

**Agora, Inc.**

**2023 Q3 Earnings**

November 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](http://investor.agora.io) and on the SEC’s website at [www.sec.gov](http://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.

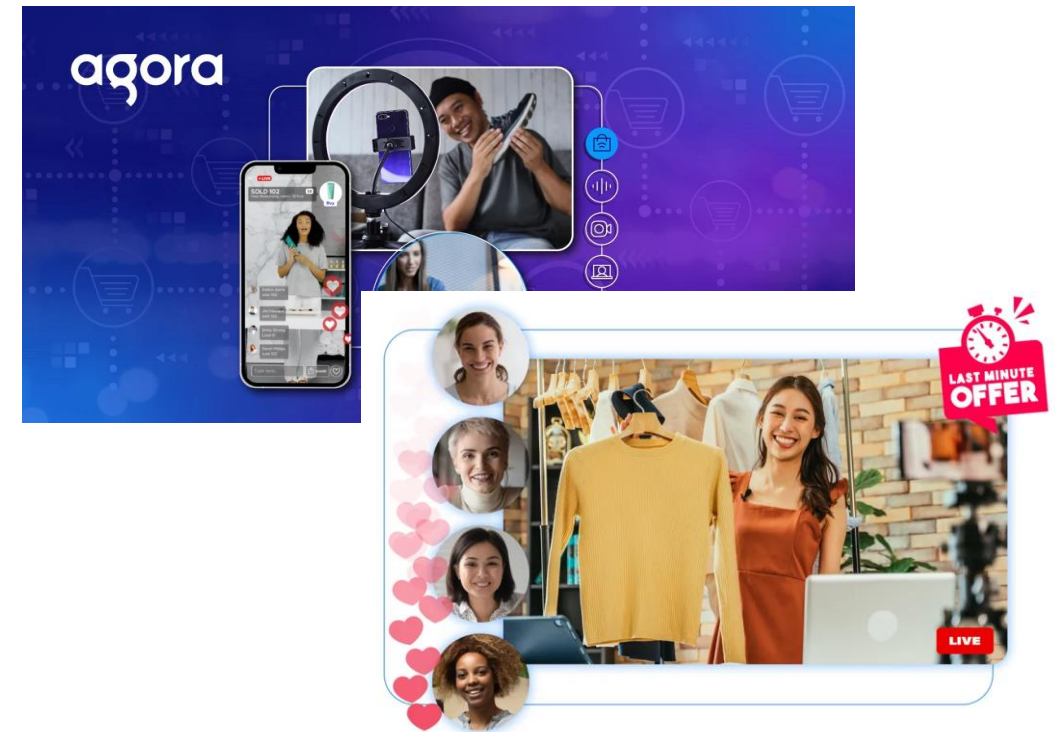
Unless otherwise indicated, all references in this presentation to the “Company,” “we,” “our,” “us” or similar terms refer to Agora, Inc. and its subsidiaries, and “Agora” refers to the U.S. and international businesses and “Shengwang” refers to the China business.

# Business Highlights

# Business Update - Agora

## General Availability of Livestream Shopping Solution

- Agora's solution supports shoppable livestreams, live auctions, personal shopper experiences, and other e-commerce-related use cases
- Live commerce is starting to gain traction and has tremendous growth potential in the US, according to [McKinsey & Company](#)
- Agora was recognized as a Representative Vendor in Gartner's first ever [Market Guide for Live Commerce in Retail](#)



# Business Update - Agora

## Partnership with The Sandbox

- The Sandbox is a subsidiary of Animoca Brands and a leading decentralized gaming virtual world
- Agora's products and solutions, including **real-time voice, video and chat**, provide an ideal real-time engagement platform for the metaverse
- To enhance players' ability to **connect, collaborate, communicate, and form meaningful communities in the metaverse**



# Business Update - Shengwang

## RTE x AIGC Solution

More immersive and natural experience at low latency for real-time voice engagement with Large Language Model-powered characters

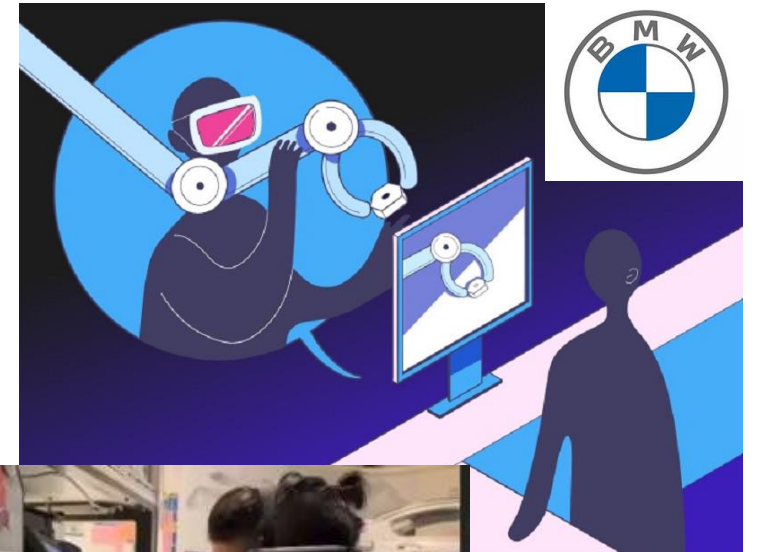




# Business Update - Shengwang

## Digital Transformation – Partnership with BMW

- Shengwang's high-definition video with ultra-low latency enables specialists at BMW headquarters to remotely collaborate with technicians at local factories in China
- Shengwang as a trusted partner of large enterprises for their **digital transformation** initiatives, helping them enhance their **agility, connectivity and productivity**.



# **Our AI Capabilities**



# Leverage AI to Enhance RTE Quality of Experience

Our SDK contained AI-powered real-time on-premise capabilities that aim to enhance real-time engagement experience. By overcoming the limits of devices and network, we strive to democratize high quality RTE and make it ubiquitous.

	Better Quality	More Immersive and More Fun	More Reliable under Poor Network
<b>AI-powered Voice Capabilities</b>	AI Noise Suppression AI Echo Cancellation ...	AI Spatial Audio AI Voice Converter AI Voice Beautifier ...	Adaptive Routing ...
<b>AI-powered Video Capabilities</b>	Super Resolution Perceptual Video Coding Video Noise Suppression ...	AI Video Beautifier Object Segmentation for Virtual Backgrounds ...	Adaptive Routing Adaptive Coding Video Quality Assessment ...

