CyberLink (5203.TW)

2020 Q3 Investor Conference

The Innovative Solution Provider for CREATE, PLAY & CONNECT of Digital Media, and Facial Recognition & AI.

October 29, 2020

Safe Harbor Notice

The following pages contain projections & estimates of financial information as well as market and product developments for future periods. These projections & estimates are based on information currently available which we believe to be reliable, but they involve risks & uncertainties. Our actual results of operations & financial condition may differ significantly from those contained in the projections & estimates. The projections & estimates should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.

Agenda

- 2020 Q3 Financial Results
- Business Update

Key Points (1/2)

- 2020 Q3 revenue +**14.7**% YoY; operating profit +**11.3**% YoY
  - If excluding the one-off impact from the adjustment of Google Play Store revenue recognition (from net method to gross method, such that "Google Play Store 30% transaction fee" of 1H'19, about NT$ 15M, was added into Q3'19), 2020 Q3 revenue grew **19.3**% YoY (if calculated using US dollar basis, the growth rate is **25.8**%)
  - S&M and R&D expense for future growth increased
    - S&M expense increased NT$31M more YoY, up 22.7% YoY
    - RD expense increased NT$18M more YoY, up 20.3% YoY
- 2020 Q3 Net profit -**63.4**% YoY; EPS NT$**0.63**
  - The decrease of net profit is mainly due to one-off property disposal gain, NT$ 96M, in 2019 Q3.
  - Foreign exchange loss increased NT$11M YoY.
  - Investment loss increased NT$8M YoY.
- Revenue (USD-denominated) of 3 growing segments +**56.5**% YoY in Q3
  - PC-Create (B2C): +38% YoY
  - Mobile App: +90% YoY
  - New Biz: +143% YoY

Key Points (2/2)

- Expect the latest version of Director Family, PowerDirector 365 Business and new App- AdDirector which were released in mid September will contribute revenue growth in coming quarters.
  - PowerDirector macOS version is going to be released in 2020 Q4

- Overall, we are pleased about the performance on Q3'20 and remain positive on future direction on both products and business model, and remain bullish on future growth
  - CREATE B2C (PC & App) would maintain its pace of strong growth
  - Stronger market demand on FaceMe business

Financial Results
(Un-audited)

Financial Highlights

2020 Q3 IS

·Revenue NT$**432**M, +**14.7**% YoY

·Operating profit NT$ **71**M, +**11.3**% YoY

·Net profit NT$**52**M, -**63.4**% YoY

·EPS NT$**0.63**, -**62.7**% YoY

2020 1-3Q IS

·Revenue NT$**1,204**M, +**14.3**% YoY

·Operating profit NT$ **174**M, -**6.9**% YoY

·Net profit NT$**178**M, -**38.1**% YoY

·EPS NT$**2.12**, -**38.4**% YoY

2020 Q3 Consolidated IS

NT$ (K)	2020 Q3		2020 Q2		QoQ	2019 Q3		YoY
Revenue	**432,148**	100.0%	414,887	100.0%	4.2%	376,859	100.0%	14.7%
COGS	**-56,076**	-13.0%	-46,533	-11.2%	20.5%	-55,928	-14.8%	0.3%
Gross Profit	**376,072**	87.0%	368,354	88.8%	2.1%	320,931	85.2%	17.2%
R&D	**-108,838**	-25.2%	-102,762	-24.8%	5.9%	-90,492	-24.0%	20.3%
S&M	**-167,443**	-38.7%	-177,763	-42.9%	-5.8%	-136,488	-36.2%	22.7%
G&A	**-29,047**	-6.7%	-27,560	-6.6%	5.4%	-30,414	-8.1%	-4.5%
Operating Expense	**-305,328**	-70.6%	-308,085	-74.3%	-0.9%	-257,394	-68.3%	18.6%
Operating Income	**70,744**	16.4%	60,269	14.5%	17.4%	63,537	16.9%	11.3%
FX Gain (Loss)	**-12,537**	-2.9%	-19,959	-4.8%	-37.2%	-1,497	-0.4%	-737.5%
Investment Gain (Loss)	**-11,876**	-2.8%	-3,303	-0.8%	259.6%	-3,457	-0.9%	-243.5%
Other Income (Loss)	**22,529**	5.2%	22,853	5.5%	-1.4%	137,843	36.5%	-83.7%
Non-operating Income (Loss)	**-1,884**	-0.5%	-409	-0.1%	360.6%	132,889	35.2%	-101.4%
PBT	**68,860**	15.9%	59,860	14.4%	15.0%	196,426	52.1%	-64.9%
PAT	**52,039**	12.0%	49,366	11.9%	5.4%	142,130	37.7%	-63.4%
EPS (NT$)	**0.63**		0.59		6.8%	1.69		-62.7%

