



(Nasdaq: UCL)

**1Q 2024 Earnings Conference Call
Presentation**

May 2024

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Financial Highlights: Strong Operating Cash Flow and Financial Position

(Nasdaq: UCL)

Total Revenues⁽¹⁾

**US\$18.1
million**

Net Income⁽¹⁾

**US\$0.4
million**

**Net Operating
cash inflow⁽¹⁾**

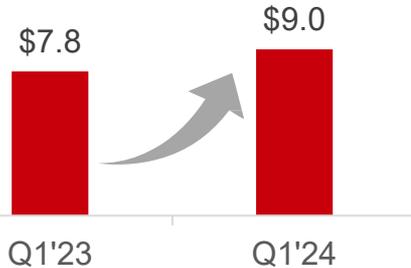
**US\$1.9
million**

Note: 1. In Q1 2024



Business Performance

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



YOY
15.3%

- Revenues from our uCloudlink 1.0 business **re-accelerated**, driven primarily by the **recovery of international travel** with growth in Japan and Mainland China.
- Newly launched **GlocalMe SIM** making solid progress, ranking high on a number of e-commerce platforms for travelers heading to destinations such as Japan and Hong Kong.



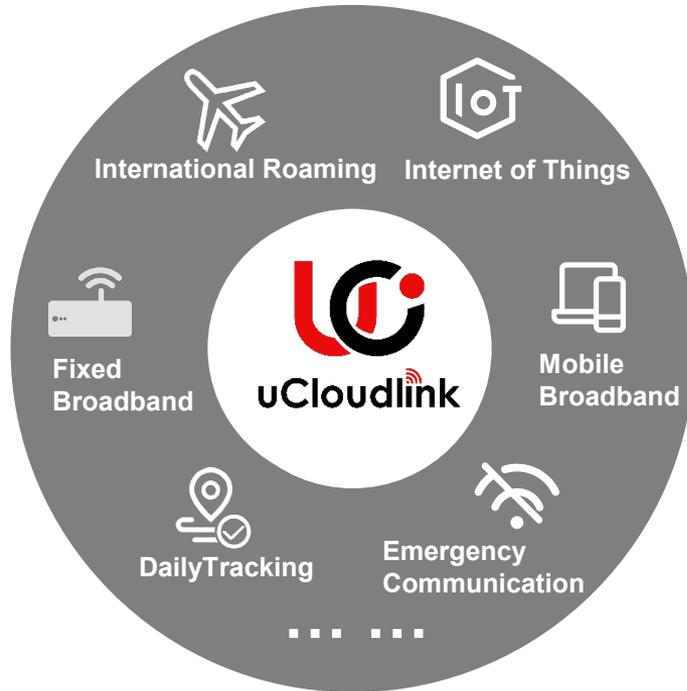
Key Drivers

- **Innovative Global 5G Solutions**, providing **full-speed 5G** network coverage across **60** countries and regions, enhancing our leading competitive position within the global roaming market.
- Chinese outbound travelers using **Roamingman brand** services account for a growing share of our international data connectivity services.
- Expanding business **beyond portable Wi-Fi terminals** and building an expanded array of comprehensive data connectivity solutions to satisfy a wide range of user needs.

Expanding Business Beyond Travel Sector to Various Aspects of Daily Life

(Nasdaq: UCL)

Four Distinct Business Lines



GlocalMe Mobile/Fixed Broadband

- Continue to strengthen our leadership position in the sector and redefine industry benchmarks for connectivity and innovation
- Recent upgrades include a highly reliable dual-broadband 5G Customer Premises Equipment (CPE) and full-speed 5G mobile hotspot

GlocalMe Life

- Our consumer products offer seamless connectivity to various high-frequency daily life application scenarios to help expand our user base beyond travel sector and diversify revenue streams

GlocalMe SIM

- Includes our over-the-air (OTA) SIM and eSIM solutions, which will evolve into our innovative “All SIM” solution, allowing us to engage with a broader end user base beyond those in the portable Wi-Fi terminal market

GlocalMe IoT

- Compatible with various chipset platforms, our **soft cloud SIM technology** eliminates the need for hardware redesign or redevelopment by manufacturers of consumer IoT devices that already have a substantial user base, and empowers these devices to intelligently and dynamically switch between multiple local carriers worldwide

GlocalMe Life: Better Connection Empowers Better Life

(Nasdaq: UCL)

- ✓ Soft launched GlocalMe Life's first product in Hong Kong during the first quarter of 2024;
- ✓ Will formally Launch three GlocalMe Life products and app on May 23 at Viva Technology 2024.
 - a. Smart Tracker: Find valuable items/pets/loved ones that other similar tag or tracker products are unable to do
 - b. X Series Products: Make the daily lives of smart device users easier and more convenient
 - c. GlocalMe APP: Offer additional new features to improve the user experience



Expanding Potential User Base

With our high-quality data connectivity solutions for a range of everyday scenarios, we will be able to engage with a broader end user base and enable our users to enjoy a more intelligent and convenient life.

GlocalMe Life Launch Event on May 23, 2024 in Paris

We are inviting you to join
GlocalMe Life Launch Event

23 May 2024
10:00 - 12:30 (GMT+2)

Full Exhibition Time
22 - 25 May 2024
9:00 - 18:00

#J45 | Viva Technology 2024
Paris Expo Porte de Versailles | France

RSVP

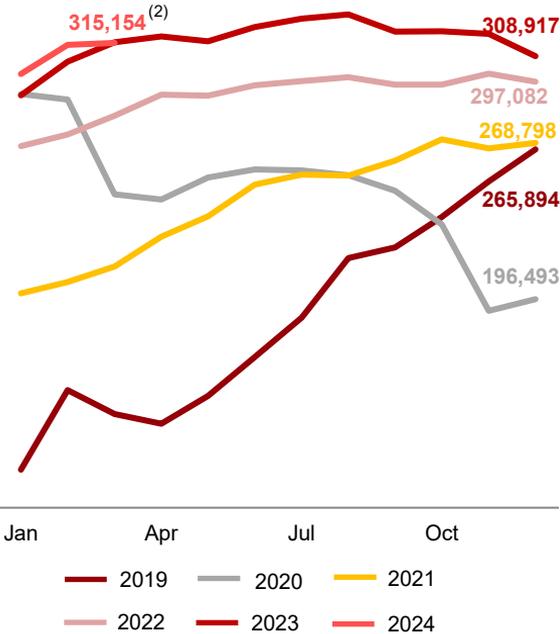
 GlocalMe

Operational Highlights

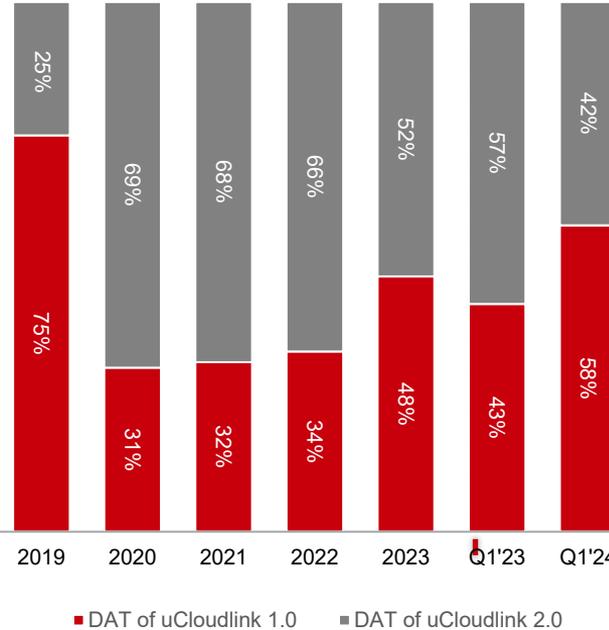
(Nasdaq: UCL)