# Enhance Quality of Experience – Voice

## AI Voice Beautifier



## AI Noise Suppression in a Classroom



Without AI  
Noise  
Suppression

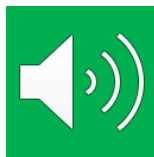


With AI Noise  
Suppression

## AI Noise Suppression for Reverberation

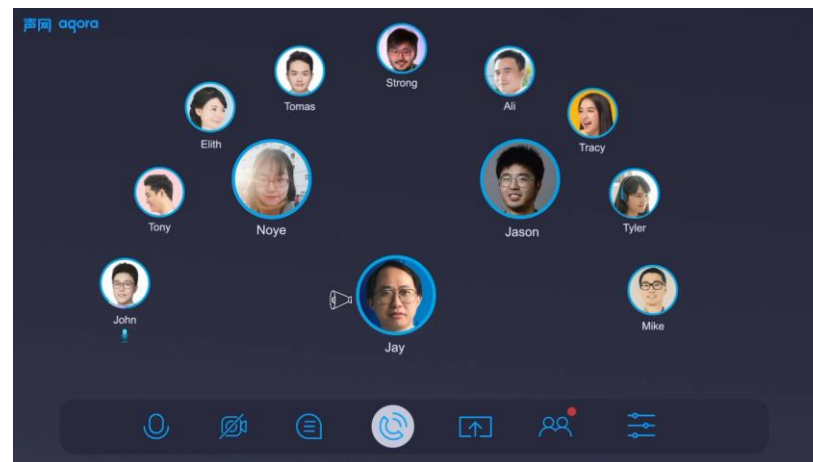


Without AI  
Noise  
Suppression



With AI Noise  
Suppression

## AI Spatial Audio



# Enhance Quality of Experience – Video

Video Quality Enhancement



Without AI enhancement



With AI enhancement

Robust Performance under Poor Network



Default

Adaptive routing

Adaptive Multi-path routing

# When RTE Meets AIGC

# Generative AI Will Bring New RTE Use Cases

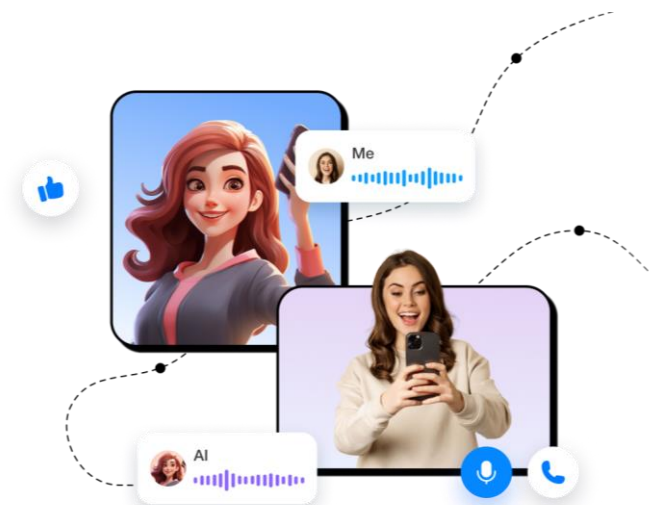
## Emerging Use Cases with AI-Powered Characters



AI companions or personal assistants



Social games with AI hosts or players



AI tutors for languages

# Generative AI Will Bring New RTE Use Cases

Lower the Barriers to Create Applications



**GitHub**  
Copilot



OpenAI  
ChatGPT **4.0**



Amazon CodeWhisperer

Delegate tedious coding tasks to advanced co-pilots



Midjourney

 DALL-E 2



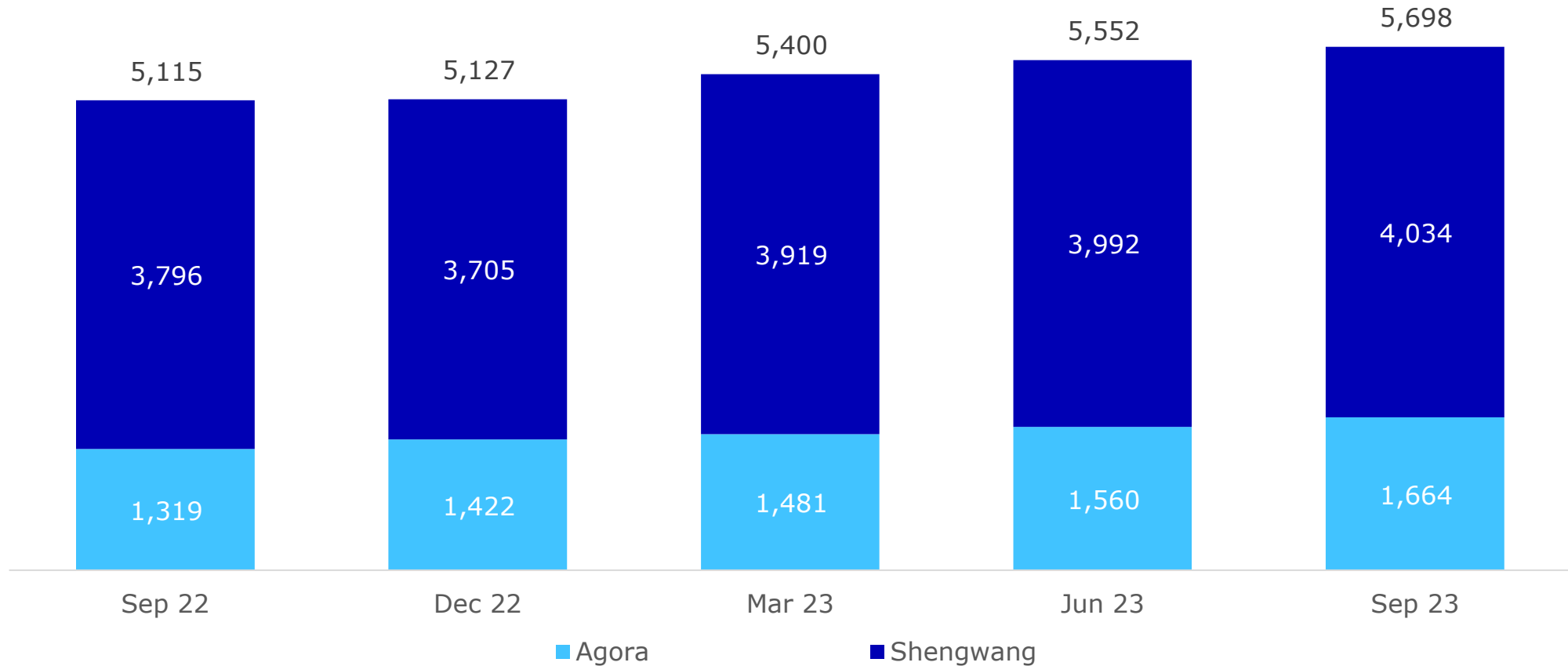
Leverage AIGC for graphical and user interface design



