



uCloudlink

3Q2020 Earnings Presentation

November 2020



uCloudlink

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01

Company Overview

Founders' Story:

“To Enable people to use mobile data traffic freely anytime, anywhere like breathing the air”

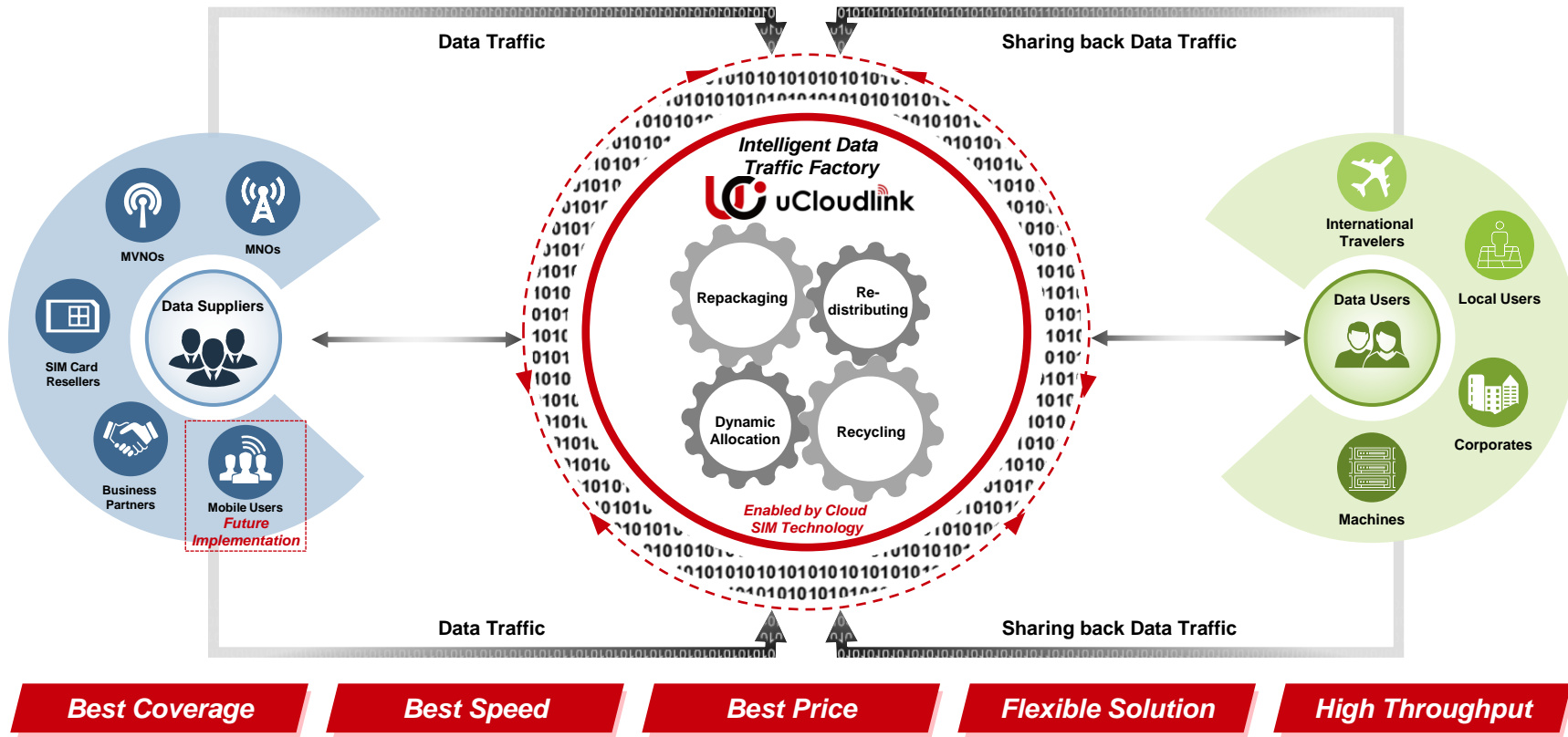
Vision

Connecting and **Sharing** without
Limitations

Mission

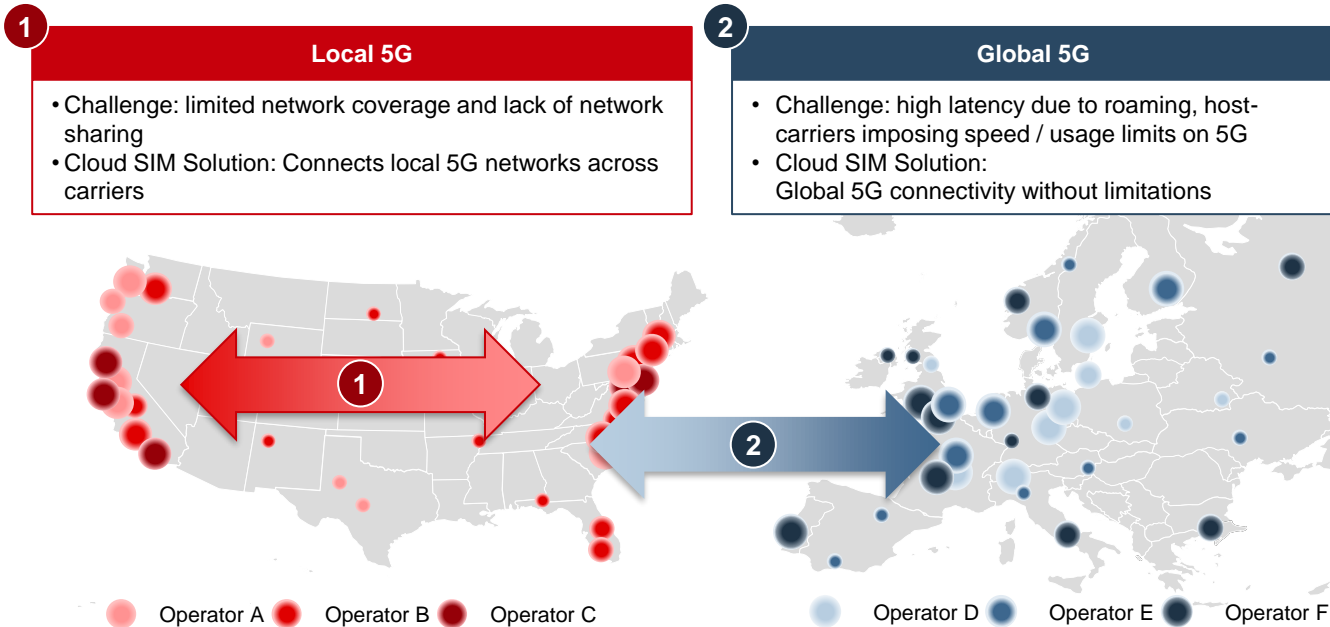
Make **the World More Connected** with
Maximized Network Utility through the
Power of **Mobile Data Traffic Sharing**

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



Instant Switching of Cloud SIM – The Engine of the 5G Cloud Era

Instant switching network technology of Cloud SIM accelerates the 5G Cloud Era



GLOBAL
5G enabler

To Users
Global 5G access

To Carriers
Coverage Solution

To Vendors
Empowers 5G devices

Smartphones

Mobile BB

CPE

IoT

The Evolution of Cloud SIM Business Models

Increasingly Platform-centric

Stage 1: B2C Retail

Stage 2: B2B2C Wholesale

Stage 3: PaaS/SaaS Platform

Business Model Description

- uCloudlink sells or leases GlocalMe hardware and data packages to retail consumers



- uCloudlink sells GlocalMe hardware and data packages via local Business Partners

