



(Nasdaq: UCL)

**1Q 2023 Earnings Conference Call
Presentation**

May 2023

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The logo for uCloudlink features a stylized 'U' and 'C' in black and red. The 'U' is a thick red vertical bar on the left, and the 'C' is a black circle with a red vertical bar inside and a red dot at the top right.

uCloudlink Overview

(Nasdaq: UCL)



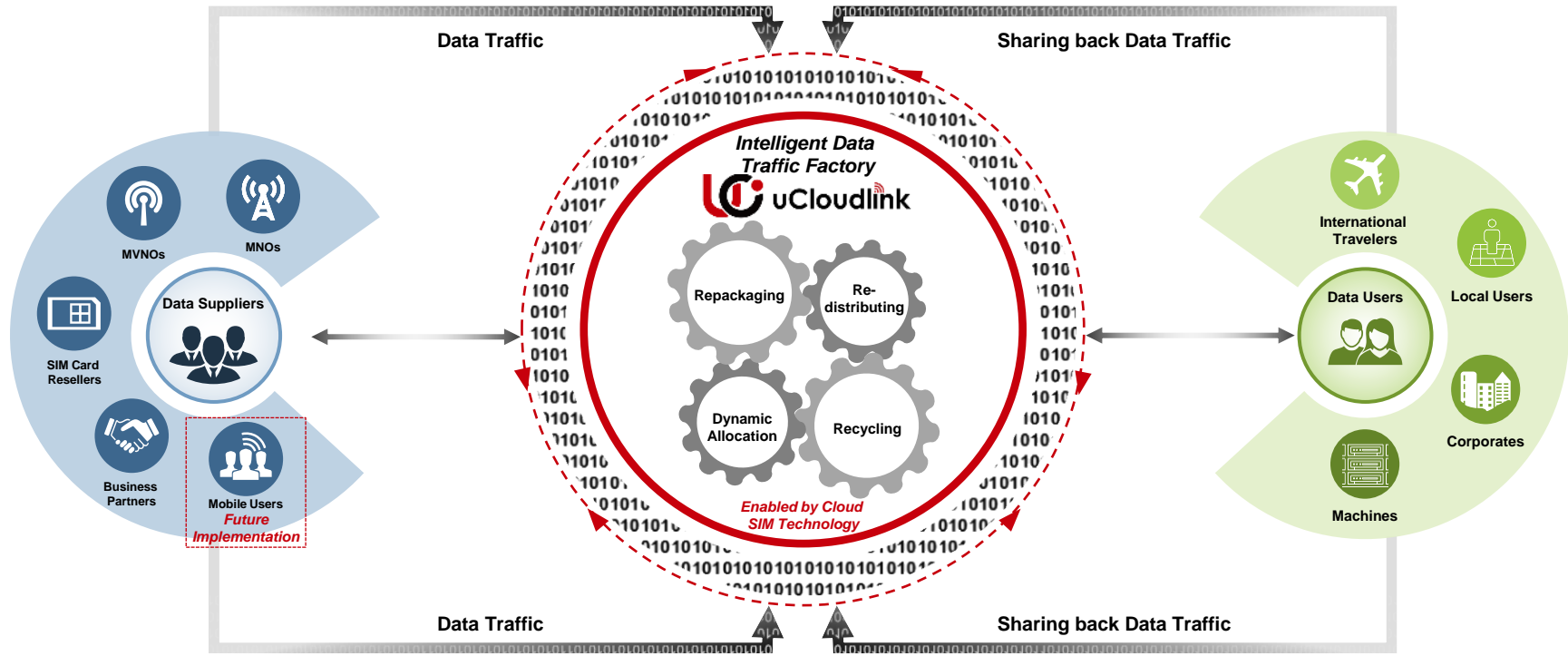
Connecting and Sharing without **Limitations**

Mission Statement

To **Make the World More Connected** with **Maximized Network Utility** through the **Power of Mobile Data Traffic Sharing**

Founders' Story: "To enable people to use mobile data traffic freely anytime, anywhere like breathing the air"

The World's First and Leading Mobile Data Traffic Sharing Marketplace (Nasdaq: UCL)

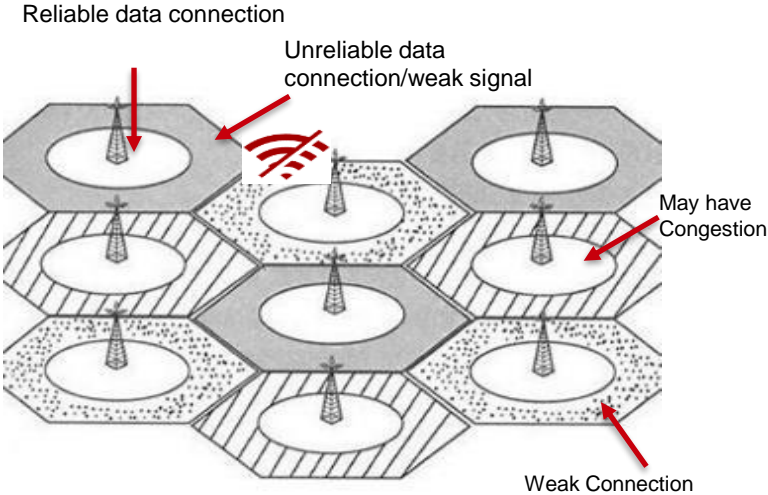


- Best Coverage
- Best Speed
- Best Price
- Flexible Solution
- High Throughput

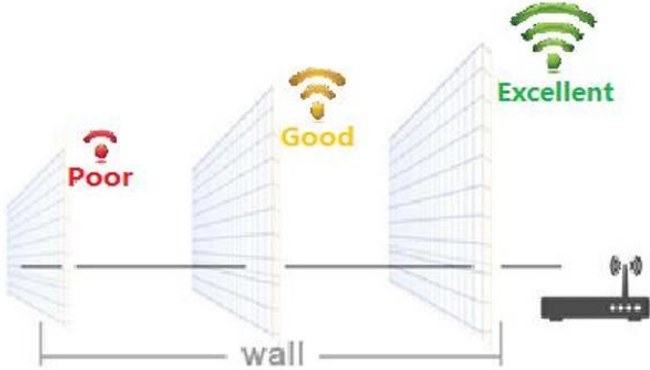
Operators Face Two Major Challenges: Coverage and Congestion




(Nasdaq: UCL)

