



(Nasdaq: UCL)

**Q3 2022 Earnings Conference Call
Presentation**

November 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 at the top right of the 'C'.

uCloudlink Overview

(Nasdaq: UCL)



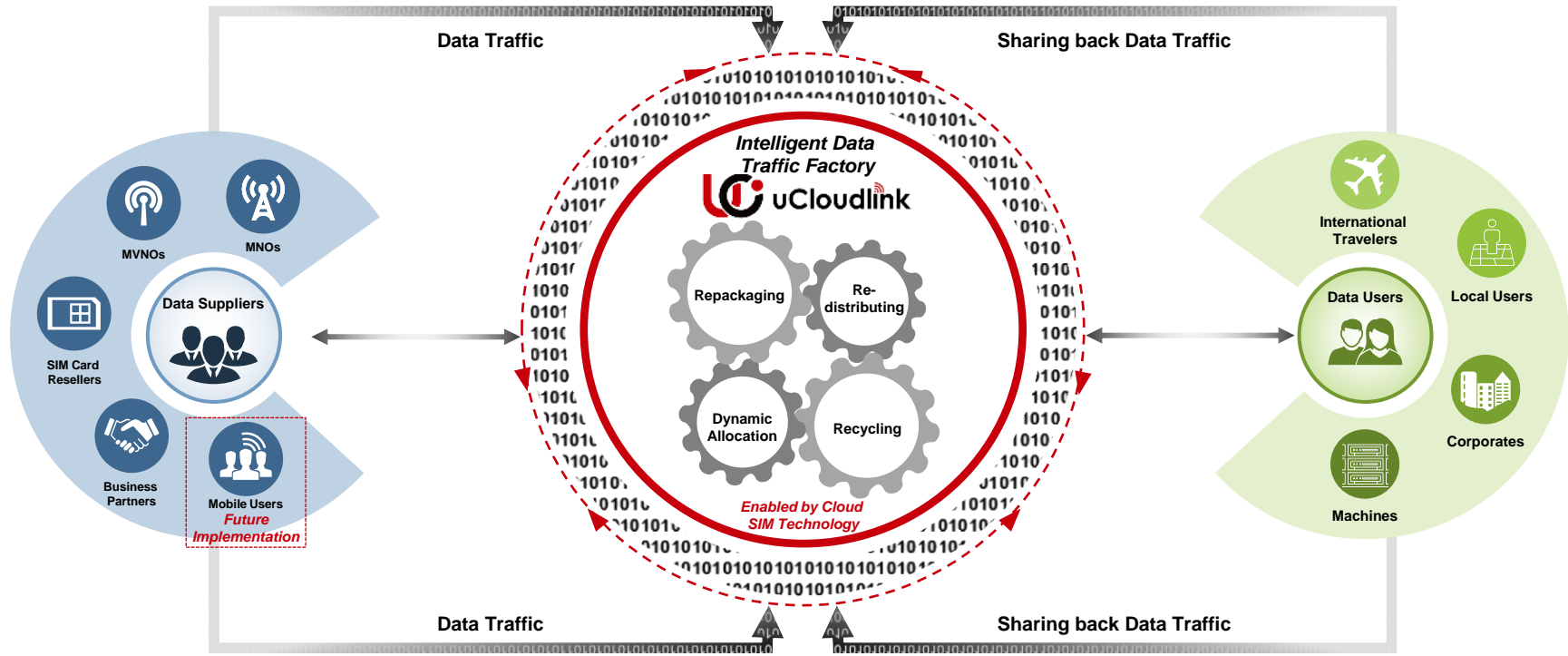
Connecting and Sharing without **Limitations**

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)

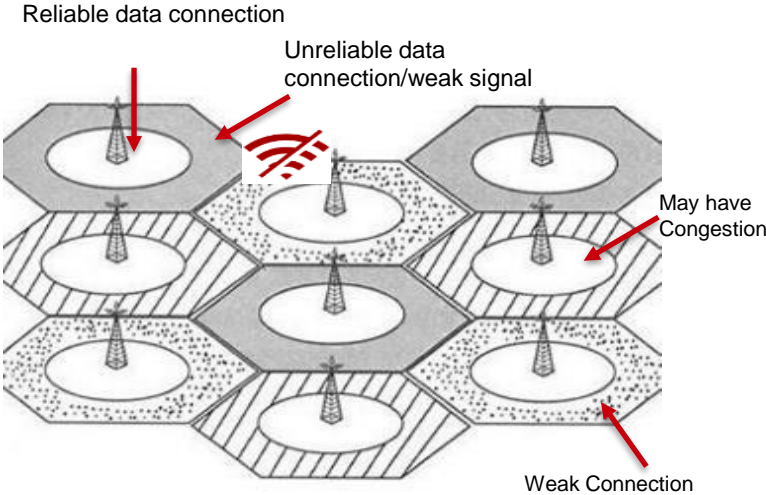


- Best Coverage
- Best Speed
- Best Price
- Flexible Solution
- High Throughput

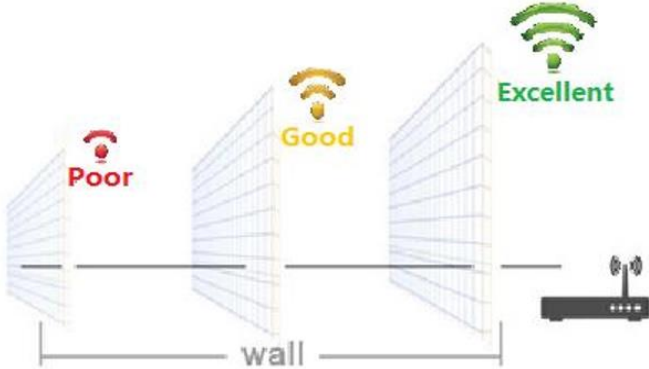
Operators Face Two Major Challenges: Coverage and Congestion

(Nasdaq: UCL)