- 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

Strategy

- Proof of Cloud-SIM Technology
- Proof of Scalable, Profitable Business Model



- Expedite Global Expansion
- Pool of 2,000+ Local Partners ⁽²⁾

- Fast Expanding Global Partner Ecosystem
- SIM Securely Locally Hosted by Partners

Note:

1. Original design manufacture; 2. As of September 30, 2020

Our Innovative Cloud SIM Technology - Enables Marketplace Access to the Best Connectivity Globally

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

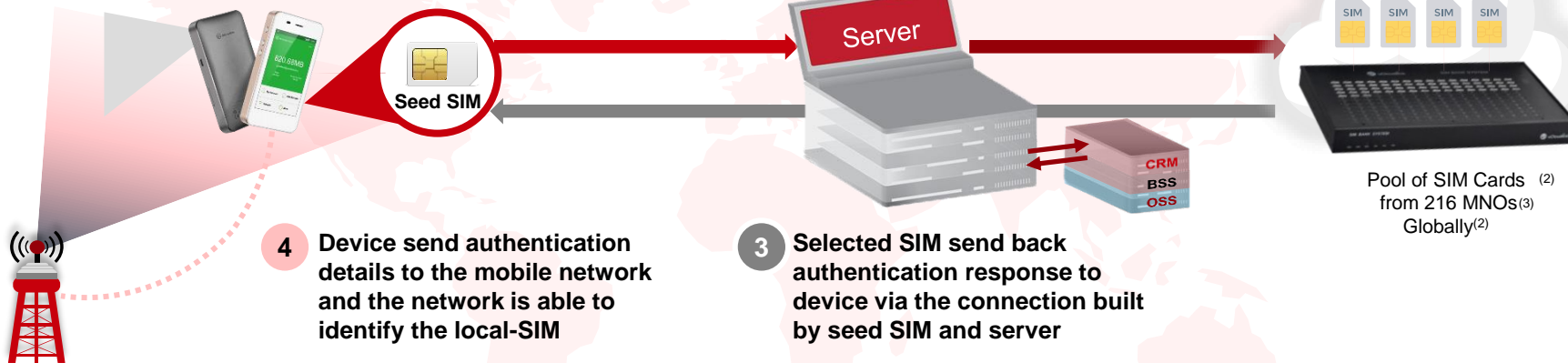
Server identifies SIM in the SIM pool with the optimal connectivity service

3

Selected SIM send back authentication response to device via the connection built by seed SIM and server

4

Device send authentication details to the mobile network and the network is able to identify the local-SIM



132 Patents⁽¹⁾

Software-based

Ready to Support All Three Generations of our Businesses

Notes:

1. As of September 30, 2020, with 53 patents approved and 79 patents pending approval, globally

2. As of September 30, 2020, Among these SIM cards, c.16% are owned by the Company with remaining SIMs owned by our PaaS customers

