CyberLink (5203.TW)

Q4 2021 Investor Conference

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

March 4, 2022
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

- CyberLink’s Spin Off - “Perfect Corp.” to be listed on Nasdaq by SPAC merger with Provident Acquisition Corp.
- CyberLink Business Transformation Success (2019-2021)
- CyberLink Business Growth Opportunity (2022-2024)
- CyberLink 2022 Outlook and Growth Strategy
Perfect Corp’s SPAC Merger with Provident Acquisition Corp.

The transaction is expected to close in the third quarter of 2022. Perfect is expected to be listed on Nasdaq under the new ticker symbol “PERF”
SPAC Transaction and Proceeds

**PERFECT**
- **US$1.01B**
  - Perfect Corp.
  - Pre-Merger Equity Value

**Provident Acquisition Corp.**
- **US$230M**
  - Held in trust by Provident
- **subject to applicable shareholder redemption rights**

**FPA**
- **US$55M**
  - The forward purchase agreements

**PIPE**
- **US$50M**
  - Concurrent PIPE transaction

**up to US$335 Million in gross proceeds**
SPAC Merger
Enterprise Value
US$ 1.02B

PERFECT
The first software unicorn from Taiwan to be listed on NASDAQ!!

Nasdaq Ticker symbol : PERF
CyberLink’s Potential Investment Gain on Perfect Corp.

• CyberLinks owns 36.3% shares of Perfect Corp. upon SPAC Pre-Merger
• While Perfect got listed on Nasdaq as planned, CyberLink’s ownership expect to be valued at US$366M.
• CyberLink investment on Perfect expects to embrace 10X return.
  • CyberLink has invested US$36M on Perfect Corp (seed funding and series funding)

Note: CyberLink will participate in SPAC IPO current PIPE (Private Investment in Public Equity) to invest additional US$3 million.
Perfect Valuation Rise vs CyberLink Investment Loss on Accounting

**Perfect Valuation Rise**

- Perfect received a significant valuation increase from SPAC IPO.
- Perfect Corp’s Convertible Preferred Shares are classified as financial liabilities booked on Perfect’s financial report in accordance with International Financial Reporting Standards (IFRS) requirement.
- The increase in Perfect corporate valuation drives up the value of above financial liabilities, leading to a sizable net loss on Perfect.

**CyberLink recognizes Investment loss on Perfect**

**Operating Income**

- Consolidated revenue for 2021 full year NT$1,577 million.
- CyberLink operating income of NT$196.88 million for 2021.

**Non Operating Income**

- Cyberlink adopts the equity method to recognize its investment gains and losses on Perfect.
- CyberLink recognized an investment loss of NT$796 million for 2021, and total non-operating loss of NT$698 million for 2021.

**Net Income (Loss)**

- Net loss of NT$562.76 million for the full year of 2021.
- EPS, net loss per share is NT$ -7.21 for the year 2021.
Financial Highlights

2021 Q4 Income Statement
- Revenue NT$408.5M, -6.5% YoY
- Operating Profit NT$51M, -18.8% YoY
- Net Profit NT$ -708.5 M
- EPS NT$ -9.25

2021 Full Year Income Statement
- Revenue NT$1,577M, -3.9% YoY
- Operating Profit NT$196.88M, -17% YoY
- Net Profit NT$ -562.76 M
- EPS NT$ -7.21

Note:
CyberLink recognized NT$779M investment loss in Q4 2021, the investment loss was mainly incurred by Perfect Corp.’s preferred stock (liability) booked on its financial statement. The increase in Perfect corporate valuation drives up the value of the financial liabilities, leading to a sizable net loss on Perfect.

Cyberlink adopts the equity method to recognize its investment gains and losses on Perfect. The loss was not caused by CyberLink’s core business operation, and has no impact on CyberLink's actual operations.
### 2021 Full Year Consolidated IS

