



CyberLink (5203.TW)

2021 Q1 Investor Conference

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

April 27th, 2021

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

- ◆ 2021 Q1 Financial Results
- ◆ Business Update

Key Points

- Total revenue (USD-denominated) of Q1'21 grew 11% YoY
 - Grew 5.5% YoY if denominated in NTD
- Revenue (USD-denominated) of 3 growing segments +**31%** YoY in Q1'21; their revenue contribution grew from 49% in Q1'20 to **58%** in Q1'21
 - PC-Create (B2C): +31% YoY
 - Mobile App: +84% YoY
 - New Biz: -50% YoY (Mainly due to the volatility of revenue booking on FaceMe projects)
- Overall, we expect to see performance improvement in next three quarters of 2021 and remain positive on future growth
 - CREATE (PC & App) strong growth momentum and subscription which brings stable recurring revenue will keep generating future growth
 - Market demand on FaceMe business shows good growth potential

Financial Results (Un-audited)

Financial Highlights

2021 Q1 IS

- Revenue NT\$ **376M**, +**5.5%** YoY
- Operating profit NT\$ **24M**, -**44.1%** YoY
- Net profit NT\$ **30M**, -**61.2%** YoY
- EPS NT\$ **0.38**, -**58.2%** YoY

2020 Dividend

The distribution of NT\$ **2.26** cash dividend was approved by the BOD meeting in March and wait for AGM's approval in June

2021 Q1 revenue +**5.5%** YoY; operating profit -**44.1%** YoY

- S&M and R&D expense increased
 - S&M expense increased around NT\$26M, up 18% YoY due to (1) lower comparison base in Q1'20, Cyberlink increased ads spending from Q2'20, (2) following the revenue growth of online store and Mobile App, the platform fee increased as well
 - RD expense increased around NT\$12M, up 13% YoY
- NTD appreciation: most of Cyberlink's revenue is dominated in USD but expense is mostly dominated in NTD which impacted operating profit by 5-6%