Daily Active Terminals (DAT) ⁽¹⁾

Terminals

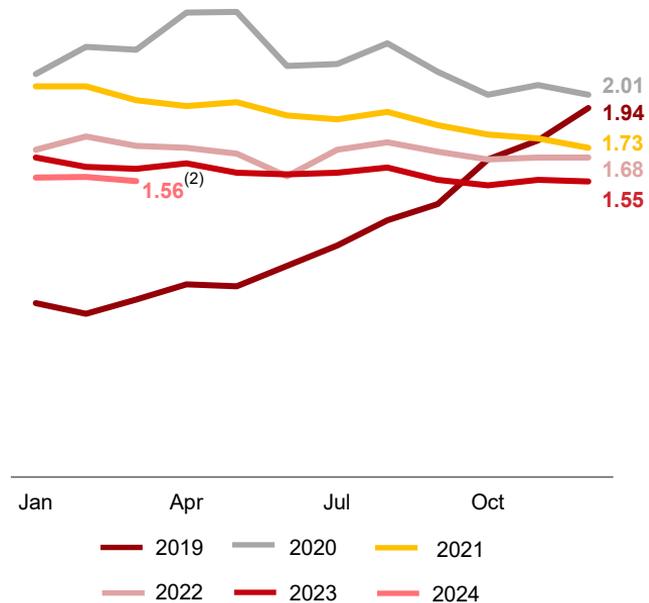


DAT Breakdown: uCloudlink 1.0 vs. 2.0 ⁽¹⁾



Daily Data Usage per Terminal ⁽¹⁾

GB

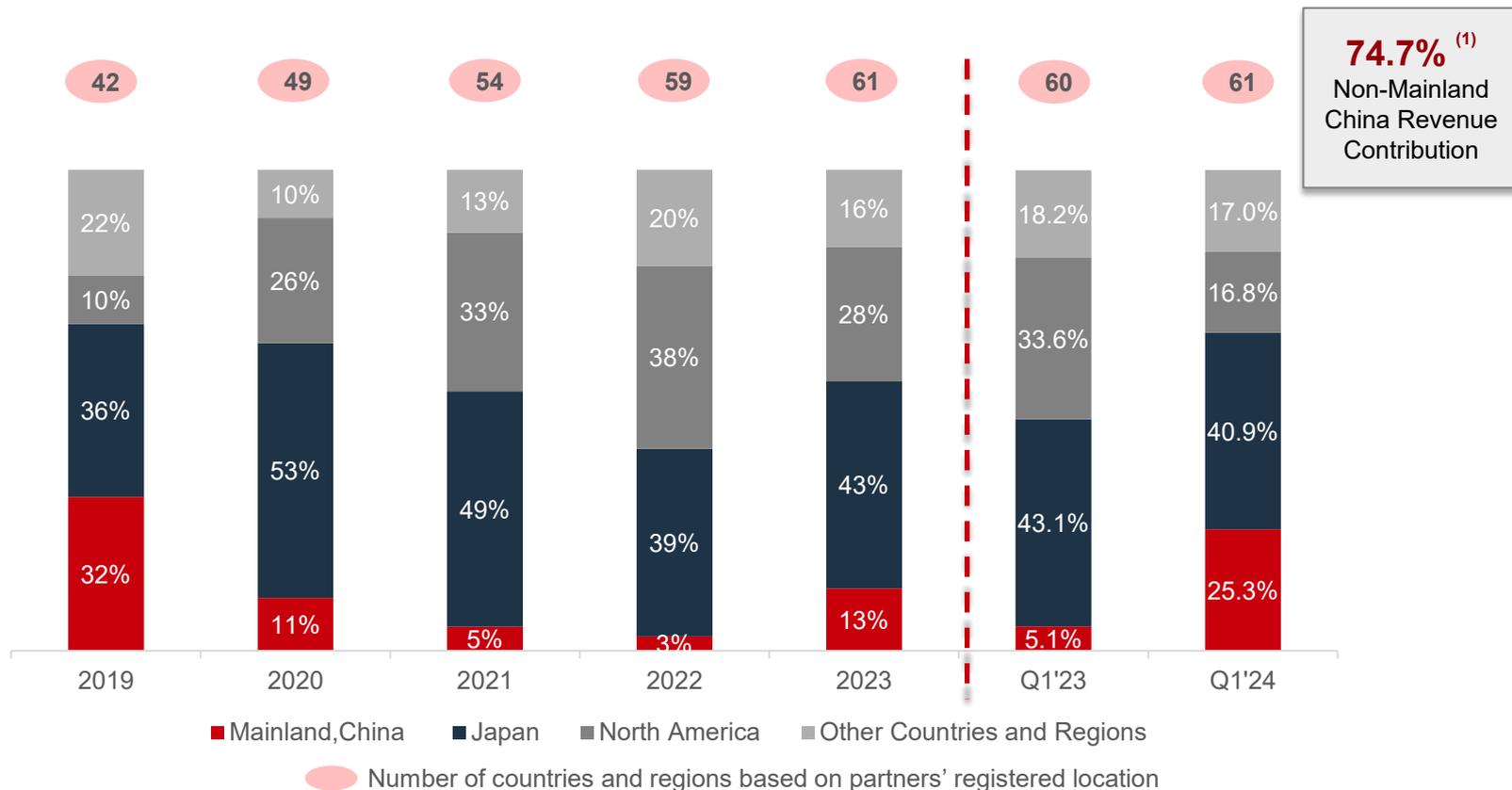


Note:
1. Average daily active terminals include terminals connected to our platform that are serviced by us or our business partners.

2. In March 2024

Geographically Diversified Revenue Streams

(Nasdaq: UCL)



Note:

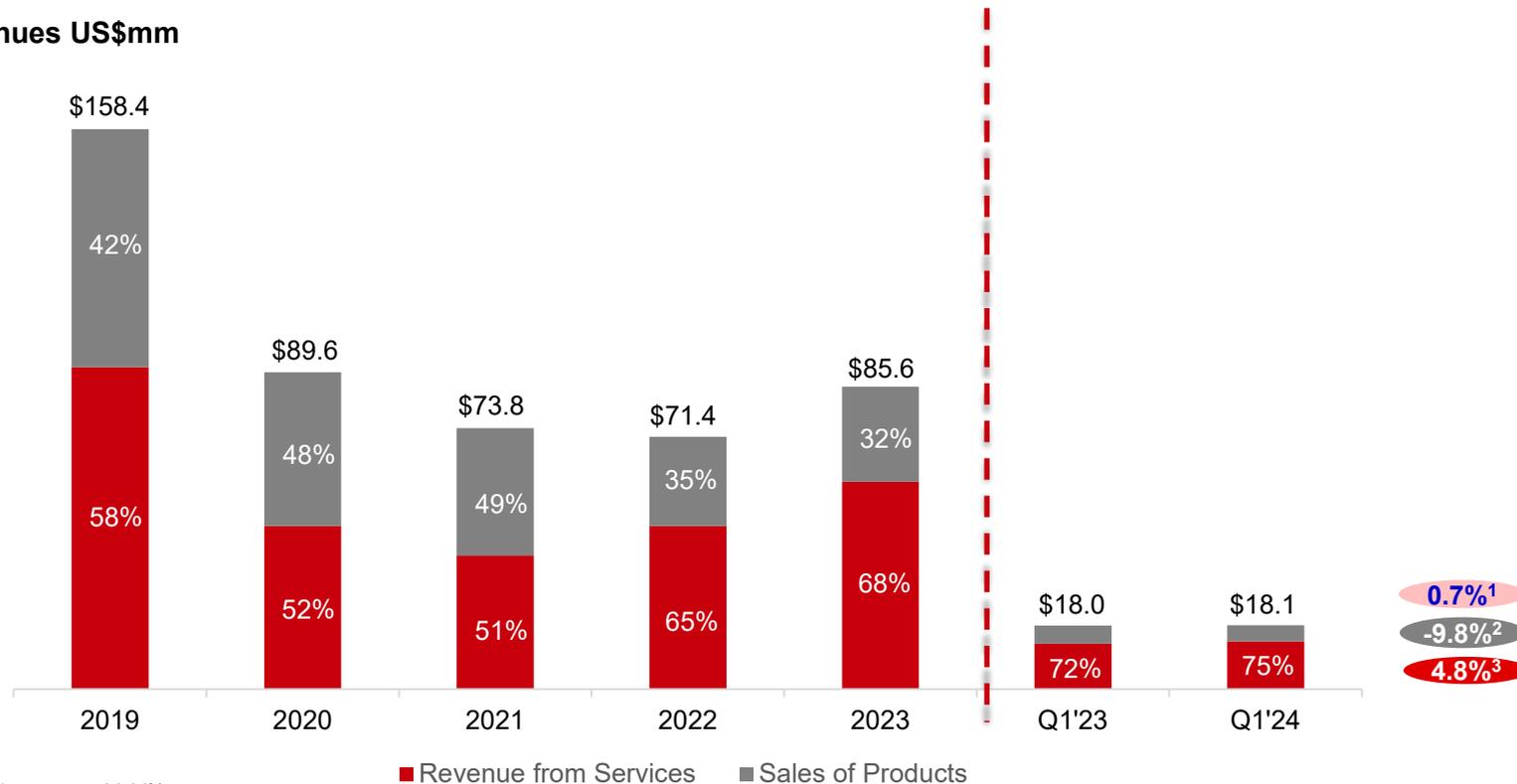
1. In Q1 2024



Revenue Breakdown

(Nasdaq: UCL)

Revenues US\$mm



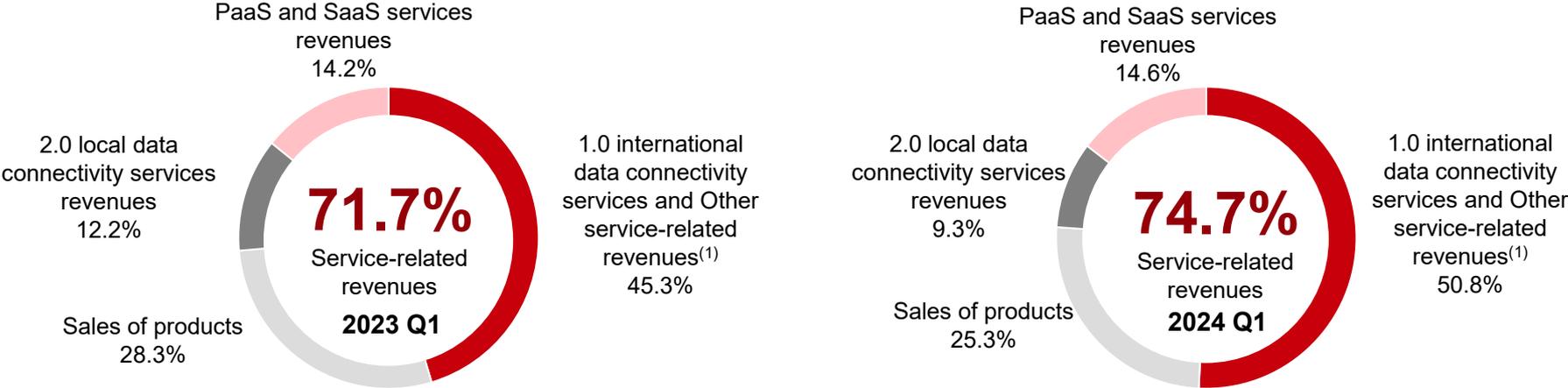
Note:

1. Q1 2024 total revenues YoY%
2. Q1 2024 revenues from sales of products YoY%
3. Q1 2024 revenues from services YoY%

Higher-Margin Services Increasing as a Proportion of Total Revenue

(Nasdaq: UCL)

Revenues Segmentation



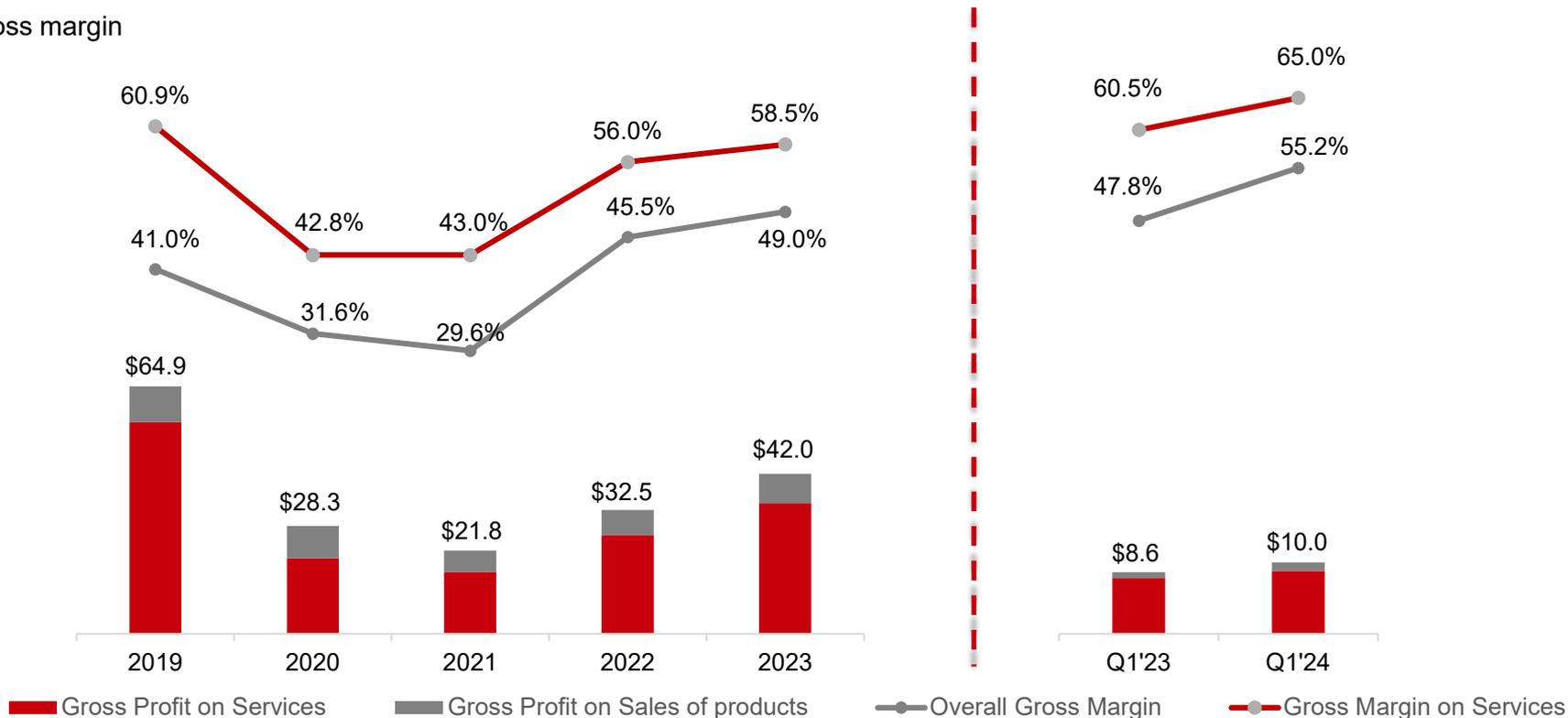
Note:
1. Other service-related revenues include revenues from others