<table>
<thead>
<tr>
<th>NT$ Thousands</th>
<th>2021</th>
<th>2020</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,577,069</td>
<td>1,640,662</td>
<td>-3.9%</td>
</tr>
<tr>
<td>COGS</td>
<td>(255,296)</td>
<td>(282,826)</td>
<td>-9.7%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>1,321,773</td>
<td>1,357,836</td>
<td>-2.7%</td>
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<tr>
<td>R&amp;D</td>
<td>(476,100)</td>
<td>(427,753)</td>
<td>11.3%</td>
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<tr>
<td>S&amp;M</td>
<td>(531,170)</td>
<td>(576,781)</td>
<td>-7.9%</td>
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<tr>
<td>G&amp;A</td>
<td>(117,621)</td>
<td>(115,853)</td>
<td>1.5%</td>
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<tr>
<td>Operating Expense</td>
<td>(1,124,891)</td>
<td>(1,120,387)</td>
<td>0.4%</td>
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<tr>
<td>Operating Income</td>
<td>196,882</td>
<td>237,449</td>
<td>-17.1%</td>
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<td>FX Gain (Loss)</td>
<td>(14,278)</td>
<td>(41,081)</td>
<td>-65.2%</td>
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<tr>
<td>Investment Gain (Loss)</td>
<td>(796,163)</td>
<td>(50,653)</td>
<td>1471.8%</td>
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<tr>
<td>Other Income (Loss)</td>
<td>112,006</td>
<td>107,901</td>
<td>3.8%</td>
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<tr>
<td>Non-operating Income (Loss)</td>
<td>(698,435)</td>
<td>16,167</td>
<td>turn negative</td>
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<tr>
<td>Income before Tax</td>
<td>(501,553)</td>
<td>253,616</td>
<td>turn negative</td>
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<tr>
<td>Net Income</td>
<td>(562,766)</td>
<td>188,421</td>
<td>turn negative</td>
</tr>
<tr>
<td>EPS (NT$)</td>
<td>(7.21)</td>
<td>2.26</td>
<td></td>
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</tbody>
</table>
## 2021 Q4 Consolidated IS

Revenue expressed in NT$ Thousands  
EPS expressed in NTD

<table>
<thead>
<tr>
<th>NT$ Thousands</th>
<th>2021 Q4</th>
<th>2021 Q3</th>
<th>QoQ</th>
<th>2020 Q4</th>
<th>YoY</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>408,520</td>
<td>370,706</td>
<td>10.2%</td>
<td>436,873</td>
<td>-6.5%</td>
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<tr>
<td>COGS</td>
<td>(58,636)</td>
<td>(59,261)</td>
<td>-1.1%</td>
<td>(66,837)</td>
<td>-12.3%</td>
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<tr>
<td>Gross Profit</td>
<td>349,884</td>
<td>311,445</td>
<td>12.3%</td>
<td>370,036</td>
<td>-5.4%</td>
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<tr>
<td>R&amp;D</td>
<td>(135,583)</td>
<td>(110,933)</td>
<td>22.2%</td>
<td>(120,739)</td>
<td>12.3%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(133,086)</td>
<td>(118,389)</td>
<td>12.4%</td>
<td>(154,593)</td>
<td>-13.9%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(30,043)</td>
<td>(26,919)</td>
<td>11.6%</td>
<td>(31,670)</td>
<td>-5.1%</td>
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<tr>
<td>Operating Expense</td>
<td>(298,712)</td>
<td>(256,241)</td>
<td>16.6%</td>
<td>(307,002)</td>
<td>-70.3%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>51,172</td>
<td>55,204</td>
<td>-7.3%</td>
<td>63,034</td>
<td>-18.8%</td>
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<tr>
<td>FX Gain (Loss)</td>
<td>(1,722)</td>
<td>29</td>
<td>turn negative</td>
<td>(15,252)</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Investment Gain (Loss)</td>
<td>(779,019)</td>
<td>(4,411)</td>
<td>-1.2%</td>
<td>17560.8%</td>
<td>-12.1%</td>
</tr>
<tr>
<td>Other Income (Loss)</td>
<td>50,406</td>
<td>17,157</td>
<td>4.6%</td>
<td>193.8%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Non-operating Income (Loss)</td>
<td>(730,335)</td>
<td>12,775</td>
<td>3.4%</td>
<td>turn negative</td>
<td>(33,738)</td>
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<tr>
<td>Income before Tax</td>
<td>(679,163)</td>
<td>67,979</td>
<td>18.3%</td>
<td>turn negative</td>
<td>29,296</td>
</tr>
<tr>
<td>Net Income</td>
<td>(708,501)</td>
<td>56,863</td>
<td>15.3%</td>
<td>10,229</td>
<td>2.3%</td>
</tr>
<tr>
<td>EPS (NT$)</td>
<td>(9.25)</td>
<td>0.73</td>
<td>turn negative</td>
<td>0.13</td>
<td>turn negative</td>
</tr>
</tbody>
</table>

Revenue and Operating Expense expressed in NT$ Thousands  
EPS expressed in NTD
Business Model **Transformation Success**
(2019-2021 performance)

Overall, the **Phase-1** 3-year Business Transformation (2019-2021) is a success.
2019-2021 Major Achievements

• Turning to **subscription**-based revenue model on creativity software/app is very successful
  - Subscription-based revenue grows **7.7X** from 2018 to 2021 to reach US$23.3M.

