FQ2 2026 Earnings Call
Management Prepared Remarks

01 Introduction (Presenter: Daniel Gao)

Hello everyone and thank you for joining us on UCLOUDLINK's second quarter 2026 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 projected or 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.

Total revenues for the quarter were US$18.2 million, reflecting the continued impact of macroeconomic headwinds, geopolitical tensions affecting outbound travel from China, and a significant surge in memory chip costs. Our uCloudlink 1.0 international data connectivity services remained under pressure from these factors. However, this impact is increasingly being offset by the rapid scaling of our uCloudlink 2.0 local data connectivity business, which delivered strong growth—particularly from our *GlocalMe* IoT business. We expect our uCloudlink 2.0 and new business lines to fully offset the continued contraction in our 1.0 international business by the third quarter, as we continue to execute on our strategic priorities.

We continued to see strong momentum across our new product portfolio during the second quarter. GlocalMe IoT and GlocalMe SIM, in particular, gained solid traction with revenue contribution steadily increasing as they transition out of the initial market warm-up phase. Each reached key strategic milestones during the quarter, positioning us well for accelerated commercialization going forward. Revenues from GlocalMe IoT and GlocalMe SIM business increased by 392.4% and 78.0% year-over-year, respectively. To drive early adoption and build market leadership, we maintained an elevated level of investment in marketing for the PetPhone and PetPogo ecosystem during the quarter.

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

I'll start with the *GlocalMe* IoT which saw its installed base expand further with monthly orders now contributing meaningfully to revenue and the business operating profitably on a consistent basis. In the second quarter, revenues from *GlocalMe* IoT grew 392.4% year-over-year, our total installed base reached 3.34 million units, and MAU grew 210.1% year-over-year. User adoption is growing rapidly across key verticals as we further solidify our position in high-growth sectors including in-car infotainment and security cameras.

Moving on to our *PetPogo* ecosystem, which has undergone a comprehensive upgrade into a dedicated pet AI agent. Building on the 'AI-powered + Social' model we pioneered in the first quarter, this marks a major step forward in functionality and performance, redefining AI-powered communication between humans and their pets. The agent can precisely sense a pet's condition and emotional state, and intelligently supports owners at every stage of care, from prevention through real-time response and engagement, delivering a seamless pet care experience. This powerful agent creates enormous opportunities across pet health, veterinary care, pet safety, and pet data analytics, each of which we see a source of new value creation. As consumer acceptance of AI pet services grow, we expect to build both a valuable data asset and a leading position in pet AI. We are now extending our pet AI capabilities across communication, safety, and health management. On the market front, we have made significant progress in branding and promotional efforts, generating substantial external attention—with select content pieces reaching tens of millions of views on major platforms such as TikTok, Instagram, etc. We look forward to achieving even greater breakthroughs in the second half of the year.

Turning to our *GlocalMe* Life and SIM business line, where our strategy is beginning to generate results. *GlocalMe* Life solutions saw DAU growth explode, increasing by 801.6% year-over-year, reflecting strong market adoption of the new product line. *GlocalMe* SIM continued to steadily expand as well, with DAU increasing 132% year-over-year. Our eSIM solution is gaining strong momentum, leading the market in China and building market share steadily across East Asia and the wider Asia-Pacific region. Together, these results show two product lines at different stages of maturity, with *GlocalMe* Life growing rapidly with exceptional triple-digit growth and *GlocalMe* SIM scaling consistently.

Our premium *MeowGo G50 Max* is the world's pioneering Sky-to-Ground integrated mobile connectivity hub, delivering seamless connectivity across satellite, flight, and ground networks. It offers the broadest 5G country coverage in the industry—spanning nearly 100 countries—and performs reliably across a wide range of scenarios, from urban environments to in-flight travel. Powered by our AI HyperConn® technology, the G50 Max has built a market-leading position in the US$500+ premium MiFi segment and has set a new benchmark for premium mobile connectivity solutions. While our uCloudLink 1.0 international data connectivity business has been affected by macro headwinds, those same conditions have created new opportunities for the G50 Max and other premium solutions, driving demand for resilient, reliable connectivity in critical environments. We also made solid progress and create new and strong revenue with our newly launched 4G and 5G CPE products during the second quarter for local connectivity service. Both have demonstrated stable performance and successfully passed small-batch market validation, receiving positive market feedback. Several large orders are currently under negotiation, and we expect to accelerate market deployment and drive stronger growth in Q3.

We also achieved notable recognition during the quarter, winning the ‘Customer Impact Award’ at the MVNOs World Awards 2026 and being shortlisted for ‘Leading Consumer MVNO/Sub-Brand’, further validating our technological leadership and market positioning. Looking ahead, we remain focused on strengthening operational management and cost discipline, with a clear priority on improving cash flow. Together with the ongoing commercial progress of the *PetPogo* AI & social platform, the ramp-up of *MeowGo G50 Max*, and the continued expansion of *GlocalMe* IoT, 4G and 5G CPE, we believe these efforts will position us to navigate the current market environment and emerge stronger. We remain committed to bridging the digital divides in cross-border connectivity as well as the emotional distance between people and their pets, while creating long-term value for our shareholders.

With that disciplined optimism in mind, we are confident that we have the right strategy in place to drive sustainable growth going forward.

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 2026.

