

Q1 2021 Presentation Script

Operator: Good morning and good evening ladies and gentlemen, thank you for standing by and welcome to uCloudlink Group Inc. first quarter 2021 Earnings Conference Call. At this time, all participants are in a listen-only mode. After prepared remarks by the management team, there will be a question-and-answer session. Today's conference call is being recorded. I would now like to turn the call over to your host today, Mr. Bob Shen, Deputy Investor Relations Director of the company. Please go ahead.

01 Opening (Presenter: Bob Shen)

Thanks everyone for joining us on our first quarter 2021 earnings call today. The earnings release is now available on our IR website at <https://ir.ucloudlink.com> as well as via newswire services. Here I give a brief introduction to our uCloudlink team.

- Zhiping Peng, is our co-founder and chairman of board of directors.
- Chaohui Chen is our co-founder, director and chief executive officer.
- Zhigang Du, is our director and chief operating officer.
- Yimeng Shi is our chief financial officer.
- Xinquan Xu is our chief sales officer.

Our CEO will begin with an overview of our company and business highlights, which will cover Section 1 of the earnings presentation posted on our IR website. And then our CFO Yimeng Shi will discuss our operation highlights and financial results in Section 2 and Section 3.

Before we proceed, please note that this call may contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and observations that involve known and unknown risks, uncertainties and other factors not under the company's control, which may cause actual results, performance or achievements of the company to be materially different from the results, performance or expectations implied by these forward-looking statements.

All forward-looking statements are expressly qualified in their entirety by the cautionary statements, risk factors and details of the company's filings with the SEC. The company does not assume any obligation to revise or update any forward-looking statements as a result of new information, future events, changes in market conditions or otherwise, except as required by law.

Please also note that uCloudlink's earnings press release and this conference call include discussions of unaudited GAAP financial information as well as unaudited non-GAAP financial measures. uCloudlink's press release contains a reconciliation of the unaudited non-GAAP measures to the unaudited most directly comparable GAAP measures.

I will now turn the call over to our co-founder and CEO, Mr. Chaohui Chen. Please go ahead.

02 Company Overview (Presenter: Chaohui Chen)

There are similar contents as the earnings presentation of the fourth quarter of 2020, I will focus on Page 8, 9 and our recent development on Page 14.

Page 4 Vision and Mission

Thanks everyone, let us turn to **Page 4** of the earnings presentation which shows our vision and mission.

We are the world's first and leading mobile data traffic sharing marketplace with advanced cloud SIM technology which enables consumers to enjoy superior connections on any available network at any time. We also enable partners to be an over the top carrier worldwide solving coverage, roaming and utilization problems. We are the pioneer of introducing the sharing economy business model into the telecommunications industry, creating a marketplace for mobile data traffic.

We redefined the mobile data connectivity experience, allowing users to gain access to mobile data traffic allowance shared by network operators on our marketplace. So far, we have aggregated mobile data traffic allowances from 227 mobile network operators (MNOs) in 144 countries and regions in our cloud SIM ecosystem.

Page 5 The World's First and Leading Mobile Data Traffic Sharing Marketplace

Let us move to **Page 5**. The left-hand side of the slide shows the source of data from the market. We simply buy SIM cards from carriers or their partners around the world (we call this "first hand" mobile data). Our system can also utilize the unused data from end users (we call this "second-hand" mobile data). The right-hand side of the slide shows the various users of data in the marketplace. This marketplace enables an end-user's device to connect to any available network at anytime and anywhere. It also enables the carrier to easily share their network capacity, operating business to worldwide users. They can then act as an over the top carrier worldwide to solve roaming, coverage, utilization and other related problems.

Page 6 Innovatively apply "Navigation + Electronic Toll Pass" Concept to Data Connectivity Services Market

- Help elevate user experience and improve network efficiency

Let us move to Page 6 which shows "navigation + electronic toll pass" concept applied to data connectivity services market.

The white coverage circles on the left hand-side chart are reliable data connection areas and the shadow areas are unreliable data connection. To solve such network connection concern, it is not enough to just construct hardware of network because network coverage requires time, resources and investment. There are always shadow areas with poor network coverage, even if mobile network operators invest in increasing infrastructure such as stations.