2021 Q1 Net profit -**61.2%** YoY; EPS NT\$**0.38**

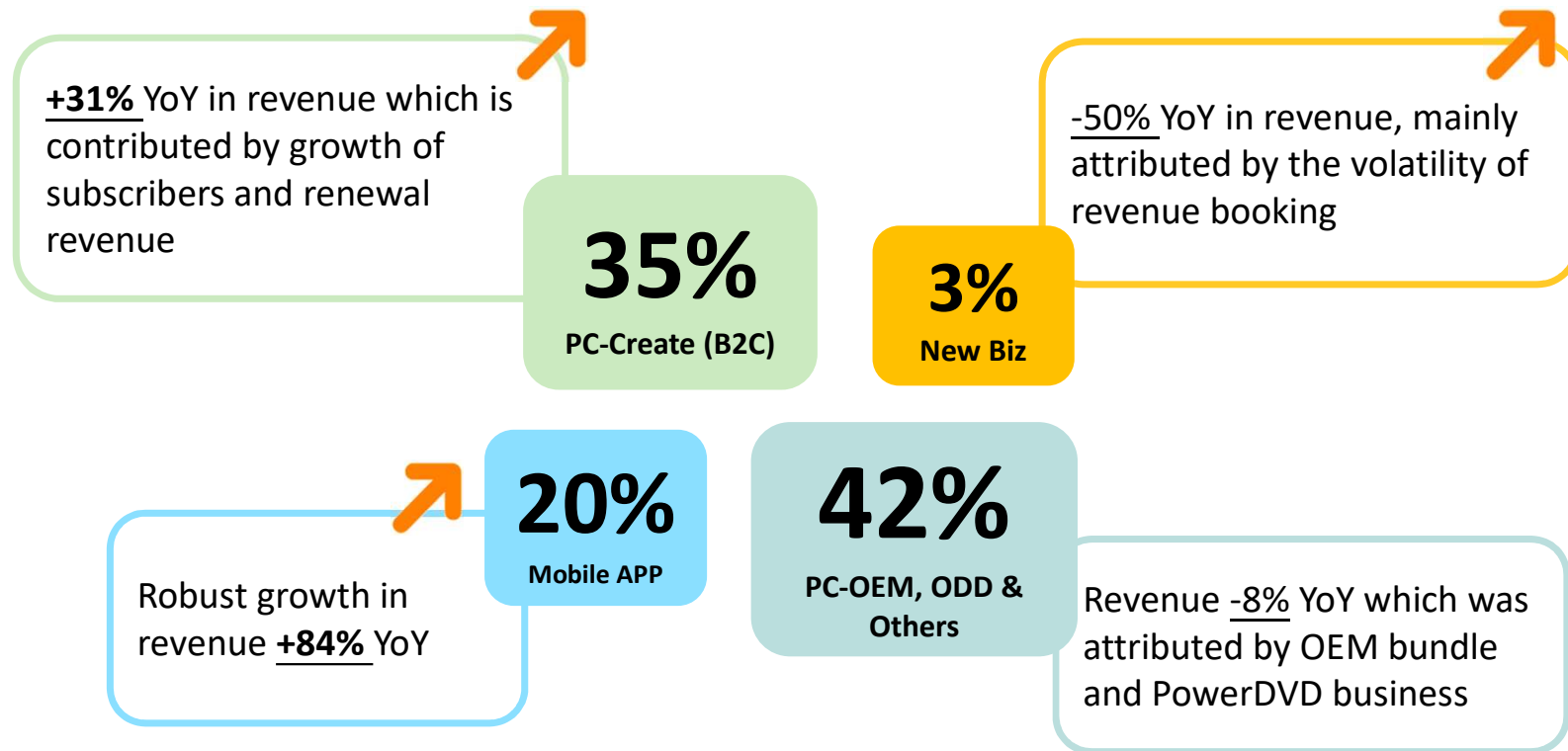
- Mainly caused by FX loss

2021 Q1 Consolidated IS

NT\$ (K)	2021 Q1		2020 Q1		YoY	2020 Q4		QoQ
Revenue	376,391	100.0%	356,754	100.0%	5.5%	436,873	100.0%	-13.8%
COGS	-39,850	-10.6%	-42,015	-11.8%	-5.2%	-41,181	-9.4%	-3.2%
Gross Profit	336,541	89.4%	314,739	88.2%	6.9%	395,692	90.6%	-14.9%
R&D	-107,661	-28.6%	-95,414	-26.7%	12.8%	-120,739	-27.6%	-10.8%
S&M	-174,423	-46.4%	-148,347	-41.6%	17.6%	-180,249	-41.3%	-3.2%
G&A	-30,206	-8.0%	-27,576	-7.7%	9.5%	-31,670	-7.3%	-4.6%
Operating Expense	-312,290	-83.0%	-271,337	-76.0%	15.1%	-332,658	-76.2%	-6.1%
Operating Income	24,251	6.4%	43,402	12.2%	-44.1%	63,034	14.4%	-61.5%
FX Gain (Loss)	-6,307	-1.7%	6,667	1.9%	-194.6%	-15,252	-3.5%	58.6%
Investment Gain (Loss)	-798	-0.2%	17,488	4.9%	-104.6%	-52,962	-12.1%	98.5%
Other Income (Loss)	18,350	4.9%	28,043	7.8%	-34.6%	34,476	7.9%	-46.8%
Non-operating Income (Loss)	11,245	3.0%	52,198	14.6%	-78.5%	-33,738	-7.7%	133.3%
PBT	35,496	9.4%	95,600	26.8%	-62.9%	29,296	6.7%	21.2%
PAT	29,821	7.9%	76,787	21.5%	-61.2%	10,229	2.3%	191.5%
EPS (NT\$)	0.38		0.91		-58.2%	0.13		192.3%

