



uCloudlink

1Q2021 Earnings Presentation

May 2021



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”

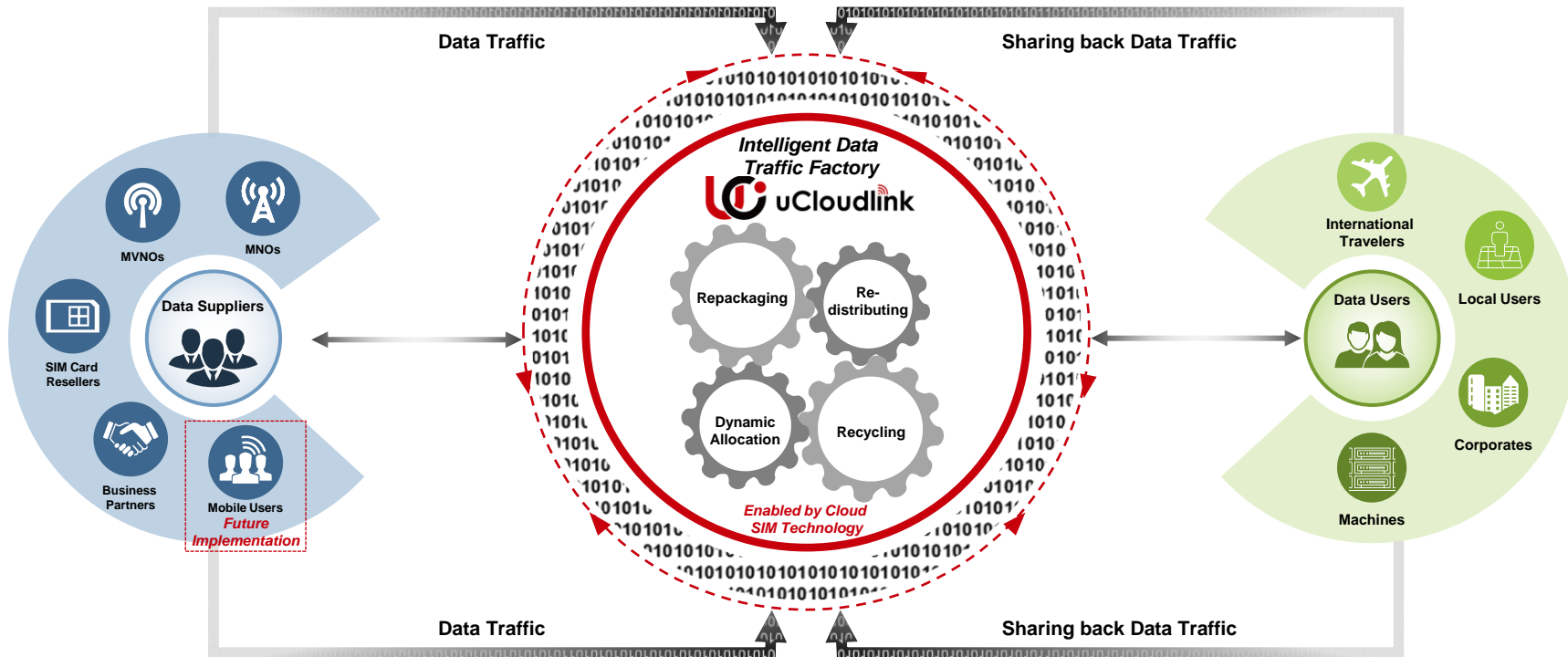
Vision

Connecting and **Sharing** without
Limitations

Mission

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

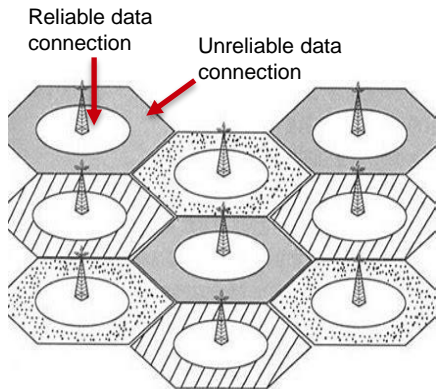
The World's First and Leading Mobile Data Traffic Sharing Marketplace




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

Innovatively apply “Navigation + Electronic Toll Pass” Concept to Data Connectivity Services Market

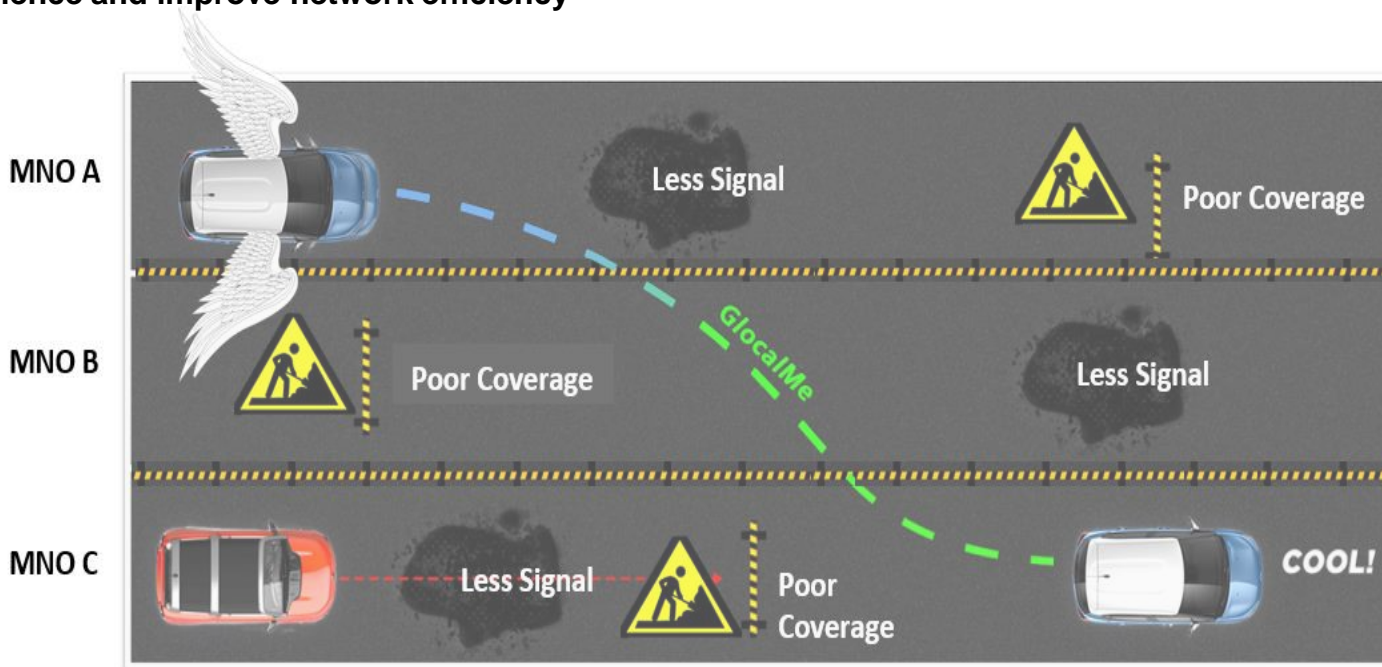
Help elevate user experience and improve network efficiency