3. As of September 30, 2020

Clear Growth Strategies Across Business Models

Between Countries



Strengthen Leadership Position



Enhance global **Distribution** channels



Enhanced Experience through GlocalMe Inside app to drive user stickiness



Service Quality with improved network connections quality and speed

2014

c.US\$35bn *

2023E International Data Roaming Market size



Between Carriers



Capture Local Data Connectivity Market Opportunity



GlocalMe Inside App, embedded, low friction, to become standard for local data connectivity



Strategic Partnerships with leading smart device manufacturers to increase distribution base



Localize Operations in key markets by leveraging expertise of strong local partners

2018

c.US\$1,149bn *

2023E Local Mobile Data Connectivity Market size

Full Marketplace



Full marketplace of Data Traffic with Massive User Base



Capitalize **Scalable** user base accumulated through uCloudlink 1.0 and 2.0 models



Tested users access to **Complete Data Traffic in trials** and eliminate wastage



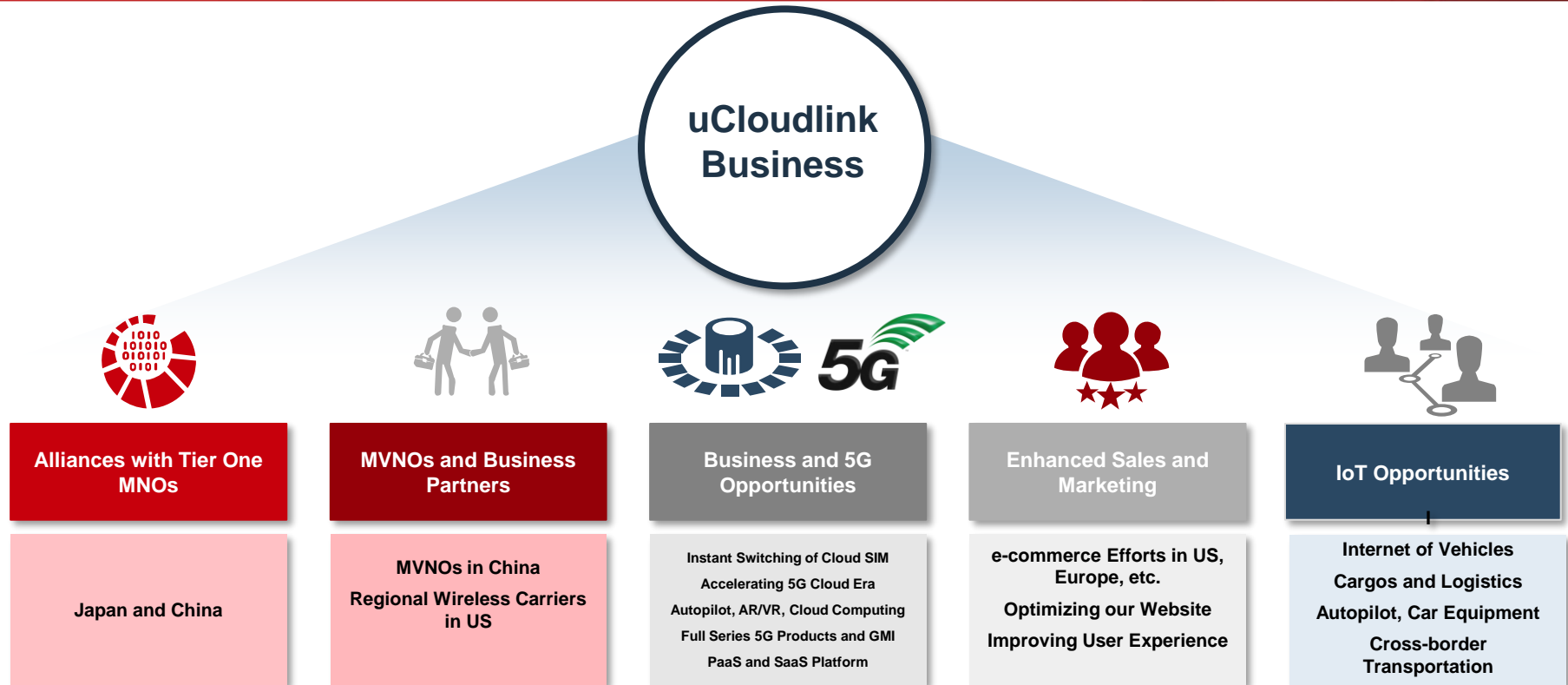
Gateway to **Digital Mobile Ecosystem** offering opportunities for VAS deployments

*Finalized prototype APP in 2019



Notes:
* According to Frost & Sullivan

Strategic Development and 5G Opportunities of Our Business



New Appointment of CSO and Restructure of Senior Management

Recent appointment of Mr. Xinquan (Victor) Xu as our Chief Sales Officer and President of Marketing and Sales

Mr. Xu possesses strong track record in developing strategic global marketing of consumer goods such as mobile phone products, in addition to his extensive and deep cross-industry background and experience such as the internet, telecommunications, mobile phone industries. He previously held senior executive roles in various renowned corporations including Huawei Technologies and JD.com, Inc. His appointment strategically elevates our sales, marketing and customer engagement initiatives. Zhu Tan assumes the role of Vice President of Marketing and Sales. Wen Gao assumes the role of Chief Strategy Officer. These changes took effect on September 25, 2020.

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, explore market opportunities, and deliver sustainable growth.