Business & Product Update

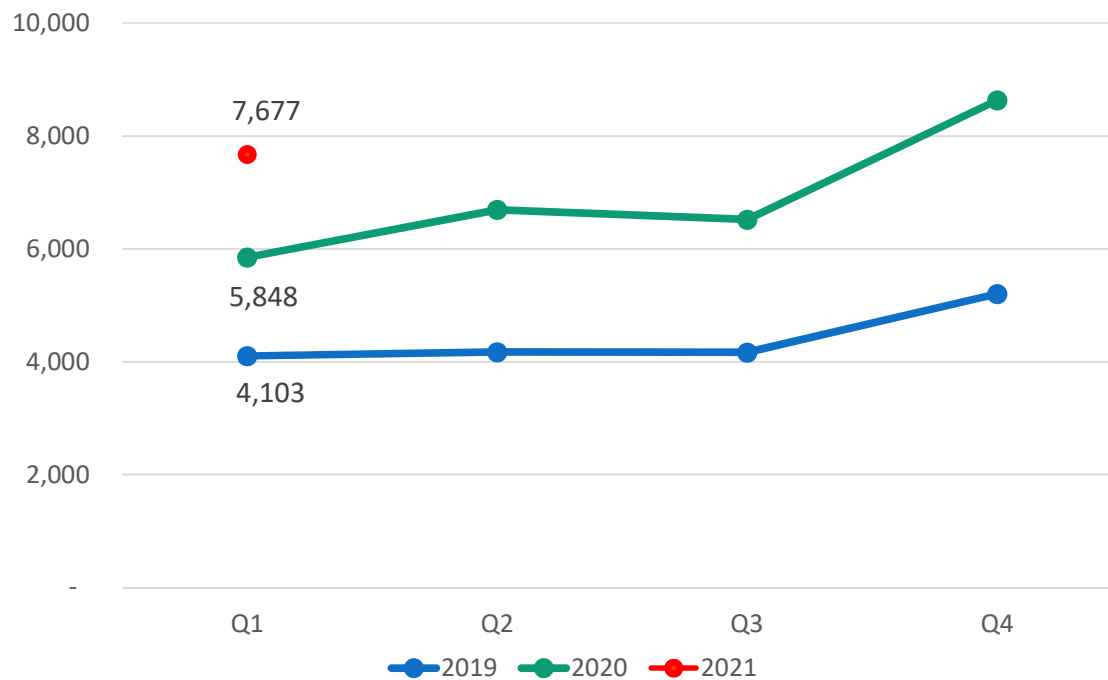
2021 Q1 Product Mix



- 2021 Q1 top line growth is **11%** YoY & revenue of 3 growing segments up **31%** YoY

