

1Q 2024 Earnings Call Management Prepared Remarks

01 Introduction (Presenter: Liam Xie)

Hello everyone and thank you for joining us on UCLOUDLINK's first 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 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, Liam, and good morning or evening everyone.

We had a promising start to the year with total revenues of US\$18.1 million, in line with guidance. With our business now healthy and back on a growth trajectory, we maintained the profitability we regained last year, achieving a net income of US\$0.4 million and generating a net operating cash inflow of US\$1.9 million in the first quarter of 2024.

Revenue growth was primarily driven by the continuous recovery of our 1.0 international data connectivity services business, and in particular our Roamingman brand services, which continue to rebound strongly. With coverage expanding from 55 to 60 countries and regions, our full-speed 5G roaming network solution further solidified our leading position in this sector and helped expand our market share. 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.

We also made significant progress in rolling out an expanded array of comprehensive data connectivity solutions during the quarter to explore opportunities beyond portable Wi-Fi terminals.

Let me start with the progress we have made in our GlocalMe mobile and fixed broadband business line. At the Mobile World Congress earlier this year in Barcelona, we showcased the GuardFlex Pro, our highly reliable dual broadband Customer Premises Equipment, or CPE, solution, which we believe will redefine industry benchmarks for connectivity and innovation. Unlike other CPE solutions on the market, the GuardFlex Pro supports multiple mobile networks from all available major operators in addition to standard local fixed networks. This means it is able to intelligently select and automatically switch networks to maintain connectivity even when fiber-optic lines fail or are disrupted. Fueled by the surge in remote work, online learning, and streaming platforms in recent years, the demand for ubiquitous and reliable wireless connectivity is poised for substantial growth.

Second, our GlocalMe Life business made significant progress during the quarter with the initial roll out of new products that bring seamless connectivity into various high-frequency daily life application scenarios, such as pet management, item tracking as well as emergency communication. We soft launched our first daily life product, a smart tracker, powered by our innovative solutions, that offers far more accurate and reliable tracking, something that other similar tags or tracker products on the market are unable to do. In addition, the smart tracker offers free global emergency internet access to users for security help. Unlike other similar products on the market which only support a single network or technology such as Bluetooth to track items, our tracker is able to intelligently select and automatically switch between multiple networks and six different location technologies. Additionally, GlocalMe Life has an exciting slate of “Easy Life” X series products under development, which would enhance the daily lives of smart device users, making them much easier and more convenient. We will unveil three GlocalMe Life products and upgraded GlocalMe App on May 23 at Viva Technology 2024 in Paris. Meaningful revenue generation from the smart tracker and “Easy Life” X series products is anticipated to begin in the third quarter and recurring revenues for subscription and services are anticipated going forwards. By offering more intelligent and

convenient daily life products that satisfy a wide range of user needs, we are expanding our market reach and establishing a broader market presence to diversify our revenue streams and generate long-term sustainable growth. By extending our business beyond the travel sector into various aspects of daily and commercial life, customers will enjoy a more intelligent and convenient life through our high-quality data connections for a range of everyday scenarios.

Third, our newly launched GlocalMe SIM made solid progress during the quarter, ranking highly on a number of e-commerce platforms for travelers heading to destinations such as Japan and Hong Kong. Our GlocalMe SIM solutions, including our over-the-air (OTA) SIM and eSIM solutions, will continue to evolve into our innovative “All SIM” solution, allowing us to engage with a broader end user base beyond those in the portable Wi-Fi terminals market. This pioneering “All SIM” solution is uniquely poised to break cross-carrier restrictions and empower various smartphones. 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.

Last but not least, within our IoT business line, we completed testing of our soft cloud SIM technology for consumer IoT devices, which we expect to begin commercializing in the near future. This unique technology is compatible with a broader array of mainstream chipset platforms found in many IoT devices and eliminates the need for hardware redesign or redevelopment, allowing global IoT manufacturers to seamlessly deploy it through software pre-installation. This turnkey solution is expected to create significant opportunities for us in the consumer IoT market by having our technology deployed in products such as walkie-talkies, security cameras, and two-wheeled electric scooters which already have a substantial end user base and can significantly contribute to data connectivity services revenue. 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.