The right hand-side chart shows our solution for such problems. Via our cloud SIM technology through our PaaS and SaaS platform, we can help change unreliable data connection to more reliable data connection. Like installing "navigation + electronic toll pass" for traffic, "navigation" can automatically identify network congestion and actively choose the better road and "electronic toll pass" allows users to avoid long queues when switching among mobile networks and intelligently elevate data connectivity user experience.

For example, if one operator has bottleneck of coverage during peak time or less connection signal for certain location, we can use our "navigation" to improve the coverage by intelligently switching to another operator and provide better service coverage to users. Our business enables users and business partners to select and connect to the high-quality mobile network regardless location. Our PaaS/SaaS platform also works like an electronic toll pass that enables fast and efficient operation management and fee collection.

By changing unreliable connection areas to more reliable connection areas, we help elevate users' mobile data connectivity experience and improve overall network efficiency, which also improves carriers' return on investment (ROI). There are great potential of application scenarios such as MNOs' data connection services, education, games, remote working, industrial automation, and autonomous driving, etc. which require better network connection.

Page 7 Our Innovative Cloud SIM Technology Facilitates Data Traffic Marketplace

Let us turn to **Page 7**. Let us take a look at our innovative Cloud SIM technology.

Firstly, users need to pre-install or have a firmware update with our APP on their device or handset. Our App is embedded with a global roaming SIM. We call it "seed SIM." This roaming SIM will enable handsets to build a connection to our server worldwide. Our server will allocate a local SIM in remote side for the handset. We call this "Remote SIM Over the Internet" which is the Cloud SIM. After that, handsets will register with the local carrier network. The local carrier server will finish verification for between the server and the SIM and enable handset using a local mobile data.

Cloud SIM technology allows mobile handsets and terminals to switch operators' network freely, just like an "electronic toll pass". Cloud SIM via PaaS and SaaS platform provides connectivity quality evaluation and intelligent selection across Wi-Fi, 4G, 5G and other types of wireless access. Like "navigation and electronic toll pass", which provides better wireless access network selection with milli-seconds network switching for better access user experience and network efficiency. With cloud SIM technology, we can create a full marketplace including first- hand and second-hand data traffic with massive user base. With Cloud SIM APP, the device or handset can connect to different networks by changing to a different SIM card in remote sites. It simplifies the relationship with carriers, just buy SIM cards from carriers and their channel. Physical SIM card has over 20 years' history and it is secure, reliable, and mature, with very low risk and barrier for SIM card supplement.

Our Cloud SIM technology facilitates a valuable service to both users and carriers. As of March 31, 2021, we had 74 patents approved and 82 patents pending for approval globally.

Page 8 Hyper Connectivity Solution Would Guarantee Network Data Connectivity

Let us move to Page 8. The definition of hyper-connectivity basically includes level one which is the evaluation of connection quality of various wireless-access networks, level two which is network selection and optimization based on cloud SIM technology and level three which is optimizing and acceleration of application routing.

Our hyper-connectivity solution would redefine the mobile network user experience and facilitate data traffic marketplace. Data connectivity user experience is affected by various factors such as signal, interference and routing, bandwidth and delay, and server location. We innovatively applied “Navigation + Electronic Toll Pass” concept over the mobile network to our users and business partners in mobile data connectivity market via our hyper-connectivity technology through PaaS and SaaS platform. We focus on establishing a stable, reliable, safe network connection with security for our business partners and users. uCloudlink's hyper-Connectivity would aim to connect cross networks and technical systems, cross various SIM form factors such as e-SIM and soft-SIM, cross various physical boundaries such as Wi-Fi and various radio technologies etc. by countries and regions. We will achieve the goal by identification, monitoring and optimization to further elevate user experience in the data connectivity market.

Hyper-connectivity technology such as millisecond multi-network reselection technology would provide users' application with better connection experience which helps realize “navigation + electronic toll pass”. Hyper-connectivity solution would guarantee data connectivity and network security. We are a high-tech data connectivity service solution company dedicated to crossing and connecting with all global networks and technical systems, improving the user experience by optimization of all layers including access, routing and application layers. We will also officially release our new hyper-connectivity products and services in the near future.

