CyberLink (5203.TW)  
Q1 2022 Investor Conference

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

April 26, 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 Q1 2022 Result
- Opportunities & Growth Focus in 2022-2024
- 2022 Growth Strategy
Financial Highlights

2021 Q1 Income Statement

- Revenue NT$376.4M, +5.5% YoY
- Operating Profit NT$24.3M, -44.1% YoY
- Net Profit NT$29.8M, -61.2% YoY
- EPS NT$0.38

2022 Q1 Income Statement

- Revenue NT$381.4M, +1.3% YoY
- Operating Profit NT$18.9M, -22% YoY
- Net Profit NT$42.5M, +42.6% YoY
- EPS NT$0.55

Revenue expressed in NT$ Millions
EPS expressed in NTD
## 2022 Q1 Consolidated IS

Revenue expressed in NT$ thousands  
EPS expressed in NTD

<table>
<thead>
<tr>
<th>NT$ Thousands</th>
<th>2022 Q1</th>
<th>2021 Q4</th>
<th>QoQ</th>
<th>2021 Q1</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>381,420</td>
<td>408,520</td>
<td>100.0%</td>
<td>376,391</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>(56,331)</td>
<td>(58,636)</td>
<td>-14.8%</td>
<td>(67,674)</td>
<td>-18.0%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>325,089</td>
<td>349,884</td>
<td>85.2%</td>
<td>308,717</td>
<td>82.0%</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>(134,677)</td>
<td>(135,583)</td>
<td>-35.3%</td>
<td>(107,661)</td>
<td>-28.6%</td>
</tr>
<tr>
<td><strong>S&amp;M</strong></td>
<td>(146,028)</td>
<td>(133,086)</td>
<td>-38.2%</td>
<td>(146,599)</td>
<td>-39.0%</td>
</tr>
<tr>
<td><strong>G&amp;A</strong></td>
<td>(25,495)</td>
<td>(30,043)</td>
<td>-6.7%</td>
<td>(30,206)</td>
<td>-8.0%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>(306,200)</td>
<td>(298,712)</td>
<td>-80.2%</td>
<td>(284,466)</td>
<td>-75.6%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>18,889</td>
<td>51,172</td>
<td>12.5%</td>
<td>24,251</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>FX Gain (Loss)</strong></td>
<td>16,357</td>
<td>(1,722)</td>
<td>-4.3%</td>
<td>1049.9%</td>
<td>-1.7%</td>
</tr>
<tr>
<td><strong>Investment Gain (Loss)</strong></td>
<td>0</td>
<td>(779,019)</td>
<td>-190.7%</td>
<td>100.0%</td>
<td>-0.2%</td>
</tr>
<tr>
<td><strong>Other Income (Loss)</strong></td>
<td>16,218</td>
<td>50,406</td>
<td>12.3%</td>
<td>18,350</td>
<td>4.9%</td>
</tr>
<tr>
<td><strong>Non-operating Income (Loss)</strong></td>
<td>32,575</td>
<td>(730,335)</td>
<td>-178.8%</td>
<td>11,245</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Income before Tax</strong></td>
<td>51,464</td>
<td>(679,163)</td>
<td>-166.3%</td>
<td>35,496</td>
<td>9.4%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>42,516</td>
<td>(708,501)</td>
<td>-173.4%</td>
<td>29,821</td>
<td>7.9%</td>
</tr>
<tr>
<td><strong>EPS (NT$)</strong></td>
<td>0.55</td>
<td>(9.25)</td>
<td></td>
<td>0.38</td>
<td></td>
</tr>
</tbody>
</table>
CyberLink Dividend Distribution to Shareholders

- Date of the board of directors resolution: March 29\(^{th}\), 2022
- Cash distribution from **legal reserve** and **capital surplus** to shareholders: NT$ 1.72 per share
- Total amount of cash distribution to shareholders: NT$:135,345,596

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Distribution (NT$ per share)</th>
</tr>
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<tbody>
<tr>
<td>2021</td>
<td>1.72</td>
</tr>
</tbody>
</table>
Definition on “Revenue Segments”

• **Growth Segments (G1+G2+G3)**

  • Group 1: B2C Creativity PC/Mac (video & photo editing products)
  • Group 2: Creativity Apps
  • Group 3: New Business (mainly on FaceMe: facial recognition)