Users' Major Pain Points

We Always have Marginal Areas With Poor Network Coverage 

Our solution can make unreliable data connection to more reliable data connection, as show on the right chart of our solution



Our Innovative Cloud SIM Technology Facilitates Data Traffic Marketplace

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

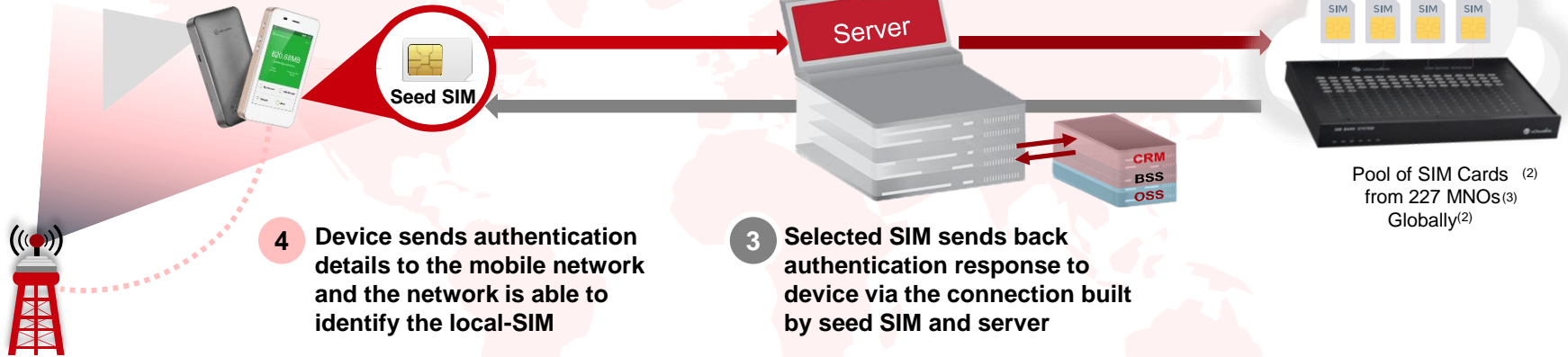
Server identifies SIM in the SIM pool with the optimal connectivity service

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



156 Patents⁽¹⁾

Software-based

Ready to Support All Three Generations of our Businesses

Notes:

1. As of March 31, 2021, with 74 patents approved and 82 patents pending approval, globally
2. As of March 31, 2021, among these SIM cards, c.19% are owned by the Company with remaining SIMs owned by our PaaS customers
3. As of March 31, 2021

Hyper-Connectivity Solution Would Guarantee Network Data Connectivity



5 Crosses

Cross Physical
Boundaries

Cross SIM Form Factors

Cross Networks

Cross Countries

Cross Layers



3 methods

Identification

Monitoring

Optimization

*Multi-network
Millisecond Reselection*

*Navigation + Electronic
Toll Pass Through
PaaS and SaaS Platform*

*Guarantee Data
Connectivity and
Network Security*

Hyper-Connectivity Solution Would Provide Industries and Users with Robust Connection



To Industries



- *Cargos and Logistics*
- *Internet of Vehicles,*
- *Autonomous Driving*
- *AR/VR, 5G Cloud Computing*
- *Trains and Yachts*
- *Emergency Response*
- *Power Monitoring*
- *Surveillance Industries*
- *Industrial Automation*
- *Carparks and Lifts*
- *Satellite Networks to be tested*



**Robust Connection
(Reliable, Speed, Safe)**

**Hyper-Connectivity
Solution**



To Users

- *Education, Remote Working*
- *Video and Entertainment*
- *Home Broadband*
- *MBB Indoor Coverage*
- *Reliable FBB Wi-Fi Coverage*
- *Guarantee Network Connection*



