



CyberLink (5203.TW) Q2 2023 Investor Conference

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

July 26, 2023

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 Q2 2023 Financial Results
- ◆ Business Opportunities from Generative AI (GAI)
 - GAI presents a very good growth opportunity for many verticals, especially on photo and video creations!
 - We will be very aggressive in releasing many GAI features in Q3 and Q4, including a couple of new products.

Q2 2023 Financial Result

(Un-audited)

Financial Highlights

Revenue expressed in NT\$ millions
EPS expressed in NTD

2023 Q2 Income Statement

- Revenue NT\$446 M +0.8% YoY
NT\$ 479 M ; 8.5% YoY
- Operating Profit NT\$39.8 M -36.4% YoY
NT\$ 74 M ; 17.4% YoY
- Net Profit NT\$61.5 M -39.1% YoY
- EPS NT\$0.78

2023 H1 Income Statement

- Revenue NT\$876.4 M +6.4% YoY
NT\$ 960 M ; 16.6% YoY
- Operating Profit NT\$73.3 M -10.1% YoY
NT\$ 157 M ; 92.4% YoY
- Net Profit NT\$116.2 M -19.0% YoY
- EPS NT\$1.47

Note :

- If Q2'23 Mobile App revenue was book-at-once, Q2'23 revenue should increase by NT\$34M → Q2'23 Revenue NT\$479 M , YoY = 8.5%
- If Q2'23 Mobile App revenue was book-at-once, Q2'23 roperating income should increase by NT\$34M → Q2'23 Operating Profit NT\$74 M , YoY = 17.4%, Operating Profit Margin 15.4%
- If 1H '23 Mobile App revenue was book-at-once, 1H'23 revenue should increase by NT\$84M → 1H'23 Revenue NT\$960 M , YoY = 16.6%
- If 1H '23 Mobile App revenue was book-at-once, 1H'23 operating income should increase by NT\$84M → 1H'23 Operating Profit NT\$157 M , YoY = 92.4%, Operating Profit Margin 16.3%

2023 Q2 Consolidated IS

Revenue expressed in NT\$ thousands
EPS expressed in NTD

NT\$ thousands	2023 Q2	%	2023 Q1	%	QoQ	2022 Q2	%	YoY	
Revenue	445,663	100.0%	430,690	100.0%	3.5%	441,999	100.0%	0.8%	Revenue NT479M 8.5% YoY
COGS	(66,762)	-15.0%	(65,085)	-15.1%	2.6%	(58,497)	-13.2%	14.1%	
Gross Profit	378,901	85.0%	365,605	84.9%	3.6%	383,502	86.8%	-1.2%	
R&D	(139,260)	-31.3%	(130,134)	-30.2%	7.0%	(135,253)	-30.6%	3.0%	
S&M	(171,291)	-38.4%	(174,341)	-40.5%	-1.7%	(156,000)	-35.3%	9.8%	
G&A	(28,509)	-6.4%	(27,622)	-6.4%	3.2%	(29,571)	-6.7%	-3.6%	
Operating Expense	(339,060)	-76.1%	(332,097)	-77.1%	2.1%	(320,824)	-72.6%	5.7%	Operating Income NT\$74M Operating Margin 15.4%
Operating Income	39,841	8.9%	33,508	7.8%	18.9%	62,678	14.2%	-36.4%	17.4% YoY
	73,601		15.4%						
FX Gain (Loss)	27,117	6.1%	(6,565)	-1.5%	turn profit	20,436	4.6%	32.7%	
Investment Gain (Loss)	0	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	
Other Income (Loss)	28,775	6.5%	36,556	8.4%	-21.3%	40,818	9.2%	-29.5%	
Non-operating Income	55,892	12.6%	29,991	6.9%	86.4%	61,254	13.8%	-8.8%	
Income before Tax	95,733	21.5%	63,499	14.7%	50.8%	123,932	28.0%	-22.8%	
Net Income	61,488	13.8%	54,708	12.7%	12.4%	100,924	22.8%	-39.1%	
EPS (NT\$)	0.78		0.69			1.28			

2023 H1 Consolidated IS

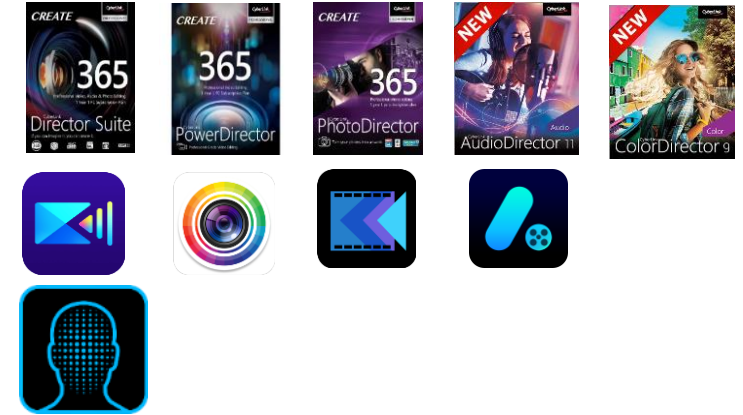
Revenue expressed in NT\$ thousands
EPS expressed in NTD

