

2Q 2024 Earnings Call Management Prepared Remarks

01 Introduction (Presenter: Daniel Gao)

Hello everyone and thank you for joining us on UCLOUDLINK's second quarter 2024 earnings call. The earnings release and our earnings presentation are now available on our IR website at ir.ucloudlink.com. Joining me on today's call are

Mr. Zhiping Peng, co-founder and chairman of board of directors;

Mr. Chaohui Chen, co-founder, director and chief executive officer, and

Mr. Yimeng Shi, chief financial officer.

Mr. Chen will begin with an overview of our recent business highlights. Mr. Shi will then discuss our financial and operational highlights for the quarter. They will both be available to take your questions in the Q&A session that follows.

Before we proceed, please note that this call may contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and observations that involve known and unknown risks, uncertainties and other factors not under the company's control, which may cause actual results, performance, or achievements of the company to be materially different from the results, performance, or expectations implied by these forward-looking statements.

All forward-looking statements are expressly qualified in their entirety by the cautionary statements, risk factors, and details of the company's filings with the SEC. The company does not assume any obligation to revise or update any forward-looking statements as a result of new information, future events, changes in market conditions or otherwise, except as required by law.

Please also note that UCLOUDLINK's earnings press release and this conference call include discussions of unaudited GAAP financial information and unaudited non-GAAP financial measures. UCLOUDLINK's press release contains a reconciliation of the unaudited non-GAAP measures to the most directly comparable unaudited GAAP measures. I will now turn the call over to Mr. Chen. Please go ahead.

02 Company Overview (Presenter: Chaohui Chen)

Thank you, Daniel, and good morning or evening everyone.

Continuing the solid start we had earlier in the year, growth momentum carried into the second quarter, with total revenue reaching US\$22.4 million, in-line with guidance. Our financial position is improving, with net income reaching US\$2.2 million and operating cash inflow increasing 38.3% year-over-year to US\$4.7 million.

In the second quarter of 2024, aside from our *GlocalMe* Mobile/Fixed Broadband business, comprehensive data connection solutions and business lines such as *GlocalMe* Life, *GlocalMe* SIM, and *GlocalMe* IoT have made consistent progress in expanding beyond the travel sector into various aspects of daily life with an expanded array of comprehensive data connectivity solutions to satisfy a wide range of user needs.

Firstly, let me start with the progress we have made in our *GlocalMe* Mobile/Fixed Broadband business line. Our 1.0 international data connectivity services business continued to grow in the second quarter of 2024, further consolidating our leading position in the roaming market and expanding our market share, as the widespread adoption of our full-speed 5G solutions gains momentum, supported by the recovery in international travel. Our extensive 5G roaming solutions now cover 60 countries and regions and are generating a stable stream of revenue, creating significant growth opportunities for us going forward. According to the Mobile Economy 2024 report from the Global System for Mobile communications Association, or the GSMA, the global number of 5G connections is expected to rise to 5.5 billion by 2030 from 1.6 billion at the end of 2023.

Second, our *GlocalMe* Life solution made significant progress in the second quarter of 2024. We officially launched three *GlocalMe* Life solutions in May at Viva Technology 2024 in Paris. The lineup of new solutions, consisting of KeyTracker, RoamPlug and UniCord, has not only showcased our innovative capabilities, but also garnered widespread acclaim in the market, marking the beginning of a promising new revenue stream going forward. With unique multi-network multi-base station positioning and active radar search for up to 100 meters, our KeyTracker is technologically ahead of the competition with its six advanced positioning technologies including GPS, AGPS, LBS, WiFi, Bluetooth, and Active Radar. The RoamPlug is more than just a universal travel adapter, it's a all-in-one device that combines smart charging technology, 4 charging ports including 3 USB-C and 1 USB-A, and a built-in mobile Wi-Fi module. Unicord is a dual-headed USB C cable with built-in mobile Wi-Fi capabilities. RoamPlug and the Unicord make great local and global travel companions to charge and connect devices, while also providing reliable internet connectivity without the need to carry bulky hardware. *GlocalMe* Life solutions allow people to stay connected to their loved ones

seamlessly offering connectivity to various high-frequency daily life application scenarios, such as pet management, item tracking as well as emergency communication. These solutions are expected to contribute more revenues in the coming quarters as we gradually expand this revenue stream with recurring subscription and services revenue.

Third, we continue to gradually expand the availability of our *GlocalMe* SIM solutions, including over-the-air (OTA) SIM and eSIM solutions, in more countries and regions, paving the way for more powerful “All SIM” solutions that will allow us to engage with a broader end user base. Our “All SIM” solutions, which consolidate OTA SIM, eSIM, and Cloud SIM, are uniquely positioned to break cross-carrier restrictions, empower various smartphones, and set new pioneering industry benchmarks for mobile connectivity and convenience when they launch in the near future. According to the Mobile Economy 2024 report from the GSMA, SIM connections excluding licensed cellular IoT are expected to increase from 8.6 billion in 2023 to 9.8 billion by 2030.

