



**(Nasdaq: UCL)**

**2Q2021 Earnings Presentation**

**August 2021**

**uCloudlink**

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# 01

## uCloudlink Company Overview

(Nasdaq: UCL)



**Connecting and Sharing** without **Limitations**

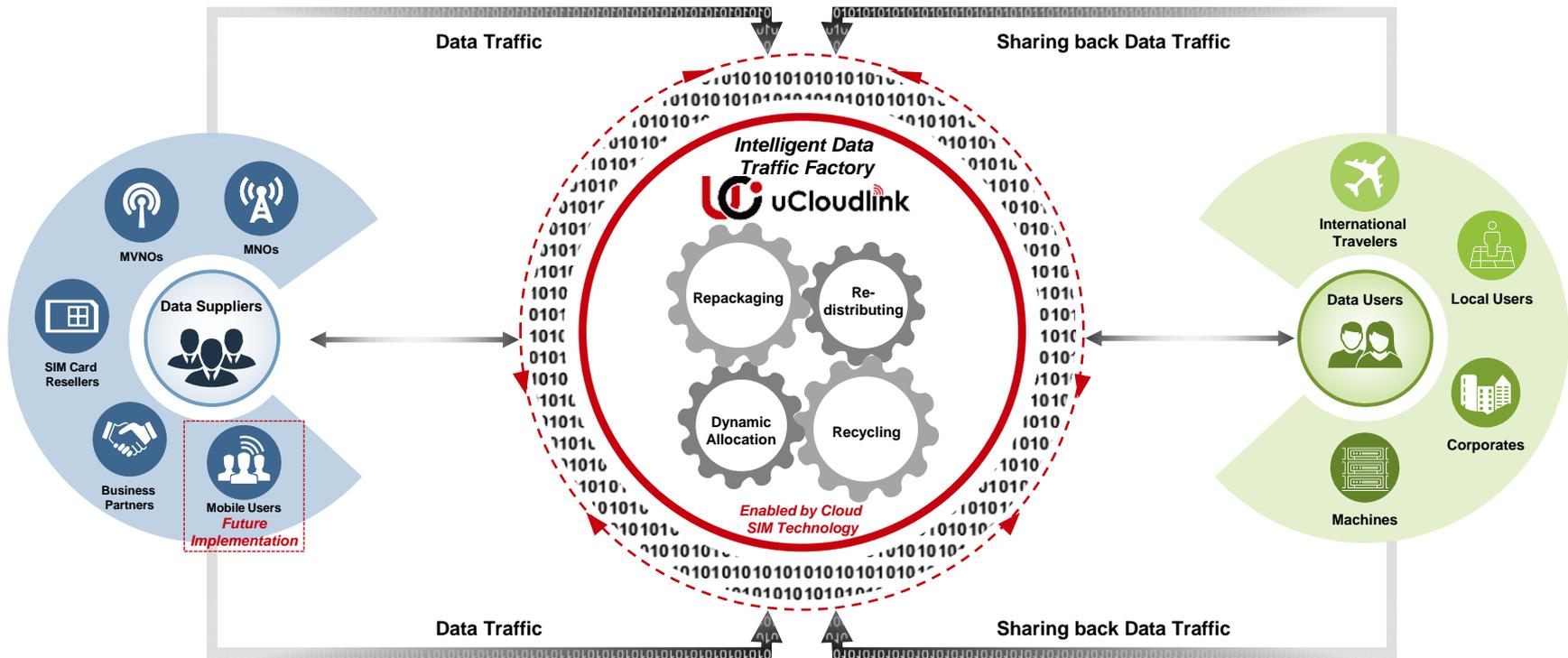
## Mission Statement

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"

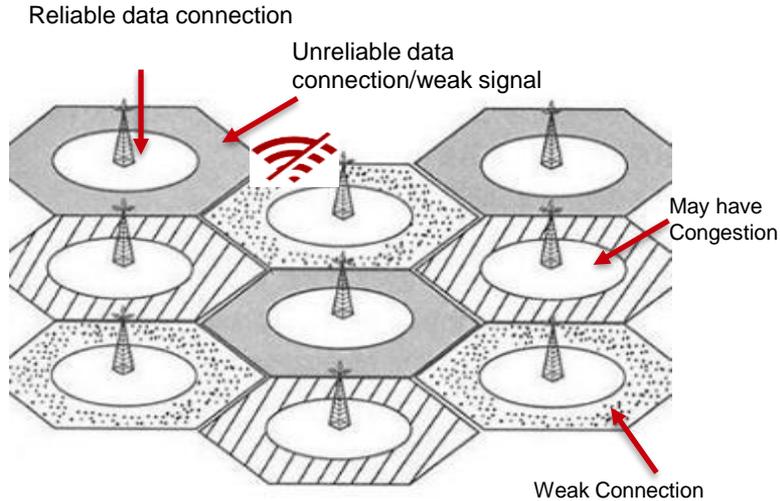
# The World's First and Leading Mobile Data Traffic Sharing Marketplace

(Nasdaq: UCL)

