

(Nasdaq: UCL)

**1Q 2022 Earnings Conference Call
Presentation**

May 2022

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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**

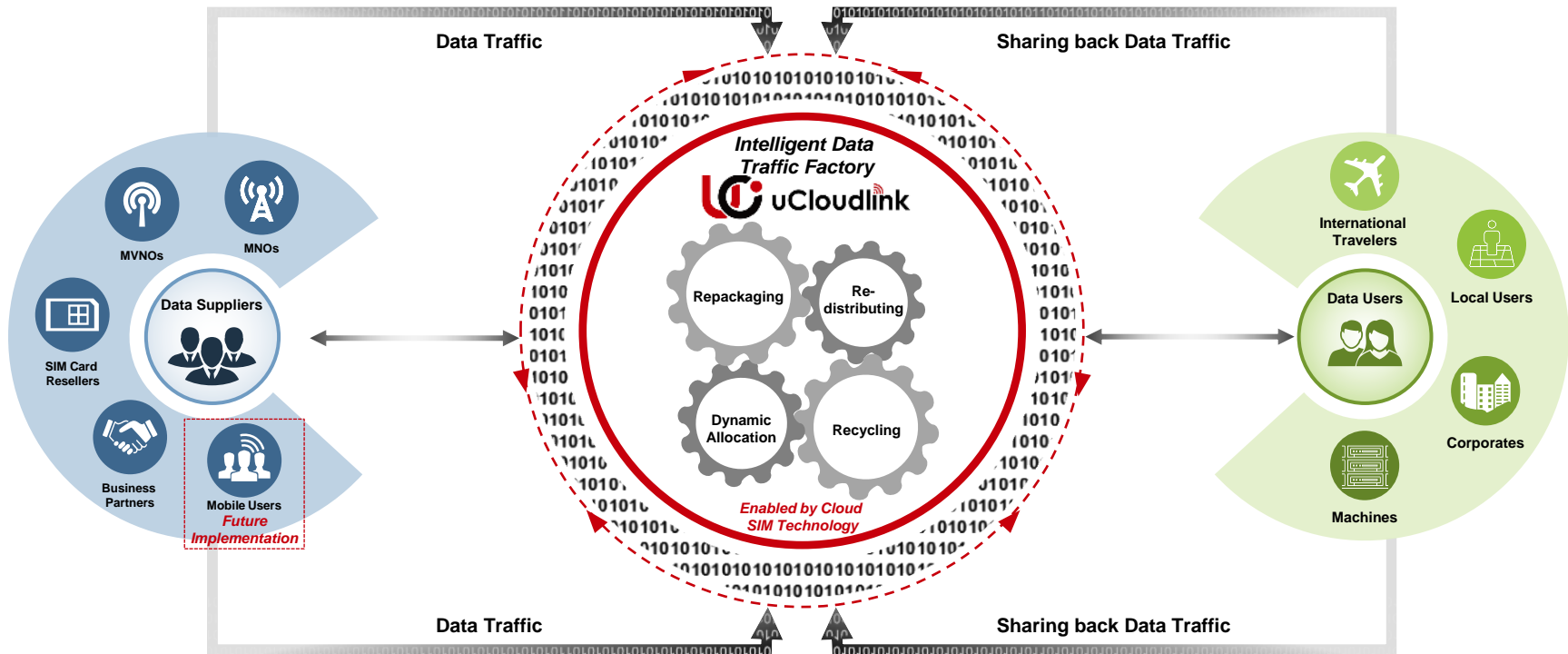
Mission Statement

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"

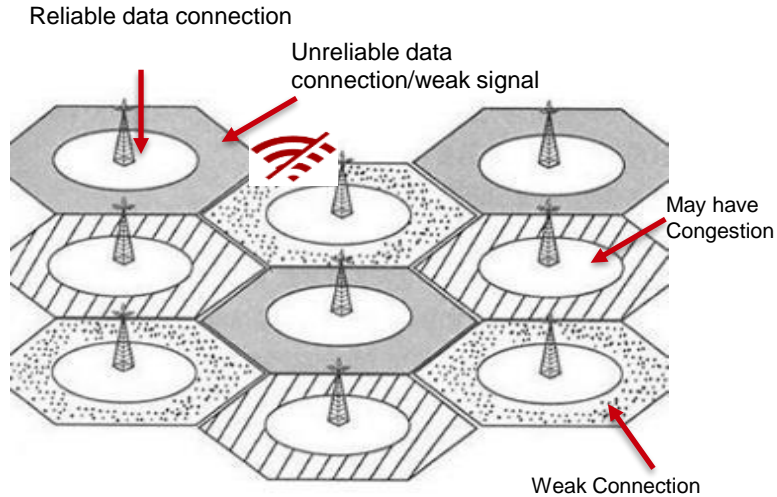
The World's First and Leading Mobile Data Traffic Sharing Marketplace

(Nasdaq: UCL)

