

Agora, Inc.

2023 Q4 Earnings

February 26, 2024

Disclaimer

Information in this presentation contains forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended. These forward-looking statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current fact included in this presentation are forward-looking statements, including but not limited to statements regarding Agora, Inc.’s financial outlook, beliefs and expectations. Forward-looking statements include statements containing words such as “expect,” “anticipate,” “believe,” “project,” “will” and similar expressions intended to identify forward-looking statements. These forward-looking statements are based on Agora, Inc.’s current expectations and involve risks and uncertainties. Agora, Inc.’s actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to the growth of the RTE-PaaS market; Agora, Inc.’s ability to manage its growth and expand its operations; Agora, Inc.’s ability to attract new developers and convert them into customers; Agora, Inc.’s ability to retain existing customers and expand their usage of Agora, Inc.’s platform and products; Agora, Inc.’s ability to drive popularity of existing use cases and enable new use cases, including through quality enhancements and introduction of new products, features and functionalities; Agora, Inc.’s fluctuating operating results; competition; the effect of broader technological and market trends on Agora, Inc.’s business and prospects; general economic conditions and their impact on customer and end-user demand; and other risks and uncertainties included under the caption “Risk Factors” and elsewhere in our filings with the Securities and Exchange Commission (the “SEC”), including, without limitation, the final prospectus related to the IPO filed with the SEC on June 26, 2020. Our SEC filings are available on our Investor Relations website at investor.agora.io and on the SEC’s website at www.sec.gov. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements, which speak only as of the date hereof. If this presentation is reviewed after the date hereof, even if made available by us, on our website or otherwise, it may not contain current or accurate information. We disclaim any obligation to update or revise any forward-looking statement based on new information, future events or otherwise. All forward-looking statements are qualified in their entirety by this cautionary statement, and Agora, Inc. undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date hereof.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including non-GAAP net income (loss), adjusted EBITDA and free cash flow. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures used by Agora, Inc. may differ from the non-GAAP financial measures used by other companies. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP financial measures and should be read only in conjunction with Agora, Inc.’s consolidated financial statements prepared in accordance with U.S. GAAP. Please see the appendices attached to this presentation for an explanation of management’s use of these measures and a reconciliation of the most directly comparable U.S. GAAP financial measures.

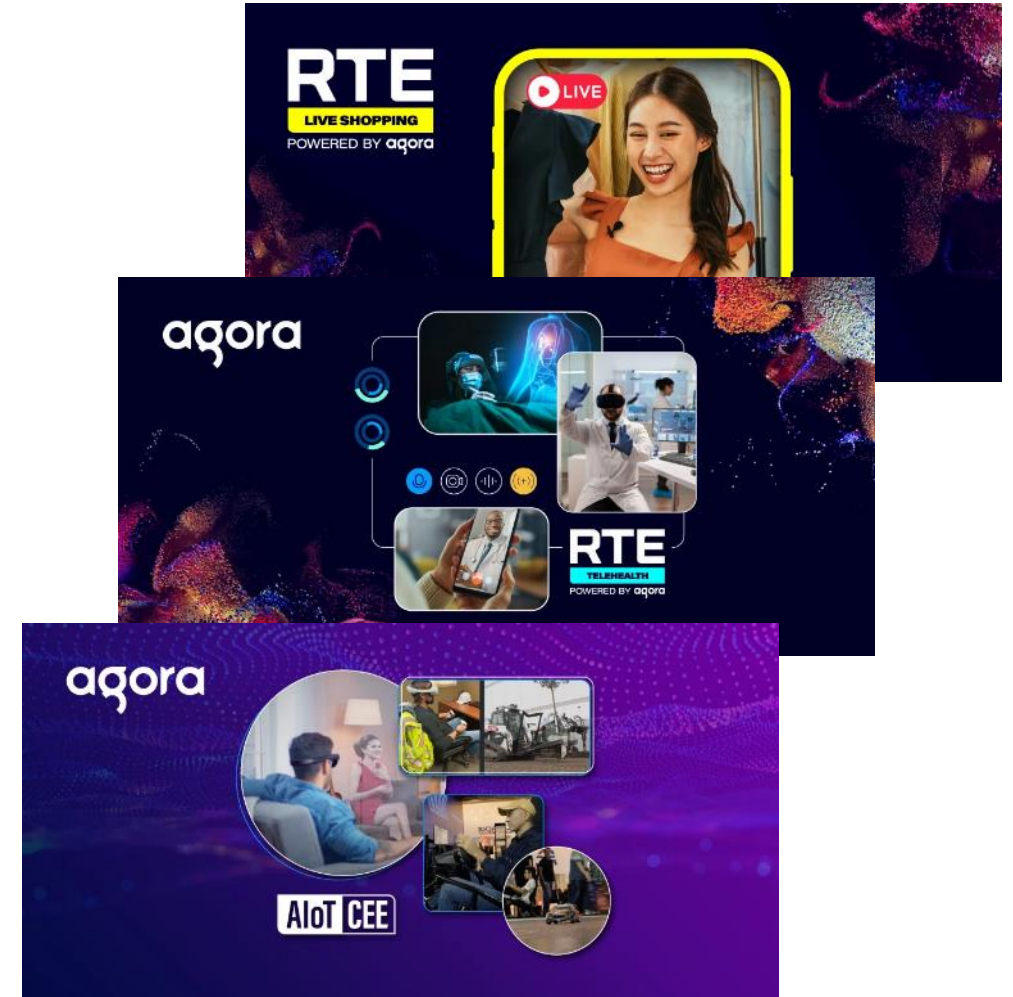
Unless otherwise indicated, all references in this presentation to the “Company,” “we,” “our,” “us” or similar terms refer to Agora, Inc. and its subsidiaries, and “Agora” refers to the U.S. and international businesses and “Shengwang” refers to the China business.

Business Highlights

Business Update - Agora

Vertical RTE Webinar Series

- Agora held a series of Webinar to discuss how RTE transforms various industries with the help of artificial intelligence and AR/VR
 - Live Shopping
 - Telehealth
 - Internet of Things



Business Update - Agora

New Version of Signaling Product Released

- Provides **real-time data synchronization** and **low-latency event notifications** between devices and servers
- New features include unlimited number of users per channel, better synchronization, storage and managing conflicting messages
- Use cases include real-time bidding in **live shopping**, virtual gifting in **livestreaming**, status synchronization in online **games**, live polling in **education**, and remote command of **IoT** devices, etc.



Business Update - Agora

Twilio Announced End of Life of Programmable Video Product

- Twilio [announced](#) the end of life of its Programmable Video product in 12 months
- We have published [a series of blogs](#) covering guidance and best practices for migrating from Twilio to Agora across major operating systems and developer platform
- Additionally, we are offering **up to 2 months free** to customers who switch from Twilio



Business Update - Shengwang

Opportunities Brought by Apple Vision Pro

- Our RTE SDK is now fully compatible with and optimized for **Apple Vision Pro**
- We have enabled many customers to launch applications in the Vision Pro App Store
- Apple Vision Pro is expected to open up the possibility for **hologram video** content consumption and interaction. Our network well suited to power such content and interaction



Business Update - Shengwang

Introduce Mini Games on Extensions Marketplace

- Partner with leading mini game developers as vendors in our extensions marketplace
- Allow customers to choose popular mini games and easily overlay on video livestreaming
- Customers can benefit with **increased user participation, longer session durations,** and **more monetization opportunities**



Business Update - Shengwang

Launch of Virtual Soundcard

- Simulates key components of a professional hardware soundcard, such as exciter, compressor, equalizer and reverberator, to **process end users' voice in real-time**
- Voice enhancement and modification could be **easily done on end users' cellphone** instead of computer with professional soundcard



Voice
Modification
Settings

音效设置

分享房间

麦克风设置

举报房间

退出房间

取消



音效设置

基础设置

耳返 (需连接耳机)

耳返音量

AI降噪

虚拟声卡 (佩戴耳机使用, 建议声卡用户不要开启)

输入设备

iPhone Microphone

音效预设



Original

Tender

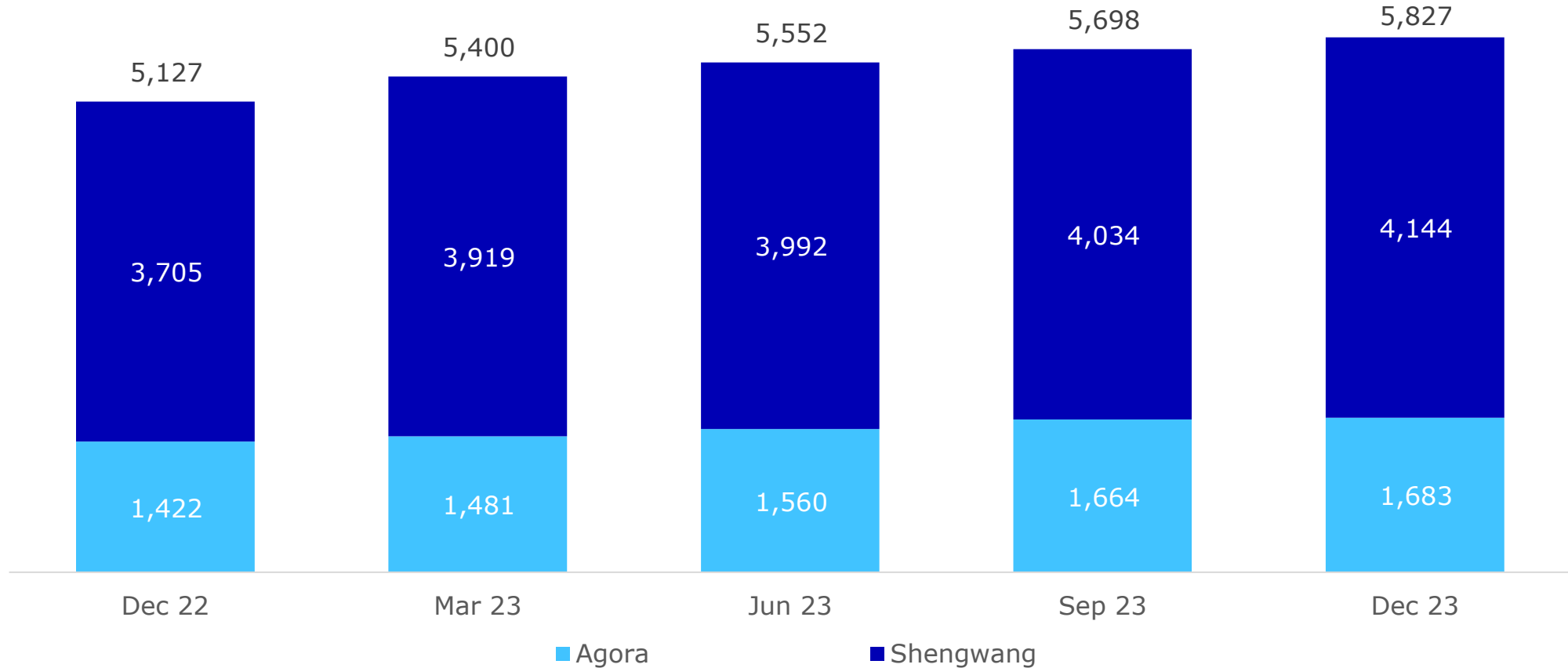
Upbeat

Delightful

2023 Q4 Financial Update

A Growing Customer Base

ACTIVE CUSTOMERS ⁽¹⁾⁽²⁾



Notes:

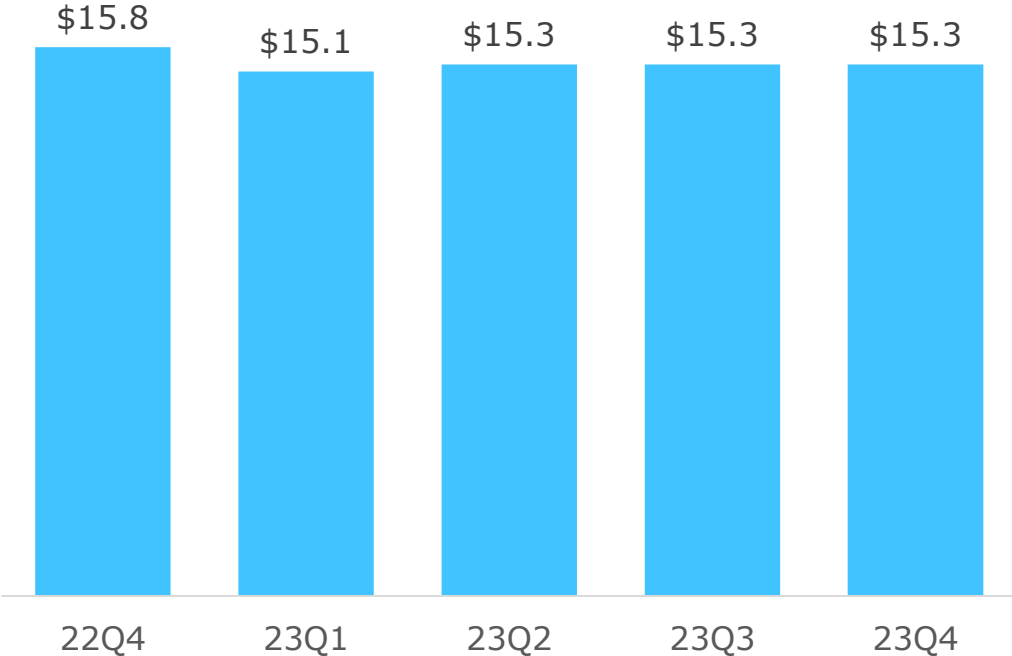
(1) An active customer at the end of the period is an organization or individual developer from which we generated more than US\$100 of revenue during the preceding 12 months, based on unique customer account identifiers.

(2) The numbers for Shengwang excluded the divested Easemob customer engagement cloud business.

Revenues by Division

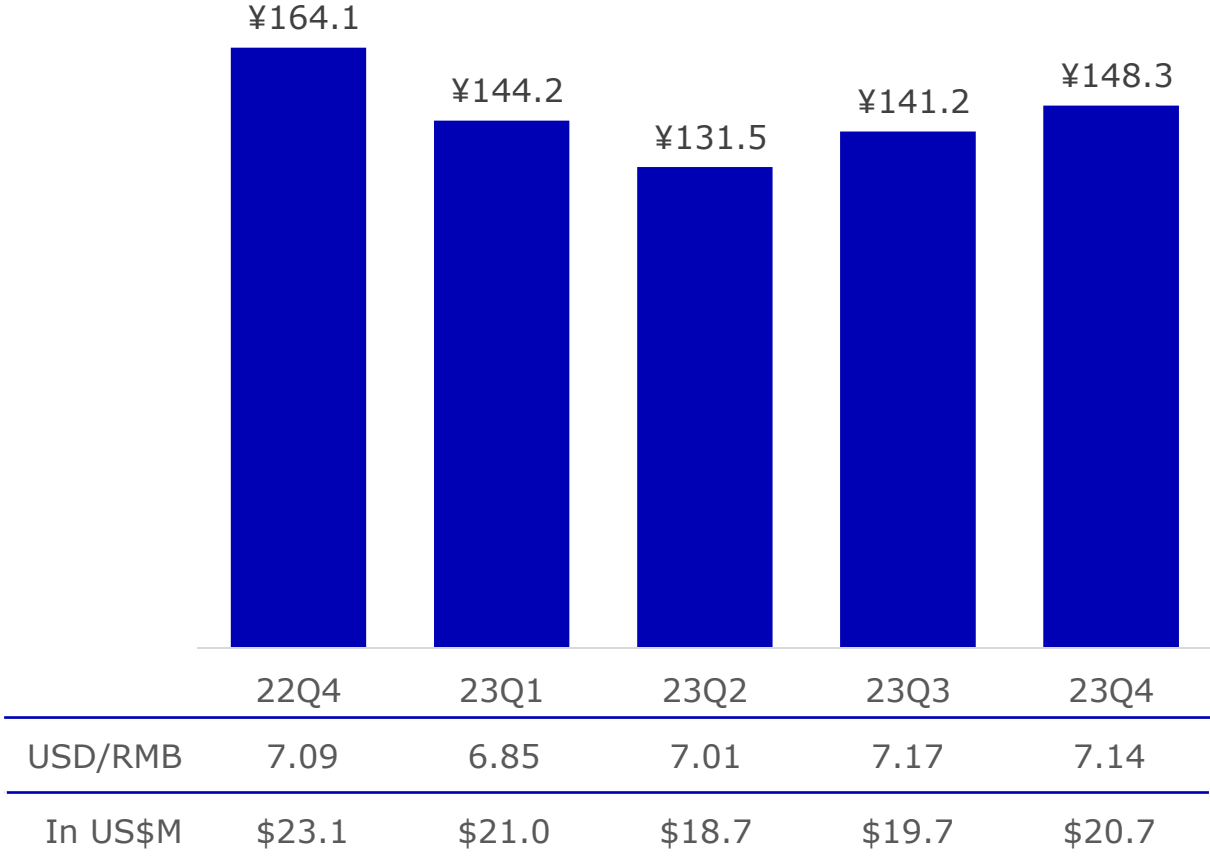
AGORA REVENUES

in US\$M



SHENGWANG REVENUES ⁽¹⁾

in RMB Millions



Notes:

1. Shengwang revenues excluded contribution from the divested Easemob customer engagement cloud business

Net Retention Rate

DOLLAR-BASED NET RETENTION RATE ⁽¹⁾⁽²⁾

	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23
Agora	>130%	>130%	>130%	>130%	>130%	130%	108%	98%	93%
Shengwang	84%	91%	98%	96%	96%	92%	91%	89%	82%

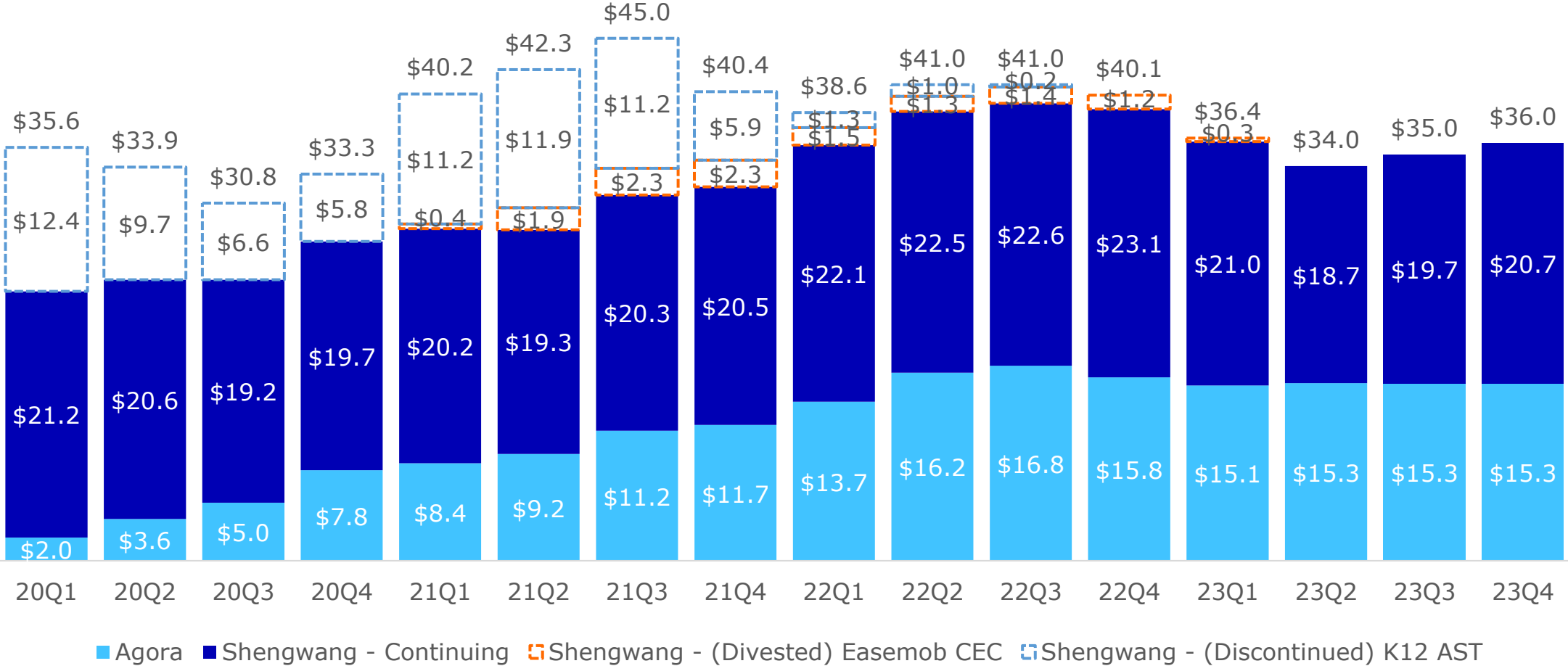
Notes:

1. We calculate Dollar-Based Net Retention Rate for a trailing 12-month period by first identifying all customers in the prior 12-month period, and then calculating the quotient from dividing the revenue generated from such customers in the trailing 12-month period by the revenue generated from the same group of customers in the prior 12-month period.