NT\$ thousands	2023 H1	%	2022 H1	%	YoY	
Revenue	876,353	100.0%	823,419	100.0%	6.4%	Revenue NT960M 16.6% YoY
COGS	(131,847)	-15.0%	(114,828)	-13.9%	14.8%	
Gross Profit	744,506	85.0%	708,591	86.1%	5.1%	
R&D	(269,394)	-30.8%	(269,930)	-32.8%	-0.2%	
S&M	(345,632)	-39.4%	(302,028)	-36.7%	14.4%	
G&A	(56,131)	-6.4%	(55,066)	-6.7%	1.9%	
Operating Expense	(671,157)	-76.6%	(627,024)	-76.2%	7.0%	Operating Income NT\$157M Operating Margin 16.3%
Operating Income	73,349	8.4%	81,567	9.9%	-10.1%	92.4% YoY
	156,916		16.3%			
FX Gain	20,552	2.3%	36,793	4.5%	-44.1%	
Investment Gain	0	0.0%	0	0.0%	0.0%	
Other Income	65,331	7.5%	57,036	6.9%	14.5%	
Non-operating Income	85,883	9.8%	93,829	11.4%	-8.5%	
Income before Tax	159,232	18.2%	175,396	21.3%	-9.2%	
Net Income	116,196	13.3%	143,440	17.4%	-19.0%	
EPS (NT\$)	1.47		1.83			

Definition of Product Grouping

- **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)



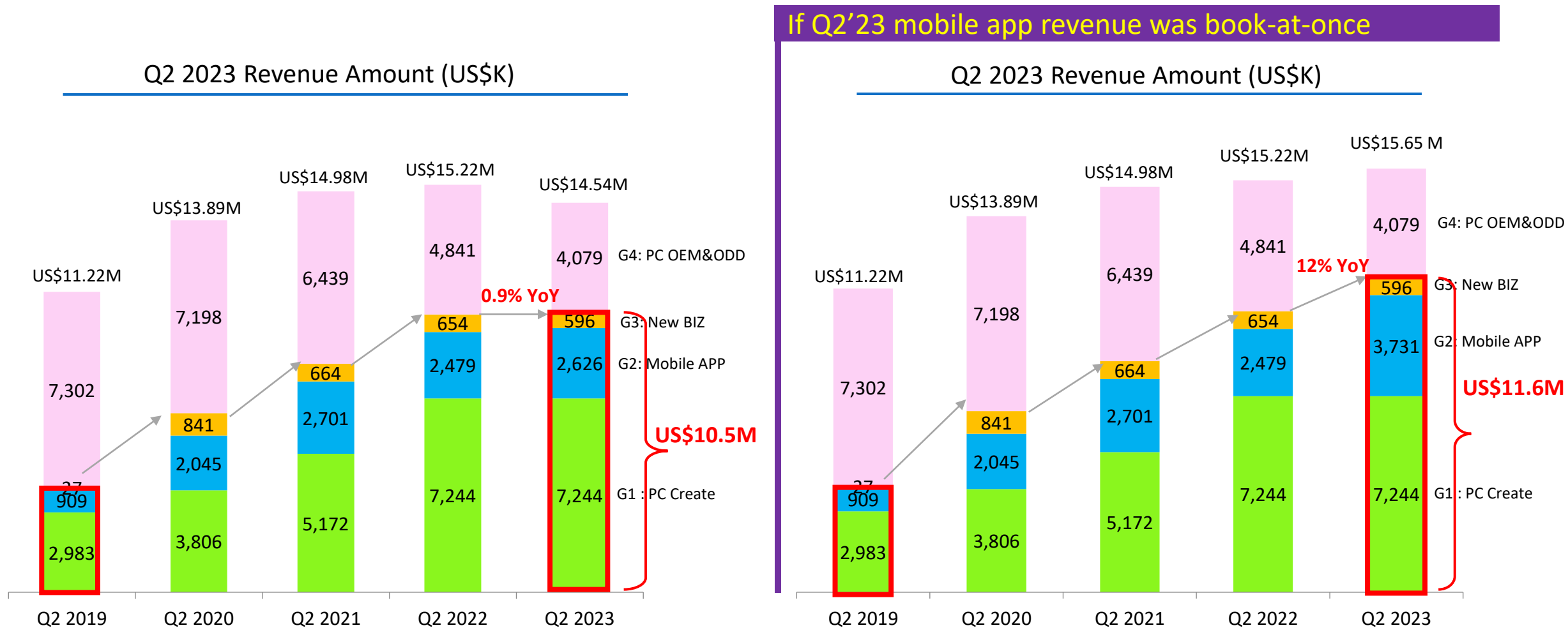
- **Cash Cow Segment (G4)**

- Group 4: PC-OEM + ODD related products
 - Although revenue is not growing, ROI is high