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

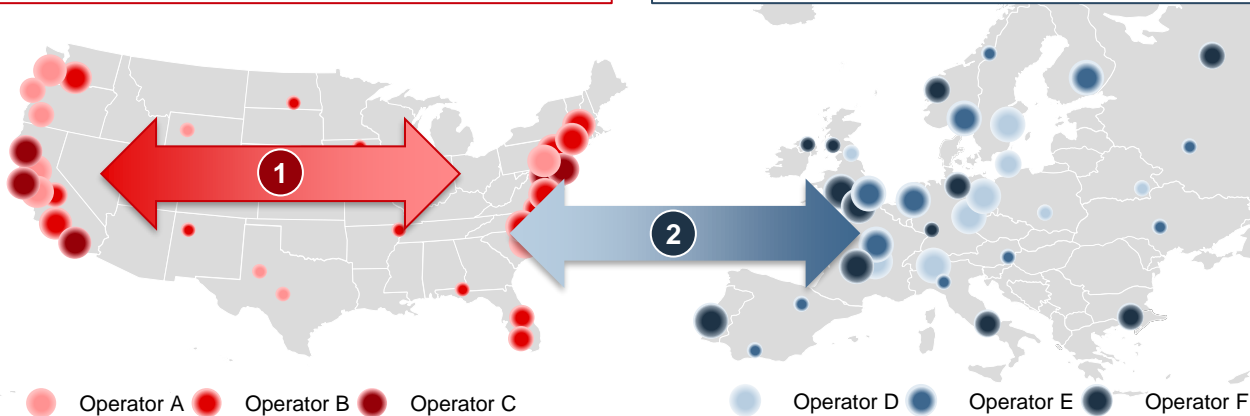
Multi-network millisecond reselection technology of Cloud SIM - Accelerating the 5G Cloud Era

1 Local 5G

- Challenge: limited network coverage and lack of network sharing
- Cloud SIM Solution: connects local 5G networks across carriers

2 Global 5G

- Challenge: high latency due to roaming, host-carriers imposing speed / usage limits on 5G
- Cloud SIM Solution: Global 5G connectivity without limitations



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
- Includes Data Management, Terminal Management, Sales and Rental of Terminals and Customers Management System to Further Facilitate End-users including C2C/C2B2C/B2B2C Models.

Note:

1. Original design manufacture; 2. As of March 31, 2021

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. We provide superior data connectivity services to users backed by our PaaS and SaaS platform.



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. Business partners can management 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

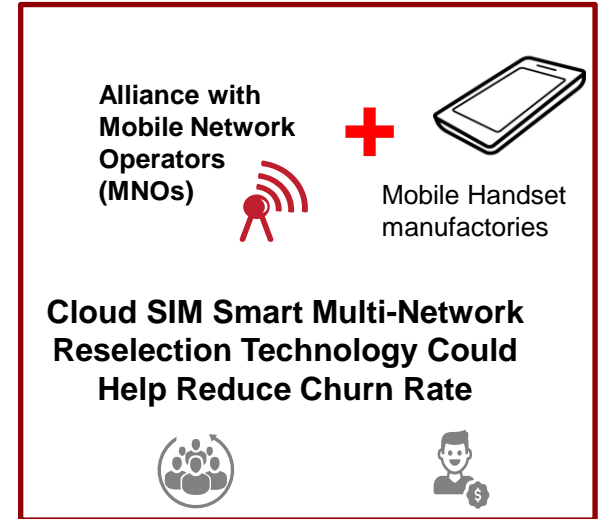
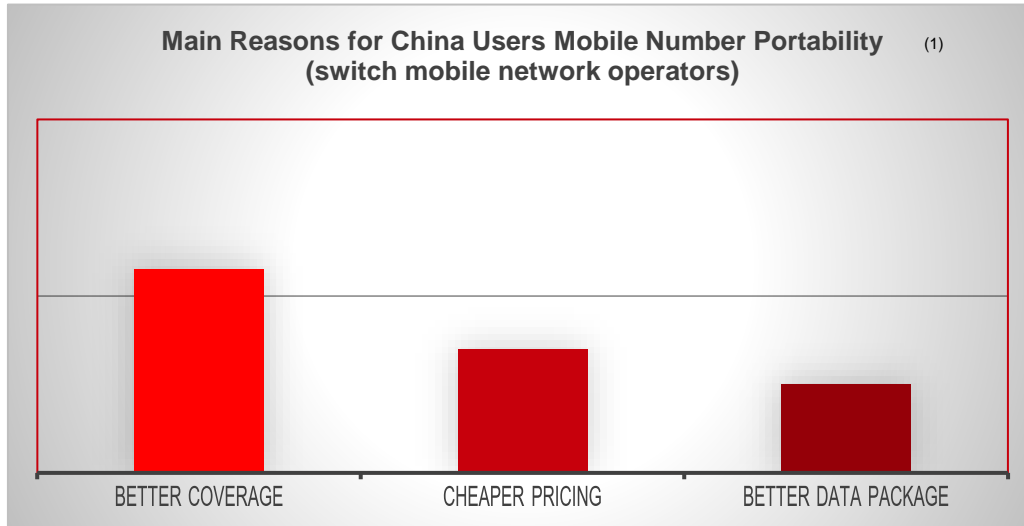


Gateway to **Digital Mobile Ecosystem** offering opportunities for VAS deployments

*Finalized prototype APP in 2019



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



Notes:
1. Public information quoting China Academy of Information and Communications Technology (CAICT) March 2020 Research, https://www.sohu.com/a/408237187_114988

Strategic Development and 5G Opportunities of Our Business

uCloudlink Business



Alliances with MNOs, MVNOs and Business Partners

Japan and China
Beijing Huaxiang Lianxin
Regional Wireless Carriers
in US
iQsim in Europe
CVITC



MBB + FBB Opportunities

MBB + FBB
Enhancement



Business and 5G Opportunities

Multi-network millisecond
reselection
Accelerator of 5G Cloud
application
Autonomous driving, AR/VR,
Cloud Computing
Series 5G Products, GMI
PaaS and SaaS Platform



Enhanced Sales and Marketing

e-commerce Efforts in key
markets such as US and
Europe
Optimizing our Website
Of GlocalMe Branding



IoT Opportunities

Cargos and logistics
Internet of Vehicles
Autopilot, AR/VR
Remote Work and
Education, etc.