Page 9 Hyper Connectivity Solution Would Provide Industries and Users with Robust Connection

Let us move to **Page 9.** Our innovative hyper-connectivity solution would provide industries and users with robust network connection (reliable, speed and safe) through PaaS and SaaS platform. We focus on establishing stable, reliable, safe and efficient network connections for our business partners, operators and users which is a fundamental requirement of mobile network connection. Our cloud SIM technology, such as smart multi-network reselection, has developed to the hyper-connectivity technology stage which facilitates the realization of “Navigation + Electronic Toll Pass” across mobile networks.

For industries' application, hyper-connectivity solution is highly compatible with industries requiring high-quality data connectivity such as cargos and logistics, internet of vehicles, autonomous driving, AR/VR, 5G Cloud computing, trains and yachts, emergency response, Power Monitoring, etc. Apart from the telecom industry, we will have more business opportunities in more industries.

For users, hyper-connectivity solution can elevate data connectivity users' experience such as education, remote working, video and entertainment, home broadband, MBB indoor coverage and reliable FBB Wi-Fi coverage, etc. Our innovative hyper-connectivity technology guarantee data connectivity and network security for various industries and users.

Page 10 Multi-network millisecond reselection - The Engine of the 5G Cloud Era

- Multi-network millisecond reselection technology of Cloud SIM - Accelerating the 5G Cloud Era

Let us move to **Page 10** and talk about 5G opportunities for us. 5G is coming and brings massive opportunities to our business. For instance, in its early stage, 5G coverage and infrastructure are not fully sufficient and there are significant incremental capex requirements related to spectrum and network equipment and infrastructure. We are dedicated to R&D investment related to 5G and our recent launch of multi-network millisecond reselection technology of Cloud SIM is like the engine and accelerator which accelerate the 5G Cloud Era.

Also, our 5G-ready cloud SIM platform offers a ready-to-use solution for MNOs and smartphone manufacturers that enables roaming-free inter-carrier 5G network access domestically and internationally. As network operators start to roll-out 5G networks, mobile data traffic sharing between MNOs, via our cloud SIM architecture, can reduce capital spending and roaming agreements negotiation costs, ensuring low network latency for end users and expansive network coverage.

Page 11 The Evolution of Cloud SIM Business Models

Let us move to Page 11 which shows the evolution of our Cloud SIM business models.

At Stage 1, it is B2C retail. We have proven the technology and proven the business model is successful and profitable. We were the largest portable Wi-Fi service provider for international roaming for Chinese outbound travelers in 2018, according to Frost & Sullivan. We provide superior data connectivity services to end-users backed by our PaaS and SaaS platform.

Stage 2 is B2B2C wholesale, where we can work with partners in different countries to use their brand while copying our business model. It is faster than expanding by ourselves and requires less spending. Our business partners can also manage their business and provide better services to their users via our PaaS and SaaS platform, SaaS application includes data management, terminal management, terminal rental and sales, and customer management system, etc.

For Stage 3, PaaS and SaaS platform (with various business models): Our business partners can rely on our PaaS and SaaS platform for SIM and data traffic management, and focus on sales and marketing, which will facilitate and consolidate a full marketplace of customer and business partner resources on our platform. Our advanced PaaS and SaaS platform can optimize the utilization efficiency of the SIM card pool and improve the algorithms for better network quality with the improvement for OTT management capabilities. Further to stage 1 and stage 2, our PaaS and SaaS platform can provide business partners with more strengthened services via our hyper-connectivity technology such as data management, terminal management, sales and rental of terminals and

customers management system to further facilitate our end-users which includes various business models such as C2C/C2B2C/B2B2C.

Page 12 Clear Growth Strategies Across Business Models

Page 12 shows our three growth strategies. uCloudlink 1.0 (“uCloudlink 1.0 international data connectivity services”) focuses on cross border travelers and it has stable profitability, increasing its penetration and market share by launching more channels, in more countries, with more GMI and providing better service quality than other roaming technologies.

uCloudlink 2.0 (“uCloudlink 2.0 local data connectivity services”) focuses on local residents and solves challenges between carriers. It has started gaining fast growth to become a huge volume user number company. We are developing GMI with handset vendors, building local operation successfully with local partners and catching local mobile broadband and IOT GMI opportunities.

uCloudlink 3.0 is in trials which is technologically ready.

Page 13 Cloud SIM Technology Through PaaS and SaaS Platform Could Help Mobile Network Operators Decrease Churn Rate

Let us move to Page 13 which shows that our cloud SIM technology through PaaS and SaaS platform could help mobile network operators (MNOs) decrease their churn rate.

