

3Q 2024 Earnings Call Management Prepared Remarks

01 Introduction (Presenter: Daniel Gao)

Hello everyone and thank you for joining us on UCLLOUDLINK's third 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 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 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 UCLLOUDLINK's earnings press release and this conference call include discussions of unaudited GAAP financial information and unaudited non-GAAP financial measures. UCLLOUDLINK'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 continued to gain growth momentum during the quarter with revenues increasing 5.6% year-over-year to US\$25.2 million, in-line with our expectations. Our financial position remains solid, with a net income reaching US\$3.4 million and a positive net cash inflow from operations of US\$2.0 million.

During the quarter, we actively enhanced our market presence. Our *GlocalMe* ecosystem continues to thrive, offering comprehensive data connection solutions and diverse business lines - including *GlocalMe* Life, *GlocalMe* SIM, and *GlocalMe* IoT—that are driving our expansion beyond the travel sector into various aspects of daily life. Supported by the further consolidation of our leading position in the roaming market through *GlocalMe* Mobile/Fixed Broadband, this expanding ecosystem is broadening our portfolio of solutions and allowing us to cater to a wider variety of user needs.

First, 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, with full-speed 5G network coverage increasing to 75 countries and regions from 60 in the 2Q 2024, fueled by the recovery of international travel and increasing demand across key markets. We further consolidated our leading position in the roaming market and expanded our market share in mainland China and Japan. This growth highlights the strong preference of Chinese travelers for our services during the peak summer travel season, reflecting an expanding segment of our international data connectivity services. Our next-generation portable Mi-Fi products integrated with HyperConn solutions will be launched in the near future. 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, the first three *GlocalMe* Life solutions, which include KeyTracker, UniCord, and RoamPlug, made significant progress during the quarter. We rolled out extensive marketing campaigns and actively developed new distribution channels to support their launch, building what we believe will be a promising new revenue stream going forward. Following the introduction of our *GlocalMe* Life products series at Viva Technology in May and the series' commercial launch in July 2024, we further enhanced our market exposure by attending other leading global expos such as Travel Meet Asia, Pet & Vet Expo, and IFA Berlin 2024. Additionally, we made breakthroughs in developing retail channels, signing with one of America's largest airport retail

channels, to make Unicord, RoamPlug, and KeyTracker, among other products, available at airports across the U.S. We will develop strategic partnerships with other key channel partners across the U.S. and Europe in the coming quarters. With other solutions already in development, we look forward to launching more new products in the coming quarters.

Third, within our *GlocalMe* SIM business, we continued to expand the market presence of over-the-air (OTA) SIM as more users resubscribed to our data plan service, which is paving the way for our innovative “ALL SIM” solution. This solution, which consolidates OTA SIM, eSIM, and our pioneering cloud SIM technology, is under commercial testing and expected to commercially launch in the near future. Our “ALL SIM” solution is uniquely positioned to break cross-carrier restrictions, empower various smartphones, and set new pioneering industry benchmarks for mobile connectivity and convenience.

Lastly, our *GlocalMe* IoT business line continued to advance, with several products embedded with our technology already in small-scale commercial application, demonstrating the strength and capabilities of our solutions to a broader audience in the Internet of Things (IoT) industry. Leveraging our soft cloud SIM technology compatible with various IoT device chipset platforms, we are exploring additional application scenarios as we engage with several leading manufacturers in the security camera, dashboard camera, and related sectors.

We believe that better connection empowers better life. We will continue to leverage *GlocalMe* Life, *GlocalMe* SIM, *GlocalMe* IoT and their integrated innovative core HyperConn and cloud SIM solutions, to expand our global presence through business partners and channels globally. Over the past ten years, the *GlocalMe* MBB business has accumulated millions of user bases, with average daily active terminals (“DAT”) in the third quarter over 320,000. We expect *GlocalMe* Life business would accumulate a broader user base to over ten million. Furthermore, both of *GlocalMe* SIM and *GlocalMe* IoT business have the potential to bring us a user base over one hundred million in the future, which will allow us to transition from a provider of mobile data traffic solutions to an integrated and comprehensive marketplace, with each of these business lines feeding into this full marketplace, we expect our user base to diversify beyond the travel sector and grow substantially going forward.

We are confident that we have the right strategy in place to generate sustainable growth in the coming quarters. For the fourth quarter of 2024, we expect total revenues to be between US\$25.0 million and US\$30.0 million, representing an increase of 15.2% to 38.2% 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 third 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 third quarter were 320,452, of which 55.4% were from uCloudlink 1.0 international data connectivity services and 44.6% were from uCloudlink 2.0 local data connectivity services. Average daily data usage per terminal was 1.52 GB in September 2024.

As of September 30, 2024, the Company had served 2,759 business partners in 61 countries and regions. The company had 183 patents with 158 approved and 25 pending approval, while the pool of SIM cards was from 389 MNOs globally as of September 30, 2024.

Total revenues were US\$25.2 million, representing an increase of 5.6% from US\$23.9 million in the third quarter of 2023. Revenue from services was US\$17.3 million, representing an increase of 3.9% from US\$16.6 million in the same period of 2023. Revenue from services as a percentage of total revenues was 68.6% during the third quarter of 2024, remained relatively stable when compared to 69.7% during the same period last year.

Geographically speaking, during the third quarter of 2024, Japan contributed 46.6%, Mainland China contributed 27.8%, North America contributed 12.8%, and other countries and regions contributed the remaining 12.8%, compared to 44.2%, 17.2%, 26.3% and 12.3%, respectively, in the same period of 2023.

Overall gross profit was US\$12.19 million, compared to US\$12.21 million in the same period of 2023. Overall gross margin was 48.4% in the third quarter of 2024, compared to 51.2% in the same period of 2023. Gross margin on services increased to 60.0% in the third quarter of 2024 from 55.9% in the same period of 2023. Gross margin on products decreased to 23.1% in the third quarter of 2024 from 40.1% in the same period of 2023.

Excluding share-based compensation, total operating expenses were US\$9.7 million, or 39% of total revenues, in the third quarter of 2024, compared to US\$8.7 million, or 36% of total revenues, in the same period in 2023.

Net income was US\$3.4 million, compared to US\$3.5 million in the same period of 2023. Adjusted EBITDA was US\$4.4 million in the third quarter of 2024, compared to US\$4.1 million for the same period of 2023.

For the third quarter of 2024, we generated operating cash inflow of US\$2.0 million, compared to US\$2.8 million in the same period of 2023.

For the third quarter of 2024, capital expenditures were US\$1.1 million compared to US\$0.8 million in the same period of 2023.

We maintain a solid balance sheet with cash and cash equivalents increasing to US\$27.7 million as of September 30, 2024, up from US\$26.8 million as of June 30, 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 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.