Gross Margin from Services Consistently Higher than Overall Gross Margin

(Nasdaq: UCL)

Gross Profit US\$mm

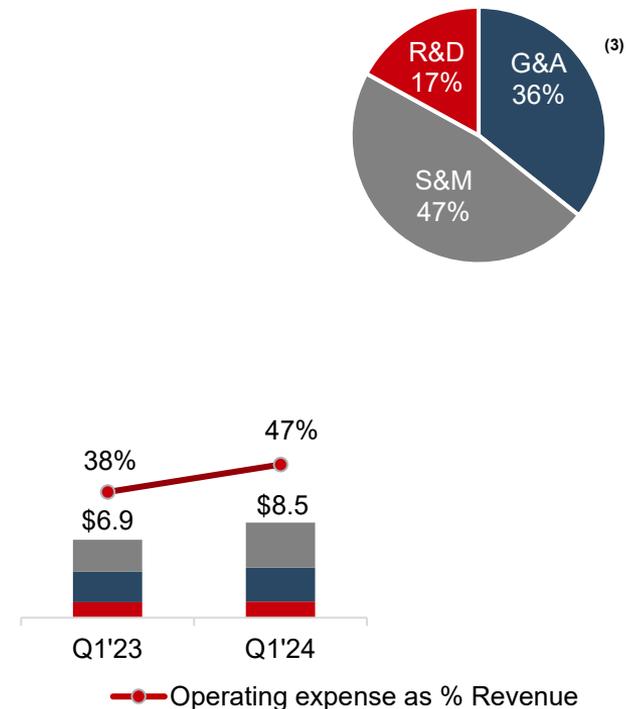
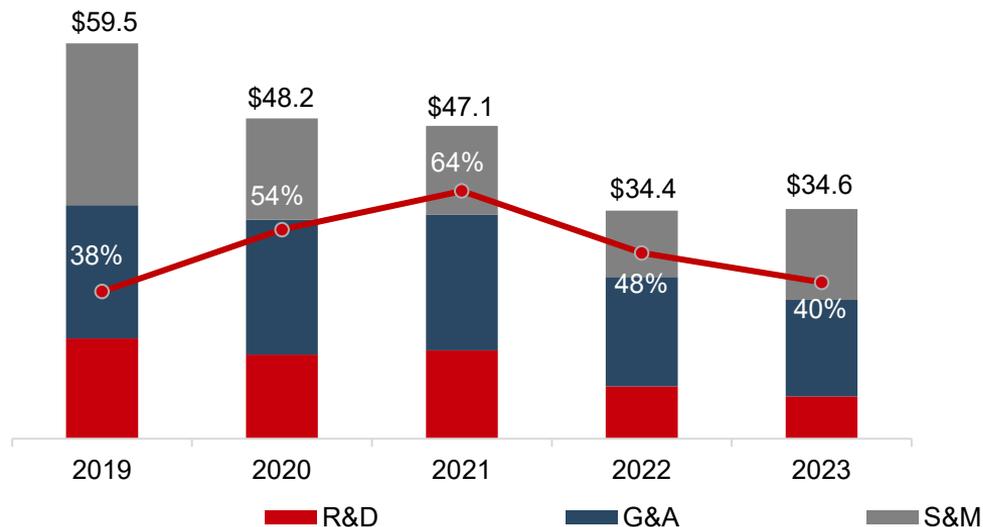
Gross margin



Improving Operational Efficiency

(Nasdaq: UCL)

Operating expenses⁽¹⁾ US\$mm



148 R&D Staff⁽²⁾ 183 Business Development, Sales and Marketing Staff⁽²⁾ 71 Administration and Management Staff⁽²⁾

Note:

1. Operating Expenses excluding share-based compensation
2. As of March 31, 2024
3. Operating Expenses Breakdown Pie Chart is specifically for Q1 2024

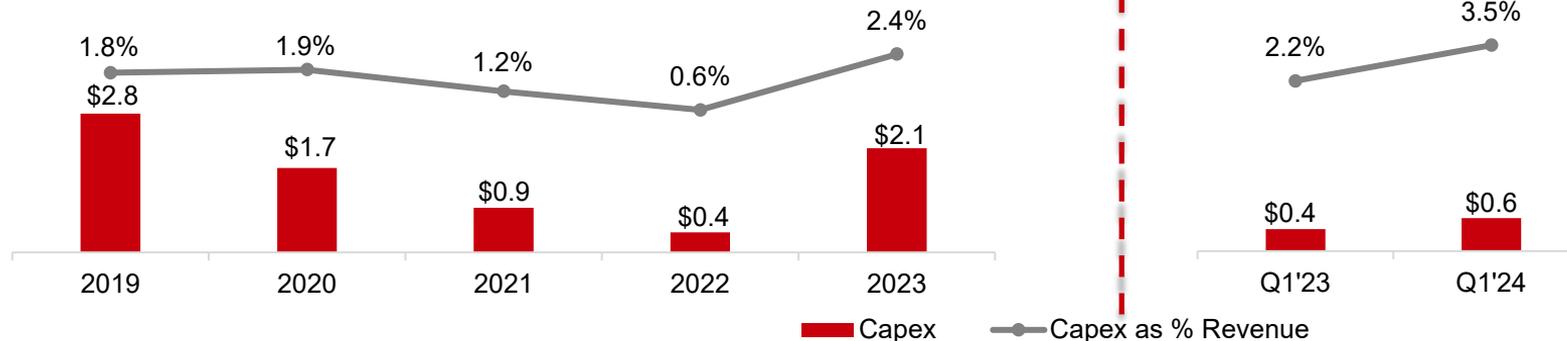
Asset Light Business Model

(Nasdaq: UCL)

