

Agora, Inc.

2023 Q2 Earnings

August 21, 2023

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.

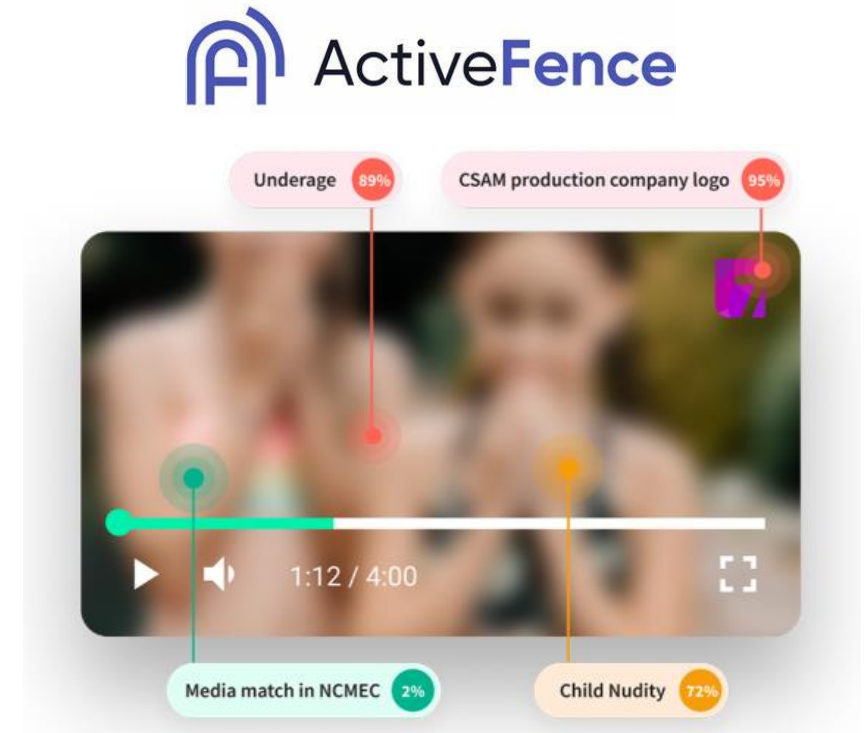
Unless otherwise indicated, all references in this presentation to the “Company,” “we,” “our,” “us” or similar terms refer to Agora, Inc. and its subsidiaries, and “Agora” refers to the U.S. and international businesses and “Shengwang” refers to the China business.

Business Highlights

Business Update - Agora

Extensions Marketplace Partner - ActiveFence

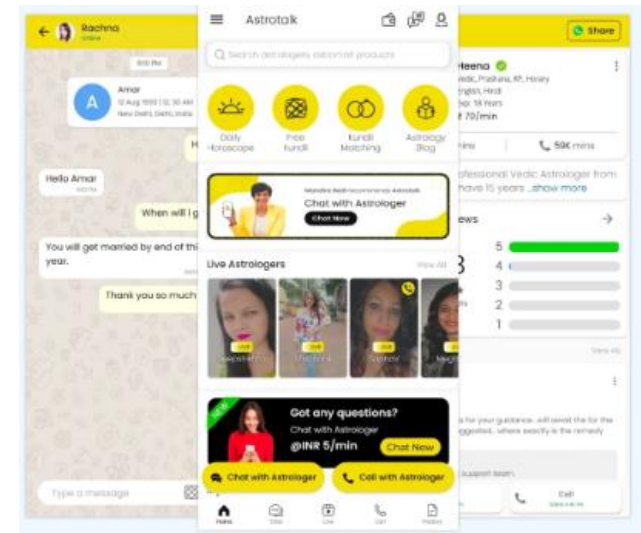
- Global leading provider of **AI-driven content detection and moderation** services
- Practical, user-focused solution to handle emerging online safety and compliance challenges, while boosting user engagement in a **safer and more trusted environment**



Business Update - Agora

Vertical Social Networks - Astrotalk

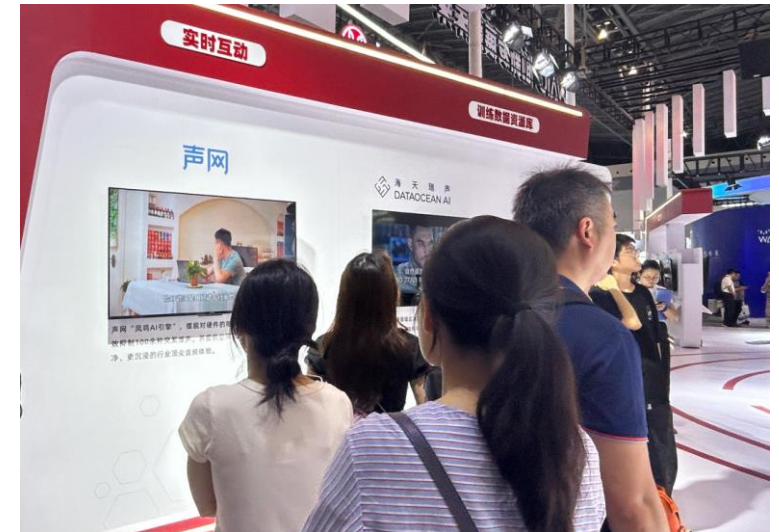
- Prominent online astrology platform operating in over 60 countries with a network of over 5,000 astrologers
- Innovative use case that enables video calls between clients and astrologers to be broadcasted simultaneously to multiple potential customers
- Other vertical social networks include **meditation, yoga, religion, sports and creative arts**



Business Update - Shengwang

Participation in World Artificial Intelligence Conference

- One of the 26 leading companies chosen to participate in an exhibition of **industrial achievements through artificial intelligence innovations**
- Our **AI-powered noise suppression capabilities** can remove more than 100 types of unwanted background noises and echoes, ensuring distraction-free and more immersive experience for end users



Business Update - Shengwang

High-Definition Solution

- From separate products, features and third-party extensions to **use case-oriented solutions** with best practices tailored to specific use cases
- Customers now enjoy **shorter development time** AND **enhanced user experience**
- A dating platform experienced **more than 10% growth** in average user duration after high-definition upgrade



(Here comes high-definition solution!)