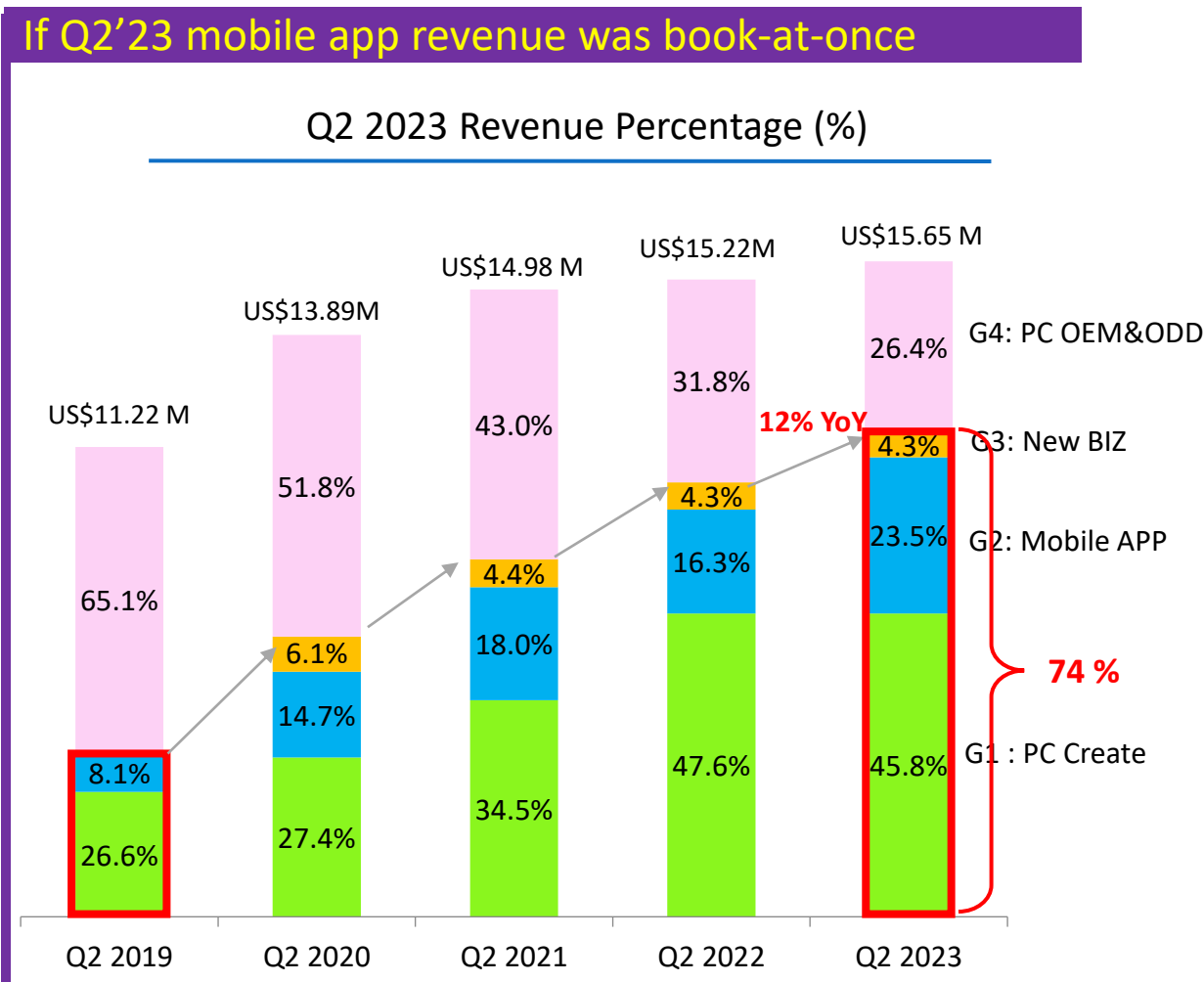
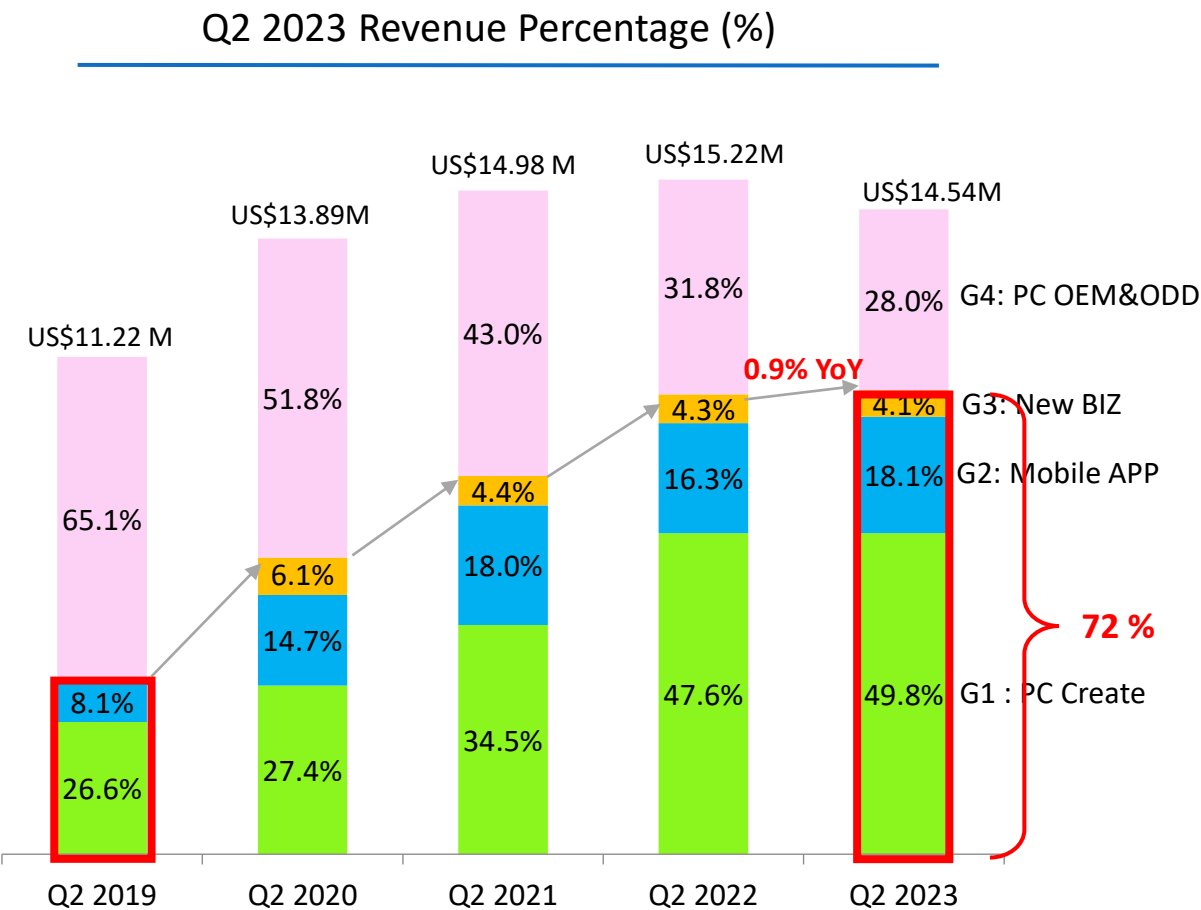
Q2 2023 Revenue Amount by Business Segments