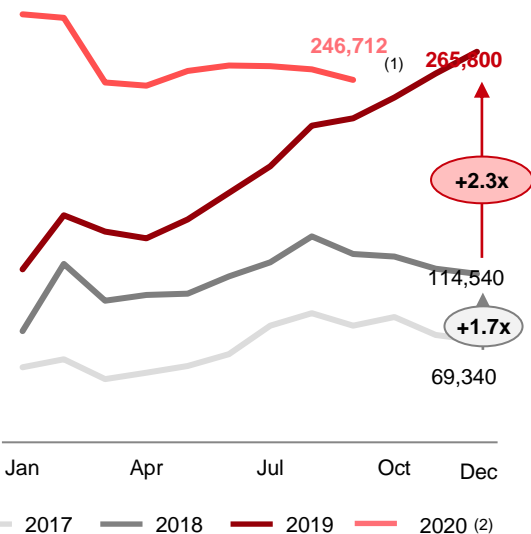
02

3Q 2020 Operating Highlights

Our Business Performance and Operating Highlights

Daily Active Terminals (DAT) ⁽²⁾

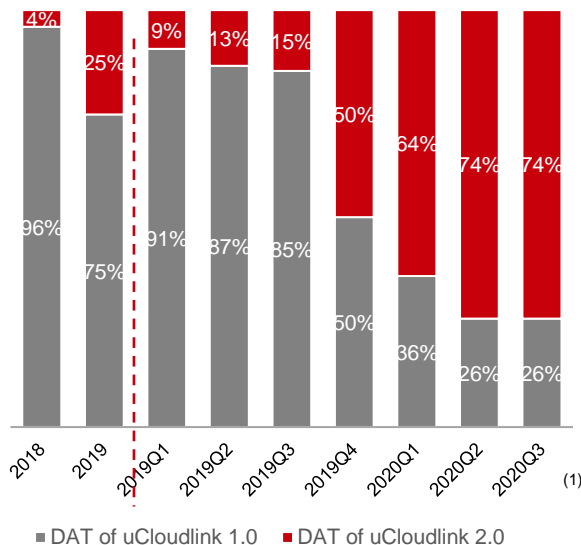
Terminals



DAT Breakdown by uCloudlink 1.0 vs. 2.0 ⁽²⁾

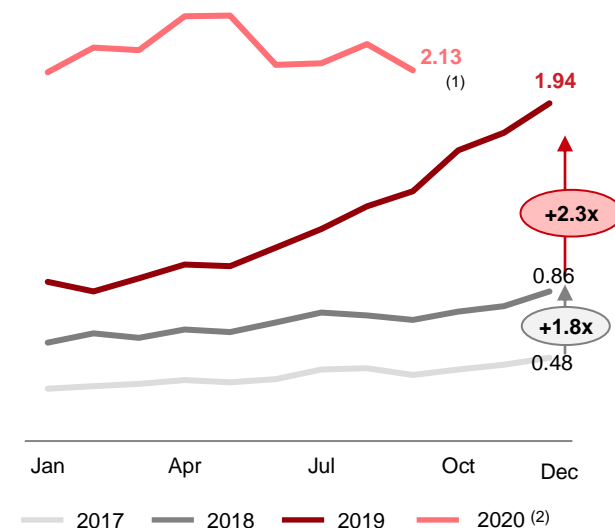
%

Strong uCloudlink 2.0 User Adoption



Daily Data Usage per Terminal ⁽²⁾

GB

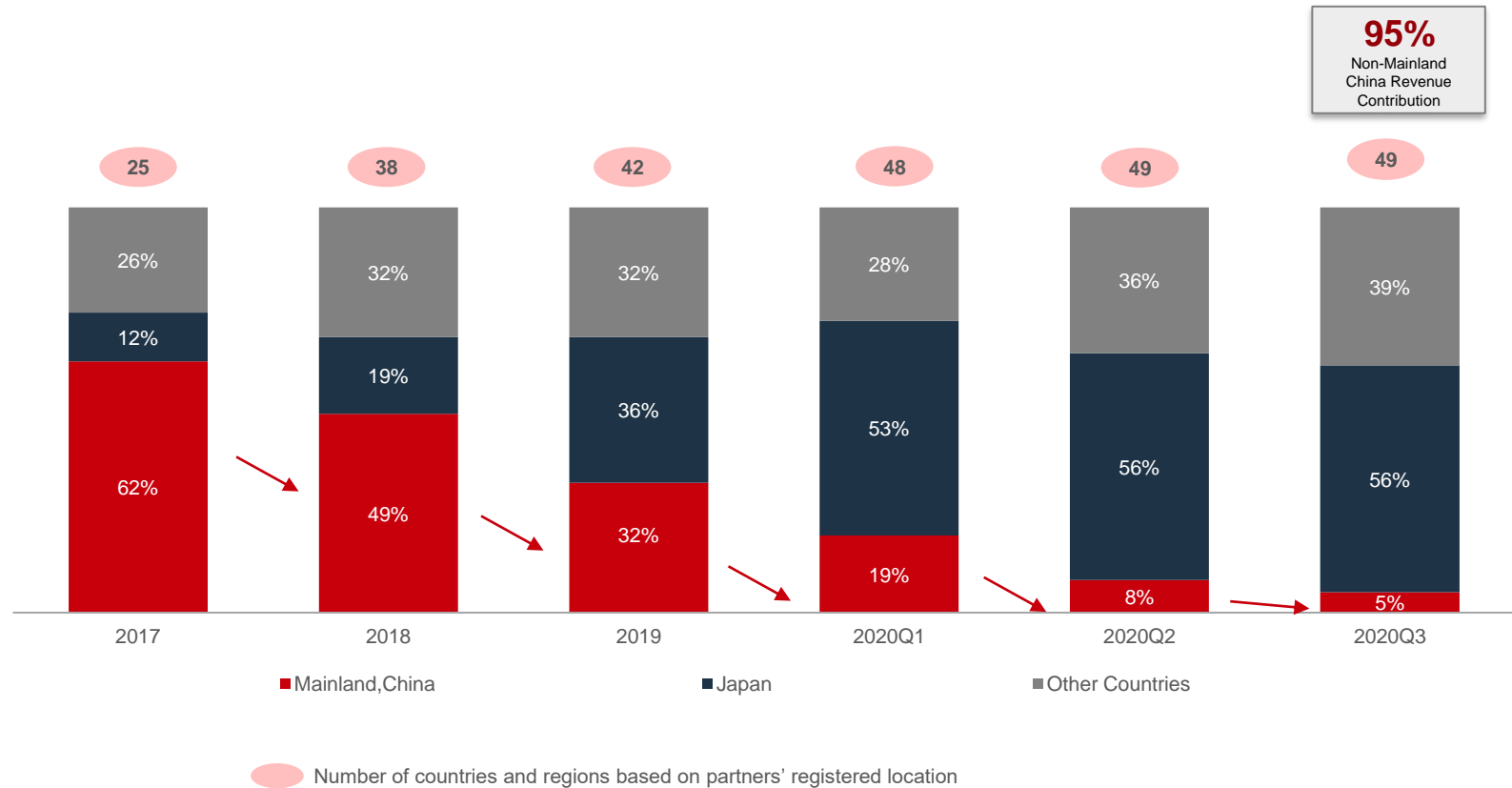


Note:

1. In September 2020

2. 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.