Challenges for Mobile Network Operators



Unreliable Indoor Wi-Fi Coverage

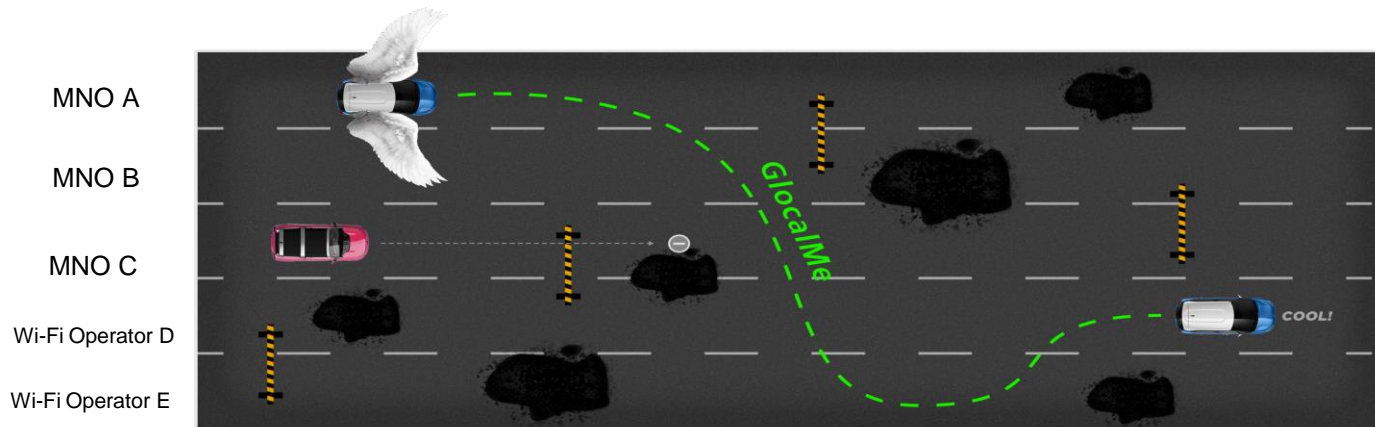


- **Poor coverage**
- **May easily have congestion**
- **Capital Intensive** for MNOs



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

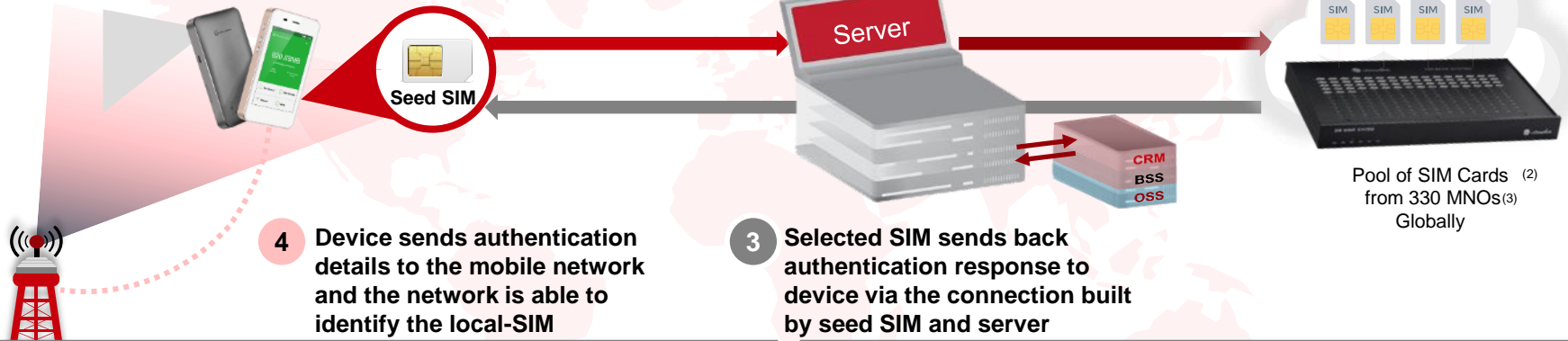
Server identifies SIM in the SIM pool with the optimal connectivity service

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 September 30, 2022, with 125 patents approved and 52 patents pending approval, globally
- 2. As of September 30, 2022, among these SIM cards, c.28% are owned by the Company with remaining SIMs owned by our business partners
- 3. As of September 30, 2022

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 third 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 September 30, 2022

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

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



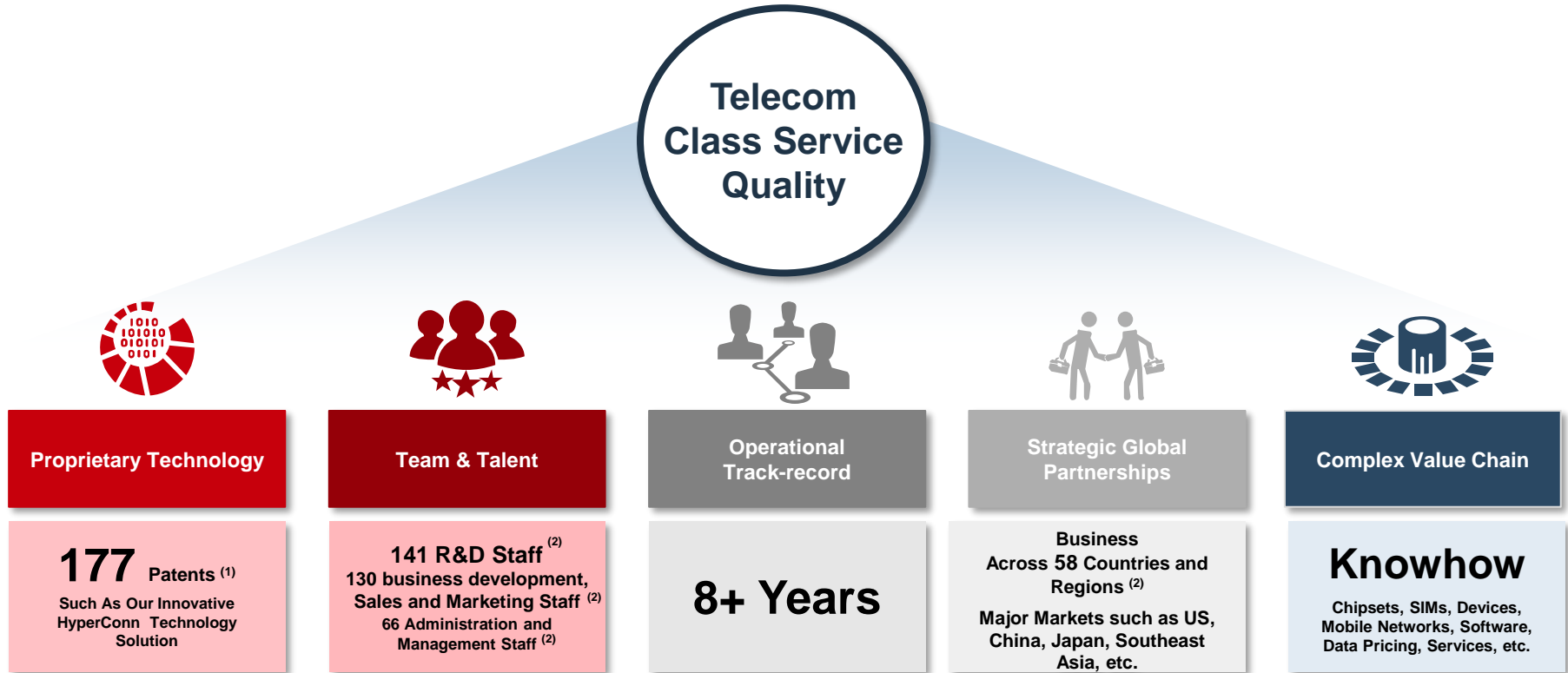
Gateway to **Digital Mobile Ecosystem** offering opportunities for VAS deployments

