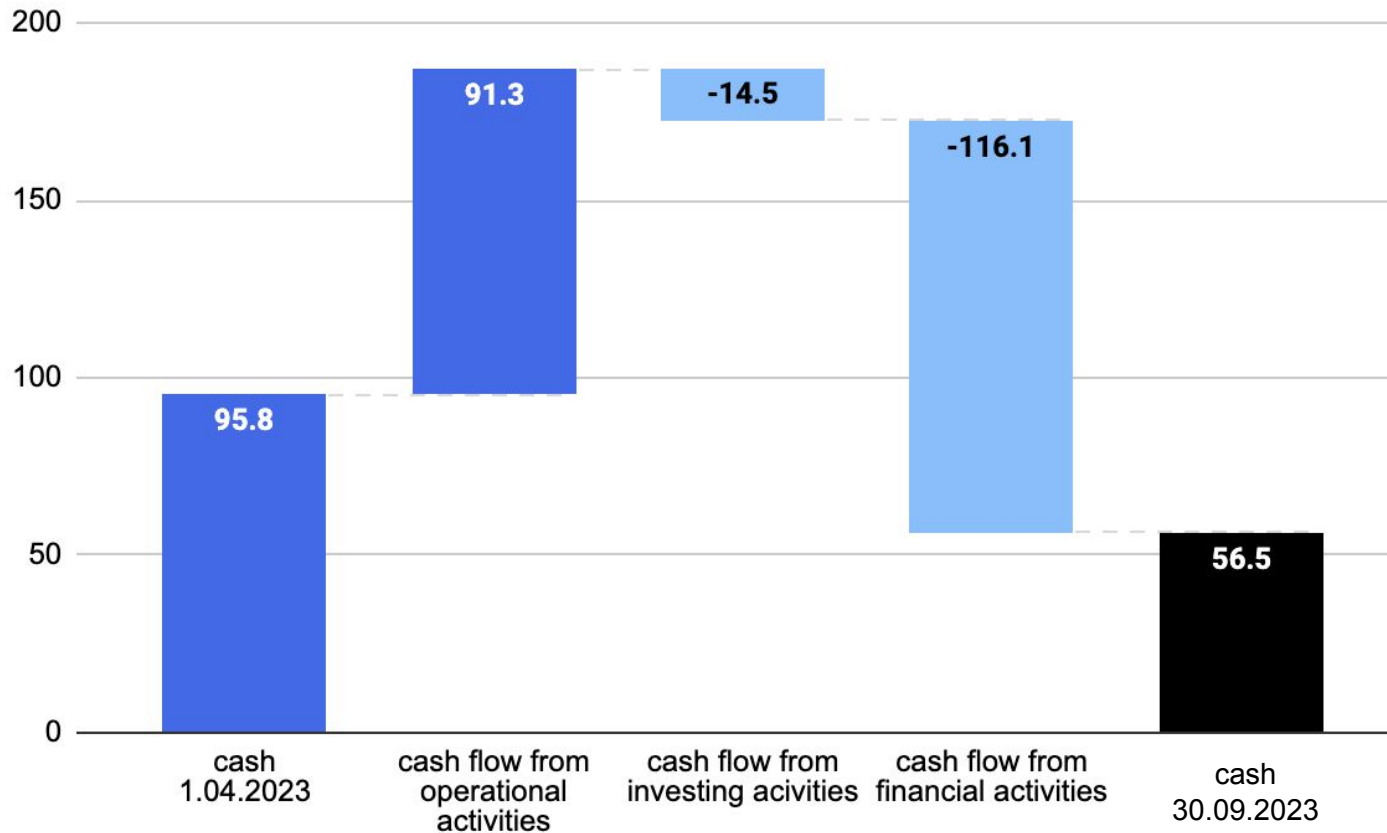
FINANCIAL RESULTS (PLN MN)



FINANCIAL RESULTS (PLN MN)






CASH POSITION (PLN MN)