Agora, Inc. 2. The numbers for Shengwang excluded revenues from the K12 academic tutoring sector the divested Easemob customer engagement cloud business.

Group Revenues

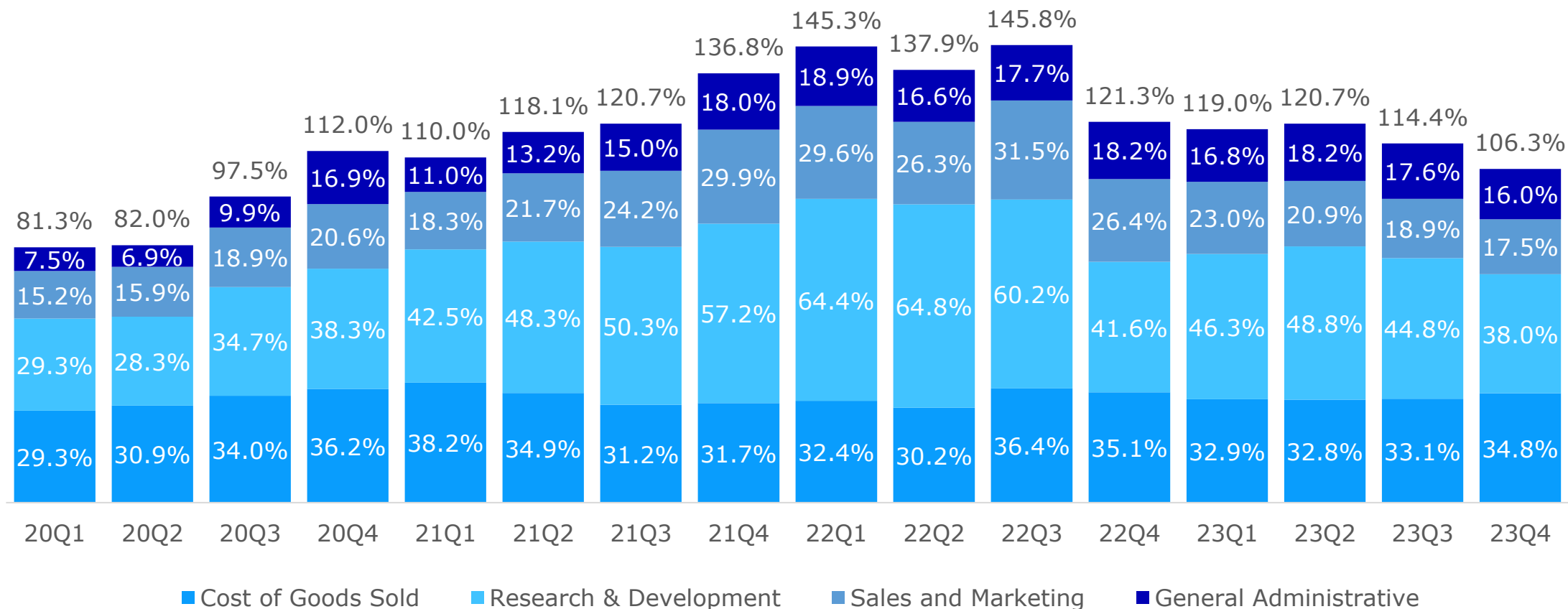
TOTAL REVENUES
in US\$M



Costs, Expenses and Margins

ADJUSTED COST OF GOODS SOLD AND OPERATING EXPENSES⁽¹⁾

as % of Total Revenues

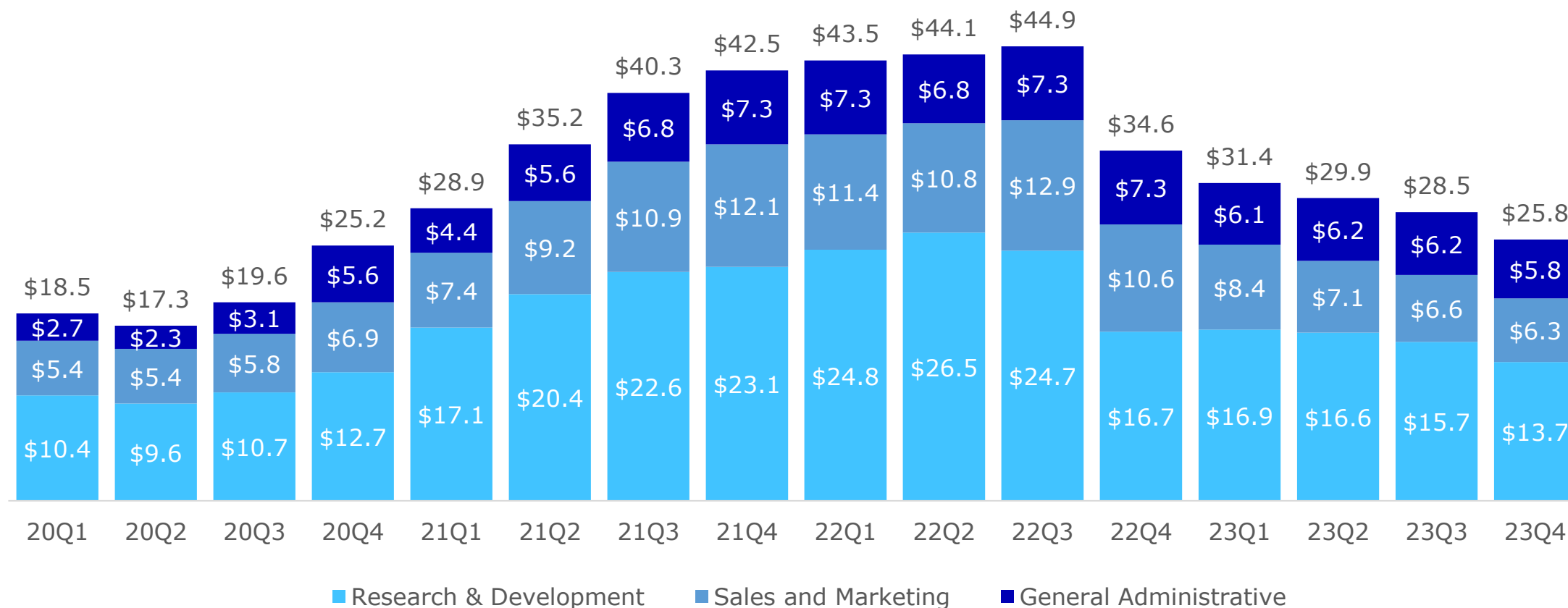


Notes:

1. We define Adjusted Cost of Goods Sold and Operating Expenses to exclude share-based compensation expenses, acquisition related expenses, financing related expenses, amortization expenses of acquired intangible assets, income tax related to acquired intangible assets, impairment of goodwill, depreciation of property and equipment and amortization of land use right.

Effective Expense Control

ADJUSTED OPERATING EXPENSES⁽¹⁾ in US\$M

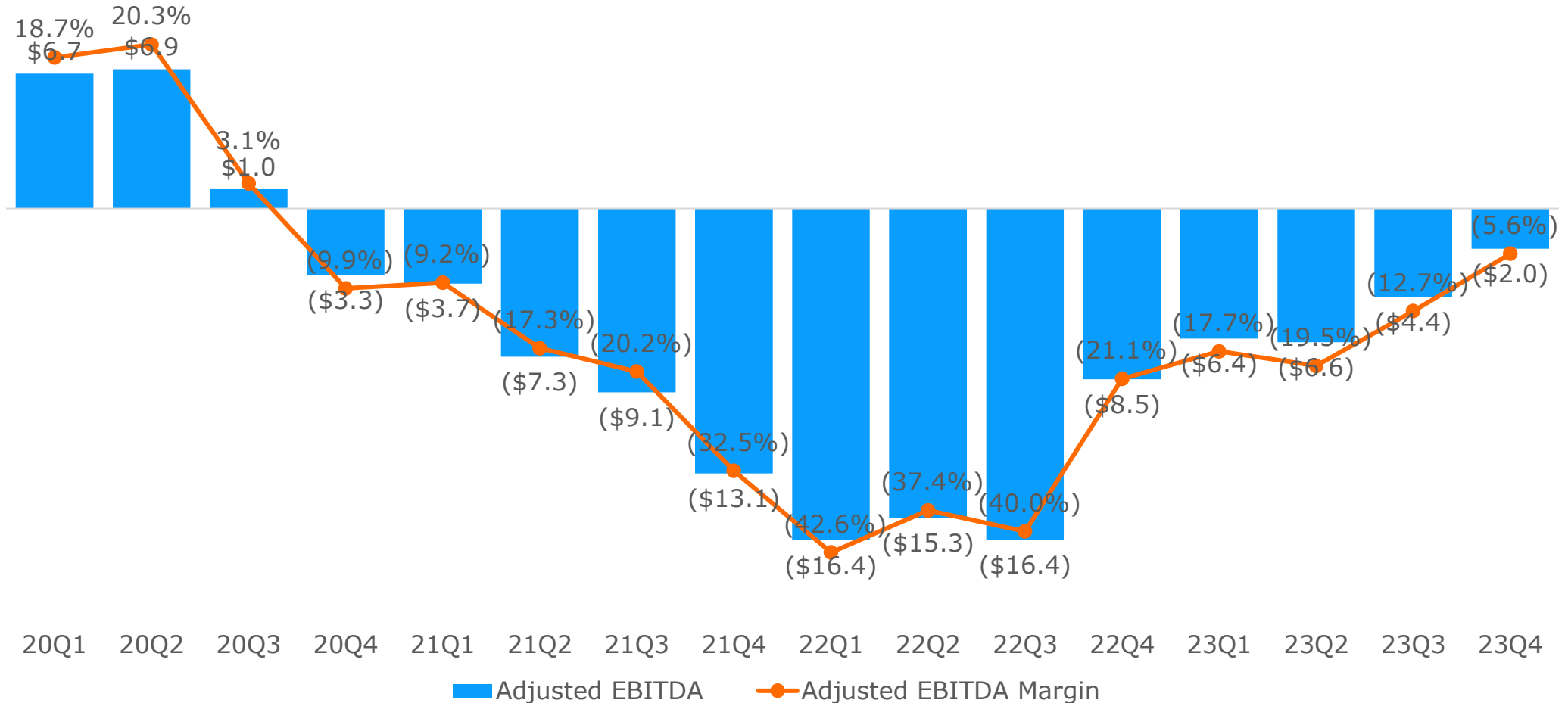


Notes:

1. We define Adjusted Operating Expenses to exclude share-based compensation expenses, acquisition related expenses, financing related expenses, amortization expenses of acquired intangible assets, income tax related to acquired intangible assets, impairment of goodwill, depreciation of property and equipment and amortization of land use right.