*Finalized prototype APP in 2019



Unique Business Model with High Barriers to Entry

(Nasdaq: UCL)



Notes:

1. As of September 30, 2022 with 125 patents approved and 52 patents pending approval, globally

2. As of September 30, 2022

uCloudlink 1.0: International Data Connectivity Services

- **Innovative Global 5G Solution** incorporates high-quality, low-latency roaming tech
- **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
- SIM card Pool includes SIM cards from **330 MNOs globally**

- **Gradual recovery in our international data connectivity services** with 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

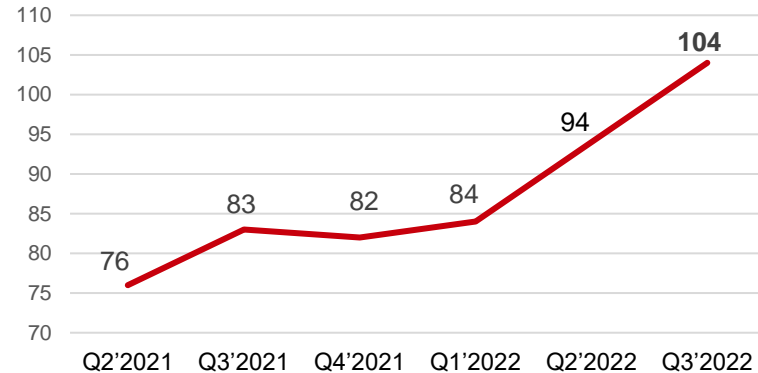
Monetization Model:

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

1.0 Average daily active terminals (In thousands)

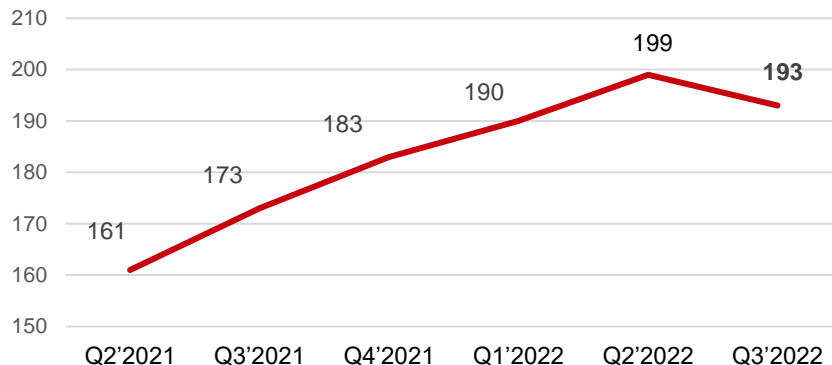


uCloudlink 2.0: Local Data Connectivity Services

- **Post-pandemic “New Normal”**, supporting remote work and learning which require reliable connectivity
- **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, Power, emergency services and Autopilot, etc.
- 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
- **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
- Cooperation with Intelligent hardware manufacturers with **GlocalMe Inside (GMI)**

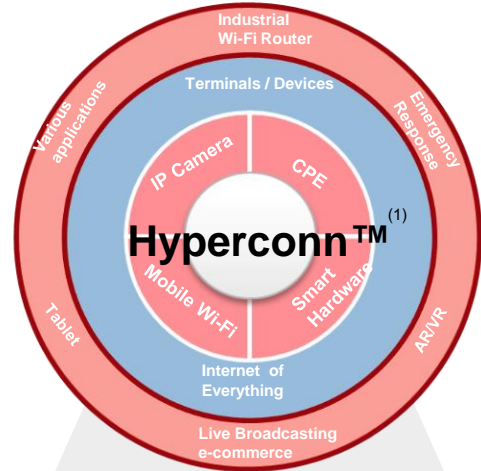
- **HyperConn technology** supports the further development and growth of our uCloudlink 2.0 Business, solutions and HyperConn enabled products now widely accepted by MNOs & business partners in various industries in China, US and Japan