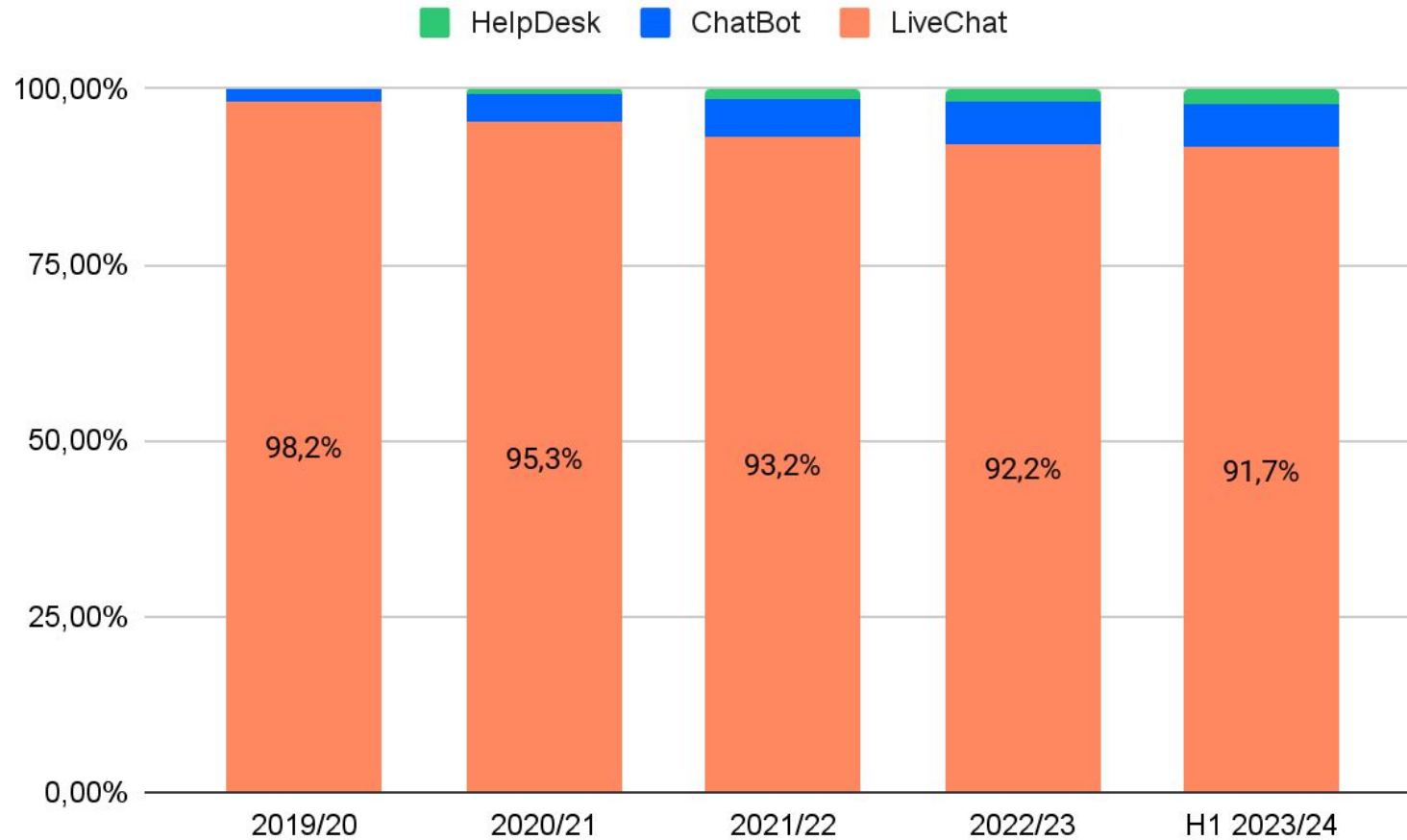
Cash flow from financial activities = dividends paid (115.6 mn PLN) + leasing (459 k PLN)