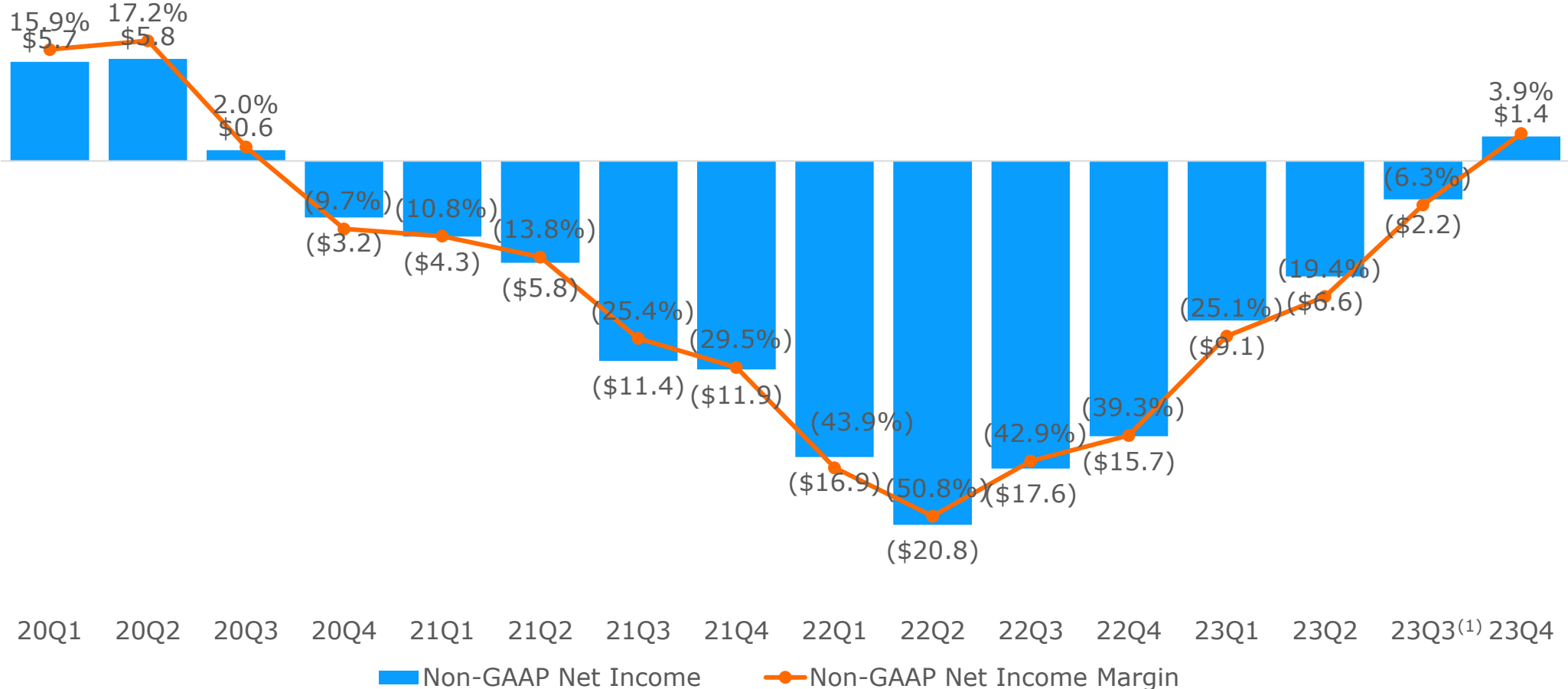
Adjusted EBITDA and Margin

ADJUSTED EBITDA
in US\$M



Non-GAAP Net Income and Margin

Non-GAAP Net Income
in US\$M



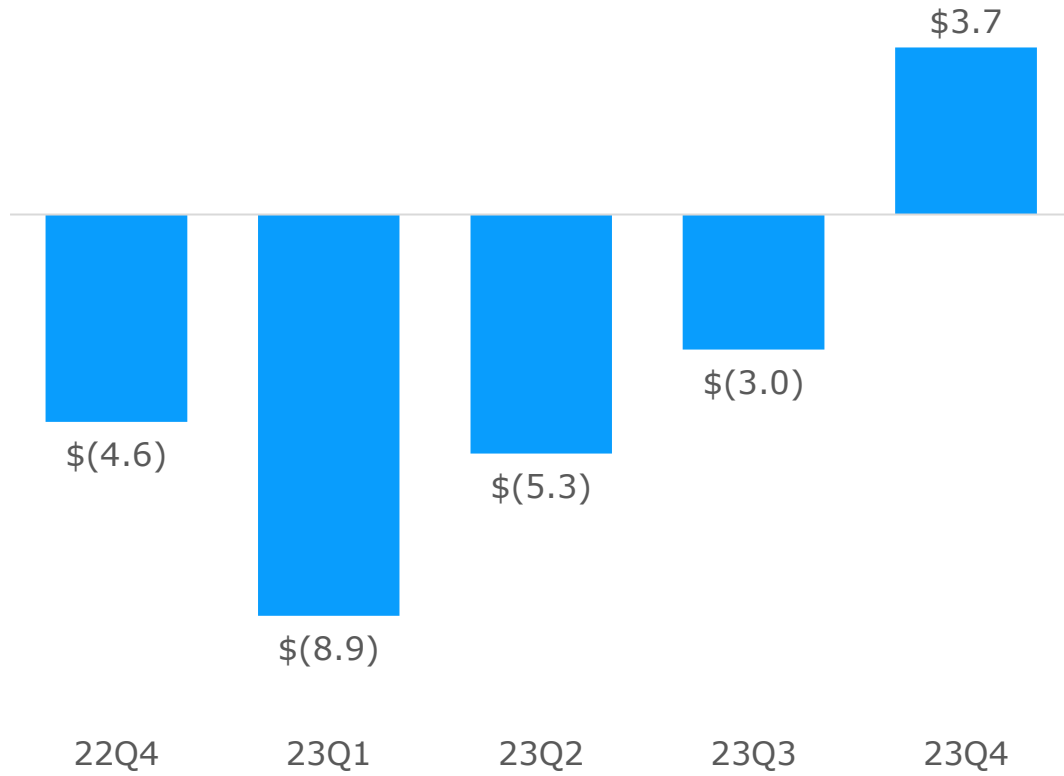
Notes:

1. Excluded Investment Loss of \$13.4M in Q3 2023

Cash Flow

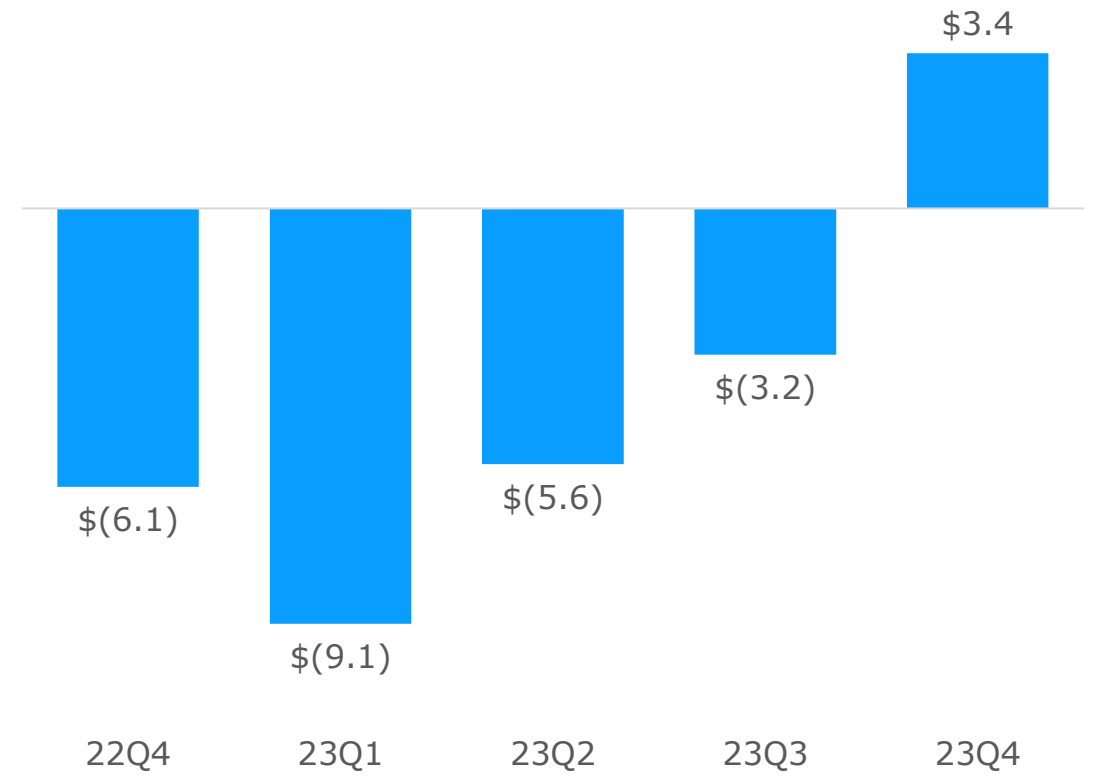
OPERATING CASH FLOW

in US\$M



FREE CASH FLOW

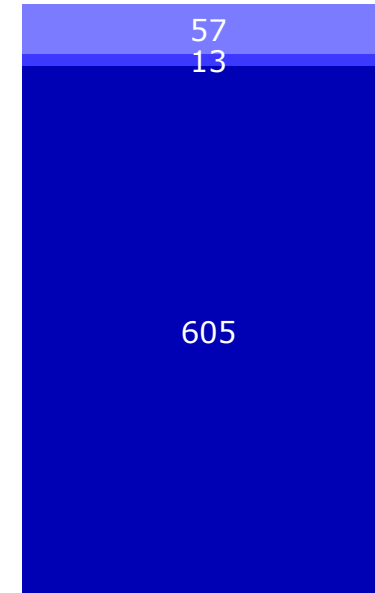
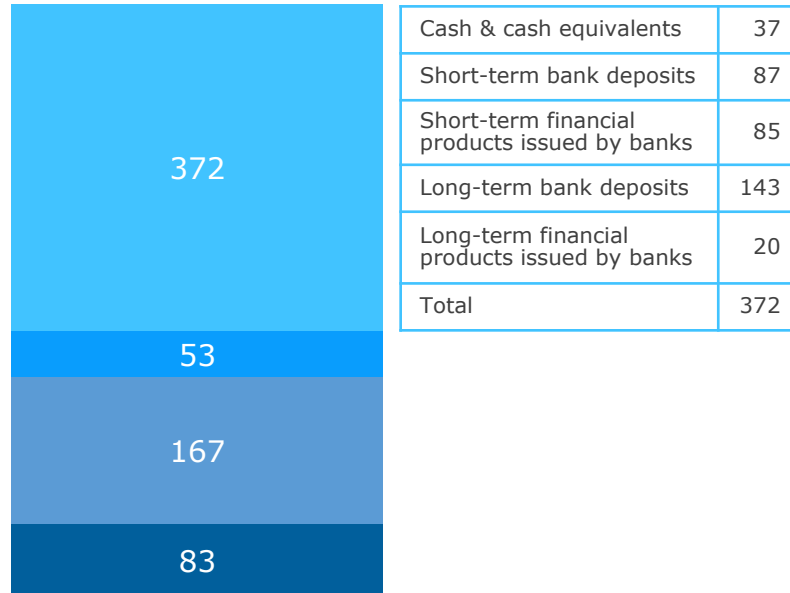
in US\$M



