



# **Q1 2026 Earnings Prepared Remarks**

**May 26, 2026**

## **Legal Disclaimer**

This document contains forward-looking statements about our future financial performance and other future events and trends, including guidance. These statements are only predictions that are based on what we believe today, and actual results may differ materially. These forward-looking statements are subject to risks, uncertainties, assumptions, and other factors that could affect our financial results and the performance of our business. We will discuss them in detail in our filings with the SEC, including today's earnings press release, and the risk factors and other information contained in the final prospectus relating to our initial public offering. Agora assumes no obligation to update any forward-looking statements we may make on this document.

**Zhao Bin, founder, chairman and CEO**

Thanks operator, and welcome everyone to our earnings call.

I will start with a review of our operating results for the quarter.

I am pleased to report our sixth consecutive quarter of GAAP profitability, alongside another quarter of strong top-line growth. Total revenues for the first quarter of 2026 reached 37.7 million dollars, up 13.5 percent year-over-year, with growth further accelerating from prior quarters. GAAP net profit was 1.1 million dollars, more than double the level of Q1 last year.

These results reflect the continued expansion of real-time engagement use cases globally, as well as the increasing contribution from AI-related applications and products built with our solutions.

Now, let me turn to our business, product, and technology updates for the quarter.

Over the past several months, we continued to make progress in bringing conversational AI to real-world production, deepening the integration of AI capabilities with our real-time engagement infrastructure, and expanding our ecosystem partnerships.

In March, we officially launched Agent Studio, a visual no-code environment that enables developers and enterprises to rapidly build, test, and deploy voice AI agents at scale. We also introduced conversational AI agents for inbound use cases such as customer service, as well as outbound use cases focused on sales and marketing.

The market opportunity here is enormous. According to Gartner, conversational AI agents are expected to automate 70% of customer interactions by 2027, and by 2028, AI agents are projected to outnumber human sellers by 10 to 1.

At the same time, many enterprises still struggle to deploy voice AI in production environments. The challenge is not simply the AI model itself, but the complexity of orchestrating multiple technology layers while maintaining low latency, reliability, and a natural conversational experience at scale.

In addition, effective enterprise deployments require domain-specific

expertise. A successful voice AI agent must do more than respond accurately; it must reflect the tone, personality, and workflow of the industry it serves. For example, a car sales assistant and a debt collection agent need very different conversational styles, compliance guardrails, and customer engagement approaches.

Our solution is designed to eliminate this complexity through a fully integrated stack that combines three core components. First, Agent Studio provides a no-code environment that allows enterprises to design, test, and deploy AI agents in minutes rather than weeks or months. Second, our Conversational AI Engine orchestrates ASR, LLM, and TTS capabilities with intelligent interruption handling, noise suppression, multilingual support, and domain-aware conversation design, enabling more natural and human-like interactions. Third, our global real-time network infrastructure delivers sub-second latency and carrier-grade reliability worldwide.

We are already seeing strong early validation from real-world deployments. In Q1, one customer implemented a survey and polling agent that matched the 10% conversion rate of human agents. This allowed them to scale data collection and reward distribution far more cost-effectively—without adding operational headcount.

Overall, enterprise feedback has been highly encouraging. Customers increasingly recognize that scalable conversational AI requires not only powerful models, but also real-time infrastructure capable of delivering reliability, responsiveness, and seamless integration. We believe we are uniquely positioned at the intersection of these capabilities.

Last month, we also strengthened our position in the enterprise collaboration market with the launch of our Intelligent Meeting Engine product. Intelligent Meeting Engine offers end-to-end encryption, flexible deployment options including on-premises and private cloud, and full data isolation to help ensure that customer meeting content remains entirely within their controlled infrastructure. At the same time, it integrates AI-powered capabilities such as real-time transcription, translation, intelligent meeting summaries, and automated follow-up workflows that can connect with customers' existing business systems. This solution addresses growing enterprise demand around compliance, data sovereignty, and intelligent workflow automation, and it has been well received in industries including finance, government, and healthcare.

Turning to ecosystem partnerships, we continue to integrate the latest AI models such as Google's Gemini Live and xAI's Grok models into our conversational AI solutions. In particular, Google has featured Agora as a recommended partner for building real-time conversational AI, validating our technical leadership in this space.

In addition, we recently entered a strategic partnership with NetEase's enterprise services division, NetEase Smart Enterprise. Together, we will provide integrated solutions spanning real-time video, content moderation, and AI agents. This partnership combines NetEase's expertise in AI and content moderation with our leadership in real-time engagement infrastructure. We believe this partnership is meaningful validation of our technology from one of China's leading internet companies, while also expanding our go-to-market opportunities across education, customer service, digital entertainment, and enterprise collaboration.