2.0 Average daily active terminals
(In thousands)

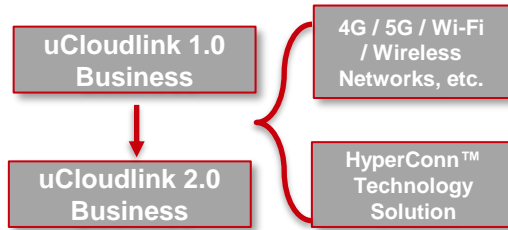


HyperConn™ Enabled Innovative Products and Services

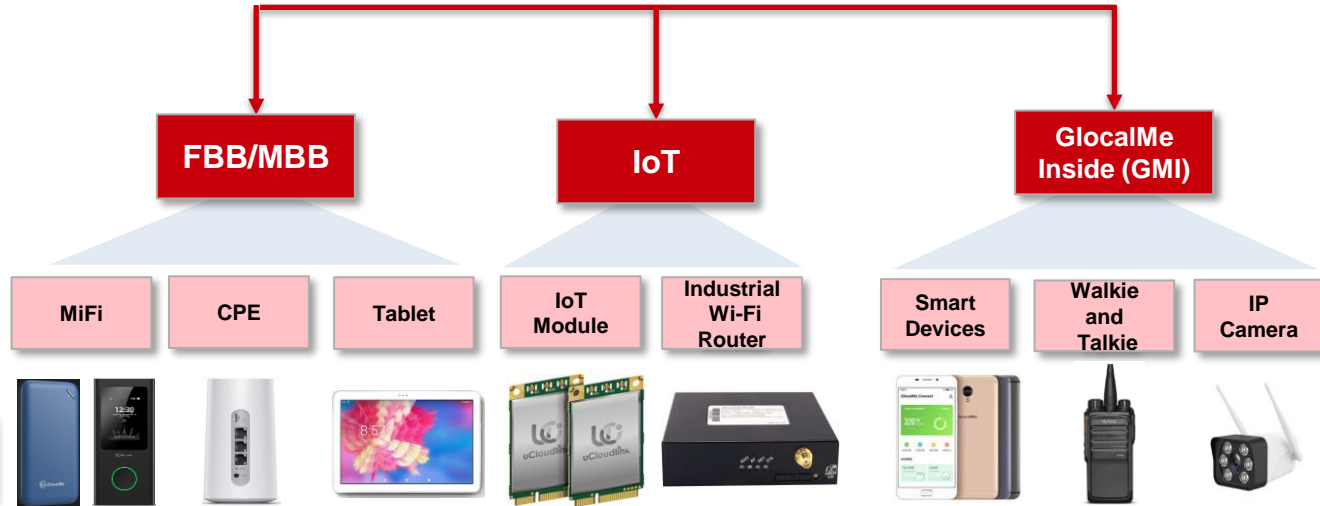
(Nasdaq: UCL)



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 devices.



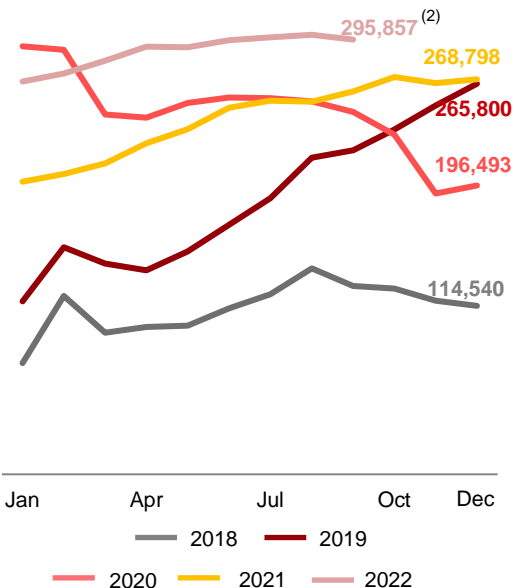
Q3 2022 Operating Highlights

Our Business Performance and Operating Highlights

(Nasdaq: UCL)

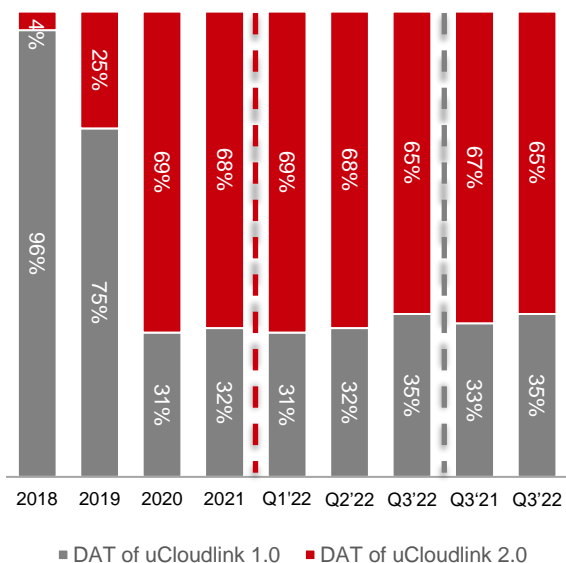
Daily Active Terminals (DAT) ⁽¹⁾

Terminals



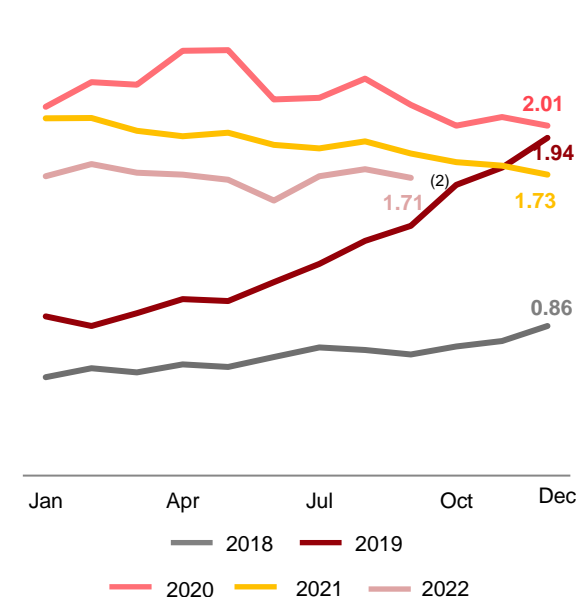
DAT Breakdown by uCloudlink 1.0 vs. 2.0 ⁽¹⁾