2020 1-3Q Consolidated IS

NT$ (K)	2020 1-3Q		2019 1-3Q		YoY
Revenue	**1,203,789**	100.0%	1,053,211	100.0%	14.3%
COGS	**-144,624**	-12.0%	-134,256	-12.7%	7.7%
Gross Profit	1,059,165	88.0%	918,955	87.3%	15.3%
R&D	**-307,014**	-25.5%	-264,678	-25.1%	16.0%
S&M	**-493,553**	-41.0%	-381,278	-36.3%	29.4%
G&A	**-84,183**	-7.0%	-85,572	-8.1%	-1.6%
Operating Expense	**-884,750**	-73.5%	-731,528	-69.5%	20.9%
Operating Income	**174,415**	14.5%	187,427	17.8%	-6.9%
FX Gain (Loss)	**-25,829**	-2.2%	12,447	1.2%	-307.5%
Investment Gain (Loss)	**2,309**	0.2%	-44,379	-4.2%	105.2%
Other Income (Loss)	**73,425**	6.1%	220,345	20.9%	-66.7%
Non-operating Income (Loss)	**49,905**	4.1%	188,413	17.9%	-73.5%
PBT	**224,320**	18.6%	375,840	35.7%	-40.3%
PAT	**178,192**	14.8%	287,802	27.3%	-38.1%
EPS (NT$)	**2.12**		3.44		-38.4%

Business & Product Update

*USD-denominated

2020 Q3 Product Mix

+38% YoY in revenue which is contributed by growth of subscribers and renewal revenue

27%
PC-Create (B2C)

+143% YoY in revenue

2%
New Biz

16%
Mobile APP

Robust growth in revenue **+90%** YoY

55%
PC-OEM, ODD & Others

Revenue +9% YoY which was contributed by OEM bundle business

- 2020 Q3 topline growth is **25.8**% YoY & revenue of 3 growing segments up **56.5**% YoY

*USD-denominated

2020 Q1-Q3 Product Mix

+26% YoY in revenue which is contributed by growth of subscribers and renewal revenue

28%
PC-Create (B2C)