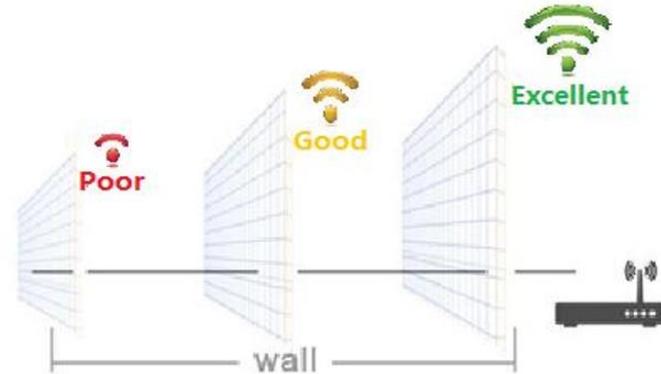


- Best Coverage
- Best Speed
- Best Price
- Flexible Solution
- High Throughput

## Challenges for Mobile Network Operators

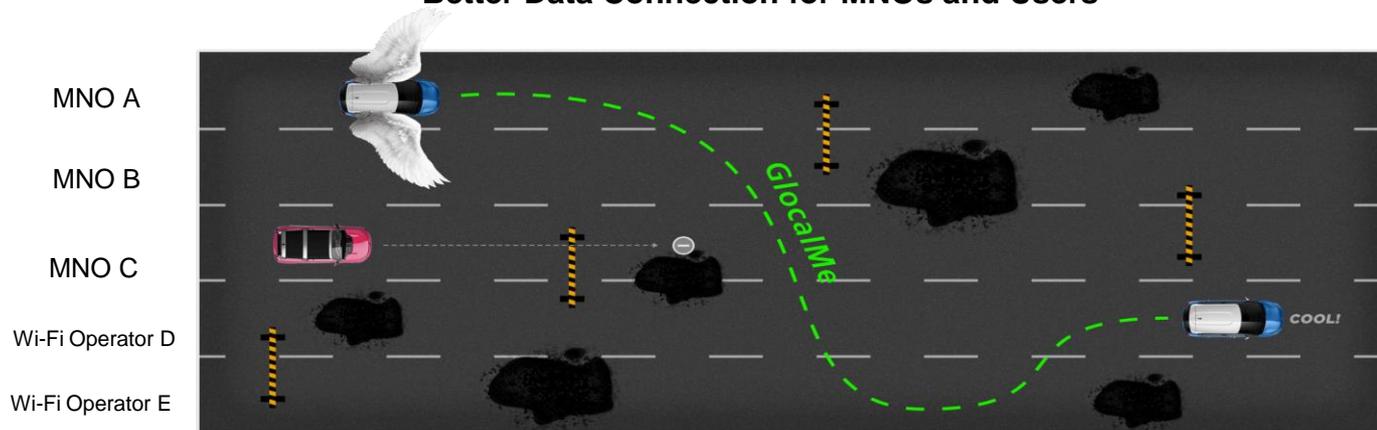


## Unreliable Indoor Wi-Fi Coverage



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

## Better Data Connection for MNOs and Users



- 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

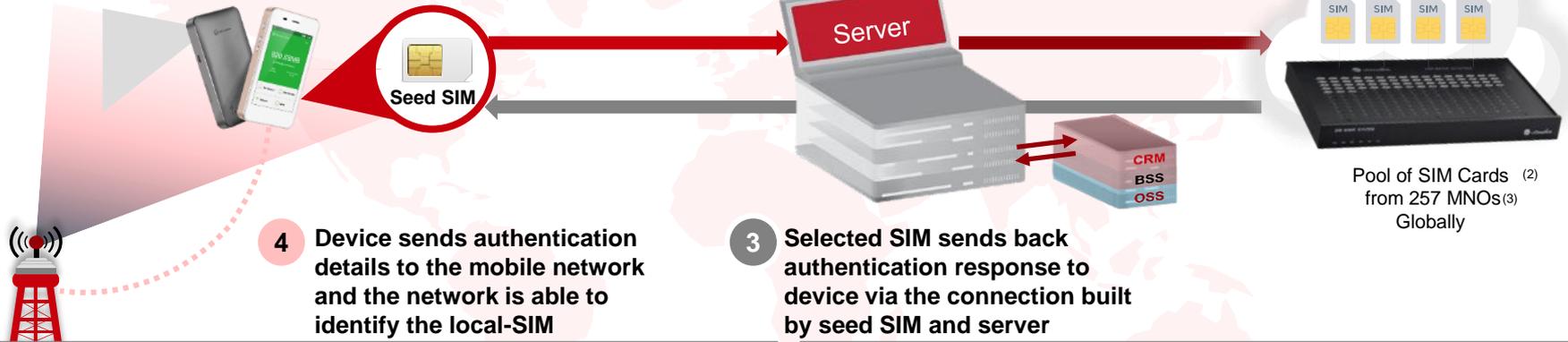
Server identifies SIM in the SIM pool with the optimal connectivity service

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



160 Patents <sup>(1)</sup>

Software-based

Ready to Support All Three Generations of our Businesses

Notes:

1. As of June 30, 2021, with 77 patents approved and 83 patents pending approval, globally
2. As of June 30, 2021, among these SIM cards, c.18% are owned by the Company with remaining SIMs owned by our business partners
3. As of June 30, 2021

# Our advanced Technology enabling Secured and Robust Connectivity (HyperConn)

(Nasdaq: UCL)

Cloud SIM Developed to HyperConn Stage and Products are ready to launch to the market after commercial trials  
Compatible with fast development of 2.0 business, GlocalMe Inside, Wireless Networks, Education, Autopilot, 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<sup>(2)</sup>**

### PaaS/SaaS Platform

uCloudlink's partners procure customized ODM<sup>(1)</sup> 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 June 30, 2021