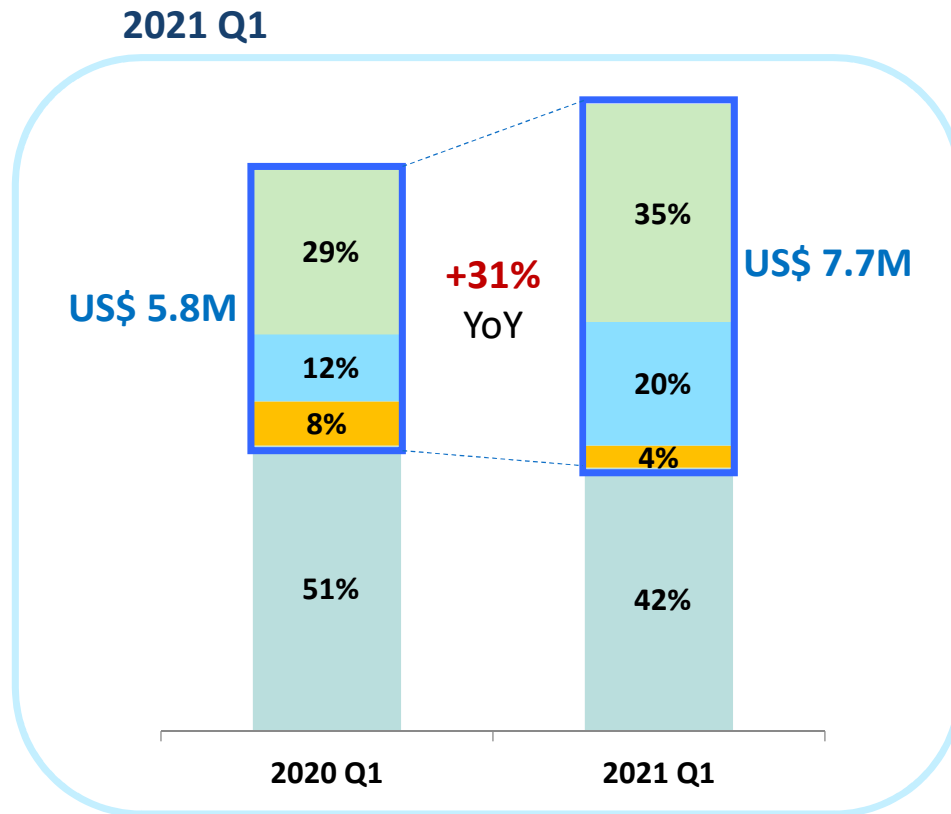
Revenue Trend of 3 growing segments(2019 – 2021)

Revenue of 3 growing segments (US\$ K)



- Revenue (USD-denominated) of 3 growing segments **+31%** YoY in Q1'21
- Expect to see high growth rate of 3 growing segments in coming years
 - Subscription brings stable recurring revenue and incremental new subscribers every year
 - Positive on the future demand on facial recognition product (FaceMe)

Product Mix YoY Trend



- Revenue contribution of 3 growing segments grew from 49% in Q1'20 to 58% in Q1'21
 - CyberLink's product mix is getting healthier.

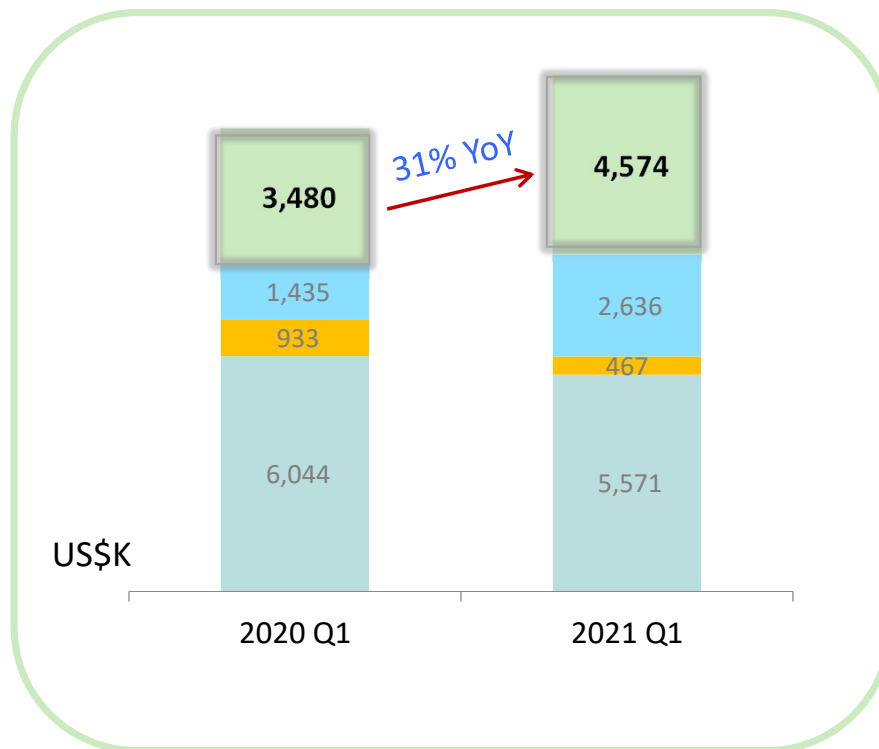
PC-Create (B2C)

