



(Nasdaq: UCL)

**3Q 2023 Earnings Conference Call
Presentation**

Nov 2023

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Total Revenues
increased **31%**
YoY

Sixth
consecutive
quarter of
positive cash flow
from operations

Average DAT
reached a new
high over ⁽¹⁾
320,000

Note: DAT: Daily Active Terminals in Q3 2023



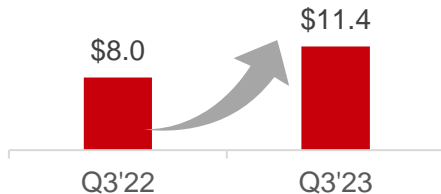
Business Performance



Key Drivers

YOY
42.7%

Revenues from uCloudlink 1.0 business
(in US\$MM)



- Revenues from our uCloudlink 1.0 business **re-accelerated**, driven primarily by the **recovery of international travel** with growth in Japan and Mainland China
- Chinese travelers using **Roamingman brand** services account for a growing share of our international data connectivity services

- **Innovative Global 5G Solutions** enhance our leading competitive position within the global roaming market
- **AI-powered services feature** embedded in one of our portable Wi-Fi terminals delivered an enhanced user experience
- Enriched product portfolio with our **GPS tracker-enabled portable Wi-Fi terminal** and **GlocalMe SIM card**
- Piloted an **eSIM solutions** in October 2023

Expand “Always Better Connection” to More Application Scenarios

(Nasdaq: UCL)

Recent Developments

Internet of Things

Made significant progress in expanding the number of third-party devices utilizing our cloud SIM technology-powered IoT solutions in Japan

Fixed Broad Band

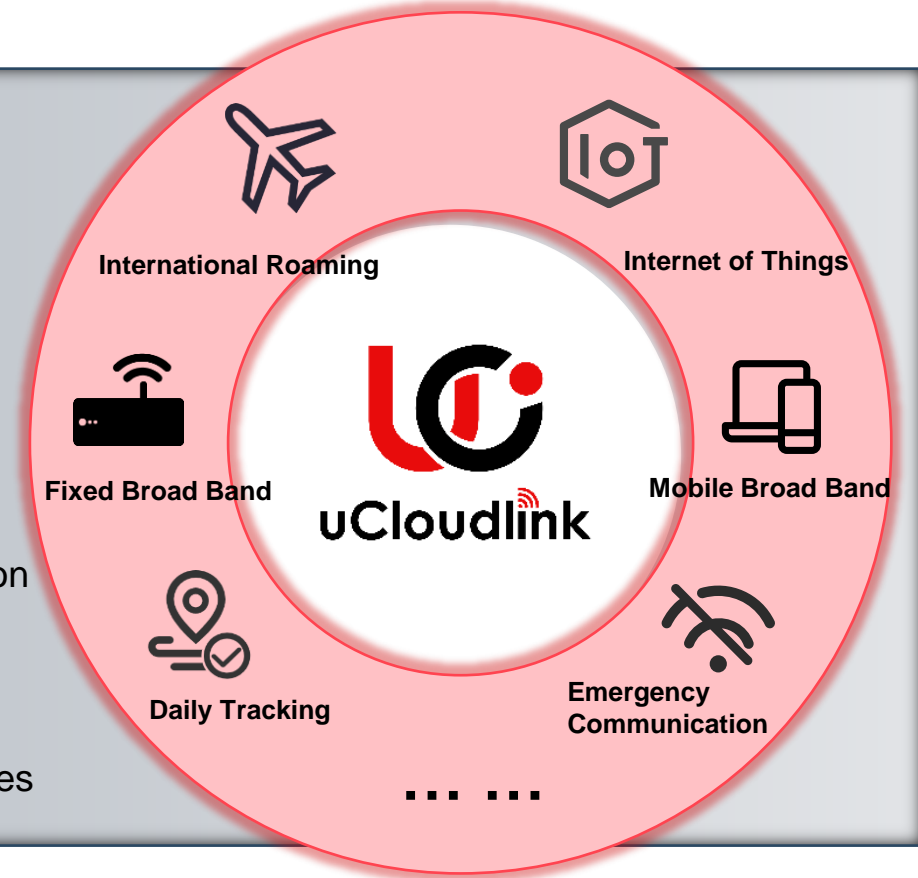
To launch of high-performance 5G CPE to unlock additional opportunities in the fixed broadband space

Daily Life

GPS tracker-enabled portable Wi-Fi terminals offer location tracking services and to be upgraded with new features

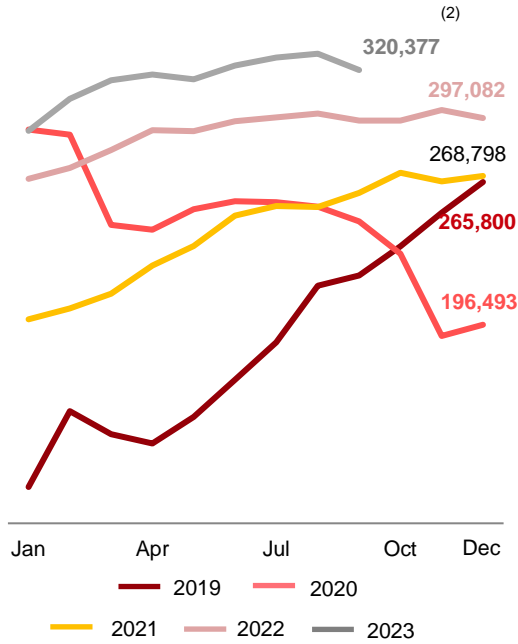
“All SIM” Solution

Plan to launch various Hyper- connectivity solutions compatible with cloud SIM, Soft SIM and eSIM technologies