• **App**-based revenue grows **4.5X** from 2018 to 2021 to reach US$10.4M
  - All subscription-based

• **FaceMe**, although revenue not growing, product line is covering more vertical solutions
  - Expand from “Security & Surveillance”, “Health” to “FaceMe Fintech”
  - Will further expand into **Smart Office** and **Smart Retail** in 2022

• **Digital marketing** (SEO/SEM) is making good progress, delivers higher ROI and fueling revenue growth.
Company Revenue by Business Segments

Contribution from 3 Growth segments grows from 37.2% in 2018 to 59.3% in 2021.

2021 Highlights

$23.3 Million
Subscription-based revenue

55% YoY
Subscription-based revenue growth

$33.3 Million
3 Growth segments combined revenue, 20% YoY

59.3%
Total Revenue % from 3 Growth segments
2018-2021: Annualized Subscription-based Revenue 7.7X Growth

- Subscription-based revenue in 2021 is 7.7X of that in 2018
- From 2018 to 2021 annual view, subscription revenue grew at 97.53% CAGR.
- Digital marketing campaigns deliver great result
  - From 2022, we will invest more in all major countries and on more products to accelerate market expansion
- Subscription-base revenue are growing year by year, high renewal rate will fuel the future growth with recurring revenue.
2018-2021: Mobile APP Revenue has grown 4.5X since 2018

- Mobile APP revenue increase **4.5X** in last 3 years, from US$2.3M in 2018 grew to US$**10.4M** in 2021.

- From 2018 to 2021 annual view, Mobile APP revenue contributes **65% CAGR**.
3 Growth Segments represent nearly 60% of Total Revenue
- In 2021 full year view, subscription-based revenue represents 70% of 3 growth segments revenue -

3 Growth Segments represented 59.3% revenue in 2021

3 Growth Segments represented 37.2% revenue in 2018

G1+G2+G3 Revenue (Sub vs. non-Sub)

3 Growth Segments represented 59.3% revenue in 2021

3 Growth Segments represented 37.2% revenue in 2018

Growth Segments represent nearly 60% of Total Revenue

In 2021 full year view, subscription-based revenue represents 70% of 3 growth segments revenue.
FaceMe® - More Partnership to drive Future Growth

Continue to strengthen Partner Program to advance global market penetration:
- Video Management Systems (VMS)
- System on a Chip (SOC)
- IPC, Surveillance camera & Camera module suppliers

Mainstream Chipset Makers

IOT Partners
To Launch More FaceMe®-based Vertical Solutions

- Other than FaceMe® Security and FaceMe® Health, FaceMe® Fintech is launched in 2021.
- In 2022 Q2, Cyberlink plans to launch two more solutions: Smart Office & Smart Retail.

Core Product

- FaceMe® SDK
  - Cross-platform AI Facial Recognition Engine

Target Market

- IoT Developer
- System Integrator

Vertical Solutions

- FaceMe® Security
  - Facial Recognition for Smart Surveillance

- FaceMe® Health
  - Health Measurement & Mask Detection

- FaceMe® Smart Office
  - Time & Attendance, Access Control, Visitor Dashboard

- FaceMe® Smart Retail
  - Visitor Dashboard, Visitor Analysis

Target Market & Scenario

- System Integrator/Distributor/VAR/Reseller

- Public Transportation
- Factory
- Warehouse
- Offices
- Hospitality
- Residential
- Retail

- Mobile Banks
- Remote Insurance
- Cardless ATM

- eKYC & Video Meeting SDK for BFSI

- Facial Recognition
- ID Card
- OCR
- Voice
- Video Meeting
Business Transformation in Phase-2:

2022-2024 Opportunity
Video/Audio Editing: Increasing demand post Covid-19

Global video and audio editing software market is projected to grow at a **CAGR of 8~9%** during 2021-2025 *

- **Rise of content economy**
  - Growing number of social media influencers
  - YouTubers content creation

- **Surge in digital marketing**
  - From enterprise to SMB proliferation
  - From website content to ad creatives

- **AI technology makes cool effects easy**
  - Video object tracking & object removal
  - Audio noise removal
  - Sky replacement, etc.