REVENUE PER PRODUCT

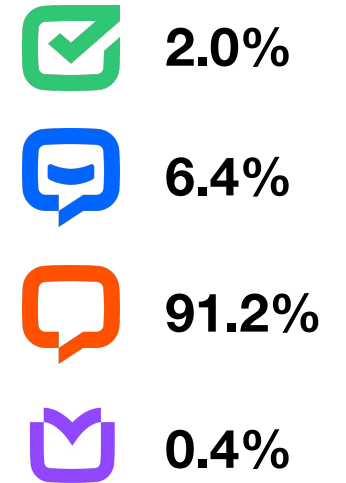
Revenues per product (PLN th)	Q2 2022/23	Q2 2023/24	Change	H1 2022/23	H1 2023/24	Change
 LiveChat*	59 843	71 845	+19.5%	114 864	149 129	+29.8%
 ChatBot	4 260	5 065	+18.9%	8 049	10 054	+24.9%
 HelpDesk	1 244	1 575	+26.6%	2 237	3 105	+38.8%

*Including: Marketplace

REVENUE SPLIT BY PRODUCTS



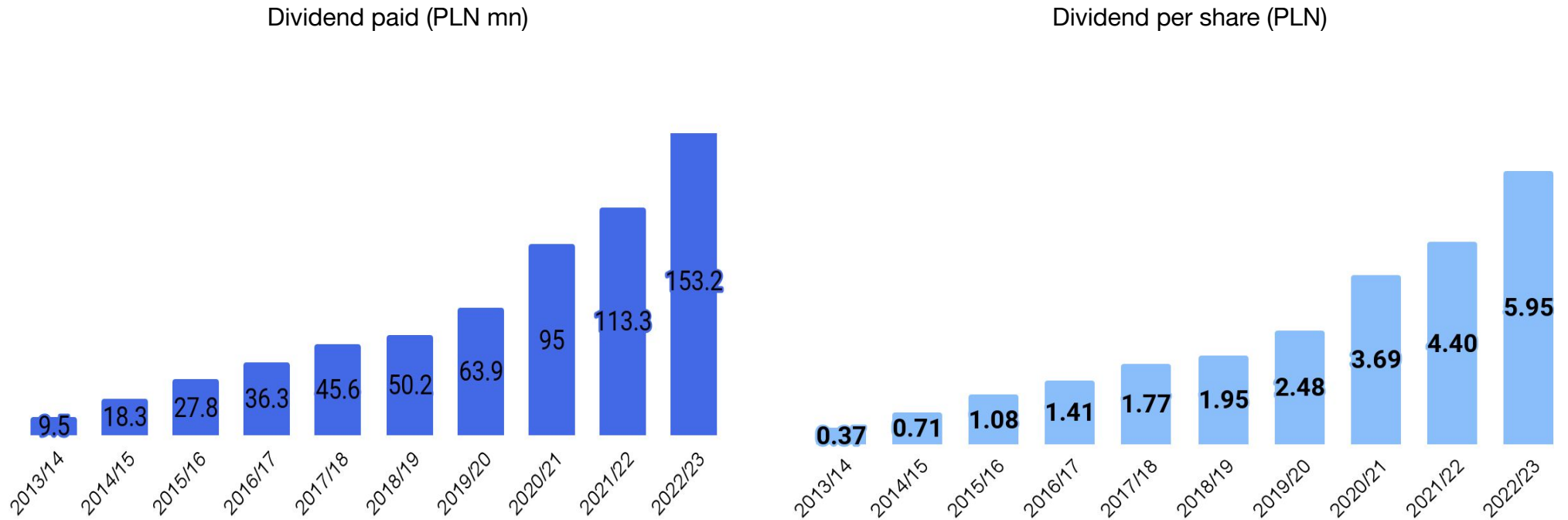
Q2 2023/24 revenue split



The price change effect helped LiveChat regain some of its revenue share in Q3. In the coming quarters, we expect a faster growth rate of new products.