# 2023 Q3 Financial Update

# A Growing Customer Base

## ACTIVE CUSTOMERS <sup>(1)(2)</sup>



### Notes:

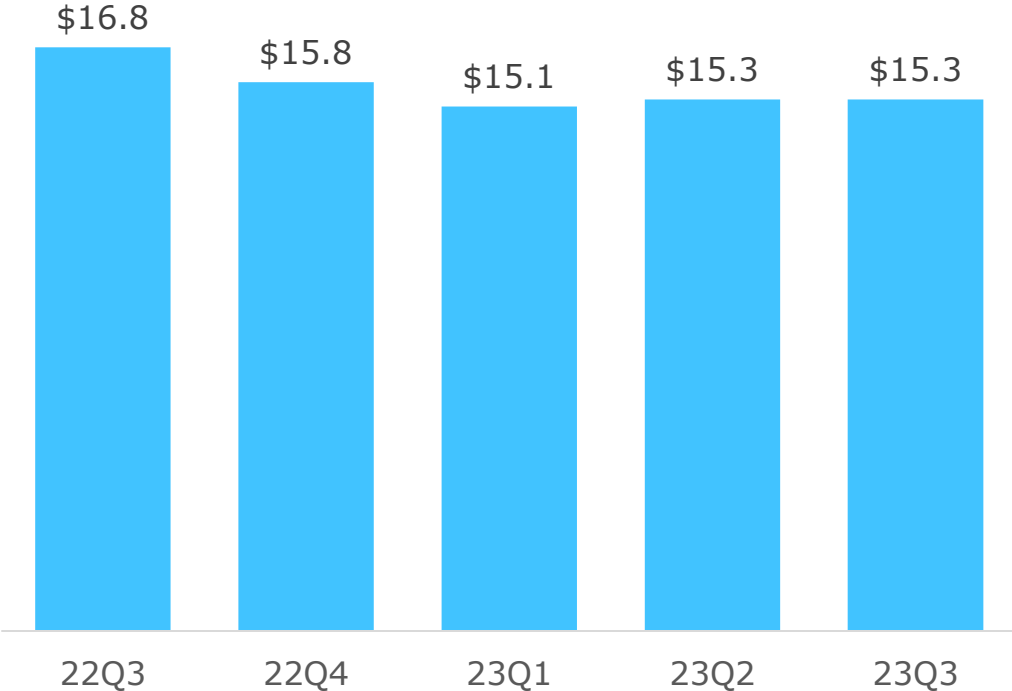
(1) An active customer at the end of the period is an organization or individual developer from which we generated more than US\$100 of revenue during the preceding 12 months, based on unique customer account identifiers.