Upcoming RTE2023 Conference

Agora

Sept 13 through Oct 5, 2023
Online



Shengwang

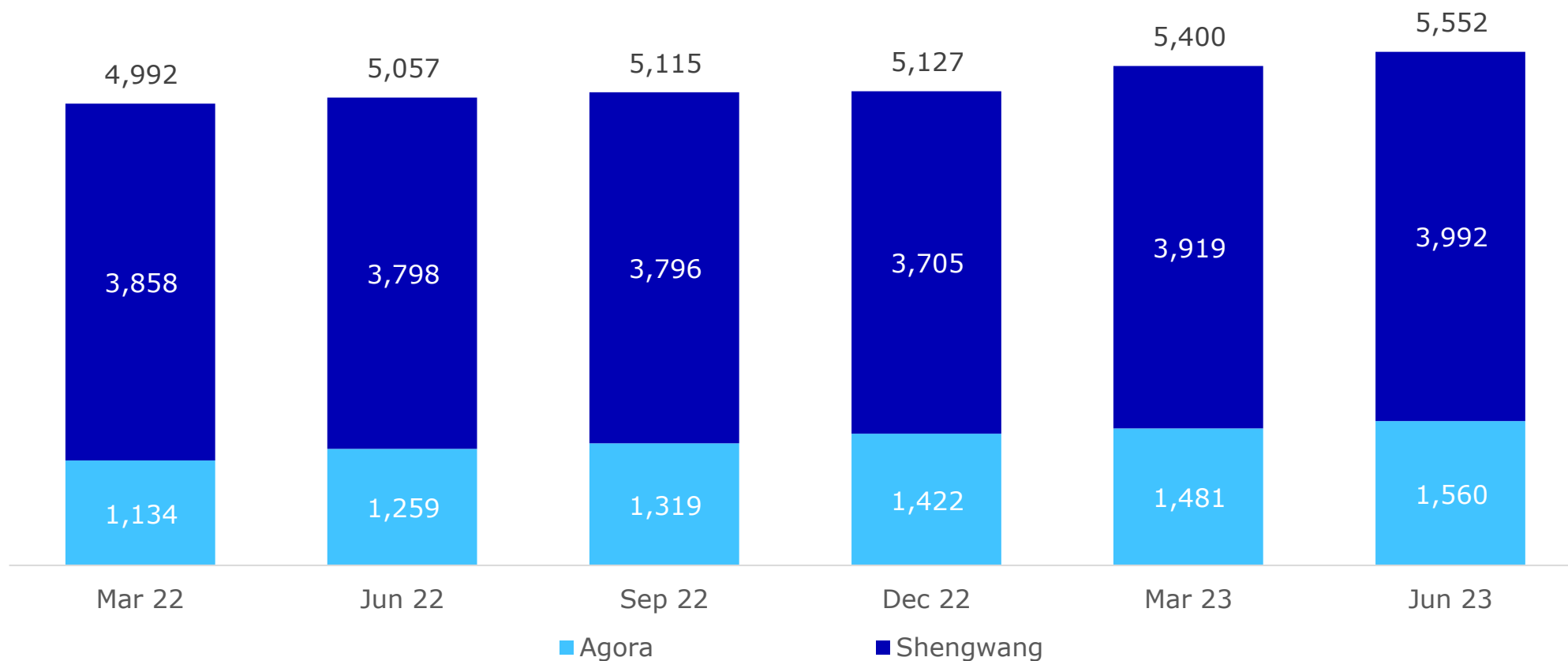
Oct 24 to 25, 2023
Beijing, China



2023 Q2 Financial Update

A Growing Customer Base

ACTIVE CUSTOMERS ⁽¹⁾⁽²⁾



Notes:

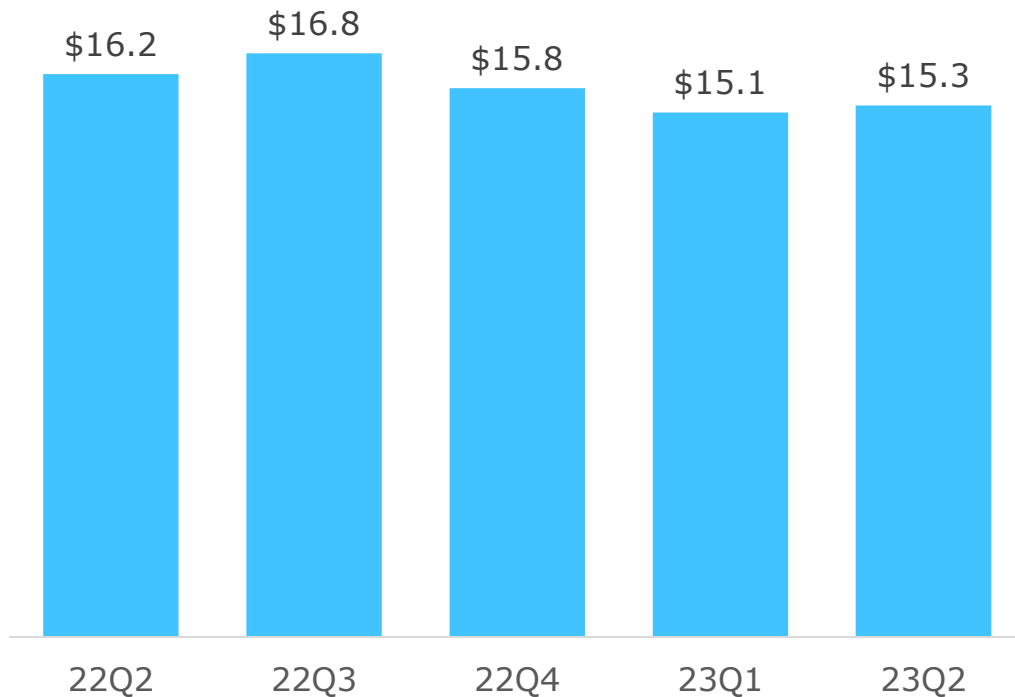
(1) An active customer at the end of the period is an organization or individual developer from which we generated more than US\$100 of revenue during the preceding 12 months, based on unique customer account identifiers.

(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:

Agora, Inc.

1. Shengwang revenues excluded contribution from K12 academic tutoring sector and the divested Easemob customer engagement cloud business

Net Retention Rate

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

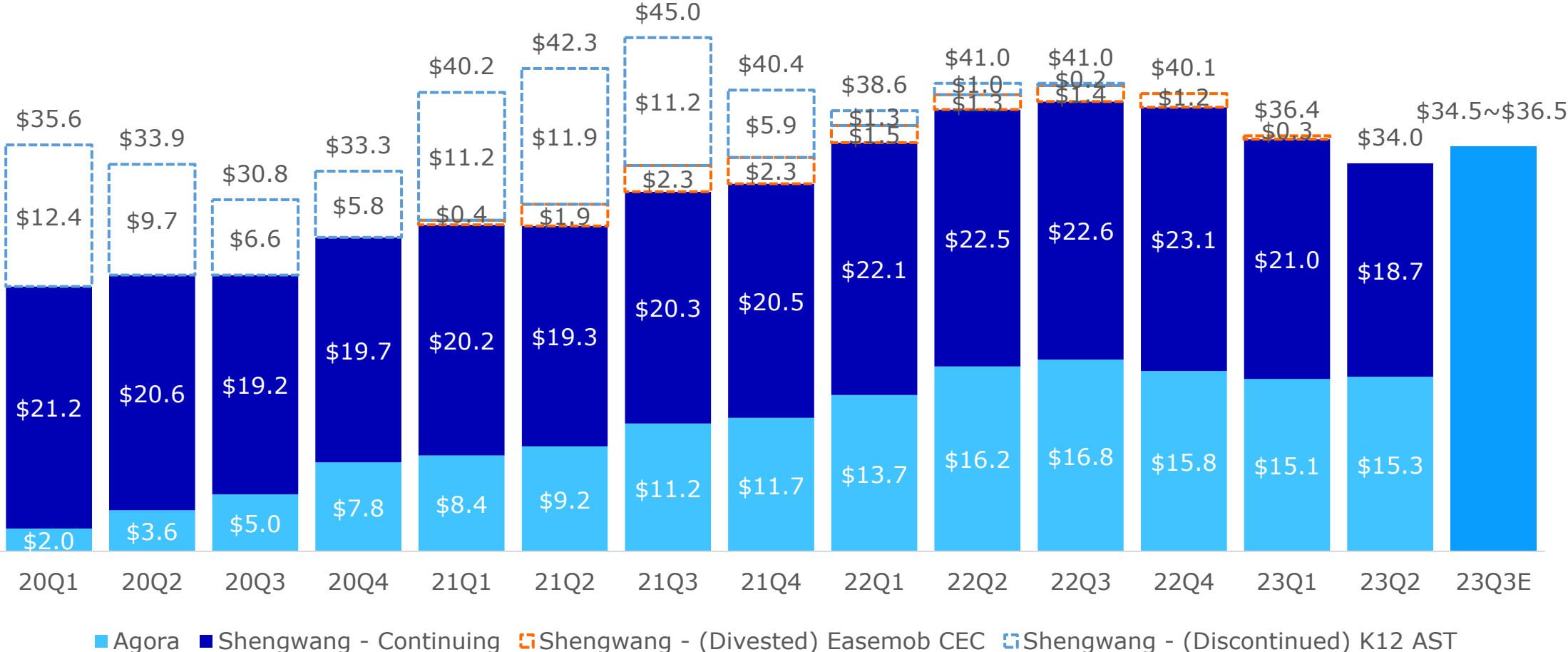
	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Agora	>130%	>130%	>130%	>130%	>130%	130%	108%
Shengwang	84%	91%	98%	96%	96%	92%	91%

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.