Strong uCloudlink 2.0 User Adoption



Daily Data Usage per Terminal ⁽¹⁾

GB



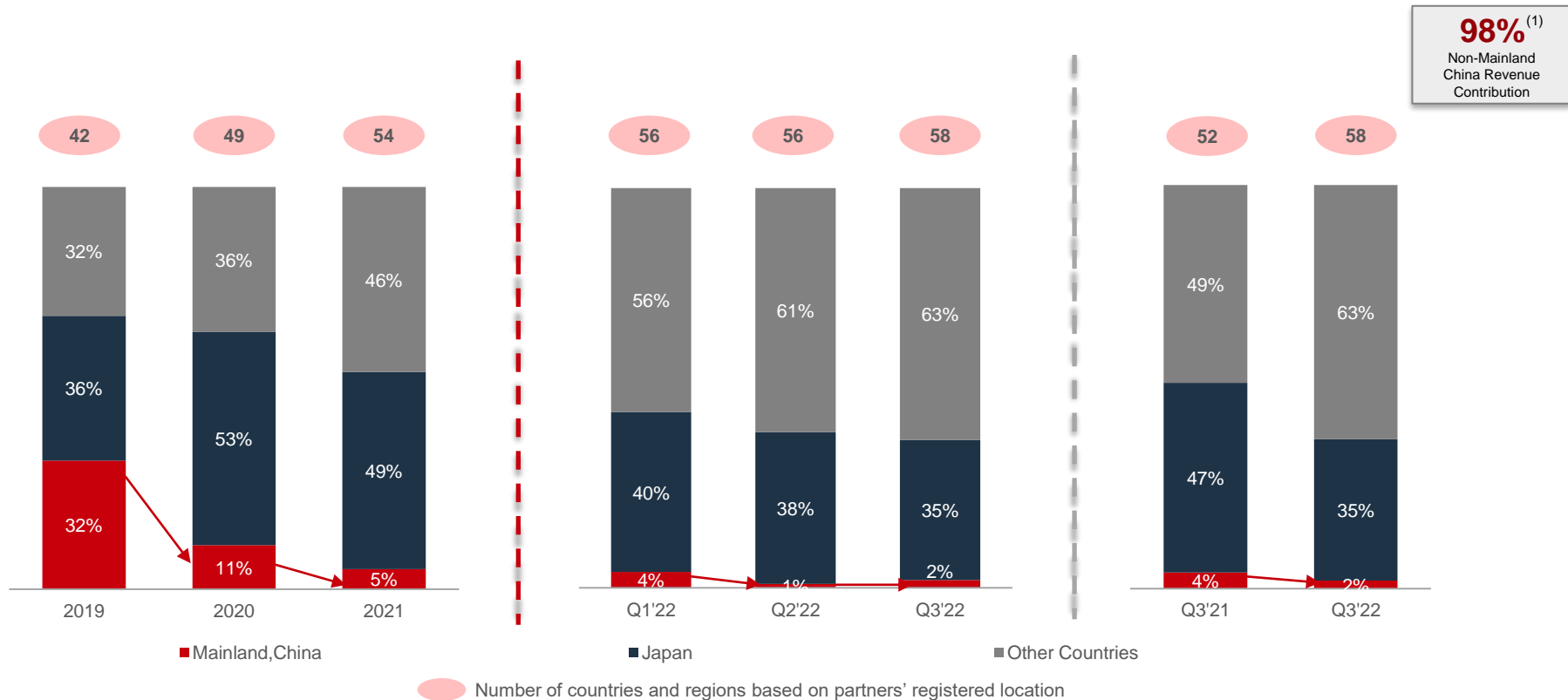
Note:

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 September 2022

Our Business and Revenue Are Increasingly Diversified Globally

(Nasdaq: UCL)



Note: 1. In Q3 2022

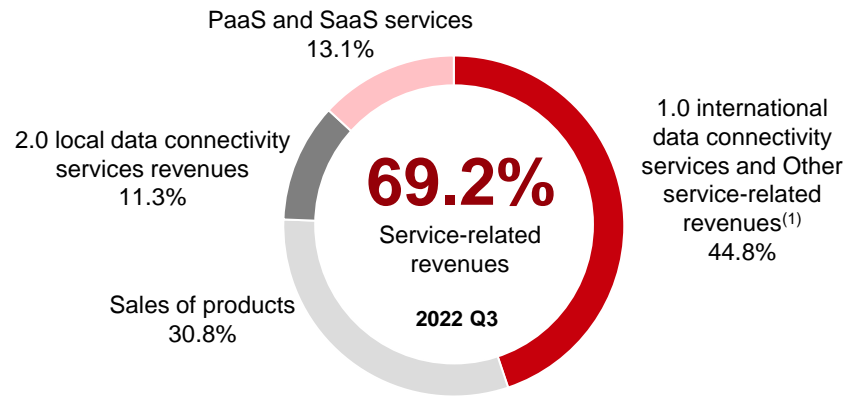
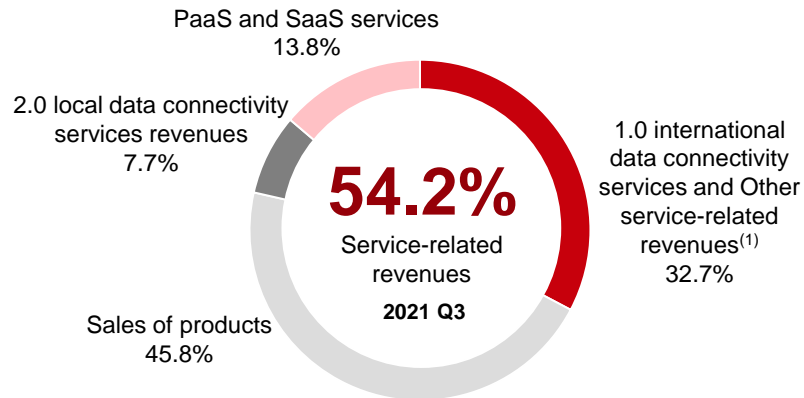


Q3 2022 Financial Highlights

Percentage of Our Service-Related Revenues and COVID-19 Impact

(Nasdaq: UCL)

