Q1 2025 Earnings Call
Management Prepared Remarks

01 Introduction (Presenter: Daniel Gao)

Hello everyone and thank you for joining us on UCLOUDLINK's first quarter 2025 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 kicked off 2025 with a solid performance as our expanding *GlocalMe* ecosystem continues to gain traction and build momentum. Total revenues during the quarter were US$18.7 million, in-line with guidance, representing an increase of 3.4% year-over-year. Despite significant and increased investments in new product marketing and sales initiatives, we maintained a strong financial position, delivering adjusted net income of US$0.4 million and a positive operating cash inflow of US$0.2 million. Our 1.0 international data connectivity services business continued its robust growth, with full-speed 5G network coverage now available in 80 countries and regions. This expansion further strengthened our market share and reinforces our leading position in roaming market.

A notable highlight this quarter was the showcasing of our newest innovative solutions for people, IoT and pets at MWC Barcelona 2025, including the *eSIM Trio, CloudSIM Kit, PetPhone, MeowGo G50 Max, and G40 Pro*. These new and exciting technologies have been integrated into our broader series of *GlocalMe* and *GlocalMe* Inside solutions, driving growth and increasing visibility and interest among consumers, global operators, enterprise customers, and business partners.

With these strong tailwinds, starting from the second quarter of this year, our emerging business lines -*GlocalMe* SIM, *GlocalMe* Life, and *GlocalMe* IoT - are all projected to achieve active terminal growth rates exceeding 100%, significantly contributing to our expansion and growth going forward as we build our global mobile data traffic sharing marketplace. Also, we expect that our *GlocalMe* Mobile/Fixed Broadband business line will steadily grow by approximately 10%. Starting in the third quarter of 2025, we will begin regular disclosure of key metrics, including user account numbers segmented by business lines, to provide greater transparency and allow investors to carefully track our progress in user growth.

Following our MWC showcase, we are already capitalizing on high-value opportunities by engaging in advanced commercial discussions with multiple major operators worldwide, with several partnerships expected to be finalized in the coming months. At the recent MVNOs World Congress 2025, the premier exhibition for the MVNO industry, our 4 latest solutions were unveiled, generating widespread recognition as game-changing innovations. These solutions are scheduled for commercial launch in May and June 2025, with scaled production expected to begin in the third quarter.

In parallel, we have begun deploying AI internally to enhance operational efficiency and embedding it into a number of our solutions to improve the user experience and ensure seamless global connectivity. Alongside AI, our proprietary *HyperConn*®, *CloudSIM,* and 6-tech positioning technologies continue to break barriers in connectivity, revolutionizing digital experiences for IoT, people, and pets worldwide.

At CES 2025, our *UniCord* was honored with the "Best of CES 2025: Breakthrough Award" by Android Authority, underscoring our commitment to innovation. Additionally, one of our subsidiaries hit a significant milestone as one of the first batch of 13 foreign-invested companies to receive approval from China's Ministry of Industry and Information Technology (MIIT) for pilot operations of value-added telecommunications services. Our inclusion in the first batch, alongside affiliates of renowned multinational corporations such as Deutsche Telekom, Siemens, Airbus, and HSBC, reflects the growing impact we are having on the sector. This will enable us to provide Chinese consumers with a more diverse range of value-added telecom services and solutions to better meet growing digital lifestyle needs. This marks a significant step in expanding our global footprint and delivering cutting-edge connectivity solutions.

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

I'll start with *GlocalMe* Life where we just unveiled our first Pet Connectivity solution at MWC 2025, *PetPhone*, a revolutionary addition to the digital ecosystem. *PetPhone* is the world's first smartphone for pets, offering fun AI Pet interaction, 6-Tech Global Positioning for safety, and AI Smart Guardian health monitoring. *PetPhone* is receiving exceptional market validation in the pet care market, indicating that it will attract more users in the future. It enables pet owners to communicate with their pets via the *GlocalMe* app, allowing them to call, send voice messages, play music, and even set routines like feeding times and playtime reminders. Pets can even initiate calls! The device tracks exercise, running distance, calories burned, and activity levels, fostering a healthier lifestyle for pets. Pet owners can also join and create communities globally to engage with others like never before. This innovative, groundbreaking device redefines the bond between pets and their owners and will enhance MVNO//MNO subscriber acquisition and revenue growth going forward. Alongside *PetPhone*, our *UniCord Pro, UniCord Plus* and *RoamPlug* solutions provide additional secure and reliable connectivity for daily life, freeing users from cumbersome devices while ensuring seamless and convenient experiences.

Turning to *GlocalMe* Internet of Things ("IoT") business, where we introduced the

CloudSIM Kit, an all-in-one game-changing IoT solution. This revolutionary plug-and-play IoT solution was 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. It is cost-effective, enterprise-grade, and offers superior network quality, ensuring the best coverage without the need for any hardware or software modifications. The plug-and-play nature of our *CloudSIM* technology transforms ordinary devices into enhanced connected assets. It offers globally scalable access with flexible carrier switching and competitive economics, empowering the IoT ecosystem with seamless and reliable connectivity. We have already achieved significant penetration in the automotive infotainment and camera markets, especially among mainstream Chinese vehicle brands, while advancing breakthroughs in specialized segments like security and dashboard cameras. Daily active IoT terminals increased twelvefold year-over-year in 2025 Q1, with positive user feedback.