+1131% YoY in revenue

5%
New Biz

14%
Mobile APP

Robust growth in revenue **+71%** YoY

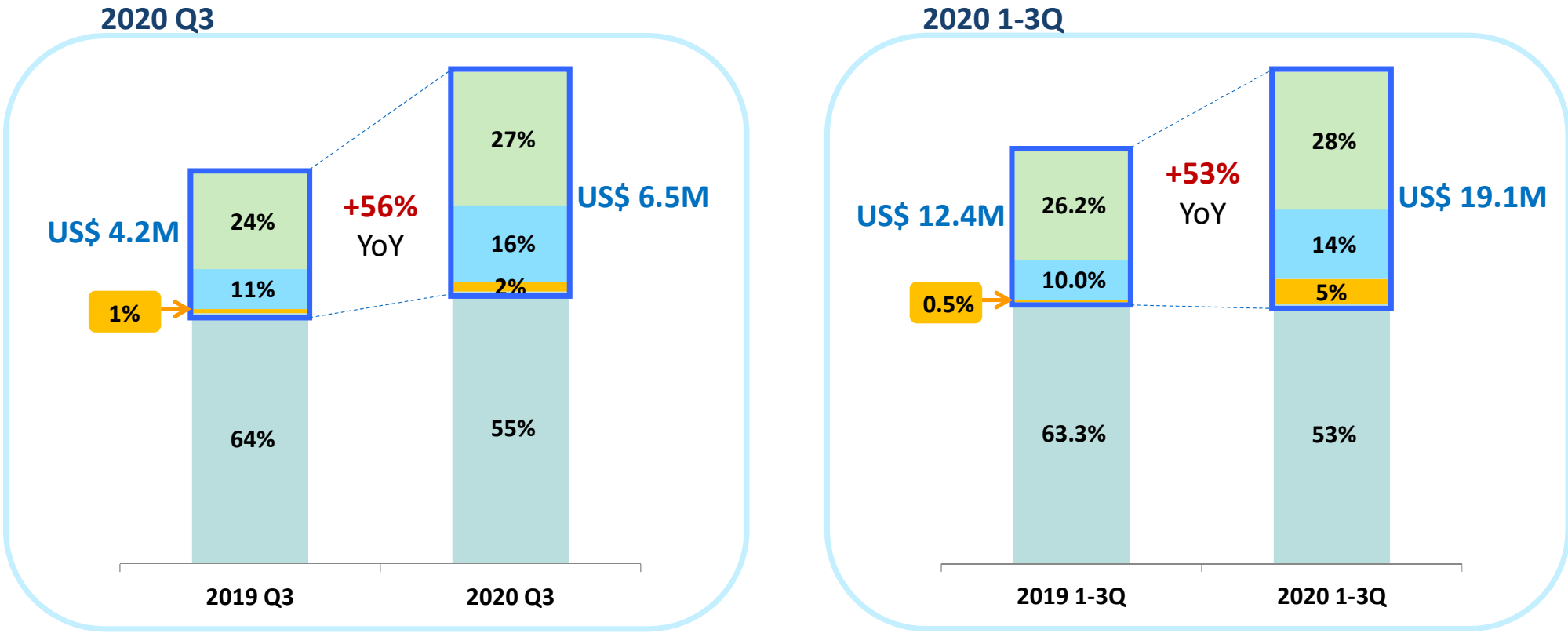
53%
PC-OEM, ODD & Others

Revenue -1% YoY which was attributed by OEM bundle business and PowerDVD

- 2020 Q3 topline growth is **19.0**% YoY & revenue of 3 growing segments up **53.2**% YoY