Challenges for Mobile Network Operators



Unreliable Indoor Wi-Fi Coverage

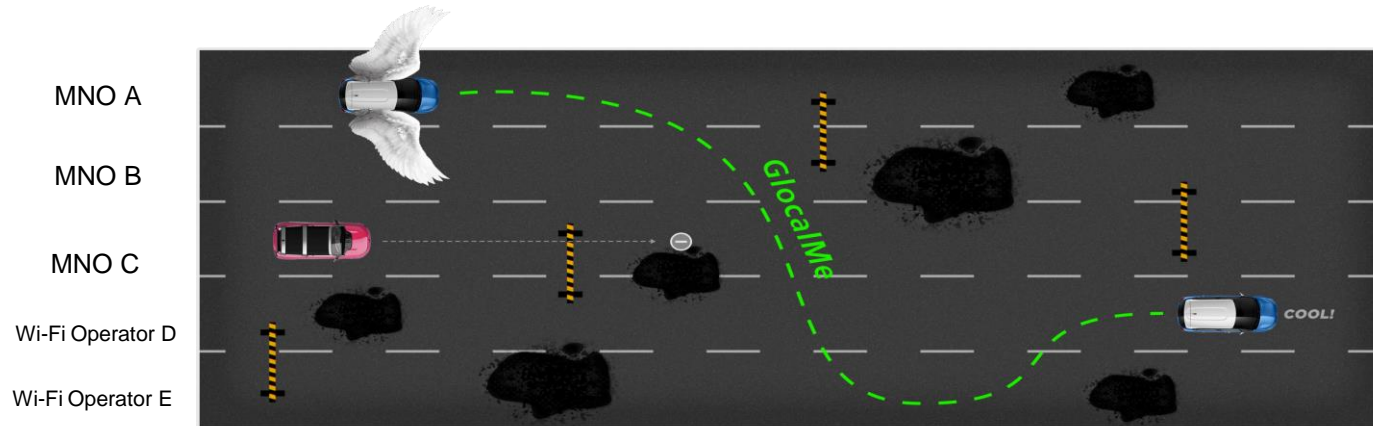


- **Poor coverage** 
- **May easily have congestion** 
- **Capital Intensive** for MNOs 

MNOs

Better Data Connection for MNOs and Users

Effectively help improve networks' coverage and congestions indoors and outdoors



- Uses existing coverage to create more reliable data connections; help Operators and Users **Better 5G Data Connected**
- **Seamless coverage** for end users; solves pain points such as roaming and international travel
- Mobile network partners can **improve user experience** without expensive upgrades to existing infrastructure
- Market to industries requiring **high-quality data connectivity** (such as education)
- **Improved overall network efficiency** and access to all networks available worldwide like “**Navigation + Electronic Toll Pass**”

Our Rooting Technology Enabling Data Traffic Marketplace (cloud SIM)

(Nasdaq: UCL)

Two Key Passes:

1

Global roaming pass: Seed SIM

2

Local data connectivity pass: SIM Pool

5

Authentication response of the remote SIM stored in the chipset to enable local connection to be established

1

Seed-SIM sends initial signal to server, including location and authentication details from available network

2

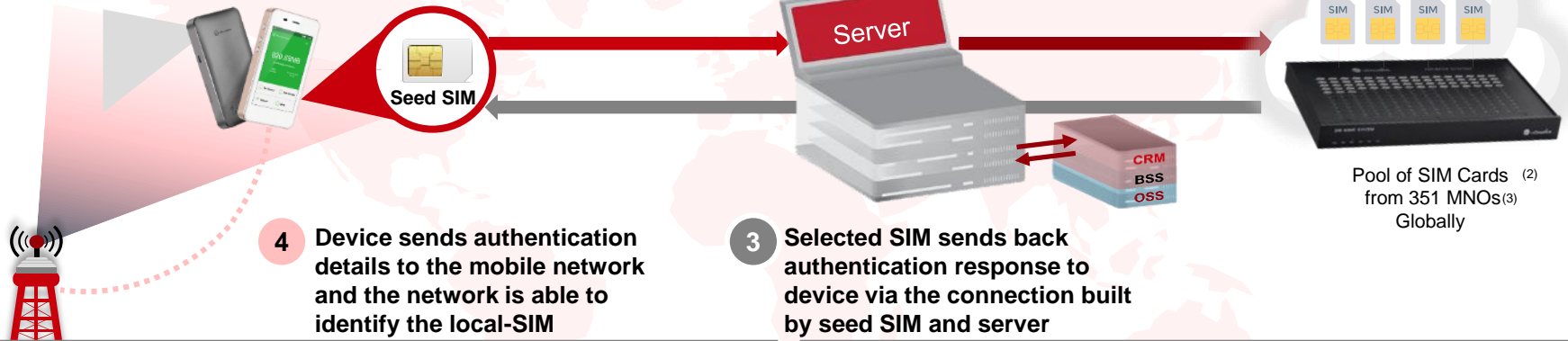
Server identifies SIM in the SIM pool with the optimal connectivity service

3

Selected SIM sends back authentication response to device via the connection built by seed SIM and server

4

Device sends authentication details to the mobile network and the network is able to identify the local-SIM



177 Patents ⁽¹⁾

Software-based

Ready to Support All Three Generations of our Businesses

Notes:

- 1. As of March 31, 2023, with 139 patents approved and 38 patents pending approval, globally
- 2. As of March 31, 2023, among these SIM cards, c.26% are owned by the Company with remaining SIMs owned by our business partners
- 3. As of March 31, 2023

Our Advanced Technology Enabling Secured and Robust Connectivity (Hyper-connectivity “HyperConn”)

(Nasdaq: UCL)

Cloud SIM Developed to HyperConn Stage and HyperConn™ products delivered to various markets during the first quarter of 2023 and more innovative products and services are in the pipeline, with continuous development of 2.0 business, GlocalMe Inside, Wireless Networks, Education, Autopilot, Internet of Things, etc.

5 Crosses

Physical media



SIM Form Factors



Carriers' Networks



Cross Countries



Cross Layers



3 steps

3. Optimization/Acceleration

2. Monitoring/Evaluation

1. Identification/Scan

5G

4G

Wi-Fi

Wireless Networks

...

Fast Multi-network Reselection, 5G Applications Require HyperConn

Intelligent Navigation through PaaS/SaaS platform, Secured Network Connectivity

Compatible with Variety of Industries Requiring Secure and Reliable Connections

Paving the Way for 2.0 Business, Further HyperConn™ Products Launch

The Evolution of cloud SIM and HyperConn Business Models

(Nasdaq: UCL)

Increasingly Platform-centric

B2C Retail

uCloudlink sells or leases GlocalMe hardware and data packages to retail consumers



Proven Cloud-SIM
Technology, Scalable,
Profitable Business Model

B2B2C Wholesale

uCloudlink sells GlocalMe hardware and data packages via local Business Partners



Expedite Global Expansion,
Pool of **2,000+** Local
Partners⁽²⁾

PaaS/SaaS Platform

uCloudlink's partners procure customized ODM⁽¹⁾ hardware and purchase data packages from UCL and own sources. Partners rely on uCloudlink's PaaS/SaaS platform for SIM management



Rapid Expanding Global Partner
Ecosystem, SIM Securely Locally
Hosted by Partners
C2C/C2B2C/B2B2C Models

Note:

1. Original design manufacture

2. As of March 31, 2023

Clear Growth Strategies Across Business Models

(Nasdaq: UCL)

Between Countries

 uCloudlink 1.0

Between Carriers

 uCloudlink 2.0

Full Marketplace

 uCloudlink 3.0

Strengthen Leadership Position

Capture Local Data Connectivity Market Opportunity

Data Traffic with Massive User Base



Single Operator Entry Point to Access all Available Networks Globally



Single Operator Entry Point to Access All Locally Available Networks



Innovative Global 5G Roaming Solution



GlocalMe Inside App embedded, low friction, to become standard for local data connectivity



Expand eco-system: expanding globally backed by our PaaS and SaaS platform.