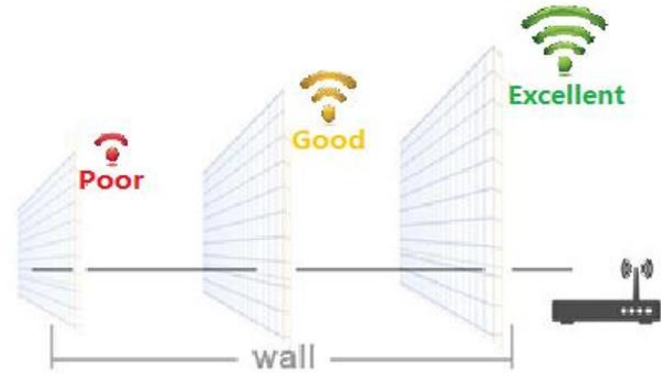





- Best Coverage
- Best Speed
- Best Price
- Flexible Solution
- High Throughput

Challenges for Mobile Network Operators



Unreliable Indoor Wi-Fi Coverage

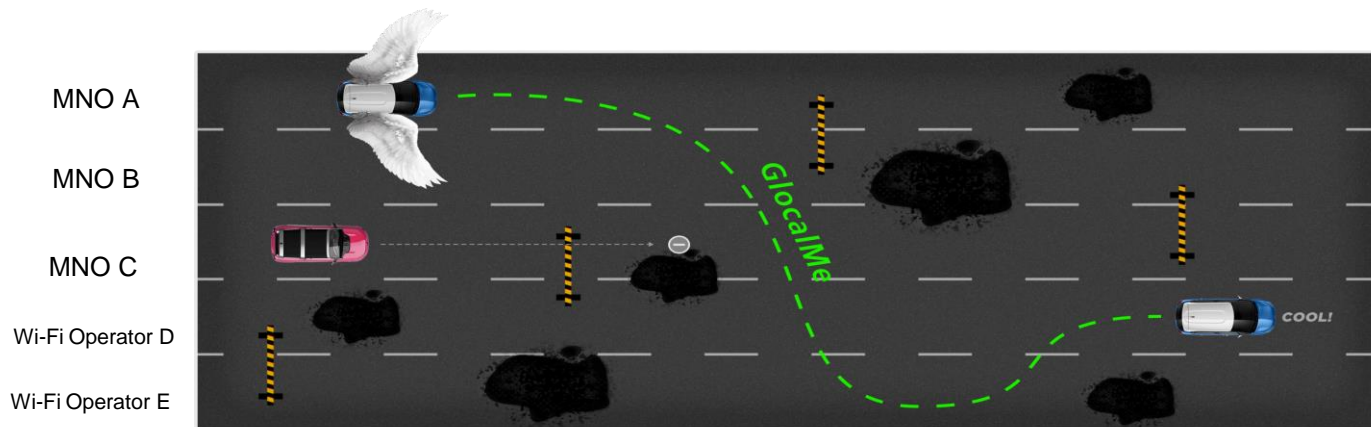


- **Poor coverage** 
- **May easily have congestion** 
- **Capital Intensive** for MNOs 

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

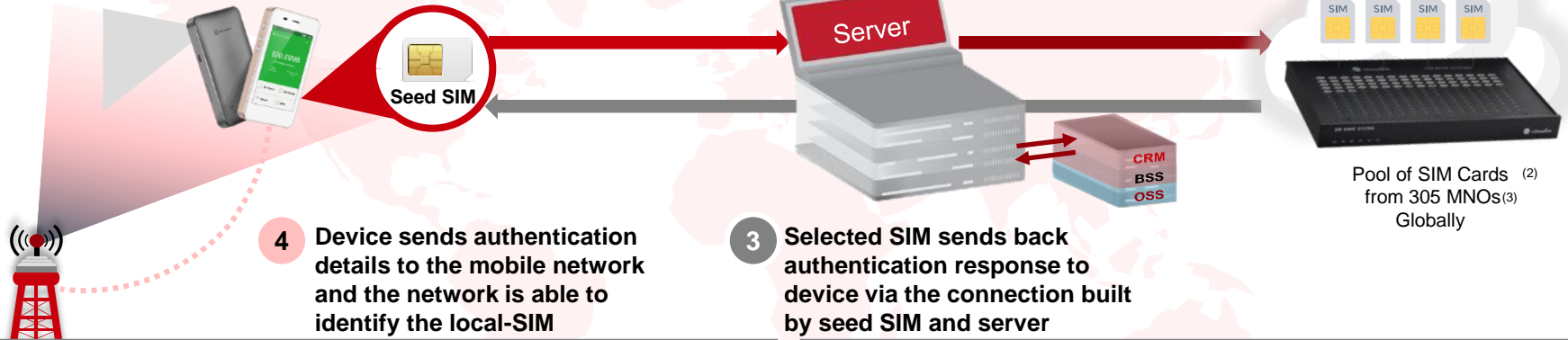
Server identifies SIM in the SIM pool with the optimal connectivity service

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



184 Patents ⁽¹⁾

Software-based

Ready to Support All Three Generations of our Businesses

Notes:

1. As of March 31, 2022, with 110 patents approved and 74 patents pending approval, globally
2. As of March 31, 2022, among these SIM cards, c.26% are owned by the Company with remaining SIMs owned by our business partners
3. As of March 31, 2022

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

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Cloud SIM Developed to HyperConn Stage and HyperConn™ products delivered to various markets during the first quarter of 2022 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, 2022

Clear Growth Strategies Across Business Models

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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

c.US\$35bn *

2023E International Data Roaming Market size



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

c.US\$1,149bn *

2023E Local Mobile Data Connectivity Market size

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

*Finalized prototype APP in 2019



Notes:
* According to Frost & Sullivan

Telecom Class Service Quality



Proprietary Technology

184 Patents ⁽¹⁾

Such As Our Innovative
HyperConn Technology
Solution



Team & Talent

204 R&D Staff ⁽²⁾
145 business development,
Sales and Marketing ⁽²⁾
81 Administration and
Management Staff ⁽²⁾



Operational Track-record

7+ Years



Strategic Global Partnerships

Business
Across 56 Countries and
Regions ⁽²⁾
Major Markets such as US,
China, Japan, Southeast
Asia, etc.



Complex Value Chain

Knowhow

Chipsets, SIMs, Devices,
Mobile Networks, Software,
Data Pricing, Services, etc.

Notes:

1. As of March 31, 2022 with 110 patents approved and 74 patents pending approval, globally

2. As of March 31, 2022

uCloudlink 1.0: Expect Recovery Post COVID-19 Pandemic with More Growth Potential

(Nasdaq: UCL)

uCloudlink 1.0: International Data Connectivity Services

Established track record and **global leading position** in the international data connectivity services market.

Innovative global 5G Solution; High quality, Low latency roaming Tech

Monetization Model; 1. Retail (To C Online Selling or Rental)
2. Wholesale (To B, Reseller or Commission)
3. PaaS and SaaS Services (CRM, Billing, SIM Card Management, etc.)