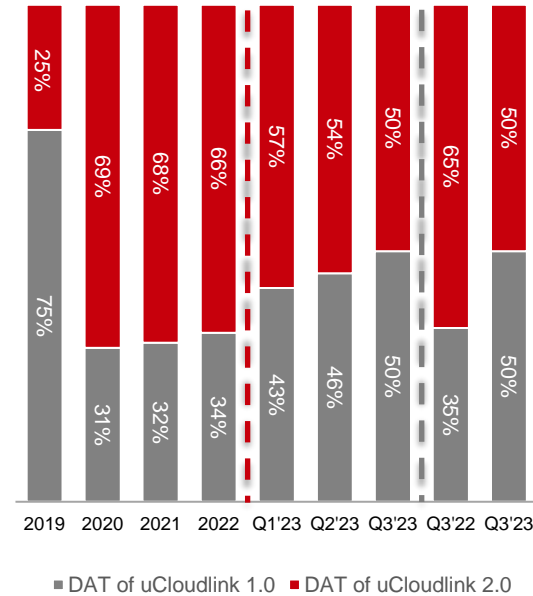


Daily Active Terminals (DAT) ⁽¹⁾

Terminals

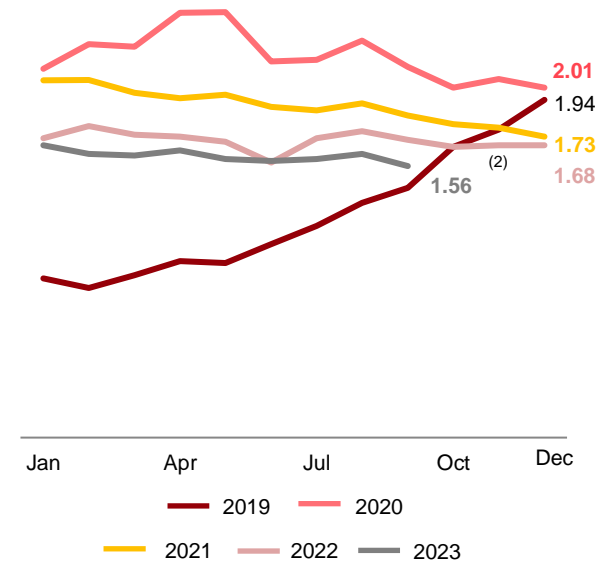


DAT Breakdown: uCloudlink 1.0 vs. 2.0 ⁽¹⁾



Daily Data Usage per Terminal ⁽¹⁾

GB



Note:

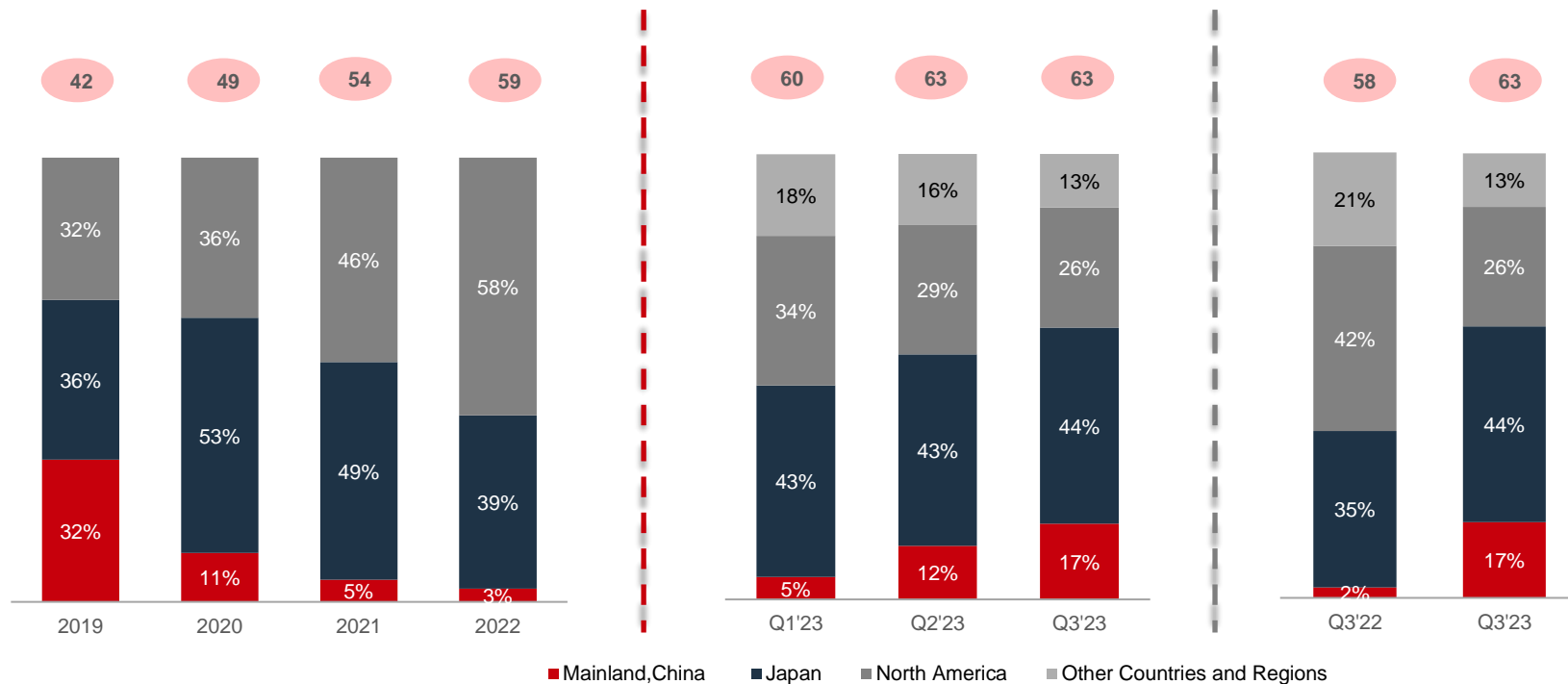
1. Average daily active terminals include terminals connected to our platform that are serviced by us or our business partners. Data consumed by the active terminals including data consumed by users who contributed to our revenues from data connectivity services and data consumed by users who did not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

2. In September 2023

Increasingly Diversified Globally

(Nasdaq: UCL)

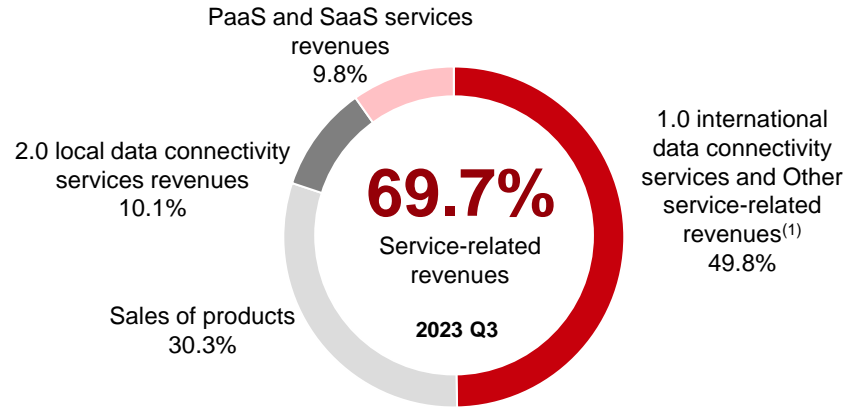
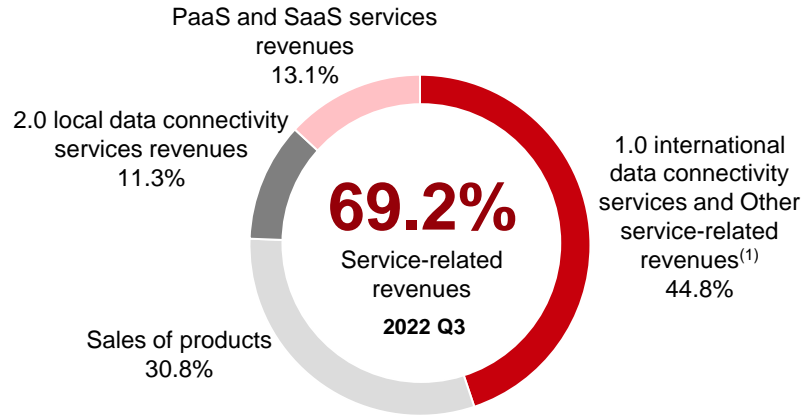
83%⁽¹⁾
Non-Mainland
China Revenues
Contribution