*USD-denominated

Product Mix YoY Trend

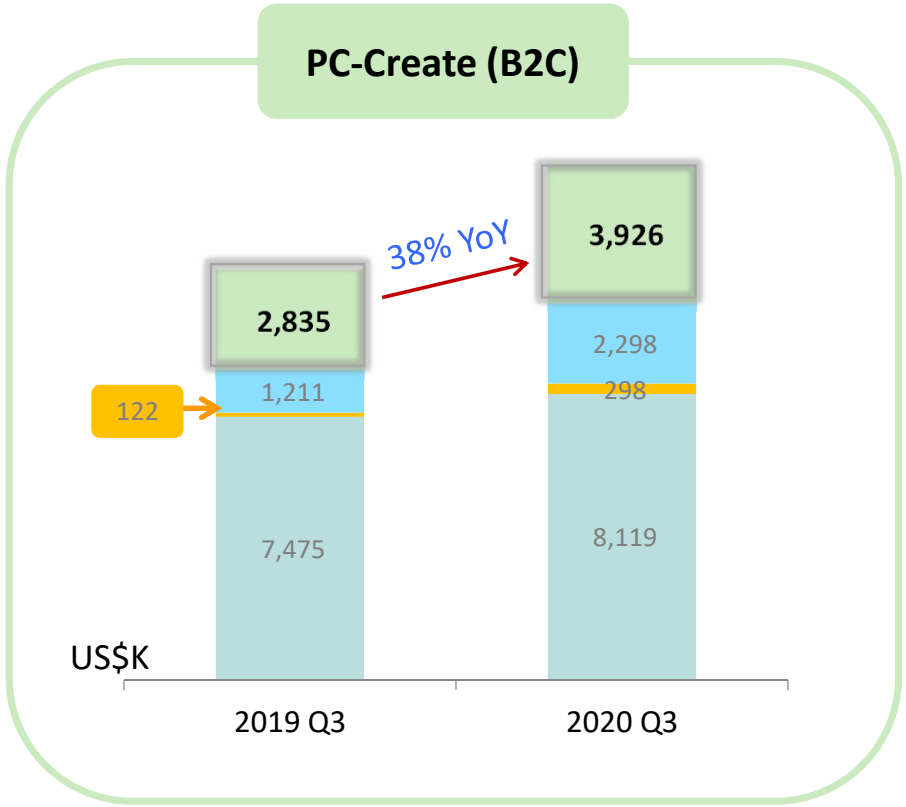


*** Revenue of 3 growing segments maintain strong growth pace**

PC-Create (B2C) | Mobile APP | New Biz | PC-OEM, ODD & Others

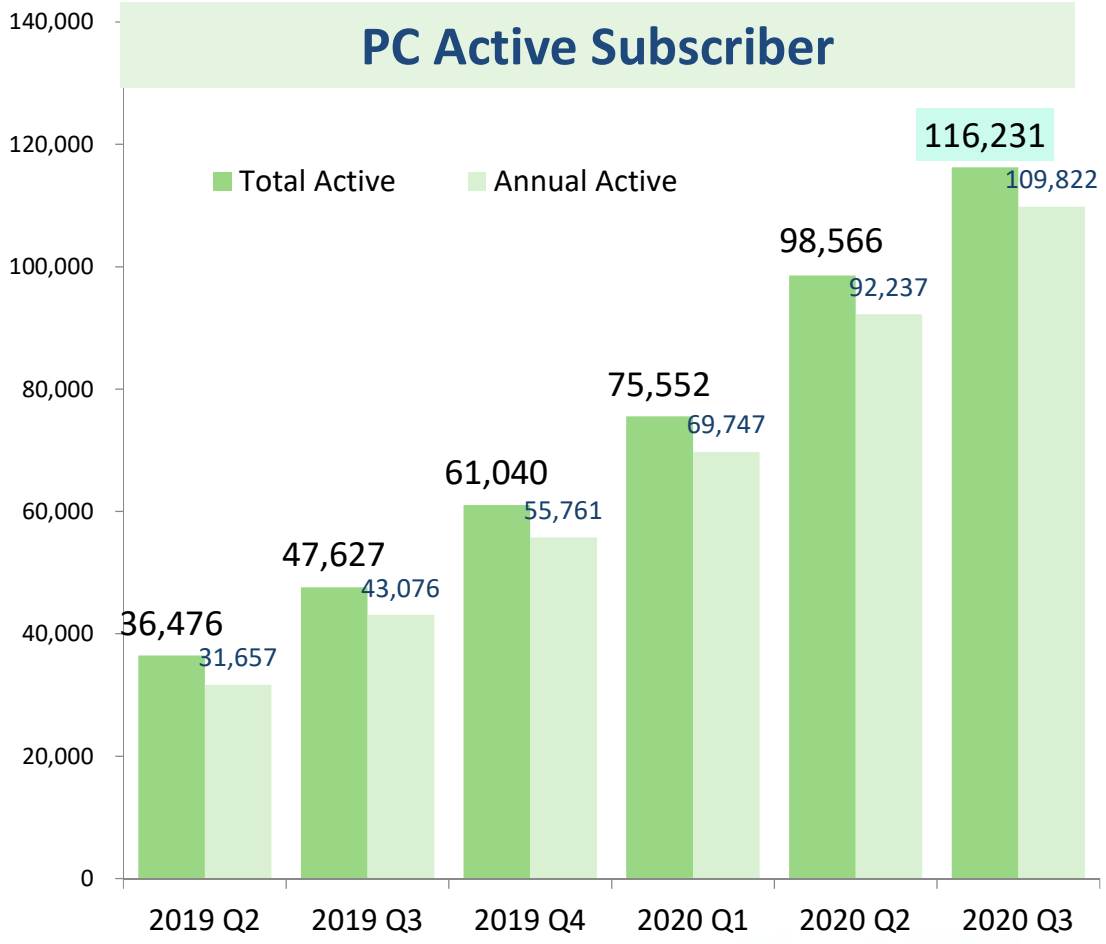
*USD-denominated

1. PC-Create (B2C) Revenue Trend



- Q3 revenue grew 38% YoY
- Expect the latest version of Director Family and PowerDirector 365 Business which were released in mid September will bring more revenue growth in coming quarters
- Future growth drivers:
  - Number of annual subscribers increased in Q3'20 will contribute significant renewal revenue in coming years
  - New Product launch in Q4'20: PowerDirector on macOS