Intelligent Repackaging to Minimize Data Traffic Unit Cost
(From Wholesale to Retail, Varying Prices of Data Packages of Single operator or Cross MNOs, MVNOS)

High-quality Data Connection Services through Multi-Networks
Reselection and Combination

The number of daily active terminal (“DAT”) for the 1.0 business has improved during the quarter. Our international data connectivity services has been gradually recovering as international travel restrictions around the world continue to abate over time

We expect greater tourist demand with the long-term recovery of international travel benefit our 1.0 business

Helps MNOs gain market share and simplify roaming negotiation through technology and market methods; SIM card pool includes SIM cards from 305 MNOs globally

Our new HyperConn technology elevates overall user experience with access to all available networks and contributes to the growth of our 1.0 business

uCloudlink 2.0: Rapid Growth Track Record of Local Demand and Massive Opportunities

(Nasdaq: UCL)

Our New HyperConn Technology Contributes to the Further Development and Growth of Our uCloudlink 2.0 Business; We Expanded the Business Scope of Our Local Data Connectivity Services; Our HyperConn Technology is Widely Accepted by MNOs, Business Partners in Various Industries, such as in China, US and Japan



Help Operators to Win

Help operators improve data connection services through our **PaaS and SaaS platform**; Expand cooperation with **major MNOs in China**.



Adapt to new normal life-style

Teleworking and remote learning which require **highly-reliable connectivity**;



5G Everywhere

5G may stimulate users to use high data consumption APPs, creating persistent demand for better and faster connections; **HyperConn technology solution and New HyperConn enabled products** launched to various markets; Accelerates 5G Cloud Era.



Wireless Networks Convergence

Continuous Development with Great Growth Potential; Helping one of the major MNOs in China elevate **indoor and outdoor user experience** and scale up our potential user base such as home broadband.



GlocalMe Inside (GMI)

Cooperation with Intelligent hardware manufacturers; **Expands PaaS and SaaS ecosystem** through cooperation with local partners.

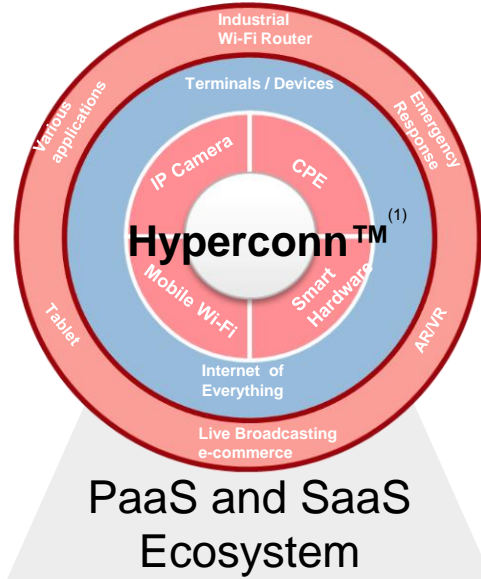


IoT (Guaranteed Reliable Connection)

Opens opportunities with industries requiring high-quality data connection (**Internet of Things ("IoT") modules, industry Wi-Fi router, IP Camera, Power, emergency services, live broadcasting e-commerce and Autopilot etc.**) driving an increase in userbase.

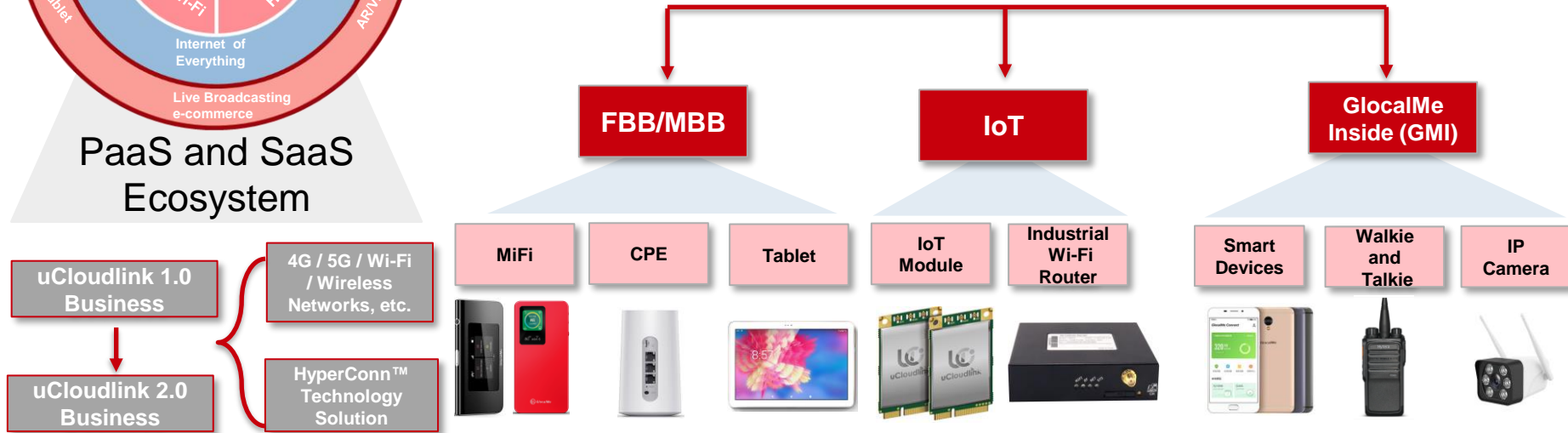
HyperConn™ Enabled Innovative Products and Services

(Nasdaq: UCL)



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, leading to develop our PaaS and SaaS ecosystem

In the first quarter of 2022, we promoted more innovative 5G products in countries and regions like US, Japan, Europe



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 devices.



