



(Nasdaq: UCL)

**2Q 2023 Earnings Conference Call
Presentation**

Aug 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. A small red circle is positioned to the right of the 'C'.

uCloudlink Overview

(Nasdaq: UCL)



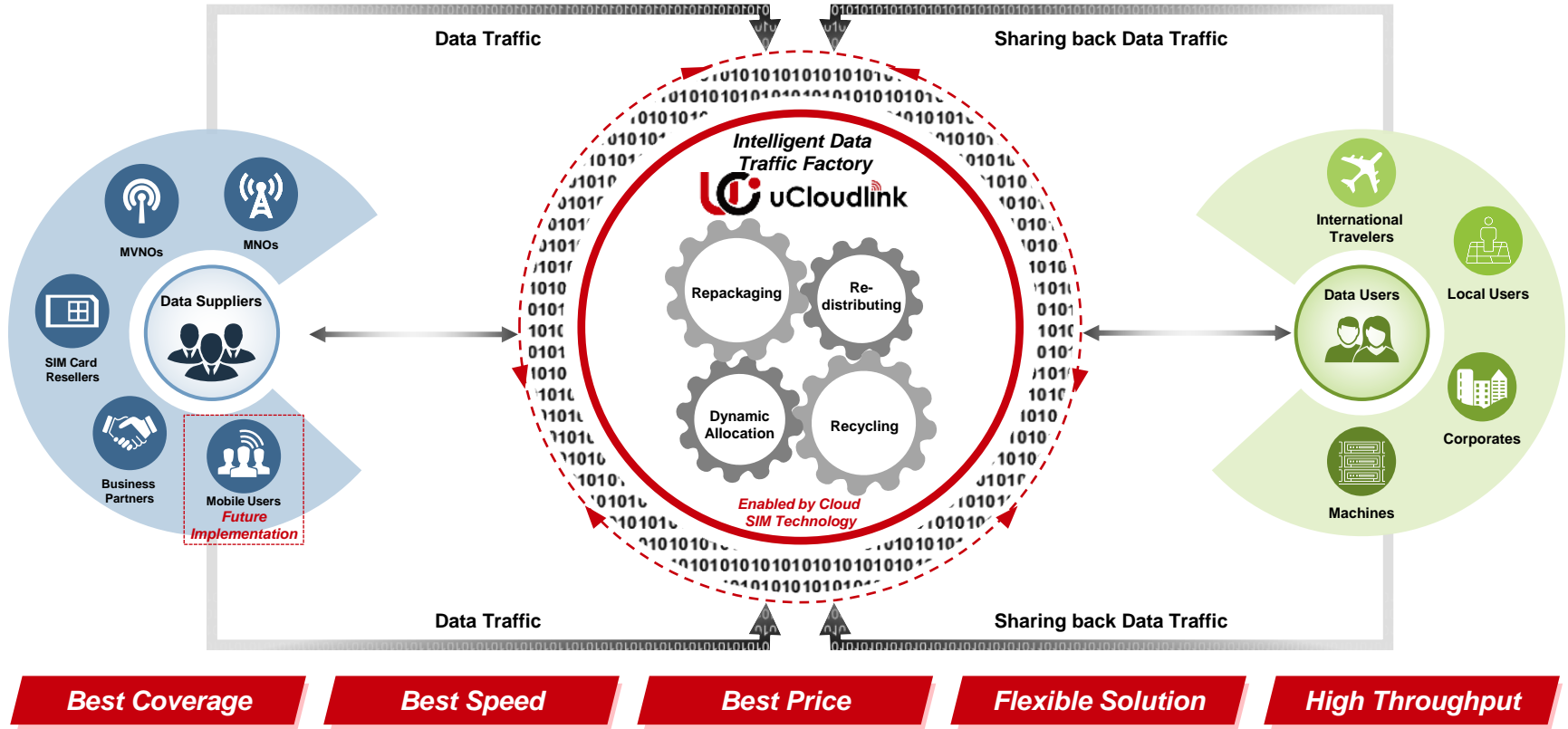
Connecting and Sharing without **Limitations**

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)



Evolution of Our Business

(Nasdaq: UCL)

Phase I Startup Marketplace 2014-2023




uCloudlink 1.0
Between Countries

Roaming Services

Serve Cross-border Travelers

Launched in 2014




uCloudlink 2.0
Between Carriers

Local Services

Serve Local Residents

Launched in 2018

Phase II One-Stop Marketplace 2023-



uCloudlink 3.0
Between Users

Full Marketplace

Serve All Mobile Data Users

Initiating in 2023

Phase III Sharing Marketplace Next

Marketplace Evolution

uCloudlink's Unique Position in the Market to Address These Demands




Most Global travelers
Deactivate
International
Roaming



Diverse travel
services beyond
data connectivity



Better and faster
connections in
the 5G Era



Peer-to-Peer
Data Traffic
Sharing



Reliable
connectivity
demand in IoT
industry



Solve the
problems for
MNOs
Coverage
Congestion



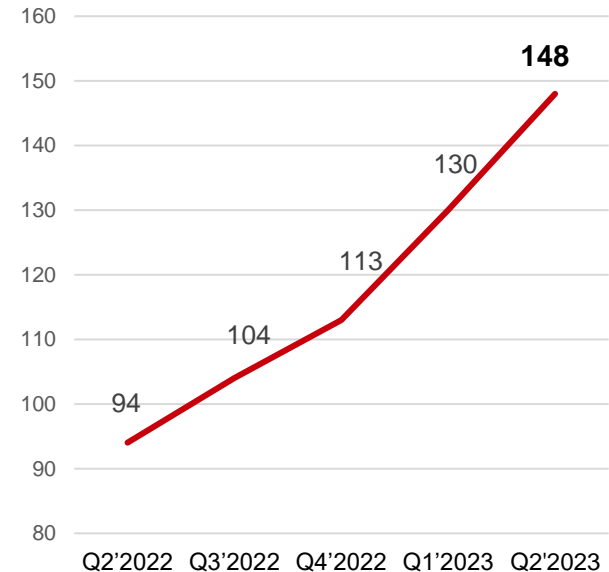
FBB/MBB:
Challenge for Users
Unreliable Indoor
Wi-Fi Coverage

uCloudlink 1.0: International Data Connectivity Services

- **Innovative Global 5G Solution** incorporates high-quality, low-latency roaming tech and enhance our leading competitive position within the global roaming market
- **HyperConn technology** elevates overall user experience with access to all available networks and contributes to the growth of our 1.0 business
- Significant growth as a result of the recovery in international travel, particularly driven by Chinese tourists utilizing **Roamingman brand services**
- **Long-term recovery of international travel** to support 1.0 growth
- **The launch of GlocalMe SIM card- We expect to diversify our products portfolio**, enhance the application possibilities of our solutions and substantially broaden our user base

1.0 Average daily active terminals

(In thousands)



uCloudlink 2.0: Expanding User Base with Stably Growing Local Demands

(Nasdaq: UCL)

uCloudlink 2.0: Local Data Connectivity Services

HyperConn Solution 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



Helping Customers Succeed in the Post-pandemic “New normal” Era

Local data connectivity equipped with HyperConn provides stable, reliable, and high-quality data connection to **support remote work and learning**



Expanding user base with GlocalMe Inside (GMI)