Strategic Partnerships Cooperation with MNOs, MVNOs and smart device manufacturers to increase user base. Business partners can manage business to provide better data connection services to end-users via our PaaS and SaaS platform



Enhance Service Quality with improved network connectivity, quality and speed



Localize Operations in key markets by leveraging expertise of strong local business partners



Capitalize **Scalable** user base accumulated through uCloudlink 1.0 and 2.0 models



Tested users access to **Complete Data Traffic** in trials and eliminate wastage



Gateway to **Digital Mobile Ecosystem** offering opportunities for VAS deployments

2014

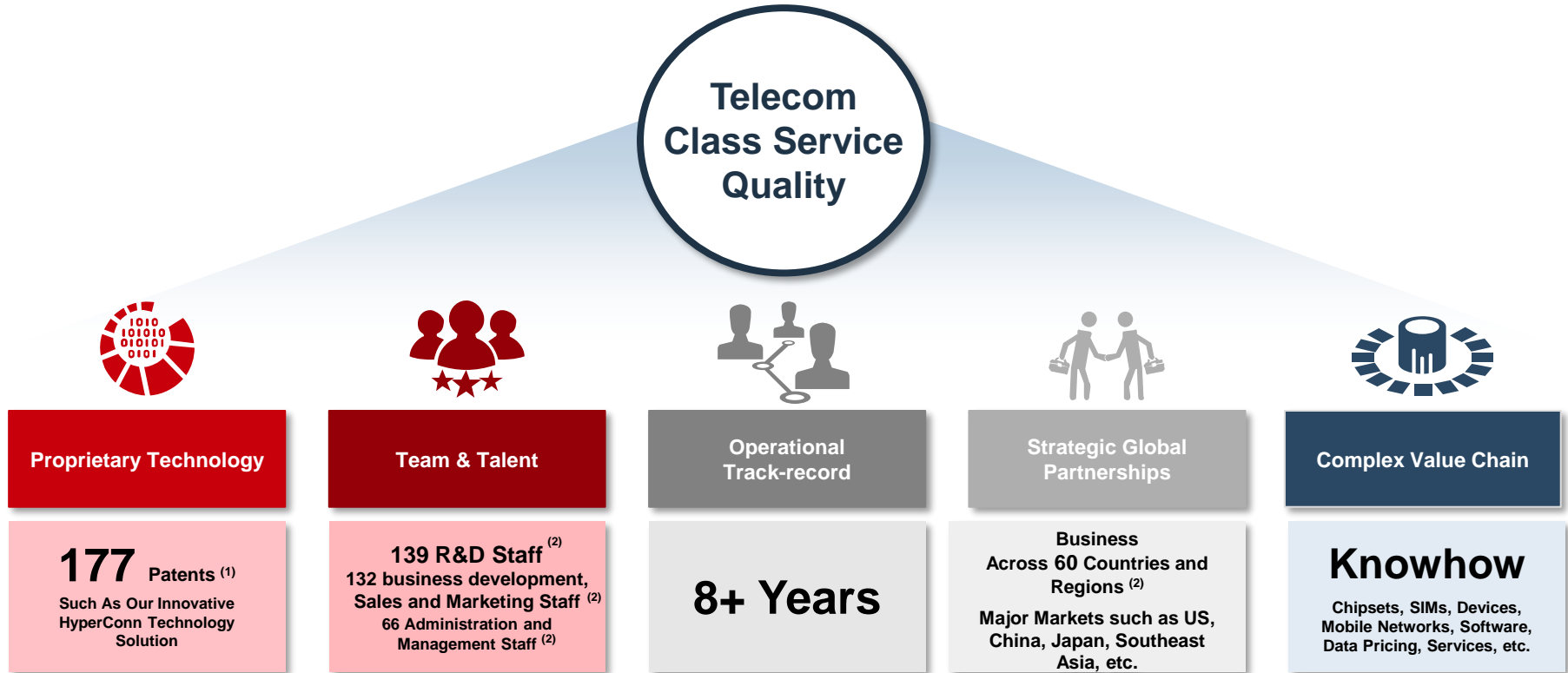
2018

*Finalized prototype APP in 2019

?

Unique Business Model with High Barriers to Entry

(Nasdaq: UCL)



Notes:

1. As of March 31, 2023 with 139 patents approved and 38 patents pending approval, globally

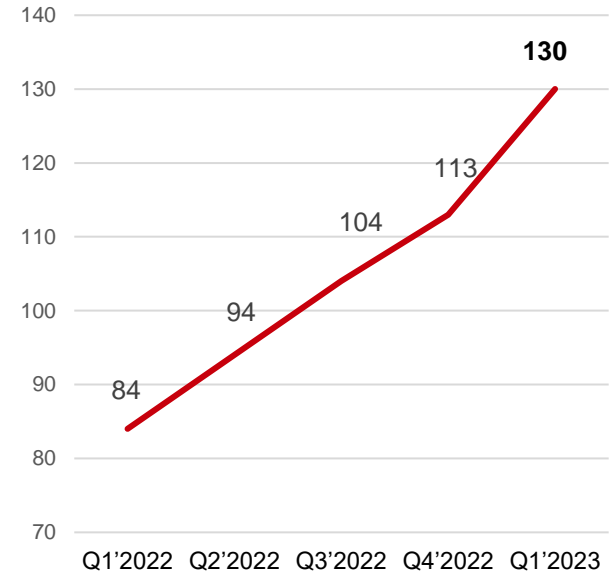
2. As of March 31, 2023

uCloudlink 1.0: International Data Connectivity Services

- **Innovative Global 5G Solution** incorporates high-quality, low-latency roaming tech and become a leading **5G roaming** solution provider applied in various industries
- **HyperConn technology** elevates overall user experience with access to all available networks and contributes to the growth of our 1.0 business
- **Established track record** and **global leading position** in the international data connectivity services market
- We have seen materially increased demand for our 1.0 **Roamingman business** in mainland China and Southeast Asia
- **We expect greater tourist demand** with the long-term recovery of international travel benefit our 1.0 business
- **We expect to launch more innovative products** to satisfy various roaming needs of our customer and users

1.0 Average daily active terminals

(In thousands)



uCloudlink 2.0: Expanding Application Scenarios Supported by Stable Local Demands

(Nasdaq: UCL)

uCloudlink 2.0: Local Data Connectivity Services

HyperConn technology supports the further development and growth of our uCloudlink 2.0 Business, solutions and HyperConn enabled products now widely accepted by MNOs & business partners in various industries in China, US and Japan



Adapt to new normal life-style

Post-pandemic “New Normal”, supporting remote work and learning which require reliable connectivity



GlocalMe Inside (GMI)

Cooperation with smart hardware manufacturers with **GlocalMe Inside (GMI)**



IoT (Guaranteed Reliable Connection)

Accelerating IoT applications and driving userbase increase within industries requiring high-quality data connection. Applied our IoT modules and solutions in industry Wi-Fi router, IP Camera, etc.