Before I conclude, I want to thank the Agora and Shengwang teams for their continued dedication and execution, and thank our shareholders for their ongoing trust and support. Globally, conversational AI is rapidly moving from proof-of-concept to large-scale deployment. Since the official launch of our conversational AI engine product last year, usage has demonstrated remarkable momentum, with over 150% sequential growth every single quarter. Enterprises today are no longer asking whether they should adopt conversational AI. Instead, they are asking how to deploy it at scale with reliability, low latency, and seamless integration. We believe our decade of experience in real-time engagement infrastructure uniquely positions us to help customers solve exactly these challenges.

With that, let me turn things over to Jingbo, who will review our financial results.

**Jingbo Wang, CFO**

Thank you, Tony. Hello everyone.

Let me start by first reviewing financial results for the first quarter of 2026 and then I will discuss outlook for the second quarter.

Starting this quarter, we have simplified our disclosure approach for revenues, active customers and we will no longer separately disclose these metrics for Agora and Shengwang. We've also refined our Dollar-Based Net Retention Rate, or DBNER, methodology. We now compare quarterly revenue from the same cohort of paying customers year-over-year to calculate DBNER. This change aligns DBNER more closely with our quarterly revenue growth rate, making it easier for you to compare the two.

Total revenues for the first quarter reached \$37.7 million, representing 13.5% year-over-year growth. This result exceeded the high end of our guidance range of \$36 to \$37 million and reflects continued expansion and usage growth of our real-time engagement service in sectors such as U.S. live shopping, social and entertainment, and financial services. DBNER for the quarter was 99%, compared to 95% in the first quarter of 2025.

Gross profit for the quarter was \$23.9 million, representing a 5.7% year-over-year increase. Gross margin was 63.4%, compared to 68.0% in the same period last year, mainly due to product mix changes, including conversational AI products remaining at a sub-scale stage.

Turning to expenses, R&D expenses were \$14.4 million in Q1, up 2.9% year-over-year. R&D expenses accounted for 38.1% of total revenues, compared to 42.1% in the same period last year. The increase was primarily due to continued investment in conversational AI products.

Sales and marketing expenses were \$5.9 million in Q1, down 4.8% year-over-year. Sales and marketing expenses represented 15.6% of total revenues in the quarter, compared to 18.7% in Q1 last year. The decrease was primarily due to disciplined expense management, including lower personnel and promotion expenses.

General and administrative expenses were \$6.0 million in Q1, down 3.4% year-over-year. General and administrative expenses

represented 15.9% of total revenues, compared to 18.8% in Q1 last year. The decrease was primarily due to a lower allowance for current expected credit losses, mainly as a result of improved customer credit conditions and collection outcomes.

Moving on to the bottom line. We delivered net income of \$1.1 million in Q1, more than double the net income in the first quarter last year, representing a 2.9% net income margin. This marks our sixth consecutive quarter of GAAP profitability and reflects continued improvement in our operating leverage.

Now turning to cash flow. Operating cash flow was \$5.7 million in Q1, including interest received of \$4.3 million, compared to \$17.6 million in Q1 2025, including interest received of \$17.8 million.

Moving onto balance sheet. We ended Q1 with \$366.1 million in cash, cash equivalents, bank deposits and financial products issued by banks. Net cash outflow in the quarter was mainly due to share repurchase.

During the quarter, we repurchased approximately 12.5 million Class A ordinary shares, or 3.1 million ADSs, representing approximately 3.6% of our outstanding shares at the beginning of the quarter, for approximately \$13.1 million. As of March 31, 2026, we had repurchased approximately 174.7 million Class A ordinary shares, or 43.7 million ADSs, for approximately \$156.2 million under the program, representing 78.1% of our \$200 million share repurchase program. The current share repurchase program will expire at the end of February 2027.

Now turning to guidance. Based on currently available information, we expect total revenues for the second quarter of 2026 to be between \$39.0 million and \$40.0 million, compared to \$34.3 million in the second quarter of 2025, representing year-over-year growth of 13.7% to 16.6%. Notably, even at the low end of this range, we expect to deliver faster revenue growth than we did in the first quarter.

In closing, I want to thank our teams for their focused execution in the first quarter. We beat revenue guidance, and net income more than doubled year over year. Our second quarter outlook also points to a further acceleration in revenue growth. We will continue to invest in AI with discipline, and we are confident that it will become an increasingly important driver of our long-term growth.

Thank you all for joining today's call. Let's open it up for questions.