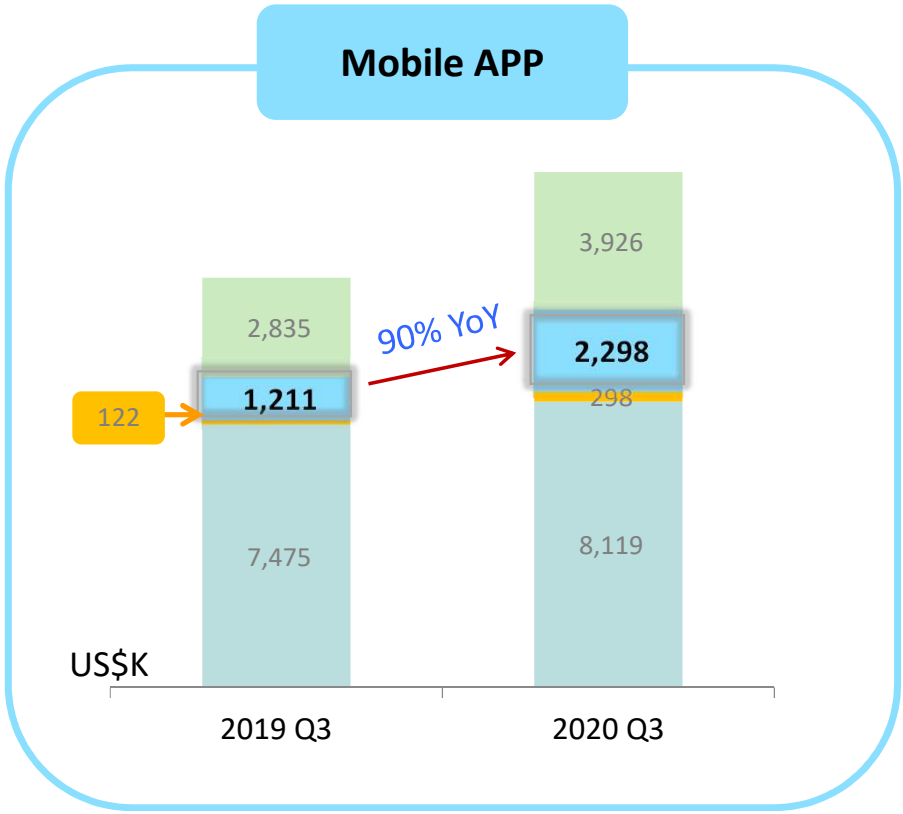
PC-CREATE(B2C) Subscription Continue to Grow



- Number of subscribers increased significantly by 17,665 in 2020 Q3
- Annual subscriber accounts for 94% of total subscribers in 2020 Q3, up from 90% in 2019 Q3
- Expect total subscriber will continue to grow and the increase of new and renewal subscribers creates solid and foreseeable growing trend

*USD-denominated

2. Mobile App Revenue Trend

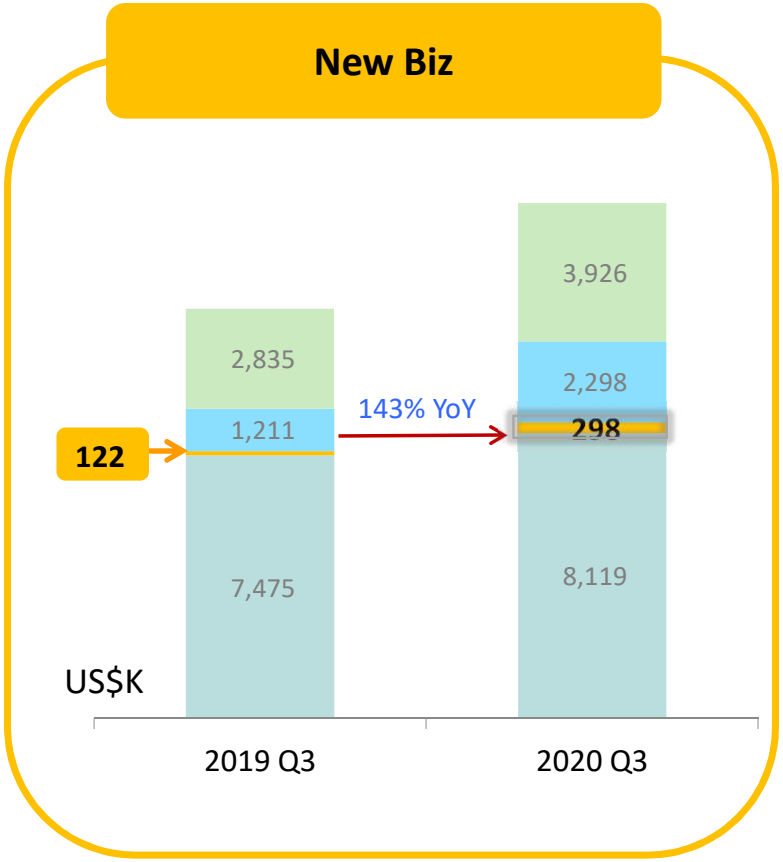


- App revenue grew **90**% YoY in 2020 Q3
- New App-AdDirector which were released in mid September started to contribute to the topline

