

Q4 and Full Year 2020 Presentation Script

Operator: Good morning and good evening ladies and gentlemen, thank you for standing by and welcome to uCloudlink Group Inc. fourth quarter and full year 2020 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 fourth quarter and full year 2020 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 third quarter of 2020, I will focus on Page 6, 9, 11, 12 and 13.

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 209 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 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 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 Smart Multi-Network Reselection– The Engine of the 5G Cloud Era

- Smart multi-network reselection technology of Cloud SIM - Accelerating the 5G Cloud Era

Let us move to **Page 7** 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 smart multi-network reselection technology of Cloud SIM is like 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 8 The Evolution of Cloud SIM Business Models

Let us move to Page 8 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 9 Our Innovative Cloud SIM Technology- Hyper Connectivity Facilitates Data Traffic Marketplace

Let us turn to **Page 9**. 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 sever 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 “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.

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. Such hyper-connectivity solution would make users’ application get better connection experience which helps realize “navigation + electronic toll pass”.

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, 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 all networks and technical systems, cross various SIM form factors such as e-SIM and soft-SIM, cross various physical media 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.

Our Cloud SIM technology facilitates a valuable service to both users and carriers. As of December 31, 2020, we have 74 patents approved and 79 patents pending for approval globally.

Page 10 Clear Growth Strategies Across Business Models

Page 10 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 11 Cloud SIM Technology Through PaaS and SaaS Platform Could Help Mobile Network Operators Decrease Churn Rate

Let us move to Page 11 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 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 12 Strategic Development and 5G Opportunities of Our Business

Let us move to **Page 12**, which is the most important page, which shows the progress of the fourth quarter of 2020 and updates the change we made.

Despite 2020 being a challenging year, we demonstrated resilience and agility amidst uncertainties during the COVID-19 pandemic, culminating in fourth quarter revenue of US\$17.0 million, in line with our quarterly budget. In the Chinese market, the establishment of a strategic partnership with Shenzhen Branch of China United Network Communications Group Co., Ltd. was an important development for our local business which we expect will help us broaden our user base more quickly and efficiently. We further invested in Beijing Huaxiang Lianxin Technology Co., Ltd. which is one of the licensed mobile virtual network operators (MVNOs) in Mainland China. As we look to proactively expand and enhance our PaaS and SaaS platform ecosystem and join new industry business partners in various aspects of IoT applications, we signed a milestone strategic cooperation framework agreement with China Vehicle Interconnected Transport Capacity Technology Co., Ltd. ("CVITC").

In the Japanese market, we cooperated with numerous partners and mobile network operators (MNOs), such as NTT, to further develop local mobile broadband services and strengthen our existing relationships, which contributed to continuous growth momentum. In US and European markets, we optimized our websites to enhance our GlocalMe brand e-commerce efforts as a part of our global expansion strategy. The recent launch of three GlocalMe products represents our efforts to offer more wide-ranging solutions in order to connect users worldwide. In the US, our GlocalMe brand had a 100% uptick in its traffic to its local e-commerce site and set a new record high of monthly registered users in its APP during the fourth quarter of 2020. We expect that widespread vaccination will help cross-border activities and international tourism recover, creating more new growth opportunities in 2021 with, for example, our uCloudlink 2.0 business.

Looking ahead, we continue to focus on user experience and one way we are developing it is through our "Navigation + Electronic Toll Pass" services over mobile network via our hyper-connectivity technology through PaaS and SaaS platform. We are also looking to capture additional business opportunities, such as MNOs' mobile broadband, improving network coverage for carriers and also elevating user experience. In addition, we are targeting opportunities related to network management, such as remote working and education and 5G opportunities for products and services. Our Cloud SIM technology, such as smart multi-network reselection technology which reduces network crossing time to milliseconds, is an accelerator of 5G cloud application and already for commercial use. We believe our technology is highly compatible with various application scenarios where high-quality connection is necessary, for example, internet of vehicles, autonomous driving, AR and VR, cargos and logistics and cloud computing. With "hyper-connectivity," we are 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 expect all above opportunities will further expand our PaaS and SaaS ecosystem. We will continue to form alliances

and strengthen cooperation with MNOs, MVNOs and business partners globally to establish the leading technological position of our PaaS and SaaS platform during the 5G cloud era.