- 3 Growth Segments combined revenue achieved **US\$10.5 M**, represented **72%** of company total revenue in Q2 2023.
- If Q2'23 mobile app revenue was booked at once, 3 Growth Segments revenue **US\$11.6 M**, represented **74%** of company total revenue with 12% YoY growth.



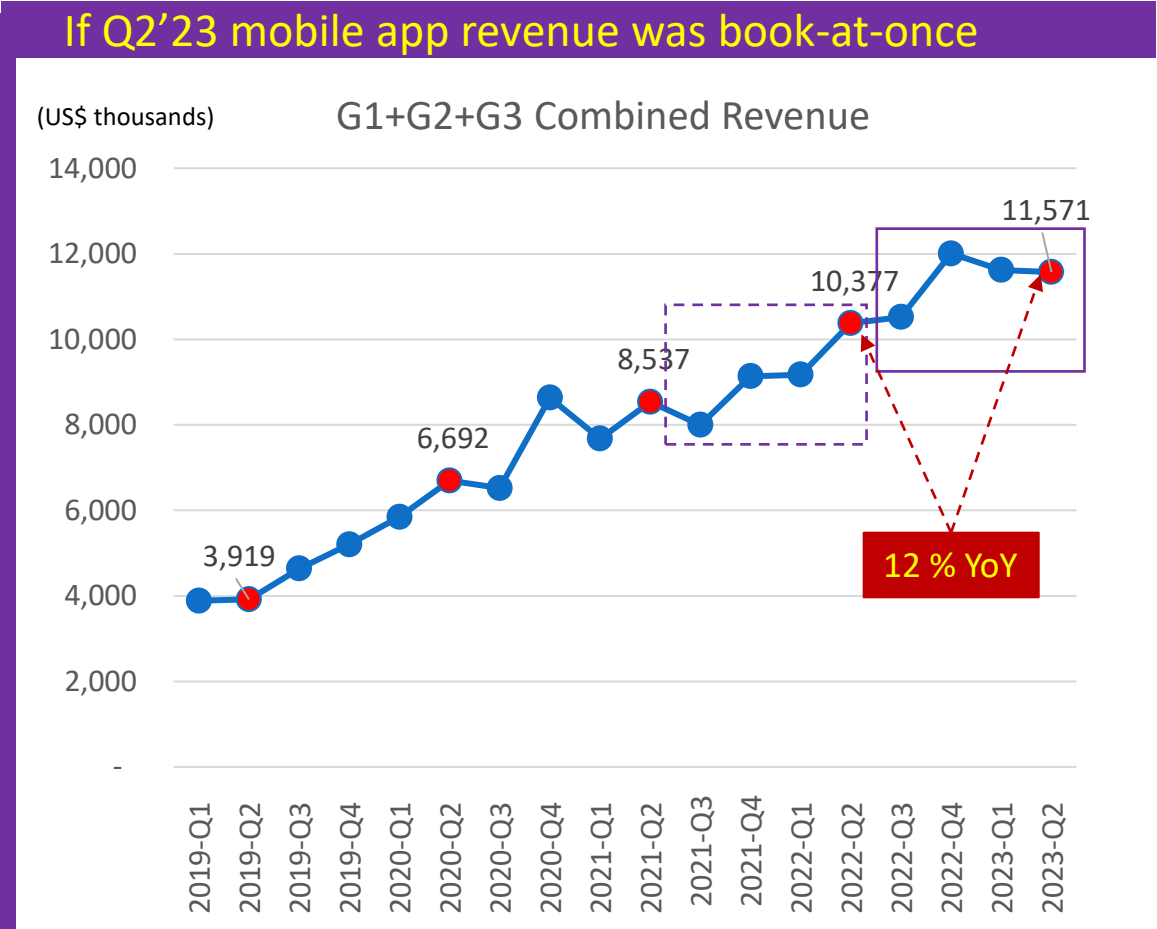
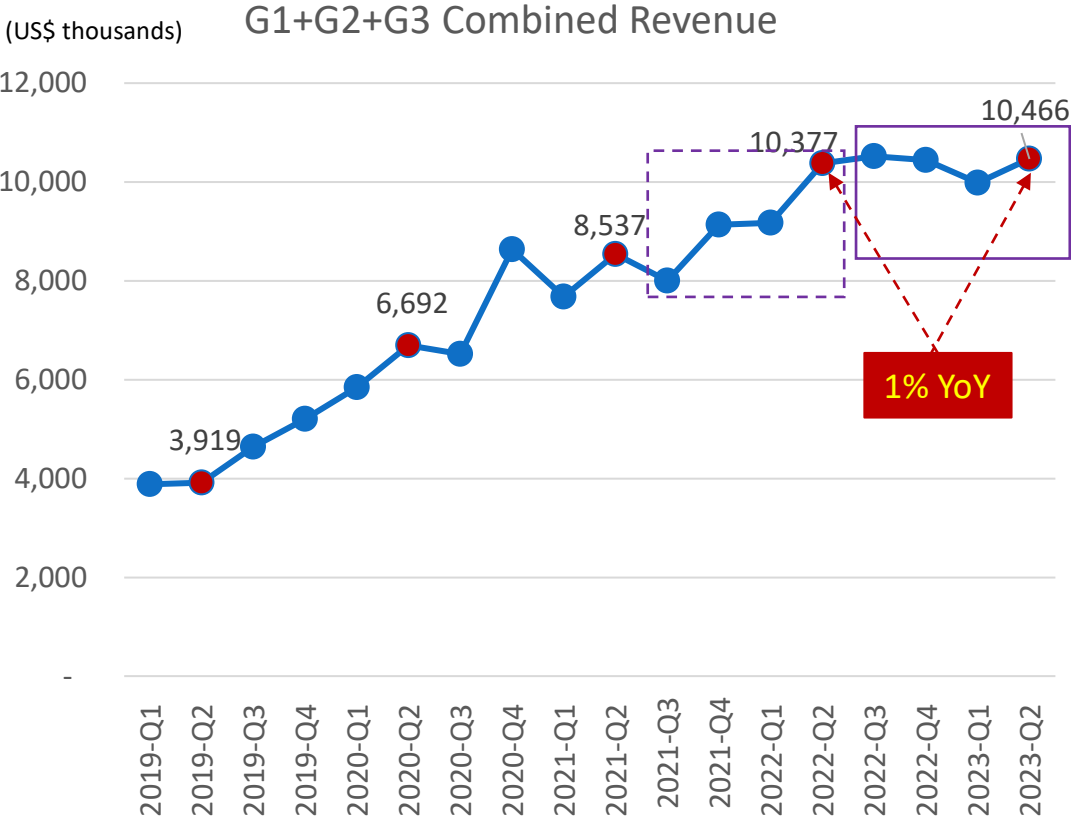
Q2 2023 Revenue % by Business Segments