Help Operators to Win

Helping operators' networks convergence and improve data connection, helping one of China's major MNOs elevate indoor and outdoor user experience and scale up our potential user base such as home broadband



5G Everywhere

High data-consumption APP using habits and market demands for better and faster connections in the **5G Era** and our solutions will accelerate 5G Cloud Era



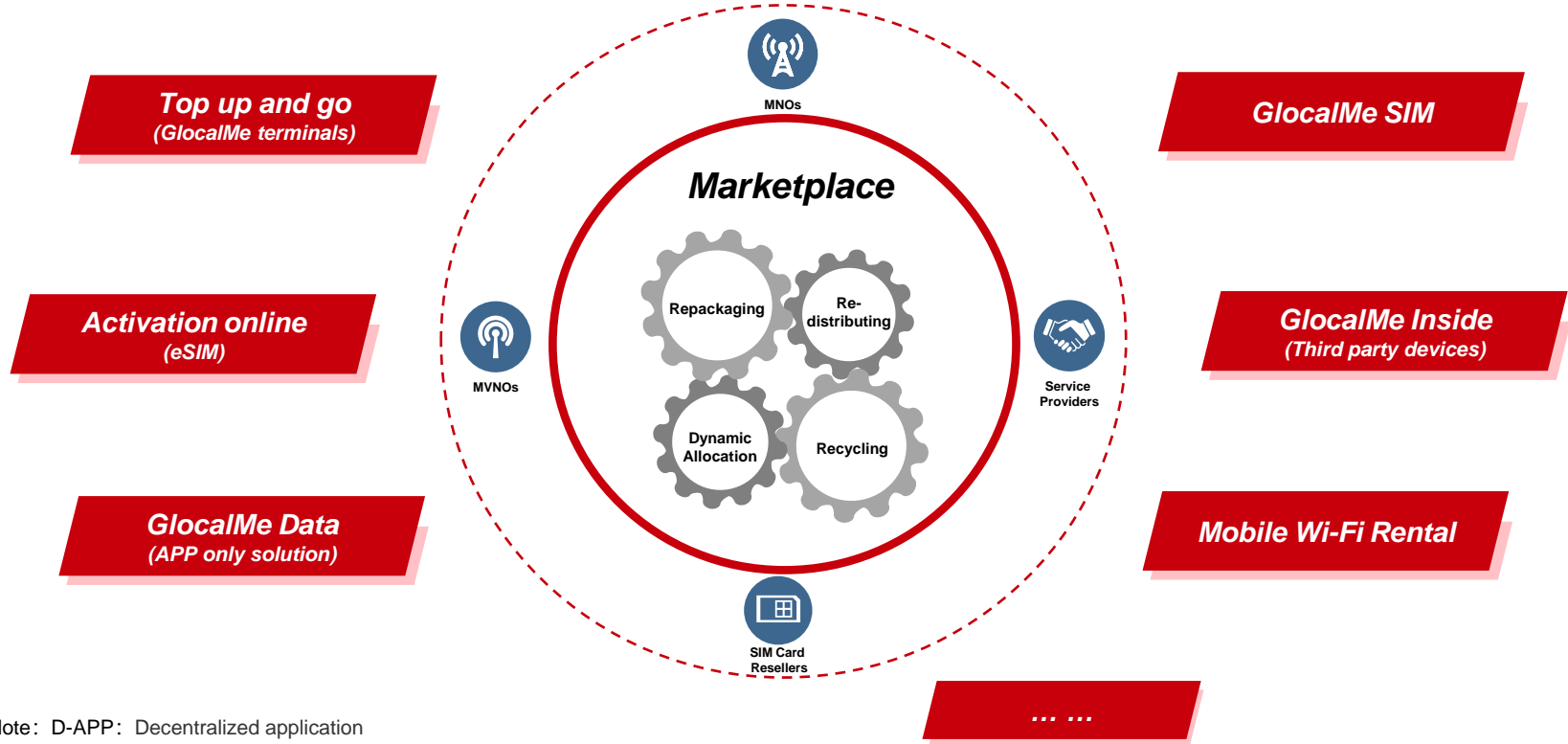
PaaS and SaaS platform ecosystem

Gained more in **industry and business partner recognition** and expanding **PaaS and SaaS platform ecosystem**

uCloudlink 3.0: To Initiate A One-stop Mobile Data Traffic Sharing Marketplace Application

(Nasdaq: UCL)

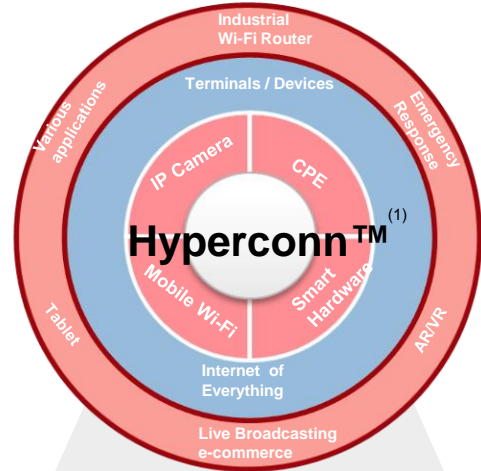
One-stop Marketplace within only one APP/D-APP



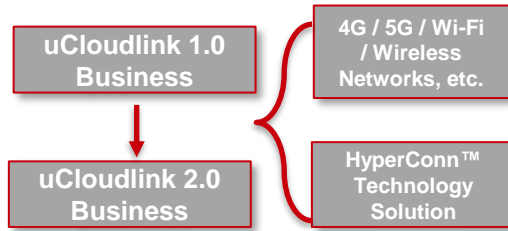
Note: D-APP: Decentralized application

HyperConn™ Enabled Innovative Products and Services

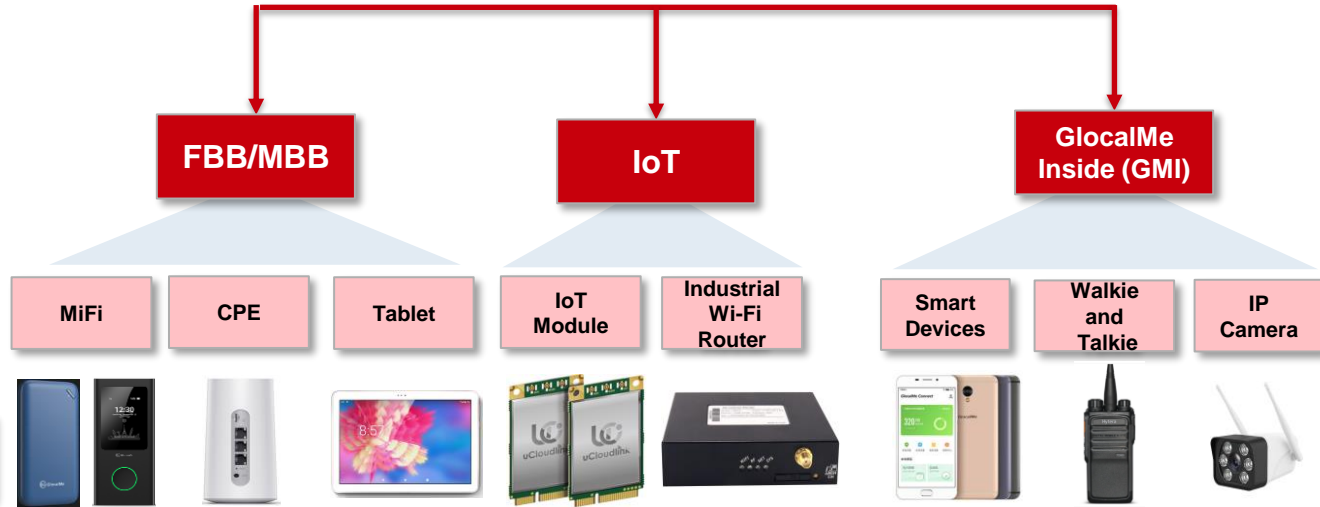
(Nasdaq: UCL)



PaaS and SaaS Ecosystem



HyperConn™ technology solution supports and applies to further development of our 1.0 and 2.0 businesses as well as continuous development and introduction of innovative products, helping to develop our PaaS and SaaS ecosystem



Note:

1. Our HyperConn™ technology solution applies to our self-developed terminals. Through cooperation with business partners, we embed GlocalMe Inside (GMI) into third-party device.



