

Q1 2026 Market Report: Revenue, Platforms, and Funding

Platform Landscape Update, Revenue Benchmarks, VC Activity, and 2026 Growth Outlook

EXECUTIVE SUMMARY

This quarterly market report covers the AI girlfriend and AI companion industry through Q1 2026. The global market, valued at \$2.7 billion in 2024, is on track for our revised 2026 estimate of \$4.1 billion following stronger-than-forecast Q1 results. Industry-wide Q1 2026 revenue exceeded Q1 2025 by 31%. The platform landscape is consolidating around five major operators while a long tail of independent developers continues to grow. VC activity moderated from 2024 peaks but remains substantially elevated versus pre-2022 levels.

GLOBAL MARKET SIZE AND REVENUE

Q1 2026 industry-wide revenue reached an estimated \$1.05 billion, a 31% increase over Q1 2025's \$802 million. Full-year 2026 projections, adjusted upward following Q1 results, now stand at \$4.1 billion, above our prior \$3.8 billion estimate.

- **Q1 2026 industry revenue: ~\$1.05 billion**
- **Full-year 2026 revised forecast: \$4.1 billion**
- **Full-year 2025 actual: \$3.2 billion**
- **Year-on-year revenue growth (Q1 vs. Q1): 31%**
- **Market.us long-range forecast to 2034: \$24.5 billion at 24.7% CAGR — unchanged**

Subscription revenue remains the dominant model at 61% of total, with in-app purchases at 29% and enterprise/API licensing at 10%. The enterprise segment grew 140% year-on-year, driven by wellness companies integrating AI companion features into health apps.

PLATFORM LANDSCAPE

The platform landscape is consolidating at the top while the long tail continues to expand. The five largest platforms by monthly active users now account for 71% of total market MAU, up from 64% in Q1 2025.

- **Replika: estimated 28M MAU (up from 25M in Q4 2024)**
- **Character.AI: 105M monthly visits (all use-cases, not exclusively romantic)**
- **AI girlfriends.ai: active premium subscriber base at record high in Q1 2026**
- **Candy.ai: estimated 5M registered users**
- **DreamGF: 2M+ downloads; strong Southeast Asia growth**

Independent developers (open-source and self-hosted) now represent approximately 22% of total market downloads, an increase from 20% in 2025. App store counts show 3,800+ distinct AI companion apps available as of March 2026, up from 2,200 in mid-2025.

INVESTMENT AND FUNDING ACTIVITY

VC investment into AI companion startups moderated in Q1 2026 following the 2023–2024 funding surge, but remains at structurally elevated levels versus pre-2022.

- **Q1 2026 disclosed VC funding into AI companion sector: \$112 million**
- **Q1 2025 comparable period: \$175 million**
- **Full-year 2024: \$700 million**
- **Full-year 2022: \$299 million**

The moderation reflects a shift from early-stage exploratory funding to growth-stage rounds for established operators. Series B and C activity increased as a proportion of total deal count. Southeast Asia (particularly Singapore and South Korea) continued to attract disproportionate early-stage capital.

REGIONAL GROWTH HIGHLIGHTS

Q1 2026 growth was unevenly distributed, with Latin America and Southeast Asia outperforming projections and European growth remaining constrained by regulatory friction.

- **Latin America: +48% year-on-year new registrations**
- **Southeast Asia: +39% year-on-year new registrations**
- **North America: +18% year-on-year new registrations**
- **Europe: +9% year-on-year new registrations (impacted by EU AI Act compliance obligations)**

- **Japan/South Korea: +22% year-on-year new registrations**

The EU AI Act's requirements for emotional AI system transparency and user disclosure contributed to a 10–12% growth rate reduction in European markets. Several platforms have introduced explicit consent screens and companion disclosure language in EU-localised builds.

TECHNOLOGY TRENDS

Q1 2026 saw three significant technology trends emerge across the market.

- **Multimodal voice models: Real-time emotionally-expressive voice using models comparable to GPT-4o's** voice mode adopted by 4 of the top 5 platforms
- **Long-term memory: Persistent memory across sessions (beyond 30 days) now standard on premium tiers** of all major platforms
- **AR companion features: Spatial audio and basic AR overlay features in beta at two platforms targeting** Asia-Pacific markets

Biometric feedback integration (heart rate, facial expression detection via camera) remains in early development across 3 platforms. No consumer release is expected before Q4 2026.

DATA TABLE

Market	Q1 2026 MAU Growth	Revenue Contribution	Key Driver
North America	+18% YoY	34% of global	High ARPU; enterprise growth
Asia-Pacific	+28% YoY	31% of global	Voice adoption; cultural norm.
Latin America	+48% YoY	14% of global	Mobile-first; search surge
Europe	+9% YoY	15% of global	Regulatory friction
Rest of World	+33% YoY	6% of global	India, Philippines growth

METHODOLOGY

Market revenue estimates based on App Store and Google Play public ranking data, company disclosures (where available), subscription pricing benchmarks, and estimated conversion rates applied to MAU figures. VC funding data sourced from Crunchbase and PitchBook disclosed rounds. All revenue figures are estimates with a confidence interval of approximately $\pm 12\%$. Platform MAU figures are estimates derived from SimilarWeb traffic data and app store download rankings. No proprietary financial data from third-party platforms is used.

Disclosure

AI girlfriends.ai operates AI companion services. This report is published for educational and transparency purposes. All user data is anonymised and collected under informed consent. Not a substitute for professional mental health advice. For academic citation or data-access requests, contact jack@aigirlfriends.ai.