Balance Sheet

BALANCE SHEETS SNAPSHOT AS OF DECEMBER 31, 2023

in US\$M



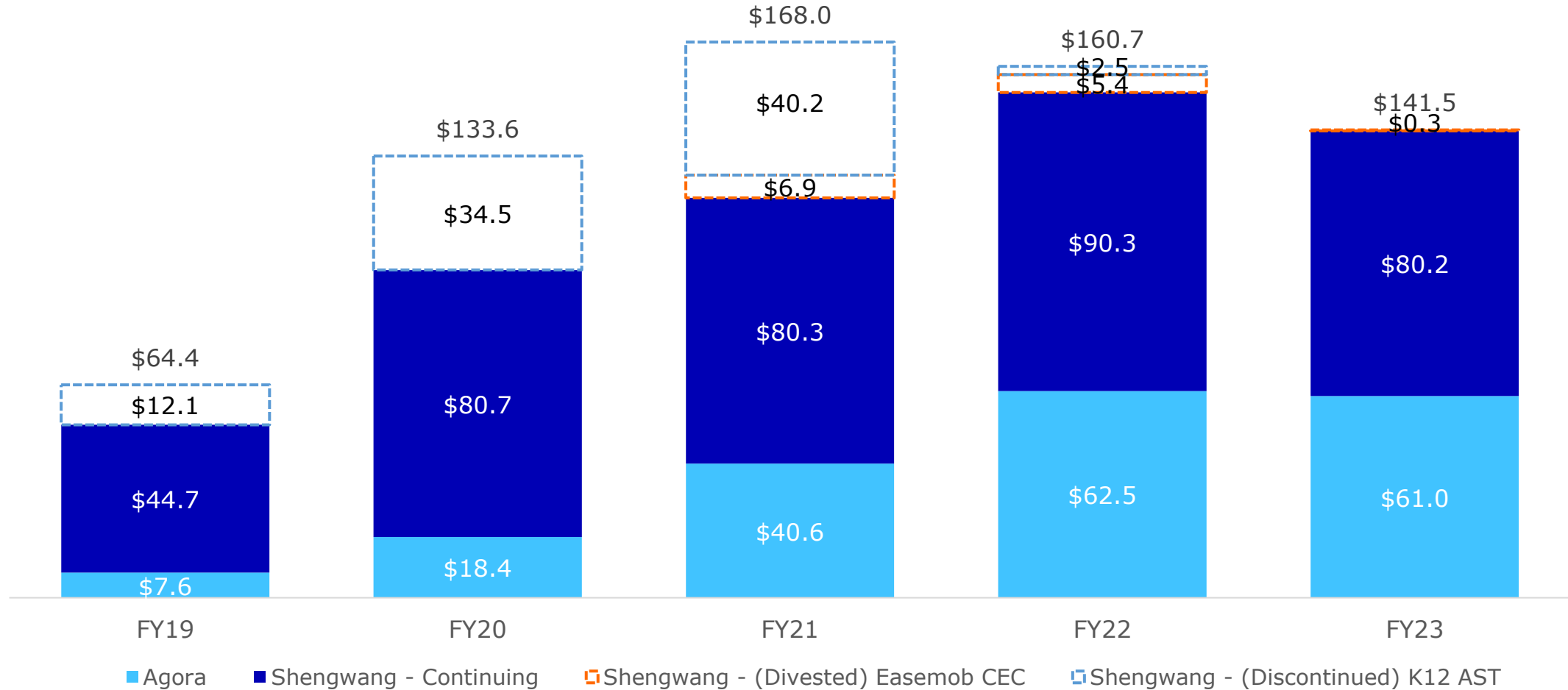
- Cash, cash equivalent, bank deposits and financial products issued by banks
- Other current assets
- Land use right
- Other non-current assets

- Current liabilities
- Non-current liabilities
- Total equity

FY2023 Financial Highlights

Group Revenues

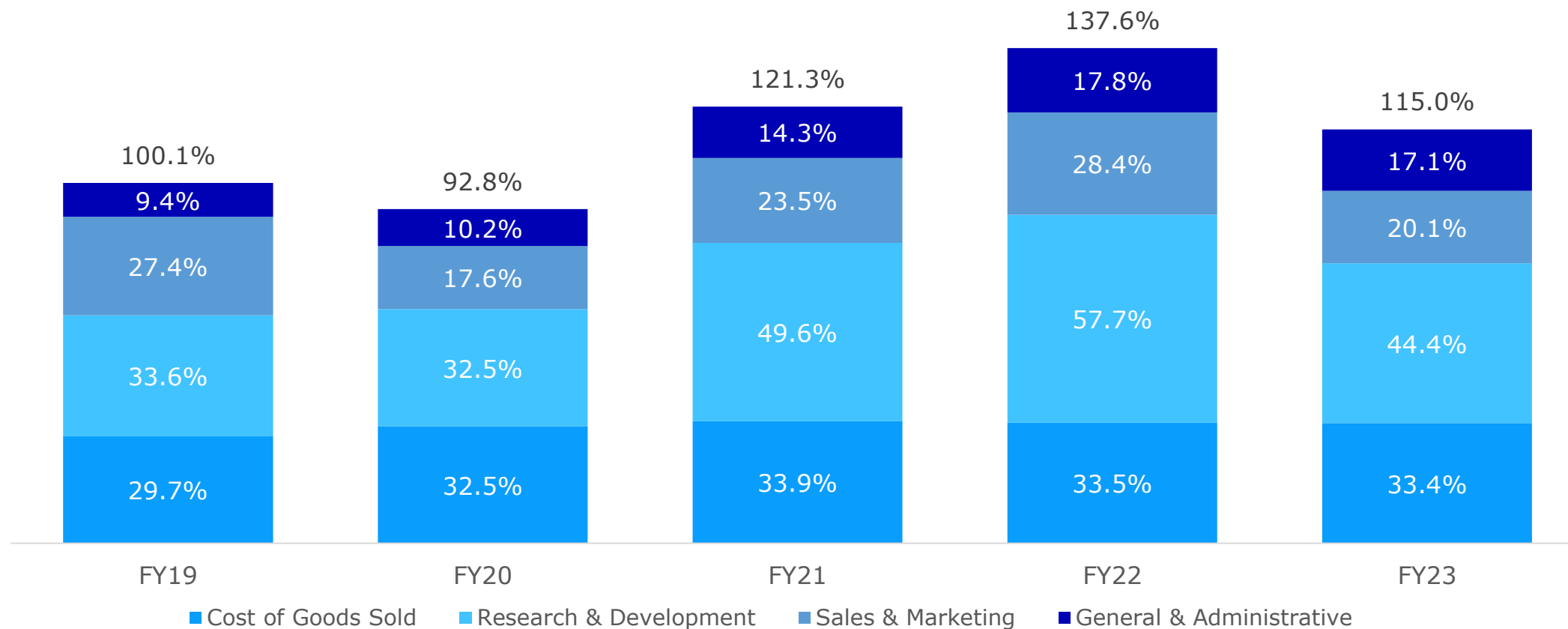
TOTAL REVENUES
in US\$M



Costs, Expenses and Margins

ADJUSTED COST OF GOODS SOLD AND OPERATING EXPENSES⁽¹⁾

as % of Total Revenues



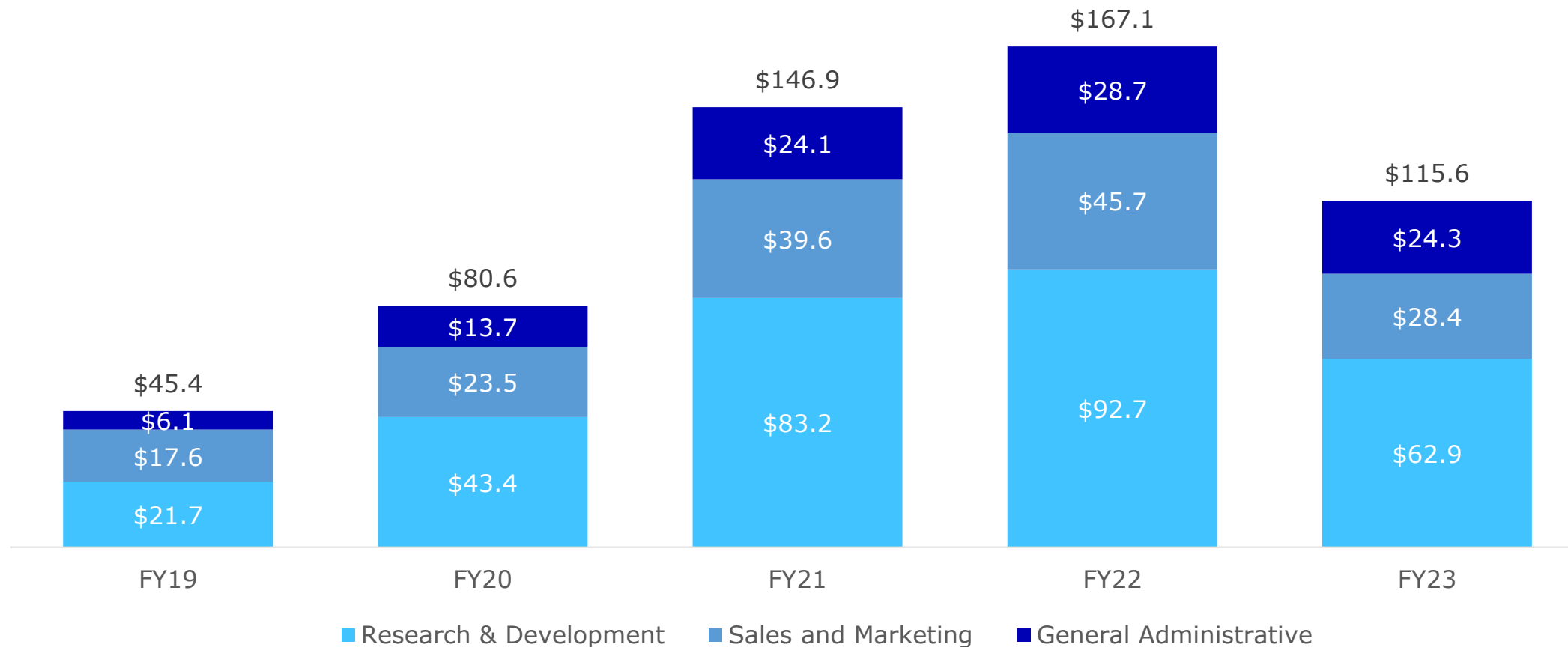
Notes:

1. We define Adjusted Cost of Goods Sold and Operating Expenses to exclude share-based compensation expenses, acquisition related expenses, financing related expenses, amortization expenses of acquired intangible assets, income tax related to acquired intangible assets, impairment of goodwill, depreciation of property and equipment and amortization of land use right.