Group Revenues

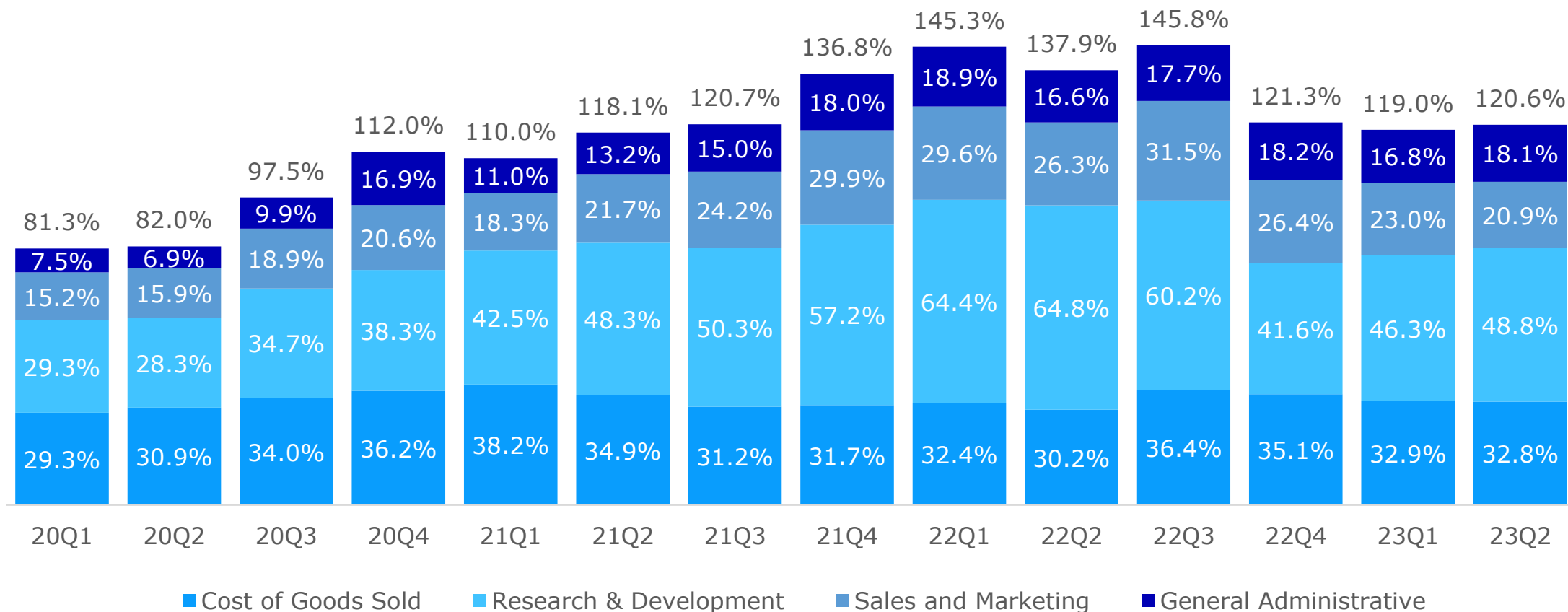
TOTAL REVENUES
in US\$M



Costs, Expenses and Margins

ADJUSTED COST OF GOODS SOLD AND OPERATING EXPENSES⁽¹⁾

as % of Total Revenues

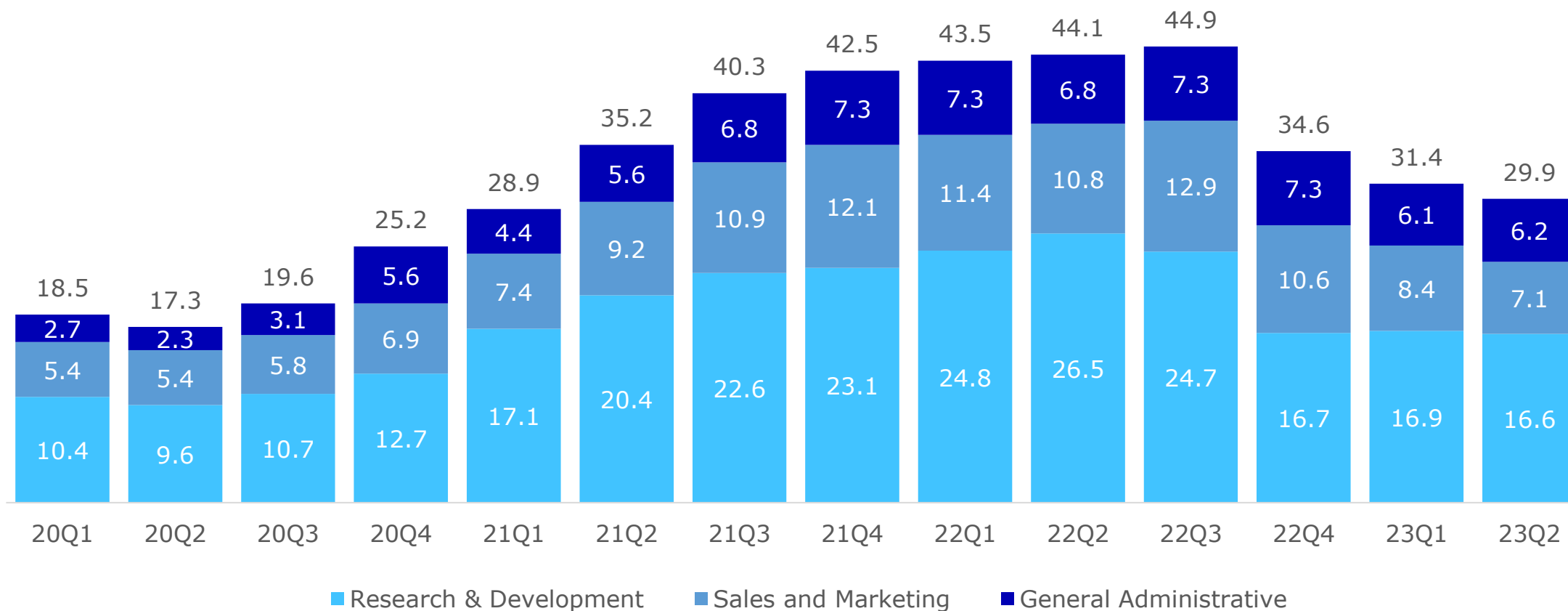


Notes:

1. We define Adjusted Cost of Goods Sold and Operating Expenses to exclude share-based compensation expenses, acquisition related expenses, 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

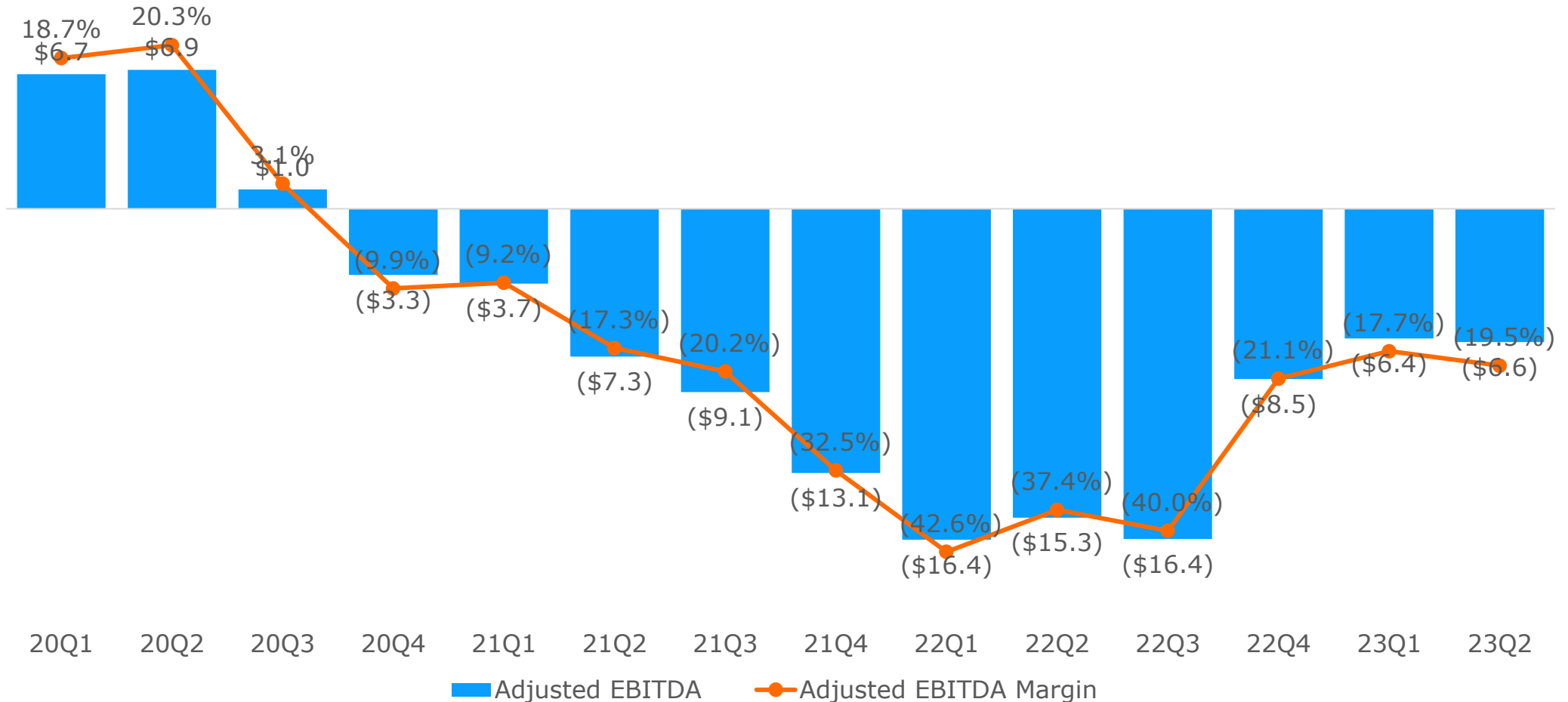


Notes:

1. We define Adjusted Operating Expenses to exclude share-based compensation expenses, acquisition related expenses, 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.