Operating Cash Flow US\$mm



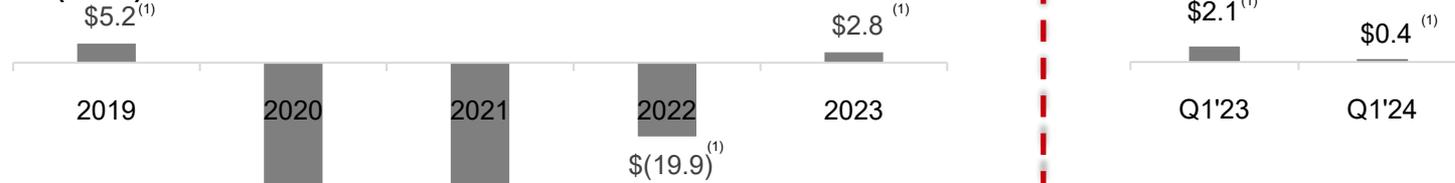
CAPEX US\$mm



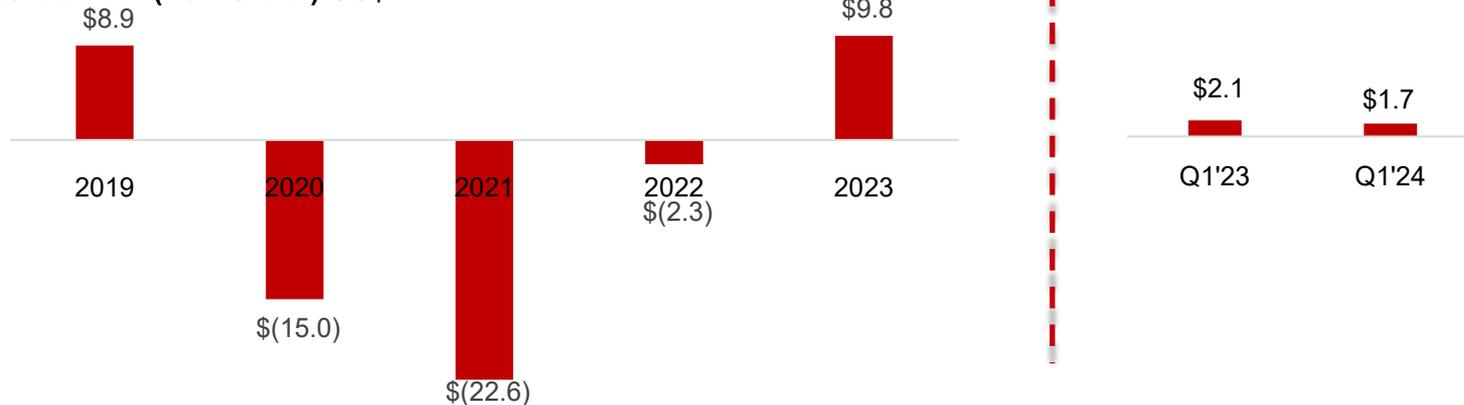
Net Income & Adjusted EBITDA (non-GAAP)

(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, US\$3.1 million in 2022, US\$ 3.3 million in 2023, US\$ 0.7million in Q1 2023 and US\$ 0.4 million in Q1 2024.

Q & A

Thank you



Appendix

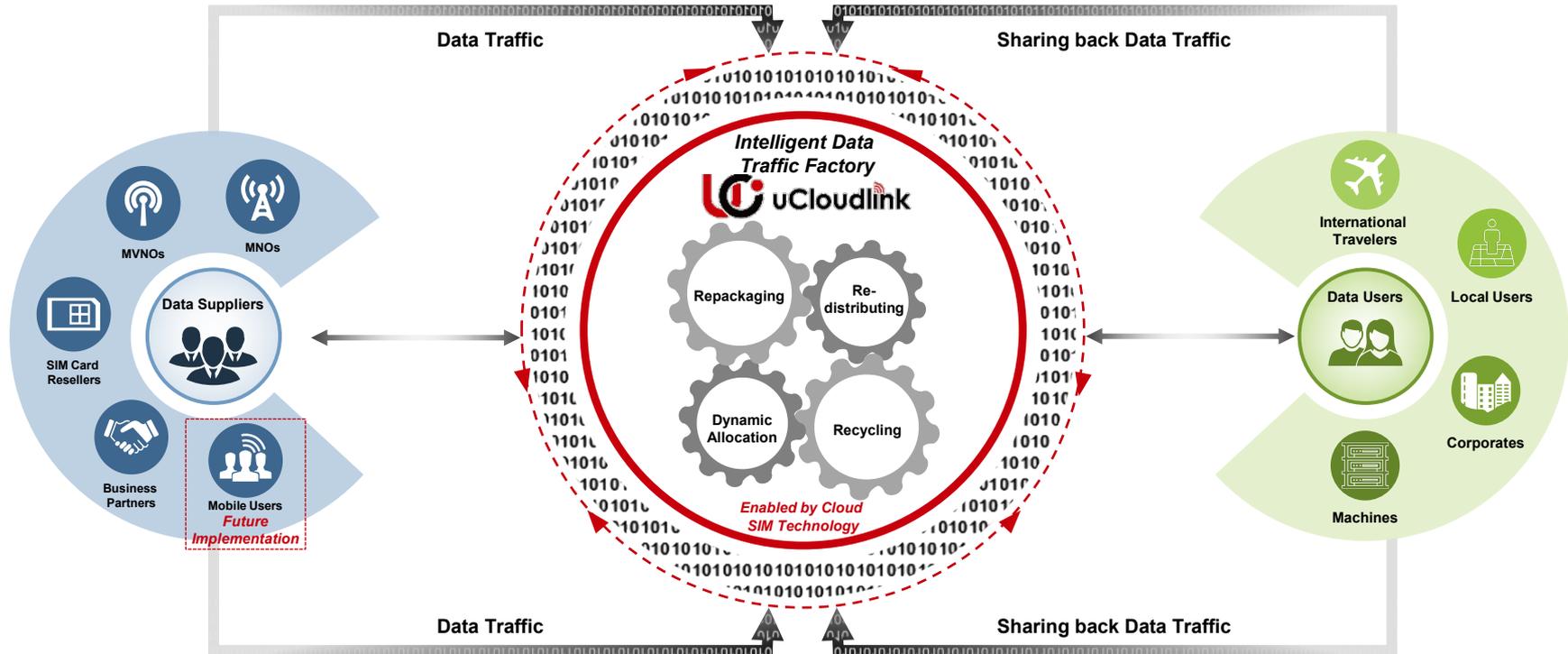


Connecting and Sharing without Limitations
Better Connection Empowers Better Life

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

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

(Nasdaq: UCL)



Best Coverage

Best Speed

Best Price

Flexible Solution

High Throughput

“Enabling people to use mobile data traffic freely, anytime and anywhere”

Consumers

International travel



- Cost of data roaming



- Need for diverse travel services

Everyday life



- Keeping touch of valuables and loved ones



- Inflexible data plans

All Stakeholders

All scenarios



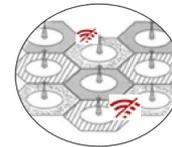
- Mobile data resources are underutilized



- Need for better and faster 5G connections

Businesses

MNOs/MVNOs

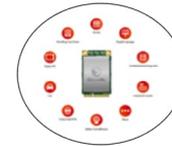


- Coverage & Congestion



- Unreliable indoor Wi-Fi

IoT device makers



- Need for continuous connectivity solutions with no momentary disconnections

IoT module manufacturers



Evolution of our Business

(Nasdaq: UCL)

2014
- present



uCloudlink 1.0

Between Countries

for **cross-border** travelers



2018
- present



uCloudlink 2.0

Between Carriers

for **local users**



2024 -



uCloudlink 3.0

GlocalMe Ecosystem
(Trial Phase)

Offer high quality connectivity solutions to meet users' **everyday needs** for security, convenience, and intelligent lifestyles

Attract and retain users to our GlocalMe ecosystem and offer personalized solutions