Page 13 New Appointment of Chief Supply Chain Officer and Restructure of Senior Management

Let us turn to Page 13. Recently we announced recent role changes for senior management. Shubao Pei, our Chief R&D Officer, assumed the role of Chief R&D Officer and Chief Supply Chain Officer, replacing Zhongqi Kuang in the latter role. These changes took effect on January 27, 2021.

The move to restructure management roles was designed to better align senior leadership positions with the strategic development of our business, as we continue to improve operational efficiency, elevate supply chain management and deliver sustainable growth.

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 15 Our Business Performance and Operating Highlights

Thank you, Mr. Chen. Hello everyone. Let us turn to **Page 15** for our business highlights. The data for the third and the fourth quarter of 2020 shows that the impact from COVID-19 is becoming stable. The left-hand side of the slide shows Daily Active Terminals (DAT) as of December 31 2020.

You can see from the middle of the slide showing DAT breakdown by uCloudlink 1.0 and 2.0 data connectivity services. In addition, our uCloudlink 2.0 Local Mobile data traffic is showing steady development and has been less impacted by COVID-19. Our uCloudlink 2.0 service accounted for around 67% of total DAT during the fourth quarter of 2020. Average daily data usage per terminal was 2.01 GB in December 2020.

For the full year of 2020, average daily active terminals were around 246k representing an increase of 31.3% from around 187k in 2019. We expect the launch of vaccines in 2021 will benefit to our business. 5G and IoT are both a driver for uCloudlink 1.0 as well.

Page 16 Our Business and Revenue are increasingly Diversified Globally

Let us turn to **Page 16** which shows global diversification of our business. Mainland China's revenue as a percentage of total revenue continues to decrease as we diversify our global business. We continue to build our ecosystem with our business partners in various countries and regions. As of fourth quarter 2020, we have 95% of total revenue from outside mainland China. During the fourth quarter 2020, Japan contributed to 47% of total revenue. The increase of the percentage of other countries is mainly because of the expansion of our business and development in related markets such as the United States. After the investment in (MVNO) Huaxiang Lianxin and cooperation with (MNO) China Unicom Shenzhen, we believe China market will regain its growth.

Looking ahead, we expect all of these new opportunities such as our uCloudlink 2.0 business will further develop our business potential in 2021. We are also dedicated to our R&D with further investment in sales and marketing expansion capabilities to bring us sustainable growth in the future.

04 Financial Highlights (Presenter: Yimeng Shi)

Page 18 Percentage of Our Service-Related Revenues and COVID-19 Impact

Let us turn to **Page 18**.

I will go through our financial highlights of the fourth quarter of 2020, for full year 2020 financials please refer to our earning release.

Our total revenue decreased by 68.3% from US\$53.7 million in the three months ended December 31 2019 to US\$17.0 million in the three months ended December 31 2020. Revenue from services were US\$9.0 million, representing a decrease of 63.3% from US\$24.6 million for the same period of 2019. This decrease was primarily attributable to the decrease in revenues from international data connectivity services and PaaS and SaaS services to certain extent, mainly because of continuous and prolonged impact of pandemic of COVID-19. Service-related revenue as a percentage of total revenue increased from 45.7% in the fourth quarter of 2019 to 52.9% during the fourth quarter of 2020.

On the other hand, our 2.0 local data connectivity services were less impacted by COVID-19. So far, we have started our 2.0 local data connectivity services in Japan and we saw the continuous development of our 2.0 local data connectivity services during 2020. We will further expand to other potential markets such as the United States, Europe, Asia, etc.

Revenues from PaaS and SaaS services were US\$1.9 million, representing a decrease of 47.3% from US\$3.5 million in the same period last year. This decrease was primarily due to the negative impact of COVID-19 on our partners that use our PaaS and SaaS services to provide international data connectivity services. In the meantime, the demand of our local data connectivity services business partners was relatively steady.

Revenue from sales of products were US\$8.0 million, decreasing of 72.5% from US\$29.1 million

in the same period last year. This decrease was primarily due to the continuous negative impact of COVID-19 pandemic.

