Outline for CyberLink (5203.TW)
Q3 2021 Investor Conference

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

October 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

- Business Transformation Achievements
- Business Update
- 2021 Q3 Financial Results
Business Model Transformation

1. Transform B2B/B2C to SaaS
2. Expand multimedia to Facial Recognition & Beauty Tech
3. Embrace AI+AR
Compelling Services for Subscribers

Director Family 365 Products: SaaS model

High-Value Cloud Services:

- 8 Million+ premium video/photo stocks from Shutterstock & Getty Images
- 7,000+ Background Music + Sound FX
- Effect packs (title, transition, stickers, AI styles, video templates, etc.)
- Quarterly added new features
- Cloud storage
Subscription-based revenue ➡ high growth!

- Subscription-based revenue includes
  - Create in PC/Mac subscribers
  - Create in mobile apps subscribers
  - U Meeting/Messenger subscribers (minor)
- Revenue from US$613K to US$5,995K (10X)
- An Exciting Result from our Transformation!
Definition on “Revenue Segmentation”

• **Growth Segments**
  - Group 1: Create B2C PC/Mac
  - Group 2: Create Apps
  - Group 3: New Business  
    (FaceMe + U Communications)

• **Cash Cow Segment**
  - Group 4: PC-OEM + ODD related products
    - Although revenue is not growing, ROI is high
Revenue Performance from **Growth Segments** (G1+G2+G3)

Subscription dominates

- Revenue of latest 4 quarters reached **US$33M**, with solid **33%** YoY growth
- SaaS revenue already represents **75%** of total revenue of Growth Segments
  - From 12% in 2018-Q1
AI in Facial Recognition & AI+AR in Beauty Tech

AI is the key technology driver into the future in almost every application.
AI technologies in FaceMe® product line

- Facial recognition
- Mask detection
- Anti-spoofing
- Person detection (people counting)
- License plate recognition
- and more …
FaceMe®: one of world’s best facial recognition solutions based on NIST’s FRVT test

NIST (National Institute of Science and Technology, USA)
FRVT (Facial Recognition Vendor Test)

FaceMe® ranks high in both 1:1 and 1:N tests

VISA Border 1:N
Investigation Mode/1.6M DB
TAR: 99.73%
1st when excluding vendors from China and Russia
6th global ranking

Wild Photo 1:1
FMR: 1E-5 (0.00001)
TAR: 96.98%
1st when excluding vendors from China
6th global ranking

Visa Photo 1:1
FMR: 1E-6 (0.000001)
TAR: 99.46%
1st when excluding vendors from China
6th global ranking

NIST FRVT 1:N Leaderboard, VISA Border Category, 2/9/2021
NIST FRVT 1:1 Leaderboard, Wild Category, 1/19/2021
NIST FRVT 1:1 Leaderboard, Wild Category, 1/19/2021
Global Facial Recognition Market Size

The global market size is expected to reach USD 13.87 billion in 2028 at a CAGR of 15.7%.

- Global facial recognition systems are in high demand due to the increasing concerns about security and rising number of applications in healthcare, financial, law enforcement, automotive and e-commerce.

- CyberLink expands more vertical solutions using facial recognition technology
  - FaceMe® Security
  - FaceMe® Health
  - FaceMe® Fintech

Source: Emergen Research
Perfect Corp. Highlights

1. The #1 Beauty SaaS Company in AI/AR BeautyTech
2. Over 350+ Global Beauty Brand Partners
3. Global Partners with Google, Snap and Facebook
4. Full line of BeautyTech for Makeup, Skincare, Hair & Nails

AI + AR in Beauty Tech

• Perfect Corp is a spinoff from CyberLink in 2015
  • CyberLink still owns 38.3% after Series C fund raising

• The investment on Perfect Corp bears fruit
  • In total, CyberLink invested US$36M
  • Valuation of CyberLink's ownership, based on latest Series C pricing, has reached US$141M
AI is also used in full CREATE product line

https://www.cyberlink.com/products/powerdirector-video-editing-software/features_en_US.html

**Let AI Do the Heavy Lifting**

Simplify your creative workflow with AI—you'll be amazed at how quickly you finish your projects.