# 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 management 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

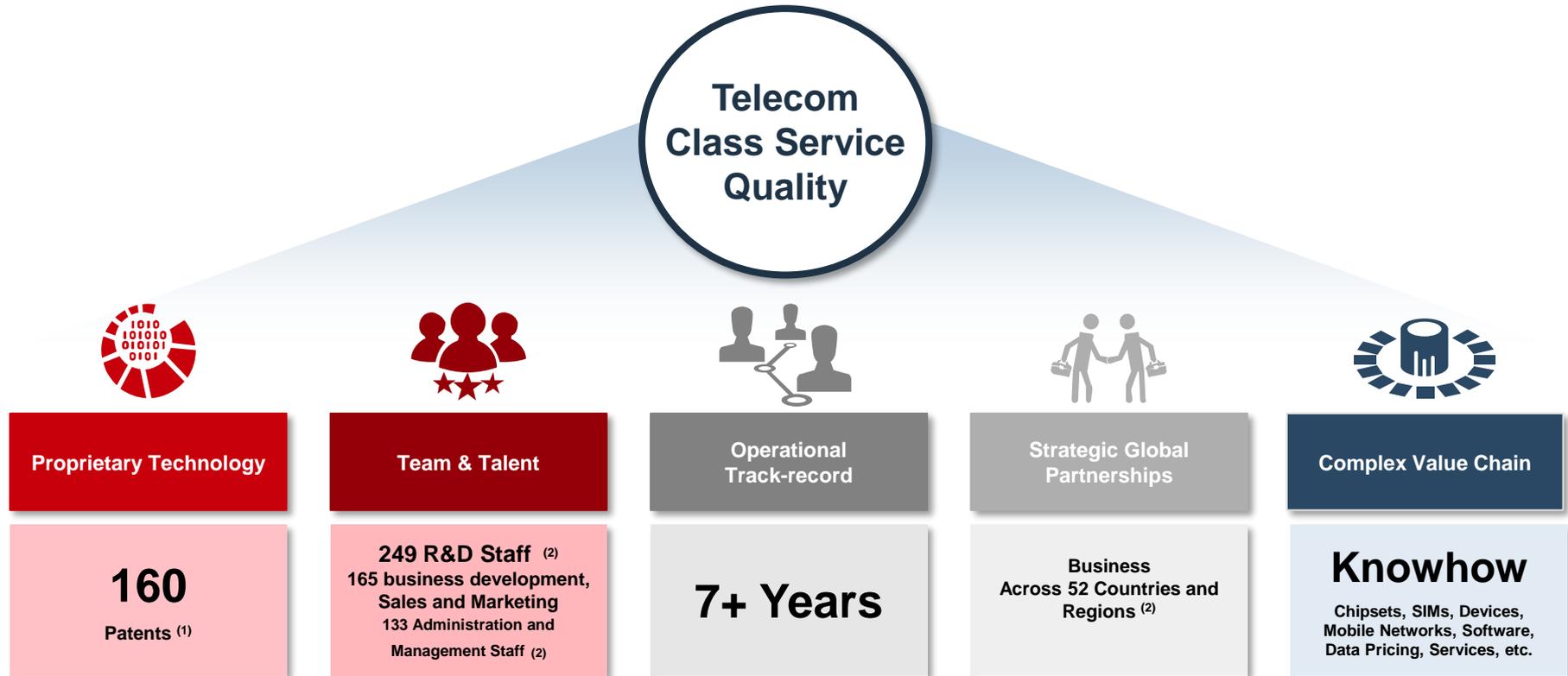
\*Finalized prototype APP in 2019



Notes:  
\* According to Frost & Sullivan

# Unique Business Model with High Barriers to Entry

(Nasdaq: UCL)



Notes:

1. As of June 30, 2021 with 77 patents approved and 83 patents pending approval, globally

2. As of June 30, 2021

# uCloudlink 1.0: Expect Recovery Post COVID-19 Pandemic with More Growth Potential

(Nasdaq: UCL)

## uCloudlink 1.0: International Data Connectivity Services

**Established track record** and **global leading position** in the international data connectivity services market.

**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

**Expect Greater Tourist demand and Recovery of International travel;** **Benefit to our 1.0 Business;** **Significant (YoY) increase of order demand of international data connectivity services in the US market**

**Helps MNOs Gain Market Share and Simplify Roaming Negotiation through Technology and Market Methods;** **SIM card Pool Includes SIM cards from 257 MNOs globally**

**Innovative Global 5G Solution;** **High quality, Low Latency Roaming Tech**

**Our New HyperConn Technology Elevates Overall User Experience with Access to All Available Networks and Contributes to the Growth of our 1.0 business**

# uCloudlink 2.0: Rapid Growth Track Record of Local Demand and Massive Opportunities

(Nasdaq: UCL)

Our New HyperConn Technology Contributes to the Development and Growth of Our uCloudlink 2.0 Business.  
We Expanded the Business Scope of Our Local Data Connectivity Services



## Help Operators to Win

Help operators improve data connection services through our PaaS and SaaS platform.



## Adapt to new normal life-style

Remote work and remote learning which require highly-reliable connectivity; New innovative tablet products facilitate online education.



## GlocalMe Inside (GMI)

GMI accepted by more MNOs and smart-phone brands are likely to have more GMI inside the phone; Cooperation with MNOs and mobile handset manufacturers.



## 5G Everywhere

5G may stimulate users to use high data consumption APPs, creating persistent demand for better and faster connections; Official release of new HyperConn products at Mobile World Congress (MWC) Barcelona.



## Wireless Networks Convergence

Continuous Development with Great Growth Potential; Helping one of the major MNOs in China elevate user experience and scale up our potential user base such as home broadband.



## IoT (Guaranteed Reliable Connection)

Opens opportunities with industries requiring high-quality data connection (Education, Power, Autopilot, Emergency Response, etc.) driving an increase in userbase.

# 02

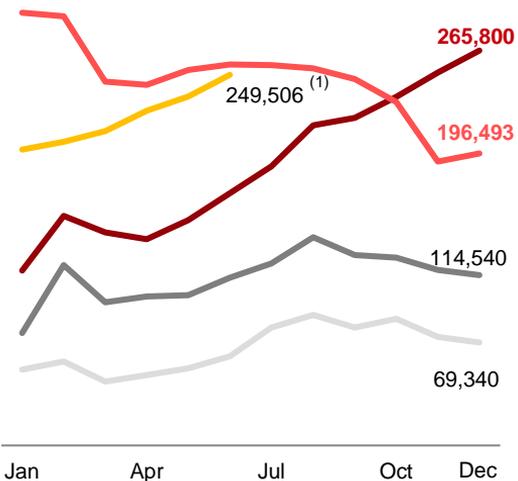
## 2Q 2021 Operating Highlights

# Our Business Performance and Operating Highlights

(Nasdaq: UCL)

