



Q4 2025 Earnings Prepared Remarks

March 2, 2026

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Zhao Bin, founder, chairman and CEO

Thanks operator, and welcome everyone to our earnings call.

I'll begin by reviewing our operational performance for the past quarter.

We are pleased to report our fifth consecutive quarter of GAAP profitability in Q4, marking our first full year of GAAP profitability since 2018, driven by sustained double-digit revenue growth, improved operating leverage, and disciplined cost management. Total revenues for the fourth quarter were 38.2 million dollars, representing 10.7 percent year-over-year growth. Our GAAP net profit for the quarter was 4.9 million dollars, with a GAAP net margin of 12.9 percent.

Next, I would like to share with you our recent business update, which highlights both the strength of our core real-time engagement business and the accelerating momentum of our conversational AI initiatives.

Our platform's scalability and reliability were recently validated during a high-profile livestreaming event over the Super Bowl weekend. MrBeast, the world's most-followed content creator, hosted a broadcast session on Whatnot—the leading video-based shopping platform and a long-standing customer of Agora. We delivered high-quality full HD video to nearly 600,000 peak concurrent viewers worldwide while enabling their interactions at sub-second latency. To quote our customers' own words from their technical blog, "On event day, Agora's real-time media pipeline performed reliably at peak. Time to first frame stayed under 1 second, latency remained consistently low, and video quality held stable throughout the stream, even as we pushed systems to their limits at extreme load."

We believe this is the largest live video shopping event in US history. Events of this magnitude are the ultimate stress test for real-time infrastructure. Our ability to deliver stable, high-quality video with ultra-low latency at a global scale demonstrates our leadership in network resilience, distributed architecture, and real-time routing. This event was powered exclusively by our platform, as no competitor can match our performance and scale. This is why industry leaders in e-commerce, social, entertainment, and education continue to trust our infrastructure for their most critical moments.

At the same time, we are witnessing rapid adoption of our Conversational AI Engine product. Since its launch in March 2025, usage has more than doubled each quarter. We are also encouraged to see early experimentation among our customers quickly evolve into real-world deployment across multiple verticals, including customer services, smart devices, education and AI-powered consumer applications. Companionship toys powered by our solution, such as Fuzozo, are driving accelerated shipments with high user stickiness. Validating this momentum, a leading consumer hardware giant recently launched a companionship toy built on our technology. Furthermore, our ConvoAI Device Kit—integrating a voice module and an emotion-display screen—has set an industry trend and is now widely adopted by manufacturers.

We started the year with a strong reception of our conversational AI solutions for Physical AI at CES 2026 in January. At the event, we introduced the latest upgrade of our ConvoAI Device Kit, featuring enhanced multimodal capabilities, including vision understanding and motion control. These new capabilities enable the development of embodied AI hardware and robotics across multiple use cases. For example, our customer Luwu Dynamics is developing a desktop embodied AI robot powered by this solution.

Many of our customers also showcased products at CES that leveraged our solutions, ranging from AI companion devices and robotics to next generation Physical AI products. The strong market interest and media coverage coming out of CES further validates the growing demand for real-time, human-like interaction embedded directly into smart devices.

Beyond one-on-one interaction between humans and AI agents, we are also expanding into multi-agent collaboration scenarios. During the quarter, we supported Agnes AI in launching its next-generation AI group chat and multi-agent collaboration platform. By leveraging our real-time engagement infrastructure and conversational AI capabilities, Agnes AI enables multiple AI agents and human participants to interact seamlessly. We believe multi-agent orchestration represents the next frontier of AI-driven productivity, where agents can coordinate tasks, share information, and collaborate with humans in real time.

Across these developments, a clear theme is emerging: as AI becomes more interactive and multimodal, the technical complexity behind delivering a seamless interaction experience between a

human and an AI agent increases significantly. Real-time conversational AI requires not only powerful foundation models, but also advanced audio processing, ultra-low latency networking, global scalability, interruption handling, turn-taking management, and device-level optimization. These are areas where we have made substantial investments and have built a strong competitive edge. Our deep expertise in real-time infrastructure uniquely positions us to bridge the gap between AI model capability and production-grade user experiences.

