CyberLink (5203.TW)
Q2 2022 Investor Conference

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

July 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

- 2022 Q2 Financial Result
- Business Update, Opportunities & Growth Focus
Financial Highlights

### 2022 Q2
#### Income Statement
- Revenue NT$442 M, +4.9% YoY
- Operating Profit NT$62.7 M, -5.4% YoY
- Net Profit NT$100.9 M, +70.9% YoY
- EPS NT$1.28

### 2022 H1
#### Income Statement
- Revenue NT$823.4 M, +3.2% YoY
- Operating Profit NT$81.6 M, -9.9% YoY
- Net Profit NT$143.4 M, +61.4% YoY
- EPS NT$1.83

Revenue expressed in NT$ millions
EPS expressed in NTD
## 2022 Q2 Consolidated IS

Revenue expressed in NT$ thousands

<table>
<thead>
<tr>
<th></th>
<th>2022 Q2</th>
<th>2022 Q1</th>
<th>QoQ</th>
<th>2021 Q2</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>441,999</td>
<td>381,420</td>
<td>15.9%</td>
<td>421,452</td>
<td>4.9%</td>
</tr>
<tr>
<td>COGS</td>
<td>(58,497)</td>
<td>(56,331)</td>
<td>3.8%</td>
<td>(69,726)</td>
<td>-16.1%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>383,502</td>
<td>325,089</td>
<td>18.0%</td>
<td>351,726</td>
<td>9.0%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(135,253)</td>
<td>(134,677)</td>
<td>0.4%</td>
<td>(121,923)</td>
<td>-28.9%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(156,000)</td>
<td>(146,028)</td>
<td>6.8%</td>
<td>(133,095)</td>
<td>-31.7%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(29,571)</td>
<td>(25,495)</td>
<td>16.0%</td>
<td>(30,453)</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(320,824)</td>
<td>(306,200)</td>
<td>4.8%</td>
<td>(285,471)</td>
<td>-67.8%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>62,678</td>
<td>18,889</td>
<td>5.0%</td>
<td>231.8%</td>
<td>15.7%</td>
</tr>
<tr>
<td>FX Gain (Loss)</td>
<td>20,436</td>
<td>16,357</td>
<td>4.3%</td>
<td>(6,278)</td>
<td>-1.5% turn positive</td>
</tr>
<tr>
<td>Investment Gain (Loss)</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0% NA</td>
</tr>
<tr>
<td>Other Income (Loss)</td>
<td>40,818</td>
<td>16,218</td>
<td>4.2%</td>
<td>151.7%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Non-operating Income</td>
<td>61,254</td>
<td>32,575</td>
<td>8.5%</td>
<td>88.0%</td>
<td>1.9% 677.3%</td>
</tr>
<tr>
<td>Income before Tax</td>
<td>123,932</td>
<td>51,464</td>
<td>13.5%</td>
<td>74,135</td>
<td>17.6% 67.2%</td>
</tr>
<tr>
<td>Net Income</td>
<td>100,924</td>
<td>42,516</td>
<td>11.1%</td>
<td>59,051</td>
<td>14.0% 70.9%</td>
</tr>
<tr>
<td>EPS (NT$)</td>
<td>1.28</td>
<td>0.55</td>
<td>0.75</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 2022 H1 Consolidated IS