## Daily Active Terminals (DAT) <sup>(2)</sup>

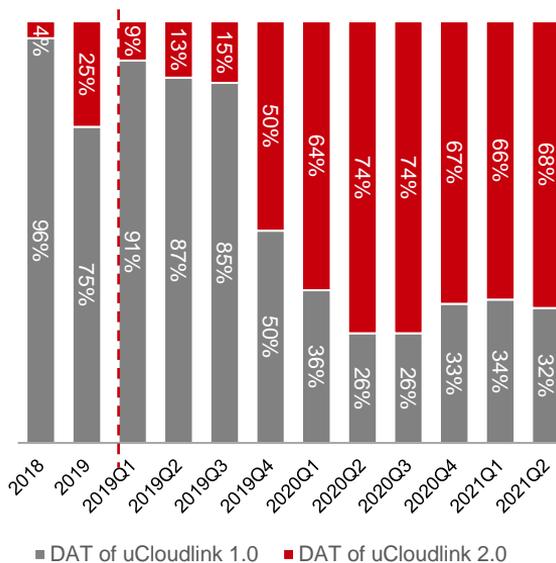
# Terminals



## DAT Breakdown by uCloudlink 1.0 vs. 2.0 <sup>(2)</sup>

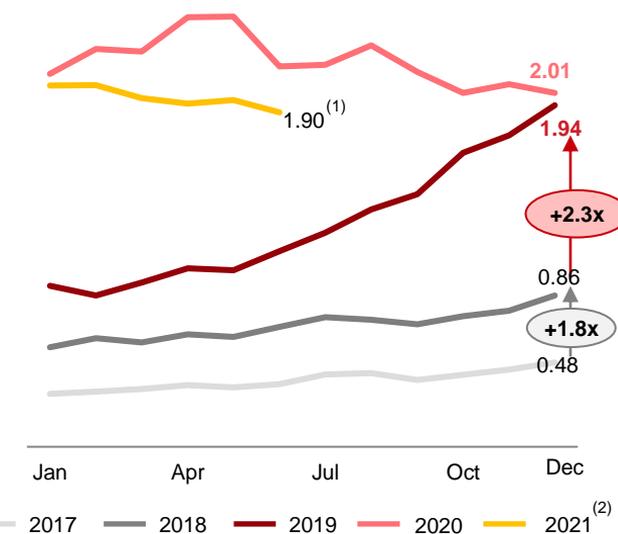
%

Strong uCloudlink 2.0 User Adoption



## Daily Data Usage per Terminal <sup>(2)</sup>

GB



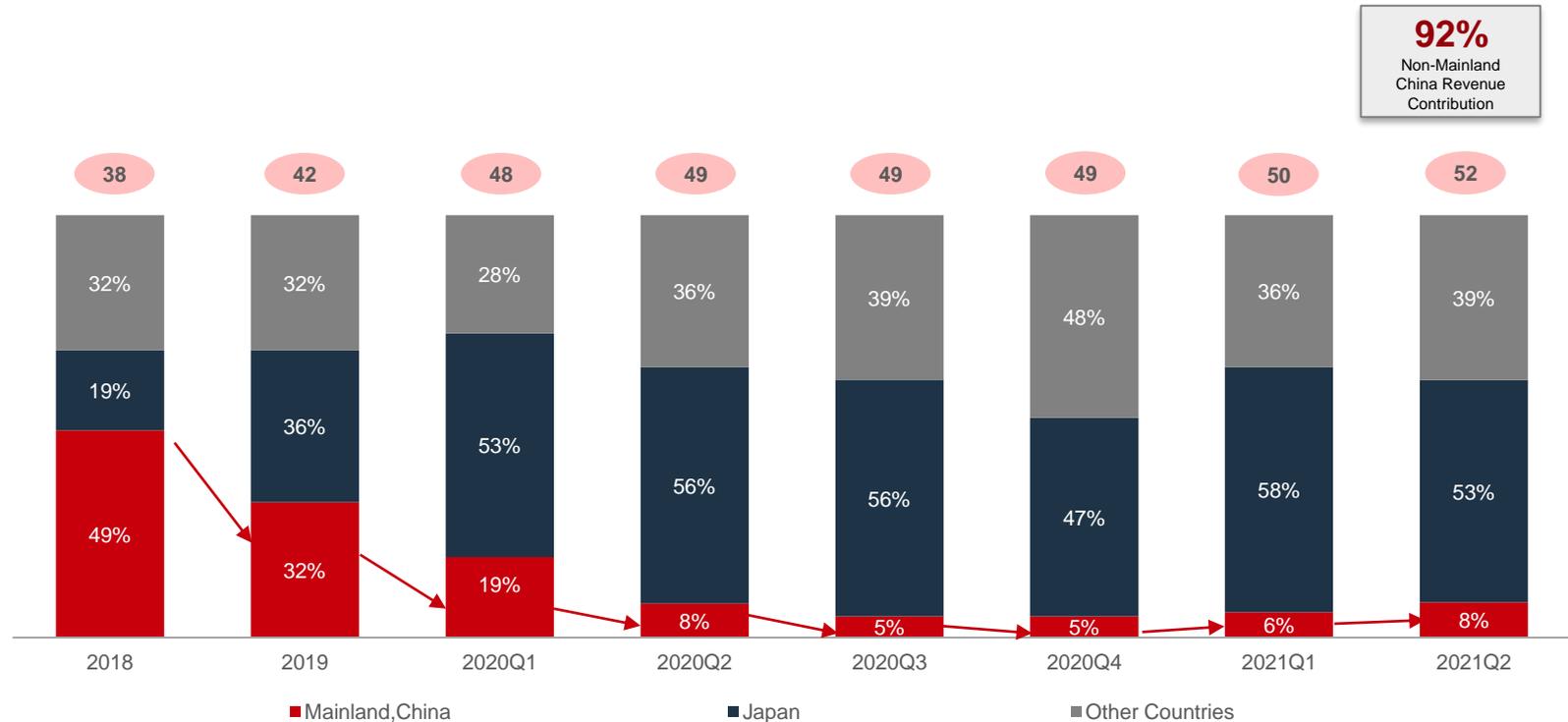
Note:

1. In June 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

(Nasdaq: UCL)