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

# Revenues by Division

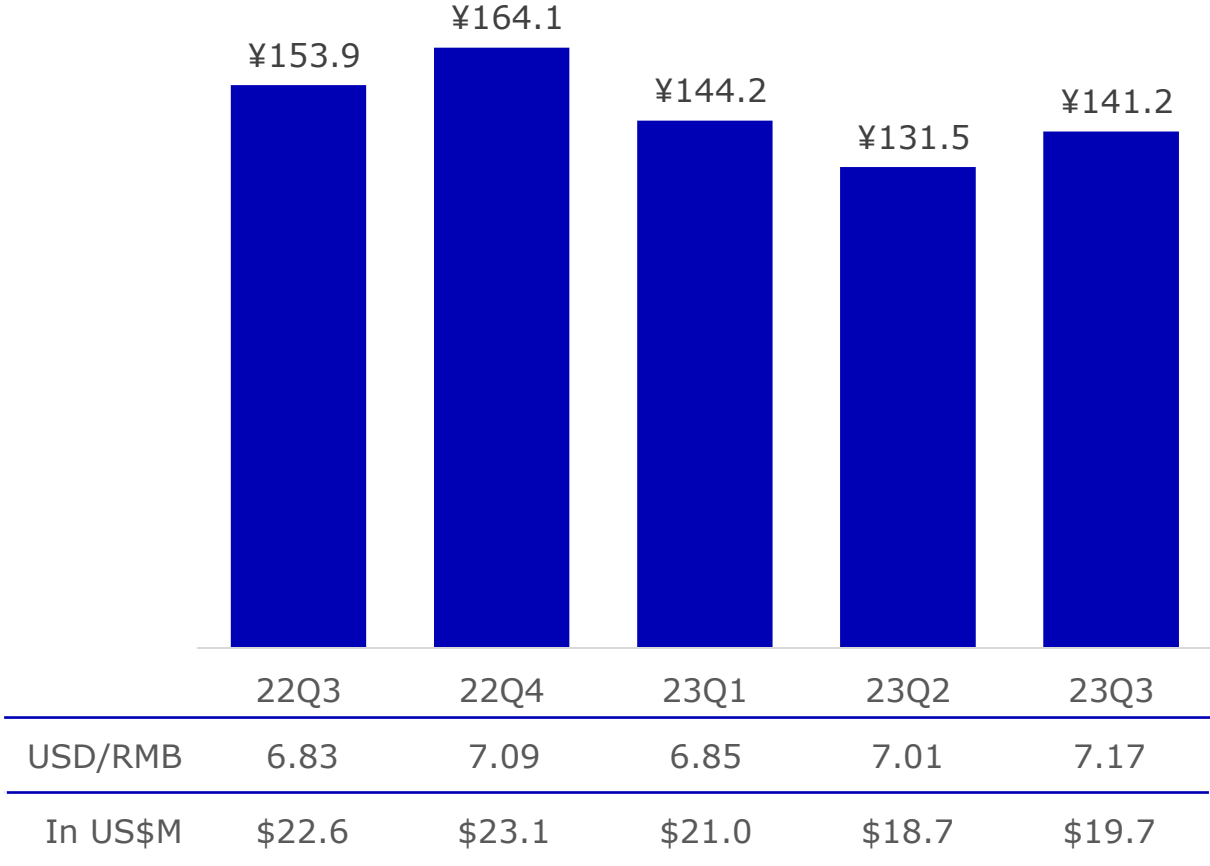
## AGORA REVENUES

in US\$M



## SHENGWANG REVENUES <sup>(1)</sup>

in RMB Millions



**Notes:**

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 <sup>(1)(2)</sup>

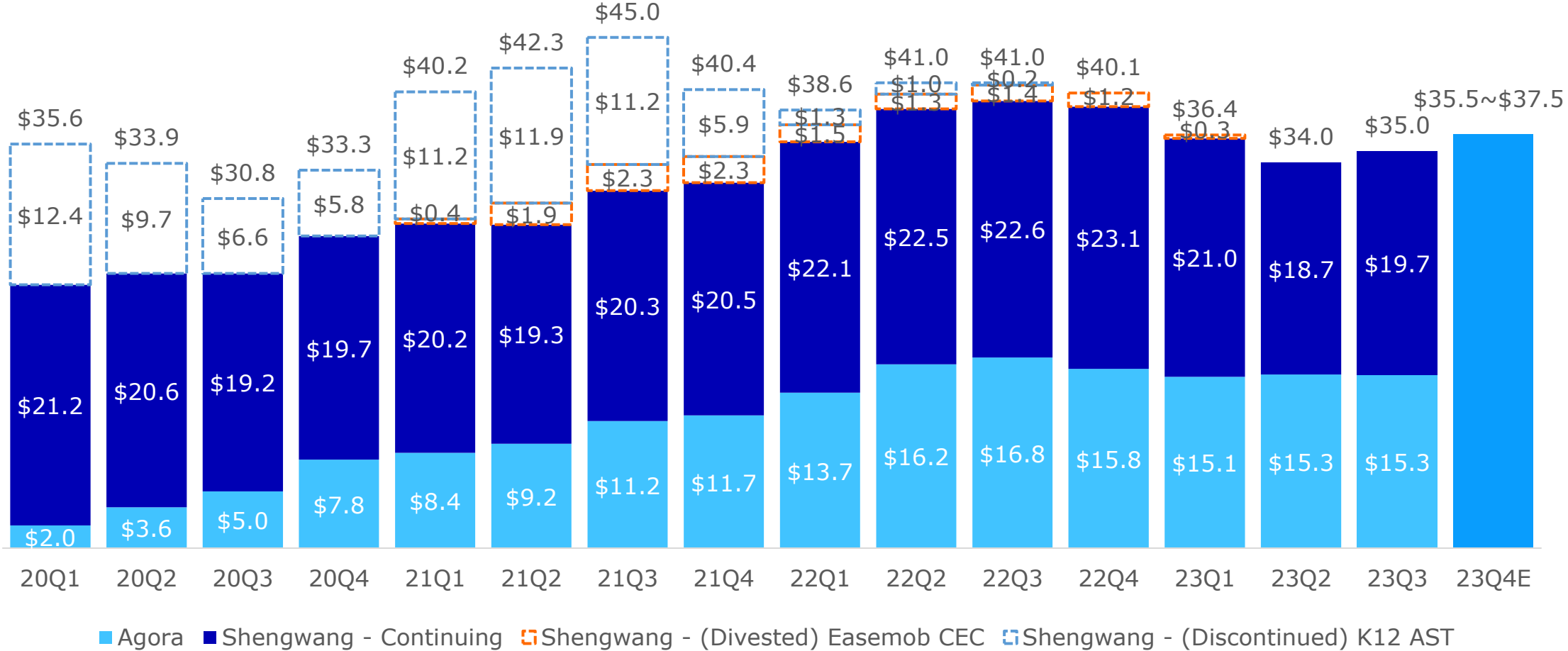
	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23	Sep 23
<b>Agora</b>	>130%	>130%	>130%	>130%	>130%	130%	108%	98%
<b>Shengwang</b>	84%	91%	98%	96%	96%	92%	91%	89%