In our *GlocalMe* IoT business line, we are leveraging our soft cloud SIM technology compatible with various chipset platforms to engage with a broader spectrum of partners in the security camera, dashboard camera, and other related sectors to explore additional application scenarios. This will allow us to demonstrate the strength and capabilities of our technology to a broader audience. According to the Mobile Economy 2024 report from the GSMA, licensed cellular IoT connections are expected to grow from 3.5 billion in 2023 to 5.8 billion by 2030.

Finally, as we transition beyond the portable Wi-Fi terminal market, we are scaling up our user base beyond the travel sector into various comprehensive daily life application scenarios such as elderly care, pet management, item tracking, and daily travel. This transition will diversify our revenues streams from primarily mobile data traffic solutions to a mix of value-added services and mobile data traffic solutions. This will drive the ongoing consolidation and development of our *GlocalMe* ecosystem, positioning it as a leading global mobile data traffic sharing marketplace while creating long-term sustainable value for our shareholders.

We firmly believe that better connection empowers better life. With the gradual commercialization of *GlocalMe* Life, SIM, and IoT business lines gaining momentum, we expect to see them contribute more meaningfully to revenue in the coming quarters through various markets and channels.

We are confident that we have the right strategy in place to generate sustainable growth in the coming quarters. For the third quarter of 2024, we expect total revenues to be between US\$24.0 million and US\$28.0 million, representing an increase of 0.4% to 17.2% compared to the same period of 2023.

I will now turn the call over to Mr. Shi.

03 Operational Highlights and Financial Results (Presenter: Yimeng Shi)

Thank you, Mr. Chen. Hello everyone, I will go over our operational and financial highlights for the second quarter of 2024.

Average daily active terminals is an important operating metric for us as it measures customer usage trends over each period, which is reflective of our business performance. Average daily active terminals (“DAT”) in the second quarter were 306,289, of which 62.2% were from uCloudlink 1.0 international data connectivity services representing an increase of 29.0% in DAT of 1.0 international data connectivity services compared to the same period of 2023. Average daily data usage per terminal was 1.54 GB in June 2024.

As of June 30, 2024, the Company served 2,699 business partners in 61 countries and regions. The company had 182 patents with 153 approved and 29 pending approval, while the pool of SIM cards was from 392 MNOs globally as of June 30, 2024.

Total revenues were US\$22.4 million, representing an increase of 1.7% from US\$22.0 million in the second quarter of 2023. Revenue from services was US\$14.2 million, representing an increase of 0.5% from US\$14.1 million in the same period of 2023. Revenue from services as a percentage of total revenues was 63.4% during the second quarter of 2024, down from 64.1% during the same period last year.

Geographically speaking, during the second quarter of 2024, Japan contributed 46.2% of our total revenues, North America contributed 14.6%, Mainland China contributed 23.5% and other countries and regions contributed the remaining 15.7%, compared to 43.0%, 29.5%, 11.6% and 15.9%, respectively, in the same period of 2023.

Overall gross profit was US\$11.0 million, compared to US\$9.9 million in the same period of 2023. Overall gross margin was 49.2% in the second quarter of 2024, compared to 44.9% in the same period of 2023. Gross margin on services increased to 60.3% in the second quarter of 2024 from 58.0% in the same period of 2023. Gross margin on products increased to 30.0% in the second quarter of 2024 from 21.5% in the same period of 2023.

Excluding share-based compensation, total operating expenses were US\$8.7 million, or 39% of total revenues, in the second quarter of 2024, compared to US\$7.3 million, or 33% of total revenues, in the same period in 2023.

Net income was US\$2.2 million, compared to a net loss of US\$0.9 million in the same period of 2023. Adjusted EBITDA was US\$3.3 million in the second quarter of 2024, compared to US\$2.1 million for the same period of 2023.

For the second quarter of 2024, we generated operating cash inflow of US\$4.7 million, increasing by 38.3% from US\$3.4 million in the same period of 2023.

For the second quarter of 2024, capital expenditures were US\$1.6 million compared to US\$0.5 million in the same period of 2023.

We maintain a solid balance sheet with cash and cash equivalents increasing to US\$26.8 million as of June 30, 2024, up from US\$24.7 million as of March 31, 2024.

With that, operator, let's open it up for Q&A.

04 Closing Remarks (Presenter: Daniel Gao)

Thank you once again for joining us today. If you have further questions, please feel free to contact U-CLOUDLINK's investor relations through the contact information provided on our website or speak to our investor relations firm, Christensen Advisory. We look forward to speaking to you all again on our next quarterly call. Thank you.