

4Q FY24 Earnings Call Management Prepared Remarks

01 Introduction (Presenter: Daniel Gao)

Hello everyone and thank you for joining us on UCLOUDLINK's fourth quarter and full year 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 the 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 all 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.

We closed out the year with a solid performance as our expanding *GlocalMe* ecosystem continues to gain growth momentum. Revenues in 2024 increased 7.1% year-over-year to US\$91.6 million with net income US\$4.6 million and net cash inflow from operations of US\$9.2 million, representing a significant 41.2% increase from last year. Total revenue during the year from the mainland China region in particular increased 97.4% year-over-year, indicating that our uCloudlink 1.0 international data connectivity solutions are being more widely adopted by consumers, and are strengthening our leading position in the roaming market. Total revenue during the fourth quarter, which is typically impacted by seasonality, exceeded the third quarter with peak summer activity, maintaining a consistent upward growth trajectory.

2024 marked the ten-year anniversary since our founding. Our comprehensive connectivity services powered by *CloudSIM* and *HyperConn*® solutions, cover over 160+ countries across 6 continents. We had served 2,818 business partners in 62 countries and regions, indicating a growing ecosystem of *GlocalMe* solutions for daily use. While this is impressive, we have much more in store for 2025. Our *GlocalMe* ecosystem continues to thrive as we broaden our portfolio of solutions to service a wider variety of user needs. As artificial intelligence (“AI”) becomes more widespread, we have begun deploying it internally to enhance operational efficiency and integrated it into a number of our solutions to improve the user experience, ensuring seamless connectivity for users globally. In addition to AI, we are leveraging our proprietary *HyperConn*®, *CloudSIM* and 6-tech positioning technologies to break barriers in connectivity, creating innovative solutions that enhance digital experiences worldwide, and revolutionize connectivity for IoT, people, and pets. At MWC 2025, we showcased these new and exciting technologies that have been integrated into innovative solutions that will further strengthen the tailwinds behind our broader series of *GlocalMe* and *GlocalMe* inside solutions.

Furthermore, at CES 2025, our UniCord was honored with the “Best of CES 2025: Breakthrough Award” by Android Authority, underscoring our commitment to innovation. In a significant milestone, one of UCLLOUDLINK’s subsidiaries was among the first batch of 13 foreign-invested companies, alongside affiliates of renowned multinational corporations such as Deutsche Telekom, Siemens, Airbus, and HSBC, to receive approval from China’s Ministry of Industry and Information Technology (MIIT) for pilot operations of value-added telecommunications services. This approval grants

us the ability to provide internet access and information services in China, marking a pivotal step in expanding our global footprint and delivering cutting-edge connectivity solutions.

First, let me start with our *GlocalMe* Life and Pet Connectivity solution where we just unveiled *PetPhone* at MWC 2025, a revolutionary addition to the digital ecosystem, the world's first smartphone for pets offers fun (AI Pet Interaction), safety (6-Tech Global Positioning), health (AI Smart Guardian), and community engagement (Global Pet Community). According to [Morgan Stanley](#), annual spending growth in the pet industry could reach 7% by 2030, translating into total industry spending will increase to \$261 billion, reflecting the enormous opportunity we are tapping into with this solution. *PetPhone* makes a great addition alongside *RoamPlug*, *UniCord* and *KeyTracker* in our portfolio.