Number of countries and regions based on partners' registered location

Note: 1. In Q3 2023

Revenues Segmentation



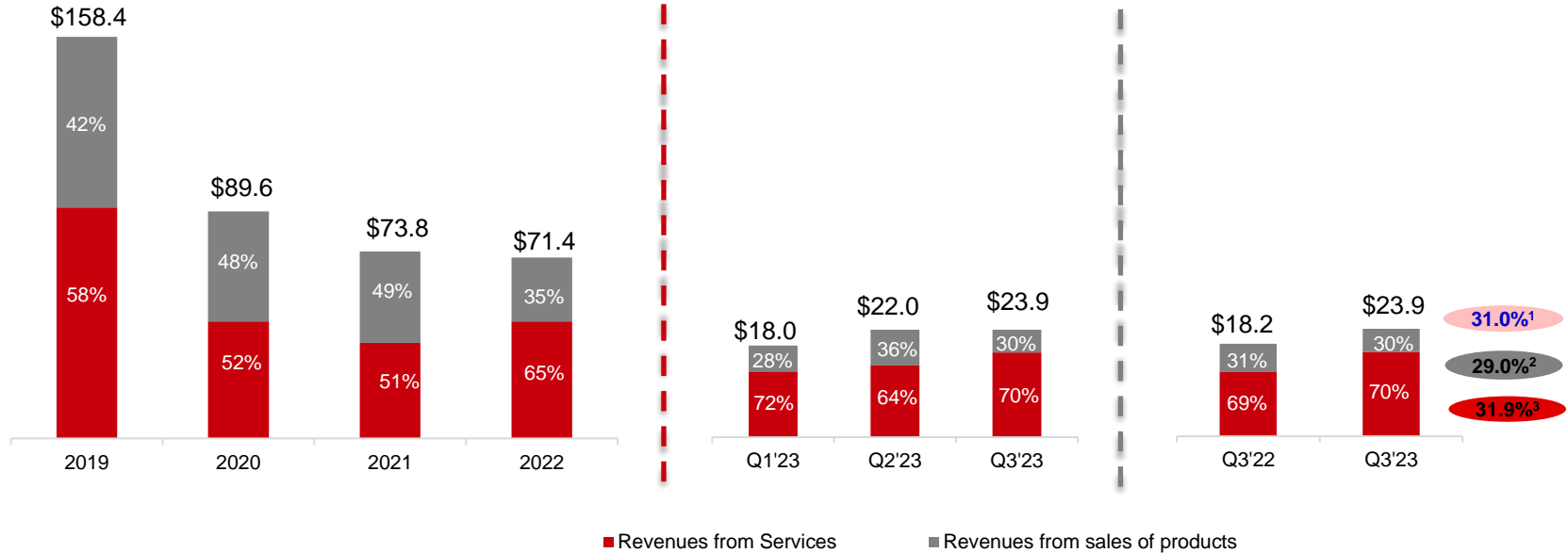
Note:

1. Other service-related revenues include revenues from others

Revenues Breakdown By Our Two Business Segments

(Nasdaq: UCL)

Revenues, US\$MM



1. Q3 Total Revenues Year-over-Year change
2. Q3 Revenues from sales of products Year-over-Year change
3. Q3 Revenues from Services Year-over-Year change

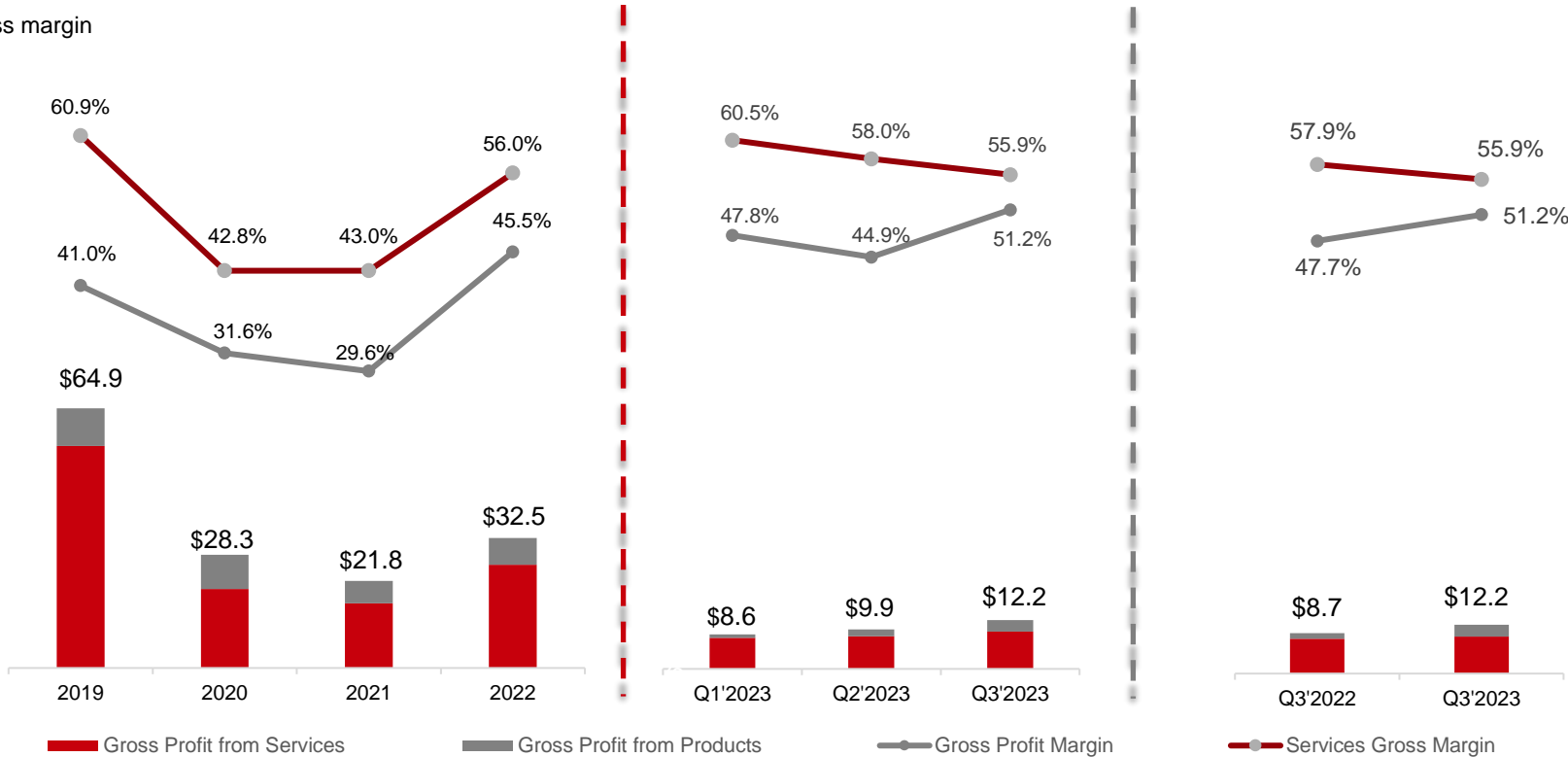
31.0%¹
29.0%²
31.9%³

Services Gross Margin Exceeds Overall Gross Margin

(Nasdaq: UCL)