Looking ahead, we remain focused on driving revenue growth and advancing conversational AI innovation throughout 2026. We enter the new year with strong momentum, supported by an expanding customer pipeline, growing production deployments, and increasing ecosystem partnerships. We believe we are well positioned to capture this transformation and create long-term value for our shareholders.

Before I conclude, I would like to thank our customers, developers, partners, and shareholders for their continued trust and support, and our global teams for their dedication and innovation.

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 fourth quarter of 2025 and then I will discuss outlook for the first quarter of 2026.

Total revenues for the fourth quarter reached \$38.2 million, representing a 10.7% year-over-year increase and exceeding the high end of our guidance. This marks our fourth consecutive quarter of double-digit organic growth.

If we look at the two business divisions, Agora revenues reached \$19.9 million in Q4, representing 14.4% year-over-year growth and 9.3% quarter-over-quarter growth. The strong growth reflects our successful market penetration and growing adoption in verticals such as live shopping. Shengwang revenues reached RMB129.2 million in Q4, up 5.7% year-over-year and 5.6% sequentially, driven by continued business expansion and adoption in key verticals such as social and entertainment and IoT.

Dollar-Based Net Retention Rate is 109% for Agora and 89% for Shengwang.

Gross margin for the quarter was 65.1%, down 1.5 percentage points year-over-year and 0.9 percentage points sequentially. The decline was primarily driven by the lower margin profile of our conversational AI related products, as usage is still ramping and remains at a subscale level.

Turning to expenses, R&D expenses were \$13.6 million in Q4, down 7.7% year-over-year, reflecting continued cost discipline. R&D expenses accounted for 35.8% of total revenues, compared to 42.9% in the same period last year.

Sales and marketing expenses were \$7.1 million in Q4, down 2.1% year-over-year. Sales and marketing expenses represented 18.7% of total revenues in the quarter, compared to 21.1% in Q4 last year.

G&A expenses were \$5.4 million in Q4, a decrease of 16.5% year-over-year, primarily due to lower provisions for credit losses following improved customer collections. G&A expenses represented 14.1% of total revenues, compared to 18.7% in Q4 last year.

Moving on to the bottom line. We delivered net income of \$4.9 million

in Q4, representing a 12.9% net income margin. As Tony just mentioned, this marks our fifth consecutive quarter of GAAP profitability and first full year of GAAP profitability since 2018. Based on our current business momentum and visibility into 2026, we expect net income to grow compared to 2025.

Now turning to cash flow. Operating cash flow was \$9.3 million in Q4, compared to \$4.5 million in Q4 last year.

Moving onto balance sheet. We ended Q4 with \$374.9 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 of \$10.9 million.

In the fourth quarter, we repurchased 12 million ordinary shares, or 3 million ADSs, representing 3.3% of our outstanding shares at the beginning of the quarter. Since our board approved the share repurchase program in February 2022, we have repurchased \$143.1 million worth of shares through December 31, 2025, which represented 71.6% of our \$200 million share repurchase program. We are pleased to announce that our Board has authorized a 12-month extension of our share repurchase program through February 28, 2027, with all other terms unchanged. This reflects the Board's confidence in our long-term growth prospects and our continued commitment to delivering shareholder value.

Now turning to guidance. For the first quarter of 2026, we currently expect total revenues to be between \$36 and 37 million, compared to \$33.3 million in the first quarter of 2025, representing year-over-year growth rate of 8.1% to 11.1%. This outlook reflects our current and preliminary views on the market and operational conditions, which are subject to change.

In closing, I want to extend my sincere gratitude to our exceptional teams in Agora and Shengwang. Our sustained double-digit revenue growth and double-digit net income margin are a direct result of your dedication and execution. Let's remain focused on driving revenue growth and advancing conversational AI innovation throughout 2026. To our shareholders, thank you for your continued trust and partnership.

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