Revenue segmentation based on product & services



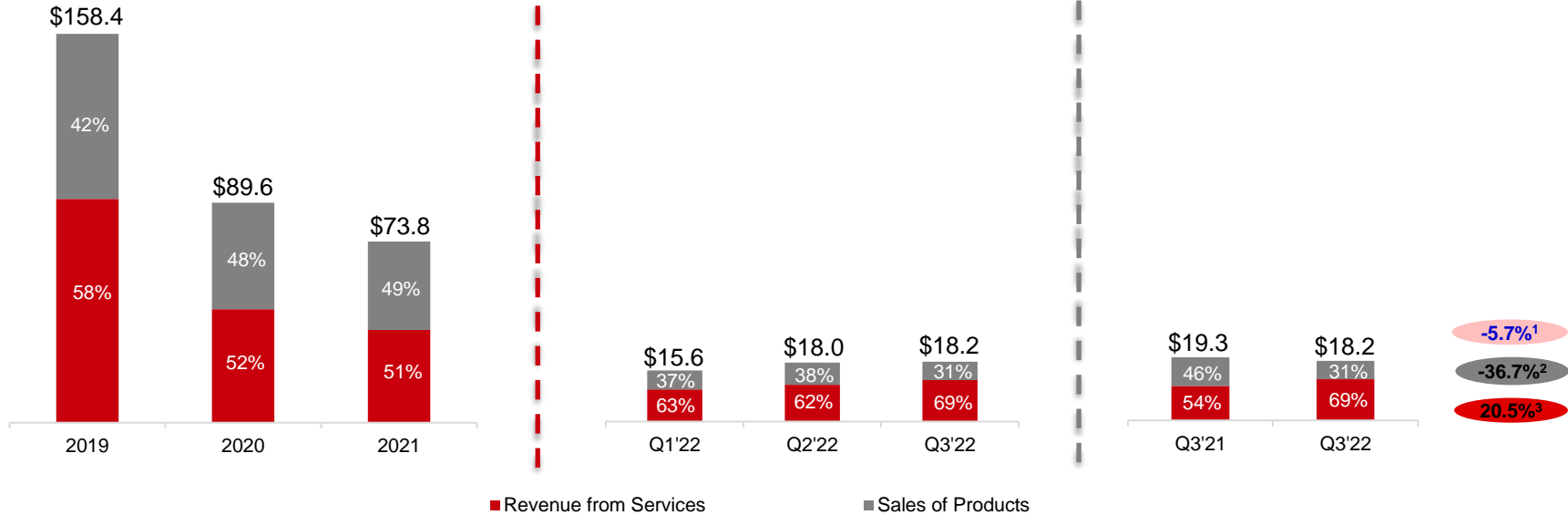
Note:

1. Other service-related revenues includes revenues from others

Revenue Breakdown By Our Two Business Segments

(Nasdaq: UCL)

Revenue, US\$MM



-5.7%¹
 -36.7%²
 20.5%³

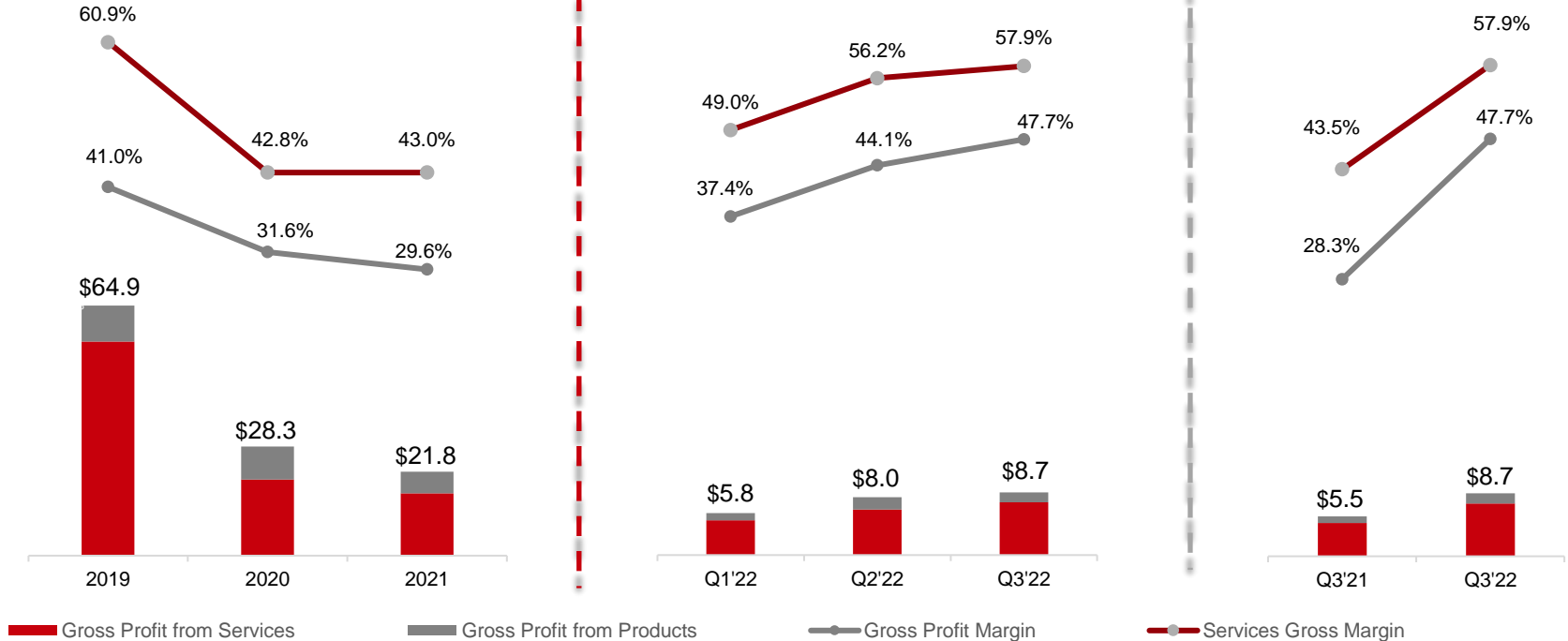
1. Q3 Total Revenue Year-over-Year growth
2. Q3 Sales of Products Year-over-Year growth
3. Q3 Revenue from Services Year-over-Year growth

Higher Service Gross Margin Over Overall Gross Margin

(Nasdaq: UCL)