Our Business and Revenue Are Increasingly Diversified Globally

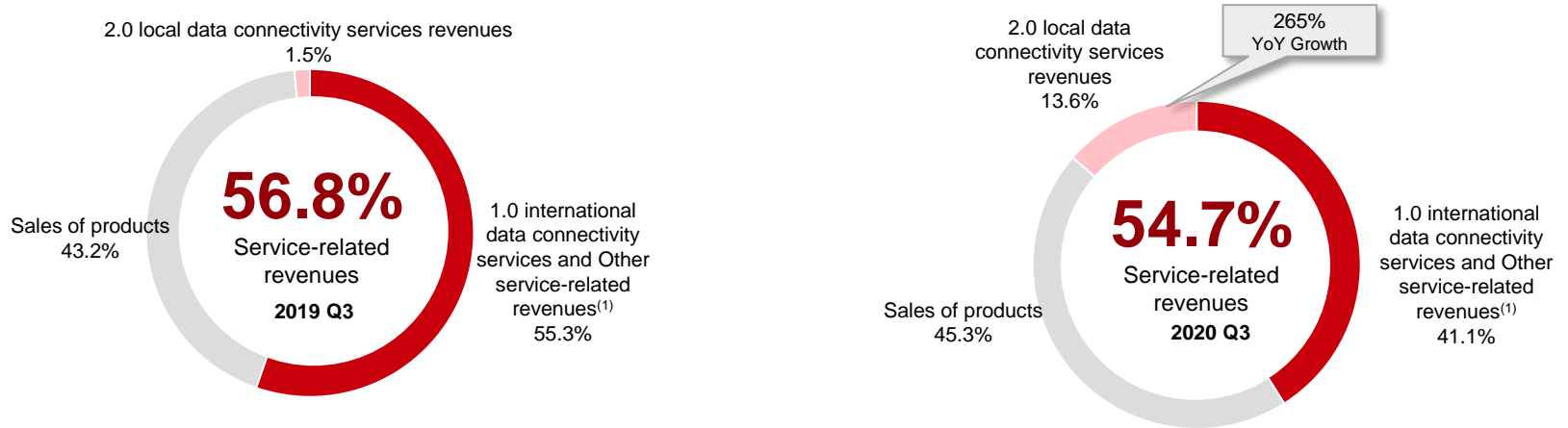


03

3Q 2020 Financial Highlights

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

Revenue segmentation based on product & services

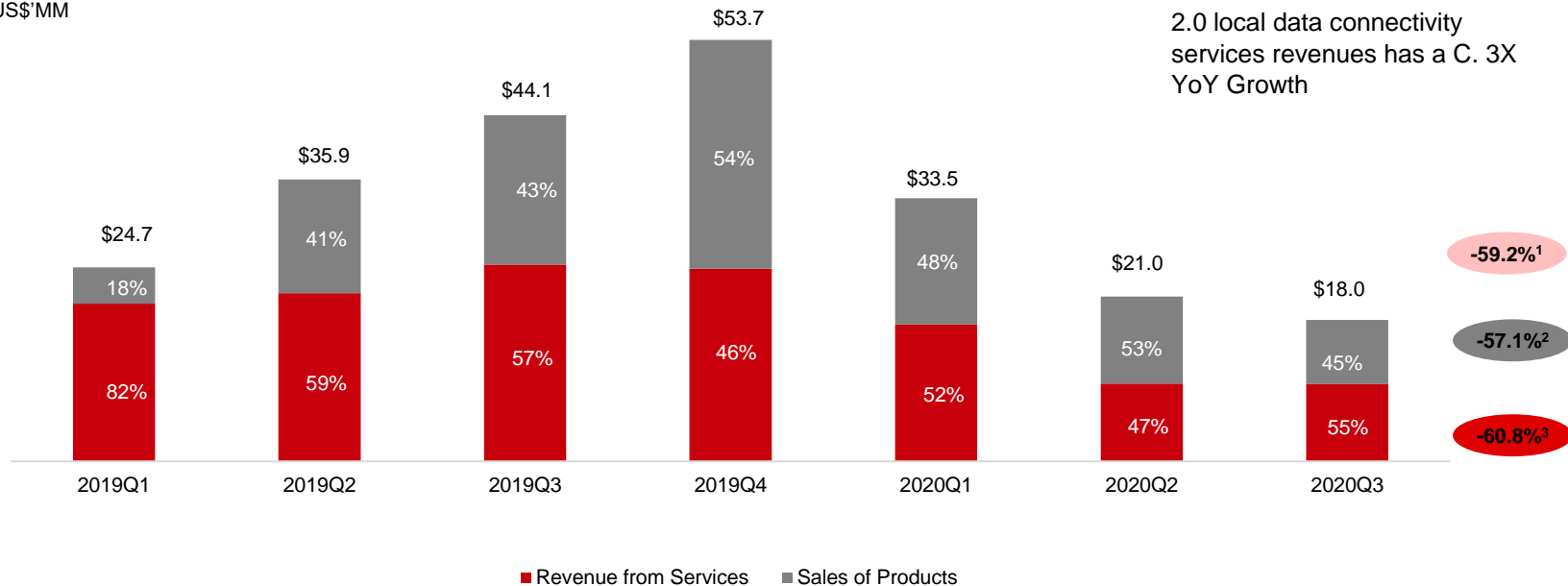


Note:

