

## About CyberLink

CyberLink is a world-leading software provider for content creation (video editing and photo editing) on both PC and mobile devices and as well as on AI-based facial recognition software ("FaceMe")<sup>1</sup>. With the surging demand from these two categories, we are investing heavily on both product developments and marketing promotions.

## Company transformation

For content creation market, we used to focus on PC OEM bundle business (B2B), but now we re-structured our operations to focus on B2C market which has more growth potential, including 1) developing new products for mobile apps as well as for Mac to cover all platforms; 2) converting our product selling from perpetual sales to subscription-based with a very good success; and 3) investing heavily on marketing since last year. With above efforts, we have seen significant revenue growth this year and we believe the growth will extend into the future.

## Another key growth driver, facial recognition

AI-based facial recognition technology is another opportunity for growth with great potential. Our strategy is to enable facial recognition on edge devices since Taiwan is a big cluster for IT products such that our capability to provide good local support forms a competitive advantage. As such, we have built strong relationship with many world-leading partners in SoC, IPC (industrial PC), IP-camera and AIoT. By leveraging their scalability, we can swiftly reach more customers globally. We saw increasing demand from customers, even though the business had only just begun at the end of Q4 2018.

## Investment for the future

With exciting growth opportunities ahead, we are investing more heavily on R&D and marketing than previous years. Preliminary returns can already be seen by strong topline performance from these two categories, B2C content creation and FaceMe, with more than 50% YoY growth in the first three quarters of 2020. Although the increased marketing expense may impact our short-term profitability, we believe it will bring in good results in the next couple years.

<sup>1</sup>FaceMe is categorized under New Biz

## QUICK FACTS

(2020 Q1-Q3)

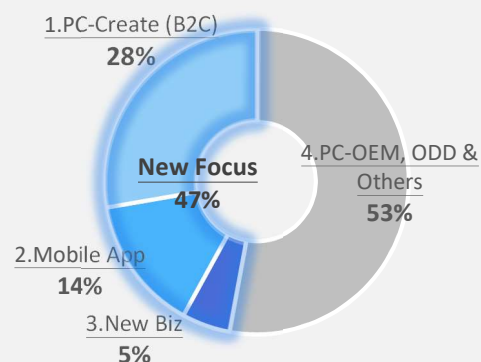
Total Revenue US\$ **40** Million

**+19%** YoY Revenue Growth

**3** New Focus rev. US\$ **19** Million

**+53%** YoY Revenue Growth

### Revenue by Product Categories



## FOCUS 1 | PC-Create (B2C) | 28% of total revenue in 2020 Q1-Q3

PC-Create (B2C)

CREATE software on PC  
Subscription & Perpetual

+26%

YoY Rev. Growth

- 1) Numbers of subscriber continued to grow significantly.
- 2) Over 94% subscribers subscribe annual plan that can generate sufficient cash flow and recurring revenue.

## FOCUS 2 | Mobile App | 14% of total revenue in 2020 Q1-Q3

Mobile App

CREATE App on mobile devices  
Subscription & Ads

+71%

YoY Rev. Growth

- 1) Expect iOS to drive more growth
- 2) Expect newly launched AdDirector, targeting SMB for digital marketing video, to contribute more growth in coming years

## FOCUS 3 | New Biz | 5% of total revenue in 2020 Q1-Q3

New Biz

FaceMe & U Communication Suite

+1,117%

YoY Rev. Growth

- 1) High Accuracy- Ranked one of the best in the NIST (National Institute of Standards and Technology) Face Recognition Vendor Test
- 2) Flexibility & Feasibility- FaceMe SDK is optimized for all AIoT edge devices and application scenarios
- 3) End-to-End solution- In addition to SDK, CyberLink offers FaceMe Security, for smart surveillance, and FaceMe Health, mask detection and facial recognition with mask, as a total solution for our partners and customers to adopt efficiently.

## Legacy Business | PC-OEM, ODD & Others | 53% of total revenue in 2020 Q1-Q3

PC-OEM, ODD &  
Others

PC OEM bundle, Media Player-PowerDVD and  
others

-1%

YoY Rev. Growth

Due to matured PC market and lower DVD-ROM attach rate, the revenue of this category is not expected to grow.