Gross Profit US\$MM

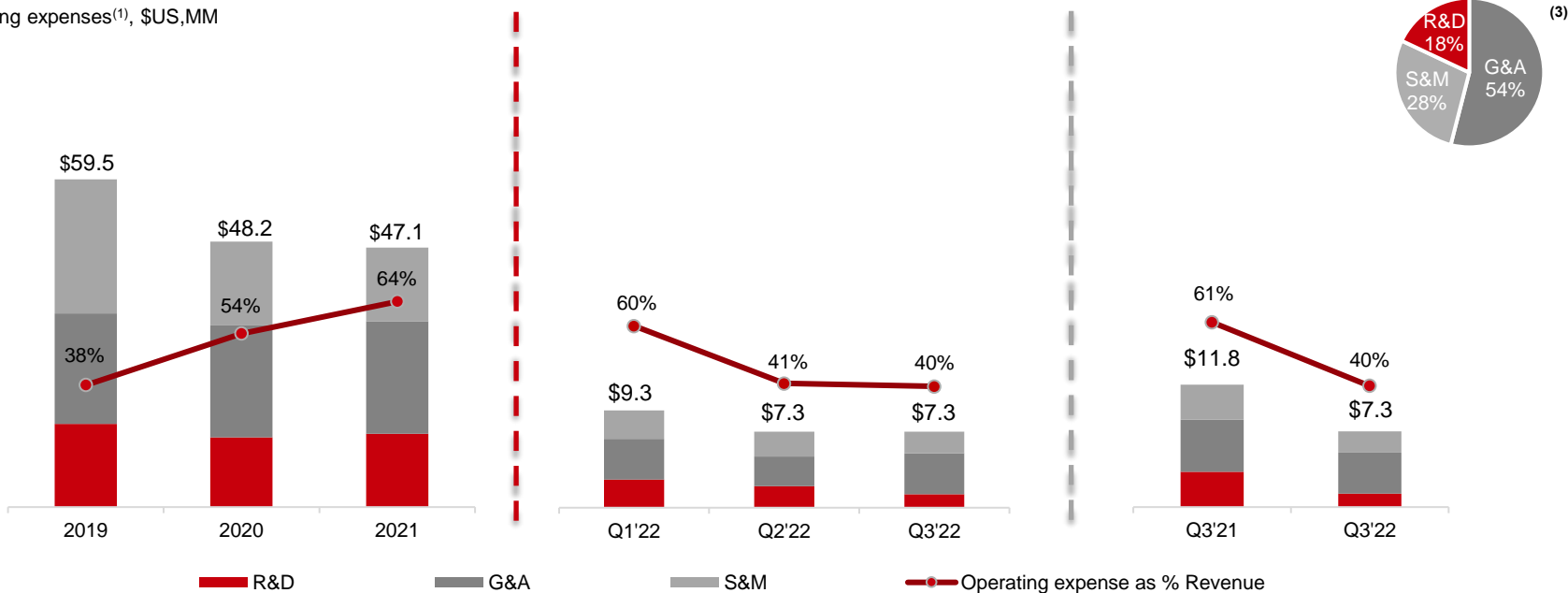
Gross margin



Improvement of Business Operational Efficiency

(Nasdaq: UCL)

Operating expenses⁽¹⁾, \$US,MM



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

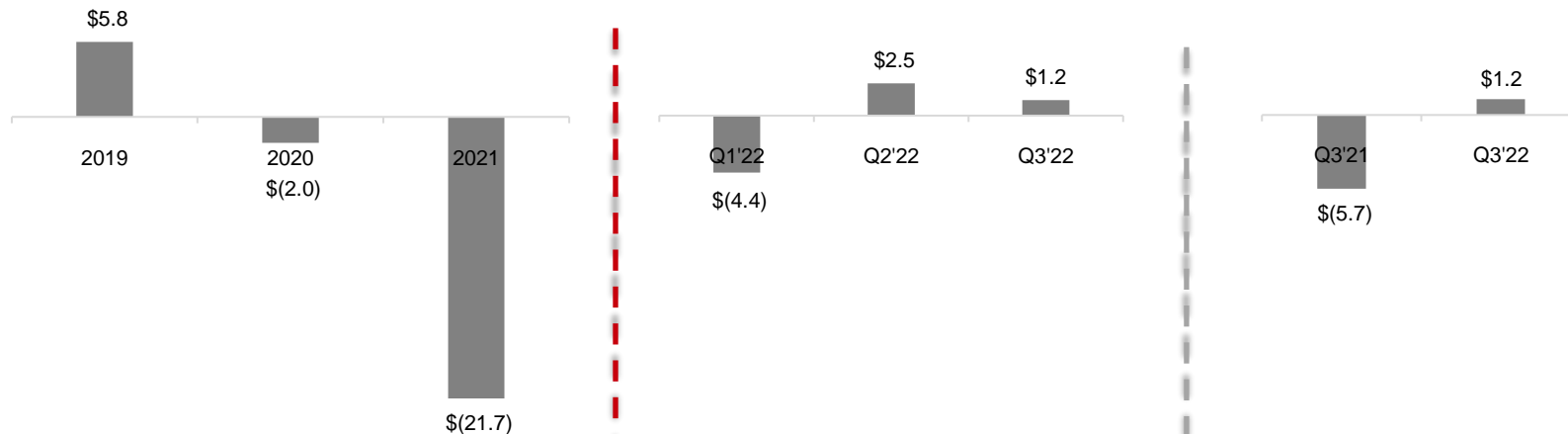
Note:

1. Operating Expenses excluding share-based compensation
2. As of September 30, 2022
3. Operating Expenses Breakdown Pie Chart is specifically for 2022Q3

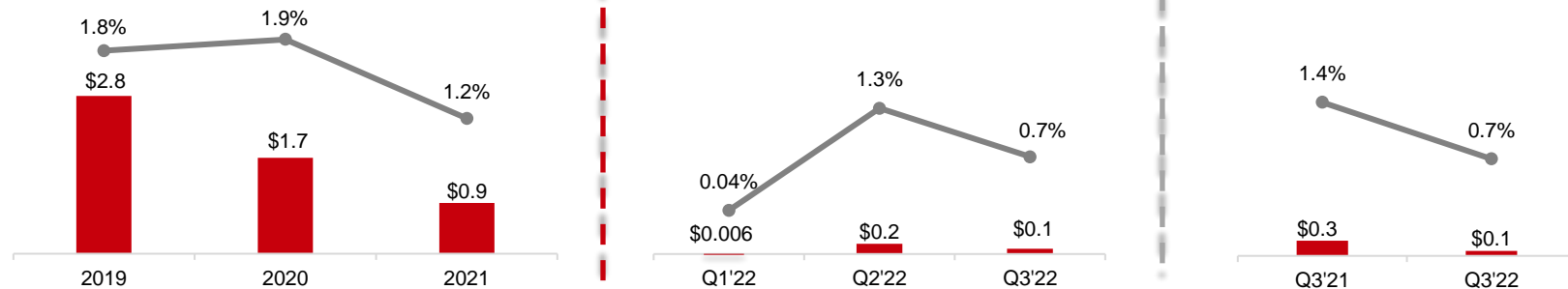
Asset Light Business Model

(Nasdaq: UCL)