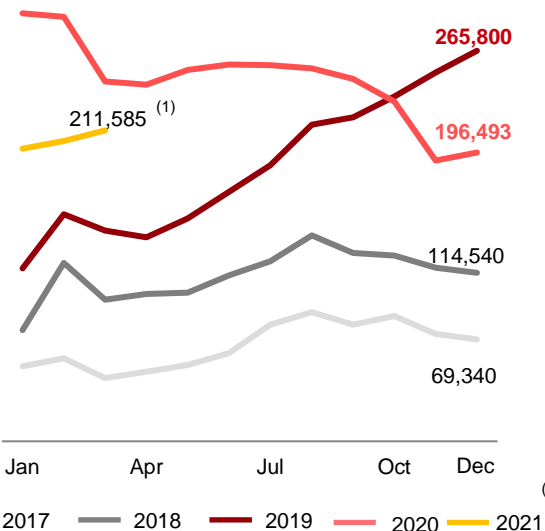
02

1Q 2021 Operating Highlights

Our Business Performance and Operating Highlights

Daily Active Terminals (DAT) ⁽²⁾

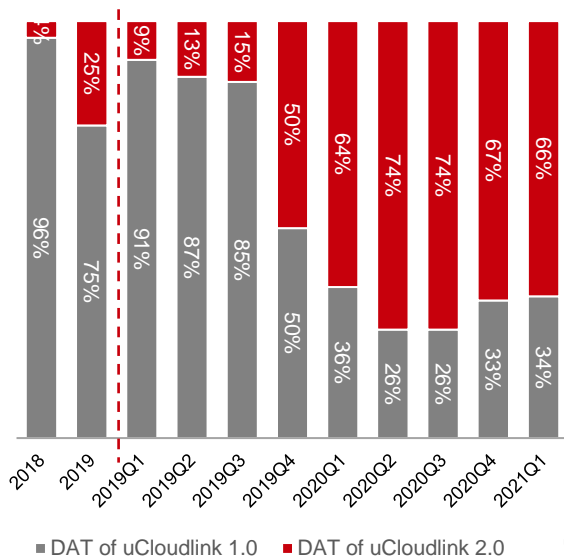
Terminals



DAT Breakdown by uCloudlink 1.0 vs. 2.0 ⁽²⁾

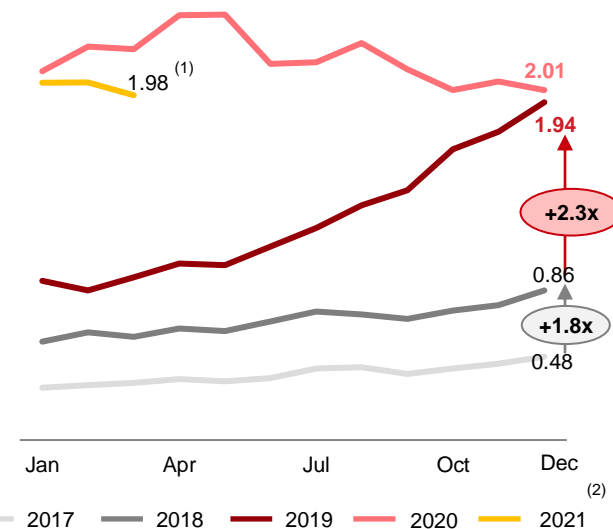
%

Strong uCloudlink 2.0 User Adoption



Daily Data Usage per Terminal ⁽²⁾

GB

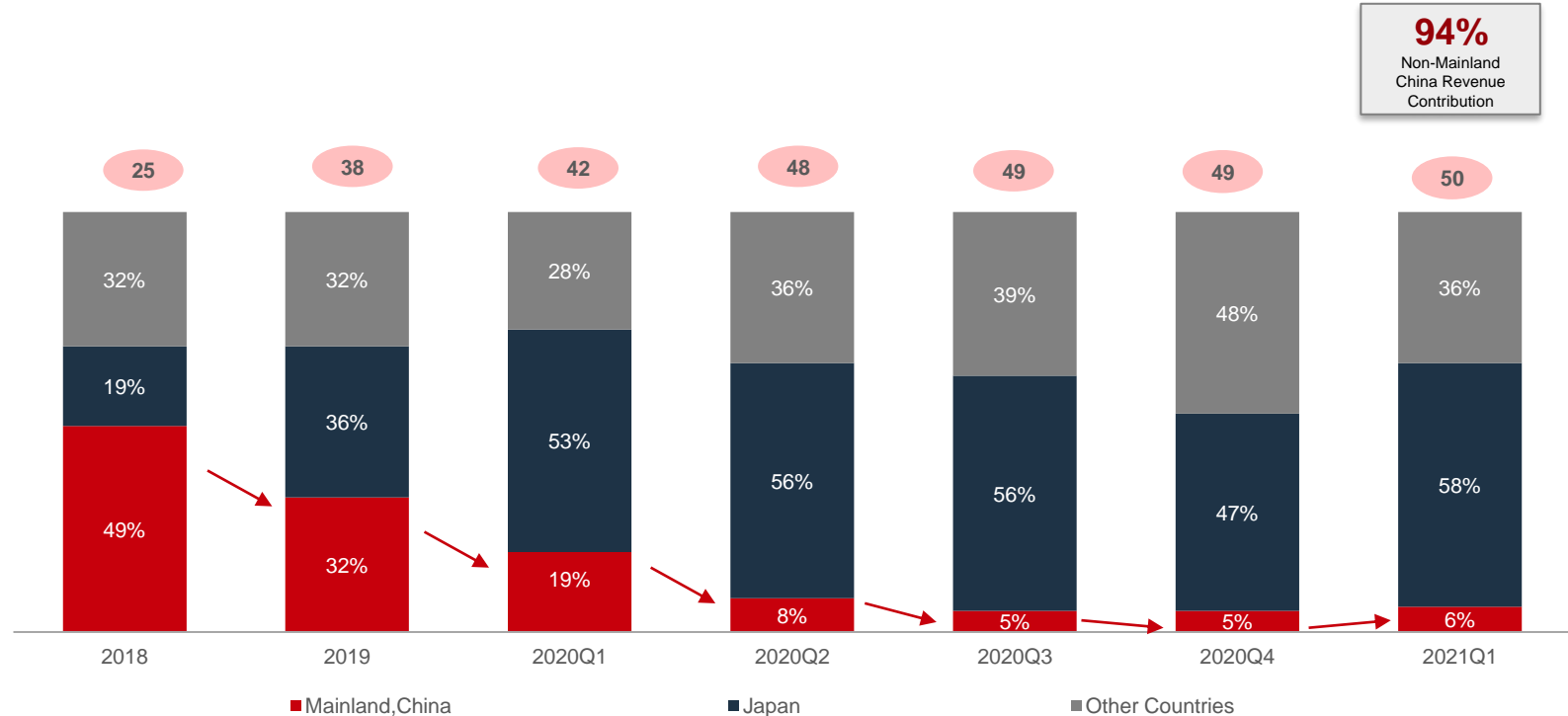