We believe that better connection empowers better life. We reorganized ourselves into four distinct business lines starting from 2024 to leverage our existing R&D resources and cutting-edge technologies to explore business opportunities beyond portable Wi-Fi terminals and build an expanded array of comprehensive data connectivity solutions to satisfy a wide range of users’ needs. By extending our business beyond the travel sector into various aspects of daily and commercial life, these solutions will allow us to engage with a broader end user base by leveraging our cloud SIM and hyper-connectivity technologies, and ultimately build out our broader GlocalMe ecosystem and global leading mobile data traffic sharing marketplace.

Finally, I would like to review our guidance for the second quarter of 2024.

We are optimistic about our future growth prospects. For the second quarter of 2024, we expect total revenues to be between US\$22.0 million and US\$24.0 million, representing an increase of 0.1% to 9.2% compared to the same period of 2023. We maintain our outlook for the year, with total revenues expected to be between US\$95.0 million and US\$112.0 million, representing an increase of 11.0% to 30.8% from 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 first quarter of 2024.

Average daily active terminals (DAT) is an important operating metric for us, as it measures customer usage trends over the period and is reflective of our business performance. In the first quarter of 2024, average DAT was 309,906 (13,622 owned by the Company and 296,284 owned by our business partners), representing an increase of 1.9% from 304,121 in the first quarter of 2023. During the first quarter of 2024, 57.9% of DAT was from uCloudlink 1.0 international data connectivity services and 42.1% was attributed to uCloudlink 2.0 local data connectivity services. In March 2023, the average daily data usage per terminal was 1.56 GB.

As of March 31, 2024, the Company had 178 patents with 141 approved and 37 pending approval, while the pool of SIM cards was from 382 MNOs globally as of March 31, 2024.

Total revenues for the first quarter of 2024 were US\$18.1 million, representing an increase of 0.7% from US\$18.0 million in the same period of 2023. Revenue from services in the first quarter was US\$13.5 million, representing an increase of 4.8% from US\$12.9 million in the same period of 2023. Revenue from services as a percentage of total revenues was 74.7% during the first quarter of 2024, up from 71.7% during the same period last year.

Geographically speaking, during the first quarter of 2024, Japan contributed 40.9% of our total revenues, North America contributed 16.8%, Mainland China contributed 25.3% and other countries and regions contributed the remaining 17.0%, compared to 43.1%, 33.6%, 5.1% and 18.2%, respectively, in the first quarter of 2023.

Our gross profit rose to US\$10.0 million in the first quarter of 2024, representing an increase of 16.3% from US\$8.6 million in the first quarter of 2023. Overall gross margin in the first quarter of 2024 further rose to 55.2% from 47.8% in the same period of 2023. The gross margin on services increased to 65.0% in the first quarter from 60.5% in the same period of 2023.

Excluding share-based compensation, total operating expenses were US\$8.5 million, or 47% of total revenues, in the first quarter of 2024, compared to US\$6.9 million, or 38% of total revenues, in the same period in 2023.

Net income was US\$0.4 million in the first quarter of 2024, compared to US\$2.1 million in the same period of 2023. Adjusted EBITDA was US\$1.7 million in the first quarter of 2024, compared to US\$2.1 million for the same period of 2023.

For the first quarter of 2024, we achieved an operating cash inflow of US\$1.9 million, up from US\$1.6 million in the same period of 2023.

For the first quarter of 2024, our capital expenditures were US\$0.6 million, compared to US\$0.4 million in the same period in 2023.

We maintain a solid balance sheet with cash and cash equivalents increasing to US\$24.7 million as of March 31, 2024, up from US\$23.4 million as of December 31, 2023.

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

04 Closing Remarks (Presenter: Liam Xie)

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 to you all again on our next quarterly call. Thank you.