Revenue expressed in NT$ thousands  
EPS expressed in NTD

<table>
<thead>
<tr>
<th>NT$ thousands</th>
<th>2022 H1</th>
<th>2021 H1</th>
<th>YTD YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>823,419</td>
<td>797,843</td>
<td>3.2%</td>
</tr>
<tr>
<td>COGS</td>
<td>(114,828)</td>
<td>(137,400)</td>
<td>-16.4%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>708,591</td>
<td>660,443</td>
<td>7.3%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(269,930)</td>
<td>(229,584)</td>
<td>17.6%</td>
</tr>
<tr>
<td>S&amp;M</td>
<td>(302,028)</td>
<td>(279,694)</td>
<td>8.0%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>(55,066)</td>
<td>(60,659)</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(627,024)</td>
<td>(569,937)</td>
<td>10.0%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>81,567</td>
<td>90,506</td>
<td>-9.9%</td>
</tr>
<tr>
<td>FX Gain (Loss)</td>
<td>36,793</td>
<td>(12,585)</td>
<td>turn positive</td>
</tr>
<tr>
<td>Investment Gain (Loss)</td>
<td>0</td>
<td>(12,733)</td>
<td>NA</td>
</tr>
<tr>
<td>Other Income (Loss)</td>
<td>57,036</td>
<td>44,443</td>
<td>28.3%</td>
</tr>
<tr>
<td>Non-operating Income (Loss)</td>
<td>93,829</td>
<td>19,125</td>
<td>390.6%</td>
</tr>
<tr>
<td>Income before Tax</td>
<td>175,396</td>
<td>109,631</td>
<td>60.0%</td>
</tr>
<tr>
<td>Net Income</td>
<td>143,440</td>
<td>88,872</td>
<td>61.4%</td>
</tr>
<tr>
<td>EPS (NT$)</td>
<td>1.83</td>
<td>1.12</td>
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Highlights of Q2, 2022

• **Growth Segments** (G1+G2+G3) reached record revenue US$10.4M in Q2’2022 with 22% YoY growth, representing 68% of total revenue (from 57% in Q2’21).

• Subscription-based revenue reached record high to US$7.25M in Q2’22, +25% YoY growth.

• Newly launched a “template-based editing service” platform with 10,000+ video/poster/advertisement templates and 5000+ video intro templates.
  • Users can easily customize their templates & share back to the platform
  • Social networking features are implemented to form a Video/Photo/Ads creativity community to improve user stickiness

• FaceMe achieved some prominent enterprise customers wins & partnership advancements
  • **Smart Manufacturing**: Toyota factory
  • **Fintech**: Good Finance, and more cases to implement
  • **VMS & SoC partnership**: Avigilon & Mediatek Genio 1200 AIoT platform
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
**Q2 2022 Highlights**

### US$10.4 Million

3 Growth segments combined revenue, 22% YoY growth in Q2 2022

### US$7.25 Million

25% YoY

Subscription-based revenue

68% Total Revenue % from 3 Growth segments

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**Revenue (amount) by Business Segments**

- In Q2 2022, 3 growth segments combined revenue reached **US$10,377 K** represented **68.2%** of company total.
  - 3 years ago (Q2 2019), the combined revenue was **US$3,919 K**, 34.9% of company total.

**Q2 2022 Highlights**

- **US$7.25 Million**
  - 25% YoY
  - Subscription-based revenue

- **68%** Total Revenue % from 3 Growth segments
**Q2 2022 Highlights**

**US$10.4 Million**
- **3 Growth segments** combined revenue, **22% YoY** growth in Q2 2022

**US$7.25 Million**
- **25% YoY**
- **Subscription-based revenue**

**68%**
- Total Revenue % from **3 Growth segments**

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**Revenue (%) by Business Segments**

Contribution from 3 *Growth segments* grows from 34.9% in Q2 2019 to **68.2%** in Q2 2022.

- **G1: PC Create**
- **G2: Mobile APP**
- **G3: New BIZ**
- **G4: PC OEM&ODD**

10**%Subscription-based revenue**

- **US$10.4 Million** 3 Growth segments combined revenue, **22% YoY** growth in Q2 2022

**US$7.25 Million**
- **25% YoY**
- **Subscription-based revenue**

**68%**
- Total Revenue % from **3 Growth segments**

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**CyberLink**
Subscription-based Revenue Performance by Quarter

- Subscription revenue grows to **US$7,246 K** in Q2’2022, up 25% YoY.

Subscription revenue mainly comes from:
- Create in PC/Mac & apps subscribers

- Subscription revenue delivers strong growth trend, from US$573K in Q2’2018 to US$7,246K in Q2’2022, exciting **13 X growth**.

- Subscription-based revenue contributes 48% of company's total revenue.
• PC Create revenue grows **40% YoY** to **US$7.24M** in Q2’2022. (+40% YoY)

• Newly launched a sharable & sociable video/photo/ads platform, offering **16,000+** free editable templates. Easy to use, share, and create **videos, social media posts, and banner ads.**

• Strengthen social networking features of PowerDirector & PowerDirector Business products, with promotion plans to enhance user engagement, social networking connections, business partners collaborations to grow user base.
Mobile APP revenue down -8% YoY to US$2.5M in Q2 2022.