LiveChat revenues include Marketplace and KnowledgeBase

DIVIDEND POLICY



*Management's proposition (final decision to be made by AGM).

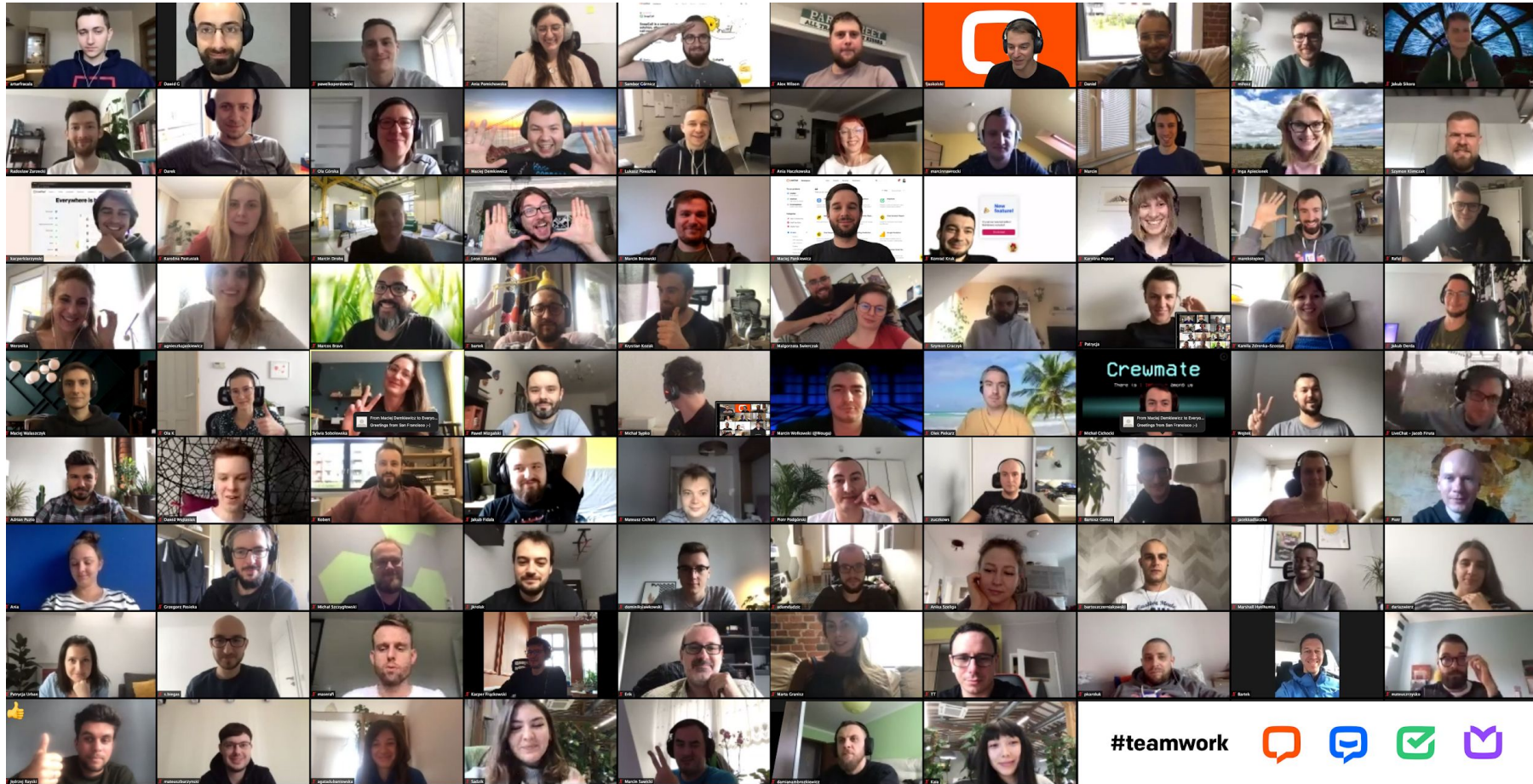
After the publication of the semiannual results, the Management Board presented its recommendation to pay out an advance dividend in the amount of PLN 42.0m.