Turning to *GlocalMe* Internet of Things (“IoT”) Connectivity Solutions, where we unveiled the *CloudSIM Kit* all-in-one IoT solution at MWC 2025. Our *CloudSIM Kit* is a revolutionary plug-and-play IoT solution designed to deliver instant global full-speed 4G and 5G connectivity for IoT and smart devices. This innovative solution can be seamlessly integrated into existing devices with SIM card slots, such as smartphones, CPEs, and other IoT-enabled hardware. By simply inserting the *CloudSIM Kit*, users can unlock global connectivity without the need for additional hardware modifications, making it an ideal solution for a wide range of applications and scenarios. With the combination of the *CloudSIM Kit*, our pioneering *Soft Cloud SIM* technology, and our innovative SIM card solutions, *GlocalMe*’s IoT offerings now comprehensively address connectivity challenges across all IoT scenarios. Whether it’s for existing (legacy) devices or new (incremental) markets, our solutions provide seamless, reliable, and scalable connectivity. This breakthrough not only enhances the versatility of IoT applications but also significantly expands the market potential for *GlocalMe*, positioning us as a leader in global IoT connectivity solutions. Following successful small-scale commercial applications of our soft cloud SIM technology with several leading manufacturers in the security camera, dashboard camera and other related sectors, the commercial application of our *GlocalMe* IoT solutions scaled up significantly during the fourth quarter. *GlocalMe* IoT user numbers are growing rapidly and are expected to ramp up going forward, allowing us to demonstrate the strength and capabilities of our solutions to an even broader audience across the IoT sector.

For our *GlocalMe* SIM business, we just unveiled *eSIM TRIO* at MWC 2025, a revolutionary leap in SIM technology. Positioned as the best second SIM card you can have, it enhances both domestic and international coverage, providing consumers with

a single SIM solution for seamless local and global connectivity. Additionally, it empowers Tier 2, Tier 3 operators, and MVNOs by addressing challenges such as poor network performance, limited international roaming, and the inability to build independent networks, enabling them to deliver superior services and expand their market reach. This eliminates the need for costly international roaming and provides users with reliable, high-speed connectivity across MNOs' networks.

Lastly, for our People-Centric Connectivity, our *GlocalMe* Mobile/Fixed Broadband business line where we just unveiled the *MeowGo G50 Max*, a *HyperConn*® 5G mobile Wi-Fi hotspot with AI-driven Sky-to-Ground connectivity at MWC 2025. This mobile Wi-Fi hotspot improves network quality with AI-powered real-time congestion detection offering a seamless and better connection experience regardless of where you are. Our advanced *HyperConn*® technology delivers hyper-local and global internet access, ensuring users have high-speed connections and reliable networks wherever they go, without the limitations of traditional roaming or carrier restrictions. At MWC 2025, we unveiled the revolutionary upgraded U40, capable of delivering speeds three times faster than traditional 4G devices. This groundbreaking solution seamlessly integrates Wi-Fi networks across homes, airports, offices, cafes, and more, while also being the world's first device to support in-flight Wi-Fi connectivity. We also made breakthroughs in developing retail channels for our *GlocalMe* Mobile/Fixed Broadband and Life solutions during the quarter by signing cooperation agreements with North America's largest airport retail channels to make them widely available across airport retail locations in North America. We are now actively negotiating to expand this partnership across Europe soon and looking to replicate this process through other channels to expand their exposure to a broader audience.

Following our successful launch at MWC 2025, all four business lines are now market-ready, with strong interest from partners, including global pet store chains, who have initiated high-level discussions, signaling significant market expansion potential. Our goal is to aggressively promote these business lines toward a Full Marketplace vision: *GlocalMe* Life (including PetPhone) aims for tens of millions of users, *GlocalMe* SIM and IoT target hundreds of millions, and *GlocalMe* MBB strives for millions of users, driving impactful growth across all business lines. With these innovative business lines increasingly creating new revenue streams feeding into our marketplace, our user base is diversifying and scaling up. We have an exciting 2025 ahead of us with many more solutions in the pipeline where we will further consolidate the convenient, secured and premium connectivity between mobile internet, fixed broadband/Wi-Fi and satellite communications with centralized AI management. With all these innovative solutions

increasingly contributing to new revenue streams and further scaling up our user base, I am confident we are on the right track to build an integrated and comprehensive global mobile data traffic sharing marketplace that will create long-term sustainable value for shareholders.

With that optimism for the future in mind, I'll conclude with our guidance for the next quarter and year. For the first quarter of 2025, we expect total revenues to be between US\$18.2 million and US\$19.5 million, representing an increase of 0.6% to 7.7% compared to the same period of 2024. For 2025, we expect total revenues to be between US\$95.0 million and US\$130.0 million, representing an increase of 3.7% to 41.9% from 2024.