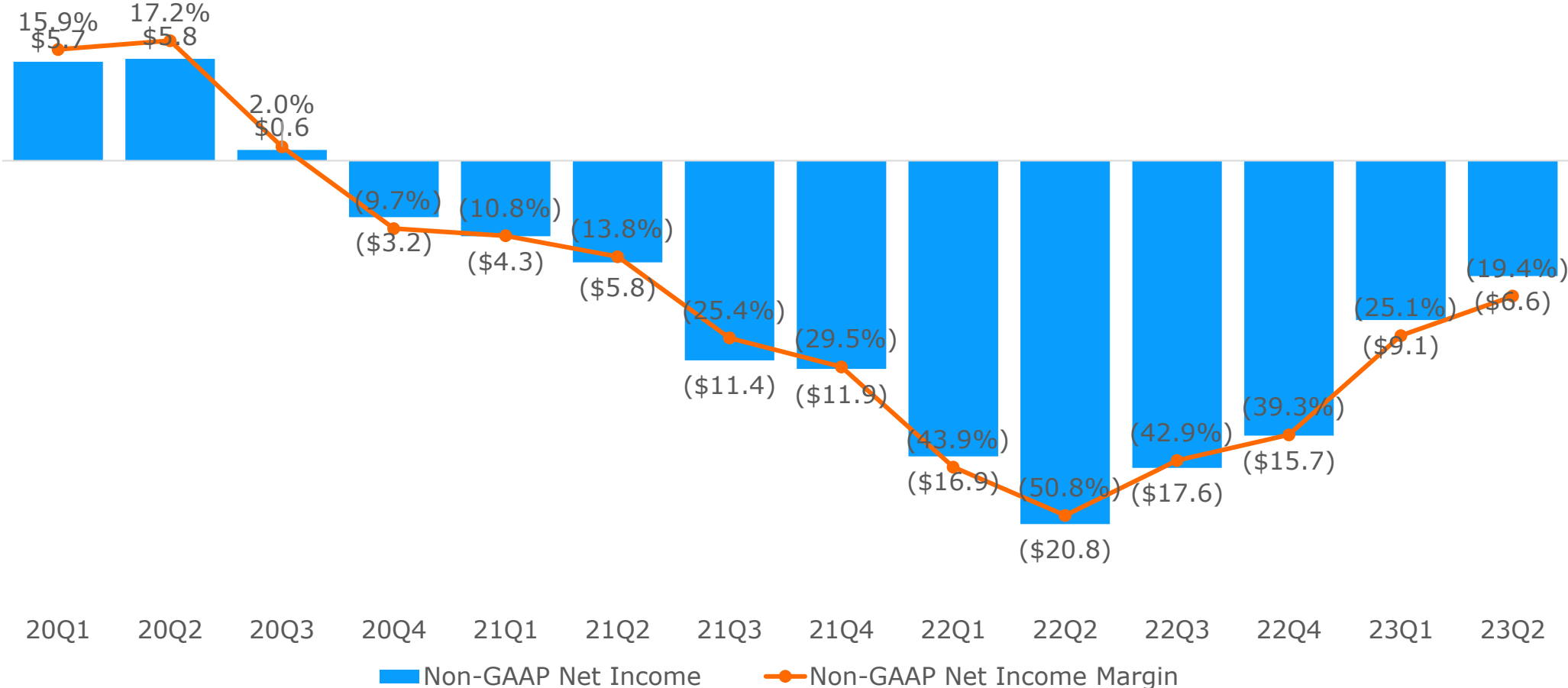
Adjusted EBITDA and Margin

ADJUSTED EBITDA
in US\$M



Non-GAAP Net Income and Margin

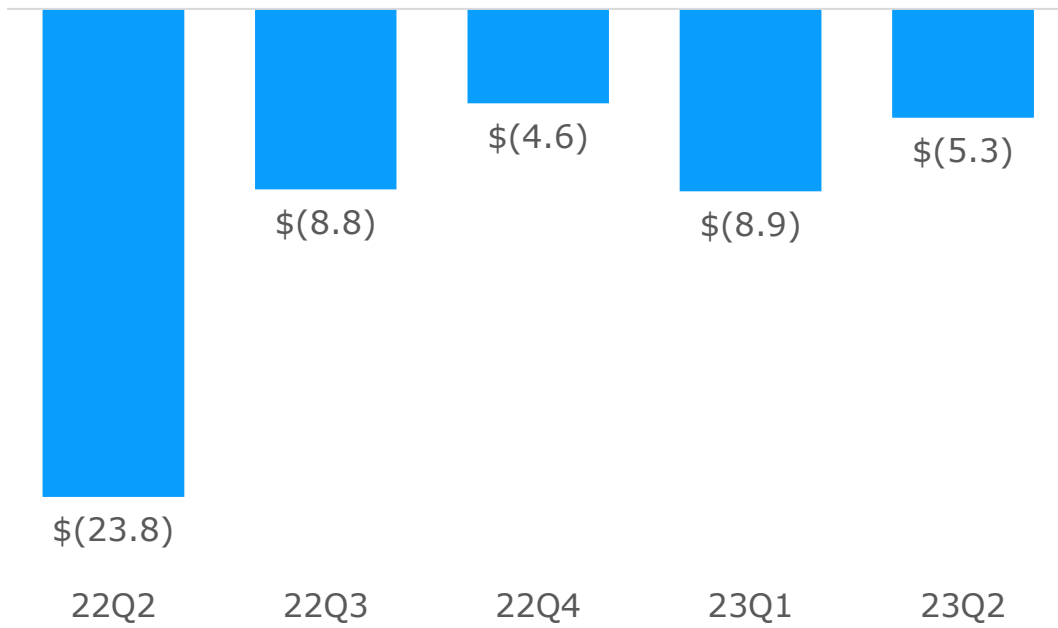
Non-GAAP Net Income
in US\$M



Cash Flow

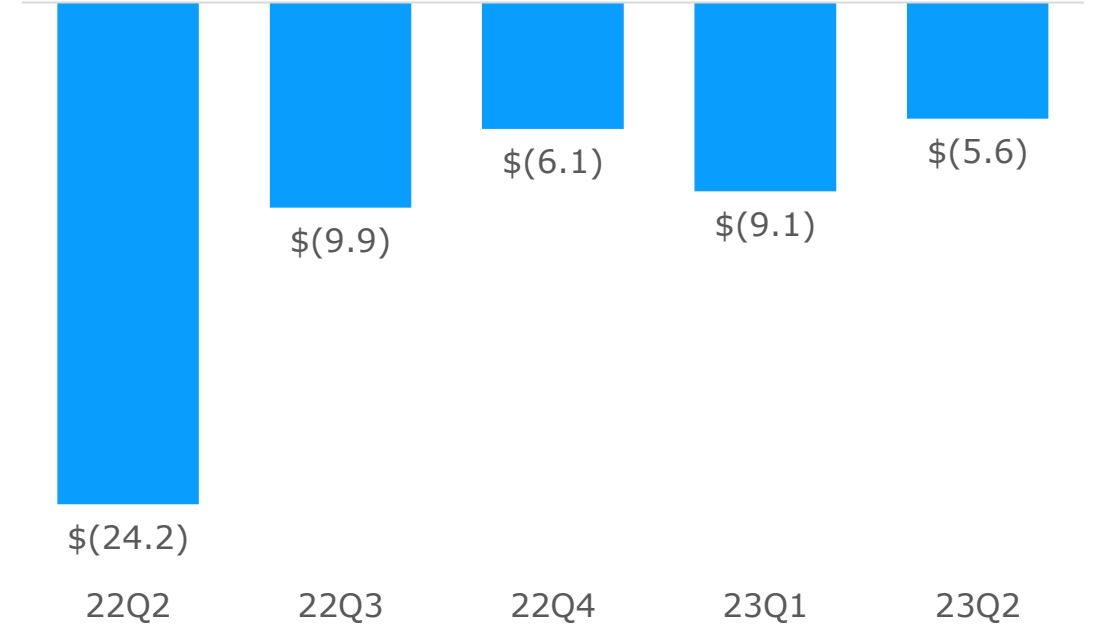
OPERATING CASH FLOW

in US\$M



FREE CASH FLOW

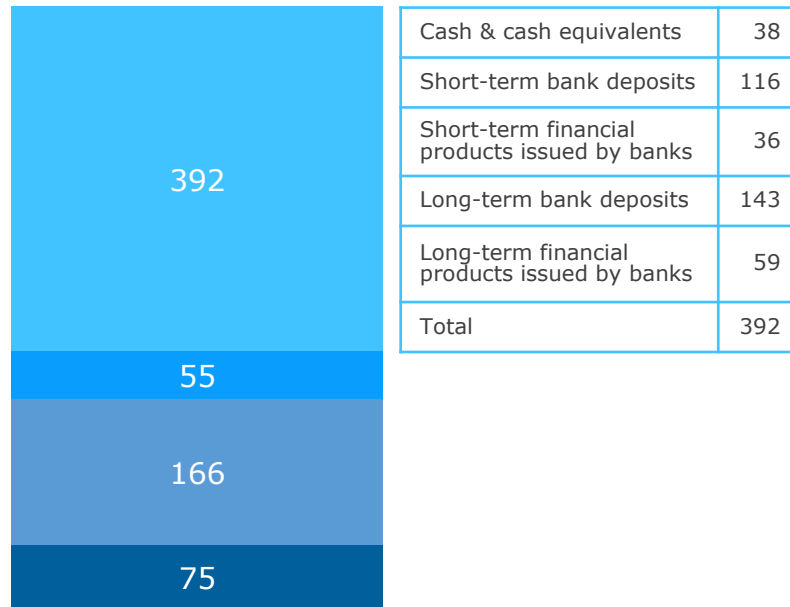
in US\$M



Balance Sheet

BALANCE SHEETS SNAPSHOT AS OF JUNE 30, 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

Share Repurchase Program

	# of ADSs repurchased ⁽¹⁾	Cost	Total ADSs outstanding at period end
1Q22	0.9M	US\$8.0M	112.8M
2Q22	1.5M	US\$11.7M	111.4M
3Q22	0.9M	US\$3.5M	111.4M
4Q22	5.7M	US\$18.6M	106.7M
1Q23	5.4M	US\$19.5M	102.2M
2Q23	6.3M	US\$20.7M	97.5M
Total	20.7M	US\$82.0M	

Our current \$200 million share repurchase program will expire at the end of February 2024.

Notes:

Appendix

GAAP to Adjusted Financial Measures Reconciliation

Gross Margin (US\$000's)	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2
Total Revenues	42,333	45,038	40,386	38,585	40,979	40,988	40,118	36,443	34,038
GAAP Gross Profit	25,859	29,349	25,427	24,074	26,609	24,349	24,391	22,846	21,536