- **NEW** Sky Replacement
  Enhance or totally replace the sky for perfect scenic shots.

- **NEW** Object Detection
  Intelligently apply masks to seamlessly remove objects from images.

- **NEW** Wind Removal
  Remove gusts of wind for crisp, clear, distraction-free audio.

- **NEW** Speech Enhancement
  Reduce unwanted background noise for refined, high-quality vocal tracks.
Financial Results
(Un-audited)
## Financial Highlights

### 2021 Q3 Income Statement

- Revenue NT$370.7M, -14% YoY
- Operating Profit NT$55.2M, -22% YoY
- Net Profit NT$56.8M, +9.3% YoY
- EPS NT$0.73

### 2021 Q1-Q3 Income Statement

- Revenue NT$1,168.5M, -2.9% YoY
- Operating Profit NT$145.7M, -16.5% YoY
- Net Profit NT$145.7M, -18.2% YoY
- EPS NT$1.85

Revenue expressed in NT$ Millions
EPS expressed in NTD
## 2021 Q3 Consolidated IS

Revenue expressed in NT$ thousands  
EPS expressed in NTD

<table>
<thead>
<tr>
<th>NT$ Thousands</th>
<th>2021 Q3</th>
<th>2021 Q2</th>
<th>QoQ</th>
<th>2020 Q3</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>370,706</td>
<td>421,452</td>
<td>-12%</td>
<td>432,148</td>
<td>-14.2%</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>(36,462)</td>
<td>(43,032)</td>
<td>-15.3%</td>
<td>(56,076)</td>
<td>-35.0%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>334,244</td>
<td>378,420</td>
<td>-11.7%</td>
<td>376,072</td>
<td>-11.1%</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>(110,933)</td>
<td>(121,923)</td>
<td>-9.0%</td>
<td>(108,838)</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>S&amp;M</strong></td>
<td>(141,188)</td>
<td>(159,789)</td>
<td>-11.6%</td>
<td>(167,443)</td>
<td>-15.7%</td>
</tr>
<tr>
<td><strong>G&amp;A</strong></td>
<td>(26,919)</td>
<td>(30,453)</td>
<td>-11.6%</td>
<td>(29,047)</td>
<td>-7.3%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>(279,040)</td>
<td>(312,165)</td>
<td>-10.6%</td>
<td>(305,328)</td>
<td>-8.6%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>55,204</td>
<td>66,255</td>
<td>-16.7%</td>
<td>70,744</td>
<td>-22.0%</td>
</tr>
<tr>
<td><strong>FX Gain (Loss)</strong></td>
<td>29</td>
<td>(6,278)</td>
<td>-1.5% turn positive</td>
<td>(12,537)</td>
<td>-2.9% turn positive</td>
</tr>
<tr>
<td><strong>Investment Gain (Loss)</strong></td>
<td>(4,411)</td>
<td>(11,935)</td>
<td>-63.0%</td>
<td>(11,876)</td>
<td>-62.9%</td>
</tr>
<tr>
<td><strong>Other Income (Loss)</strong></td>
<td>17,157</td>
<td>26,093</td>
<td>-34.2%</td>
<td>22,529</td>
<td>-23.8%</td>
</tr>
<tr>
<td><strong>Non-operating Income (Loss)</strong></td>
<td>12,775</td>
<td>7,880</td>
<td>62.1%</td>
<td>(1,884)</td>
<td>-0.4% turn positive</td>
</tr>
<tr>
<td><strong>Income before Tax</strong></td>
<td>67,979</td>
<td>74,135</td>
<td>-8.3%</td>
<td>68,860</td>
<td>15.9% -1.3%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>56,863</td>
<td>59,051</td>
<td>-3.7%</td>
<td>52,039</td>
<td>12.0% 9.3%</td>
</tr>
<tr>
<td><strong>EPS (NT$)</strong></td>
<td>0.73</td>
<td>0.75</td>
<td>0.63</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# 2021 Q1-Q3 Consolidated IS