Operating Cash Flow, \$US,MM



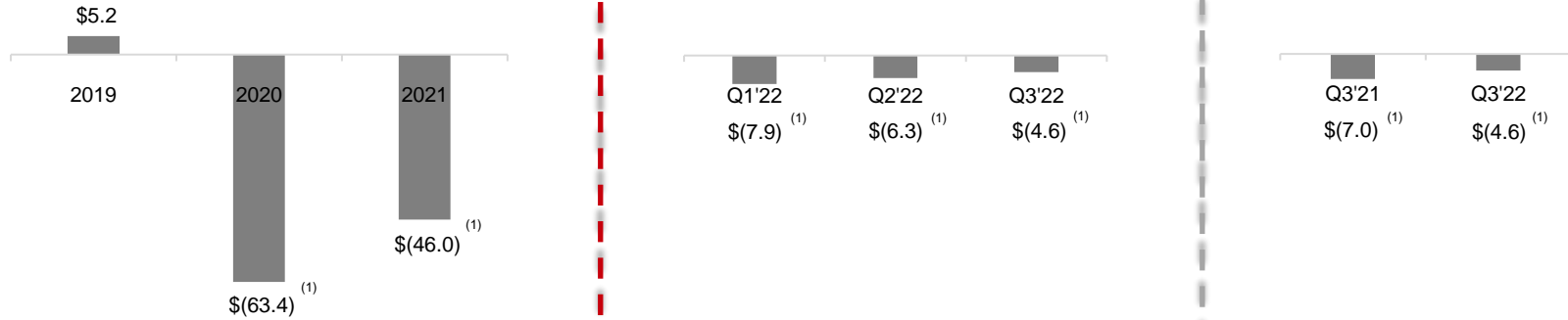
CAPEX, \$US,MM



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 and US\$8.8 million in 2021, US\$0.8 million in Q3 2021, US\$ 0.7million in Q1 2022, US\$ 1.0 million in Q2 2022 and US\$ 0.6 million in Q3 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 September 30, 2022
ASSETS		
Current assets		
Cash and cash equivalents	7,868	12,348
Short-term deposit	196	195
Accounts receivable, net	14,923	12,338
Inventories	6,133	4,129
Prepayments and other current assets	6,225	4,555
Other investments	12,587	13,288
Amounts due from related parties	1,153	288
Total current assets	49,085	47,141
Non-current assets		
Prepayments	1,310	802
Long-term investments	1,867	1,751
Other investments	12,058	-
Property and equipment, net	1,796	1,302
Intangible assets, net	1,009	806
Total non-current assets	18,040	4,661
TOTAL ASSETS	67,125	51,802
LIABILITIES		
Current liabilities		
Short term borrowings	3,177	4,597
Accrued expenses and other liabilities	27,580	23,259
Accounts payable	12,986	8,811
Amounts due to related parties	1,453	1,468
Contract liabilities	1,575	1,171
Convertible promissory notes	-	1,411
Financial derivative instrument	-	228
Total current liabilities	46,771	40,945
Non-current liabilities		
Other non-current liabilities	262	219
Total non-current liabilities	262	219
TOTAL LIABILITIES	47,033	41,164
SHAREHOLDERS' EQUITY		
Class A ordinary shares	8	11
Class B ordinary shares	6	6
Additional paid-in capital	230,048	235,556
Accumulated other comprehensive (loss)/income	(446)	3,389
Accumulated losses	(209,524)	(228,324)
TOTAL SHAREHOLDERS' EQUITY	20,092	10,638
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	67,125	51,802

Appendix – Financial Statement

(Nasdaq: UCL)

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

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022
Revenues	19,322	18,213	56,256	51,850
Revenues from services	10,467	12,608	28,177	33,692
Sales of products	8,855	5,605	28,079	18,158
Cost of revenues	(13,861)	(9,531)	(39,861)	(29,378)
Cost of services	(5,910)	(5,309)	(16,370)	(15,256)
Cost of products sold	(7,951)	(4,222)	(23,491)	(14,122)
Gross profit	5,461	8,682	16,395	22,472
Research and development expenses	(3,499)	(1,476)	(10,338)	(6,577)
Sales and marketing expenses	(3,080)	(2,135)	(10,296)	(7,425)
General and administrative expenses	(6,062)	(4,295)	(23,108)	(12,283)
Other income/(expense), net	196	(5,523)	(3,182)	(14,299)
Loss from operations	(6,984)	(4,747)	(30,529)	(18,112)
Interest income	3	3	12	8
Interest expenses	(54)	(27)	(143)	(373)
Amortization of beneficial conversion feature	-	220	-	(236)
Loss before income tax	(7,035)	(4,551)	(30,660)	(18,713)
Income tax credit/(expense)	-	(39)	4	(158)
Share of (profit)/loss in equity method investment, net of tax	60	(6)	113	71
Net loss	(6,975)	(4,596)	(30,543)	(18,800)
Attributable to:				
Equity holders of the Company	(6,975)	(4,596)	(30,543)	(18,800)
Loss per share for Class A and Class B ordinary shares				
Basic	(0.02)	(0.02)	(0.11)	(0.06)
Diluted	(0.02)	(0.02)	(0.11)	(0.06)
Loss per ADS (10 Class A shares equal to 1 ADS)				
Basic	(0.25)	(0.15)	(1.08)	(0.64)
Diluted	(0.25)	(0.15)	(1.08)	(0.64)
Shares used in loss per Class A and Class B ordinary share computation:				
Basic	283,940,191	305,261,095	283,321,967	294,781,350
Diluted	283,940,191	305,261,095	283,321,967	294,781,350
Net loss	(6,975)	(4,596)	(30,543)	(18,800)
Other comprehensive loss, net of tax				
Foreign currency translation adjustment	(392)	2,003	40	3,835
Total comprehensive loss	(7,367)	(2,593)	(30,503)	(14,965)

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 higher than 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

A red, slanted rectangular banner containing the text 'Thank you' in a white, italicized serif font.

Thank you