* Source: Technavio
Global Facial Recognition Market Size

The global market size is projected to reach USD 20.63 billion by 2030 at a CAGR of 17.2%.

- Global facial recognition market will grow by 17.2% annually over 2020-2030 owing to the rising need for biometrics service and secure authentication technology.

- CyberLink expands more vertical solutions using facial recognition technology:
  - FaceMe® Security
  - FaceMe® Health
  - FaceMe® Fintech
  - FaceMe® Smart Office (Q2, 2022)
  - FaceMe® Smart Retail (Q2, 2022)

- CyberLink will invest more on RD and growing sales force in 2022.

Source: Report Ocean
2022 Outlook & Growth Strategy
Revenue Outlook for 2022

- **Growth Segments** Revenue YoY:
  - 2020 vs. 2019: 57%
  - 2021 vs. 2020: 20%
  - Expecting YoY growth in 2022 to be similar or higher than 2021

- **Group 4 (PC OEM&ODD)** Revenue YoY:
  - 2020 vs. 2019: -5%
  - 2021 vs. 2020: -18%
  - Expecting YoY decline in 2022 to be similar or slightly better than that in 2021
2022 Growth Strategy for Creativity Software/APP

- **Compelling Products & Services**
  - AI-powered cool new features
  - Add more high quality effect packs & stock
  - Keep improving UI/UX

- **Digital Marketing to Grow Subscription Base**
  - Invest more on digital marketing in more countries and on more products

- **Web-based Editing Tools**
  - Platform agnostic and easy-to-use tools to attract new users
  - Tools to cover audio/photo/video editing needs

- **Social Networking Features**
  - Enable shareable & sociable video/photo templates in products
  - Shareable “video intros” for PowerDirector (Q2’22)
  - Shareable “video ads templates” for Ad Director & PowerDirector Business (Q3’22)
2022 Growth Strategy for FaceMe

- **World Leading Facial Recognition Algorithm**
  - Keep improving NIST ranking with improved algorithm

- **Cover More Vertical Solutions**
  - Launch FaceMe for Smart Office in Q2, 2022
  - Launch FaceMe for Smart Retail in Q2, 2022

- **Establish Stronger Sales Team**
  - Grow sales force with expanded sales teams in US, Japan and Taiwan

- **Enable More Strategic Partners**
  - Enable more VMS partners
  - Work tighter with SoC partners
  - Enable more SI partners

- Launch FaceMe for Smart Office in Q2, 2022
- Launch FaceMe for Smart Retail in Q2, 2022
Summary

• From 2019 to 2021, successfully turning business model to SaaS/Subscription model.

• **Growth Segments** reached revenue US$33.3M in 2021, representing 59.3% of total revenue.
  • 70% of revenue in Growth Segments comes from SaaS/Subscription model

• 2022: will invest more in R&D on product innovation to expand total addressable market.

• 2022: will invest more on sales & marketing for FaceMe to accelerate revenue growth.

• Perfect Corp. has entered into a definitive SPAC merger agreement with Provident Acquisition Corp(Nasdaq: PAQC), that sets **Perfect Corp.’s enterprise value at US$1.02 billion.**
Introduction & Background Information of CyberLink Business Transformation

(for reference, not to be presented in the presentation)
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
Definition on “Revenue Segmentation”

• **Growth Segments**
  - **Group 1: Creativity PC/Mac (B2C)**
  - **Group 2: Creativity 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
**Perfect Corp. Highlights**

1. The #1 Beauty **SaaS** Company in AI/AR BeautyTech
2. Over 400+ Global Beauty Brand Partners
3. Global Partners with Google, Snap and Facebook (Meta)

**AI + AR in Beauty Tech**

- Perfect Corp is a spin-off from CyberLink in 2015

- The investment on Perfect Corp bears fruit
  - CyberLink owns 36.3% of Perfect shares before SPAC merger
  - When Perfect Corp. goes IPO, the estimated valuation of above shares will reach US$366M
For more information about CyberLink:
www.CyberLink.com

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

Thank You!