Cooperation with smart hardware manufacturers with **GlocalMe Inside (GMI)**, further expanding our customer base



Taking Advantage of the “5G Everywhere” Trend

As customers adapt to the high data-consumption APP using habits and as the market demands for better and faster connections in the **5G Era, 2.0 business allows users to easily get access to extra data**

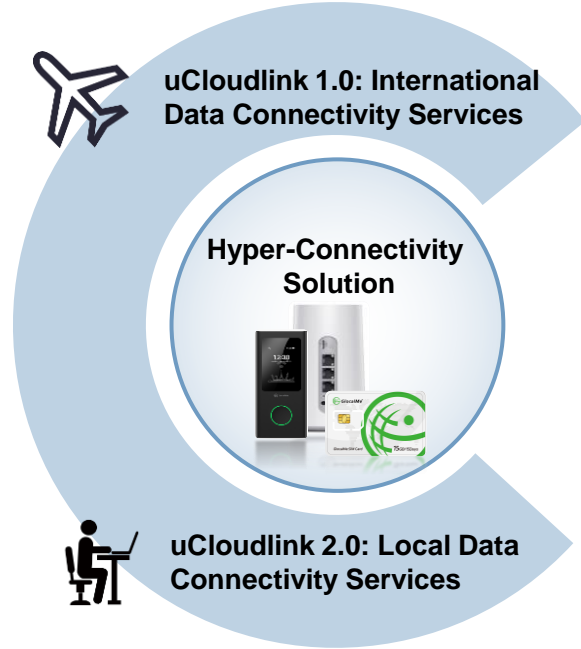


Helping Operators Win by Elevating Customer Experience

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

From Data Connectivity Services to Beyond: PaaS and SaaS Solution

(Nasdaq: UCL)



Recent Developments

Hyper-Connectivity Solution

- In July 2023, GlocalMe SIM card launched
- Upgraded CPE Testing Commercially

PaaS and SaaS Solution

- Pilot sale of GPS tracker-enabled roaming portable Wi-Fi Terminal
- IoT Module to be embedded in the devices of a major Japan MNO within 2023



Expand user-base

Recurring Revenue Streams ⁽¹⁾

More Scenarios to be Developed

Proprietary Technology ⁽²⁾

Note:

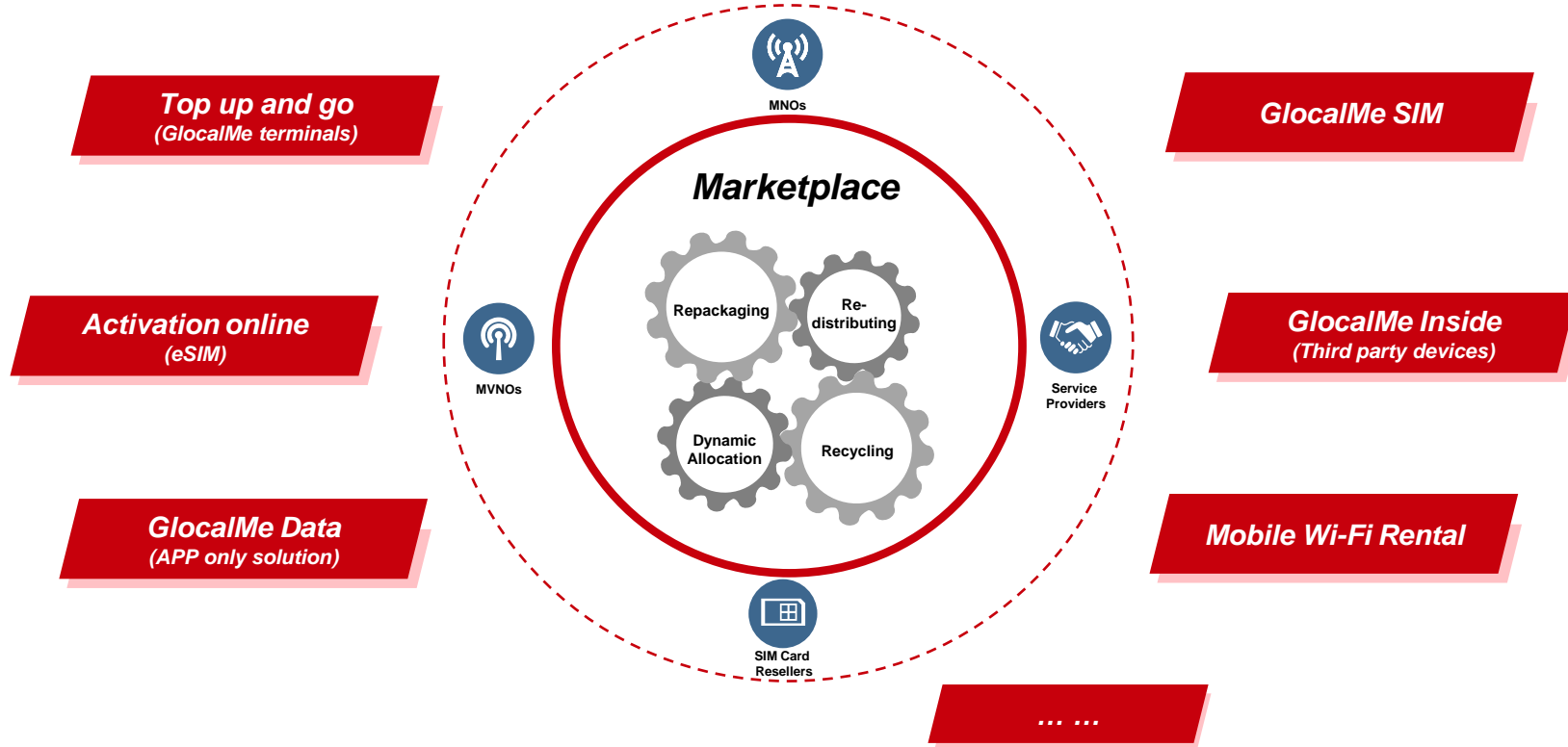
1. Mainly generated from PaaS/ SaaS services and data connectivity services, sometimes generated from sales of products.

2. Including cloud SIM technology, HyperConn solution and PaaS/SaaS platform applied to our self-developed terminals and third-party devices (GlocalMe Inside).