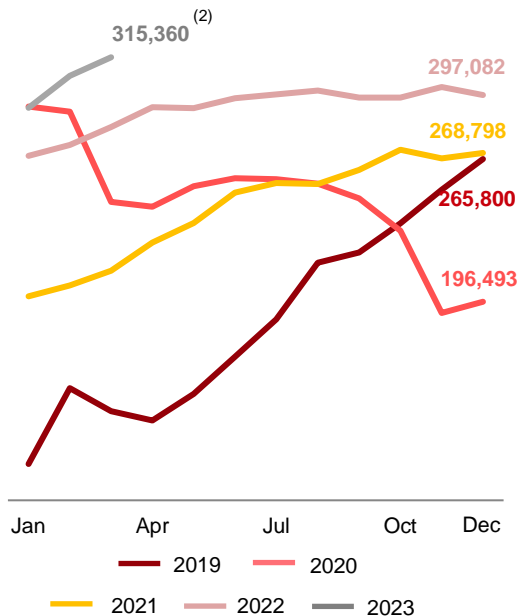
Q1 2023 Operating Highlights

Our Business Performance and Operating Highlights

(Nasdaq: UCL)

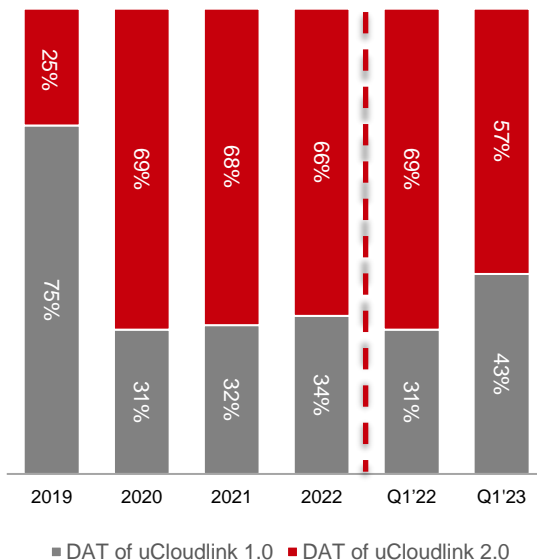
Daily Active Terminals (DAT) ⁽¹⁾

Terminals



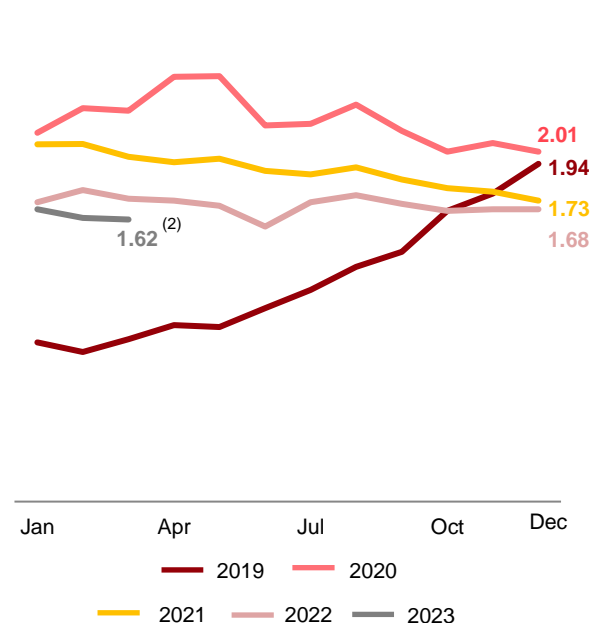
DAT Breakdown by uCloudlink 1.0 vs. 2.0 ⁽¹⁾

Strong uCloudlink 2.0 User Adoption



Daily Data Usage per Terminal ⁽¹⁾

GB



Note:

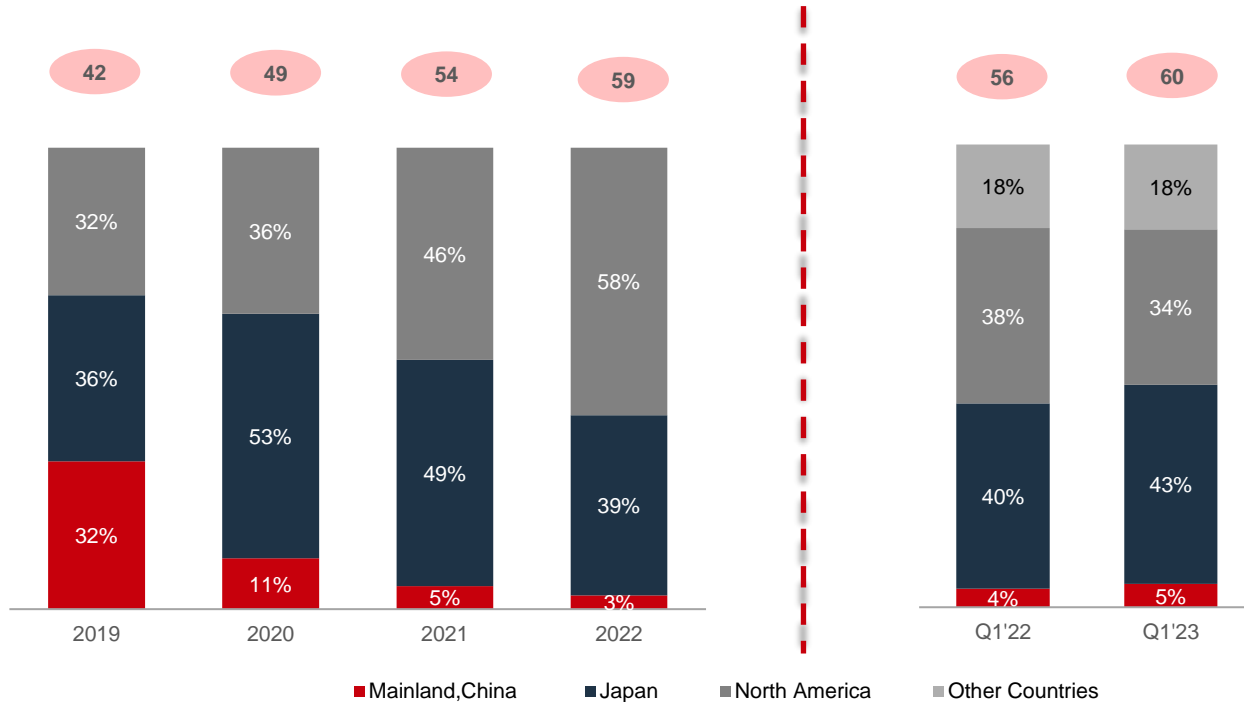
1. Average daily active terminals include terminals connected to our platform that are serviced by us or our business partners. Data consumed by the active terminals including data consumed by users who contributed to our revenues from data connectivity services and data consumed by users who did not contribute to such revenues.