Next



uCloudlink 3.0

Sharing Marketplace
(Next Phase)

Capitalize on scalable **user base** accumulated through uCloudlink 1.0 and 2.0 models

Trial testing user access to **complete data traffic** and **eliminating wastage**

Scaling Up our User Base to Build a Full Marketplace

(Nasdaq: UCL)

Marketplace

~1,491.5 Mn⁽¹⁾

2024E: International Tourist Arrivals (2% increase by FY2019)

5.5 Bn⁽²⁾

2030E: Mobile internet users

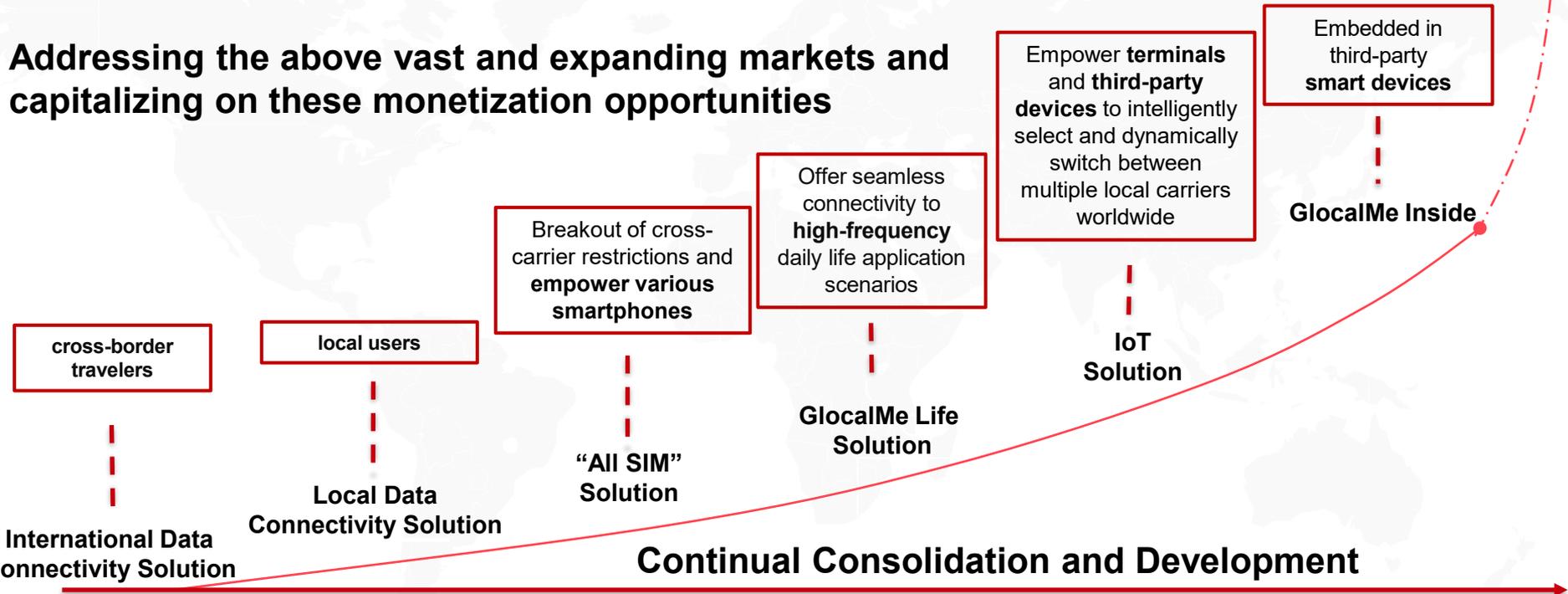
9.8 Bn⁽²⁾

2030E: SIM connections (excluding licensed cellular IoT)

5.8 Bn⁽²⁾

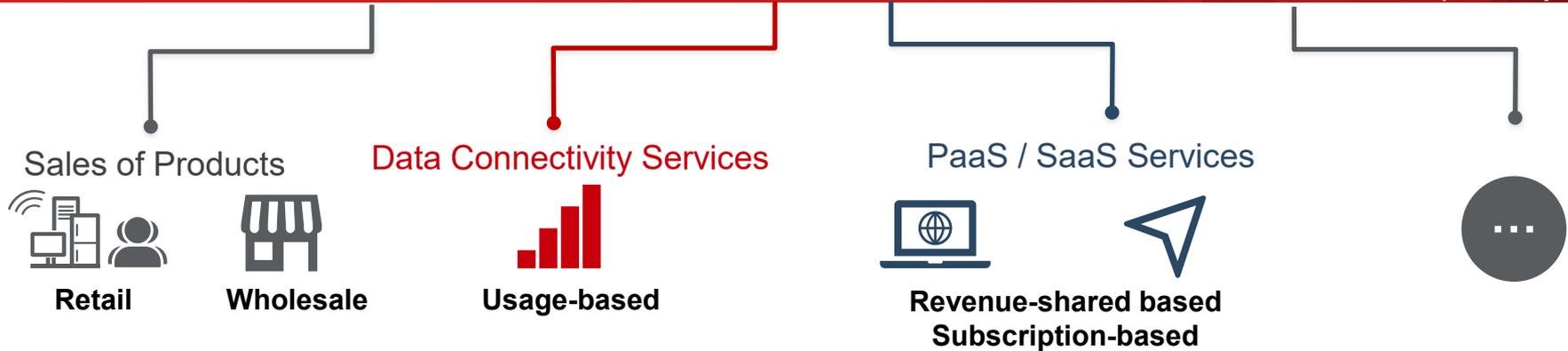
2030E: Licensed cellular IoT connections

Addressing the above vast and expanding markets and capitalizing on these monetization opportunities



Our Monetization Model

(Nasdaq: UCL)



- Retail: Providing products **directly to consumers** under our own brands
- Wholesale: Providing products to our **distributor partners**