Will revive the growth by Social Networking Features:

- Newly launched template-based video creation service, offering 16,000+ free editable templates.
- Easy to use, share, and create videos, social media posts, and banner ads.
Template-based Editing, with Social Networking Features

More than 11,000 Shareable Video advertisement/Photo design templates, and template number is growing
Social Networking Features:
More than 5,000 Shareable Video Intros templates, with growing number of diverse new-added templates uploaded every day
Social Networking Features:
Users can Like, Comment, and Follow Creators
Mobile APP Growth Driver

• Increasing demand from SMB, bloggers and videographers for easy to use template-based digital marketing creativity tools.
• More AI features to generate one-click amazing effects.
• New Biz Segment revenue downs 1% YoY to **US$654K** in Q2 2022.

• The adoption of FaceMe® continues to grow, with new contracts signed with prominent enterprise customers, such as Toyota factories, Good Finance, etc.

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

- PC OEM&ODD revenue down -24.8% YoY to US$4.8M in Q2 2022.
  - Revenue decline trend is in line with our expectation
Achievements of FaceMe® in Q2’22
FaceMe® - Gained More Partnership for Future Growth

Continue to strengthen Partner Program to advance global market penetration:

- Video Management Systems (VMS), adding Avigilon in Q2.
- System on a Chip (SOC), adding Mediatek Genio 1200
- Industrial PC, Surveillance camera & Camera module suppliers

Mainstream Chipset (SoC) Makers

- Intel
- Mediatek
- NVIDIA
- NXP
- Qualcomm

VMS & IOT Partners

- Milestone
- Genetec
- NetworkOptix
- Vivotek
- Axis Communications
- Advantech
- Himax
- Altek
- Supermicro
- iEi
Launch More FaceMe-based Vertical Solutions

- In addition to FaceMe® Security and FaceMe® Health, FaceMe® Fintech was launched in 2021
- In Q2 2022, two more solutions launched: TimeClock & Smart Retail
Toyota factory adopts CyberLink's AI Facial Recognition Engine

- Japan-based systems integrator Itochu Techno-Solutions (CTC) used CyberLink's AI facial recognition engine, FaceMe®, to develop a "vehicle inspection information system" adopted by Toyota to improve vehicle quality management.

- The factory has deployed multiple Android devices for face authentication. Using CyberLink’s FaceMe®, qualified inspectors can authenticate their faces while still wearing hats, goggles, and masks to immediately perform a face match.
Good Finance adopts FaceMe® to Perform Identity Verification for Its Online Banking Services

- Good Finance integrates FaceMe® into eKYC (Electronic Know Your Customer) account opening process. By using mobile device camera, customers can validate their identity and remotely sign all necessary documents.

- FaceMe® Fintech solution combines ID authentication, facial recognition, liveness detection technologies, ensuring intuitive, accurate and secure identity validation to Good Finance’s online banking customers.
FaceMe® TimeClock and Smart Retail released

- FaceMe® TimeClock addresses the shortfalls of tracking time and attendance, such as the potential for card swapping or theft and bottlenecks at the beginning and end of workers’ shifts, while automatically and accurately updating attendance records.
- FaceMe® Smart Retail can entirely automate visitor statistics collection and analysis, simultaneously preserving individuals’ anonymity.
Summary

• B2C business transformation to **SaaS/Subscription** model continues making good progress.
  
  • **Growth Segments** reached revenue US$10.4M in Q2’2022 with 22% YoY growth, representing 68% of total revenue.
    
    • 70% of revenue in **Growth Segments** comes from SaaS/Subscription model.
  
  • **Subscription-based** revenue grows **13X** in 4 years from Q2’2018 to Q2’2022.

• Facial recognition (FaceMe) business also continues making progress in winning more strategic customers and building strong partners.
  
  • Most of current projects are at PoC or pilot shipping stage, hence the revenue contribution is not yet significant in Q2. The future is still promising.
For more information about CyberLink:

www.CyberLink.com

For IR inquiries, suggestions and comments:

investor@cyberlink.com

Thank You!