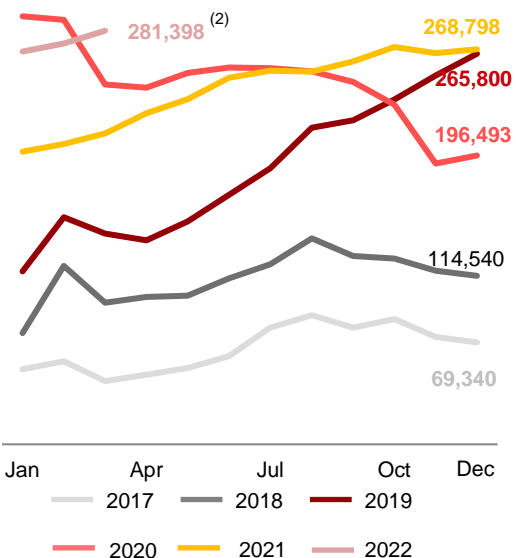
1Q 2022 Operating Highlights

Our Business Performance and Operating Highlights

(Nasdaq: UCL)

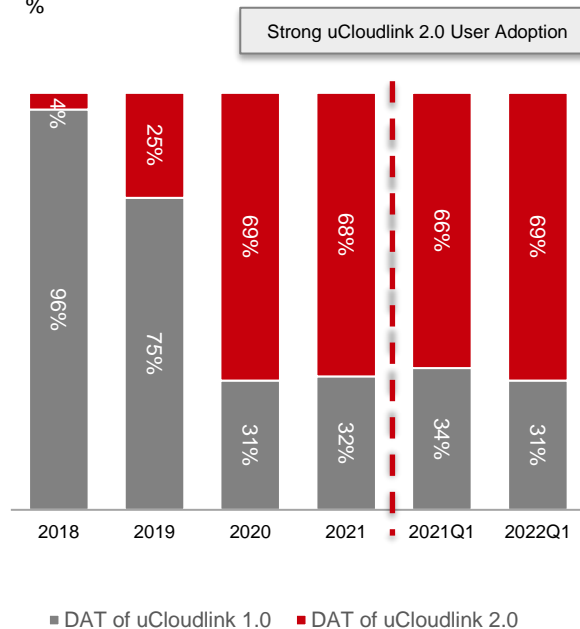
Daily Active Terminals (DAT) ⁽¹⁾

Terminals



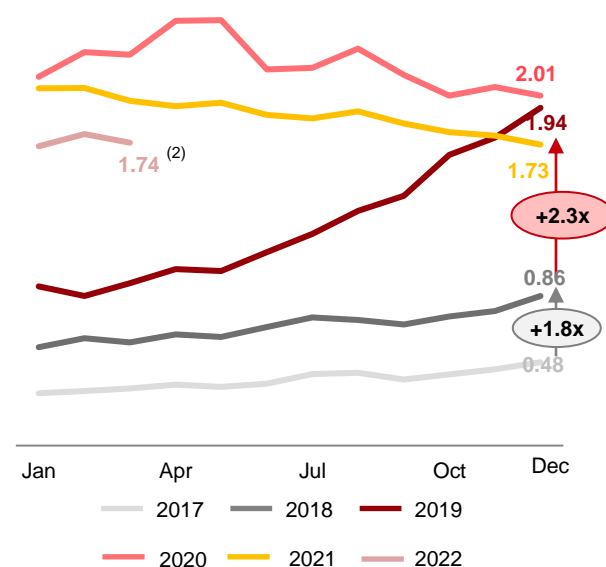
DAT Breakdown by uCloudlink 1.0 vs. 2.0 ⁽¹⁾

%



Daily Data Usage per Terminal ⁽¹⁾

GB



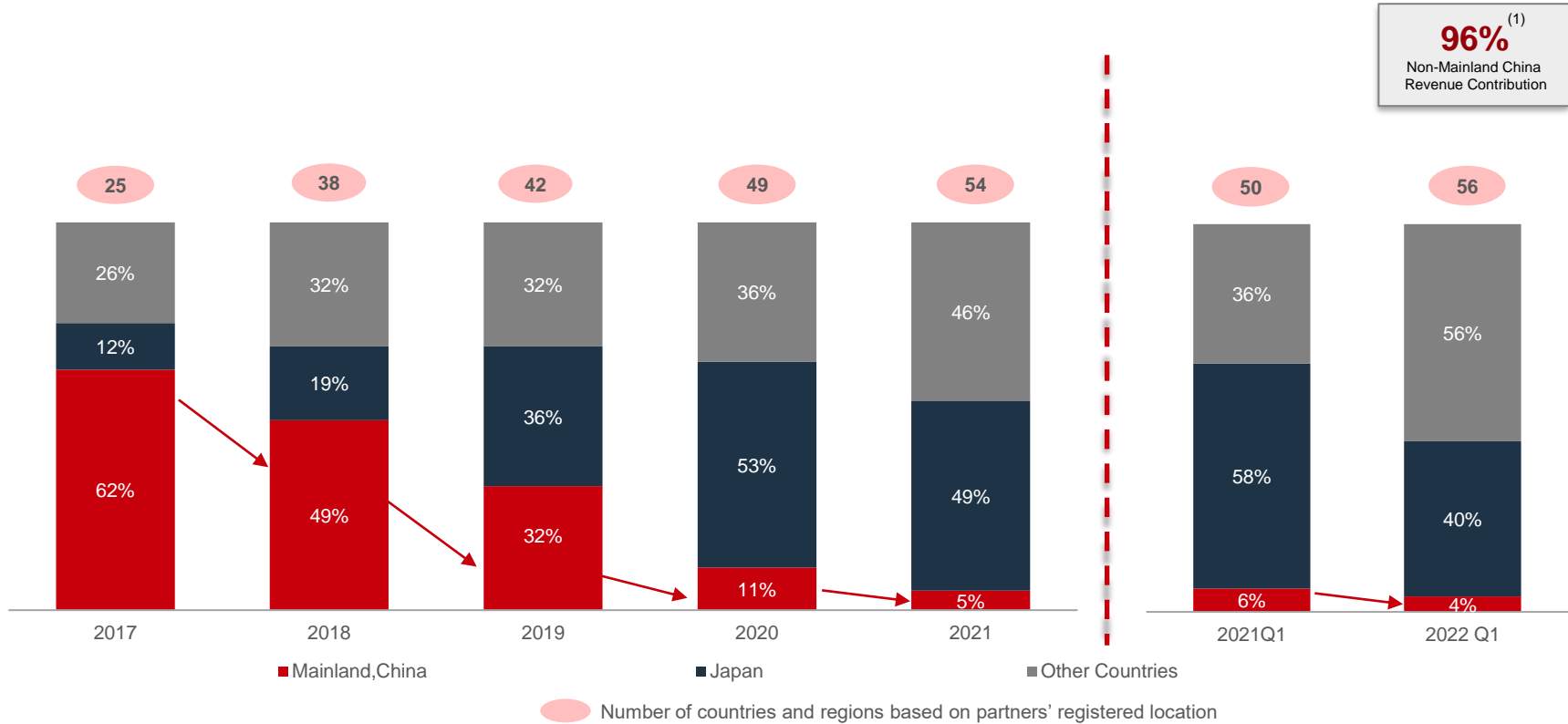
Note:

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 March 2022.