1. Other service-related revenues includes revenues from PaaS and SaaS services and others

Revenue Breakdown By Our Two Business Segments

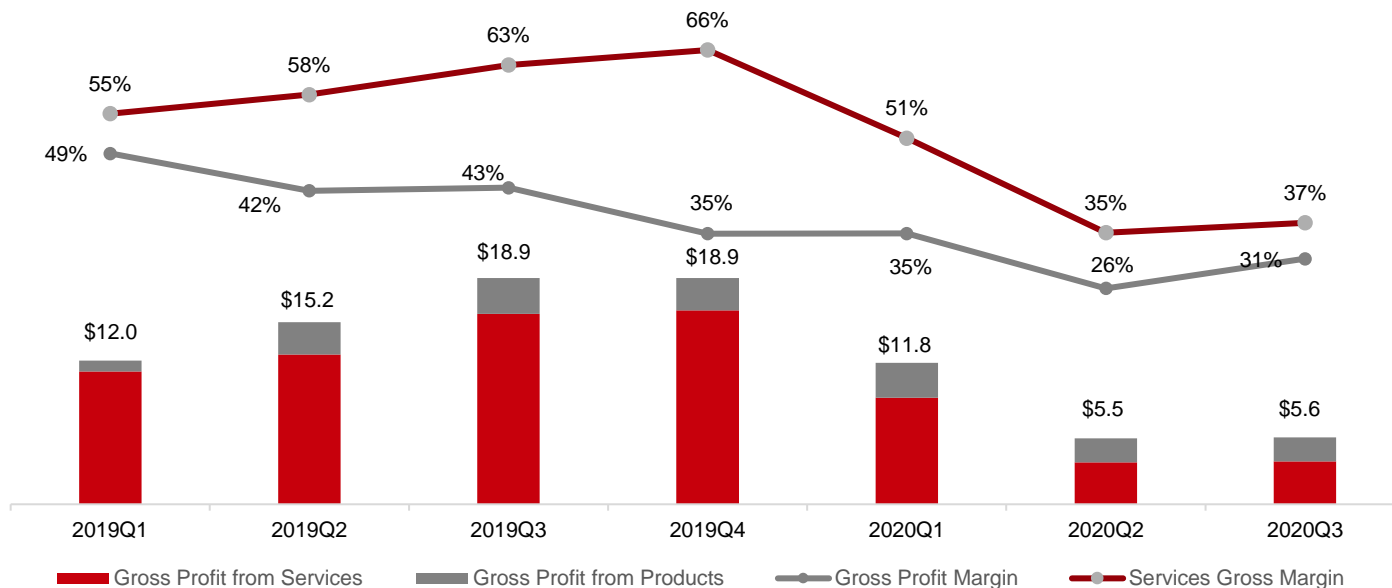
• Revenue, US\$'MM



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

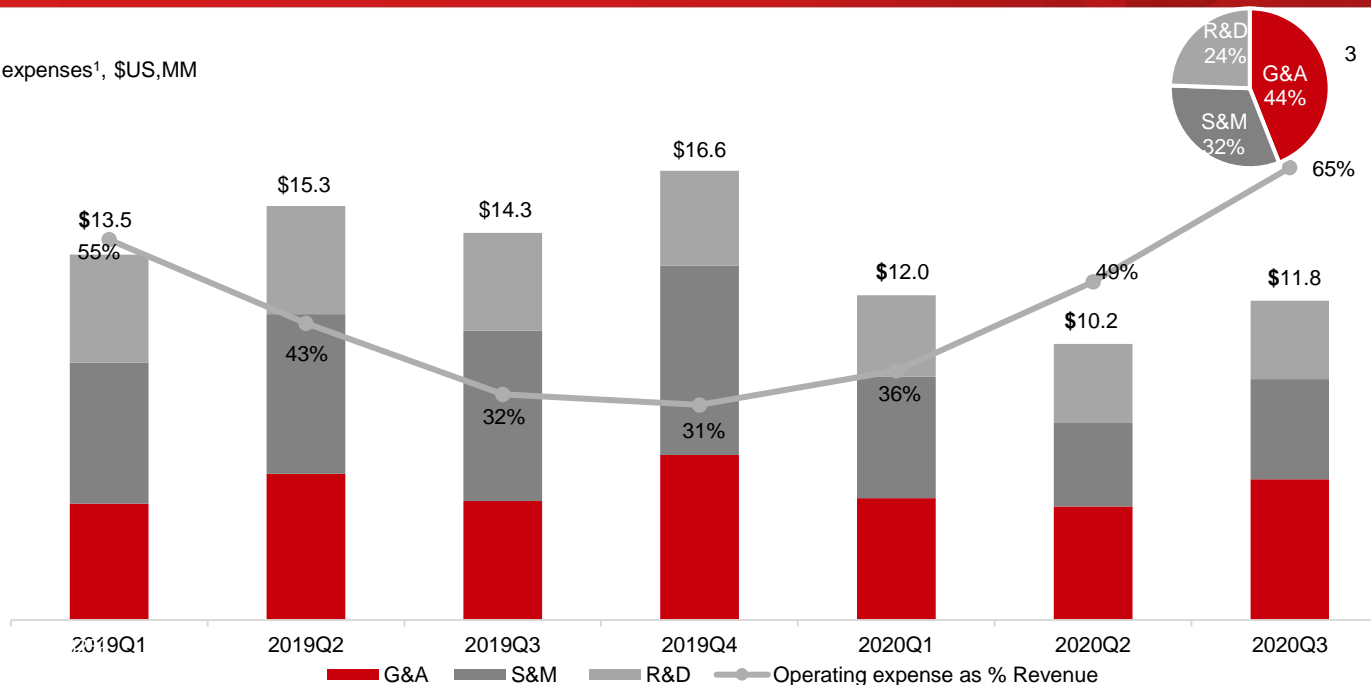