**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

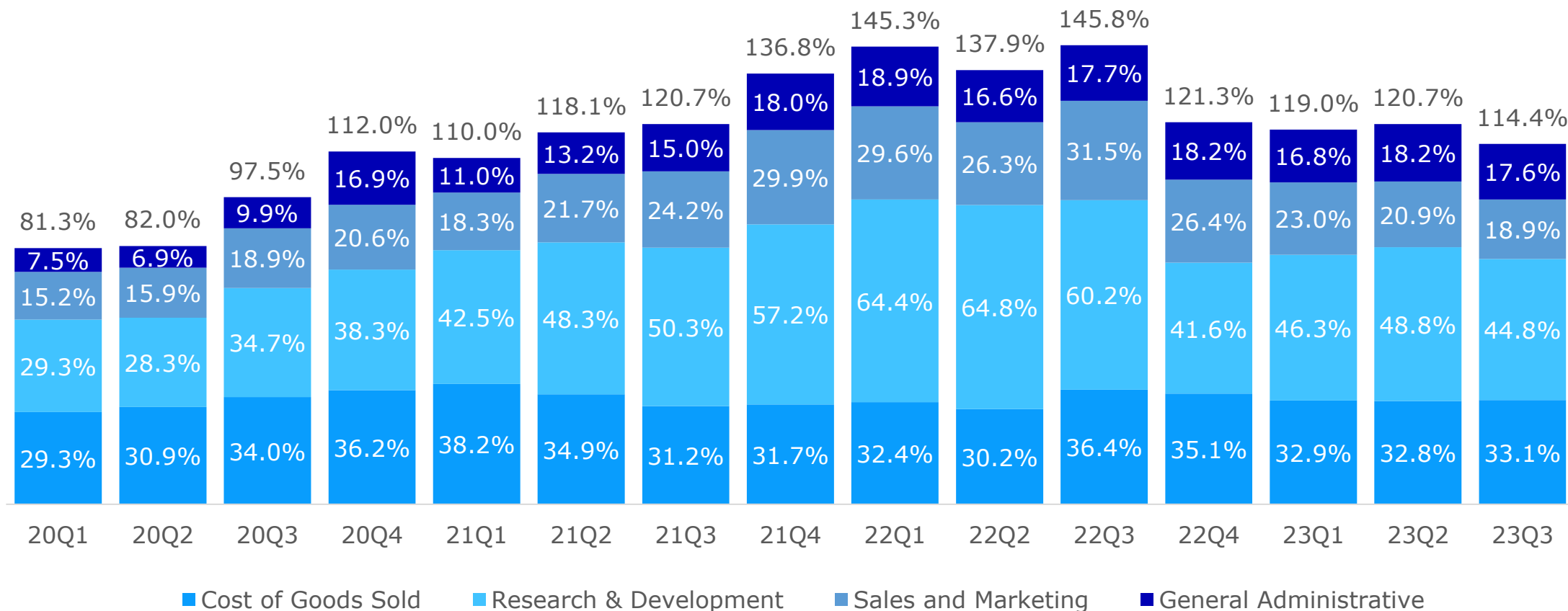
**TOTAL REVENUES**  
in US\$M



# Costs, Expenses and Margins

## ADJUSTED COST OF GOODS SOLD AND OPERATING EXPENSES<sup>(1)</sup>

as % of Total Revenues



### Notes:

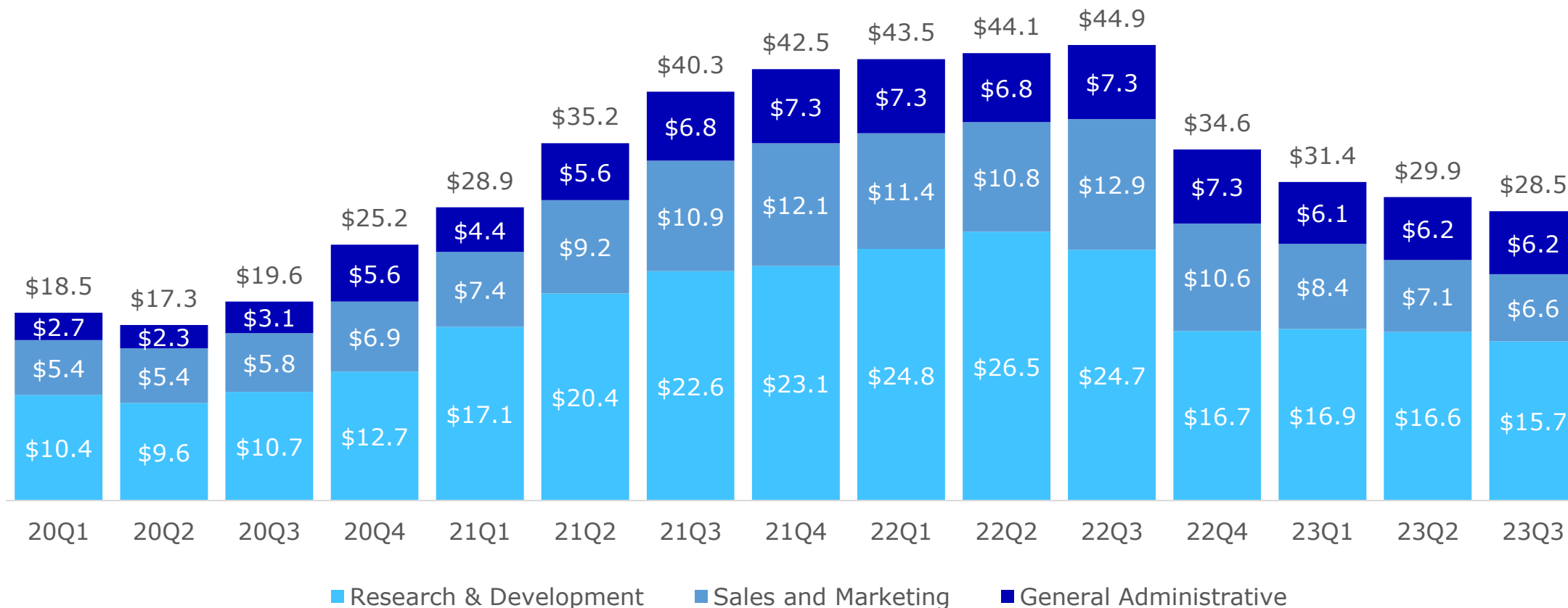
1. We define Adjusted Cost of Goods Sold and Operating Expenses to exclude share-based compensation expenses, acquisition related expenses, financing related expenses, amortization expenses of acquired intangible assets, income tax related to acquired intangible assets, impairment of goodwill, depreciation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



# Effective Expense Control

## ADJUSTED OPERATING EXPENSES<sup>(1)</sup>

in US\$M

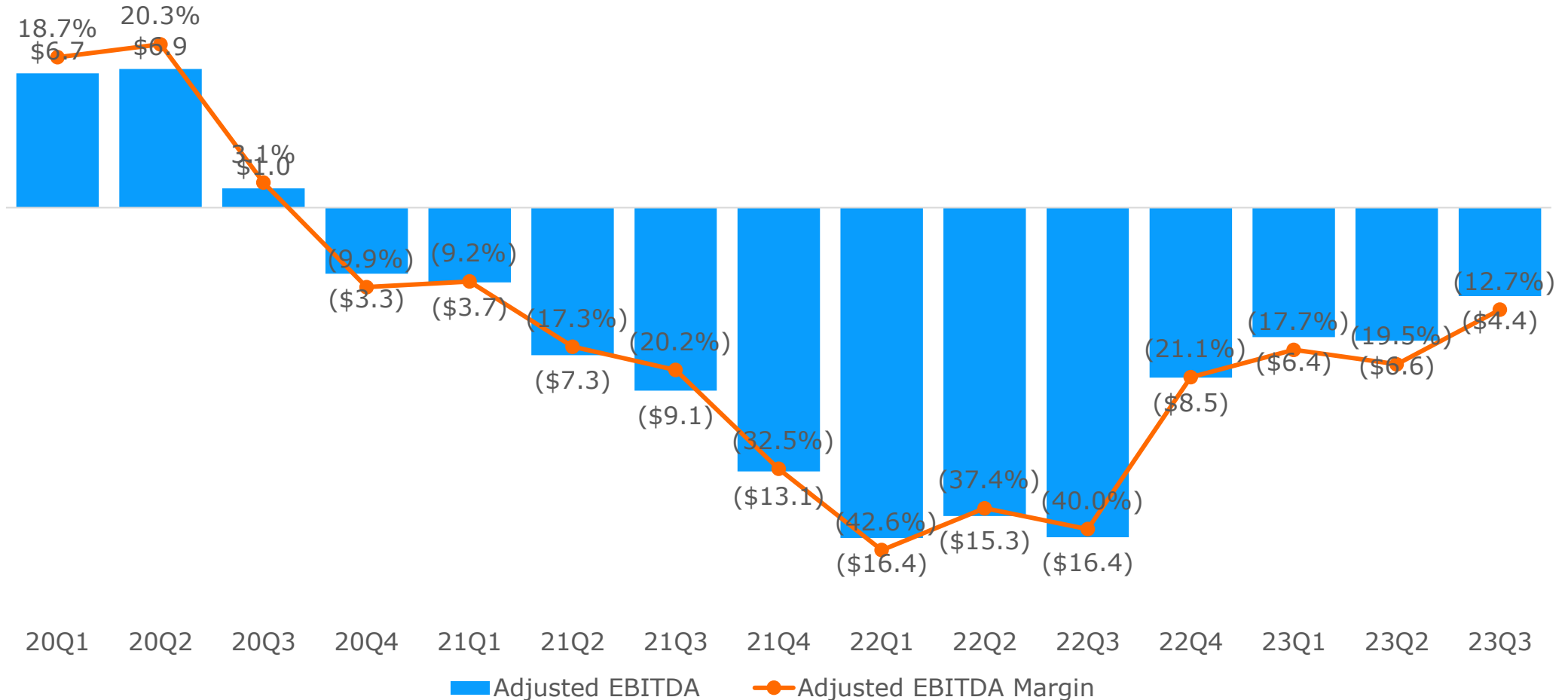


### Notes:

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.