Note:

1. In March 2021

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



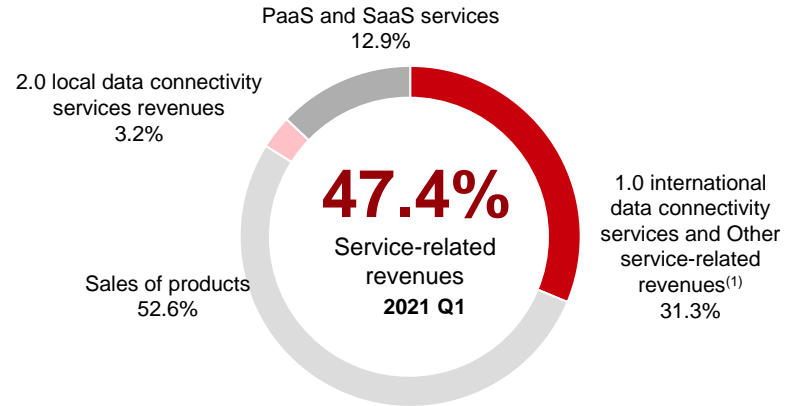
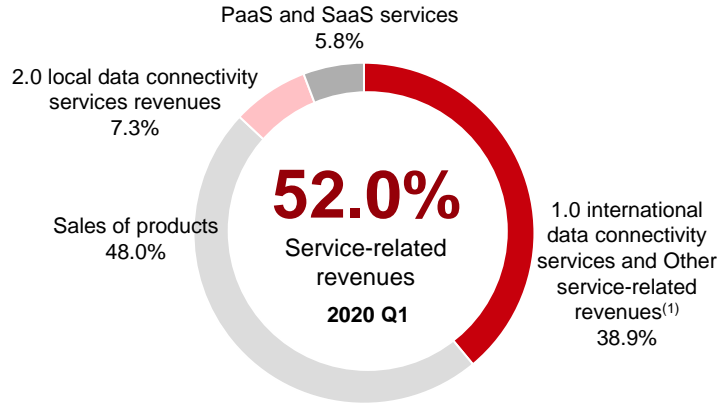
Number of countries and regions based on partners' registered location

03

1Q 2021 Financial Highlights

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

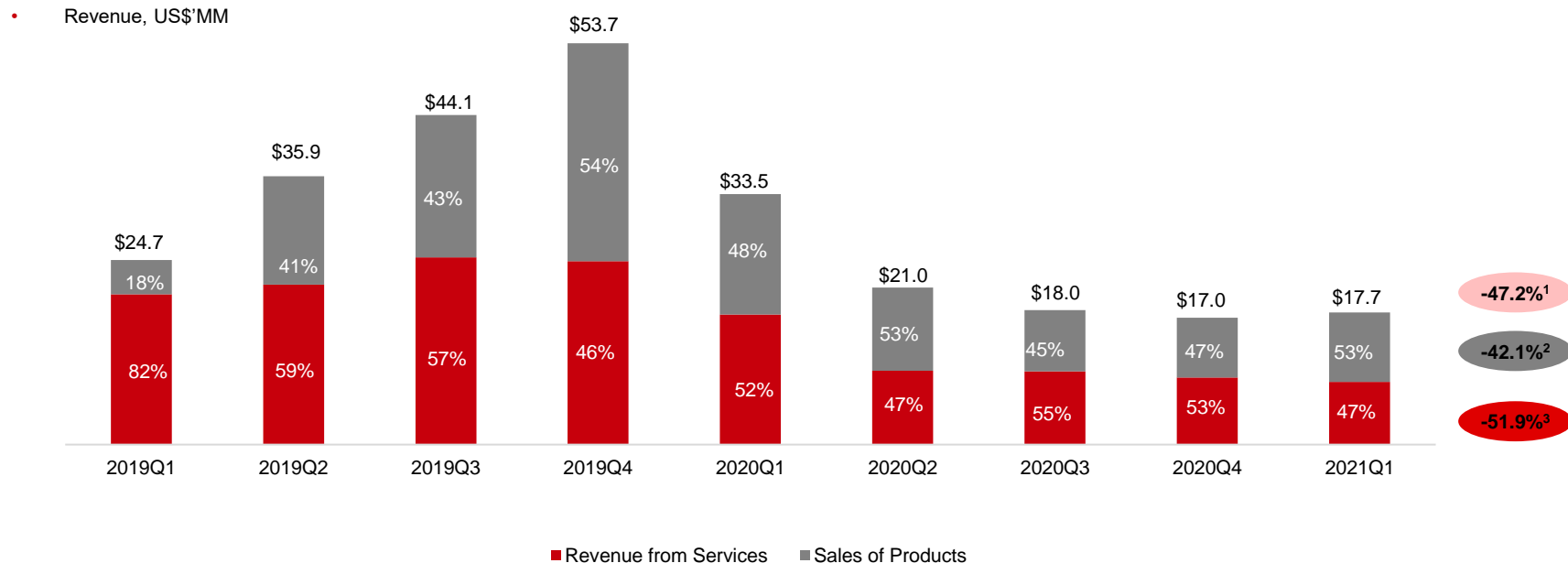
Revenue segmentation based on product & services