The quality of mobile data connectivity is the major factor which influence user’s switching mobile network operators. For example, according to public information quoting China Academy of Information and Communications Technology (CAICT)’s research, main reasons for China users’ mobile number portability (switch mobile network operators) are seeking better coverage, cheaper pricing and better data package. According to public information, certain mobile network operator in Mainland China had a net loss of over 10 million mobile network subscribers during 2020.

As mentioned above, it always has shadow areas of unreliable connection and it cannot be fully solved by MNOs. We can elevate user experience such as operators’ unreliable connection and no connection areas to more reliable connection services level, which helps avoid the loss of such mobile network subscribers.

With the cloud SIM technology through our PaaS and SaaS platform, such as the recent launch of our smart multi-network reselection technology could facilitate MNOs improving network coverage and efficiency and elevate their services to users which would help reduce Churn rate, bringing add-on value to carriers to meet user’s requirement for better mobile data connection. By alliance with MNOs and cooperation with mobile handsets manufacturers globally, we expect high growth potential in the data connectivity services market.

Page 14 Strategic Development and 5G Opportunities of Our Business

Let us move to **Page 14** which is the most important page, which shows the progress of the first quarter of 2021 and updates the change we made.

Despite the lingering impact from the COVID-19 pandemic, we recorded a uplifted revenue of US\$17.7 million during the first quarter of 2021 versus the fourth quarter of 2020, in line with our quarterly budget. The launch of 5G related products and services, multi-network millisecond reselection technology and hyper-connectivity solution allows “Navigation + Electronic Toll Pass” to elevate users’ experience with better data connection and facilitate us to enter and expand to new industries requiring high-quality data connectivity such as education, remote working and video, internet of vehicle, emergency response, electronic power monitoring and surveillance industries. We expect that the technologies would help us acquire more users, establish cooperation with more MNOs and MVNOs and expand PaaS and SaaS ecosystem.

In the Chinese market, we made progress through hyper-connectivity solution with mobile and fixed broadband businesses (MBB+FBB) under various application scenarios such as home broadband and received positive feedback of our 5G/4G millisecond multi-network reselection technology. In the Japanese market, we formed new alliance with one of the mobile network operators (MNOs) and plan to cooperate with business partners in education industry, which we believe will contribute to our continuous growth momentum. In the US market, we had fast growth and recorded a high sale of GlocalMe mobile Wi-Fi hotspots via Amazon for the past 12 months ending in March 2021. After winning the patent litigation and excluding patent related interference, we will apply all our innovative technologies in the United States such as 5G millisecond multi-network reselection and hyper-connectivity solution. In Europe, we invested in iQsim, the leading provider of open virtual SIM (VSIM) platform and VSIM-enabled mobile devices based in France, which is an important component of our global investment. We will also officially release our new hyper-connectivity products and services in the near future and are proactively exploring opportunities in new industries such as internet of vehicle and education.

We expect that widespread vaccination will continue to increase recovery of cross-border activities and international tourism which we expect will benefit our 1.0 business. Leveraging our innovative technologies, we will continuously develop our 2.0 business and various IoT application scenarios with new industries which require high-quality data connectivity.

I will now turn it over to our CFO Yimeng Shi who will go through the business and financial highlights’ section.

03 Business Highlights (Presenter: Yimeng Shi)

Page 16 Our Business Performance and Operating Highlights

Thank you, Mr. Chen. Hello everyone. Let us turn to **Page 16** for our business highlights. The data for the first quarter of 2021 shows that the impact from COVID-19 is becoming stable. The left-hand side of the slide shows Daily Active Terminals (DAT) as of March 31 2021.

Our uCloudlink 2.0 service accounted for around 66% of total DAT during the first quarter of 2021. Average daily data usage per terminal was 1.98 GB in March 2021.

Page 17 Our Business and Revenue are increasingly Diversified Globally

Let us turn to **Page 17** which shows global diversification of our business. Mainland China's revenue as a percentage of total revenue increased to 6% during the first quarter of 2021 compared to 5% during the fourth quarter of 2020 and we had 94% of total revenue from outside mainland China. During the first quarter 2021, Japan contributed to 58% of total revenue and continued to be the single largest market for our business. For other countries' revenue, the US market had the largest contribution to our business. During the first quarter of 2020, we had 19% of total revenue coming from Mainland China, 53% of total revenue coming from Japan and 28% of total revenue coming from other countries and regions.