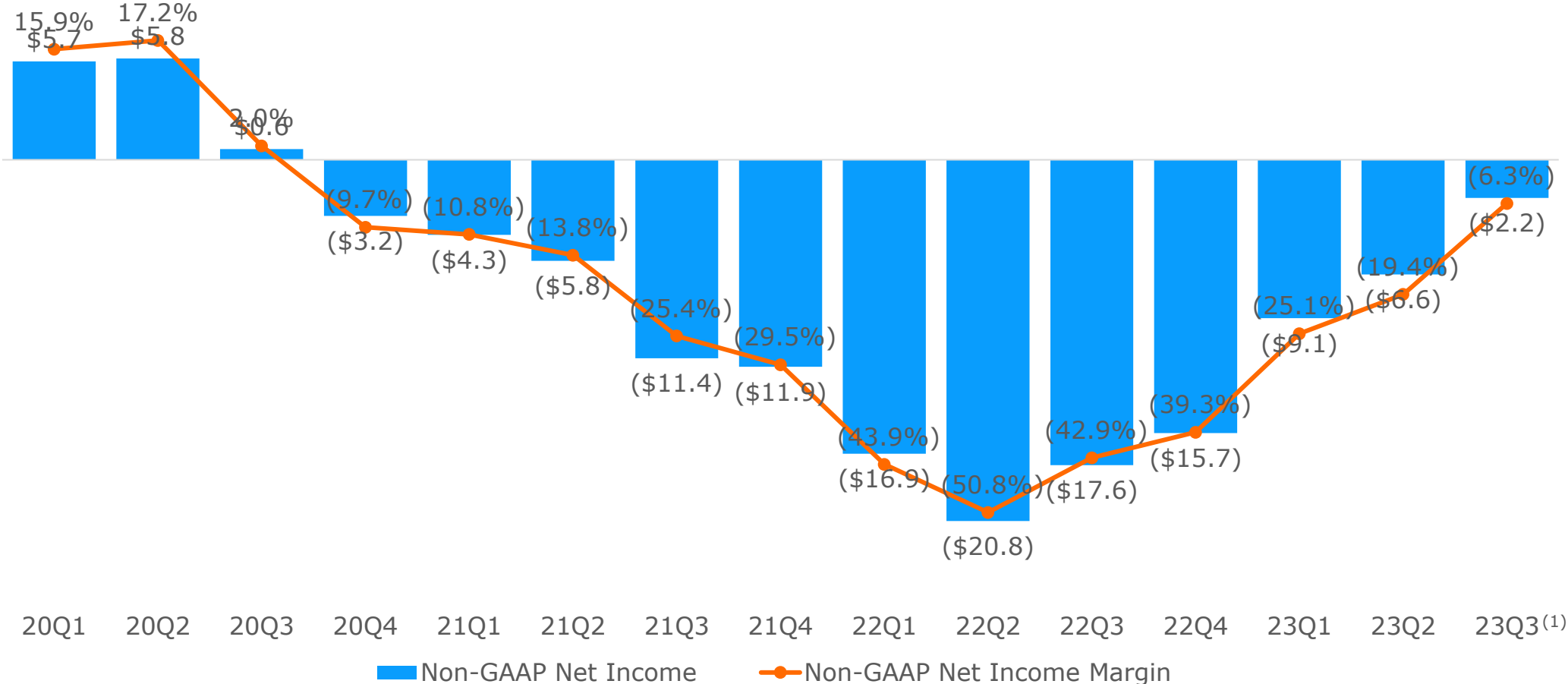
# Adjusted EBITDA and Margin

**ADJUSTED EBITDA**  
in US\$M



# Non-GAAP Net Income and Margin

**Non-GAAP Net Income**  
in US\$M



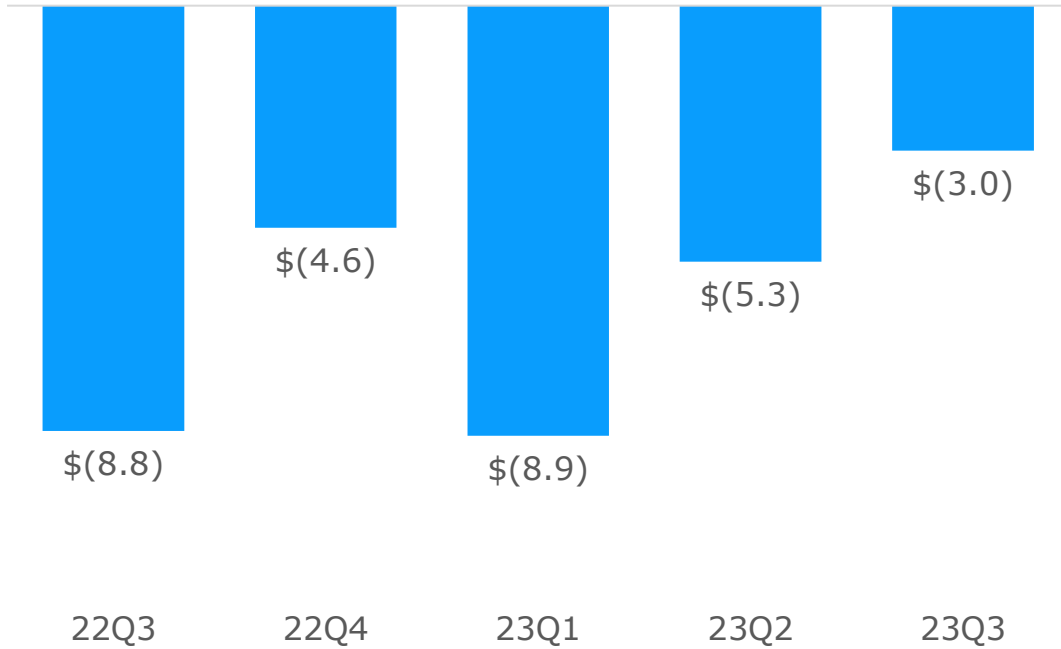
**Notes:**

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

# Cash Flow

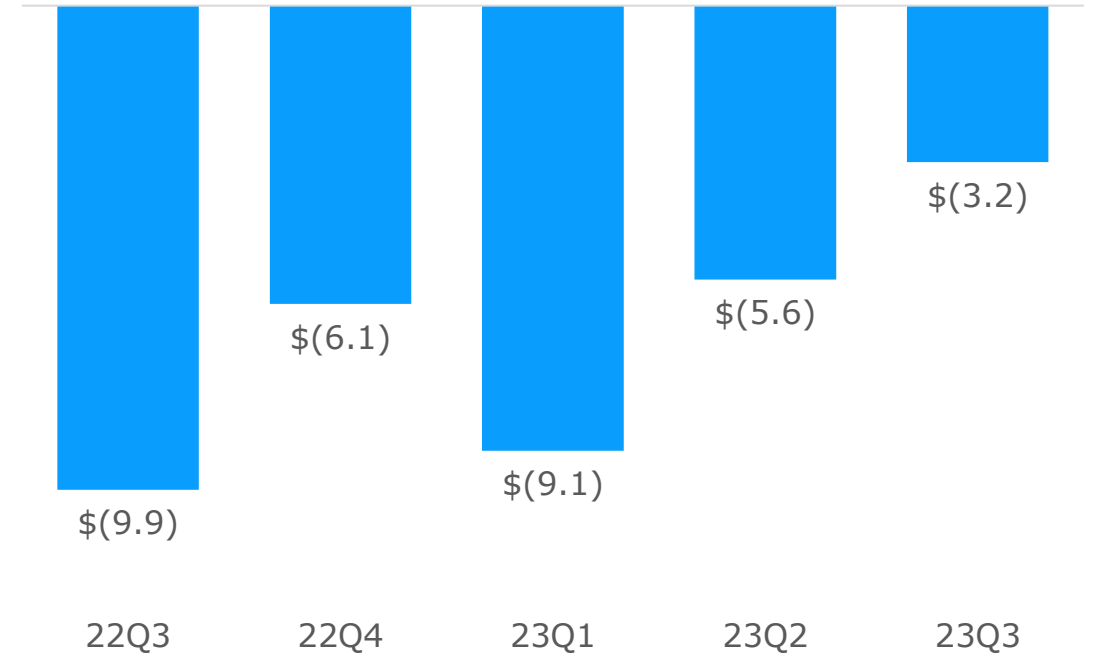
## OPERATING CASH FLOW

in US\$M



## FREE CASH FLOW

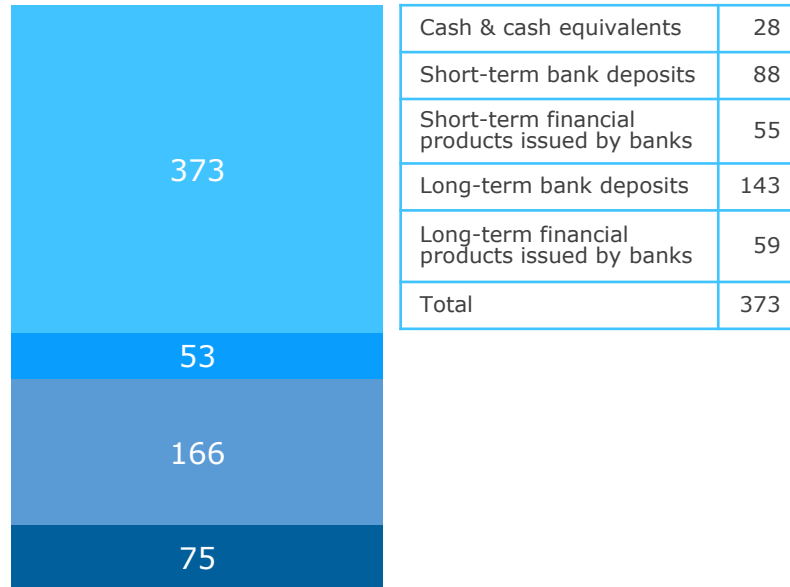
in US\$M



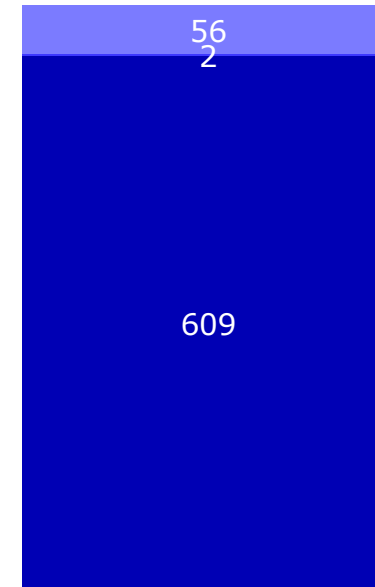
# Balance Sheet

## BALANCE SHEETS SNAPSHOT AS OF SEPTEMBER 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 <sup>(1)</sup>	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
3Q23	4.3M	US\$12.3M	94.3M
<b>Total</b>	<b>24.9M</b>	<b>US\$94.3M</b>	

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

**Notes:**



# Appendix

# GAAP to Adjusted Financial Measures Reconciliation

<b>Gross Margin (US\$000's)</b>	<b>21Q3</b>	<b>21Q4</b>	<b>22Q1</b>	<b>22Q2</b>	<b>22Q3</b>	<b>22Q4</b>	<b>23Q1</b>	<b>23Q2</b>	<b>23Q3</b>
Total Revenues	45,038	40,386	38,585	40,979	40,988	40,118	36,443	34,038	35,016
GAAP Gross Profit	29,349	25,427	24,074	26,609	24,349	24,391	22,846	21,536	22,422