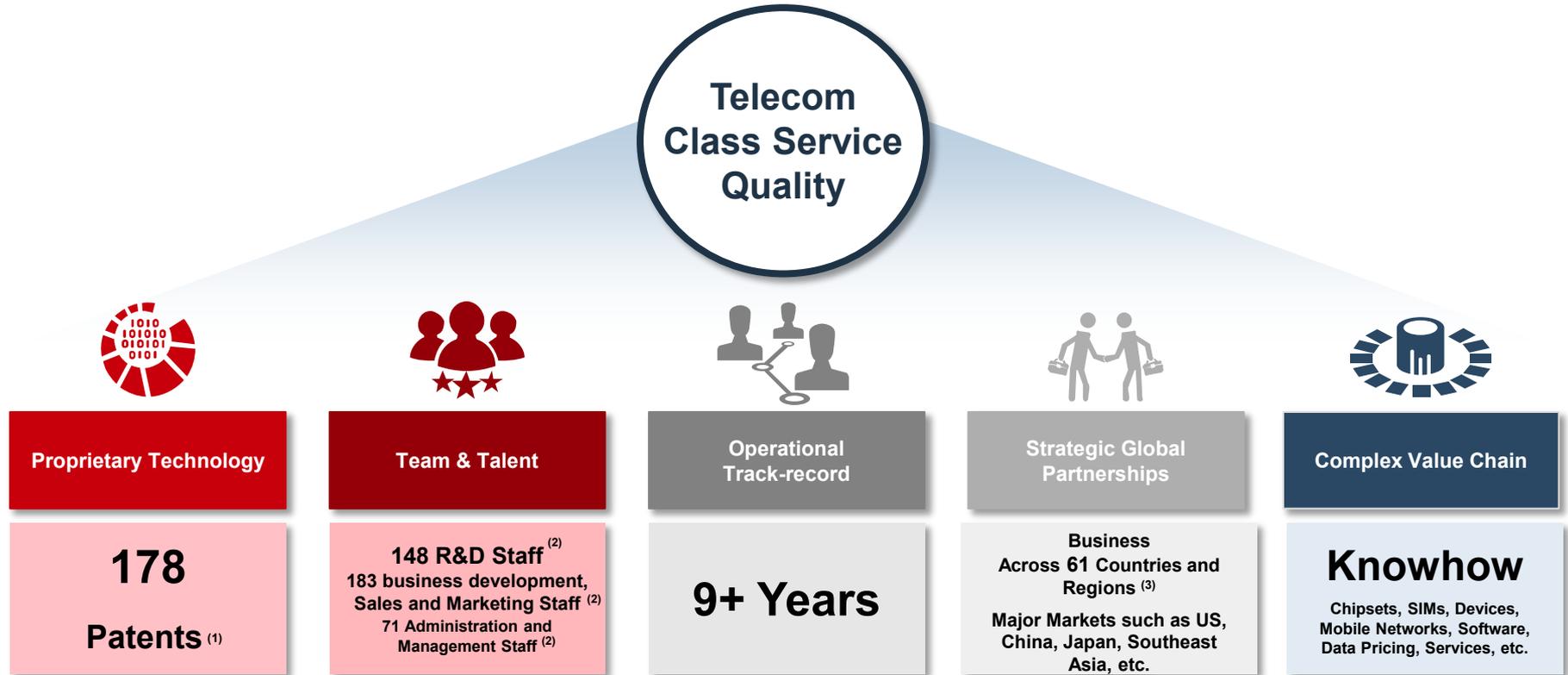
- Collecting revenue based on the data usage of **all terminals** (including GMI devices) that use our cloud SIM technology

- Providing our business partners with cloud SIM platform services and earning revenue through **revenue sharing**
- Providing CRM, SIM card management, data analysis, security & emergency communications, and other services to our business partners
- Providing value-added services such as location tracking and translation services to **retail users**

- The introduction of our one-stop GlocalMe app and the ongoing growth of our user base will enable further diversification of our revenue stream through new monetization models

Unique Business Model with High Barriers to Entry

(Nasdaq: UCL)

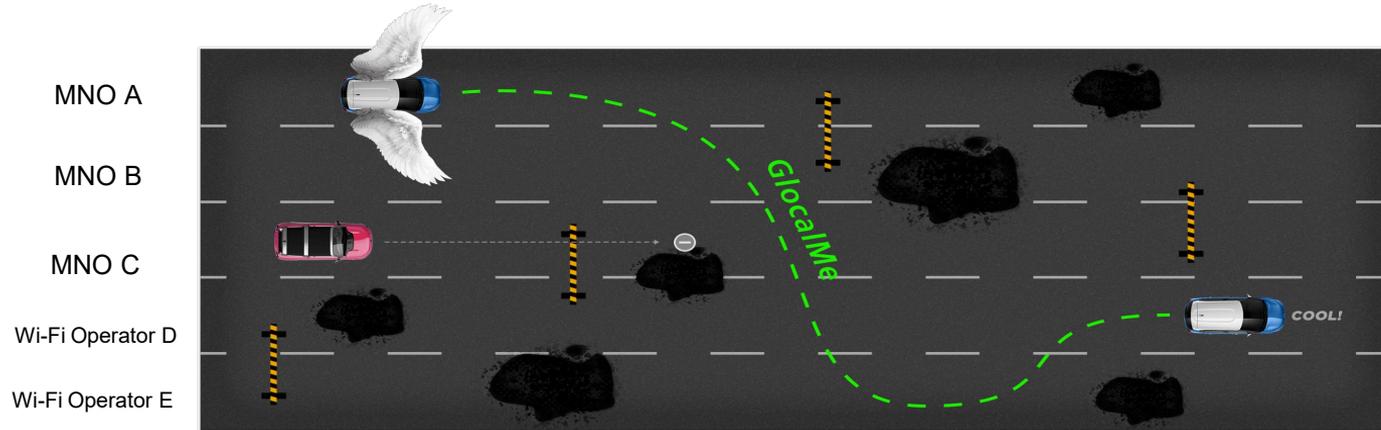


Notes:

1. As of March 31, 2024, with 141 patents approved and 37 patents pending approval, globally
2. As of March 31, 2024, only full-time employees are counted
3. As of March 31, 2024

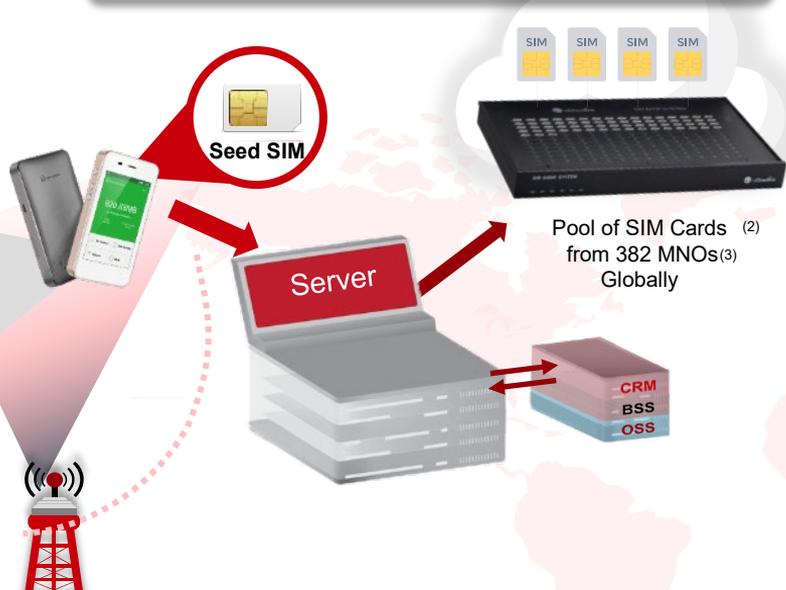
Better Data Connections for MNOs and Users

Improves network coverage and alleviates congestion both indoors and outdoors

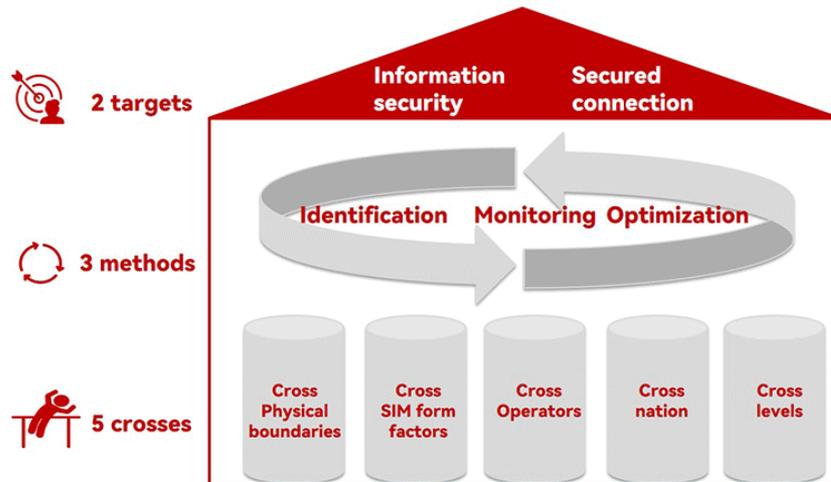


- Creating more reliable data connections based on existing coverage to provide operators and users with **Better 5G Data Connectivity**
- **Seamless coverage** for end users to tackle pain points in roaming and international travel
- Enabling MNOs to **improve user experience** without expensive upgrades to existing infrastructure
- Seeing and seizing diverse industry opportunities requiring **high-quality data connectivity** (in education, energy, autonomous driving, etc.)
- **Enhancing overall network efficiency** and access to worldwide networks via “**Navigation + Electronic Toll Pass**”