Effective Expense Control

ADJUSTED OPERATING EXPENSES⁽¹⁾

in US\$M

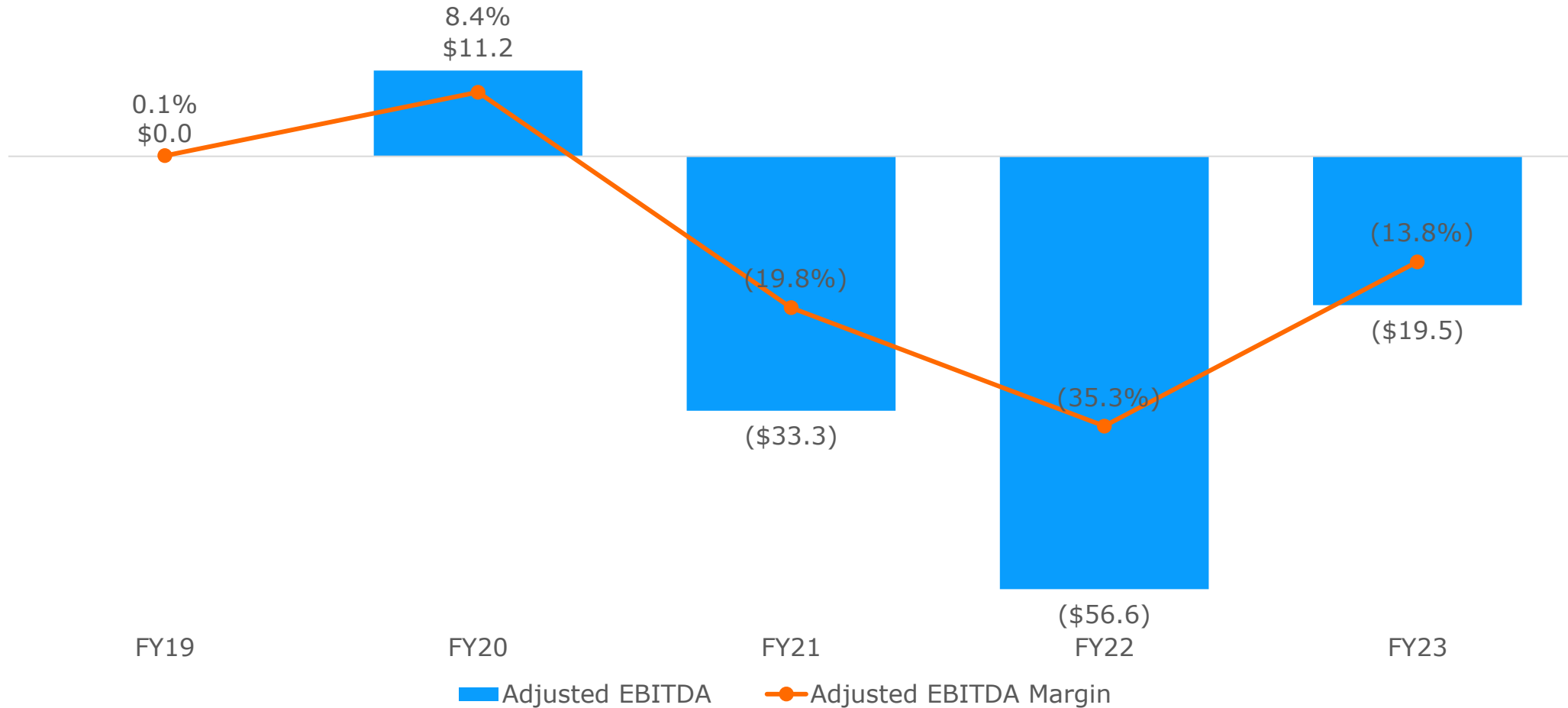


Notes:

1. We define Adjusted Cost of Goods Sold and Operating Expenses to exclude share-based compensation expenses, acquisition related expenses, financing related expenses, amortization expenses of acquired intangible assets, income tax related to acquired intangible assets, impairment of goodwill, depreciation of property and equipment and amortization of land use right.

