

# **Q2 2025 Earnings Call Management Prepared Remarks**

## **01 Introduction (Presenter: Daniel Gao)**

Hello everyone and thank you for joining us on UCLOUDLINK's second quarter 2025 earnings call. The earnings release and our earnings presentation are now available on our IR website at [ir.ucloudlink.com](http://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 are accelerating three transformative growth lines - *GlocalMe* Life led by *PetPhone*, *GlocalMe* SIM powered by *eSIM TRIO*, and *GlocalMe* IoT - through focused investments in R&D, go-to-market capabilities, and brand building to drive sustainable market expansion, while simultaneously strengthening our legacy *GlocalMe* MBB business line by proactively offsetting tariff impacts through strategic supply chain adjustments. Throughout this expansion, we maintain financial health as our foundation, ensuring disciplined investments drive sustainable profitability and laying a solid foundation for sustainable long-term value creation. Our *GlocalMe* ecosystem continues to gain traction and growth momentum. Our business remains profitable and continues to generate stable margins, with total revenues of US\$19.4 million and net income of US\$0.7 million during the quarter. Our 1.0 international data connectivity services business continues to grow, with full-speed 5G network coverage across 86 countries and regions as we continue to consolidate market share, especially in Mainland China, and strengthen our leadership position in the global roaming sector.

Our substantial strategic investments focused on R&D and marketing for our next-generation products to ensure they drive growth and improve our performance once launched. Development, refinement and testing of these products progressed smoothly with several major distribution partners as we build a robust pipeline and enter the final stages commercialization. Feedback has been overwhelming positive, reflecting how our solutions directly address market demand and have validated our investment strategy. This has set the stage for the launch of several groundbreaking products in the near future.

In this quarter's earnings release, we've introduced a new metric: Average Monthly Active Terminals (MAT). Our three new product lines - *GlocalMe* Life, *GlocalMe* SIM, and *GlocalMe* IoT - demonstrated remarkable MAT growth of 105.2%, 120.1%, and 791.0% year-over-year respectively.

I'll now review highlights for each of our key business lines.

I'll start with *GlocalMe* Life business line and the upcoming commercial launch of *PetPhone* where we already have over twenty potential strategic partners lined up and will launch and brand in several countries in the third quarter 2025. In Hong Kong, we are collaborating with a premier telecommunications service operator to launch *PetPhone*, marking a significant expansion in our global market reach and the rollout

of a powerful win-win cooperation model. This allows operators to monetize premium subscriptions, acquire high-value pet-owning customers, and diversify their revenue streams through our value-added services. Our technology amplifies their market reach and their infrastructure accelerates our scale. We also made substantial progress with a leading global online pet retailer to further enhance *PetPhone's* accessibility and market penetration within a short time. Alongside *PetPhone*, our industry-first *UniCord Plus* and *UniCord Pro* series, which are highly competitive, innovative and pioneering products, integrating seamless connectivity across multiple networks, 6-Tech global positioning, and fast-charging capabilities – will further strengthen our competitive edge in the travel, automotive, and secure networking markets.

Commercial application of our *GlocalMe* IoT solutions also continues to gain strong momentum with user adoption growing over 10 times year-over-year after nearly three years of commercialization efforts, as revenue contribution increases, entering a phase of accelerated growth. Beyond core connectivity revenue, we're also diversifying monetization through value-added services. We enable China's top manufacturers to accelerate their global expansion through customized IoT connectivity solutions. Strategic partnerships with more industry leaders in the battery monitoring, dashcams, vehicle infotainment, and smart security camera sectors are accelerating our expansion into high-growth verticals – further solidifying IoT as a key pillar for our business.

Turning to our *GlocalMe* SIM business line. Our success isn't accident – it's the result of a successful business evolution. We've already sold over 300,000 OTA SIM and eSIM units since Q1 2024, outperforming competitors in these baseline segments. We achieved top ranking market share in outbounding travelers of mainland China, traveling to HK/Macau/JP/KR. This operational maturity positions us distinctly from market entrants. Building on this foundation, *eSIM TRIO* represents our second-mover advantage realized. While competitors remain focused on legacy SIM technologies, we have advanced to redefine industry standards through this innovation. *eSIM TRIO* has been recognized as a transformative solution, receiving the top 'MWC Innovation Award' from SlashGear. Its groundbreaking capabilities generated significant industry attention at both Mobile World Congress 2025 in Barcelona and MVNOs World Congress 2025. Our comprehensive marketing campaign for *eSIM TRIO*, executed in partnership with top media outlets, substantially increased its market visibility and exposure. We are synergistically addressing two critical pain points for the industry with this product. First, as the ultimate permanent secondary SIM for consumers, it ensures seamless global coverage by dynamically connecting to multiple networks, eliminating the need for costly international roaming, and providing users with reliable,

high-speed connectivity across devices. Secondly, through our carrier co-issuance program, we solve critical pain points for operators – especially Tier 2/3 MNOs and MVNOs - by upgrading their network performance and global roaming capabilities without the need for infrastructure investments. With nearly 1,000 trial units distributed, strong user feedback, key breakthroughs in carrier partnership programs, and sample card production and testing with multiple operators scheduled for next quarter, we are poised to begin large-scale commercial deployment during the third quarter with strong market confidence.