One-stop Mobile Data Traffic Sharing Marketplace Application

(Nasdaq: UCL)

One-stop Marketplace Within *One* APP



Clear Growth Strategies Across Business Models

(Nasdaq: UCL)

Between Countries

 uCloudlink 1.0

Strengthen Leadership Position



Single Operator Entry Point to Access all Available Networks Globally



Innovative Global 5G Roaming Solution



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



Enhance Service Quality with improved network connectivity, quality and speed

2014

Between Carriers

 uCloudlink 2.0

Capture Local Data Connectivity Market Opportunity



Single Operator Entry Point to Access All Locally Available Networks



GlocalMe Inside App

embedded, low friction, to become standard for local data connectivity



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



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

2018

Full Marketplace

 uCloudlink 3.0

Data Traffic with Massive User Base



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

Initiating in 2023



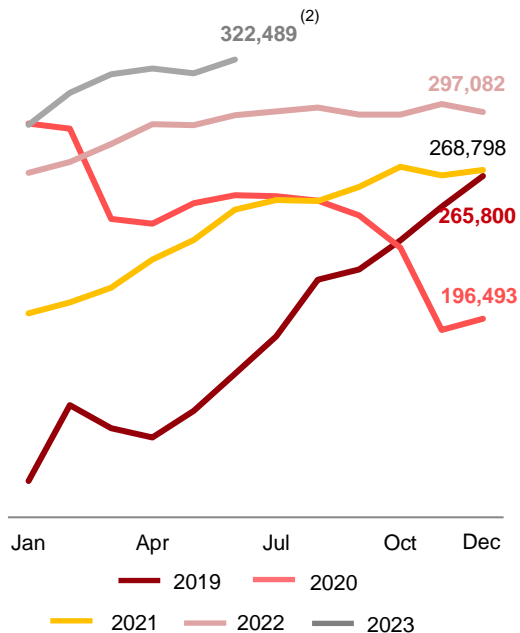
Q2 2023 Operating Highlights

Our Business Performance and Operating Highlights

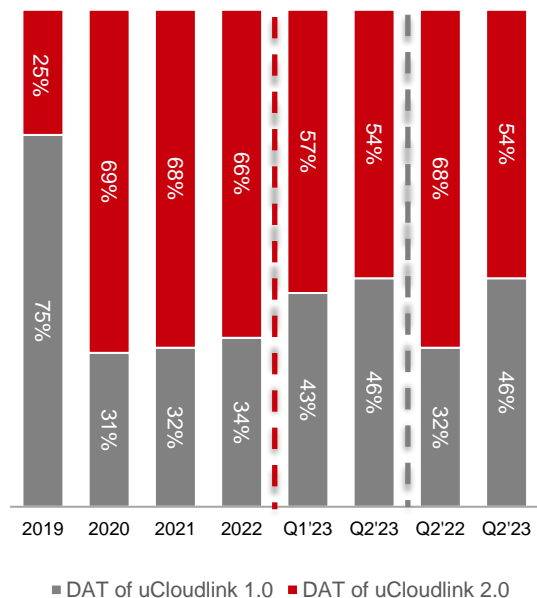
(Nasdaq: UCL)

Daily Active Terminals (DAT) ⁽¹⁾

Terminals

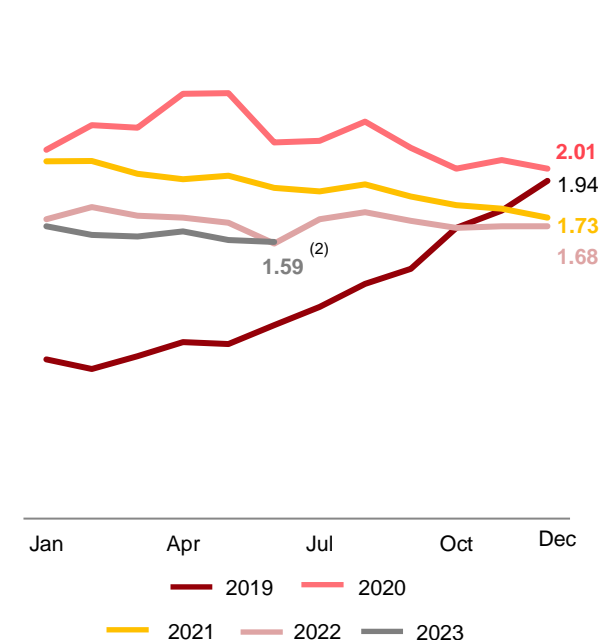


DAT Breakdown by uCloudlink 1.0 vs. 2.0 ⁽¹⁾



Daily Data Usage per Terminal ⁽¹⁾

GB



Note:

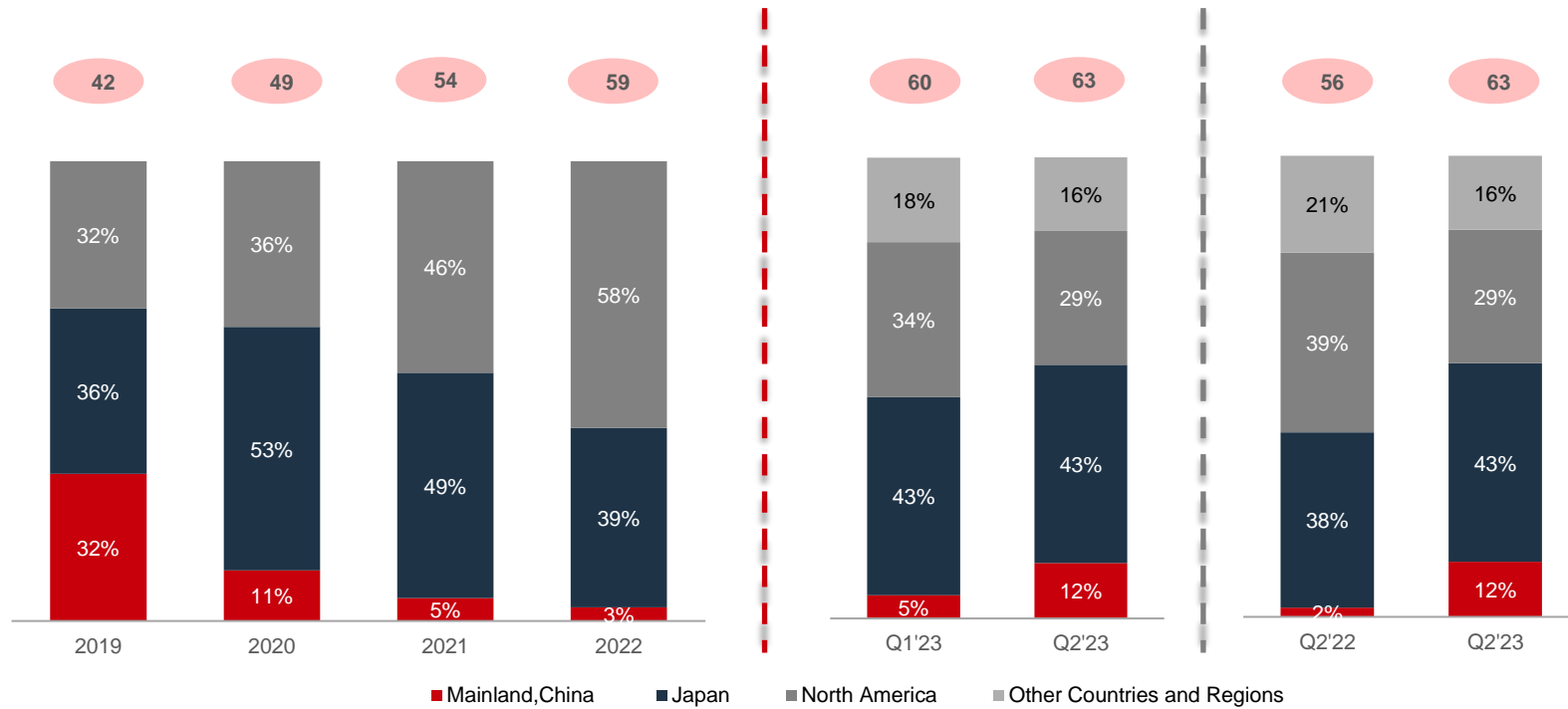
1. Average daily active terminals include terminals connected to our platform that are serviced by us or our business partners. Data consumed by the active terminals including data consumed by users who contributed to our revenues from data connectivity services and data consumed by users who did not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