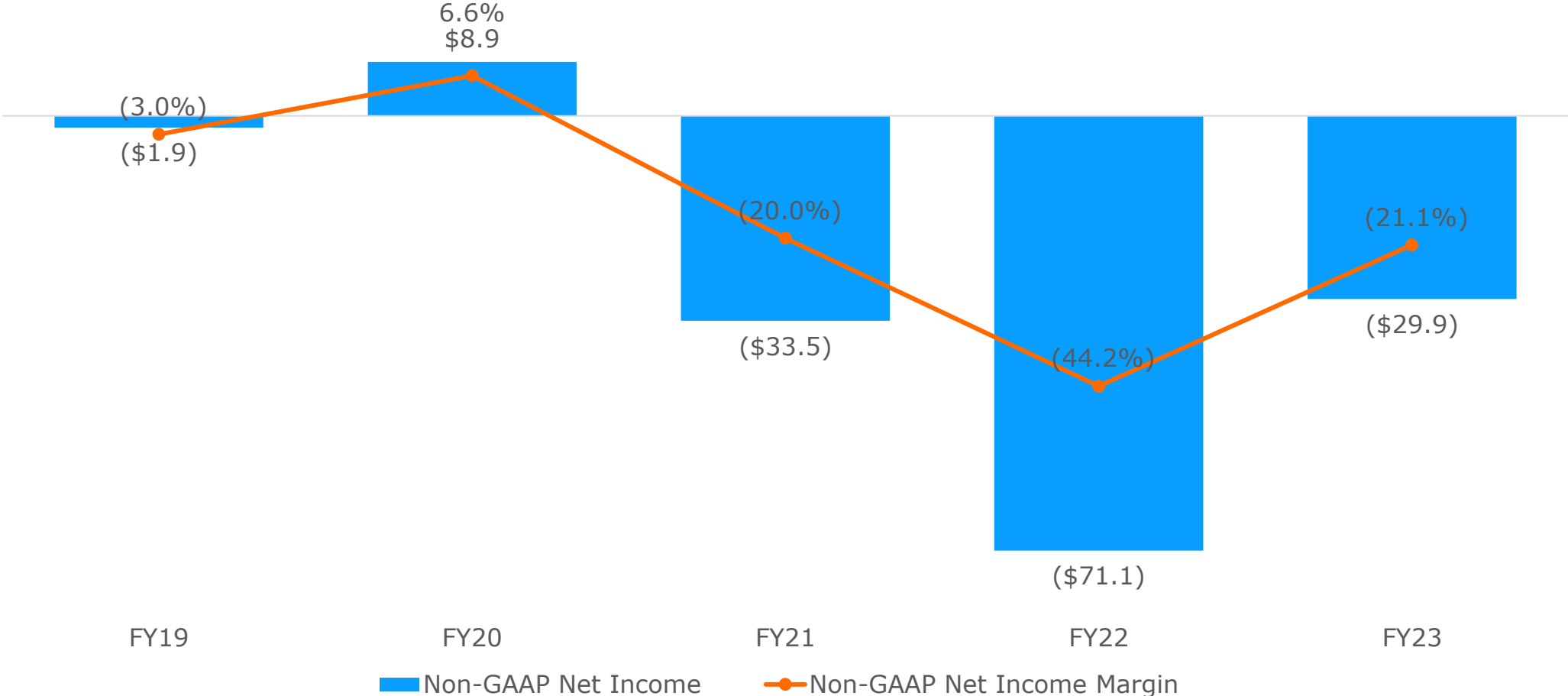
Adjusted EBITDA and Margin

ADJUSTED EBITDA
in US\$M



Non-GAAP Net Income and Margin

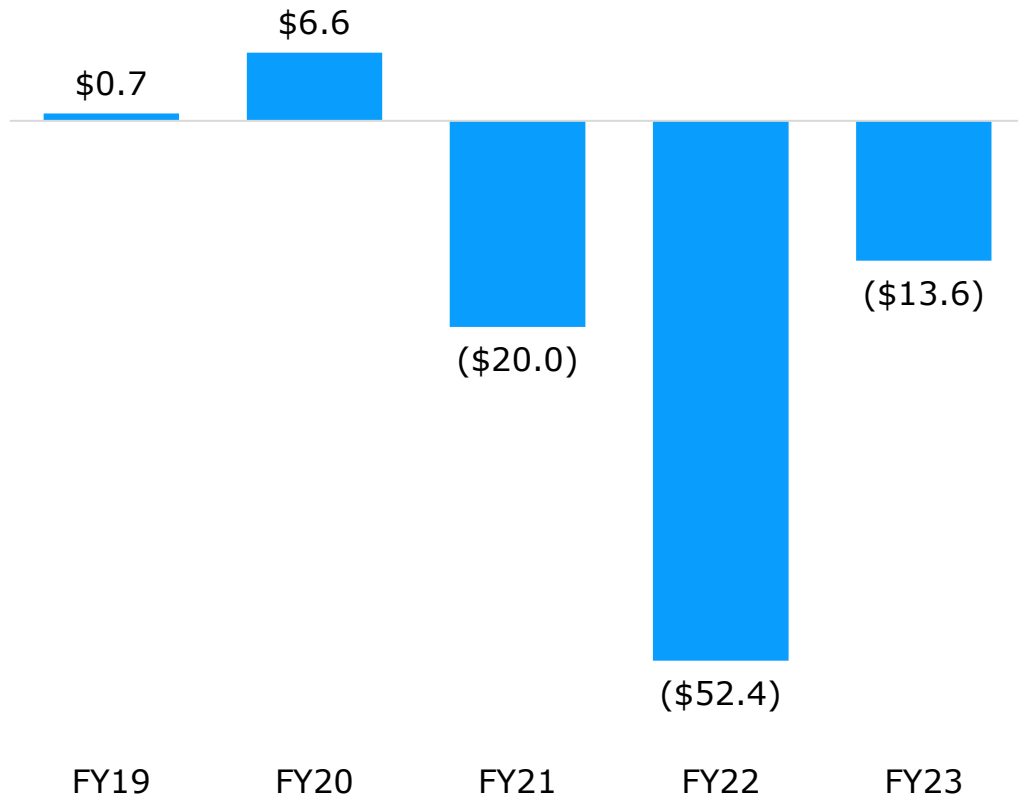
Non-GAAP Net Income
in US\$M



Cash Flow

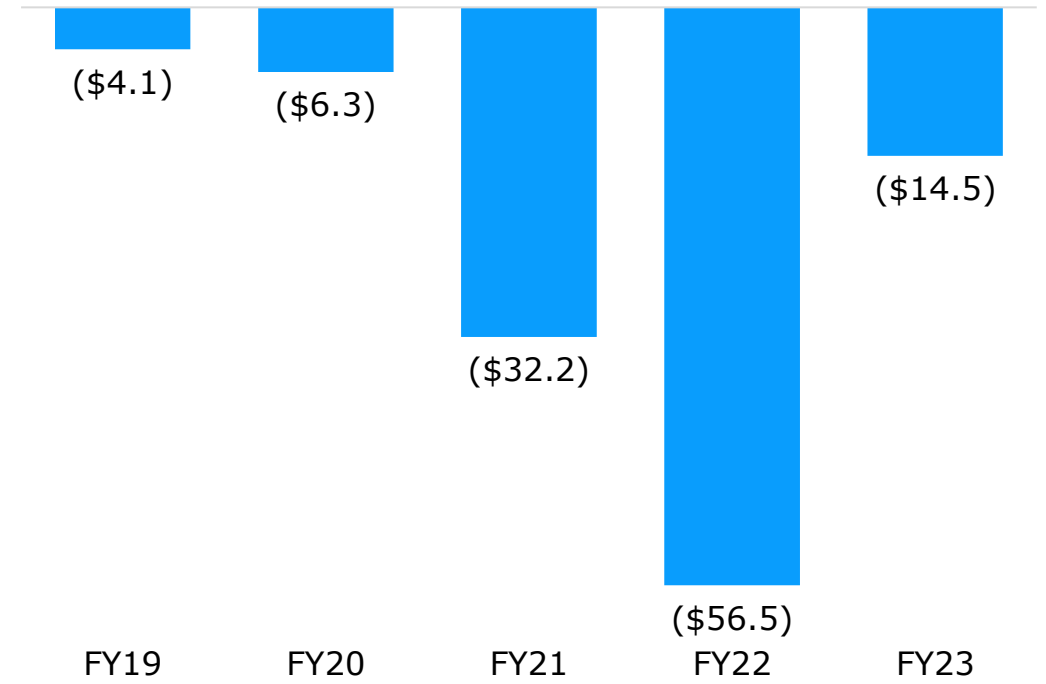
OPERATING CASH FLOW

in US\$M



FREE CASH FLOW

in US\$M



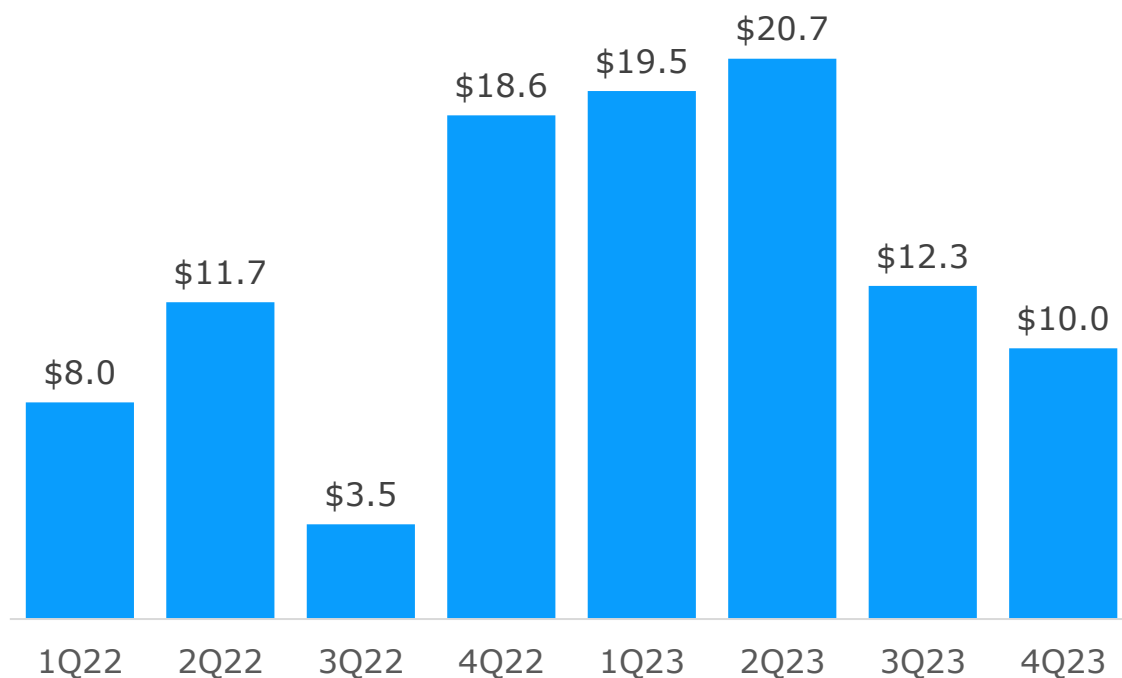
Share Repurchase Program

As of December 31, 2023, we repurchased 28.5 million ADSs⁽¹⁾ for approximately US\$104.3 million, representing 52% of the US\$200 million share repurchase program.

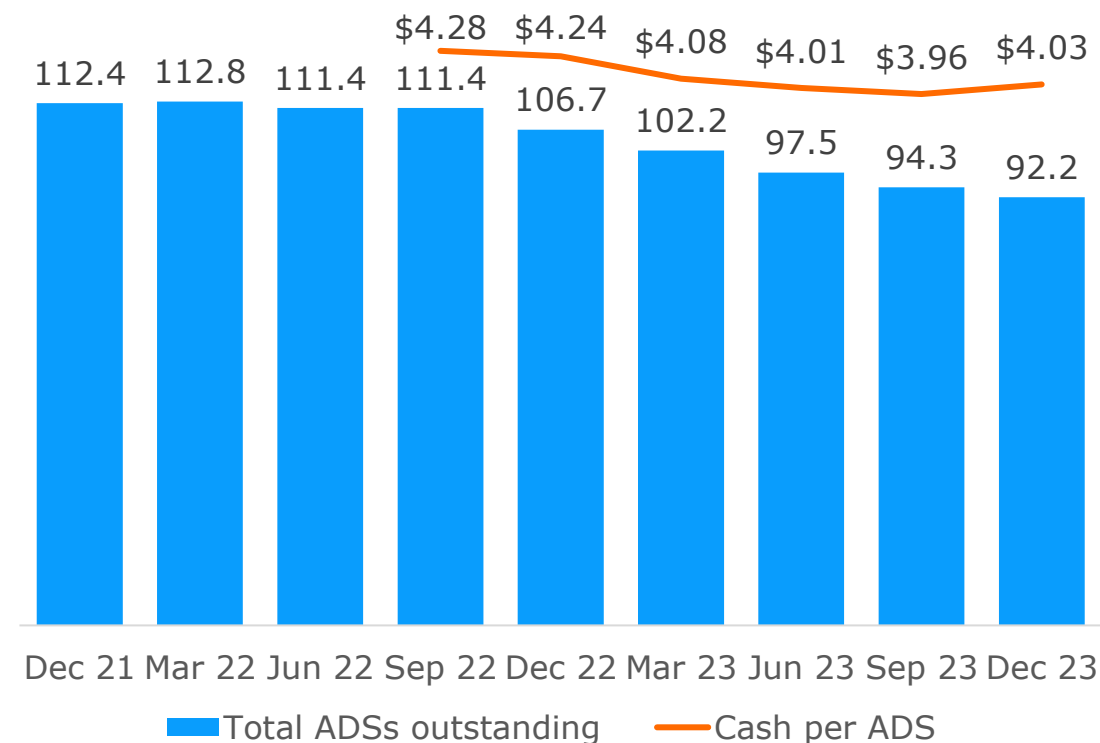
The board has authorized an extension of the US\$200 million share repurchase program through February 28, 2025.

Amount of ADSs repurchased

in US\$M



Total ADSs outstanding⁽²⁾ and Cash⁽³⁾ per ADS



Notes:

1. Number in American Depositary Shares (ADSs). One ADS represents four Class A ordinary shares.
2. Total ADSs outstanding at period end in million
3. Including cash, cash equivalents, bank deposits and financial products issued by banks

Appendix

GAAP to Adjusted Financial Measures Reconciliation

Gross Margin (US\$000's)	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4
Total Revenues	40,386	38,585	40,979	40,988	40,118	36,443	34,038	35,016	36,041
GAAP Gross Profit	25,427	24,074	26,609	24,349	24,391	22,846	21,536	22,422	22,671
(+) Share-based Compensation	423	246	349	165	146	217	230	129	46
Non-GAAP Gross Profit	25,850	24,320	26,958	24,514	24,537	23,063	21,766	22,551	22,717
(+) Depreciation of Property and Equipment	1,732	1,756	1,657	1,564	1,512	1,377	1,118	886	784
Adjusted Gross Profit	27,582	26,076	28,615	26,078	26,049	24,440	22,884	23,437	23,501
Adjusted Gross Margin	68.3%	67.6%	69.8%	63.6%	64.9%	67.1%	67.2%	66.9%	65.2%
Research & Development Expenses (US\$000's)									
GAAP Research & Development	28,779	31,034	32,442	29,771	21,255	21,031	20,286	20,040	16,310
(-) Share-based Compensation	(4,684)	(5,353)	(4,839)	(4,150)	(3,713)	(3,543)	(3,356)	(3,769)	(2,027)
(-) Acquisition Related Expenses	(425)	(156)	(357)	(236)	(179)	44	368	(13)	(8)
(-) Amortization Expense of Acquired Intangible Assets	(198)	(198)	(198)	(198)	(198)	(118)	(118)	(118)	(118)
Non-GAAP Research & Development	23,472	25,327	27,048	25,187	17,165	17,414	17,180	16,140	14,157
(-) Depreciation of Property and Equipment	(375)	(489)	(503)	(494)	(462)	(526)	(560)	(439)	(463)
Adjusted Research & Development	23,097	24,838	26,545	24,693	16,703	16,888	16,620	15,701	13,694
As % of Total Revenues	57.2%	64.4%	64.8%	60.2%	41.6%	46.3%	48.8%	44.8%	38.0%