(+) Share-based Compensation	152	423	246	349	165	146	217	230	129
Non-GAAP Gross Profit	29,501	25,850	24,320	26,958	24,514	24,537	23,063	21,766	22,551
(+) Depreciation of Property and Equipment	1,496	1,732	1,756	1,657	1,564	1,512	1,377	1,118	886
Adjusted Gross Profit	30,997	27,582	26,076	28,615	26,078	26,049	24,440	22,884	23,437
Adjusted Gross Margin	68.8%	68.3%	67.6%	69.8%	63.6%	64.9%	67.1%	67.2%	66.9%
<b>Research &amp; Development Expenses (US\$000's)</b>									
GAAP Research & Development	29,668	28,779	31,034	32,442	29,771	21,255	21,031	20,286	20,040
(-) Share-based Compensation	(5,873)	(4,684)	(5,353)	(4,839)	(4,150)	(3,713)	(3,543)	(3,356)	(3,769)
(-) Acquisition Related Expenses	(656)	(425)	(156)	(357)	(236)	(179)	44	368	(13)
(-) Amortization Expense of Acquired Intangible Assets	(198)	(198)	(198)	(198)	(198)	(198)	(118)	(118)	(118)
Non-GAAP Research & Development	22,941	23,472	25,327	27,048	25,187	17,165	17,414	17,180	16,140
(-) Depreciation of Property and Equipment	(305)	(375)	(489)	(503)	(494)	(462)	(526)	(560)	(439)
Adjusted Research & Development	22,636	23,097	24,838	26,545	24,693	16,703	16,888	16,620	15,701
As % of Total Revenues	50.3%	57.2%	64.4%	64.8%	60.2%	41.6%	46.3%	48.8%	44.8%