Our Business and Revenue Are Increasingly Diversified Globally

(Nasdaq: UCL)



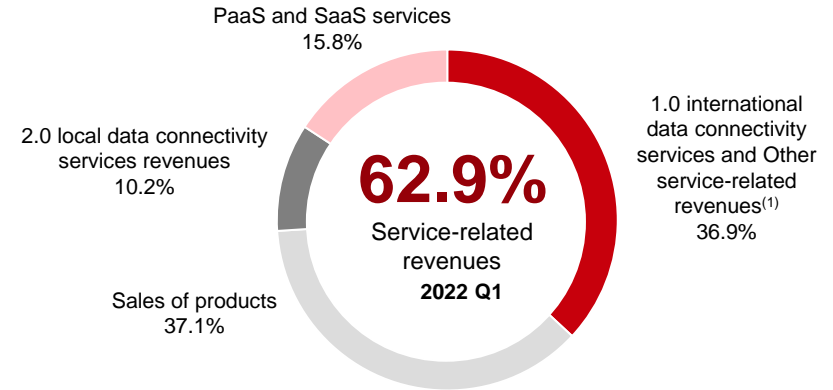
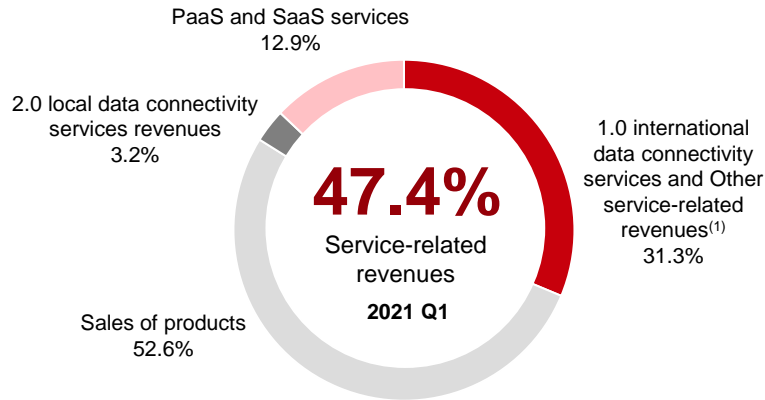
Note: 1. In Q1 2022



1Q 2022 Financial Highlights

Percentage of Our Service-Related Revenues and COVID-19 Impact (Nasdaq: UCL)

Revenue segmentation based on product & services



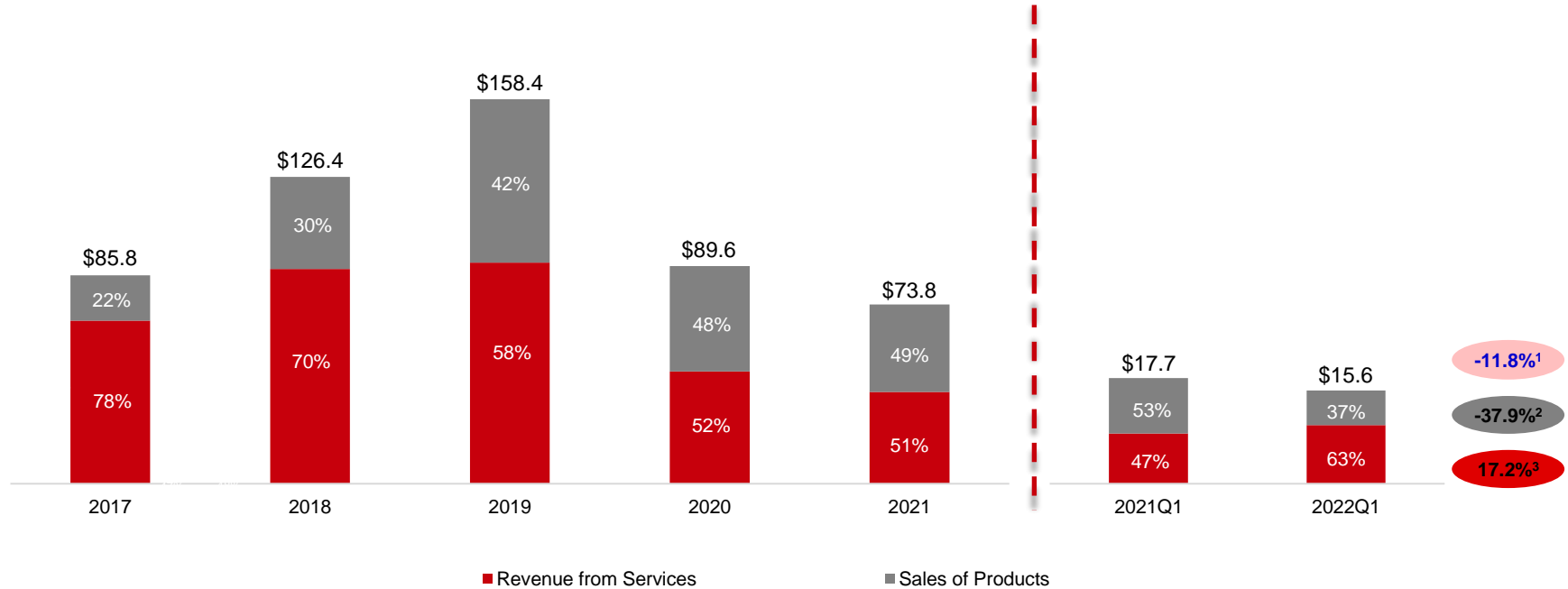
Note:

1. Other service-related revenues includes revenues from others

Revenue Breakdown By Our Two Business Segments

(Nasdaq: UCL)

Revenue, US\$MM



-11.8%¹

-37.9%²

17.2%³

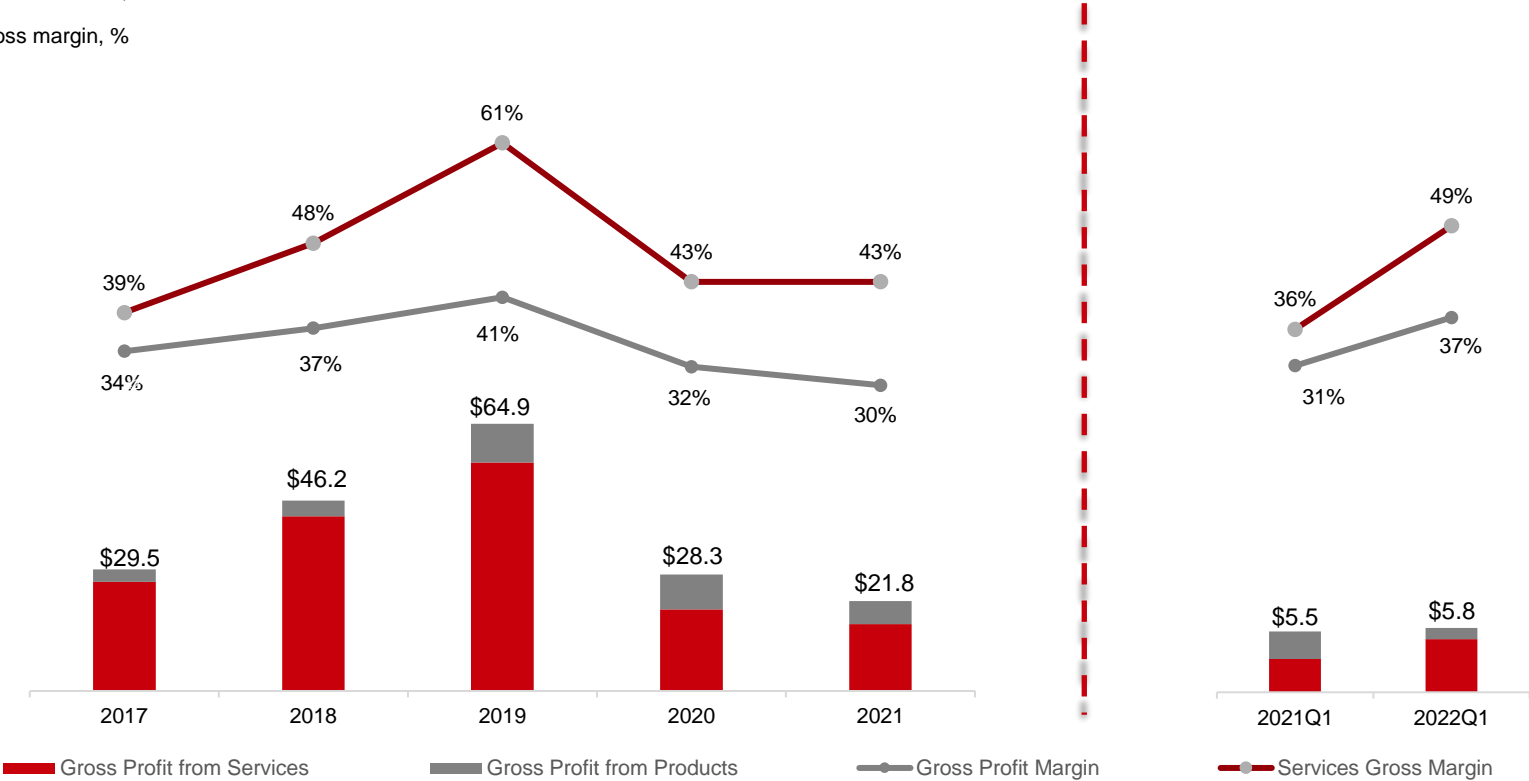
1. Q1 Total Revenue Year-over-Year growth
2. Q1 Sales of Products Year-over-Year growth
3. Q1 Revenue from Services Year-over-Year growth

Higher Service Gross Margin Over Overall Gross Margin

(Nasdaq: UCL)

Gross Profit US\$MM

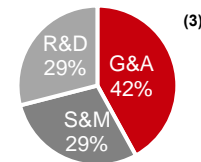
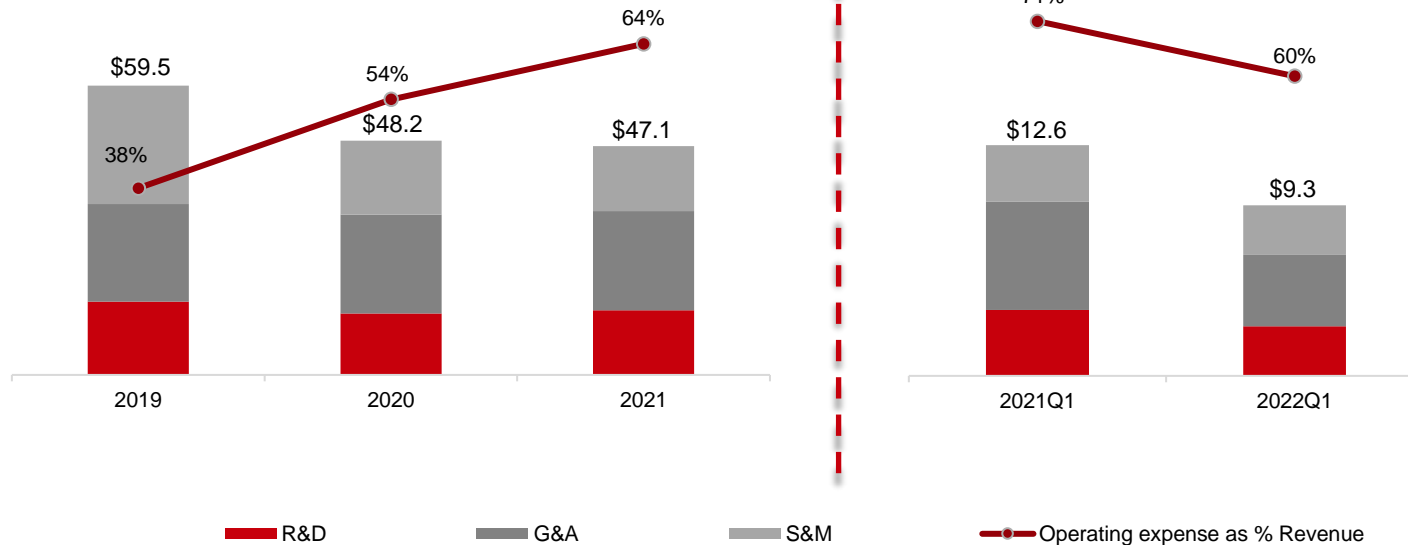
Gross margin, %