Higher Service Gross Margin Over Overall Gross Margin

• Gross Profit(loss), US\$'MM



Controlled Operating Expenses During Pandemic of COVID-19

• Operating expenses¹, \$US,MM

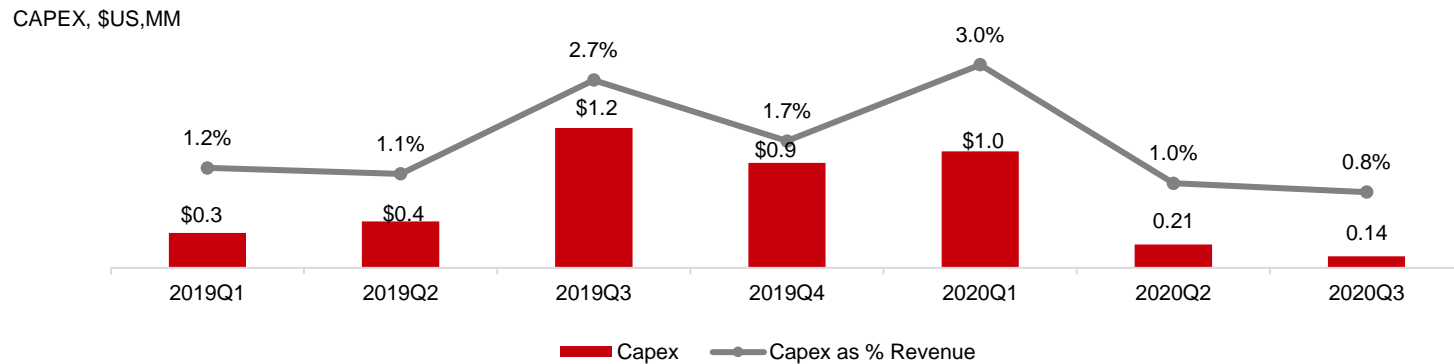
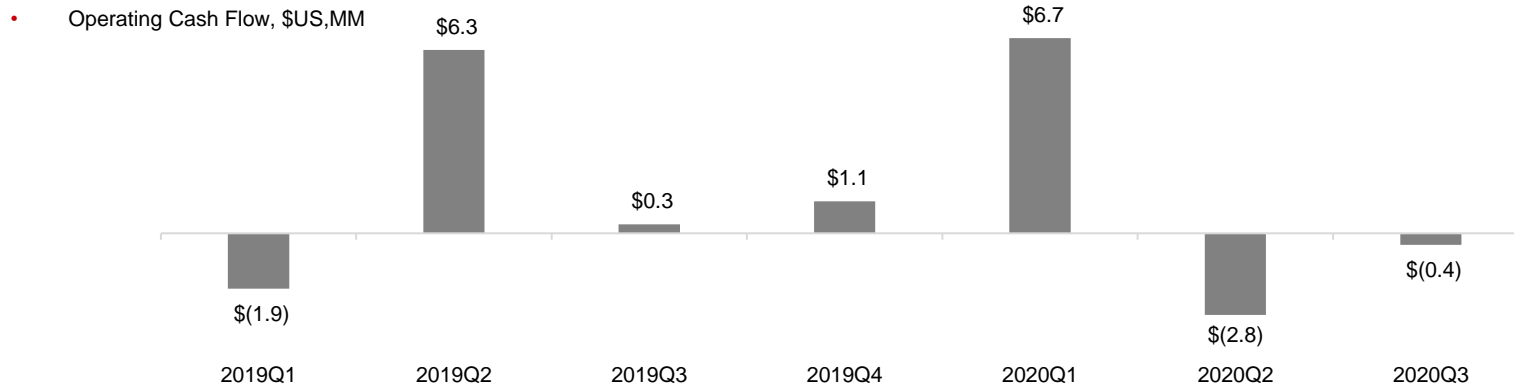