- Q2 2023, 3 Growth Segments combined revenue achieved **US\$10.5M**, represented **72%** of company total.
- If Q2'23 mobile app revenue booked at once, 3 Growth Segments revenue **US\$11.6 M**, represented **74%** of company total.

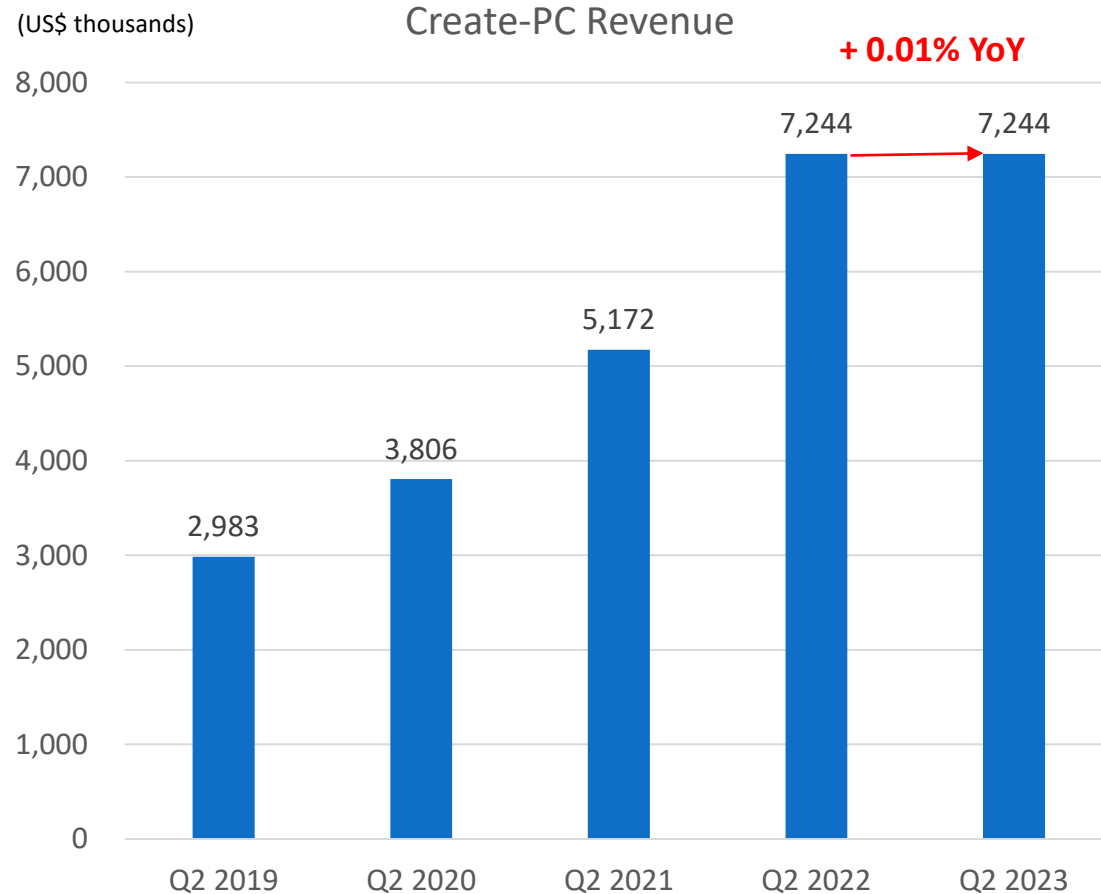


Solid Growth Momentum of 3 Growth Segments

- 3 growth segments' combined revenue achieved US\$10.5M, +1% YoY growth in Q2 2023.
- If Q2'23 mobile app revenue was book at once, 3 Growth Segments revenue achieved **US\$11.6 M, +12% YoY** growth.