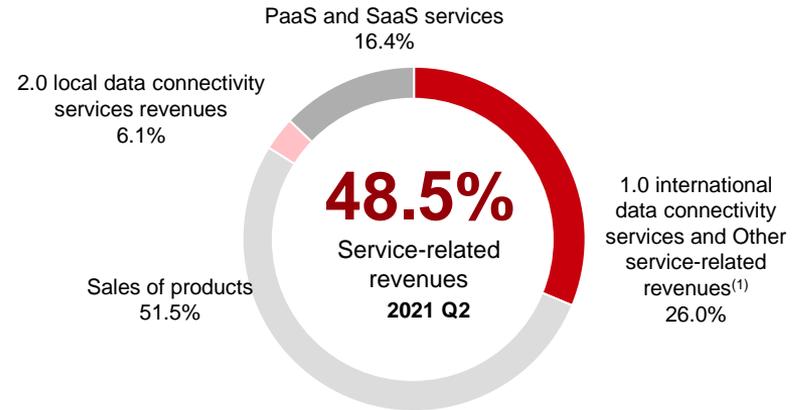
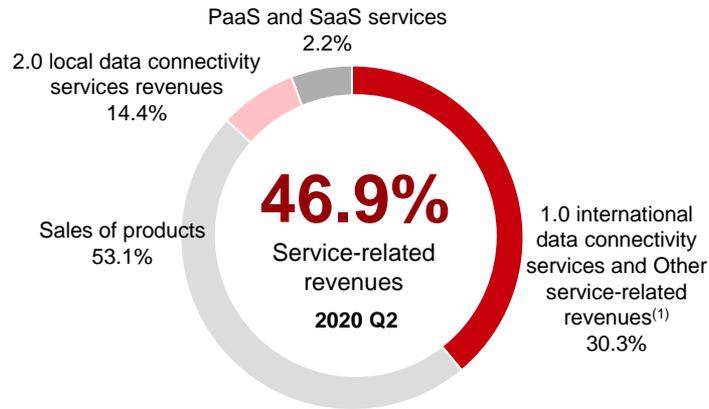
Number of countries and regions based on partners' registered location

# 03

## 2Q 2021 Financial Highlights

# Percentage of Our Service-Related Revenues and COVID-19 Impact (Nasdaq: UCL)

## Revenue segmentation based on product & services

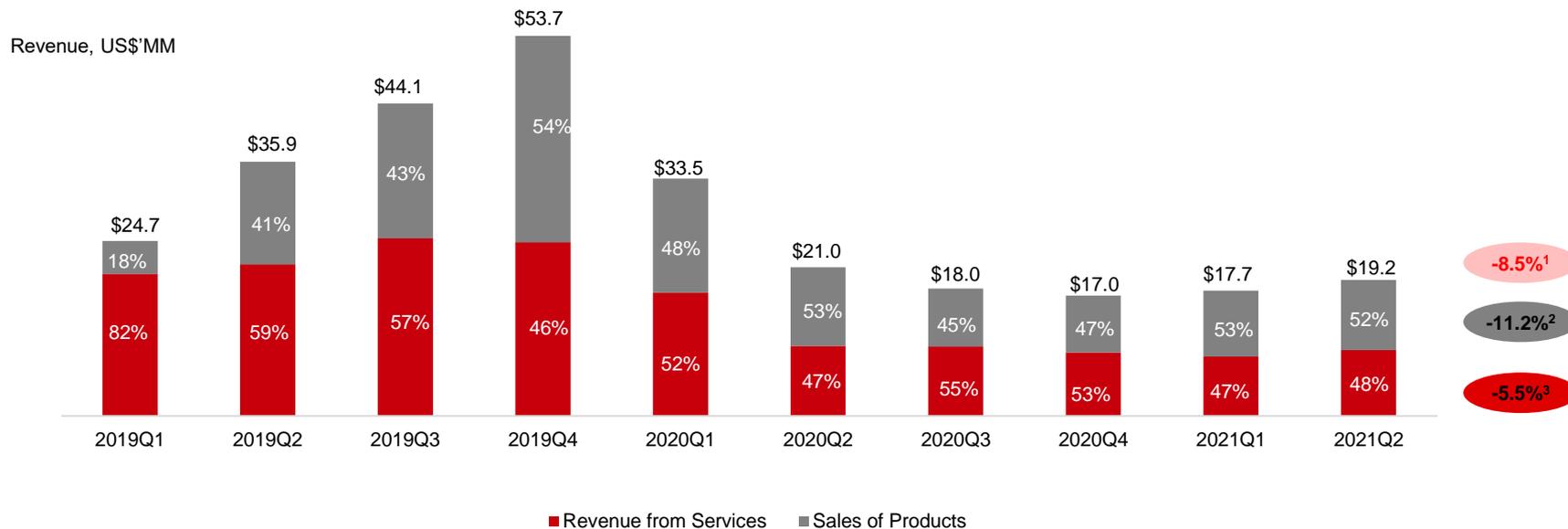


Note:

1. Other service-related revenues includes revenues from others

# Revenue Breakdown By Our Two Business Segments

(Nasdaq: UCL)