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 fourth quarter and full year 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 fourth quarter were 308,386, of which 54.3% were from uCloudlink 1.0 international data connectivity services and 45.7% were from uCloudlink 2.0 local data connectivity services. Average daily data usage per terminal was 1.55 GB in December 2024.

As of December 31, 2024, the Company had served 2,818 business partners in 62 countries and regions. The Company had 185 patents with 165 approved and 20 pending approval, while the pool of SIM cards was from 391 MNOs globally as of December 31, 2024.

Total revenues for the fourth quarter were US\$26.0 million, representing an increase of 19.5% from US\$21.7 million in the fourth quarter of 2023. Revenue from services was US\$15.0 million, representing an increase of 0.6% from US\$14.9 million in the same period of 2023. Revenue from services as a percentage of total revenues was 57.8% during the fourth quarter of 2024, compared to 68.7% during the same period of 2023.

Geographically speaking, during the fourth quarter of 2024, Japan contributed 53.6%, Mainland China contributed 20.0%, North America contributed 12.1%, and other countries and regions contributed the remaining 14.3%, compared to 43.1%, 16.5%, 24.3% and 16.1%, respectively, in the same period of 2023.

Overall gross profit was US\$11.2 million in the fourth quarter of 2024, relatively stable when compared to US\$11.3 million in the same period of 2023. Overall gross margin was 43.0% in the fourth quarter of 2024, compared to 52.0% in the same period of 2023. Gross margin on services was 58.6% in the fourth quarter of 2024, compared to 60.1% in the same period of 2023. Gross margin on sales of products decreased to 21.7% in the fourth quarter of 2024 from 34.2% in the same period of 2023.

Excluding share-based compensation, total operating expenses in the fourth quarter of 2024 were US\$13.9 million, or 53% of total revenues, compared to US\$11.6 million,

or 53% of total revenues, in the same period in 2023.

Net loss was US\$1.5 million in the fourth quarter of 2024, compared to US\$1.8 million in the same period of 2023. Adjusted EBITDA was negative US\$2.3 million in the fourth quarter of 2024, compared to positive US\$1.5 million for the same period of 2023.

Moving on to 2024 full-year financial results.

Total revenues for 2024 increased by 7.1% to 91.6 million from US\$85.6 million in 2023, driven primarily by the revenue increases from data connectivity services and PaaS and SaaS services. Revenues from data connectivity services were US\$47.6 million, representing an increase of 1.9% from US\$46.7 million in 2023. Within data connectivity services, revenues from international data connectivity services rose to US\$39.5 million in 2024 from US\$37.9 million in 2023, driven primarily by the continuing recovery of international travel, which was partially offset by a decrease in revenues from local data connectivity services to US\$8.1 million in 2024 from US\$8.8 million in 2023.

Overall gross margin was 48.4% in 2024, stable when compared to 49.0% in 2023, and our gross margin on services increased to 60.8% in 2024 from 58.5% in 2023.

Excluding share-based compensation, total operating expenses in 2024 were US\$40.8 million, or 45% of total revenues, compared to US\$34.6 million, or 40% of total revenues in 2023.

We achieved a net income of US\$4.6 million in 2024, up from US\$2.8 million in 2023. Adjusted EBITDA was 7.1 million, compared to US\$9.8 million in 2023.

For the full year 2024, our capital expenditures were US\$4.0 million, compared to US\$2.1 million in 2023.

For the full year 2024, we achieved positive operating cash flow of US\$9.2 million, compared to US\$6.5 million in 2023.

Moving on to balance sheet items, our cash and cash equivalents increased to US\$30.1 million as of December 31, 2024, compared to US\$27.7 million as of September 30, 2024. We remain committed to enhancing the Company's financial position over the course of the year and are well positioned to continue growing our business.

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 UCLLOUDLINK'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.