Average daily active users ("DAU") and monthly active users ("MAU") represent the average number of unique users engaging with our *GlocalMe* services on a daily and monthly basis, respectively. Both metrics recorded robust growth in the second quarter. Average DAUs in the second quarter were 376,376, representing an increase of 13.3% from 332,323 in the second quarter of 2025. *GlocalMe* IoT, *GlocalMe* SIM and *GlocalMe* Life all achieved substantial growth, with average DAUs up 277.3%, 132.0%, and 801.6% respectively, from the same period last year. Average DAUs from *our GlocalMe MeowGo* business declined by 7.3% year-over-year.

Average MAUs were 744,966, representing an increase of 6.6% from 698,862 in the second quarter of 2025. Average MAUs from our *GlocalMe* IoT, *GlocalMe* SIM and *GlocalMe* Life business lines saw increases of 210.1%, 53.8%, and 599.7% respectively, from the same period last year. Average MAUs from our *GlocalMe MeowGo* business decreased by 10.1% year-over-year.

In the second quarter of 2026, average DATs were 341,511, with 12,763 owned by the Company and 328,748 not owned by the Company, representing an increase of 7.4% from the second quarter of 2025. During the quarter, 56.3% of DATs were from uCloudlink 1.0 international data connectivity services and 43.7% were from uCloudlink 2.0 local data connectivity services. In June 2026, the average daily data usage per terminal was 1.50 GB.

Average MATs in the second quarter were 706,382, representing an increase of 6.5% from 663,197 in the second quarter of 2025. Growth was driven by strong momentum across our three new growth engines with average MATs for *GlocalMe* IoT, *GlocalMe* SIM and *GlocalMe* Life increasing 93.6%, 35.4%, and 843.2%, respectively, from the same period last year. Average MATs from *GlocalMe MeowGo* business, decreased by 5.7% year-over-year.

Following its stable growth last quarter, PetPhone continued to gain traction, with user adoption and engagement increasing further during the quarter. In the second quarter, average DAUs and MAUs were 1,519 and 1,845 respectively, while average DATs and MATs for *PetPhone* reached 507 and 1,028, reflecting the growing traction of this new offering.

As of June 30, 2026, the Company had 212 patents, with 184 approved and 28 pending approval, and a pool of SIM cards from 398 MNOs globally.

Total revenues for the second quarter of 2026 were US$ 18.2 million, representing a decrease of 5.9% from US$ 19.4 million in the same period of 2025.

Total revenues across different business lines were as follows:

- GlocalMe MeowGo business: US$15.4 million, representing a decrease of 13.1% from US$17.9 million in the second quarter of 2025.
- GlocalMe SIM business: US$1.3 million, representing an increase of 78.0% from US$0.7 million in the second quarter of 2025.
- GlocalMe IoT business: US$0.8 million, representing an increase of 392.4% from US$0.2 million in the second quarter of 2025.
- GlocalMe Life business: US$0.5 million, representing a decrease of 21.1% from US$0.6 million in the second quarter of 2025.
- PetPhone business: US$0.2 million, representing an increase of 1,527.3% from US$0.01 million in the second quarter of 2025.

Revenues from services were US$13.3 million, representing a decrease of 9.2% from US$14.6 million in the same period of 2025. Revenue from services contributed 72.9% of total revenues during the second quarter of 2026, compared to 75.5% in the same period last year.

Geographically speaking, during the second quarter of 2026, Japan contributed 36.0%, mainland China contributed 30.3%, North America contributed 13.5%, and other countries and regions contributed the remaining 20.2%, compared to 33.6%, 33.2%, 15.3% and 17.9%, respectively, in the same period of 2025.

Our gross profit was US$9.2 million, compared to US$10.2 million in the same period of 2025. Overall gross margin in the second quarter of 2026 was 50.2%, compared to 52.8% in the same period of 2025. Gross margin on services was 59.1% in the second quarter of 2026, compared to 56.6% in the same period of 2025.

Excluding share-based compensation, total operating expenses were US$11.5 million, compared to US$10.1 million in the same period of 2025.

Net loss in the second quarter of 2026 was US$3.0 million, compared to net income of US$0.7 million in the same period of 2025. Adjusted EBITDA was negative US$1.8 million in the second quarter of 2026, compared to positive US$1.4 million in the same period of 2025.

For the second quarter of 2026, we recorded an operating cash outflow of US$3.0 million, compared to an outflow of US$0.9 million in the same period of 2025.

For the second quarter of 2026, our capital expenditures were US$0.04 million, compared to US$0.2 million in the same period of 2025.

Turning to balance sheet items, our cash and cash equivalents were US$25.2 million as of June 30, 2026, compared to US$28.0 million as of March 31, 2026. We continue to strengthen our financial position and believe we are well positioned to drive growth in our business.

Turning to our outlook. For the third quarter of 2026, we expect total revenues to be between US$19.0 million and US$22.0 million, representing a decrease of 10.4% to an increase of 3.8% compared to the same period of 2025. For the full year of 2026, we now expect total revenues to be in the range of US$75 million to US$85 million, compared with the range of US$85 million to US$100 million we previously announced. We are revising our full year 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. These estimates reflect our current view of market and operating conditions and customer demand, which are subject to change.

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 UCLOUDLINK'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 with you all again on our next quarterly call. Thank you.