Our *GlocalMe* SIM business just unveiled another game-changing revolutionary leap in SIM technology - *eSIM TRIO*. Positioned as the best second SIM card you can have, it enhances both domestic and international coverage by providing consumers with a single SIM solution for seamless local and global connectivity. It addresses core challenges faced by MVNOs and MNOs, such as poor network performance and limited international roaming, and empowers Tier 2 and 3 operators and MVNOs that are unable to build independent networks, to deliver superior services and expand their market reach. *eSIM TRIO* offers enterprise-grade security, global coverage at the best price, and eliminates costly international roaming, delivering reliable, high-speed connectivity across multiple networks.

Lastly, our People-Centric *GlocalMe* Mobile/Fixed Broadband business just unveiled the *MeowGo G50 Max*, a *HyperConn*® 5G mobile Wi-Fi hotspot with Al-driven Sky-to-Ground connectivity. This device enhances network quality through AI-powered real-time congestion detection, ensuring seamless connections regardless of where you are. Our advanced *HyperConn*® technology delivers hyper-local and global internet access, ensuring that users have high-speed connections and reliable networks wherever they go, without the limitations of traditional roaming or carrier restrictions. The upgraded G40 model supports speeds three times faster than traditional 4G devices, is the world’s first to enable in-flight Wi-Fi connectivity, and integrating Wi-Fi networks across various environments such as homes, airports, offices, and cafes.

All four business lines are now market-ready, which will be commercially available in Q2 2025, and attracting strong interest from partners, including global pet store chains, signaling significant market expansion potential as we engage in commercial discussions. As these innovative business lines increasingly diversify our revenue streams to a mix of value-added services and mobile data traffic solutions that feed into our marketplace, our user base is gradually diversifying and scaling up. With our expanding product portfolio, deepening partnerships, and AI integration, we are confident in driving growth throughout the remainder of the year. As they mature, the regular disclosures of key metrics that will begin in 2025 Q3 will better reflect the direction our business is headed in and provide investors with a clearer understanding of the strategic progress we are making in building a comprehensive global mobile data traffic sharing marketplace. 2025 marks our transformation year, during which our business expanded from one single line to four lines, and the user figures to be released in Q3 2025 will be crucial indicators of this transformation.

With that optimism for the future in mind, I'll conclude with our guidance for the next quarter. For the second quarter of 2025, we expect total revenues to be between US$23.0 million and US$25.0 million, representing an increase of 2.7% to 11.6% compared to the same period of 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 first quarter of 2025.

Average daily active terminals (DATs) 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 2025, average DATs were 308,863 (17,803 owned by the Company and 291,060 owned by our business partners), representing a decrease of 0.3% from 309,906 in the first quarter of 2024. The average daily active terminals in the first quarter comprised 296,597 from *GlocalMe* mobile/fixed broadband business, 621 from *GlocalMe* Life business, 5,219 from *GlocalMe* SIM business and 6,426 from *GlocalMe* IoT business, compared to 308,375, 201, 829 and 501, respectively, in the first quarter of 2024. During the first quarter of 2025, 56.2% of DATs were from uCloudlink 1.0 international data connectivity services and 43.8% were attributed to uCloudlink 2.0 local data connectivity services. In March 2025, the average daily data usage per terminal was 1.59 GB.

As of March 31, 2025, the Company had served 2,878 business partners in 63 countries and regions. The Company had 183 patent applications with 169 approved and 14 pending approval, while the pool of SIM cards was from 391 MNOs globally as of March 31, 2025.

Total revenues for the first quarter of 2025 were US$18.7 million, representing an increase of 3.4% from US$18.1 million in the same period of 2024. Revenue from services in the first quarter of 2025 was US$14.2 million, representing an increase of 4.9% from US$13.5 million in the same period of 2024. Revenue from services as a percentage of total revenues was 75.7% during the first quarter of 2025, slightly up from 74.7% during the same period last year.

Geographically speaking, during the first quarter of 2025, Japan contributed 40.4% of our total revenues, Mainland China contributed 31.2%, North America contributed 12.9%, and other countries and regions contributed the remaining 15.5%, compared to 40.9%, 25.3%, 16.8%, and 17.0%, respectively, in the first quarter of 2024.

Overall gross profit was US$9.7 million in the first quarter of 2025, representing a decrease of 3.1% from US$10.0 million in the first quarter of 2024. Overall gross margin in the first quarter of 2025 was 51.7%, compared to 55.2% in the same period of 2024. The gross margin on services was 57.3% in the first quarter of 2025, compared to 65.0% in the same period of 2024. The gross margin on sales of products was 34.3% in the first quarter of 2025, compared to 26.2% in the same period of 2024.

Excluding share-based compensation, total operating expenses were US$9.9 million, or 53% of total revenues, in the first quarter of 2025, compared to US$8.5 million, or 47% of total revenues, in the same period in 2024.

We recorded an adjusted net income (non-GAAP) US$0.4 million, compared to US$1.3 million in the first quarter of 2024. Adjusted EBITDA was US$1.4 million in the first quarter of 2025, compared to US$1.7 million in the same period of 2024.

For the first quarter of 2025, we achieved an operating cash inflow of US$0.2 million, compared to US$1.9 million in the same period of 2024.

For the first quarter of 2025, our capital expenditures were US$0.3 million, compared to US$0.6 million in the same period in 2024.

We maintain a solid balance sheet with cash and cash equivalents of US$31.1 million as of March 31, 2025, up from US$30.1 million as of December 31, 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 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.