(+) Share-based Compensation	171	152	423	246	349	165	146	217	230
Non-GAAP Gross Profit	26,030	29,501	25,850	24,320	26,958	24,514	24,537	23,063	21,766
(+) Depreciation of Property and Equipment	1,534	1,496	1,732	1,756	1,657	1,564	1,512	1,377	1,118
Adjusted Gross Profit	27,564	30,997	27,582	26,076	28,615	26,078	26,049	24,440	22,884
Adjusted Gross Margin	65.1%	68.8%	68.3%	67.6%	69.8%	63.6%	64.9%	67.1%	67.2%
Research & Development Expenses (US\$000's)									
GAAP Research & Development	27,003	29,668	28,779	31,034	32,442	29,771	21,255	21,031	20,286
(-) Share-based Compensation	(5,420)	(5,873)	(4,684)	(5,353)	(4,839)	(4,150)	(3,713)	(3,543)	(3,356)
(-) Acquisition Related Expenses	(577)	(656)	(425)	(156)	(357)	(236)	(179)	44	368
(-) Amortization Expense of Acquired Intangible Assets	(198)	(198)	(198)	(198)	(198)	(198)	(198)	(118)	(118)
Non-GAAP Research & Development	20,808	22,941	23,472	25,327	27,048	25,187	17,165	17,414	17,180
(-) Depreciation of Property and Equipment	(368)	(305)	(375)	(489)	(503)	(494)	(462)	(526)	(560)
Adjusted Research & Development	20,440	22,636	23,097	24,838	26,545	24,693	16,703	16,888	16,620
As % of Total Revenues	48.3%	50.3%	57.2%	64.4%	64.8%	60.2%	41.6%	46.3%	48.8%