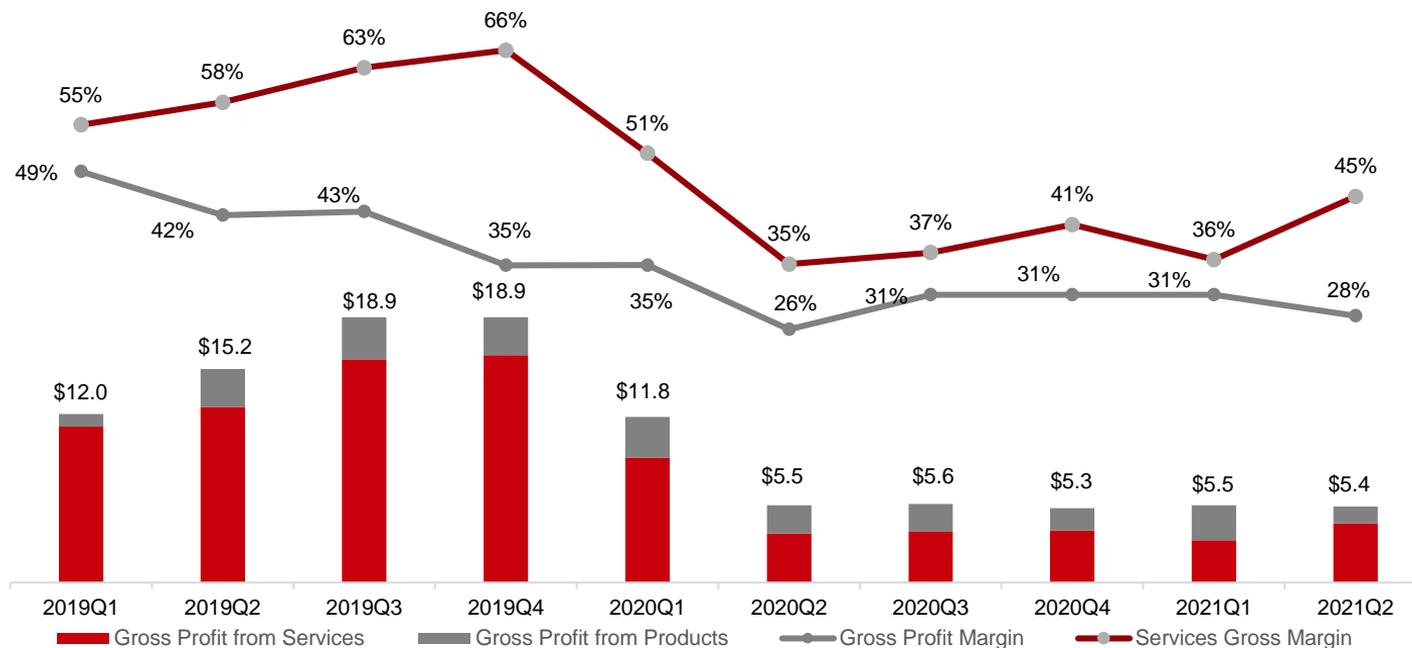


1. Q2 Total Revenue Year-over-Year growth
2. Q2 Sales of Products Year-over-Year growth
3. Q2 Revenue from Services Year-over-Year growth

# Higher Service Gross Margin Over Overall Gross Margin

(Nasdaq: UCL)

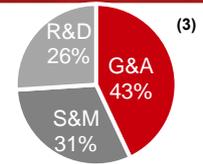
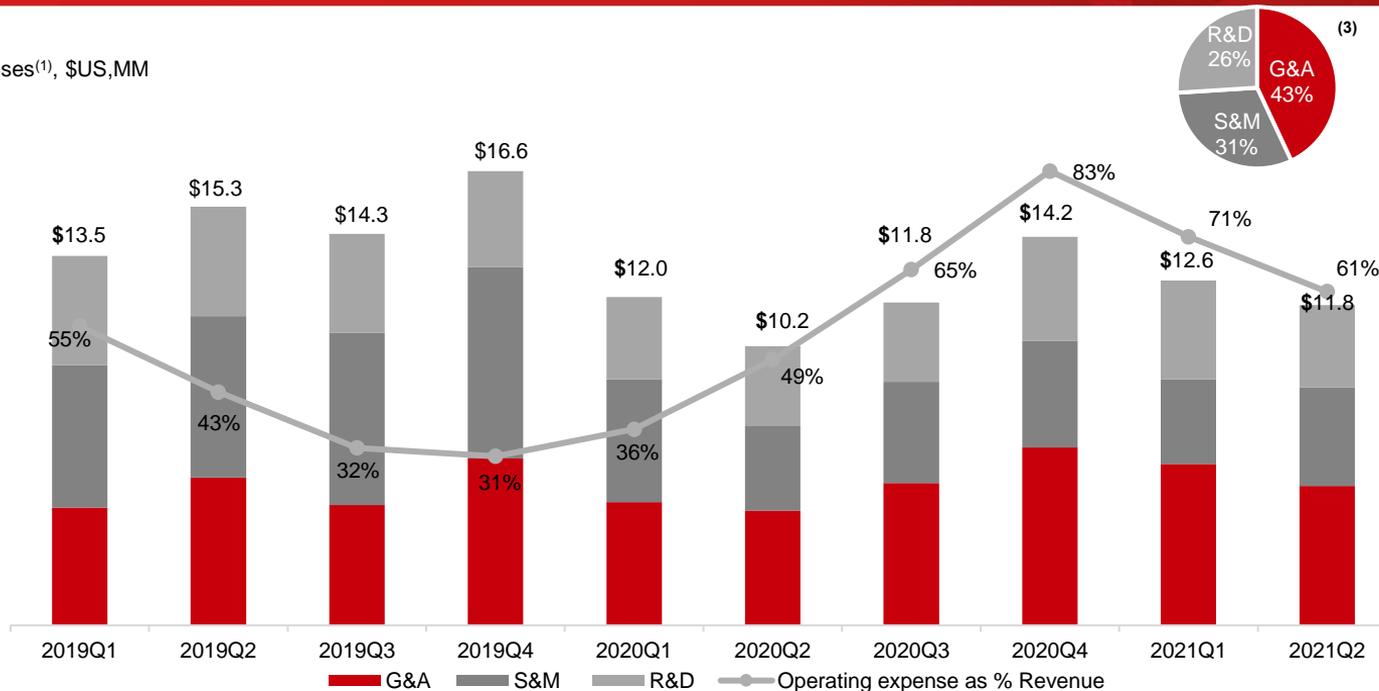
• Gross Profit(loss), US\$'MM



# Controlled Operating Expenses During Pandemic of COVID-19

(Nasdaq: UCL)

