

1 Thank you, Operator. During today's call, Morris Berger,
2 Zedge's newly appointed CEO, Jonathan Reich, Zedge's
3 President and Chief Operating Officer; and Yi Tsai, Zedge's
4 Chief Financial Officer, will discuss Zedge's financial and
5 operational results that were reported today.

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7 Any forward-looking statements made during this conference
8 call during the prepared remarks or in the question-and-answer
9 session, whether general or specific in nature, are subject to risks
10 and uncertainties that may cause actual results in the future to
11 differ materially from those discussed on today's call. These
12 risks and uncertainties include but are not limited to specific
13 risks and uncertainties disclosed in Zedge's periodic SEC filings.
14 Zedge assumes no obligation to update any forward-looking
15 statements or to update the factors that may cause actual results
16 to differ materially from those that they forecast.

17 Please note that our earnings release is available on the Investor
18 Relations page of the Zedge website and has also been filed on
19 Form 8-K with the SEC. Finally, on this call, we will use non-

20 GAAP measures. Examples include non-GAAP EPS, non-
21 GAAP net income, and adjusted EBITDA. Please see our
22 earnings release for an explanation of our use of these non-
23 GAAP measures.

24 Now, I'd like to turn the call over to Morris.

25 **MORRIS**

26 Thank you, Brian, and good afternoon, everyone.

27

28 I'm excited to be back at Zedge. For those who may not know
29 my background, I was involved with Zedge very early in its
30 history. In fact, I was the person who found the company in
31 Norway when it only had 2 employees, and I served as CEO for
32 over 4 years. I've spent much of my career building and
33 operating businesses across media and technology, including
34 IDT Entertainment and Zeno Media.

35

36 When Howard approached me about returning, what caught my
37 attention was the opportunity for Zedge as a whole and

specifically what Jonathan and the team had identified and begun developing with DataSeeds.AI. Zedge has an established business that generates cash, a strong balance sheet and a collection of assets and capabilities that can be applied to various growing markets. Through DataSeeds, we have already demonstrated an ability to turn some of those capabilities into a commercial offering, securing repeat business and expanding into new services.

What I find particularly compelling is that we're building on a foundation that already exists within Zedge. We're not starting from scratch. We have established creator communities, experience developing and operating digital platforms and an infrastructure that can support specialized data production.

Of course, DataSeeds is still early in its development, and there's considerable work ahead. My initial focus has been on getting to know the team and the business, understanding our customers and identifying where additional investment can have the

57 greatest impact. Howard's increased involvement and the recent
58 capital investment give us additional resources to pursue the
59 opportunity.

60

61 I've worked with Howard before with much success, and I'm
62 looking forward to working closely with him, Mishi, Jonathan
63 and the rest of the multinational team. I believe we have an
64 opportunity to build DataSeeds into a substantial business over
65 time, with high enterprise value and I'm looking forward to
66 helping make that happen again.

67

68 With that, I'll turn it over to Jonathan.

69

70 **JONATHAN**

71 Thank you, Morris, it's great to be working together again,
72 and good afternoon, everyone.

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74 I'll begin with a DataSeeds update, then review our fiscal
75 2026 performance and then more about the opportunities
76 we see across the Company and our priorities for fiscal
77 2027.

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79 DataSeeds is our primary growth initiative and the area
80 where we see the largest opportunity to create additional
81 value for Zedge stockholders over time.

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83 AI developers increasingly need specialized, purpose-built
84 data tailored to particular models, applications and edge
85 cases. Much of that data cannot be scraped from the
86 internet or acquired from an existing library; it must be
87 produced, subject to a detailed technical brief.

88

89 Zedge entered this market with meaningful advantages,
90 including creator communities, content libraries and
91 extensive experience building technology that can attract,

engage and mobilize contributors. During fiscal 2026, we combined these assets with new production capabilities and enterprise workflows enabling us to deliver dataset to leading technology companies.

That foundation produced meaningful commercial traction, including repeat orders from existing customers, our first six-figure engagement and an expansion into model evaluation.

Revenue will likely remain uneven in fiscal 2027 because assignments vary in size and timing, and we are still in the early stages of this endeavor, but the early progress reinforces our conviction in the opportunity.

Our ability to invest in DataSeeds is supported by the performance and cash generation of our established businesses, so let me turn to our fiscal 2026 results.

Fiscal 2026 was a year of meaningful financial improvement following last year's restructuring activities. Consolidated revenue increased approximately 8%, subscription revenue grew nearly 30%, and we delivered substantial gains in profitability and free cash flow. Yi will provide a more detailed review of our financial results shortly.