The advance will amount to PLN **1.63 per share**. The dividend day for the advance is December 27, 2023, and the date of payment of the advance is set for January 3, 2024.

text|

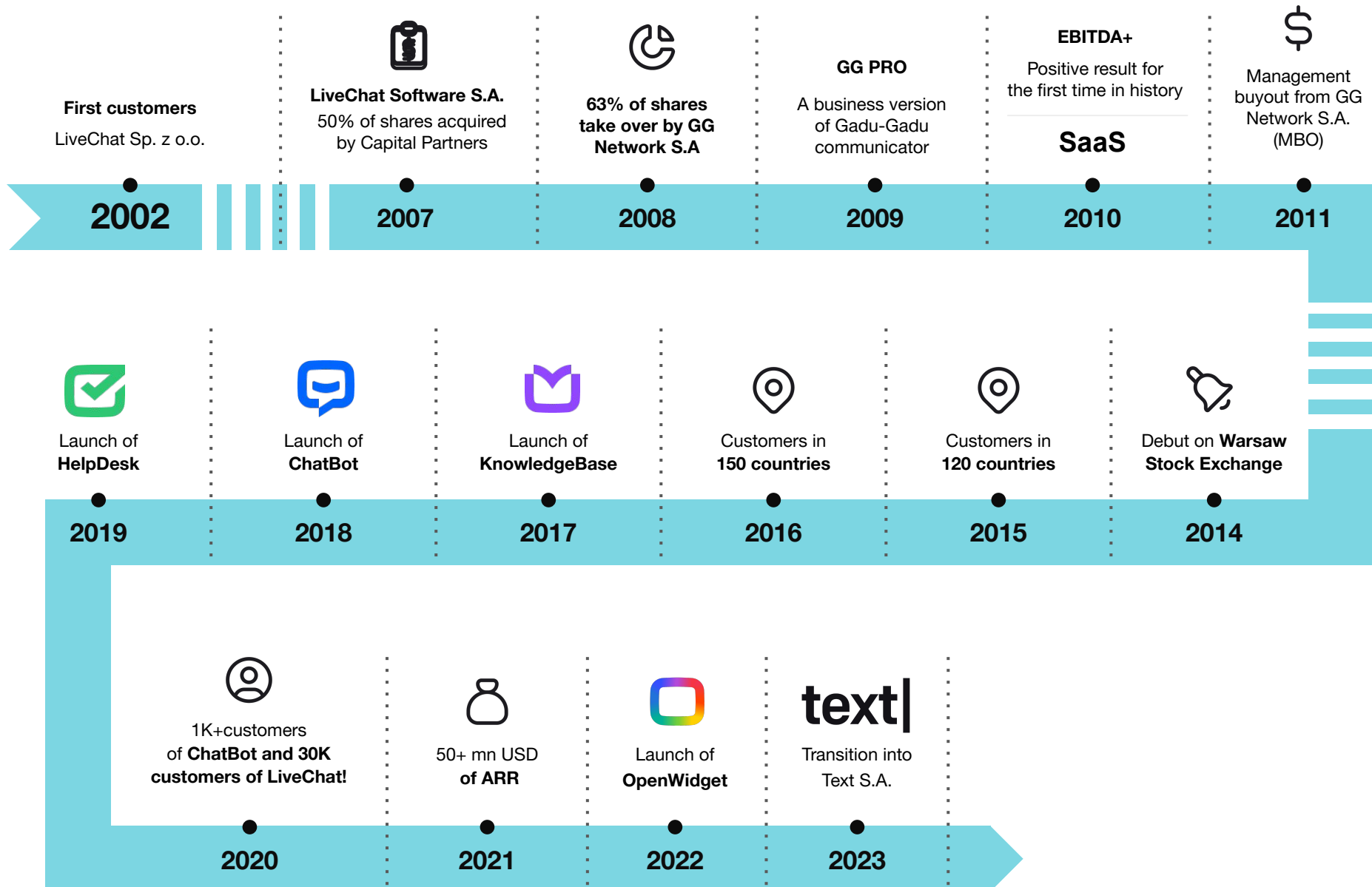
Company overview

TEAM OF 260+

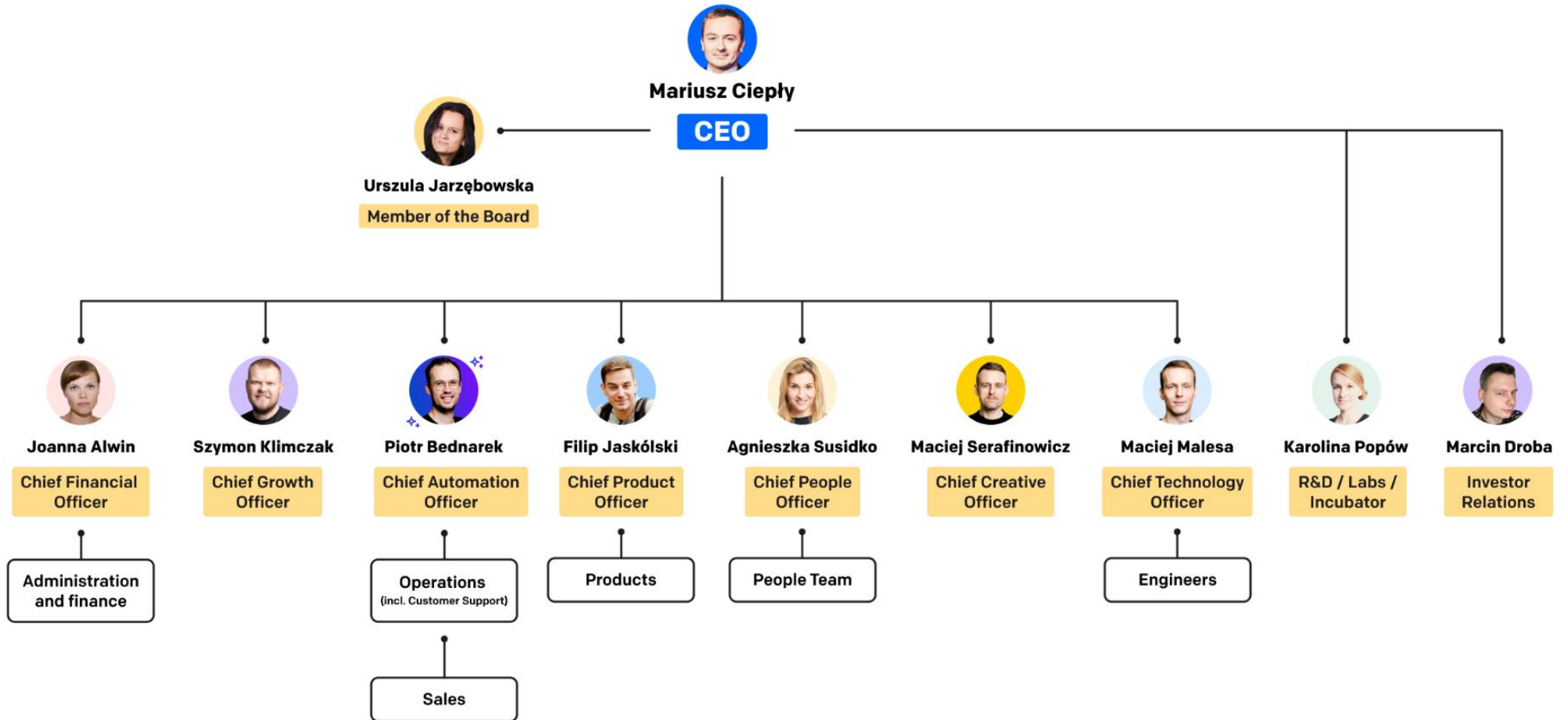


Meet us at www.livechat.com/team

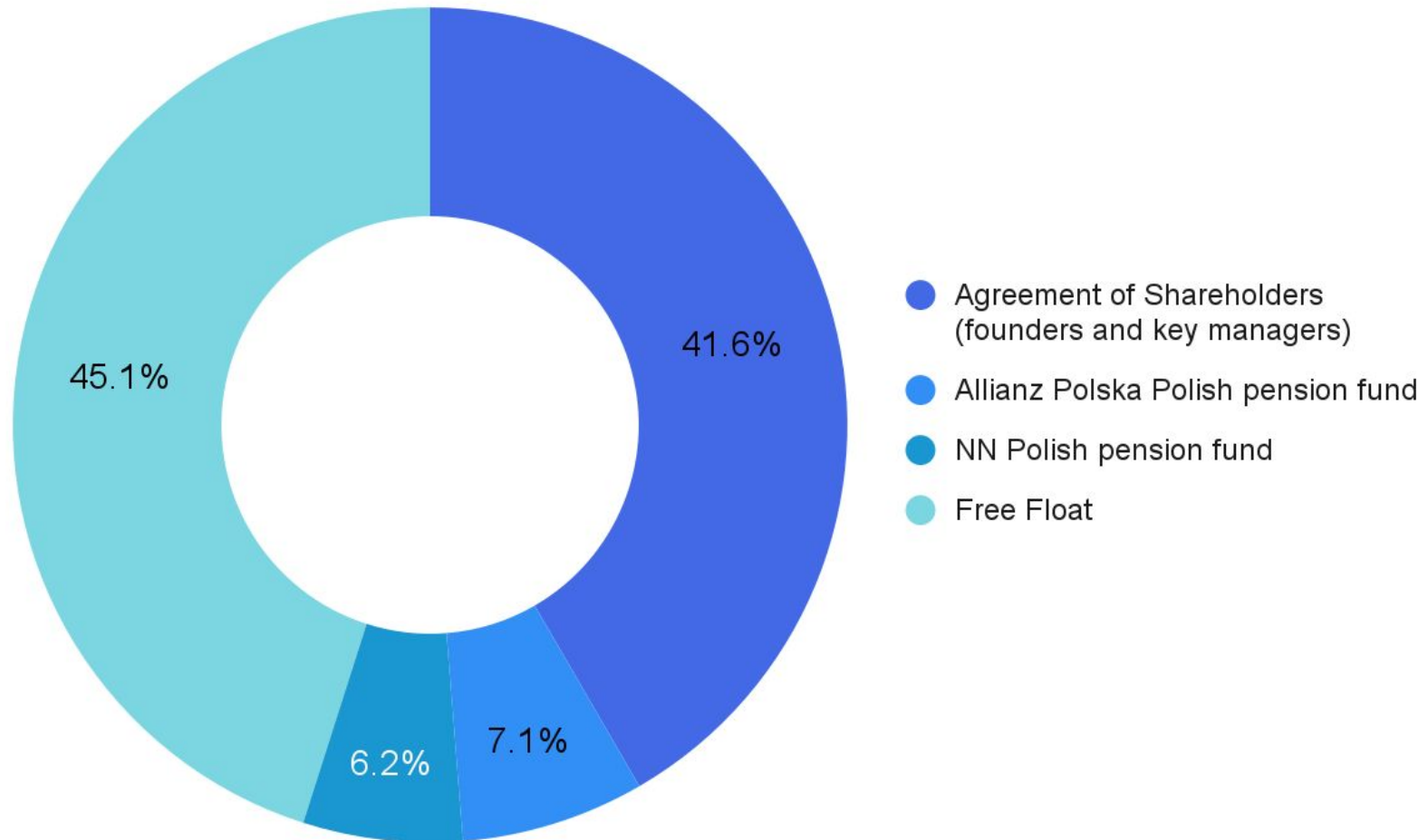
TEXT HISTORY



COMPANY'S STRUCTURE




SHAREHOLDERS*



* According to the shareholders' notifications received by the Company and other public data from the Polish pension funds' reports as of 31 December 2021