2. In June 2023

Our Business and Revenue Are Increasingly Diversified Globally

(Nasdaq: UCL)

88%⁽¹⁾
Non-Mainland
China Revenue
Contribution



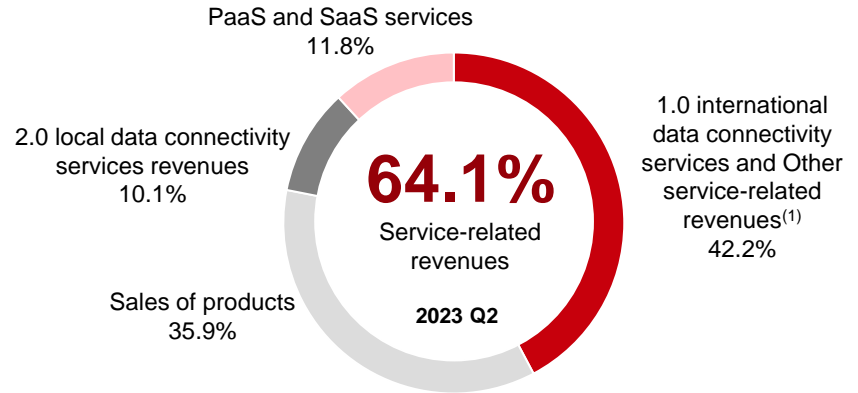
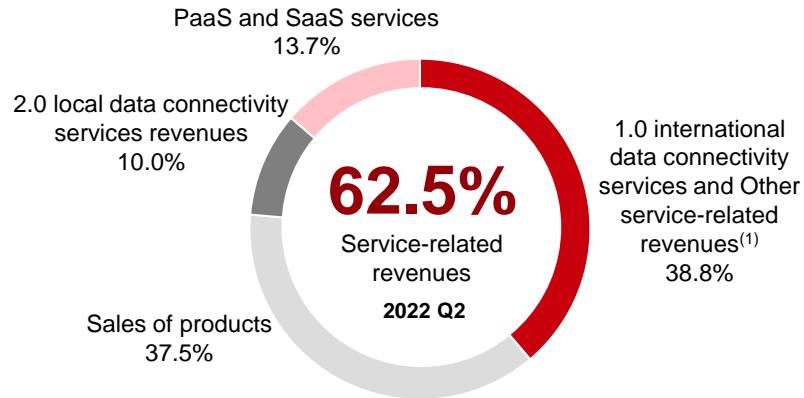
Note: 1. In Q2 2023

Number of countries and regions based on partners' registered location



Q2 2023 Financial Highlights

Revenue Segmentation



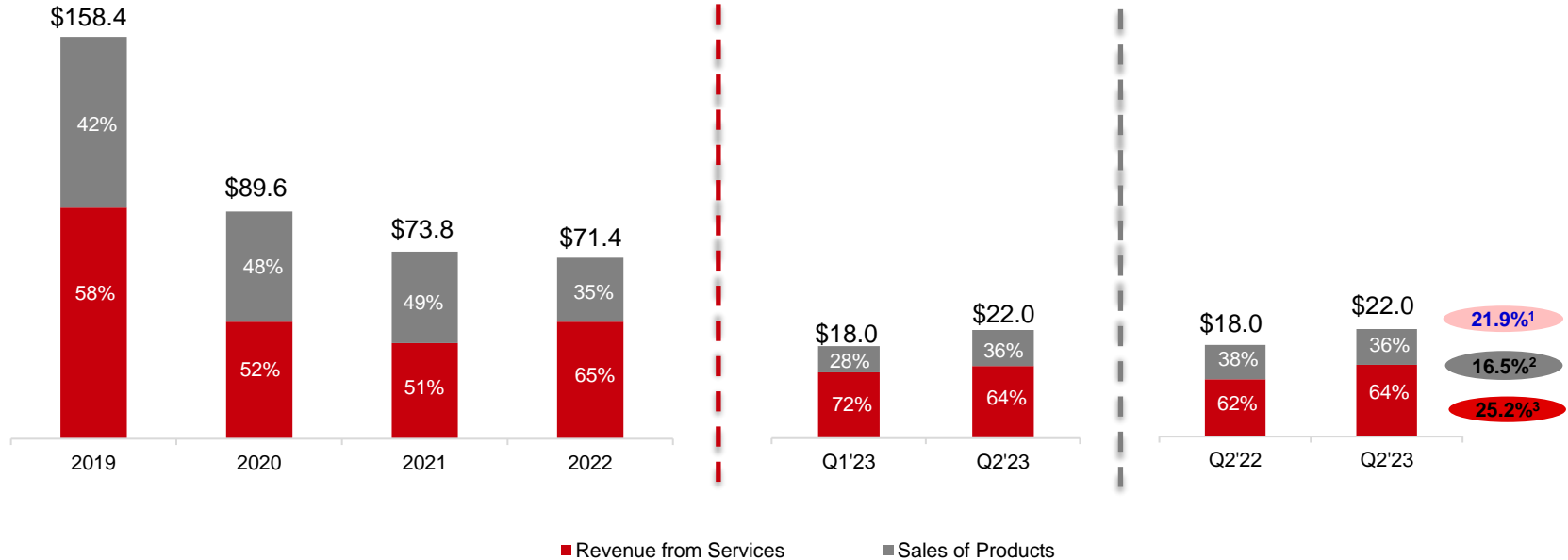
Note:

1. Other service-related revenues include revenues from others

Revenue Breakdown By Our Two Business Segments

(Nasdaq: UCL)

Revenue, US\$MM



1. Q2 Total Revenue Year-over-Year change
2. Q2 Sales of Products Year-over-Year change
3. Q2 Revenue from Services Year-over-Year change