Lastly, our *GlocalMe* Mobile/Fixed Broadband business line. We pilot launched the upgraded *MeowGo G40 Pro* late in the second quarter which supports speeds three times faster than traditional 4G devices, is the world's first to enable in-flight Wi-Fi, and connects to Wi-Fi networks across several application scenarios such as homes, airports, offices, and cafes. With *MeowGo G40 Pro*, we're transforming portable connectivity from an international travel-only solution to a true multi-scenario companion with our patented AI *HyperConn* technology - seamlessly serving users through a single intelligent device or one account regardless of where they are. Furthermore, in the third quarter, we will launch the *MeowGo G50 Max* with Sky-to-Ground 5G/satellite integration and AI-driven network switching, further solidifying our innovative leadership in the mobile/fixed broadband industry. This device enhances network quality through AI-powered real-time congestion detection.

In summary, we are ideally positioned to capitalize on our strategy and operational momentum. Despite trade and macroeconomic headwinds, we remained committed to executing our strategic R&D and marketing investments for new products while sustaining a healthy financial performance. The three new products from our core business lines - *GlocalMe* SIM, led by *eSIM TRIO*; *GlocalMe* Life, anchored by *PetPhone*; and *GlocalMe* IoT - have all achieved successful transformation in the second quarter, laying a solid foundation for future growth with the potential to each reach multi-million of users. Our diversifying product portfolio provides multiple pathways for us to drive growth throughout the remainder of the year as we scale up our user base and build a comprehensive global mobile data traffic sharing marketplace.

We are confident that we have the right strategy in place to generate sustainable growth in the coming quarters. For the third quarter of 2025, we expect total revenues to be between US\$22.0 million and US\$26.0 million, representing a decrease of 12.7% to an increase of 3.2% compared to the same period of 2024.

The Company currently expects its revenue for the full year of 2025 to be in the range of US\$85 million to US\$95 million, as compared with a range between US\$95 million to US\$130 million as previously announced. The Company is revising its guidance in

light of the persistent macroeconomic challenges and global trade headwinds, which have had and may continue to have a broader impact across industries.

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 2025.

Average daily active terminals ("DAT") and average monthly active terminals ("MAT") are important operating metrics for us, as it measures customer usage trends over the period and is reflective of our business performance. In the second quarter of 2025, average DATs were 317,957 (18,863 owned by the Company and 299,094 not owned by the Company), representing an increase of 3.8% from 306,289 in the second quarter of 2024. During the second quarter of 2025, 54.7% of DATs were from uCloudlink 1.0 international data connectivity services and 45.3% were from uCloudlink 2.0 local data connectivity services. In June 2025, the average daily data usage per terminal was 1.59 GB.

Average monthly active terminals ("MAT") in the second quarter were 663,197, representing an increase of 5.6% from 628,125 in the second quarter of 2024.

1. Average MAT in the second quarter from *GlocalMe* IoT business was 42,095, representing an increase of 791.0% from 4,725 in the second quarter of 2024.
2. Average MAT in the second quarter from *GlocalMe* SIM business was 42,271, representing an increase of 120.1% from 19,208 in the second quarter of 2024.
3. Average MAT in the second quarter from *GlocalMe* Life business was 2,633, representing an increase of 105.2% from 1,283 in the second quarter of 2024.
4. Average MAT in the second quarter from *GlocalMe* mobile/fixed broadband business was 576,198, representing a decrease of 4.4% from 602,909 in the second quarter of 2024.

As of June 30, 2025, the Company had 183 patents with 167 approved and 16 pending approval. The pool of SIM cards was from 391 MNOs globally as of June 30, 2025.

Total revenues for the second quarter of 2025 were US\$19.4 million, representing a decrease of 13.3% from US\$22.4 million in the same period of 2024. Revenues from services were US\$14.6 million in the second quarter of 2025, representing an increase of 3.3% from US\$14.2 million in the same period of 2024. Revenue from services

contributed 75.5% of total revenues during the second quarter of 2025, compared to 63.4% in the same period last year.

Geographically speaking, during the second quarter of 2025, Japan contributed 33.6%, mainland China contributed 33.2%, North America contributed 15.3% and other countries and regions contributed the remaining 17.9%, compared to 46.2%, 23.5%, 14.6% and 15.7%, respectively, in the same period of 2024.

Our gross profit was US\$10.2 million in the second quarter of 2025, compared to US\$11.0 million in the same period of 2024. Overall gross margin in the second quarter of 2025 further rose to 52.8% from 49.2% in the same period of 2024. The gross margin on services was 56.6% in the second quarter of 2025, compared to 60.3% in the same period of 2024.

Excluding share-based compensation, total operating expenses were US\$10.1 million, or 51.9% of total revenues, in the second quarter of 2025, compared to US\$8.7 million, or 39.1% of total revenues, in the same period in 2024.

Net income in the second quarter of 2025 was US\$0.7 million, compared to US\$2.2 million in the same period of 2024. Adjusted EBITDA was US\$1.4 million in the second quarter of 2025, compared to US\$3.3 million in the same period of 2024.

For the second quarter of 2025, we recorded an operating cash outflow of US\$0.9 million, compared to an operating cash inflow of US\$4.7 million in the same period of 2024.

For the second quarter of 2025, our capital expenditures were US\$0.2 million, compared to US\$1.6 million in the same period of 2024.

We maintain a solid balance sheet with cash and cash equivalents of US\$30.2 million as of June 30, 2025, compared to US\$31.1 million as of March 31, 2025.

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.