Gross Profit US\$MM

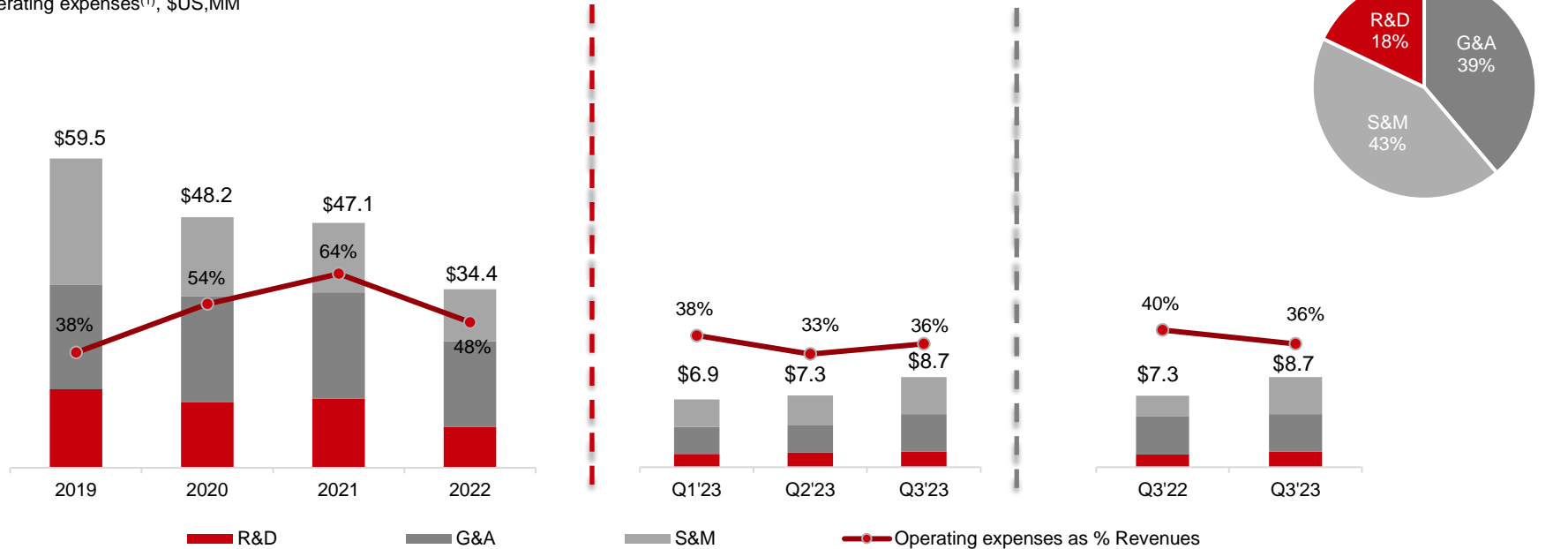
Gross margin



Improving Operational Efficiency

(Nasdaq: UCL)

Operating expenses⁽¹⁾, \$US,MM



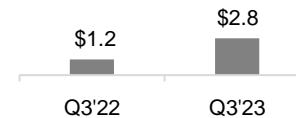
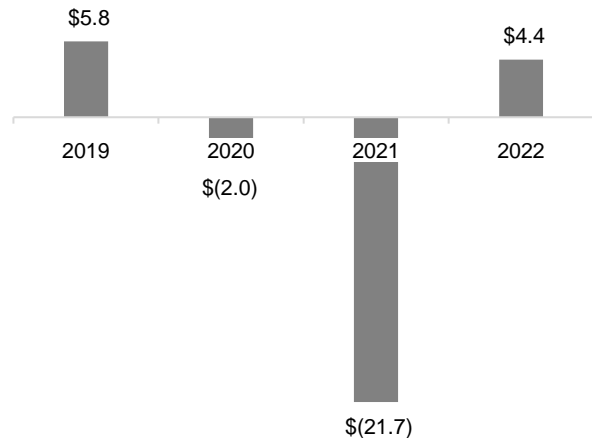
145 R&D Staff ⁽²⁾
172 Business Development, Sales and Marketing Staff ⁽²⁾
67 Administration and Management Staff ⁽²⁾

Note:
 1. Operating Expenses excluding share-based compensation
 2. As of September 30, 2023
 3. Operating Expenses Breakdown Pie Chart is specifically for 2023Q3

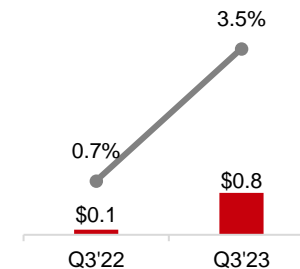
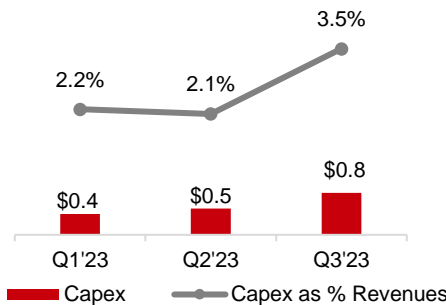
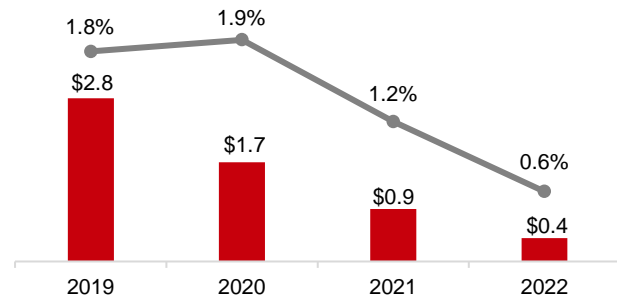
Asset Light Business Model

(Nasdaq: UCL)

Operating Cash Flow, \$US,MM



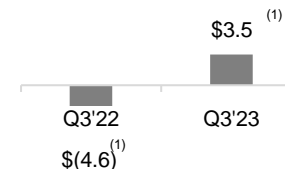
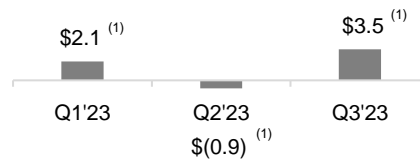
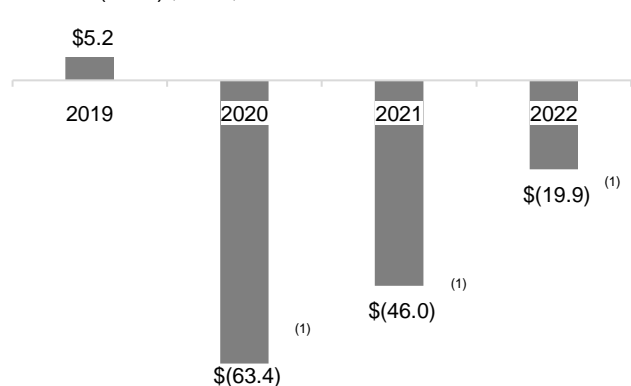
CAPEX, \$US,MM