Our total revenue decreased by 43.4% from US\$158.4 million in 2019 to US\$89.6 million in 2020. Revenue from services decreased by 49.3% from US\$91.1 million in 2019 to US\$46.2 million in the 2020. Revenue from sales of products decreased by 35.5% from US\$67.3 million in 2019 to US\$43.4 million in 2020.

Page 19 Revenue Breakdown by Our Two Business Segments

Let us move to **Page 19** which shows the revenue breakdown of our two business segments, namely revenue from services and sales of products. During the fourth quarter of 2020, revenue from services and sales of products accounted for 52.9% and 47.1% of total revenue, respectively. We can see that the percentage of our revenue from services increased compared with 45.7% in the fourth quarter of 2019. We will continue to improve and optimize our revenue structures to facilitate our business growth and performance.

Page 20 Higher Service Gross Margin Over Overall Gross Margin

Let us turn to **Page 20** for gross margin of our business. Our services gross margin and overall gross margin were increased to 41.2% and 31.4% in the fourth quarter of 2020 compared to 36.6% and 31.3% in the third quarter of 2020 respectively. It was mainly because we improved efficiency of our revenue and cost structures during the fourth quarter of 2020. Also, the increase of PaaS and SaaS revenue which has a higher gross margin contributed to the increase in our service gross margin during the fourth quarter of 2020 compared with the third quarter of 2020.

The pandemic impacted our services gross margin and overall gross margin during the year 2020. To mitigate the prolonged impact and uncertainty of COVID-19, we reviewed comprehensively at our costs during the pandemic. We will continue to work on measures to optimize our cost structure going forward.

Page 21 Controlled Operating Expense During Pandemic of COVID-19

Let us move to **Page 21** which shows the breakdown of our operating expense, excluding share-based compensation and others. Total operating expense decreased 14.5% from US\$16.6 million during the fourth quarter of 2019 to US\$14.2 million during the fourth quarter of 2020. We took comprehensive mitigation measures such as risk and cost control, liquidity and cash flow management to offset the negative impact from COVID-19. Total operating expense as a percentage of total revenue increased from 31% during the fourth quarter of 2019 to 83% during the fourth quarter of 2020. This was mainly due to the decrease of overall revenue.

We continued to dedicate to R&D with optimized efficiency in key project outputs to keep our leading position in the long run. Excluding share-based compensation and others, our R&D expense accounted for 27% of overall operating expense during the fourth quarter of 2020.

G&A expense accounted for 46% of total operating expense during the fourth quarter of 2020, which consists of some one-off expenses like certain professional services fee of around US\$1.4 million and written down of accounts receivable of US\$0.8 million.

Page 22 Asset Light Business Model with Normal Cash Flow

Let us turn to **Page 22**. Operating cash flow was negative US\$5.5 million during the fourth quarter of 2020 compared to positive US\$1.1 million during the fourth quarter of 2019. Our cash flow was normal with sufficient cash and cash equivalents as at December 31 2020.

Our CAPEX was US\$0.4 million during the fourth quarter of 2020 compared to US\$0.9 million during the fourth quarter of 2019. Compared with the third quarter of 2020, the increase of CAPEX during the fourth quarter of 2020 was mainly because of certain license fee for software.

CAPEX as a percentage of total revenue increased from 1.7% during the fourth quarter of 2019 to 2.2% during the fourth quarter of 2020. It was mainly due to the decrease of revenue.

Page 23 Net Income & Adjusted EBITDA

Let us move to **Page 23**. Net income during the fourth quarter of 2020 was negative US\$12.4 million compared to positive US\$2.1 million during the fourth quarter of 2019. Adjusted EBITDA was negative US\$7.9 million during the fourth quarter of 2020 compare to positive US\$2.9 million during the fourth quarter of 2019.

Looking ahead, we are focused on improving and optimizing our revenue and cost structures with operational efficiency, elevating management systems, as well as standardizing and systemizing processes. We believe all above business opportunities and optimizing efficiency measures will facilitate the delivery of our 2021 guidance. 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.