Operating expenses<sup>(1)</sup>, \$US,MM



**249 R&D Staff** <sup>(2)</sup>

**165 Business Development, Sales and Marketing Staff** <sup>(2)</sup>

**133 Administration and Management Staff** <sup>(2)</sup>

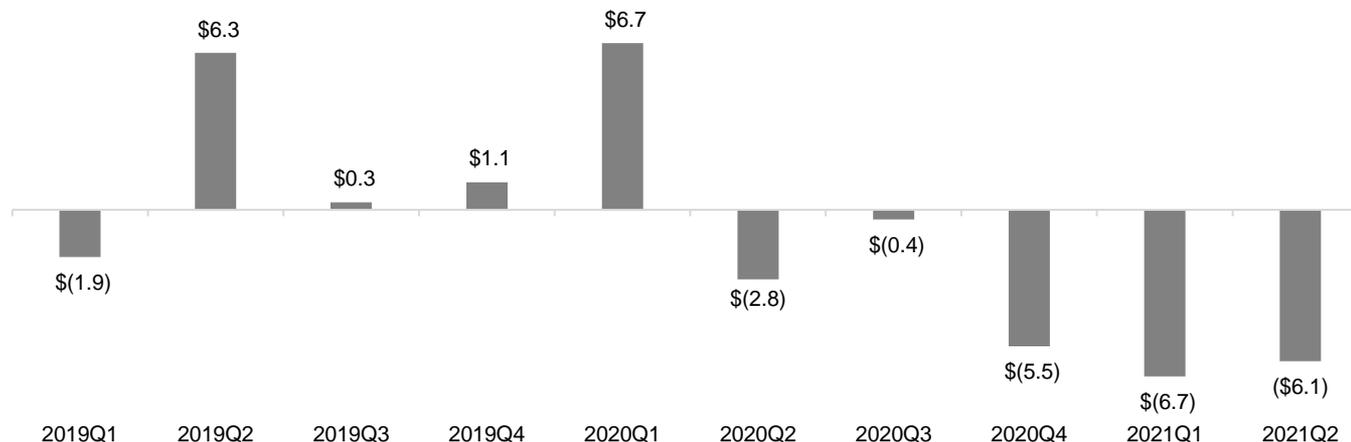
Note:

1. Operating Expenses excluding SBC and others
2. As of June 30, 2021
3. Operating Expenses Breakdown Pie Chart is specifically for 2021Q2

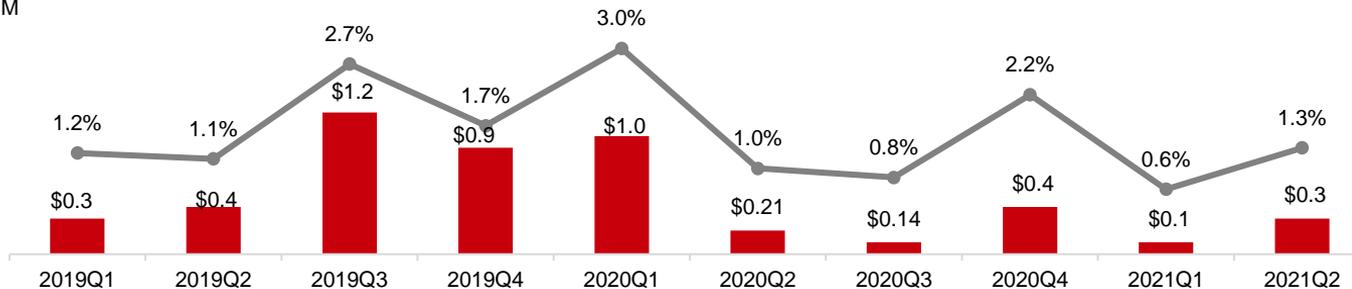
# Asset Light Business Model with Normal Cash Flow

(Nasdaq: UCL)