*USD-denominated

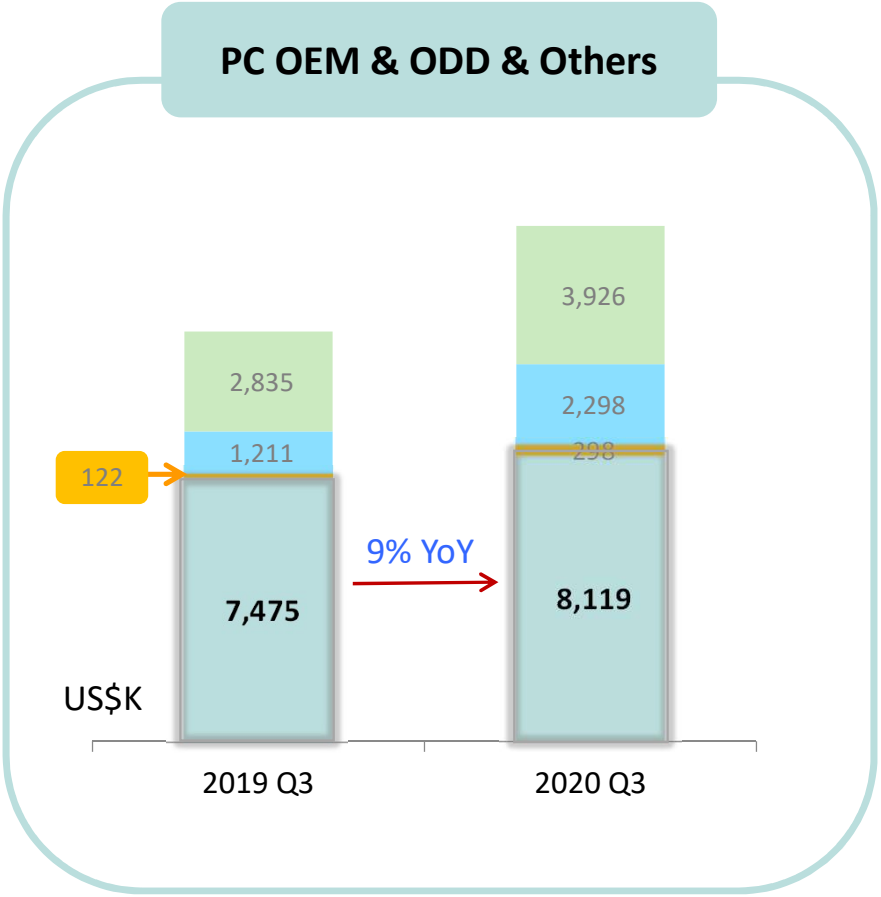
3. FaceMe

- New developments for FaceMe® Security's Health Add-on, a comprehensive security and health monitoring solution for access and pandemic control
- Positive on long-term market demand for facial recognition technology, especially under pandemic, the demand for contactless facial recognition and mask detection is surging up.
- Total revenue of 2020 Q1-Q3 is US$ 2M.



*USD-denominated

4. PC-OEM & ODD & Others



- Revenue of 2020 Q3 grew 9% YoY contributed by OEM bundle business
  - PC-OEM revenue +26% YoY, representing 35% of total revenue
  - Revenue of PowerDVD & other B2C products -12% YoY, representing 20% of total revenue

Product & Marketing Strategy

The BIG Picture of 3 Year Plan (2018-2020)

2018 – 2020: Big investment on new opportunities

- 2018-2019: **Subscription Business Model Transformation**
- 2019-2020:

  New Product Developments:
  - CREATE-App: PowerDirector on iOS
  - CREATE-App: AdDirector on iOS & Android
  - CREATE-PC: PowerDirector on macOS
  - New Business: FaceMe

  Product Revamping

  Aggressive Marketing Development on Social Media & Advertisements

Boost future topline growth
with
Significant S&M and R&D Investment

2021 – 2023: Harvest time! Expecting strong growth Year-over-Year!

2020 Q4 & 2021 Key Focus

CREATE	· Continue to deepen CREATE market presence for both PC/Mac and Mobile App · Continuous product refinement and digital marketing enhancement to attract more subscriber and raise retention rate · PowerDirector 365 macOS version is expected to launch in 2020 Q4 and will contribute to company topline
FaceMe	· Partnership with leading AIoT and SoC companies to speed up the global penetration in AIoT industries and provide comprehensive application to expand customer base · Strengthen digital marketing and build up global leader brand image.

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Thank You!