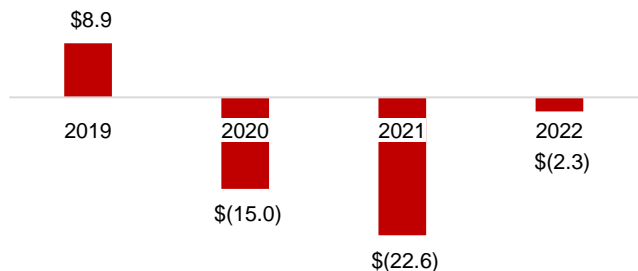
Net Income & Adjusted EBITDA (non-GAAP)

(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\$ 0.6 million in Q3 2022, US\$ 0.7 million in Q1 2023, US\$1.6 million in Q2 2023 and US\$ 0.5 million in Q3 2023



Appendix



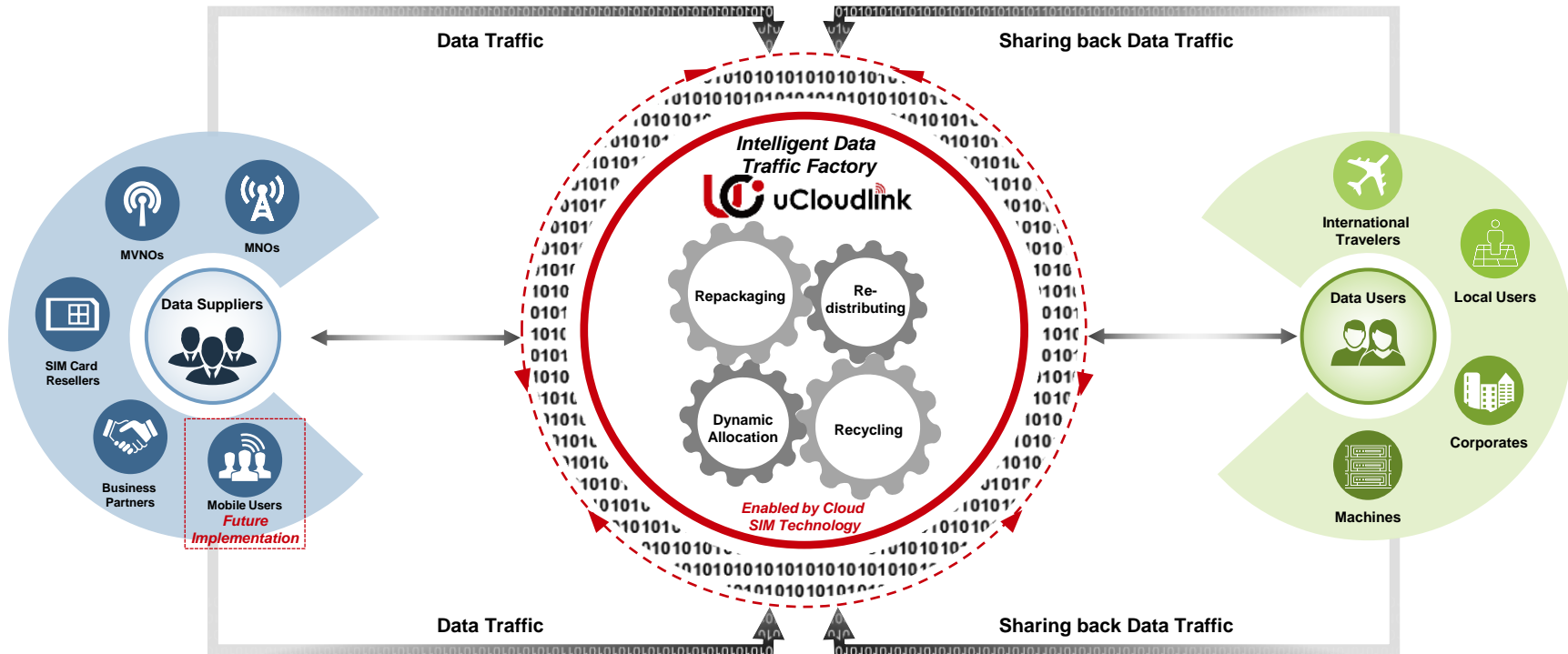
Connecting and Sharing without **Limitations**

Mission Statement

To **Make the World Better 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

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

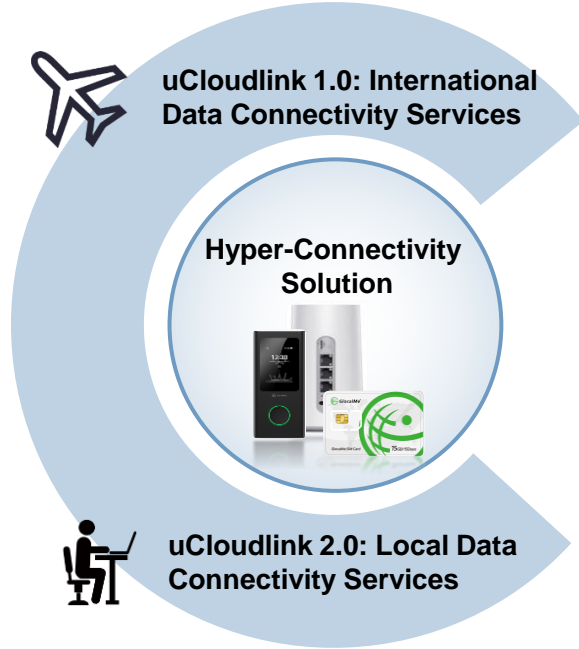


Solve the
problems for
MNOs
Coverage
Congestion



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

Beyond Data Connectivity Services: PaaS and SaaS Solution



Enable everyone to enjoy a more **intelligent** and **convenient** life through **reliable and high-quality** data connections



Expand User Base

Generate Recurring Revenue Streams ⁽¹⁾

Address a Wider Range of Scenarios

Proprietary Technology ⁽²⁾

Note:

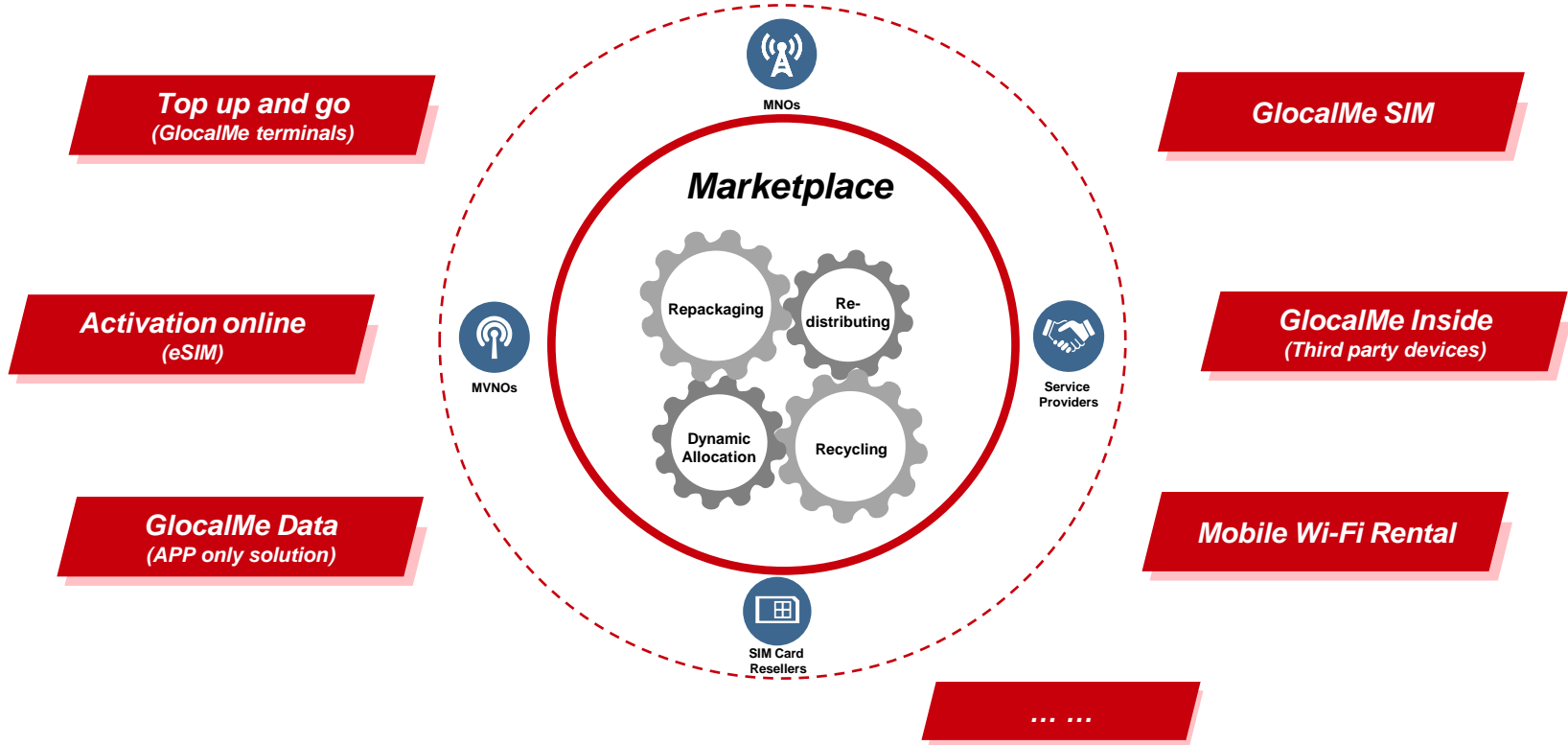
1. Mainly generated from PaaS/ SaaS services and data connectivity services, sometimes generated from sales of products.

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



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



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



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

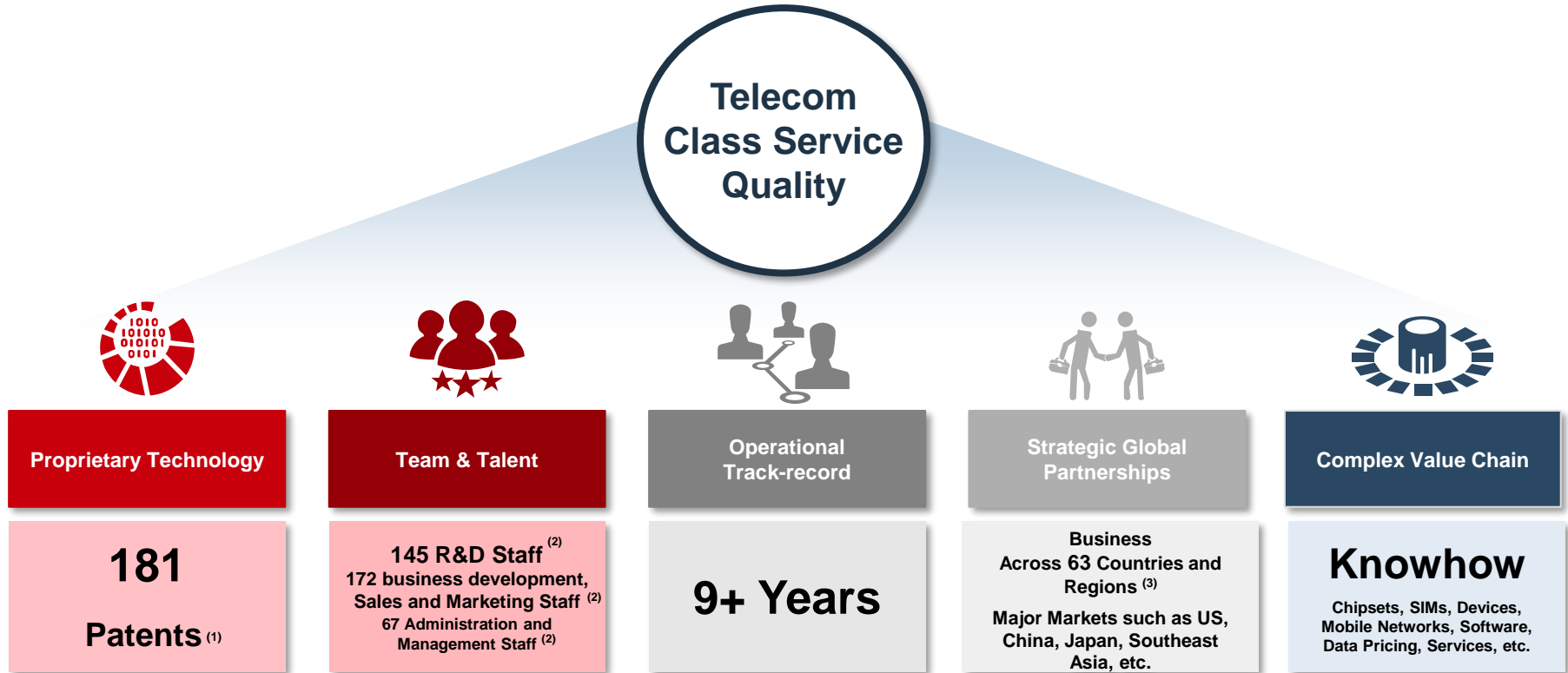


Gateway to **Digital Mobile Ecosystem** offering opportunities for VAS deployments

Initiating in 2023

Unique Business Model with High Barriers to Entry

(Nasdaq: UCL)