• **Cash Cow Segment (G4)**

  • Group 4: PC-OEM + ODD related products
    • Although revenue is not growing, ROI is high
Highlights of Q1, 2022

• The percentage of “Growth Segments” in total revenue keeps growing to 67.1% in Q1’22 versus 57.9% in Q1’21

• Quarterly subscription-based revenue reached record high at US$6.6M in Q1’22
Q1 2022 Highlights

US$6.6 Million
Subscription-based revenue

24% YoY
Subscription-based revenue growth

US$9.2 Million
3 Growth segments combined revenue, 19% YoY growth in Q1 2022

67%
Total Revenue % from 3 Growth segments

Revenue by Business Segments

Contribution from 3 Growth segments grows from 36.6% in Q1 2019 to 67.1% in Q1 2022.

(Revenue Mix)
Revenue by Business Segments

- In Q1 2019, 3 growth segments combined revenue was US$3,886 K, represented 36.6% of company total.
- In Q1 2022, 3 growth segments combined revenue reached US$9,173 K represented 67.1% of company total.
Revenue Mix by Business Segments

- In Q1 2019, 3 growth segments combined revenue represented 36.6% of company total.
- In Q1 2022, 3 growth segments combined revenue represented 67.1% of company total.
Subscription-based Revenue Performance by Quarter

- Subscription revenue grows to **US$6,575K** in Q1’2022, up 6% QoQ, up 24% YoY.

Subscription-based revenue includes:
- Create in PC/Mac subscribers
- Create in mobile apps subscribers
- U Meeting/Messenger subscribers (minor)

- Subscription revenue delivers strong growth trend, from US$613K in Q1’2018 to US$6,575K in Q1’2022, exciting **11 X growth**. Subscription-based revenue contributes 48% of company's total revenue.
PC Create Revenue Trend

- PC Create revenue grows **35% YoY** to **USD 6.2M** in Q1 2022.
- Strong YoY growth driven by steady increase in the number of subscribers.
- Digital marketing campaigns deliver great result. Will continue to invest more in major countries to accelerate global market expansion.
- AI-powered cool new features, constantly introduced high quality effect packs & stock, competitive content offerings effectively acquires new users.
Mobile APP Revenue Trend

- Mobile APP revenue down -5% YoY to US$2.5M in Q1 2022.
- Will revive the growth by Social Networking Features:
  - Enable shareable & sociable video/photo templates in products.
  - Shareable “video intros” for PowerDirector will be released in Q2’22.
  - Shareable “video ad templates” for Ad Director & PowerDirector Business will be released in Q3’22.
Social Networking Features:
Thousands of User Generated & Shareable Video Intros templates (1/3)
Social Networking Features:
Thousands of User Generated & Shareable Video Intros templates (2/3)
Social Networking Features:
Thousands of User Generated & Shareable Video Intros templates (3/3)

Uncle Drew
40 Posts 481 Views 985 Likes
A mechanical engineer who loves design and photography and wants to share the Something beauty with everyone.
• New Biz Segment revenue grows 5% YoY to US$488K in Q1 2022.

• The adoption of FaceMe® continues to grow, with new contracts signed with leading financial institutions on “FaceMe® Fintech”

• CyberLink expands into more vertical solutions using facial recognition technology.
  • FaceMe® Security
  • FaceMe® Health
  • FaceMe® Fintech
  • FaceMe® TimeClock (released in Q2, 2022)
  • FaceMe® Smart Retail (Q2, 2022)
PC OEM&ODD Revenue Trend

- PC OEM&ODD revenue down -19% YoY to US$4.5M in Q1 2022.

- Revenue decline trend was in line with our expectation, foresee PC OEM&ODD business slow down probably will continue due to post-pandemic normalization in PC demand.
Achievements of FaceMe in Q1’22
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)
- Industrial PC, Surveillance camera & Camera module suppliers

Mainstream Chipset (SoC) Makers

![intel](image1)
![mediatek](image2)
![nvidia](image3)
![nxp](image4)
![qualcomm](image5)

VMS & IOT Partners

![milestone](image6)
![genetec](image7)
![networkoptix](image8)
![vivotek](image9)
![axis](image10)
![advantech](image11)
![himax](image12)
![altek](image13)
![supermicro](image14)
![iei](image15)
Qualcomm adopts FaceMe® in Face Payment Demo at NRF 2022

- https://www.qualcomm.com/videos/qualcomm-retail-demo-face-payment
FaceMe® Achieves Perfect Score in iBeta's Anti-Spoofing Test

• FaceMe® facial recognition solution achieved a perfect score in iBeta’s Presentation Attack Detection (PAD) Level 2 test, indicating its compliance with the ISO 30107-3 testing and reporting requirements.