CLIENTS



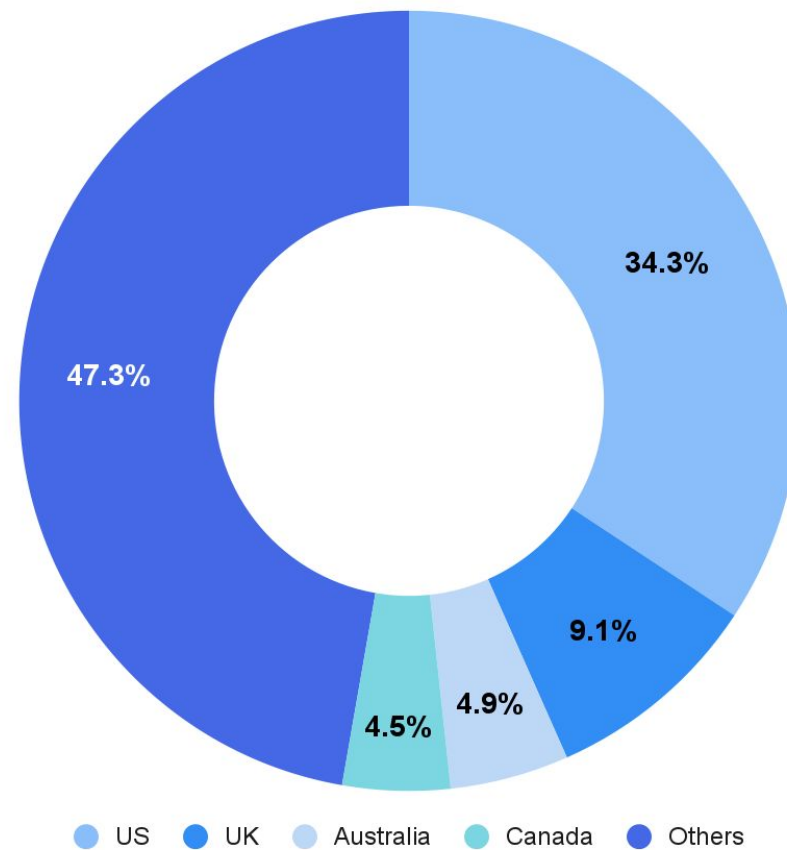

~37 700
Clients of LiveChat


2800+
Clients of ChatBot


150+
Countries

FORTUNE
500
25+
Companies from Fortune 500' list

GEOGRAPHY (MRR SPLIT)



MRR as at the end of May 2023 without taking into account revenues that are not allocated to specific countries. In this perspective, Poland accounts for approx. 1.5% of MRR

DICTIONARY

SAAS

Software as a Service, is a business model where a software is licensed on a subscription basis and it is stored in the cloud.

MRR

Monthly Recurring Revenues, it is a measure of predictable total revenue generated from all active and paying subscriptions in a particular month. It includes all recurring charges but excludes one-time fees.

ARPU

Average revenue per user in a month, calculated on the basis of MRR
 $ARPU = MRR / \text{number of users}$

Initial ARPU

Initial ARPU, in other words average sale price, it is the average value of monthly revenues at the moment when the user converts to a paid account

ARR

Annual Recurring Revenues, $MRR \times 12$

EBITDA

Earnings before interest, taxes, amortization, and depreciation

PPA

Pay per agent, pricing model where a customer pays for every agent they have

text|



INVESTOR RELATIONS

ir@text.com



FIND OUT MORE:

investor.text.com



OR CHAT WITH US

when we are not at the meetings

DISCLAIMER

This document may include forward-looking statements. Because such statements deal with future events, they are subject to various risks and uncertainties. The Company undertakes no obligation to revise or update forward-looking statements as a result of new information, since these statements may no longer be accurate or timely. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any security of the Company.