290 R&D Staff ⁽²⁾
245 Business Development, Sales and Marketing Staff ⁽²⁾
93 Administration and Management Staff ⁽²⁾

Note:

1. Operating Expenses excluding SBC and others
2. As of September 30, 2020
3. Operating Expenses Breakdown Pie Chart is specifically for 2020Q3

Asset Light Business Model with Normal Cash Flow



Net Income & Adjusted EBITDA



Note:

1. Including share-based compensation US\$36.9 million in 2020Q2 and US\$7.9 million in 2020Q3

Appendix – Financial Statement

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

	As of December 31, 2019	As of September 30, 2020
ASSETS		
Current assets		
Cash and cash equivalents	37,320	24,330
Restricted cash	2,954	8,237
Short-term deposit	193	196
Accounts receivable, net	25,767	9,942
Inventories	10,518	8,033
Prepayments and other current assets	7,828	9,103
Other investments	-	17,496
Amounts due from related party	692	710
Total current assets	85,272	78,047
Non-current assets		
Prepayments	-	599
Long-term investment	430	1,251
Other investments	-	17,477
Property and equipment, net	3,793	3,401
Intangible assets, net	602	713
Total non-current assets	4,826	23,441
TOTAL ASSETS	90,097	101,488
LIABILITIES		
Current liabilities		
Short term borrowings	6,659	763
Accrued expenses and other liabilities	21,319	21,532
Accounts payables	16,728	11,906
Amounts due to related party	1,022	1,553
Contract liabilities	1,925	1,561
Total current liabilities	47,653	37,316
Non-current liabilities		
Other non-current liability	-	335
Total non-current liabilities	-	335
TOTAL LIABILITIES	47,653	37,650
MEZZANINE EQUITY		
Series A redeemable convertible preferred shares	22,977	-
TOTAL MEZZANINE EQUITY	22,977	-
SHAREHOLDERS' EQUITY		
Pre-IPO ordinary shares	11	-
Class A ordinary shares	-	8
Class B ordinary shares	-	6
Additional paid-in capital	118,818	214,121
Accumulated other comprehensive income	706	804
Accumulated losses	(100,068)	(151,101)
TOTAL SHAREHOLDERS' EQUITY	19,467	63,838
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY	90,097	101,488

Appendix – Financial Statement

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

	For the three months ended		For the nine months ended	
	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020
Revenues	44,103	17,996	104,685	72,543
Revenues from services	25,070	9,839	66,558	37,137
Sales of products	19,033	8,157	38,127	35,406
Cost of revenues	(25,231)	(12,366)	(58,661)	(49,584)
Cost of services	(9,245)	(6,234)	(27,174)	(21,092)
Cost of products sold	(15,986)	(6,132)	(31,487)	(28,492)
Gross profits	18,872	5,630	46,024	22,959
Research and development expenses	(3,626)	(4,766)	(11,645)	(21,326)
Sales and marketing expenses	(6,281)	(5,710)	(17,339)	(23,797)
General and administrative expenses	(4,367)	(9,173)	(14,112)	(33,637)
Other income, net	(667)	4,439	382	5,092
Income/(loss) from operations	3,931	(9,580)	3,310	(50,709)
Interest income	10	8	169	34
Interest expenses	(141)	(43)	(336)	(271)
Income/(loss) before income tax	3,800	(9,615)	3,143	(50,946)
Income tax expense	-	(50)	-	(87)
Net income/(loss)	3,800	(9,665)	3,143	(51,033)
Accretion of Series A Preferred Shares	(636)	-	(1,905)	(1,293)
Income allocation to participating preferred shareholders	(137)	-	(137)	-
Attributable to:				
Equity holders of the Company	3,027	(9,665)	1,101	(52,326)
Non-controlling interests	-	-	-	-
Earnings/(loss) per share for Class A and Class B ordinary shares				
Basic	0.01	(0.03)	0.00	(0.21)
Diluted	0.01	(0.03)	0.00	(0.21)
Loss per ADS (10 Class A shares equal to 1 ADS)				
Basic	-	(0.34)	-	(2.07)
Diluted	-	(0.34)	-	(2.07)
Shares used in earnings per Class A and Class B ordinary share computation:				
Basic	232,451,900	281,551,900	232,122,814	252,819,307
Diluted	232,451,900	281,551,900	232,122,814	252,819,307
Net income/(loss)	3,800	(9,665)	3,143	(51,033)
Other comprehensive income, net of tax				
Foreign currency translation adjustment	(528)	250	(460)	98
Total comprehensive income/(loss)	3,272	(9,415)	2,683	(50,935)

Q & A

Thank you