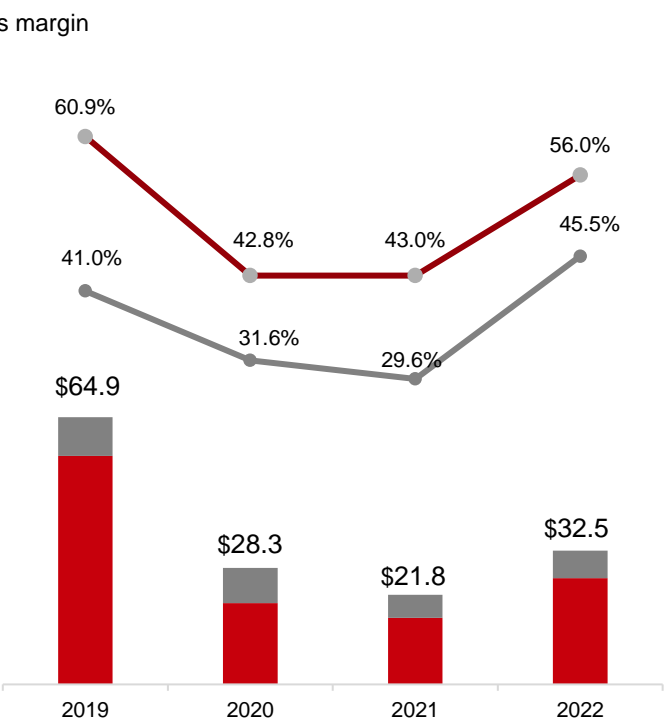
21.9%¹
16.5%²
25.2%³

Higher Service Gross Margin Over Overall Gross Margin

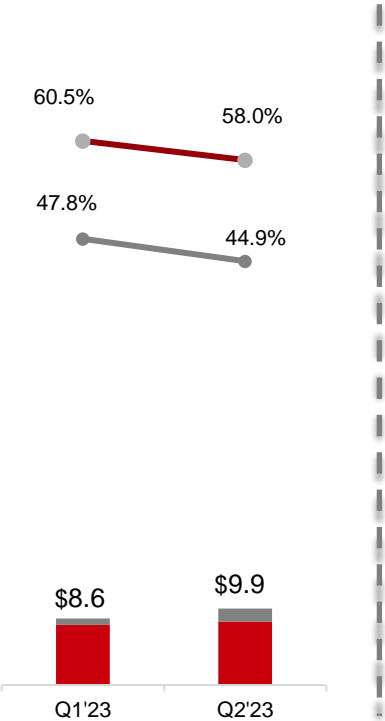
(Nasdaq: UCL)

Gross Profit US\$MM

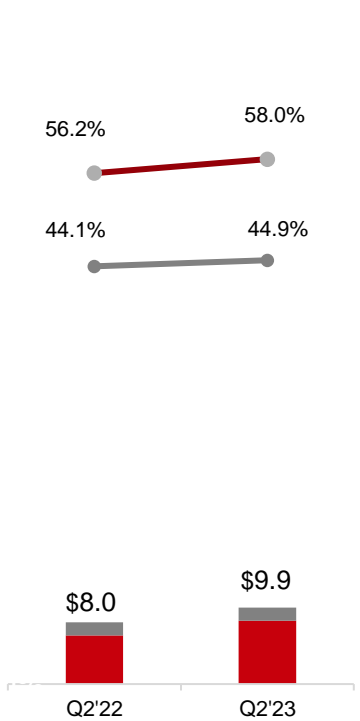
Gross margin



■ Gross Profit from Services ■ Gross Profit from Products



— Gross Profit Margin

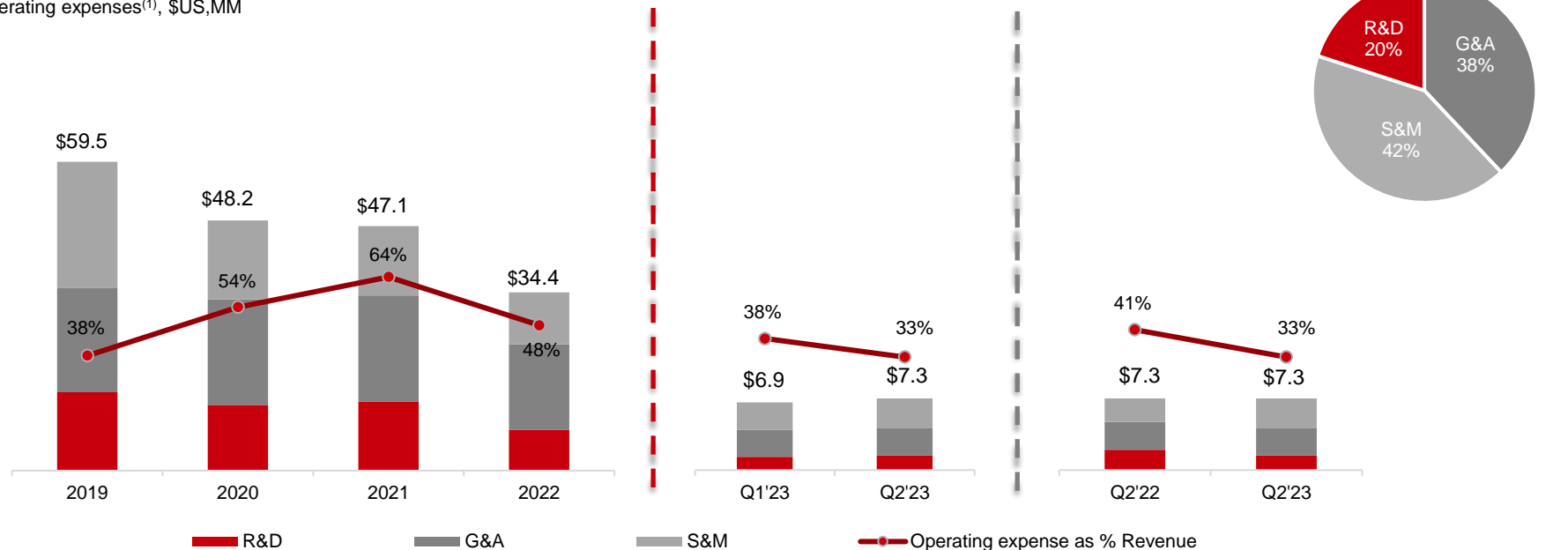


— Services Gross Margin

Improvement of Business Operational Efficiency

(Nasdaq: UCL)

Operating expenses⁽¹⁾, \$US,MM



137 R&D Staff ⁽²⁾

152 Business Development, Sales and Marketing Staff ⁽²⁾

71 Administration and Management Staff ⁽²⁾

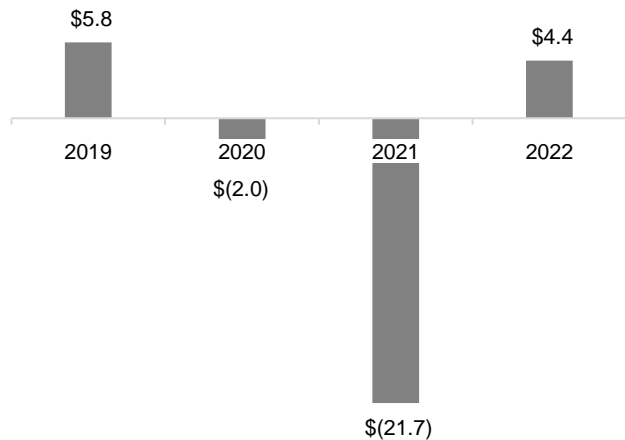
Note:

1. Operating Expenses excluding share-based compensation
2. As of June 30, 2023
3. Operating Expenses Breakdown Pie Chart is specifically for 2023Q2

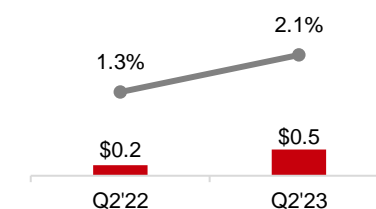
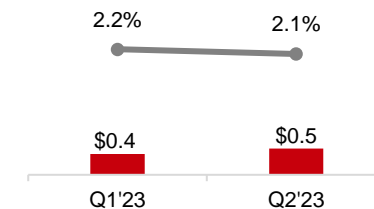
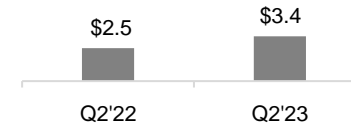
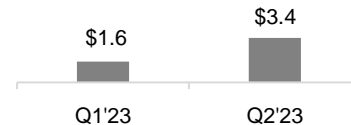
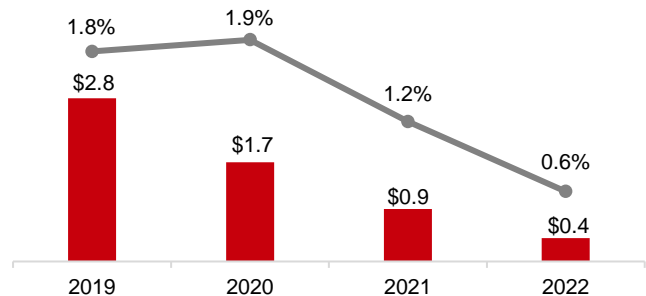
Asset Light Business Model