GAAP to Adjusted Financial Measures Reconciliation

Sales & Marketing Expenses (US\$000's)	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4
GAAP Sales & Marketing	13,798	13,856	13,117	14,607	12,189	10,476	8,638	7,789	7,055
(-) Share-based Compensation	(1,240)	(1,947)	(1,859)	(1,244)	(1,090)	(1,733)	(1,172)	(800)	(440)
(-) Amortization Expense of Acquired Intangible Assets	(348)	(348)	(348)	(348)	(348)	(217)	(217)	(217)	(217)
Non-GAAP Sales and Marketing	12,210	11,561	10,910	13,015	10,751	8,526	7,249	6,772	6,398
(-) Depreciation of Property and Equipment	(139)	(135)	(127)	(124)	(141)	(150)	(134)	(142)	(105)
Adjusted Sales and Marketing	12,071	11,426	10,783	12,891	10,610	8,376	7,115	6,630	6,293
As % of Total Revenues	29.9%	29.6%	26.3%	31.5%	26.4%	23.0%	20.9%	18.9%	17.5%
General & Administrative Expenses (US\$000's)									
GAAP General & Administrative	9,338	9,230	8,952	11,257	9,232	8,809	9,221	9,070	7,876
(-) Share-based Compensation	(2,005)	(1,835)	(1,986)	(1,671)	(1,770)	(1,931)	(2,077)	(1,945)	(1,197)
(-) Amortization Expense of Acquired Intangible Assets	(11)	(11)	(11)	(11)	(11)	(10)	(11)	(11)	(10)
(-) Financing Related Expenses	-	-	-	(2,166)	-	-	-	-	-
Non-GAAP General & Administrative	7,322	7,384	6,955	7,409	7,451	6,868	7,133	7,114	6,669
(-) Depreciation of Property and Equipment	(57)	(93)	(137)	(152)	(151)	(161)	(96)	(90)	(64)
(-) Amortization of Land Use Right	-	-	-	-	-	(593)	(869)	(850)	(853)
Adjusted General & Administrative	7,265	7,291	6,818	7,257	7,300	6,114	6,168	6,174	5,752
As % of Total Revenues	18.0%	18.9%	16.6%	17.7%	18.2%	16.8%	18.1%	17.6%	16.0%

Adjusted EBITDA Reconciliation

Adjusted EBITDA (US\$000's)	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4
Total Revenues	40,386	38,585	40,979	40,988	40,118	36,443	34,038	35,016	36,041
Adjusted Gross Profit	27,582	26,076	28,615	26,078	26,049	24,440	22,884	23,437	23,501
Adjusted Research & Development	(23,097)	(24,838)	(26,545)	(24,693)	(16,703)	(16,888)	(16,620)	(15,701)	(13,694)
Adjusted Sales and Marketing	(12,071)	(11,426)	(10,783)	(12,891)	(10,610)	(8,376)	(7,115)	(6,630)	(6,293)
Adjusted General & Administrative	(7,265)	(7,291)	(6,818)	(7,257)	(7,300)	(6,114)	(6,168)	(6,174)	(5,752)
Other Operating Income	1,727	1,037	189	2,364	103	496	398	620	214
Adjusted EBITDA	(13,124)	(16,442)	(15,342)	(16,399)	(8,461)	(6,442)	(6,621)	(4,448)	(2,024)
Adjusted EBITDA Margin	(32.5%)	(42.6%)	(37.4%)	(40.0%)	(21.1%)	(17.7%)	(19.5%)	(12.7%)	(5.6%)
Free Cash Flow (US\$000's)									
Cash Flow from Operations	5,050	(15,861)	(23,797)	(8,833)	(4,640)	(8,928)	(5,330)	(3,033)	3,680
(-) Purchases of PPE	(2,131)	(1,172)	(450)	(1,085)	(1,416)	(185)	(265)	(206)	(268)
Free Cash Flow	2,919	(17,033)	(24,247)	(9,918)	(6,056)	(9,113)	(5,595)	(3,239)	3,412

GAAP to Non-GAAP Reconciliation

Net Income(Loss) Margin (US\$000's)	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4
Total Revenues	40,386	38,585	40,979	40,988	40,118	36,443	34,038	35,016	36,041
GAAP Net Loss	(21,175)	(26,944)	(30,678)	(27,699)	(35,059)	(16,802)	(45,293)	(22,513)	(2,611)
(+) Share-based Compensation	8,352	9,381	9,033	7,230	6,719	7,424	6,835	6,643	3,710
(+) Acquisition Related Expenses	425	156	357	236	179	(44)	(369)	13	8
(+) Amortization Expense of Acquired Intangible Assets	556	556	556	556	556	345	345	345	345
(-) Income Tax Related to Acquired Intangible Assets	(84)	(84)	(84)	(84)	(84)	(53)	(53)	(53)	(53)
(+) Financing Related Expenses	-	-	-	2,166	-	-	-	-	-
(+) Impairment of Goodwill	-	-	-	-	11,941	-	31,928	-	-
Non-GAAP Net Income(Loss)	(11,926)	(16,935)	(20,816)	(17,595)	(15,748)	(9,130)	(6,607)	(15,565)	1,399
Non-GAAP Net Income(Loss) Margin	(29.5%)	(43.9%)	(50.8%)	(42.9%)	(39.3%)	(25.1%)	(19.4%)	(44.5%)	3.9%

GAAP to Adjusted Financial Measures Reconciliation

Gross Margin (US\$000's)	FY19	FY20	FY21	FY22	FY23
Total Revenues	64,428	133,564	167,982	160,670	141,538
GAAP Gross Profit	44,011	86,365	104,007	99,423	89,475
(+) Share-based Compensation	80	357	879	906	621
Non-GAAP Gross Profit	44,091	86,722	104,886	100,329	90,096
(+) Depreciation of Property and Equipment	1,189	3,415	6,118	6,489	4,165
Adjusted Gross Profit	45,280	90,137	111,004	106,818	94,261
Adjusted Gross Margin	70.3%	67.5%	66.1%	66.5%	66.6%
Research & Development Expenses (US\$000's)					
GAAP Research & Development	23,623	49,494	110,666	114,502	77,666
(-) Share-based Compensation	(1,473)	(5,312)	(19,737)	(18,055)	(12,696)
(-) Acquisition Related Expenses	-	-	(5,613)	(928)	392
(-) Amortization Expense of Acquired Intangible Assets	-	-	(659)	(792)	(472)
Non-GAAP Research & Development	22,150	44,182	84,657	94,727	64,890
(-) Depreciation of Property and Equipment	(489)	(746)	(1,397)	(1,943)	(1,999)
Adjusted Research & Development	21,661	43,436	83,260	92,784	62,891
As % of Total Revenues	33.6%	32.5%	49.6%	57.7%	44.4%

GAAP to Adjusted Financial Measures Reconciliation

Sales & Marketing Expenses (US\$000's)	FY19	FY20	FY21	FY22	FY23
GAAP Sales & Marketing	19,408	25,724	46,276	53,769	33,958
(-) Share-based Compensation	(1,654)	(2,061)	(4,843)	(6,140)	(4,145)
(-) Acquisition Related Expenses	-	-	(167)	-	-
(-) Amortization Expense of Acquired Intangible Assets	-	-	(1,159)	(1,392)	(867)
Non-GAAP Sales and Marketing	17,754	23,663	40,107	46,237	28,946
(-) Depreciation of Property and Equipment	(130)	(189)	(550)	(527)	(531)
Adjusted Sales and Marketing	17,624	23,474	39,557	45,710	28,415
As % of Total Revenues	27.4%	17.6%	23.5%	28.4%	20.1%
General & Administrative Expenses (US\$000's)					
GAAP General & Administrative	7,177	18,010	30,326	38,671	34,976
(-) Share-based Compensation	(1,046)	(4,244)	(6,022)	(7,262)	(7,150)
(-) Amortization Expense of Acquired Intangible Assets	-	-	(43)	(44)	(42)
(-) Financing Related Expenses	-	-	-	(2,166)	-
Non-GAAP General Administrative	6,131	13,766	24,261	29,199	27,784
(-) Depreciation of Property and Equipment	(59)	(110)	(216)	(534)	(400)
(-) Amortization of Land Use Right	-	-	-	-	(3,165)
Adjusted General & Administrative	6,072	13,656	24,045	28,665	24,219
As % of Total Revenues	9.4%	10.2%	14.3%	17.8%	17.1%

Adjusted EBITDA Reconciliation

Adjusted EBITDA (US\$000's)	FY19	FY20	FY21	FY22	FY23
Total Revenues	64,428	133,564	167,982	160,670	141,538
Adjusted Gross Profit	45,280	90,137	111,004	106,818	94,261
Adjusted Research & Development	(21,661)	(43,436)	(83,260)	(92,784)	(62,891)
Adjusted Sales and Marketing	(17,624)	(23,474)	(39,557)	(45,710)	(28,415)
Adjusted General & Administrative	(6,072)	(13,565)	(24,045)	(28,665)	(24,219)
Other Operating Income	108	1,672	2,568	3,697	1,729
Adjusted EBITDA	31	11,243	(33,290)	(56,644)	(19,535)
Adjusted EBITDA Margin	0.1%	8.4%	(19.8%)	(35.3%)	(13.8%)
Free Cash Flow (US\$000's)					
Cash Flow from Operations	706	6,564	(20,000)	(52,380)	(13,611)
(-) Purchases of PPE	(4,802)	(12,878)	(12,211)	(4,123)	(924)
Free Cash Flow	(4,096)	(6,314)	(32,211)	(56,503)	(14,535)

GAAP to Non-GAAP Reconciliation

Net Income(Loss) Margin (US\$000's)	FY19	FY20	FY21	FY22	FY23
Total Revenues	64,428	133,564	167,982	160,670	141,538
GAAP Net Loss	(6,177)	(3,115)	(72,355)	(120,380)	(87,219)
(+) Share-based Compensation	4,253	11,974	31,481	32,363	24,612
(+) Acquisition Related Expenses	-	-	5,780	928	(392)
(+) Amortization Expense of Acquired Intangible Assets	-	-	1,861	2,224	1,380
(-) Income Tax Related to Acquired Intangible Assets	-	-	(283)	(336)	(212)
(+) Financing Related Expenses	-	-	-	2,166	-
(+) Impairment of Goodwill	-	-	-	11,941	31,928
Non-GAAP Net Income(Loss)	(1,924)	8,859	(33,516)	(71,094)	(29,903)
Non-GAAP Net Income(Loss) Margin	(3.0%)	6.6%	(20.0%)	(44.2%)	(21.1%)

Thank you