2. In March 2023

Our Business and Revenue Are Increasingly Diversified Globally

(Nasdaq: UCL)

95%⁽¹⁾
Non-Mainland
China Revenue
Contribution



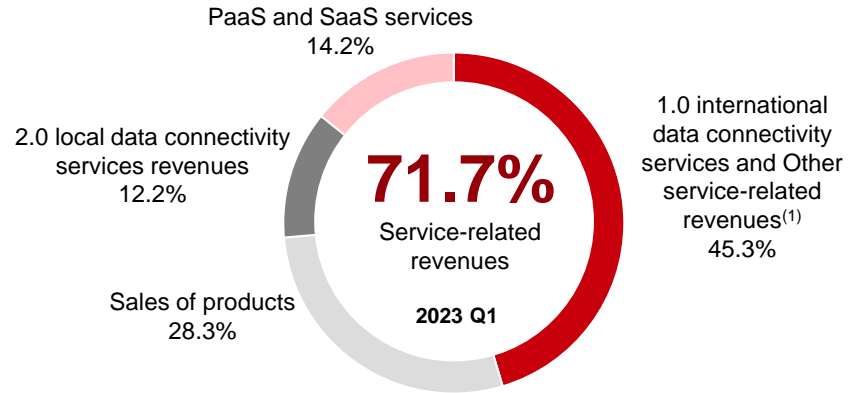
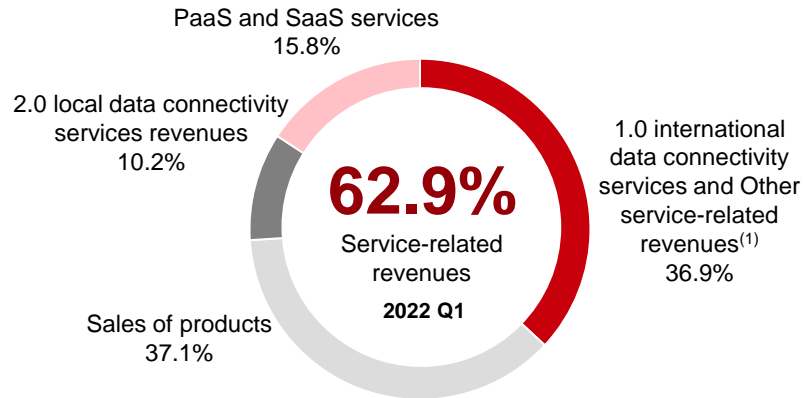
Number of countries and regions based on partners' registered location

Note: 1. In Q1 2023



Q1 2023 Financial Highlights

Revenue Segmentation



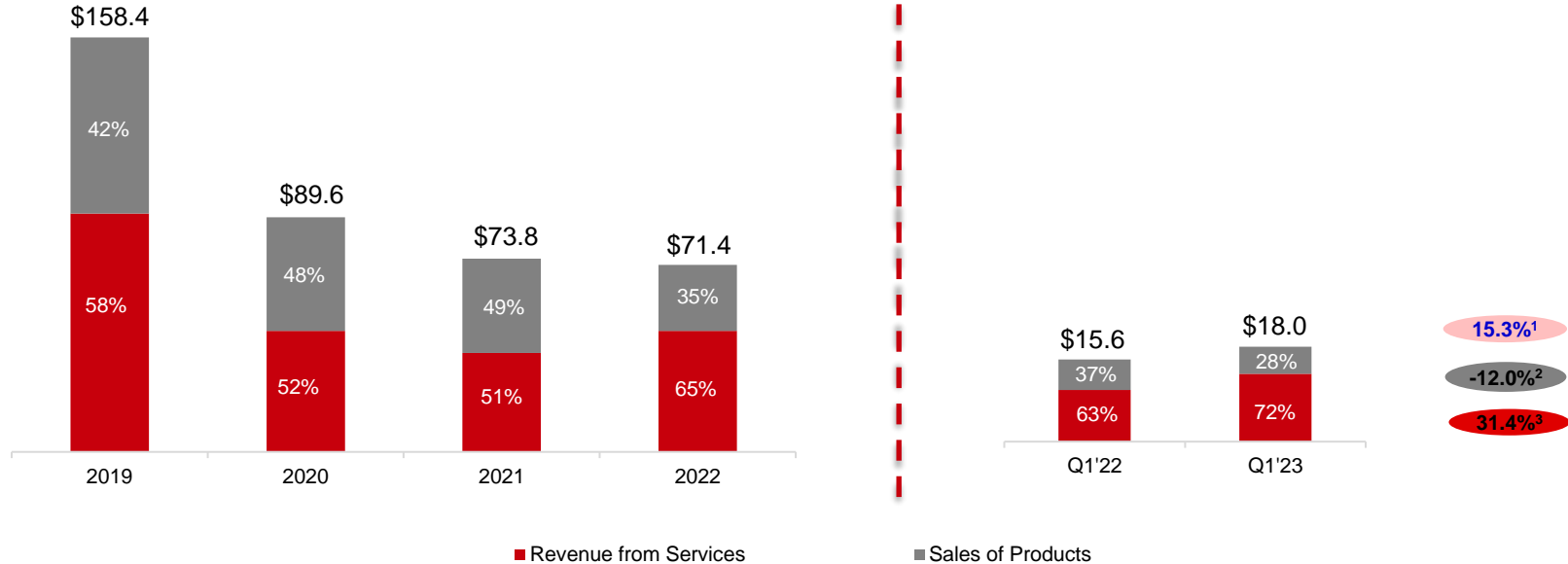
Note:

1. Other service-related revenues includes revenues from others

Revenue Breakdown By Our Two Business Segments

(Nasdaq: UCL)

Revenue, US\$MM



1. Q1 Total Revenue Year-over-Year change
2. Q1 Sales of Products Year-over-Year change
3. Q1 Revenue from Services Year-over-Year change