Note:

1. Other service-related revenues includes revenues from others

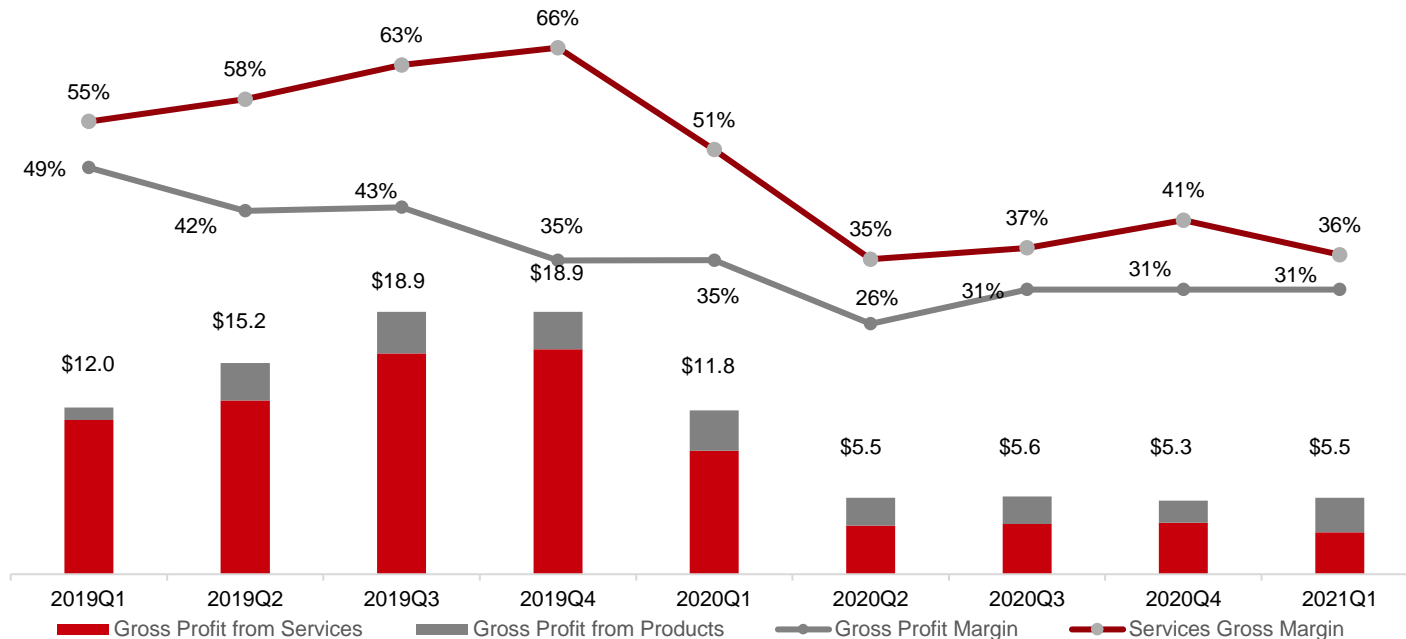
Revenue Breakdown By Our Two Business Segments



1. Q1 Total Revenue Year-over-Year growth
2. Q1 Sales of Products Year-over-Year growth
3. Q1 Revenue from Services Year-over-Year growth

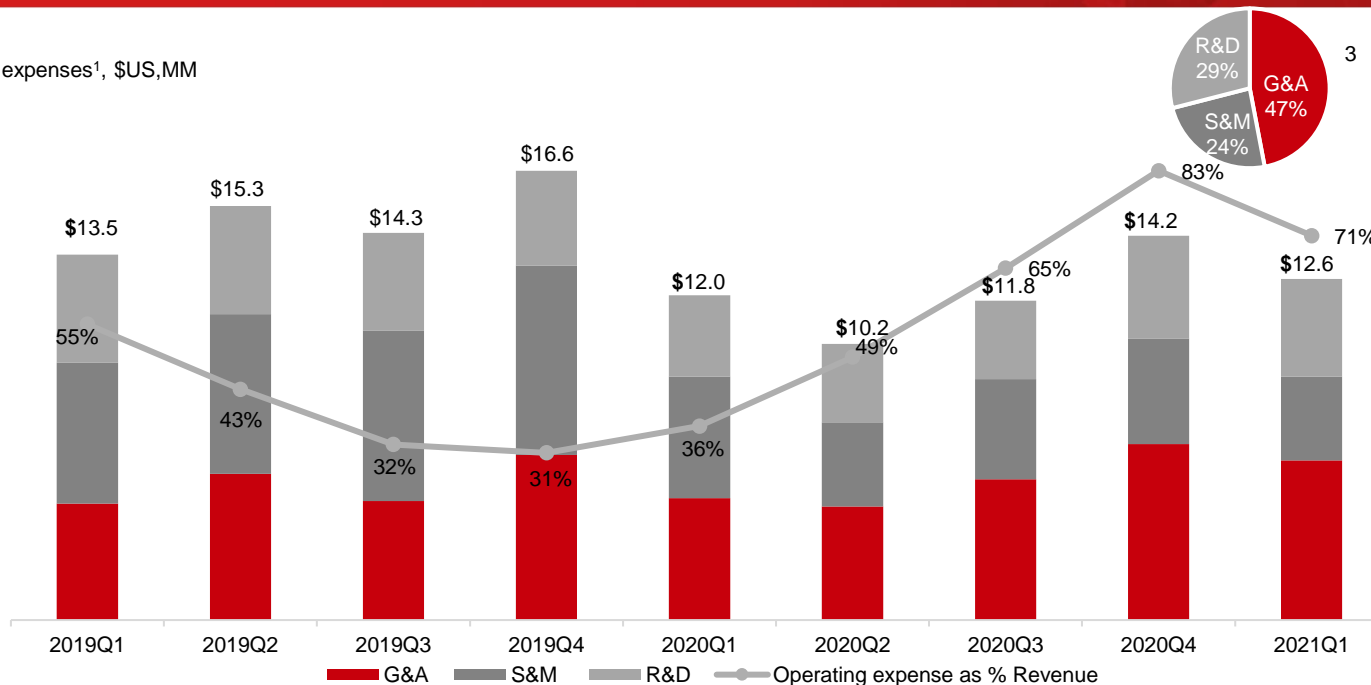
Higher Service Gross Margin Over Overall Gross Margin