# GAAP to Adjusted Financial Measures Reconciliation

<b>Sales &amp; Marketing Expenses (US\$000's)</b>	<b>21Q3</b>	<b>21Q4</b>	<b>22Q1</b>	<b>22Q2</b>	<b>22Q3</b>	<b>22Q4</b>	<b>23Q1</b>	<b>23Q2</b>	<b>23Q3</b>
GAAP Sales & Marketing	12,734	13,798	13,856	13,117	14,607	12,189	10,476	8,638	7,789
(-) Share-based Compensation	(1,326)	(1,240)	(1,947)	(1,859)	(1,244)	(1,090)	(1,733)	(1,172)	(800)
(-) Amortization Expense of Acquired Intangible Assets	(348)	(348)	(348)	(348)	(348)	(348)	(217)	(217)	(217)
Non-GAAP Sales and Marketing	11,060	12,210	11,561	10,910	13,015	10,751	8,526	7,249	6,772
(-) Depreciation of Property and Equipment	(145)	(139)	(135)	(127)	(124)	(141)	(150)	(134)	(142)
Adjusted Sales and Marketing	10,915	12,071	11,426	10,783	12,891	10,610	8,376	7,115	6,630
As % of Total Revenues	24.2%	29.9%	29.6%	26.3%	31.5%	26.4%	23.0%	20.9%	18.9%
<b>General &amp; Administrative Expenses (US\$000's)</b>									
GAAP General & Administrative	7,996	9,338	9,230	8,952	11,257	9,232	8,809	9,221	9,070
(-) Share-based Compensation	(1,179)	(2,005)	(1,835)	(1,986)	(1,671)	(1,770)	(1,931)	(2,077)	(1,945)
(-) Amortization Expense of Acquired Intangible Assets	(11)	(11)	(11)	(11)	(11)	(11)	(10)	(11)	(11)
(-) Financing Related Expenses	-	-	-	-	(2,166)	-	-	-	-
Non-GAAP General & Administrative	6,806	7,322	7,384	6,955	7,409	7,451	6,868	7,133	7,114
(-) Depreciation of Property and Equipment	(48)	(57)	(93)	(137)	(152)	(151)	(161)	(96)	(90)
(-) Amortization of Land Use Right	-	-	-	-	-	-	(593)	(869)	(850)
Adjusted General & Administrative	6,758	7,265	7,291	6,818	7,257	7,300	6,114	6,168	6,174
As % of Total Revenues	15.0%	18.0%	18.9%	16.6%	17.7%	18.2%	16.8%	18.1%	17.6%

# Adjusted EBITDA Reconciliation

<b>Adjusted EBITDA (US\$000's)</b>	<b>21Q3</b>	<b>21Q4</b>	<b>22Q1</b>	<b>22Q2</b>	<b>22Q3</b>	<b>22Q4</b>	<b>23Q1</b>	<b>23Q2</b>	<b>23Q3</b>
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Adjusted Gross Profit	30,997	27,582	26,076	28,615	26,078	26,049	24,440	22,884	23,437
Adjusted Research & Development	(22,636)	(23,097)	(24,838)	(26,545)	(24,693)	(16,703)	(16,888)	(16,620)	(15,701)
Adjusted Sales and Marketing	(10,915)	(12,071)	(11,426)	(10,783)	(12,891)	(10,610)	(8,376)	(7,115)	(6,630)
Adjusted General & Administrative	(6,758)	(7,265)	(7,291)	(6,818)	(7,257)	(7,300)	(6,114)	(6,168)	(6,174)
Other Operating Income	209	1,727	1,037	189	2,364	103	496	398	620
Adjusted EBITDA	(9,103)	(13,124)	(16,442)	(15,342)	(16,399)	(8,461)	(6,442)	(6,621)	(4,448)
Adjusted EBITDA Margin	(20.2%)	(32.5%)	(42.6%)	(37.4%)	(40.0%)	(21.1%)	(17.7%)	(19.5%)	(12.7%)
<b>Free Cash Flow (US\$000's)</b>									
Cash Flow from Operations	(13,982)	5,050	(15,861)	(23,797)	(8,833)	(4,640)	(8,928)	(5,330)	(3,033)
(-) Purchases of PPE	(1,638)	(2,131)	(1,172)	(450)	(1,085)	(1,416)	(185)	(265)	(206)
Free Cash Flow	(15,620)	2,919	(17,033)	(24,247)	(9,918)	(6,056)	(9,113)	(5,595)	(3,239)

# GAAP to Non-GAAP Reconciliation

<b>Net Loss Margin (US\$000's)</b>	<b>21Q3</b>	<b>21Q4</b>	<b>22Q1</b>	<b>22Q2</b>	<b>22Q3</b>	<b>22Q4</b>	<b>23Q1</b>	<b>23Q2</b>	<b>23Q3</b>
Total Revenues	45,038	40,386	38,585	40,979	40,988	40,118	36,443	34,038	35,016
GAAP Net Loss	(21,095)	(21,175)	(26,944)	(30,678)	(27,699)	(35,059)	(16,802)	(45,293)	(22,513)
(+) Share-based Compensation	8,530	8,352	9,381	9,033	7,230	6,719	7,424	6,835	6,643
(+) Acquisition Related Expenses	656	425	156	357	236	179	(44)	(369)	13
(+) Amortization Expense of Acquired Intangible Assets	556	556	556	556	556	556	345	345	345
(-) Income Tax Related to Acquired Intangible Assets	(84)	(84)	(84)	(84)	(84)	(84)	(53)	(53)	(53)
(+) Financing Related Expenses	-	-	-	-	2,166	-	-	-	-
(+) Impairment of Goodwill	-	-	-	-	-	11,941	-	31,928	-
Non-GAAP Net Loss	(11,437)	(11,926)	(16,935)	(20,816)	(17,595)	(15,748)	(9,130)	(6,607)	(15,565)
Non-GAAP Net Loss Margin	(25.4%)	(29.5%)	(43.9%)	(50.8%)	(42.9%)	(39.3%)	(25.1%)	(19.4%)	(44.5%)

**Thank you**