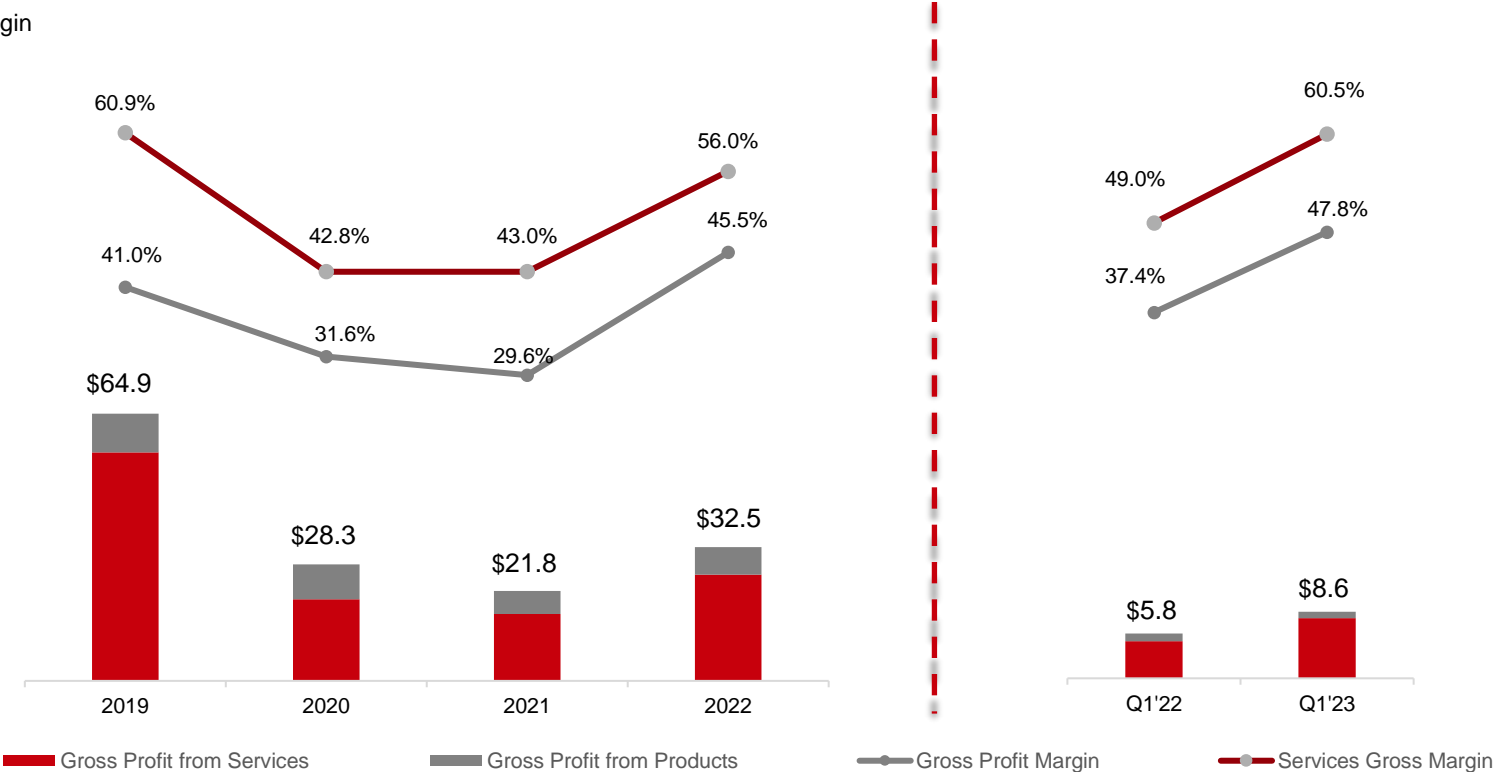
15.3%¹
-12.0%²
31.4%³

Higher Service Gross Margin Over Overall Gross Margin

(Nasdaq: UCL)

Gross Profit US\$MM

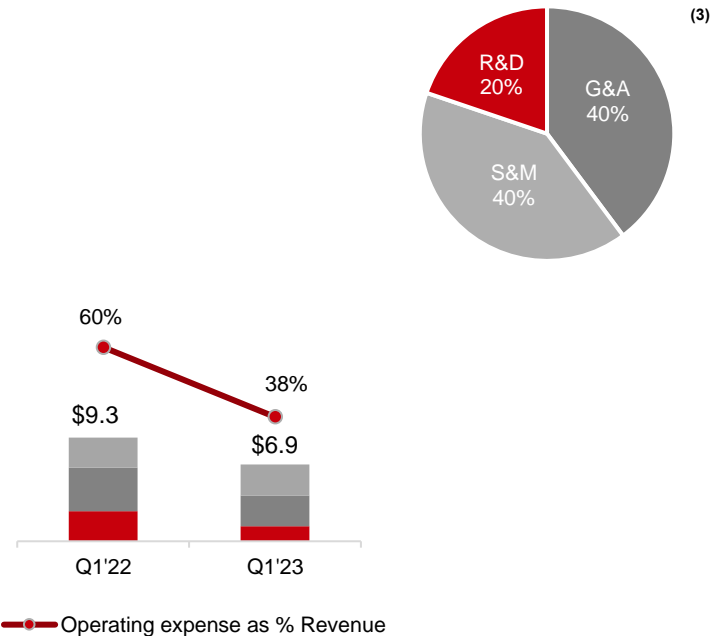
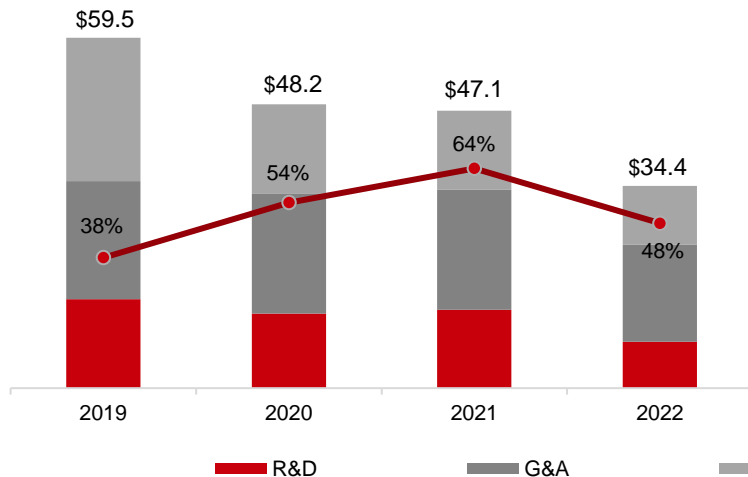
Gross margin



Improvement of Business Operational Efficiency

(Nasdaq: UCL)

Operating expenses⁽¹⁾, \$US,MM



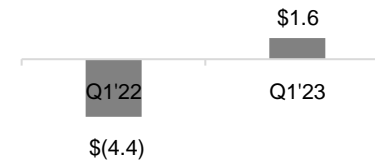
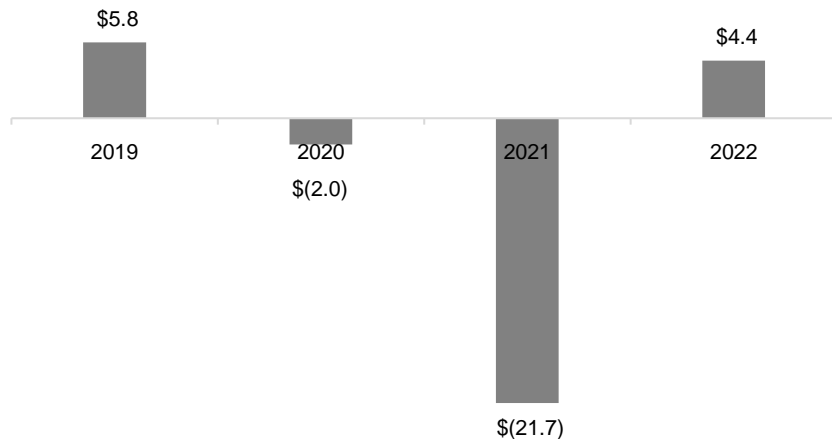
139 R&D Staff ⁽²⁾
132 Business Development, Sales and Marketing Staff ⁽²⁾
66 Administration and Management Staff ⁽²⁾