Group 1: PC Create (B2C) Revenue



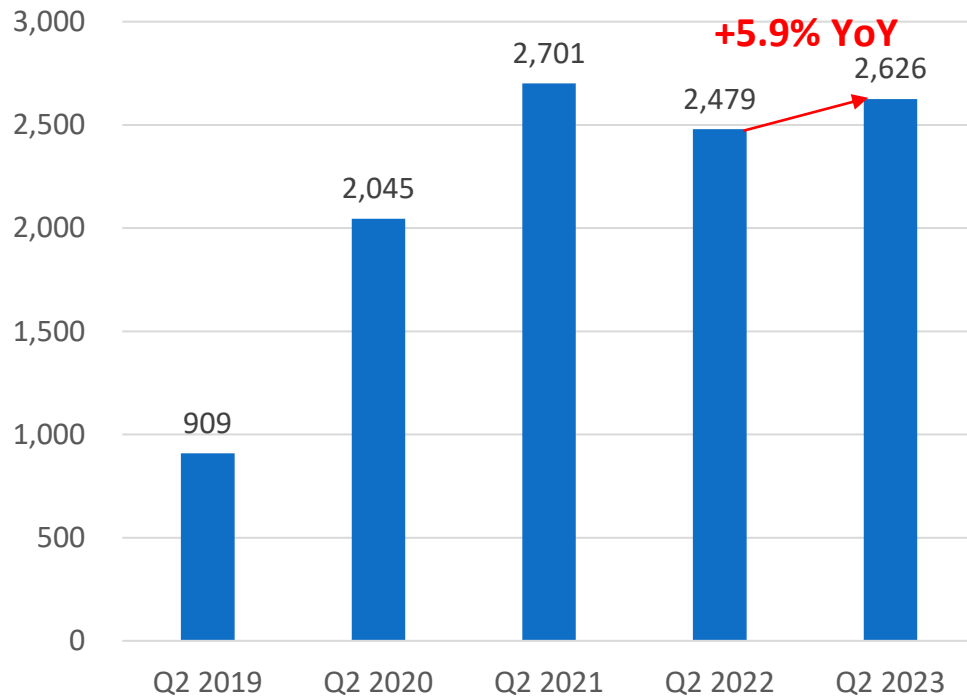
- PC Create (B2C) software segment revenue grew 0.01% YoY to US\$7.24 million in Q2 2023.
- With new GAI and Cool-AI features added in Q3 this year, we expect to resume the growth momentum.

Group 2 : Mobile APP Q2 2023 Revenue

- Mobile App segment revenue was US\$2.6 Million in Q2 2023, an increase of 5.9% YoY.
- If Q2'23 mobile app revenue was book-at-once, mobile app revenue achieved **US\$3.73M**, an increase of **+50%** YoY.
- With new GAI and Cool-AI features and 2 new Apps added in Q3/Q4 this year, we expect the growth will be even stronger.

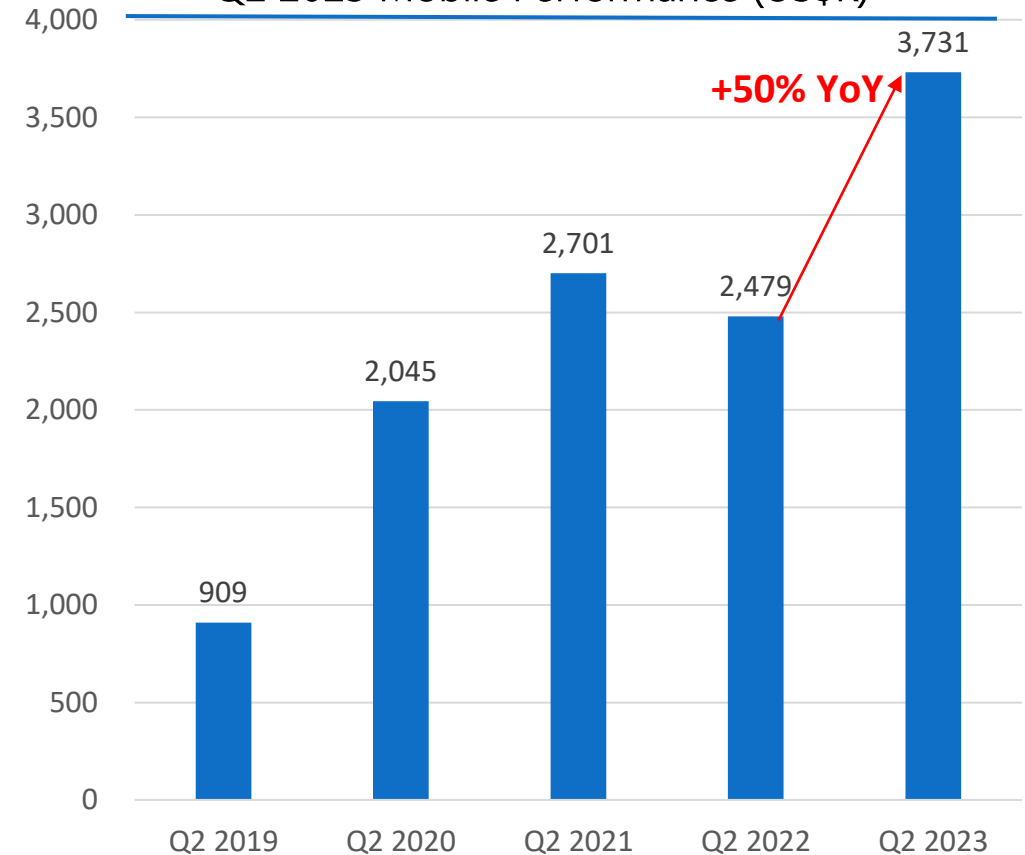
(US\$ thousands)