Mobile APP

New Biz

PC-OEM, ODD & Others

1. PC-Create (B2C) Revenue Trend



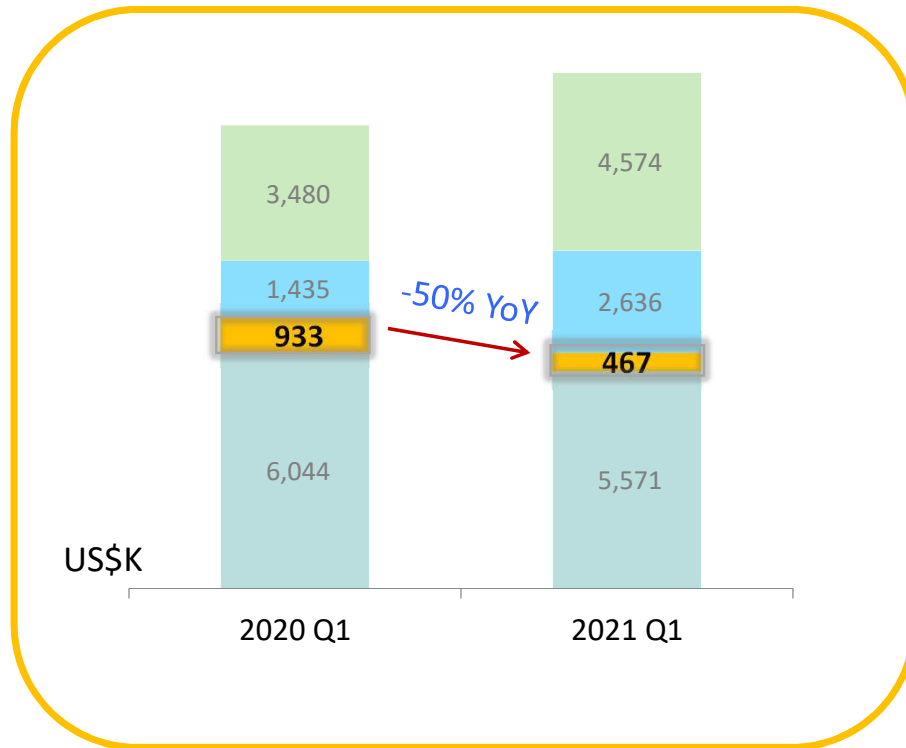
- Numbers of Subscriber maintain its stable growth pace and over 90% subscription is annual based which could further ensures steady revenue growth.
- Continuous product revamping with new contents and effects that used for video/photo editing to enhance subscription renewal rate
- Accelerate revenue growth and fuel future growth on profit through digital marketing
 - ROI of PPC (Pay per Click) expense is improved by 30% in last 6 months and keeps on improving
 - SEO (Search Engine Optimization) made web traffic increase multiple times in last 6 months.