<table>
<thead>
<tr>
<th>NT$ Thousands</th>
<th>2021 Q1-Q3</th>
<th>2020 Q1-Q3</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,168,549</td>
<td>1,203,789</td>
<td>-2.9%</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>(119,344)</td>
<td>(144,624)</td>
<td>-17.5%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>1,049,205</td>
<td>1,059,165</td>
<td>-0.9%</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>(340,517)</td>
<td>(307,014)</td>
<td>10.9%</td>
</tr>
<tr>
<td><strong>S&amp;M</strong></td>
<td>(475,400)</td>
<td>(493,553)</td>
<td>-3.7%</td>
</tr>
<tr>
<td><strong>G&amp;A</strong></td>
<td>(87,578)</td>
<td>(84,183)</td>
<td>4.0%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>(903,495)</td>
<td>(884,750)</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>145,710</td>
<td>174,415</td>
<td>-16.5%</td>
</tr>
<tr>
<td><strong>FX Gain (Loss)</strong></td>
<td>(12,556)</td>
<td>(25,829)</td>
<td>51.4%</td>
</tr>
<tr>
<td><strong>Investment Gain (Loss)</strong></td>
<td>(17,144)</td>
<td>2,309</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Other Income (Loss)</strong></td>
<td>61,600</td>
<td>73,425</td>
<td>-16.1%</td>
</tr>
<tr>
<td><strong>Non-operating Income (Loss)</strong></td>
<td>31,900</td>
<td>49,905</td>
<td>-36.1%</td>
</tr>
<tr>
<td><strong>Income before Tax</strong></td>
<td>177,610</td>
<td>224,320</td>
<td>-20.8%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>145,735</td>
<td>178,192</td>
<td>-18.2%</td>
</tr>
<tr>
<td><strong>EPS (NT$)</strong></td>
<td>1.85</td>
<td>2.12</td>
<td></td>
</tr>
</tbody>
</table>
1. PC-Create (B2C) Revenue Trend

- Subscribers revenue contributes growth.
- Acquiring new customers by advanced new features and competitive content offering.
- Improved return-on-investment on marketing spending through various digital marketing programs:
  - SEO (search engine optimization)
  - SEM (search engine marketing)
  - Social Media Marketing
  - eMail Marketing, etc.
- Expect the momentum to continue, with typical Q4 strength.
• Mobile app revenue grew 13% YoY in Q3’21.
• We are pursuing profitable growth by reducing Mobile App advertisement spending in order to increase return (better ROI). Under this strategy the revenue growth will slow down.
3. New Biz Revenue Trend

- Revenue achieved 12% YoY in Q3’21.
- Expand more vertical solutions using facial recognition technology
  - FaceMe® Security
  - FaceMe® Health
  - FaceMe® Fintech
- We remain positive on long-term market outlook of facial recognition applications
4. PC-OEM, ODD & Others

- Revenue down -34% YoY in Q3’21
- The sharper YoY decline is partly due to:
  - Comparing with same period last year, 2020 revenue was higher than normal due to pandemic which drove a higher demand on PC.
Business Summary

• Successfully turning business model to SaaS model

• **Growth Segments** reached revenue at USD$33M in past 4 combined quarters, already representing 60% of total revenue
  • 75% of revenue in Growth Segments comes from SaaS model

• **AI + AR** has become the core of our technology, ready for future growth

• Foresee **Perfect Corp.** investment will benefit from valuation appreciation

• Have seen good results in **digital marketing** campaigns, especially on SEO (search engine optimization) to drive future business growth
Company Vision