Note:
 1. Operating Expenses excluding share-based compensation
 2. As of March 31, 2023
 3. Operating Expenses Breakdown Pie Chart is specifically for 2023Q1

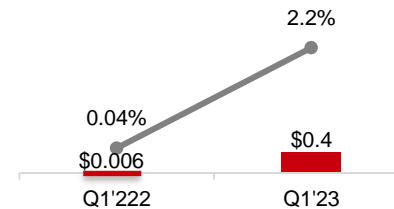
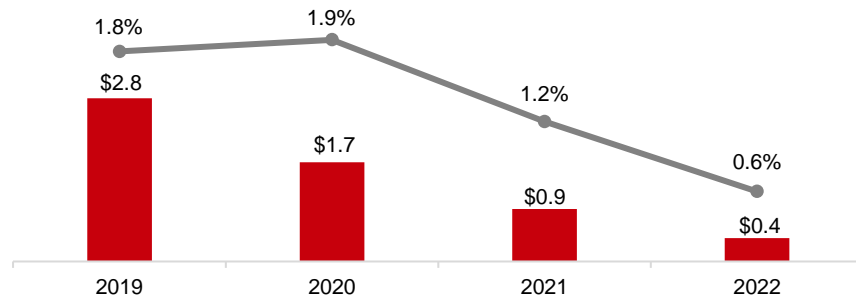
Asset Light Business Model

(Nasdaq: UCL)

Operating Cash Flow, \$US,MM



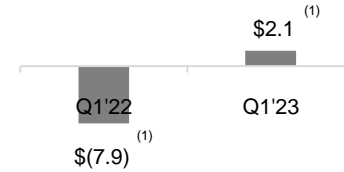
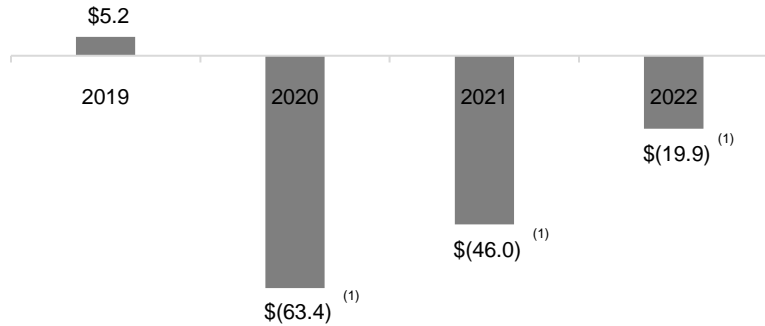
CAPEX, \$US,MM



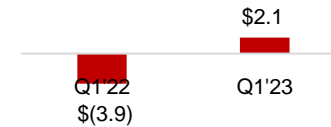
Net Income & Adjusted EBITDA (non-GAAP)

(Nasdaq: UCL)

Net Income/ (Loss) , \$US,MM



Adjusted EBITDA (non-GAAP), \$US,MM



Note:

1. Including share-based compensation US\$50.6 million in 2020, US\$8.8 million in 2021 and US\$3.1 million in 2022, US\$ 0.7million in Q1 2022 and US\$ 0.7 million in Q1 2023

Appendix – Financial Statement

(Nasdaq: UCL)

UCLOUDLINK GROUP INC.
UNAUDITED CONSOLIDATED BALANCE SHEETS
(In thousands of US\$, except for share and per share data)

	As of December 31, 2022	As of March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	14,921	16,524
Short-term deposit	197	195
Accounts receivable, net	5,961	6,982
Inventories	3,624	2,290
Prepayments and other current assets	4,255	4,269
Other investments	11,690	12,620
Amounts due from related parties	698	1,374
Total current assets	41,346	44,254
Non-current assets		
Prepayments	688	573
Long-term investments	1,711	1,802
Property and equipment, net	1,181	1,419
Right-of-use assets, net	206	248
Intangible assets, net	802	777
Total non-current assets	4,588	4,819
TOTAL ASSETS	45,934	49,073
LIABILITIES		
Current liabilities		
Short term borrowings	2,876	3,112
Accrued expenses and other liabilities	24,014	23,736
Accounts payable	6,832	7,072
Amounts due to related parties	1,481	1,322
Contract liabilities	1,052	1,073
Lease liabilities	184	147
Total current liabilities	36,439	36,462
Non-current liabilities		
Lease liabilities	-	51
Other non-current liabilities	204	189
Total non-current liabilities	204	240
TOTAL LIABILITIES	36,643	36,702
SHAREHOLDERS' EQUITY		
Class A ordinary shares	12	12
Class B ordinary shares	6	6
Additional paid-in capital	236,774	237,556
Accumulated other comprehensive income	1,876	2,100
Accumulated losses	(229,377)	(227,303)
TOTAL SHAREHOLDERS' EQUITY	9,291	12,371
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	45,934	49,073

U CLOUDLINK GROUP INC.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(In thousands of US\$, except for share and per share data)

	For the three months ended	
	March 31, 2022	March 31, 2023
Revenues	15,613	18,006
Revenues from services	9,827	12,916
Sales of products	5,786	5,090
Cost of revenues	(9,778)	(9,405)
Cost of services	(5,011)	(5,102)
Cost of products sold	(4,767)	(4,303)
Gross profit	5,835	8,601
Research and development expenses	(2,682)	(1,303)
Sales and marketing expenses	(2,787)	(2,921)
General and administrative expenses	(4,580)	(3,435)
Other (expense)/income, net	(3,336)	1,121
(Loss)/income from operations	(7,550)	2,063
Interest income	3	5
Interest expenses	(162)	(49)
Amortization of beneficial conversion feature	(219)	-
(Loss)/income before income tax	(7,928)	2,019
Income tax expenses	(1)	(13)
Share of profit in equity method investment, net of tax	14	68
Net (loss)/income	(7,915)	2,074
Attributable to:		
Equity holders of the Company	(7,915)	2,074
(Loss)/earnings per share for Class A and Class B ordinary shares		
Basic	(0.03)	0.01
Diluted	(0.03)	0.01
(Loss)/earnings per ADS (10 Class A shares equal to 1 ADS)		
Basic	(0.27)	0.06
Diluted	(0.27)	0.06
Shares used in loss/earnings per Class A and Class B ordinary share computation:		
Basic	289,158,353	369,438,171
Diluted	289,158,353	369,438,171
Net (loss)/income	(7,915)	2,074
Other comprehensive (loss)/income, net of tax		
Foreign currency translation adjustment	(48)	224
Total comprehensive (loss)/income	(7,963)	2,298

A central graphic of two hands shaking, symbolizing agreement or partnership. The hands are positioned in the center of the frame, with the left hand slightly above the right. The background is a blue-toned image of a server room with racks of equipment and glowing blue lines representing data or network connections. Overlaid on the handshake are two red, slanted rectangular banners containing text.

Q & A

Thank you