• This distinction requires protection from higher-level fraud attacks with 3D masks, and FaceMe® achieved a perfect score at 100% spoofing prevention.

• Confirms FaceMe® as a leading facial recognition solution for preventing biometric fraud in remote applications, such as online banking and others requiring identity verification before granting access to sensitive data or valuable assets.
To Launch More FaceMe-based Vertical Solutions

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

Core Engine (SDK)

- FaceMe® Security
  - Facial Recognition for Smart Surveillance
- FaceMe® Health
  - Health Measurement & Mask Detection
- FaceMe® Fintech
  - eKYC & Video Meeting SDK for BFSI

Vertical Solutions

- FaceMe® TimeClock
  - Time & Attendance
- FaceMe® Smart Retail
  - Visitor Analysis, Visitor Dashboard

Target Market & Scenario

- System Integrator/ Distributor/ VAR/ Reseller
- Public Transportation
- Factory
- Warehouse
- Offices
- Hospitality
- Residential
- Retail

Target Market

- IoT Manufacturers
- System Integrators

To be released in Q2, 2022
Business Transformation in Phase-2:

2022-2024
Strengthen Business Transformation in 2022-2024

1. Fully expand the potential of Creativity Product Line on all Platforms
   • Online Editing Services
     • First launch in Q3 this year
   • A shareable social platform for users to Create & Share their video/photo templates with others
     • First launch in Q2 this year, will cover below features over time
     • Covering (1) Video Intros, (2) Video Ad Templates and (3) Poster Ad Templates

2. Incubate FaceMe to become a sizeable BU
   • Target to increase revenue with good YoY growth
   • More products to cover more vertical markets and use cases
   • Stronger sales force to grow revenue
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. (Source: Report Ocean)

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

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

Source: Report Ocean
2022 Growth Strategy
## 2022 Growth Strategy for Creativity Software/APP

<table>
<thead>
<tr>
<th>Compelling Products &amp; Services</th>
<th>Digital Marketing to Grow Subscription Base</th>
<th>Online Editing Tools</th>
<th>Social Networking Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>• AI-powered cool new features</td>
<td>• Invest more on digital marketing in more countries and on more products</td>
<td>• Platform independent and easy-to-use tools to attract new users</td>
<td>• Enable shareable &amp; sociable video/photo templates in products</td>
</tr>
<tr>
<td>• Add more high quality effect packs &amp; stock</td>
<td>• Tools to cover audio/photo/video editing needs</td>
<td>• Shareable “video intros” for PowerDirector (Q2’22)</td>
<td>• Shareable “video ads templates” for Ad Director &amp; PowerDirector Business (Q3’22)</td>
</tr>
<tr>
<td>• Keep improving UI/UX</td>
<td></td>
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</table>

**CyberLink**
## 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

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**Launch **FaceMe** for Smart Office in Q2, 2022**

**Launch **FaceMe** for Smart Retail in Q2, 2022**
Company Operations & Expenses

• CyberLink is in the mode of business expansion in 2022 to 2024 hence we will invest more on R&D and S&M (Sales & Marketing) in 2022.

• In order to retain key talents, we will offer better package this year which will increase the payroll expense.
  • 2,000,000 shares of employee stock options
  • A higher than normal annual salary raise

• In order to catch business opportunities, we plan to increase headcount of R&D and S&M.

• Taking above into consideration, we may increase the combined expense of R&D and S&M by 20% year over year.
Summary

• Successfully turning business model to SaaS/Subscription model.
  • Subscription-based revenue grows 11X from Q1’2018 to Q1’2022.

• Growth Segments reached revenue US$9.2M in Q1’2022, representing 67% of total revenue.
  • 72% 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.
For more information about CyberLink:

www.CyberLink.com

For IR inquiries, suggestions and comments:

investor@cyberlink.com

Thank You!