Zedge Marketplace remains our principal source of profitability and cash flow. It also contributes a scaled creator community and, by nature of operating that business, we have developed expertise in user acquisition, creator onboarding, engagement, consent management and payments that are critical for DataSeeds' growth.

In the fourth quarter, Marketplace ARPMAU increased year over year by more than 30% to twelve point one cents, and active subscriptions increased 35% to approximately 1.3 million.

127

128 Those gains more than offset the revenue impact of a 17%
129 decline in monthly active users. Reversing the MAU
130 downward trend remains a priority, while improving
131 monetization across the audience we retain.

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133 Zedge Marketplace on iOS continues to perform well,
134 supported by strong product acceptance, effective
135 marketing and subscription growth.

136

137 Looking ahead, we expect to more tightly calibrate paid user
138 acquisition, or PUA, spend with return on advertising spend,
139 or ROAS. This may result in a more measured rate of
140 Marketplace growth while maintaining our disciplined
141 approach to investment in user growth.

142

143 We continue to believe in the Zedge Marketplace and are
144 continuing to invest in product development. Over the past

145 year, we introduced features designed to improve retention
146 and engagement, including AlarmZz and task-driven reward
147 activities and introduced new content verticals including
148 watch faces, dynamic wallpapers and battery-charge
149 screens. Marketplace is a valuable asset -- both on a
150 standalone basis and as driver for DataSeeds -- and
151 maintaining its profitability and cash generation remains
152 paramount.

153
154 At Emojipedia, revenue continued to decline and weighed on
155 our consolidated growth rate. The business nevertheless
156 continues to generate very high margins because it has
157 minimal fixed and variable operating costs.

158
159 We will continue to manage Emojipedia for cash generation
160 while evaluating opportunities to slow the decline without
161 significant investment.

162

GuruShots and DataSeeds are now being managed as one business. GuruShots contributes an established photography community, an extensive image catalog and experienced visual contributors who can support DataSeeds' collection, annotation and evaluation work. Integrating those assets with DataSeeds allows us to deploy an existing community and platform to enterprise AI-data requirements.

We are also designing new consumer products with technology that can connect to DataSeeds, and we have redirected an innovation team to DataSeeds initiatives. These efforts create reusable technology and capabilities for the enterprise business.

I will close by returning to DataSeeds and explaining how we plan to build on the foundation established during fiscal 2026.

181

182 Depending on a customer's needs, we can use existing
183 content, mobilize contributors through our communities,
184 develop mission-specific data-collection applications or
185 deploy professional resources through our DataSeeds
186 Production Cloud.

187

188 We manage rights, consent, metadata, compliance and
189 quality assurance throughout the workflow. Combining
190 these sourcing and production methods gives us flexibility to
191 meet highly specific customer requirements without
192 building every capability from scratch.

193

194 The opportunity now extends beyond training data.
195 DataSeeds began with rights-cleared image datasets and
196 has expanded into multimodal data, including audio and
197 video. We are also building services across annotation,
198 enrichment and model evaluation.

199

200 Our first commercial model-evaluation engagement with
201 Bria demonstrates that expansion. Bria needed to assess
202 subtle quality differences in AI-generated images that
203 automated systems could not evaluate reliably.

204

205 Through GuruShots, we mobilized experienced
206 photographers who routinely evaluate and vote on images.
207 Multiple evaluators independently reviewed the content
208 using a process designed around Bria's requirements,
209 demonstrating how expert human judgment can
210 complement automated evaluation methods.

211

212 Our model-evaluation offering combines an established
213 community of visual evaluators with the workflow and
214 quality controls required to produce consistent, usable
215 enterprise results.

216

217 On a demo for another client, we tested our evaluation
218 capabilities on a customer's AI-generated images and found
219 that our solution was able to provide value added insights
220 regarding the image quality of their model, particularly when
221 judging for nuanced variables like dim lighting conditions.

222

223 That result illustrates how DataSeeds can expand existing
224 customer relationships, and the synergies between
225 GuruShots and DataSeeds.

226

227 Physical AI and robotics are another promising area. These
228 applications require specialized video datasets that capture
229 how people interact with physical environments.

230

231 That can include egocentric video recorded from a
232 participant's perspective, exocentric video recorded from
233 external viewpoints, and the associated synchronized

234 sensor data. Much of this content must be collected
235 specifically for the task being modeled.

236

237 Our experience developing mobile applications and
238 managing distributed contributors gives us a strong
239 foundation. We are developing collection capabilities now,
240 although this business remains early.

241

242 In fiscal 2027, our priorities are to expand our technical and
243 production capabilities, deepen customer relationships,
244 broaden and grow the pipeline and add the people and
245 processes needed to manage larger, more complex
246 engagements, all while remaining disciplined as we invest.
247 Individual projects can vary considerably in size, scope and
248 timing, and our objective is to turn the early traction into a
249 larger, more diversified and more consistent business.