2. Mobile App Revenue Trend



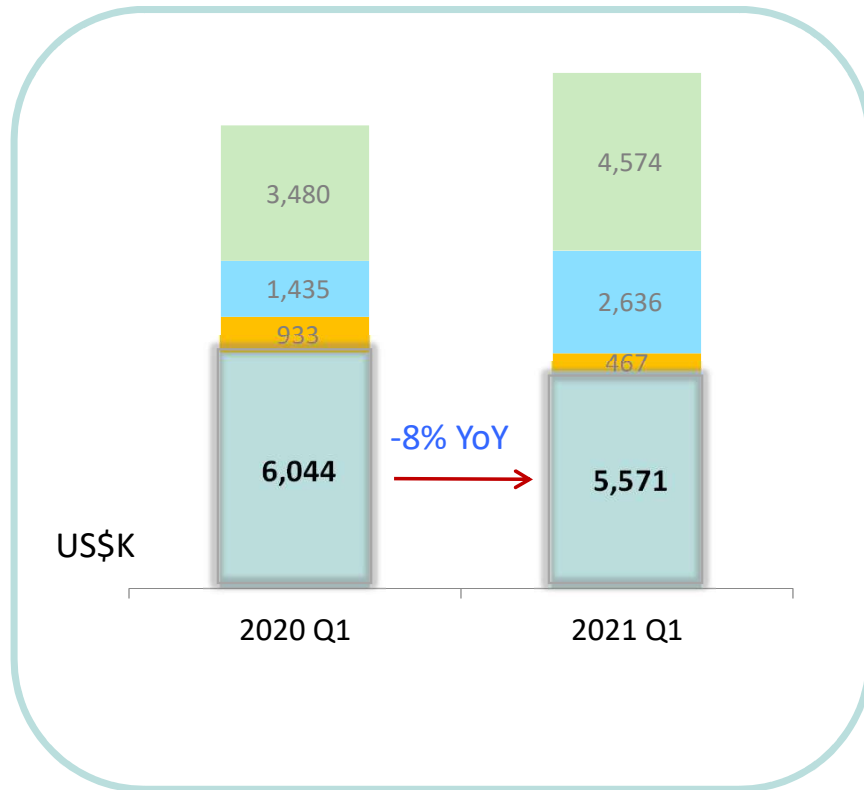
- App revenue grew **84%** YoY in Q1'21 and expect to see strong growth in coming quarters
- Accelerate revenue growth and fuel future growth on profit through digital marketing
 - ROI of CPI (Cost per Install) expense is improved by 70% in last 6 months and keeps on improving

3. FaceMe Revenue Trend



- NIST ranking remains as one of the world’s top brands and further elevate brand recognition
- Newly released FaceMe® Security offers enhanced compatibility to a number of mainstream video management systems (VMS) which enables a rapid and easy deployment by system integrators
- New application on Fintech, FaceMe® eKYC, is making good progress and attracted quite a few attentions from financial institutions already.
- Despite Q1’21 revenue performance is not as good as what we expected, we are still positive on long-term market demand for facial recognition applications and continue to expand market presence

4. PC-OEM, ODD & Others



- Revenue down 8% YoY in Q1'21 which is attributed by PC-OEM and PowerDVD
 - In line with company expectation

Perfect Corp. 2020 Operation

NT\$ K	2020	2019
Revenue	924,384	737,355
Net Profit	-123,646	-8,175

- Revenue maintained high growth rate, 25.4%, even amid pandemic.
- Expect to maintain strong revenue growth in the future.
- Bigger loss in 2020 was caused by one-off expense for Series-C investment.

2021 Outlook (1/2)

- Cyberlink focused on 3 major business transformations in recent 3 years and our strategy is to focus on “high revenue growth” like startups. We have started to seeing some good results already.
 - 3 growing product segments all have high growth potential and already having high global brand recognition.
- Despite last year’s high digital marketing investment has caused a negative impact on near-term earning, in the long run our digital marketing efforts will actually increase the revenue as well as profitability with continuously improvement on our digital marketing campaigns.
- Perfect Corp’s operation keeps on growing and has sufficient funding after Series-C. Expect to generate significant investment gain to Cyberlink in the future.

2021 Outlook (2/2)

CREATE

- Continuous optimization on digital marketing campaigns to drive both top line and bottom line growth.
- Continue enhancing product features on CREATE product line (PC, Mac and mobile apps). Moreover, we will offer users more and more content and effect packs to further enhance subscriber renewal rate.

FaceMe

- NIST ranking remains as one of the world's top brands; strengthen digital marketing to build up brand image as a global leader.
- Partnership with leading AIoT, SoC and VMS companies to speed up the global penetration and provide comprehensive application to expand customer base.
- Build up more application domains, such as eKYC in smart banking.

For more information about CyberLink:
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Thank You!