Business transformation to fuel future growth

Top SaaS Company in digital creativity

World leader in digital creativity, offers best video, photo and audio editing solutions for all creators, powered by AI

Best Facial Recognition application and solutions

To become the best facial recognition engine for IoT/AIoT. Continue to expand more vertical solutions using facial recognition technology.
Commitment to ESG

New IR page: https://www.cyberlink.com/prog/company/ir-esg-overview.jsp

CyberLink is the world's leading developer of multimedia software and AI facial recognition technology. It practices good corporate social responsibility and takes proactive actions to ensure that business conduct meets the highest standards of professionalism and ethics.

CyberLink expects to fulfill its care and responsibilities for stakeholders and the environment and promises to integrate company resources to comply with corporate social responsibility established by the company governance rules and continue to make improvements.

Ethical Management
The five core values of CyberLink are Professional Excellence, Innovation, Change, respect for Customers, and Integrity. They altogether shape a company culture of continuous learning and advancement. Following the principle of honesty, transparency, and compliance with legal standards to disclose business performance.

Inclusive Workplace
We believe the wellness and welfare of employees are the foundation for sustainable development. To facilitate employee health management, increase workplace happiness, implement talent training programs, creating a diverse and inclusive organization, shaping a happy workplace that all employees can be genuinely proud of.

Social Responsibility
Running our business responsibly and contributing to society, CyberLink is committed to bringing contributions to the community. "CyberLink & Perfect Education Foundation" has been engaging actively in social care activities such as volunteer school teaching, industry and school collaboration, social welfare. In response to the sustainable development goals of the United Nations.

Environmental Protection
The software industry is one of the green industries. In addition to reducing disposal packaging materials and introducing 100% paperless processes, CyberLink practices environmental sustainability. CyberLink promises to gradually increase the proportion of green electricity year by year from 2001 and aims to fully adopt green electricity by 2030, to replace traditional electricity to resonate with United Nations Sustainable Development Goals and making our earth a
Commitment to ESG

https://www.cyberlink.com/prog/company/ir-esg-overview.jsp

Build a good company through ESG commitment. Cyberlink practices corporate social responsibility and takes proactive actions to ensure business conduct meets the highest standards of professionalism and ethics.

Ethical Management
CyberLink valued integrity management and corporate social responsibility. Established the Corporate Governance Code, Integrity Management Code, Employee Code of Conduct, Corporate Social Responsibility Code as standards for all employees to follow.

Societal Education
From 2010-2020, held 74 Sessions, 1,469 Participants

<table>
<thead>
<tr>
<th>2020 Activities</th>
<th>Sessions</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magical Creative Camps</td>
<td>15</td>
<td>158</td>
</tr>
<tr>
<td>Digital Album DIY</td>
<td>5</td>
<td>111</td>
</tr>
<tr>
<td>Photo Editing Masters</td>
<td>3</td>
<td>51</td>
</tr>
<tr>
<td>The Next Power Director</td>
<td>3</td>
<td>59</td>
</tr>
<tr>
<td>Popular Science Camps</td>
<td>3</td>
<td>43</td>
</tr>
<tr>
<td>Seeded Lecturer Training</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>434</td>
</tr>
</tbody>
</table>

Sustainability Commitment

Green Energy
Starting from 2021, CyberLink gradually increased the adoption of green energy by 10% year over year and aims to adopt green energy to replace traditional electricity by 2030 fully.

- Environmentally Friendly Production & Shipment
  - Uses 95% recycled material.
  - Adopted the SGS certification for using soy ink on retail boxes.
  - Light-weight packaging in Germany & Taiwan, reduced 50% size on transportation to lower carbon emission.

- Innovation
- Customer
- Change
- Professional Excellence
- Integrity
For more information about CyberLink:
www.CyberLink.com

For IR inquiries, suggestions and comments:
investor@cyberlink.com

Thank You!