04 Financial Highlights (Presenter: Yimeng Shi)

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

Let us turn to **Page 19**

I will go through our financial highlights of the first quarter of 2021.

Service-related revenue as a percentage of total revenue decreased from 52.0% in the first quarter of 2020 to 47.4% during the first quarter of 2021. The development of our local data connectivity services business through our PaaS and SaaS platform contributed to the demand of sales of products.

Revenues from PaaS and SaaS services increased 18.3% from US\$1.9 million in the first quarter of 2020 to US\$2.3 million in the first quarter of 2021. This increase was primarily due to the increase of our business partners that use our PaaS and SaaS services to provide local data connectivity services. Revenues from PaaS and SaaS as a percentage of total revenue increased to 13% during the first quarter of 2021.

Page 20 Revenue Breakdown by Our Two Business Segments

Let us move to **Page 20** which shows the revenue breakdown of our two business segments, namely revenue from services and sales of products. During the first quarter of 2021, revenue from services and sales of products accounted for 47.4% and 52.6% of total revenue, respectively. Our total revenue decreased by 47.2% from US\$33.5 million in the three months ended March 31 2020 to US\$17.7 million in the three months ended March 31 2021. Revenue from services were US\$8.4 million, representing a decrease of 51.9% from US\$17.4 million for the same period of 2020. This decrease was primarily attributable to the decrease in revenues from international and local data connectivity services to certain extent, mainly because of the continuous and prolonged impact of COVID-19 pandemic. Our total revenue increased 3.9% compared to US\$17.0 million in the fourth quarter of 2020.

Page 21 Higher Service Gross Margin Over Overall Gross Margin

Let us turn to **Page 21** for gross margin of our business. Our services gross margin and overall gross margin were decreased to 35.9% and 31.3% in the first quarter of 2021 compared to 51.1% and 35.3% during the first quarter of 2020 respectively.

The COVID-19 pandemic impacted our services gross margin during the first quarter of 2021 and our overall gross margin was relatively stable during the past three quarters.

Page 22 Controlled Operating Expense During Pandemic of COVID-19

Let us move to **Page 22** which shows the breakdown of our operating expense, excluding share-based compensation and others. Excluding share-based compensation, operating expense as a percentage of total revenue decreased from 83% to 71% during the first quarter of 2021 compared with the fourth quarter of 2020. Also, R&D expense as a percentage of total operating expense increased to 29% during the first quarter of 2021 compared to 27% during the fourth quarter of 2020.

G&A expense accounted for 47% of total operating expense, which consists of expenses like professional service charge.

Page 23 Asset Light Business Model with Normal Cash Flow

Let us turn to **Page 23** Operating cash flow was negative US\$6.7 million during the first quarter of 2021 compared to positive US\$6.7 million during the first quarter of 2020. Our cash flow was normal with sufficient cash and cash equivalents as at March 31 2021.

Our CAPEX was US\$0.1 million during the first quarter of 2021 compared to US\$1.0 million during the first quarter of 2020.

CAPEX as a percentage of total revenue decreased from 3.0% during the first quarter of 2020 to 0.6% during the first quarter of 2021.

Page 24 Net Income & Adjusted EBITDA

Let us move to **Page 24** Net income during the first quarter of 2021 was negative US\$15.4 million compared to positive US\$0.2 million during the first quarter of 2020. Adjusted EBITDA was negative US\$6.7 million during the first quarter of 2021 compare to positive US\$1.0 million during the first quarter of 2020.

With that let me conclude today's presentation. Thank you and we start our Q&A session.

05 Q&A Session

[Standard Q&A instruction] + For the benefit of all participants on today's call, if you wish to ask your question to management in Chinese, please immediately repeat your question in English.

[After Q&A]

Operator: As there are no further questions, now, I'd like to turn the call back over to management for closing remarks.

Bob Shen:

Thank you once again for joining us today. If you have further questions, please feel free to contact uCloudlink's investor relations through the contact information provided on our website or TPG Investor Relations.

Operator: This concludes the earnings conference call. You may now disconnect your line. Thank you.