(Nasdaq: UCL)

Operating Cash Flow, \$US,MM



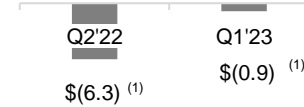
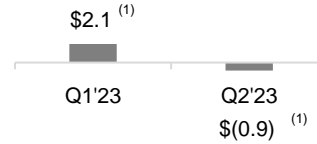
CAPEX, \$US,MM



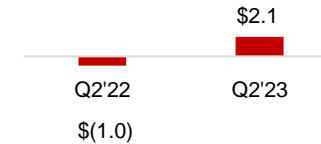
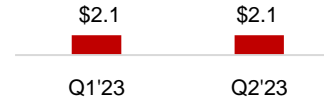
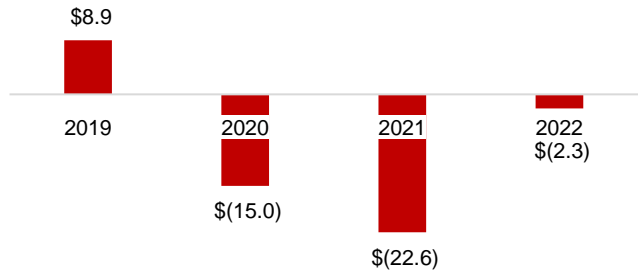
Net Income/(Loss) & Adjusted EBITDA (non-GAAP)

(Nasdaq: UCL)

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



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



Note:

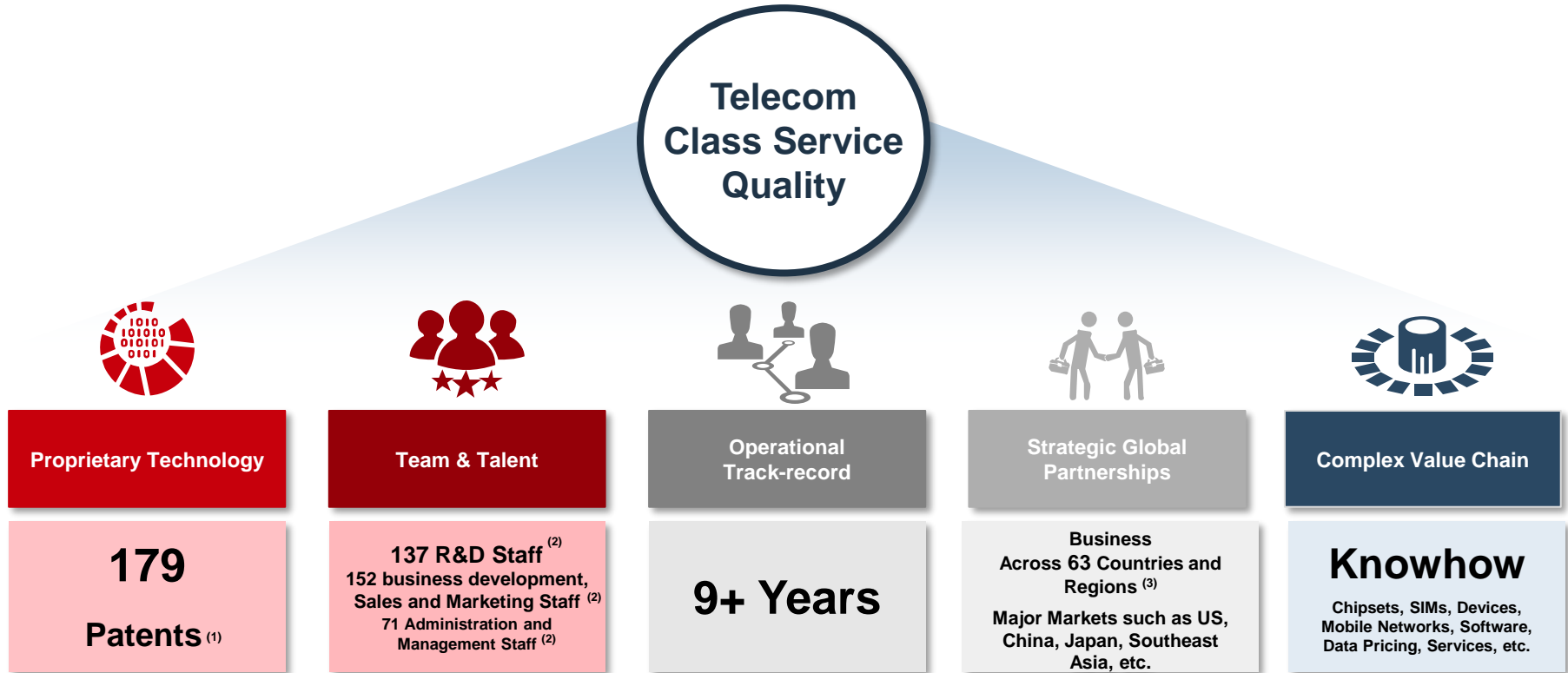
1. Including share-based compensation US\$50.6 million in 2020, US\$8.8 million in 2021 and US\$3.1 million in 2022, US\$ 1.0 million in Q2 2022, US\$ 0.7 million in Q1 2023 and US\$1.6 million in Q2 2023



Appendix

Unique Business Model with High Barriers to Entry

(Nasdaq: UCL)



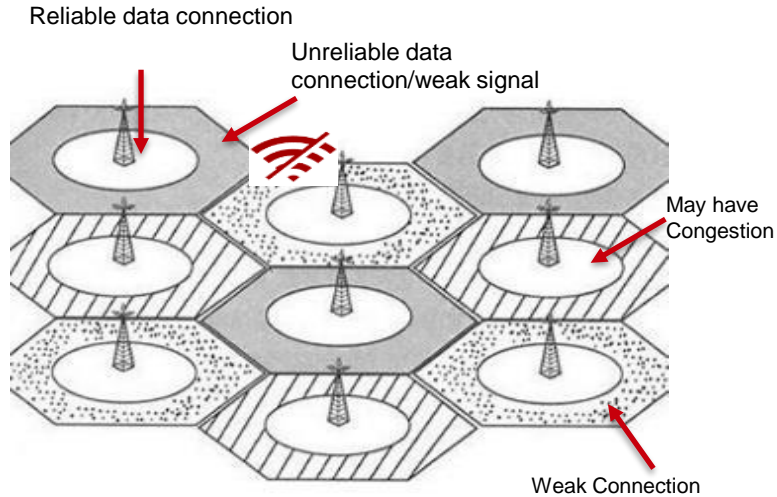
Notes:

1. As of June 30, 2023, with 143 patents approved and 36 patents pending approval, globally

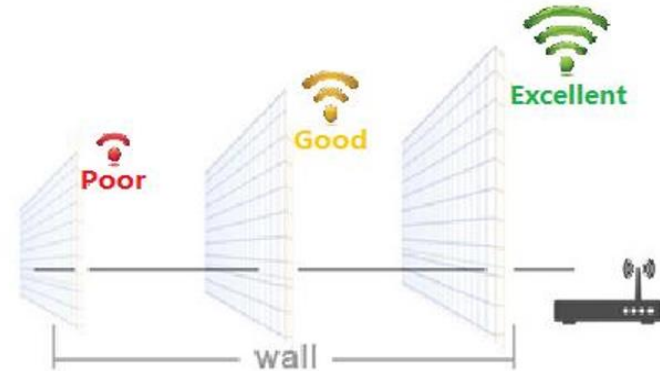
2. As of June 30, 2023, only full-time employees are counted




3. As of June 30, 2023

Challenges for Mobile Network Operators



Unreliable Indoor Wi-Fi Coverage



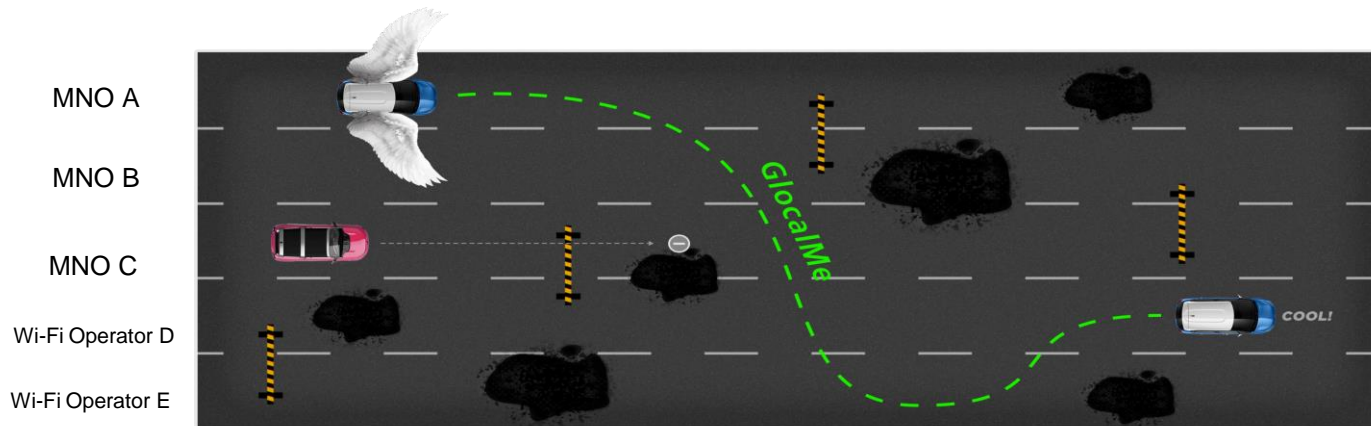
- **Poor coverage** 
- **May easily have congestion** 
- **Capital Intensive** for MNOs 

MNOs

Our Solution Makes for a Better Connection

Better Data Connection for MNOs and Users

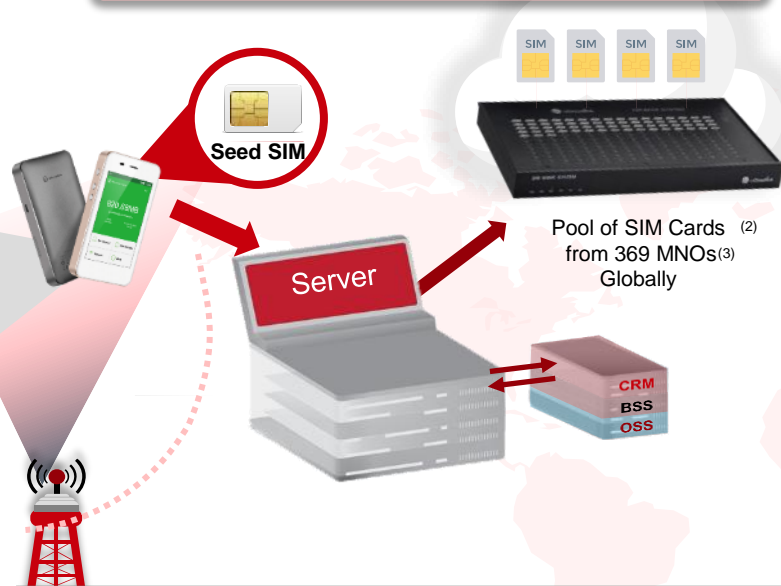
Effectively help improve networks' coverage and congestions indoors and outdoors



- Uses existing coverage to create more reliable data connections; Offers **Better 5G Data Connectivity** to Operators and Users
- **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 Advanced Technology and Solutions Enable Secure and Robust Connectivity

Cloud SIM Technology



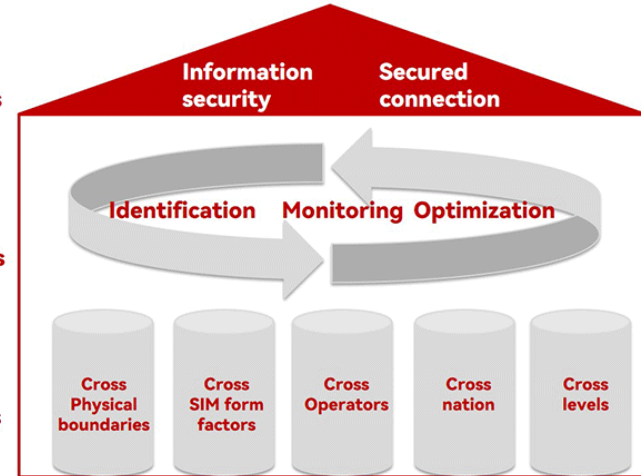
179 Patents (1)

HyperConn Solutions

2 targets

3 methods

5 crosses



Software-based

Ready to Support All Three Generations of our Businesses

Notes:

1. As of June 30, 2023, with 143 patents approved and 36 patents pending approval, globally
2. As of June 30, 2023, among these SIM cards, c.28% are owned by the Company with remaining SIMs owned by our business partners
3. As of June 30, 2023