Operating Cash Flow, \$US,MM



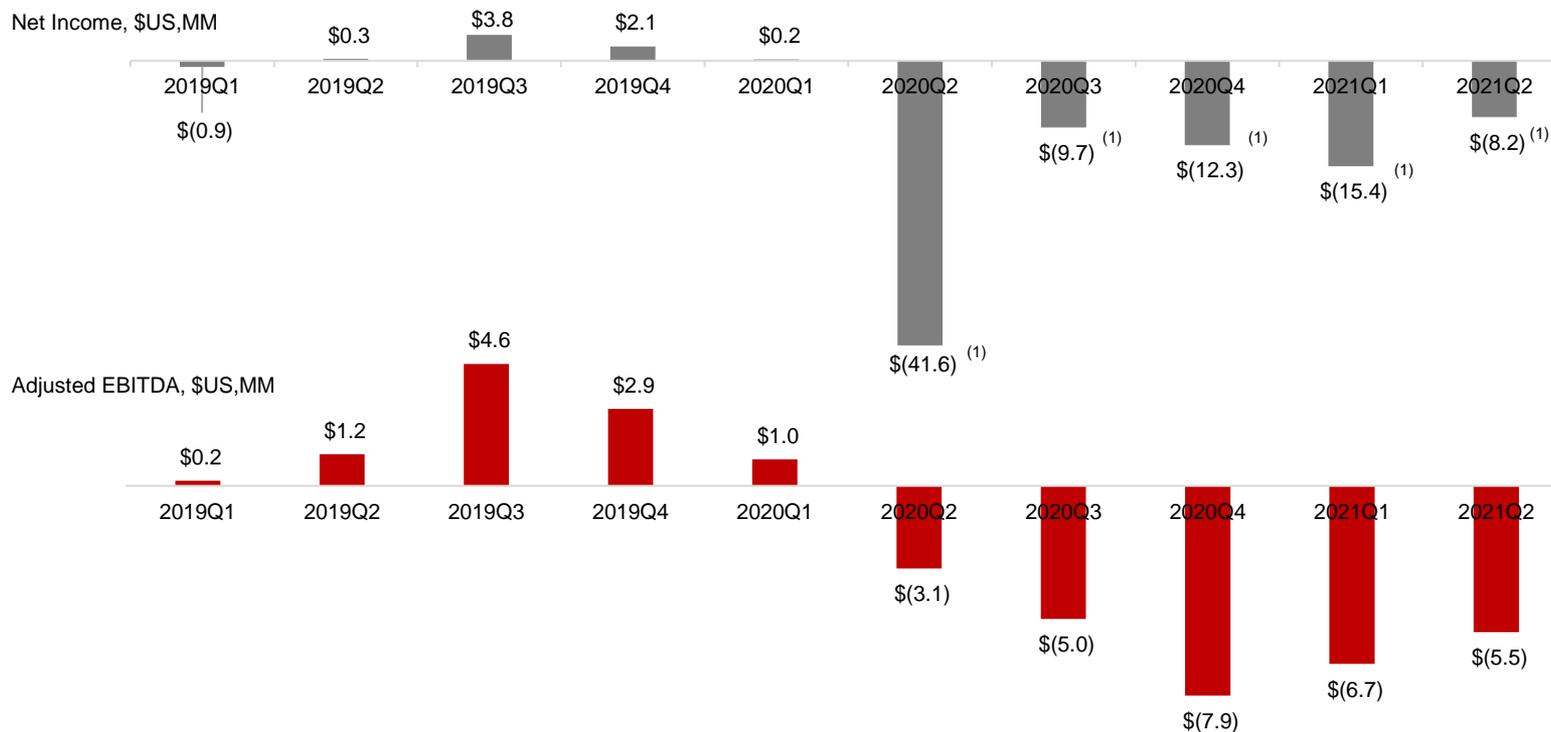
CAPEX, \$US,MM



■ Capex — Capex as % Revenue

# Net Income & Adjusted EBITDA

(Nasdaq: UCL)



Note:

1. Including share-based compensation US\$36.9 million in 2020Q2, US\$7.9 million in 2020Q3, US\$5.9 million in 2020Q4, US\$5.5 million in 2021Q1 and US\$1.2 million in 2021Q2

**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 June 30, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	21,989	18,381
Restricted cash	8,237	-
Short-term deposit	196	197
Accounts receivable, net	6,745	11,719
Inventories	5,847	6,369
Prepayments and other current assets	7,477	7,901
Other investments	19,185	14,950
Amounts due from related party	2,264	1,237
<b>Total current assets</b>	<b>71,940</b>	<b>60,754</b>
<b>Non-current assets</b>		
Prepayments	2,116	1,716
Long-term investments	1,306	1,614
Other investments	17,824	18,508
Property and equipment, net	3,029	2,320
Intangible assets, net	1,039	992
<b>Total non-current assets</b>	<b>25,314</b>	<b>25,150</b>
<b>TOTAL ASSETS</b>	<b>97,254</b>	<b>85,904</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Short term borrowings	3,704	4,782
Accrued expenses and other liabilities	25,742	25,932
Accounts payable	8,701	11,338
Amounts due to related party	1,503	1,525
Contract liabilities	889	1,172
<b>Total current liabilities</b>	<b>40,539</b>	<b>44,749</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	321	292
<b>Total non-current liabilities</b>	<b>321</b>	<b>292</b>
<b>TOTAL LIABILITIES</b>	<b>40,860</b>	<b>45,041</b>
<b>SHAREHOLDERS' EQUITY</b>		
Class A ordinary shares	8	8
Class B ordinary shares	6	6
Additional paid-in capital	220,292	227,897
Accumulated other comprehensive (loss)/income	(429)	3
Accumulated losses	(163,483)	(187,051)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>56,394</b>	<b>40,863</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>97,254</b>	<b>85,904</b>

**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 six months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
<b>Revenues</b>	<b>21,026</b>	<b>19,240</b>	<b>54,547</b>	<b>36,934</b>
Revenues from services	9,868	9,327	27,298	17,710
Sales of products	11,158	9,913	27,249	19,224
<b>Cost of revenues</b>	<b>(15,539)</b>	<b>(13,837)</b>	<b>(37,218)</b>	<b>(26,000)</b>
Cost of services	(5,400)	(5,090)	(14,858)	(10,460)
Cost of products sold	(9,139)	(8,747)	(22,360)	(15,540)
<b>Gross profit</b>	<b>5,487</b>	<b>5,403</b>	<b>17,329</b>	<b>10,934</b>
Research and development expenses	(13,544)	(3,040)	(16,560)	(6,839)
Sales and marketing expenses	(13,550)	(3,775)	(18,087)	(7,216)
General and administrative expenses	(19,967)	(6,098)	(24,464)	(17,046)
Other income/(expense)	54	(714)	653	(3,378)
<b>Loss from operations</b>	<b>(41,520)</b>	<b>(8,224)</b>	<b>(41,129)</b>	<b>(23,545)</b>
Interest income	15	5	26	9
Interest expenses	(106)	(50)	(228)	(89)
<b>Loss before income tax</b>	<b>(41,611)</b>	<b>(8,269)</b>	<b>(41,331)</b>	<b>(23,625)</b>
Income tax (expense)/benefit	(6)	4	(37)	4
Share of profit in equity method investment, net of tax	-	53	-	53
<b>Net loss</b>	<b>(41,617)</b>	<b>(8,212)</b>	<b>(41,368)</b>	<b>(23,568)</b>
Accretion of Series A Preferred Shares	(604)	-	(1,293)	-
<b>Attributable to:</b>				
Equity holders of the Company	(42,221)	(8,212)	(42,661)	(23,568)
Non-controlling interests	-	-	-	-
<b>Loss per share for Class A and Class B ordinary shares</b>				
Basic	(0.17)	(0.03)	(0.18)	(0.08)
Diluted	(0.17)	(0.03)	(0.18)	(0.08)
<b>Loss per ADS (10 Class A shares equal to 1 ADS)</b>				
Basic	(1.73)	(0.29)	(1.79)	(0.83)
Diluted	(1.73)	(0.29)	(1.79)	(0.83)
<b>Shares used in earnings per Class A and Class B ordinary share computation:</b>				
Basic	243,363,011	283,299,397	237,907,456	283,008,578
Diluted	243,363,011	283,299,397	237,907,456	283,008,578
<b>Net loss</b>	<b>(41,617)</b>	<b>(8,212)</b>	<b>(41,368)</b>	<b>(23,568)</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation adjustment	(413)	(283)	(152)	432
<b>Total comprehensive loss</b>	<b>(42,030)</b>	<b>(8,495)</b>	<b>(41,520)</b>	<b>(23,136)</b>

Q & A

*Thank you*