Q2 2023 Mobile APP Revenue (US\$K)

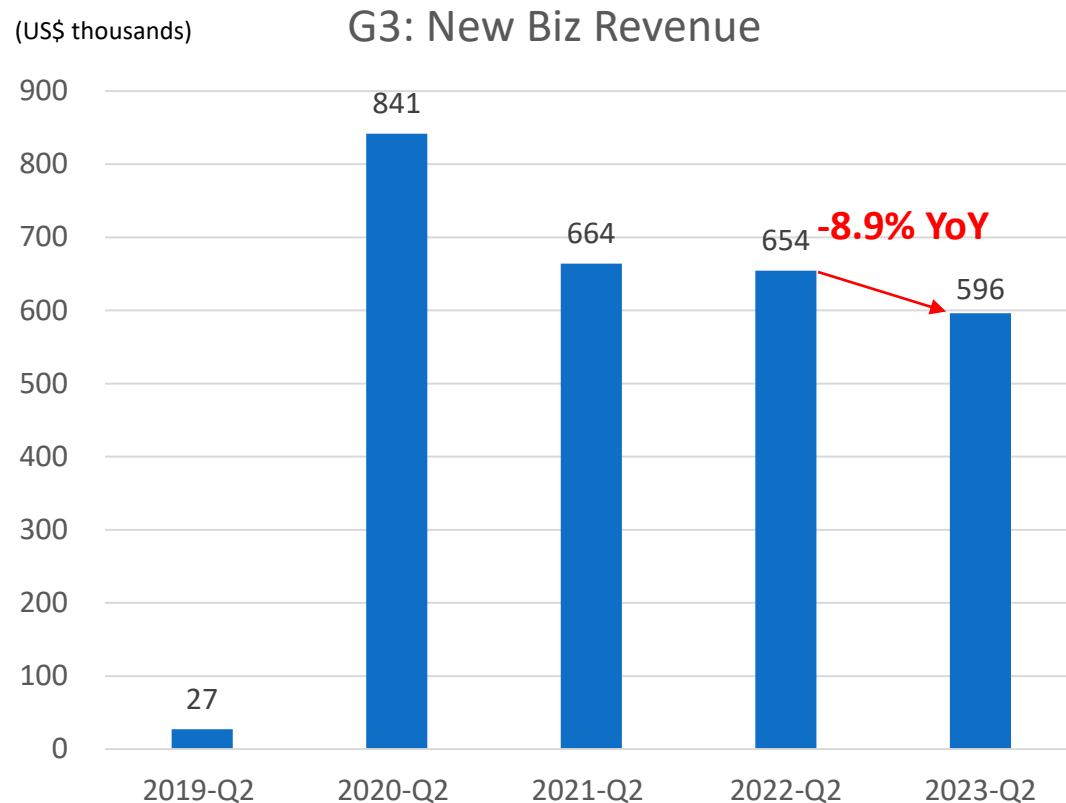


If Q2'23 mobile app revenue was book-at-once

Q2 2023 Mobile Performance (US\$K)