• Gross Profit(loss), US\$'MM



Controlled Operating Expenses During Pandemic of COVID-19

• Operating expenses¹, \$US,MM



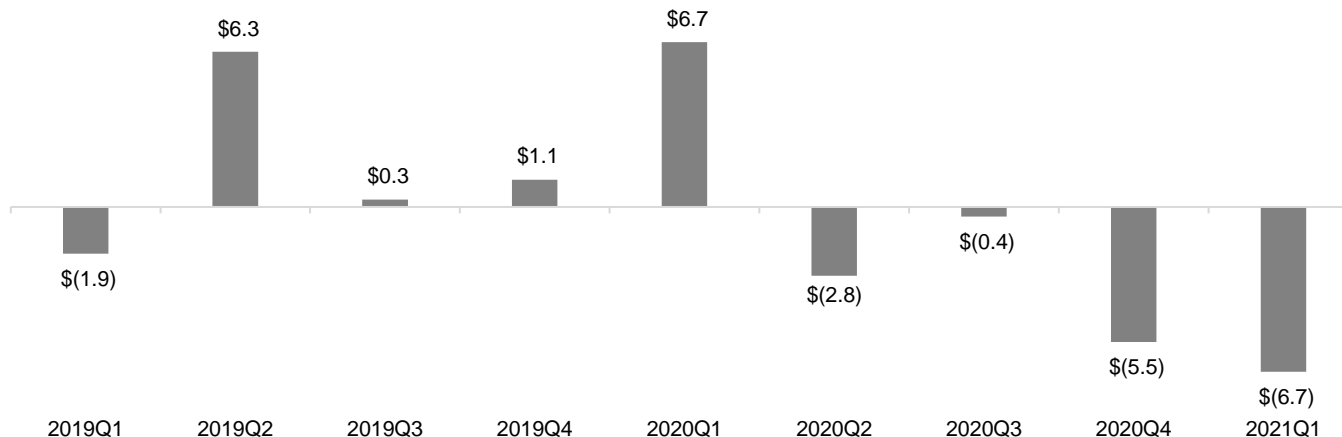
241 R&D Staff ⁽²⁾
159 Business Development, Sales and Marketing Staff ⁽²⁾
128 Administration and Management Staff ⁽²⁾

Note:

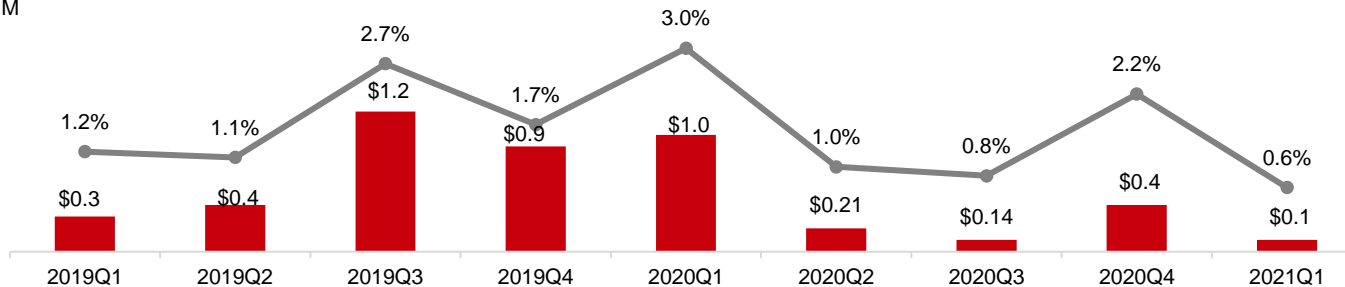
1. Operating Expenses excluding SBC and others
2. As of March 31, 2021
3. Operating Expenses Breakdown Pie Chart is specifically for 2021Q1