Controlled Operating Expenses During Pandemic of COVID-19

(Nasdaq: UCL)

Operating expenses⁽¹⁾, \$US,MM



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

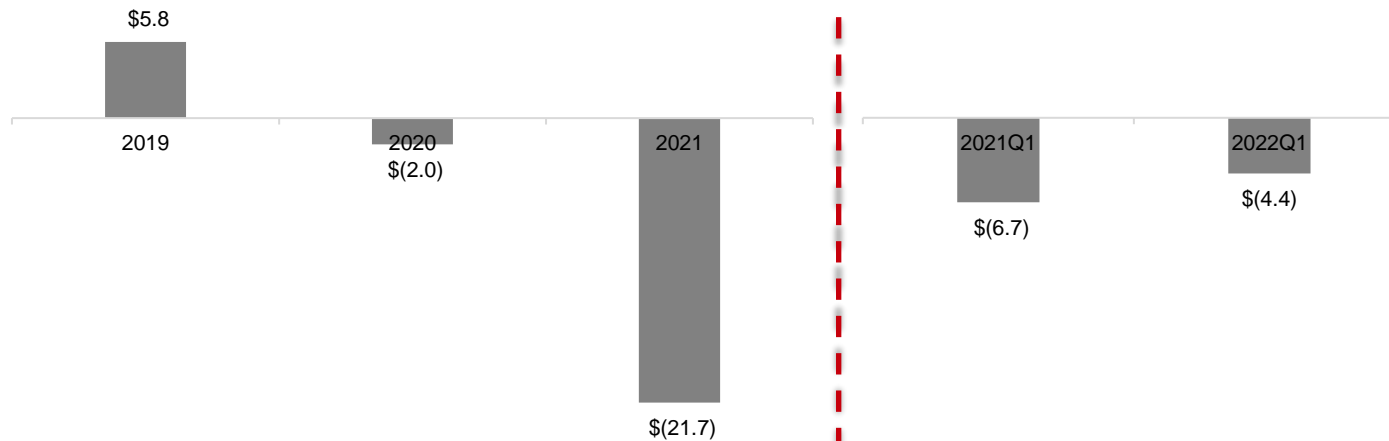
Note:

1. Operating Expenses excluding share-based compensation and others
2. As of March 31, 2022
3. Operating Expenses Breakdown Pie Chart is specifically for 2022Q1

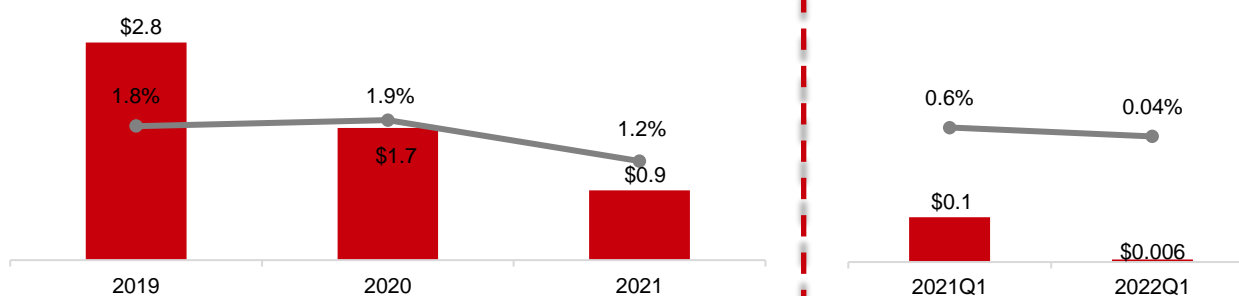
Asset Light Business Model

(Nasdaq: UCL)