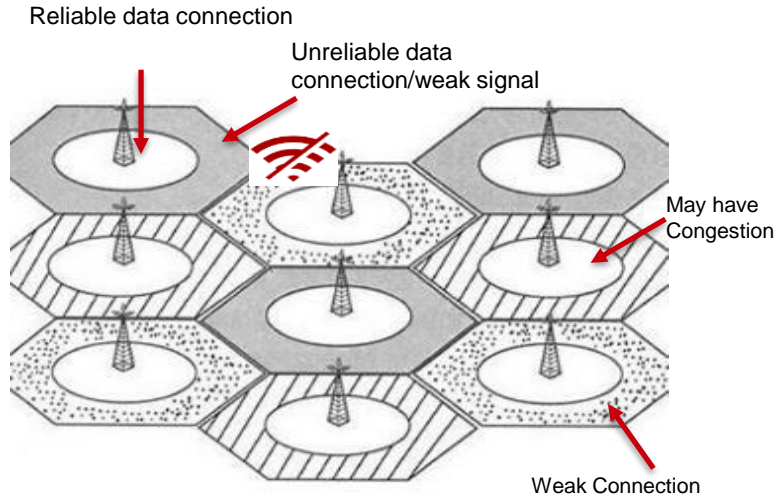
Notes:

1. As of September 30, 2023, with 145 patents approved and 36 patents pending approval, globally

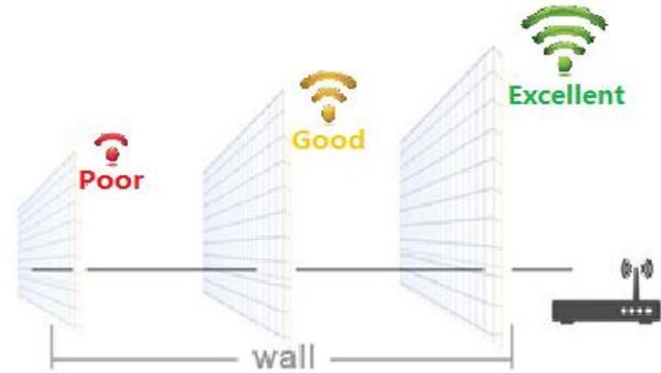
2. As of September 30, 2023, only full-time employees are counted




3. As of September 30, 2023

Challenges for Mobile Network Operators



Unreliable Indoor Wi-Fi Coverage

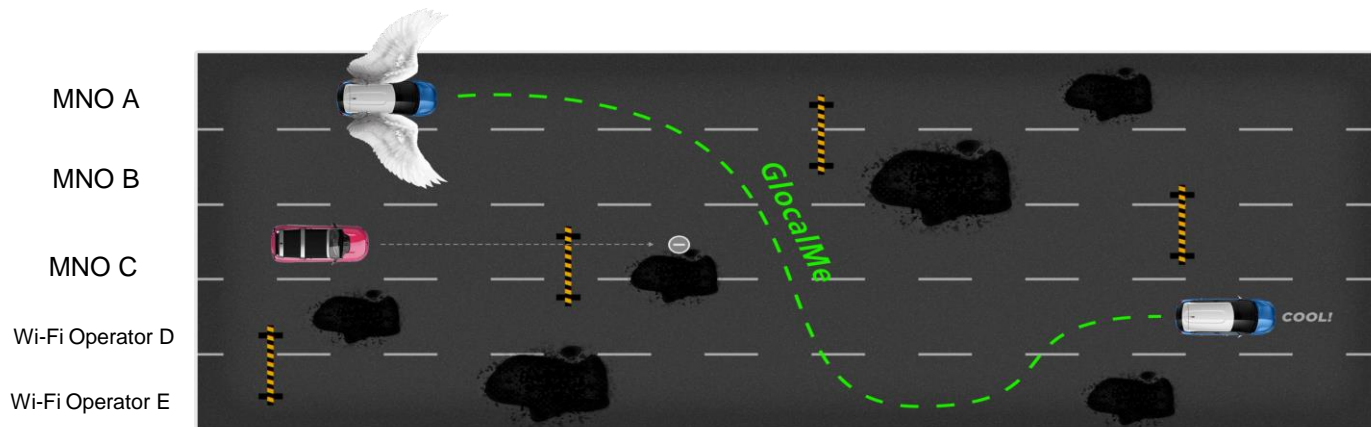


- **Poor coverage** 
- **May easily have congestion** 
- **Capital Intensive** for MNOs 
MNOs

Our Solution Makes for a Better Connection

Better Data Connection for MNOs and Users

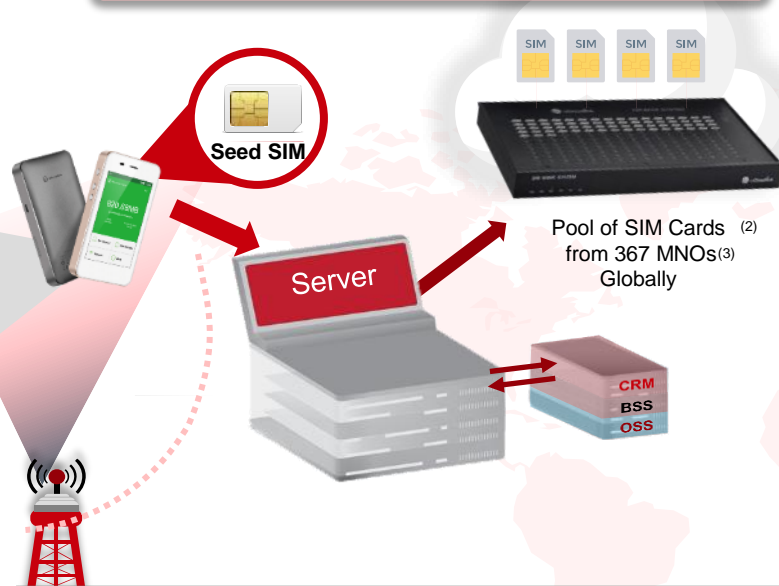
Effectively help improve networks' coverage and congestions indoors and outdoors



- 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



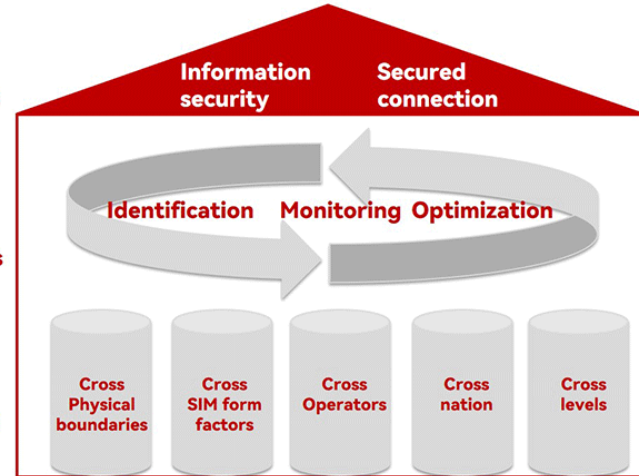
181 Patents (1)

HyperConn Solutions

2 targets

3 methods

5 crosses



Software-based

Ready to Support All Three Generations of our Businesses

Notes:

1. As of September 30, 2023, with 145 patents approved and 36 patents pending approval, globally
2. As of September 30, 2023, among these SIM cards, c.30% are owned by the Company with remaining SIMs owned by our business partners
3. As of September 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



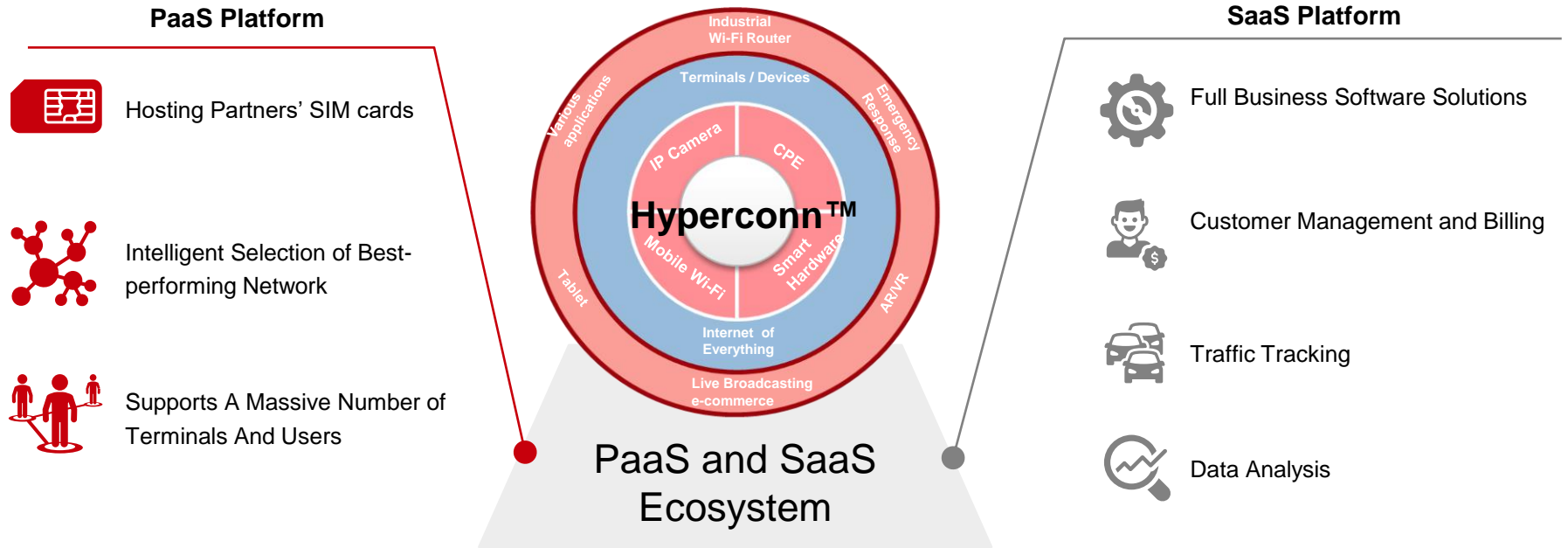
Rapid Expanding Global Partner
Ecosystem, SIM Securely Locally
Hosted by Partners
C2C/C2B2C/B2B2C Models

Note:

1. Original design manufacture

2. As of September 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

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

	As of December 31, 2022	As of September 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	14,921	20,256
Short-term deposit	197	-
Accounts receivable, net	5,961	7,416
Inventories	3,624	2,383
Prepayments and other current assets	4,255	5,182
Other investments	11,690	6,946
Amounts due from related parties	698	2,413
Total current assets	41,346	44,596
Non-current assets		
Prepayments	688	344
Long-term investments	1,711	1,906
Other investments	-	4,471
Property and equipment, net	1,181	2,386
Right-of-use assets, net	206	1,863
Intangible assets, net	802	677
Total non-current assets	4,588	11,647
TOTAL ASSETS	45,934	56,243
LIABILITIES		
Current liabilities		
Short term borrowings	2,876	2,396
Accrued expenses and other liabilities	24,014	23,015
Accounts payable	6,832	8,603
Amounts due to related parties	1,481	1,320
Contract liabilities	1,052	946
Lease liabilities	184	811
Total current liabilities	36,439	37,091
Non-current liabilities		
Lease liabilities	-	1,045
Other non-current liabilities	204	160
Total non-current liabilities	204	1,205
TOTAL LIABILITIES	36,643	38,296
SHAREHOLDERS' EQUITY		
Class A ordinary shares	12	12
Class B ordinary shares	6	6
Additional paid-in capital	236,774	239,677
Accumulated other comprehensive income	1,876	2,987
Accumulated losses	(229,377)	(224,735)
TOTAL SHAREHOLDERS' EQUITY	9,291	17,947
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	45,934	56,243

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

	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023
Revenues	18,213	23,863	51,850	63,846
Revenues from services	12,608	16,631	33,692	43,643
Sales of products	5,605	7,232	18,158	20,203
Cost of revenues	(9,531)	(11,656)	(29,378)	(33,173)
Cost of services	(5,309)	(7,326)	(15,256)	(18,355)
Cost of products sold	(4,222)	(4,330)	(14,122)	(14,818)
Gross profit	8,682	12,207	22,472	30,673
Research and development expenses	(1,476)	(1,600)	(6,577)	(4,457)
Sales and marketing expenses	(2,135)	(3,786)	(7,425)	(10,223)
General and administrative expenses	(4,295)	(3,824)	(12,283)	(11,125)
Other (expense)/income, net	(5,523)	322	(14,299)	(423)
(Loss)/income from operations	(4,747)	3,319	(18,112)	4,445
Interest income	3	12	8	36
Interest expenses	(27)	(25)	(373)	(105)
Amortization of beneficial conversion feature	220	-	(236)	-
(Loss)/income before income tax	(4,551)	3,306	(18,713)	4,376
Income tax expense	(39)	(23)	(158)	(67)
Share of (loss)/profit in equity method investment, net of tax	(6)	202	71	333
Net (loss)/income	(4,596)	3,485	(18,800)	4,642
Attributable to:				
Equity holders of the Company	(4,596)	3,485	(18,800)	4,642
(Loss)/earnings per share for Class A and Class B ordinary shares				
Basic	(0.02)	0.01	(0.06)	0.01
Diluted	(0.02)	0.01	(0.06)	0.01
(Loss)/earnings per ADS (10 Class A shares equal to 1 ADS)				
Basic	(0.15)	0.09	(0.64)	0.13
Diluted	(0.15)	0.09	(0.64)	0.13
Shares used in loss per Class A and Class B ordinary share computation:				
Basic	305,261,095	372,334,114	294,781,350	370,796,417
Diluted	305,261,095	372,334,114	294,781,350	370,796,417
Net (loss)/income	(4,596)	3,485	(18,800)	4,642
Other comprehensive income/(loss), net of tax				
Foreign currency translation adjustment	2,003	(200)	3,835	1,111
Total comprehensive (loss)/income	(2,593)	3,285	(14,965)	5,753

Q & A

Thank you