Cloud SIM Technology



HyperConn Solutions



178 Patents (1)

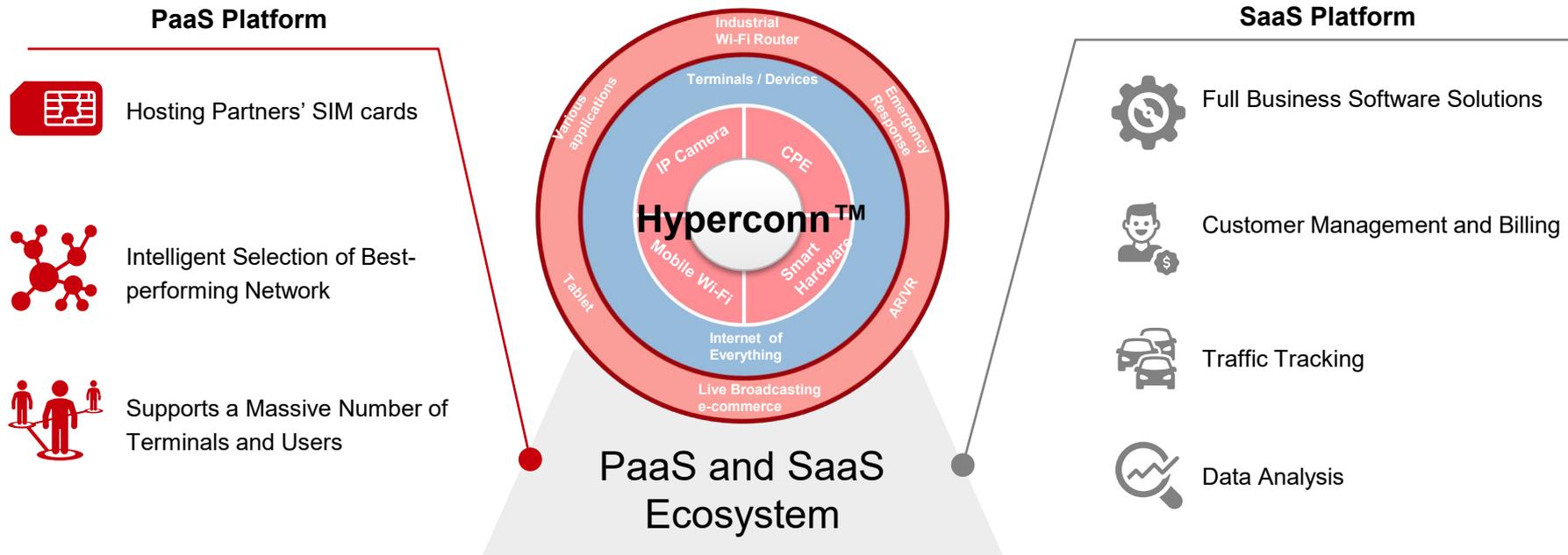
Software-based

Ready to Support All Three Generations of our Businesses

Notes:
 1. As of March 31, 2024, with 141 patents approved and 37 patents pending approval, globally
 2. As of March 31, 2024, among these SIM cards, c.31% are owned by the Company with remaining SIMs owned by our business partners
 3. As of March 31, 2024

Ecosystem Powered by Our PaaS and SaaS Platform

(Nasdaq: UCL)



uCloudlink SaaS/PaaS platform based on our innovative cloud SIM technology and HyperConn solutions

Clear Growth Strategies Across Business Models

(Nasdaq: UCL)

Between Countries



Between Carriers



Full Marketplace



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

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

Data Traffic with Massive User Base



Trial phase for **GlocalMe Ecosystem** to offer connectivity solutions to meet everyday needs for security, convenience, and intelligent lifestyles



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

Initiating in 2024

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

	As of December 31, 2023	As of March 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	23,371	24,704
Accounts receivable, net	6,489	6,172
Inventories	2,183	2,642
Prepayments and other current assets	6,416	6,491
Other investments	7,613	7,211
Amounts due from related parties	2,945	1,343
Total current assets	49,017	48,563
Non-current assets		
Prepayments	228	114
Long-term investments	1,956	1,936
Property and equipment, net	2,433	2,707
Right-of-use assets, net	2,321	2,011
Intangible assets, net	652	616
Total non-current assets	7,590	7,384
TOTAL ASSETS	56,607	55,947
LIABILITIES		
Current liabilities		
Short term borrowings	5,297	5,468
Accrued expenses and other liabilities	24,755	23,741
Accounts payable	5,314	4,536
Amounts due to related parties	1,250	1,025
Contract liabilities	1,425	1,849
Operating lease liabilities	1,082	1,052
Total current liabilities	39,123	37,671
Non-current liabilities		
Operating lease liabilities	1,286	1,015
Other non-current liabilities	145	131
Total non-current liabilities	1,431	1,146
TOTAL LIABILITIES	40,554	38,817
SHAREHOLDERS' EQUITY		
Class A ordinary shares	13	13
Class B ordinary shares	6	6
Additional paid-in capital	240,137	240,566
Accumulated other comprehensive income	2,463	2,681
Accumulated losses	(226,566)	(226,136)
TOTAL SHAREHOLDERS' EQUITY	16,053	17,130
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	56,607	55,947

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

	For the three months ended	
	March 31, 2023	March 31, 2024
Revenues	18,006	18,128
Revenues from services	12,916	13,537
Sales of products	5,090	4,591
Cost of revenues	(9,405)	(8,125)
Cost of services	(5,102)	(4,739)
Cost of products sold	(4,303)	(3,386)
Gross profit	8,601	10,003
Research and development expenses	(1,303)	(1,477)
Sales and marketing expenses	(2,921)	(4,050)
General and administrative expenses	(3,435)	(3,389)
Other income/(expense), net	1,121	(576)
Income from operations	2,063	511
Interest income	5	13
Interest expenses	(49)	(56)
Income before income tax	2,019	468
Income tax expenses	(13)	(21)
Share of profit/(loss) in equity method investment, net of tax	68	(17)
Net income	2,074	430
Attributable to:		
Equity holders of the Company	2,074	430
Earnings per share for Class A and Class B ordinary shares		
Basic	0.01	0.00
Diluted	0.01	0.00
Earnings per ADS (10 Class A shares equal to 1 ADS)		
Basic	0.06	0.01
Diluted	0.06	0.01
Shares used in earnings per Class A and Class B ordinary share computation:		
Basic	369,438,171	374,771,808
Diluted	369,438,171	374,771,808
Net income	2,074	430
Other comprehensive income, net of tax		
Foreign currency translation adjustment	224	218
Total comprehensive income	2,298	648