250

251 The investment Morris referenced gives us the flexibility to
252 move faster and not miss out due to resource scarcity. Our
253 focus now is to deploy those resources with discipline
254 against the customer, technical and organizational priorities
255 that can build a durable business and outsized value.

256

257 Our established businesses provide the cash flow,
258 communities, content and operating expertise behind this
259 strategy. DataSeeds converts those advantages into an
260 enterprise growth platform that we believe can become a
261 meaningful growth driver for Zedge.

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263 We entered fiscal 2027 with commercial validation,
264 expanding capabilities and additional resources. We now
265 need to execute: deliver for customers, convert the pipeline
266 and build the organization required to scale.

267

268 With that, I'll turn the call over to Yi for a detailed review of
269 our financial results.

270

271 **YI**

272 Thank you, Jonathan, and good afternoon, everyone. I'll
273 begin with our fourth-quarter results, followed by our full-
274 year performance and our balance sheet.

275

276 Total revenue for the fourth quarter was \$7.8 million, an
277 increase of 4% from the prior year. Advertising revenue
278 declined 1.9% to \$5.1 million, primarily reflecting the
279 continued decline at Emojipedia.

280

281 Subscription revenue increased 25.6% to \$1.8 million,
282 continuing the strong growth we've seen throughout fiscal
283 2026. Active subscriptions increased 35.3% year over year to
284 approximately 1.3 million, while ARPMAU increased 30.5%
285 to twelve point one cents.

286

287 Digital goods and services revenue, which combines
288 DataSeeds and GuruShots, was down approximately 2% to
289 \$0.4 million, compared to approximately \$0.5 million in the
290 prior-year quarter, as the decline in traditional GuruShots
291 gaming revenue was mostly offset by DataSeeds revenue.

292

293 Other revenue increased 11.6% to \$0.5 million.

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295 Turning to profitability, GAAP operating income was \$0.3
296 million, compared to an operating loss of \$0.7 million in the
297 fourth quarter of fiscal 2025.

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299 GAAP net income was \$0.4 million, or \$0.03 per diluted
300 share, compared to a net loss of \$0.6 million, or a loss of
301 \$0.04 per share, in the prior-year quarter.

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Non-GAAP net income was \$0.5 million, or \$0.04 per diluted share, compared to \$0.1 million, or approximately breakeven per share, last year.

Adjusted EBITDA increased 75.6% to \$0.5 million, compared to \$0.3 million in the prior-year quarter.

Turning to our full-year results, total revenue increased 7.6% to \$31.6 million. Subscription revenue increased 29.5% to \$6.6 million, while advertising revenue grew 4.1% to \$21.2 million, despite the declines at Emojipedia.

Digital goods and services revenue was \$2.0 million, compared to \$2.2 million in fiscal 2025, and other revenue increased 6.5% to \$1.9 million.

For the full year, our GAAP operating loss narrowed to \$0.6 million from \$3.2 million in fiscal 2025.

321

322 Our GAAP net loss narrowed to \$0.1 million, compared to a
323 net loss of \$2.4 million last year. On a per-share basis, the
324 loss was \$0.02, compared to \$0.17 in fiscal 2025.

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326 Non-GAAP net income increased to \$3.1 million, or \$0.24
327 per diluted share, compared to \$0.7 million, or \$0.05 per
328 diluted share, in fiscal 2025.

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330 Adjusted EBITDA increased 134.2% to \$4.1 million,
331 compared to \$1.8 million last year.

332

333 Turning to cash flow and liquidity, fourth-quarter cash flow
334 from operations increased to \$1.7 million from \$0.7 million
335 in the prior-year period. Free cash flow increased to \$1.6
336 million from \$0.5 million.

337

338 For the full year, cash flow from operations increased to \$4.6
339 million from \$3.4 million, while free cash flow increased
340 46.6% to \$4.2 million from \$2.9 million.

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342 We ended fiscal 2026 with \$20.3 million in cash and cash
343 equivalents and no debt.

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345 During fiscal 2026, we repurchased approximately 686,000
346 shares and returned an aggregate of approximately \$2.7
347 million to stockholders through share repurchases and
348 dividends.

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350 Subsequent to fiscal year-end, we completed the
351 approximately \$7.7 million insider-led financing discussed
352 earlier in the call. That capital is not reflected in our July 31
353 cash balance, which on a pro-forma basis stands at around
354 \$28 million. As previously disclosed, we suspended share

355 repurchases in connection with the financing and expect to
356 continue our quarterly dividend.

357

358 That concludes my financial review. Operator, please open
359 the line for questions.