Asset Light Business Model with Normal Cash Flow

• Operating Cash Flow, \$US,MM

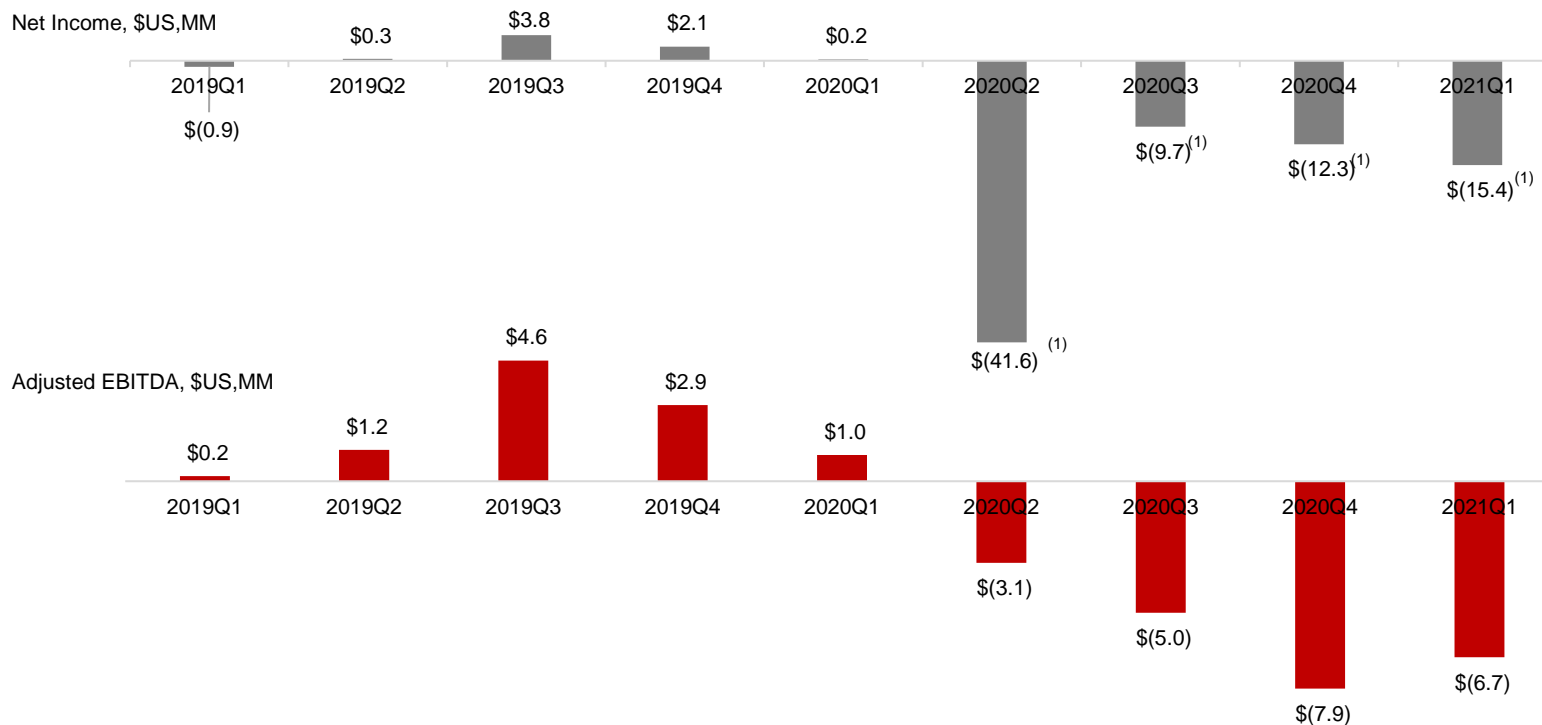


CAPEX, \$US,MM



■ Capex — Capex as % Revenue

Net Income & Adjusted EBITDA



Note:

1. Including share-based compensation US\$36.9 million in 2020Q2, US\$7.9 million in 2020Q3, US\$5.9 million in 2020Q4, and US\$5.5 million in 2021Q1

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, 2020	As of March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	21,989	24,715
Restricted cash	8,237	-
Short-term deposit	196	195
Accounts receivable, net	6,745	9,672
Inventories	5,847	6,196
Prepayments and other current assets	7,477	7,912
Other investments	19,185	16,321
Amounts due from related party	2,264	819
Total current assets	71,940	65,830
Non-current assets		
Prepayments	2,116	1,918
Long-term investments	1,306	1,538
Other investments	17,824	18,164
Property and equipment, net	3,029	2,571
Intangible assets, net	1,039	1,006
Total non-current assets	25,314	25,197
TOTAL ASSETS	97,254	91,027
LIABILITIES		
Current liabilities		
Short term borrowings	3,704	4,895
Accrued expenses and other liabilities	25,742	25,946
Accounts payable	8,701	9,715
Amounts due to related party	1,503	1,496
Contract liabilities	889	883
Total current liabilities	40,539	42,935
Non-current liabilities		
Other non-current liabilities	321	306
Total non-current liabilities	321	306
TOTAL LIABILITIES	40,860	43,241
SHAREHOLDERS' EQUITY		
Class A ordinary shares	8	8
Class B ordinary shares	6	6
Additional paid-in capital	220,292	226,325
Accumulated other comprehensive (loss)/income	(429)	286
Accumulated losses	(163,483)	(178,839)
TOTAL SHAREHOLDERS' EQUITY	56,394	47,786
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	97,254	91,027

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	
	March 31, 2020	March 31, 2021
Revenues	33,521	17,694
Revenues from services	17,430	8,383
Sales of products	16,091	9,311
Cost of revenues	(21,679)	(12,163)
Cost of services	(8,458)	(5,370)
Cost of products sold	(13,221)	(6,793)
Gross profit	11,842	5,531
Research and development expenses	(3,016)	(3,799)
Sales and marketing expenses	(4,537)	(3,441)
General and administrative expenses	(4,497)	(10,948)
Other income, net	599	(2,664)
Income/(loss) from operations	391	(15,321)
Interest income	11	4
Interest expenses	(122)	(39)
Income/(loss) before income tax	280	(15,356)
Income tax expenses	(31)	-
Net income/(loss)	249	(15,356)
Accretion of Series A Preferred Shares	(689)	-
Income allocation to participating preferred shareholders	-	-
Attributable to:		
Equity holders of the Company	(440)	(15,356)
Non-controlling interests	-	-
Loss per share for Class A and Class B ordinary shares		
Basic	(0.00)	(0.05)
Diluted	(0.00)	(0.05)
Loss per ADS (10 Class A shares equal to 1 ADS)		
Basic	(0.02)	(0.54)
Diluted	(0.02)	(0.54)
Shares used in earnings per Class A and Class B ordinary share computation:		
Basic	232,451,900	282,716,985
Diluted	232,451,900	282,716,985
Net income/(loss)	249	(15,356)
Other comprehensive income, net of tax		
Foreign currency translation adjustment	261	715
Total comprehensive income/(loss)	510	(14,641)

Q & A

Thank you