Operating Cash Flow, \$US,MM



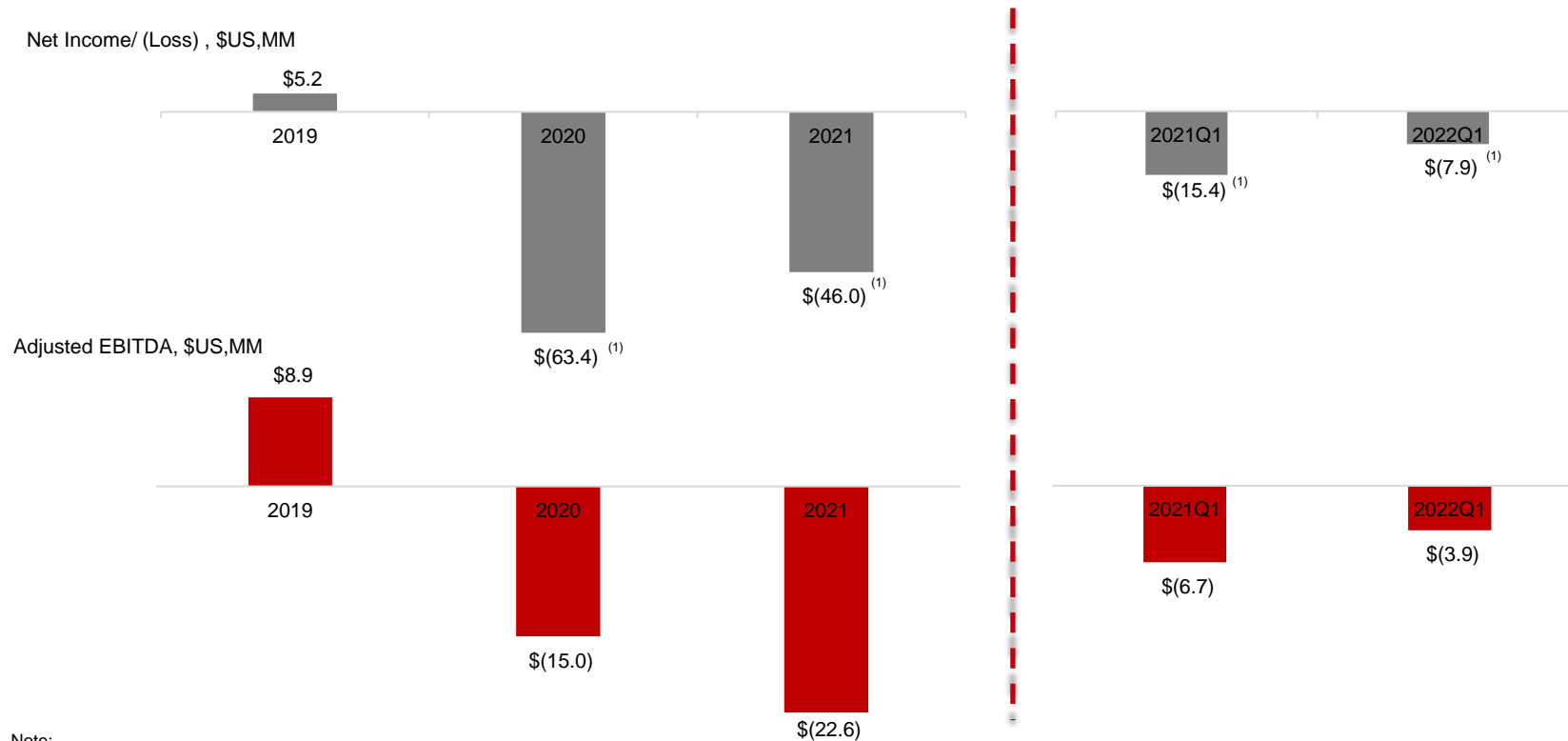
CAPEX, \$US,MM



■ Capex — Capex as % Revenue

Net Income & Adjusted EBITDA

(Nasdaq: UCL)



Note:

1. Including share-based compensation US\$50.6 million in 2020 and US\$8.8 million in 2021, US\$5.5 million in Q1 2021 and US\$ 0.7million in Q1 2022

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

	As of December 31, 2021	As of March 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	7,868	11,010
Short-term deposit	196	196
Accounts receivable, net	14,923	14,820
Inventories	6,133	5,072
Prepayments and other current assets	6,225	5,442
Other investments	12,587	12,766
Amounts due from related parties	1,153	861
Total current assets	49,085	50,167
Non-current assets		
Prepayments	1,310	1,115
Long-term investments	1,867	1,888
Other investments	12,058	8,971
Property and equipment, net	1,796	1,529
Intangible assets, net	1,009	974
Total non-current assets	18,040	14,477
TOTAL ASSETS	67,125	64,644
LIABILITIES		
Current liabilities		
Short term borrowings	3,177	6,160
Accrued expenses and other liabilities	27,580	27,434
Accounts payable	12,986	9,972
Amounts due to related parties	1,453	1,344
Contract liabilities	1,575	1,586
Convertible promissory notes	-	4,174
Financial derivative instrument	-	672
Total current liabilities	46,771	51,342
Non-current liabilities		
Other non-current liabilities	262	248
Total non-current liabilities	262	248
TOTAL LIABILITIES	47,033	51,590
SHAREHOLDERS' EQUITY		
Class A ordinary shares	8	8
Class B ordinary shares	6	6
Additional paid-in capital	230,048	230,973
Accumulated other comprehensive loss	(446)	(494)
Accumulated losses	(209,524)	(217,439)
TOTAL SHAREHOLDERS' EQUITY	20,092	13,054
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	67,125	64,644

UCLOUDLINK 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, 2021	March 31, 2022
Revenues	17,694	15,613
Revenues from services	8,383	9,827
Sales of products	9,311	5,786
Cost of revenues	(12,163)	(9,778)
Cost of services	(5,370)	(5,011)
Cost of products sold	(6,793)	(4,767)
Gross profit	5,531	5,835
Research and development expenses	(3,799)	(2,682)
Sales and marketing expenses	(3,441)	(2,787)
General and administrative expenses	(10,948)	(4,580)
Other expense, net	(2,664)	(3,336)
Loss from operations	(15,321)	(7,550)
Interest income	4	3
Interest expenses	(39)	(162)
Amortization of beneficial conversion feature	-	(219)
Loss before income tax	(15,356)	(7,928)
Income tax expenses	-	(1)
Share of profit in equity method investment, net of tax	-	14
Net loss	(15,356)	(7,915)
Attributable to:		
Equity holders of the Company	(15,356)	(7,915)
Loss per share for Class A and Class B ordinary shares		
Basic	(0.05)	(0.03)
Diluted	(0.05)	(0.03)
Loss per ADS (10 Class A shares equal to 1 ADS)		
Basic	(0.54)	(0.27)
Diluted	(0.54)	(0.27)
Shares used in earnings per Class A and Class B ordinary share computation:		
Basic	282,716,985	289,158,353
Diluted	282,716,985	289,158,353
Net loss	(15,356)	(7,915)
Other comprehensive loss, net of tax		
Foreign currency translation adjustment	715	(48)
Total comprehensive loss	(14,641)	(7,963)

Q & A

Thank you