GAAP to Adjusted Financial Measures Reconciliation

Sales & Marketing Expenses (US\$000's)	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2
GAAP Sales & Marketing	11,009	12,734	13,798	13,856	13,117	14,607	12,189	10,476	8,638
(-) Share-based Compensation	(1,321)	(1,326)	(1,240)	(1,947)	(1,859)	(1,244)	(1,090)	(1,733)	(1,172)
(-) Amortization Expense of Acquired Intangible Assets	(348)	(348)	(348)	(348)	(348)	(348)	(348)	(217)	(217)
Non-GAAP Sales and Marketing	9,340	11,060	12,210	11,561	10,910	13,015	10,751	8,526	7,249
(-) Depreciation of Property and Equipment	(134)	(145)	(139)	(135)	(127)	(124)	(141)	(150)	(134)
Adjusted Sales and Marketing	9,206	10,915	12,071	11,426	10,783	12,891	10,610	8,376	7,115
As % of Total Revenues	21.7%	24.2%	29.9%	29.6%	26.3%	31.5%	26.4%	23.0%	20.9%
General & Administrative Expenses (US\$000's)									
GAAP General & Administrative	7,271	7,996	9,338	9,230	8,952	11,257	9,232	8,809	9,221
(-) Share-based Compensation	(1,612)	(1,179)	(2,005)	(1,835)	(1,986)	(1,671)	(1,770)	(1,931)	(2,077)
(-) Amortization Expense of Acquired Intangible Assets	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(10)	(11)
(-) Financing Related Expenses	-	-	-	-	-	(2,166)	-	-	-
Non-GAAP General & Administrative	5,648	6,806	7,322	7,384	6,955	7,409	7,451	6,868	7,133
(-) Depreciation of Property and Equipment	(48)	(48)	(57)	(93)	(137)	(152)	(151)	(161)	(96)
(-) Amortization of Land Use Right	-	-	-	-	-	-	-	(593)	(869)
Adjusted General & Administrative	5,600	6,758	7,265	7,291	6,818	7,257	7,300	6,114	6,168
As % of Total Revenues	13.2%	15.0%	18.0%	18.9%	16.6%	17.7%	18.2%	16.8%	18.1%

Adjusted EBITDA Reconciliation

Adjusted EBITDA (US\$000's)	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2
Total Revenues	42,333	45,038	40,386	38,585	40,979	40,988	40,118	36,443	34,038
Adjusted Gross Profit	27,564	30,997	27,582	26,076	28,615	26,078	26,049	24,440	22,884
Adjusted Research & Development	(20,440)	(22,636)	(23,097)	(24,838)	(26,545)	(24,693)	(16,703)	(16,888)	(16,620)
Adjusted Sales and Marketing	(9,206)	(10,915)	(12,071)	(11,426)	(10,783)	(12,891)	(10,610)	(8,376)	(7,115)
Adjusted General & Administrative	(5,600)	(6,758)	(7,265)	(7,291)	(6,818)	(7,257)	(7,300)	(6,114)	(6,168)
Other Operating Income	341	209	1,727	1,037	189	2,364	103	496	398
Adjusted EBITDA	(7,341)	(9,103)	(13,124)	(16,442)	(15,342)	(16,399)	(8,461)	(6,442)	(6,621)
Adjusted EBITDA Margin	(17.3%)	(20.2%)	(32.5%)	(42.6%)	(37.4%)	(40.0%)	(21.1%)	(17.7%)	(19.5%)
Free Cash Flow (US\$000's)									
Cash Flow from Operations	(8,326)	(13,982)	5,050	(15,861)	(23,797)	(8,833)	(4,640)	(8,928)	(5,330)
(-) Purchases of PPE	(3,209)	(1,638)	(2,131)	(1,172)	(450)	(1,085)	(1,416)	(185)	(265)
Free Cash Flow	(11,535)	(15,620)	2,919	(17,033)	(24,247)	(9,918)	(6,056)	(9,113)	(5,595)

GAAP to Non-GAAP Reconciliation

Net Loss Margin (US\$000's)	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2
Total Revenues	42,333	45,038	40,386	38,585	40,979	40,988	40,118	36,443	34,038
GAAP Net Loss	(15,394)	(21,095)	(21,175)	(26,944)	(30,678)	(27,699)	(35,059)	(16,802)	(45,293)
(+) Share-based Compensation	8,524	8,530	8,352	9,381	9,033	7,230	6,719	7,424	6,835
(+) Acquisition Related Expenses	577	656	425	156	357	236	179	(44)	(369)
(+) Amortization Expense of Acquired Intangible Assets	556	556	556	556	556	556	556	345	345
(-) Income Tax Related to Acquired Intangible Assets	(84)	(84)	(84)	(84)	(84)	(84)	(84)	(53)	(53)
(+) Financing Related Expenses	-	-	-	-	-	2,166	-	-	-
(+) Impairment of Goodwill	-	-	-	-	-	-	11,941	-	31,928
Non-GAAP Net Loss	(5,821)	(11,437)	(11,926)	(16,935)	(20,816)	(17,595)	(15,748)	(9,130)	(6,607)
Non-GAAP Net Loss Margin	(13.8%)	(25.4%)	(29.5%)	(43.9%)	(50.8%)	(42.9%)	(39.3%)	(25.1%)	(19.4%)

Thank you