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



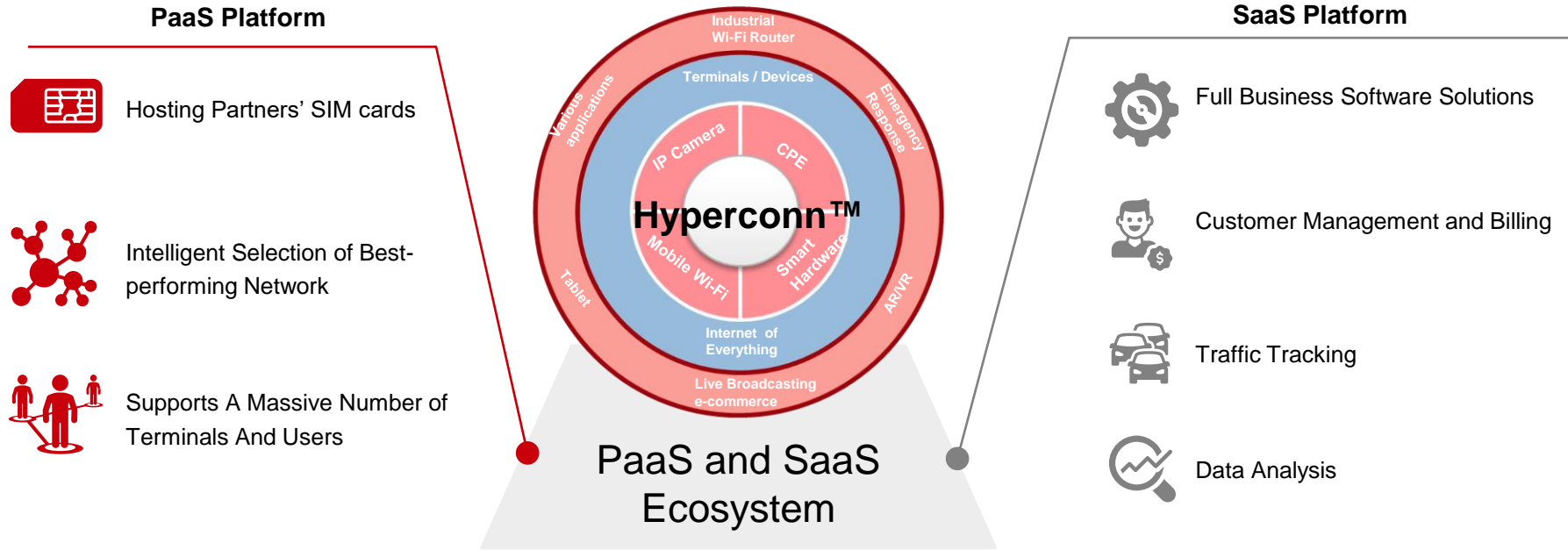
**Rapid Expanding Global Partner
Ecosystem, SIM Securely Locally
Hosted by Partners
C2C/C2B2C/B2B2C Models**

Note:

1. Original design manufacture

2. As of June 30, 2023

Ecosystem Powered by Our PaaS and SaaS Platform



The uCloudlink SaaS/PaaS platform is based on our innovative cloud SIM technology and HyperConn solution

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

| | As of December 31, 2022 | As of June 30, 2023 |
|---|----------------------------|------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 14,921 | 18,628 |
| Short-term deposit | 197 | 195 |
| Accounts receivable, net | 5,961 | 8,172 |
| Inventories | 3,624 | 1,799 |
| Prepayments and other current assets | 4,255 | 4,503 |
| Other investments | 11,690 | 11,405 |
| Amounts due from related parties | 698 | 397 |
| Total current assets | 41,346 | 45,099 |
| Non-current assets | | |
| Prepayments | 688 | 459 |
| Long-term investments | 1,711 | 1,693 |
| Property and equipment, net | 1,181 | 1,613 |
| Right-of-use assets, net | 206 | 1,762 |
| Intangible assets, net | 802 | 706 |
| Total non-current assets | 4,588 | 6,233 |
| TOTAL ASSETS | 45,934 | 51,332 |
| LIABILITIES | | |
| Current liabilities | | |
| Short term borrowings | 2,876 | 2,629 |
| Accrued expenses and other liabilities | 24,014 | 22,741 |
| Accounts payable | 6,832 | 7,636 |
| Amounts due to related parties | 1,481 | 1,263 |
| Contract liabilities | 1,052 | 991 |
| Lease liabilities | 184 | 683 |
| Total current liabilities | 36,439 | 35,943 |
| Non-current liabilities | | |
| Lease liabilities | - | 1,072 |
| Other non-current liabilities | 204 | 175 |
| Total non-current liabilities | 204 | 1,247 |
| TOTAL LIABILITIES | 36,643 | 37,190 |
| SHAREHOLDERS' EQUITY | | |
| Class A ordinary shares | 12 | 12 |
| Class B ordinary shares | 6 | 6 |
| Additional paid-in capital | 236,774 | 239,157 |
| Accumulated other comprehensive income | 1,876 | 3,187 |
| Accumulated losses | (229,377) | (228,220) |
| TOTAL SHAREHOLDERS' EQUITY | 9,291 | 14,142 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 45,934 | 51,332 |

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 | | For the six months ended | |
|---|----------------------------|------------------|--------------------------|------------------|
| | June 30, 2022 | June 30, 2023 | June 30, 2022 | June 30, 2023 |
| Revenues | 18,024 | 21,977 | 33,637 | 39,983 |
| Revenues from services | 11,257 | 14,096 | 21,084 | 27,012 |
| Sales of products | 6,767 | 7,881 | 12,553 | 12,971 |
| Cost of revenues | (10,069) | (12,112) | (19,847) | (21,517) |
| Cost of services | (4,936) | (5,927) | (9,947) | (11,029) |
| Cost of products sold | (5,133) | (6,185) | (9,900) | (10,488) |
| Gross profit | 7,955 | 9,865 | 13,790 | 18,466 |
| Research and development expenses | (2,419) | (1,554) | (5,101) | (2,857) |
| Sales and marketing expenses | (2,503) | (3,516) | (5,290) | (6,437) |
| General and administrative expenses | (3,408) | (3,866) | (7,988) | (7,301) |
| Other expense, net | (5,440) | (1,866) | (8,776) | (745) |
| (Loss)/income from operations | (5,815) | (937) | (13,365) | 1,126 |
| Interest income | 2 | 19 | 5 | 24 |
| Interest expenses | (184) | (31) | (346) | (80) |
| Amortization of beneficial conversion feature | (237) | - | (456) | - |
| (Loss)/income before income tax | (6,234) | (949) | (14,162) | 1,070 |
| Income tax expense | (118) | (31) | (119) | (44) |
| Share of profit in equity method investment, net of tax | 63 | 63 | 77 | 131 |
| Net (loss)/income | (6,289) | (917) | (14,204) | 1,157 |
| Attributable to: | | | | |
| Equity holders of the Company | (6,289) | (917) | (14,204) | 1,157 |
| (Loss)/earnings per share for Class A and Class B ordinary shares | | | | |
| Basic | (0.02) | (0.00) | (0.05) | 0.00 |
| Diluted | (0.02) | (0.00) | (0.05) | 0.00 |
| (Loss)/earnings per ADS (10 Class A shares equal to 1 ADS) | | | | |
| Basic | (0.22) | (0.02) | (0.49) | 0.03 |
| Diluted | (0.22) | (0.02) | (0.49) | 0.03 |
| Shares used in loss/earnings per Class A and Class B ordinary share computation: | | | | |
| Basic | 289,747,650 | 370,585,142 | 291,887,614 | 370,014,825 |
| Diluted | 289,747,650 | 370,585,142 | 291,887,614 | 370,014,825 |
| Net (loss)/income | (6,289) | (917) | (14,204) | 1,157 |
| Other comprehensive income, net of tax | | | | |
| Foreign currency translation adjustment | 1,880 | 1,087 | 1,832 | 1,311 |
| Total comprehensive (loss)/income | (4,409) | 170 | (12,372) | 2,468 |

Q & A

Thank you