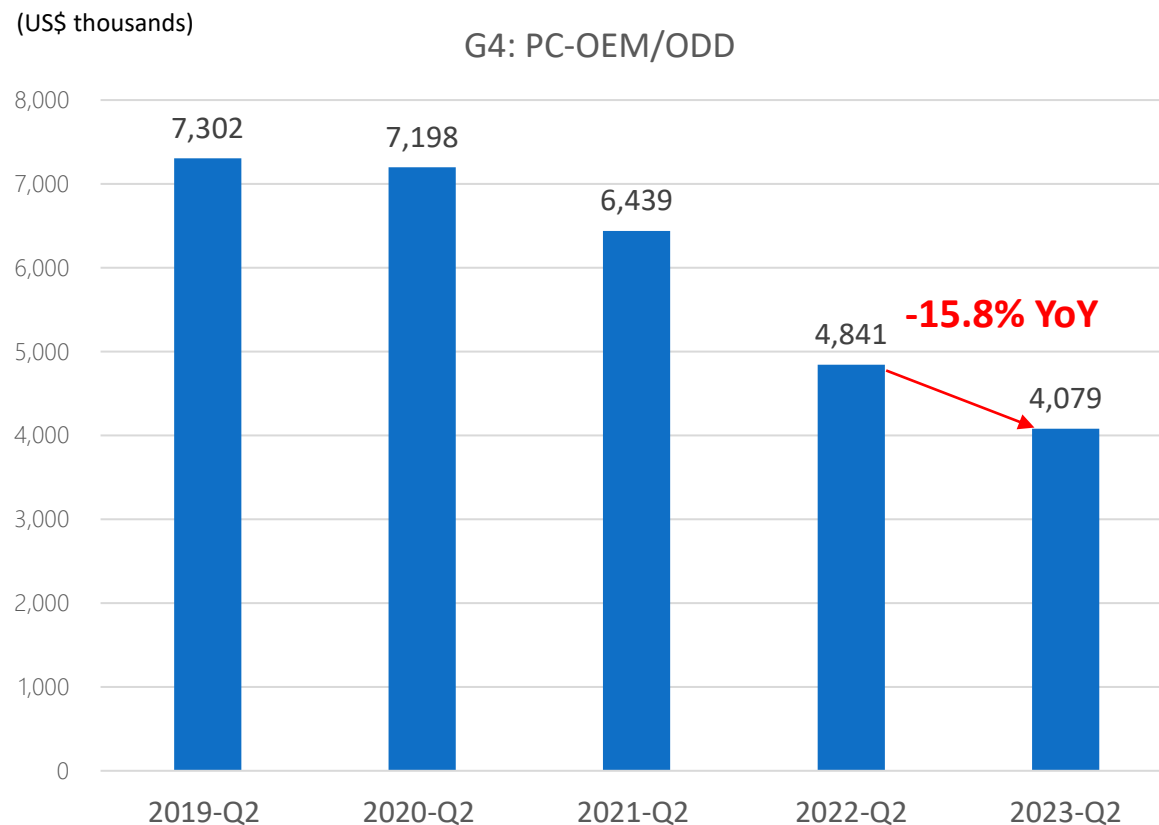


Group 3 : New Biz Revenue



- New Biz segment revenue down 8.9% YoY to US\$596K in Q2 2023.
- **FaceMe (Facial Recognition)** revenue grew 22% YoY to US\$539K in Q2'23.
- Q2 FaceMe new overseas customer wins in below countries:
 - US, Japan, Australia, India, Indonesia, Korea, and Spain.
- Will mainly focus on 2 products: FaceMe and People Tracker, both are already feature rich with world-class quality and performance.
 - The R&D spending on Group 3 will be significantly reduced from Q3 this year.

Group 4 : PC OEM & ODD Revenue Trend



- PC OEM & ODD revenue down 15.8% YoY to US\$4.08 million in Q2 2023. This is in line with our expectation.

Status & Planning on

Generative AI Technologies & New Products

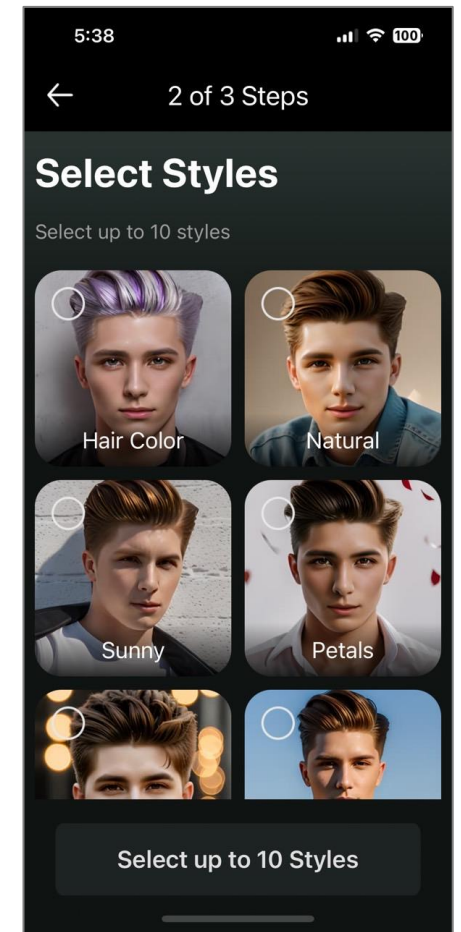
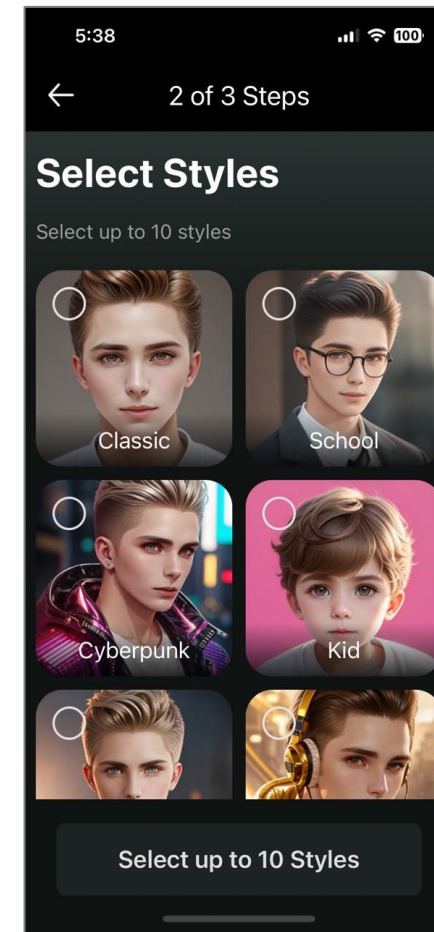
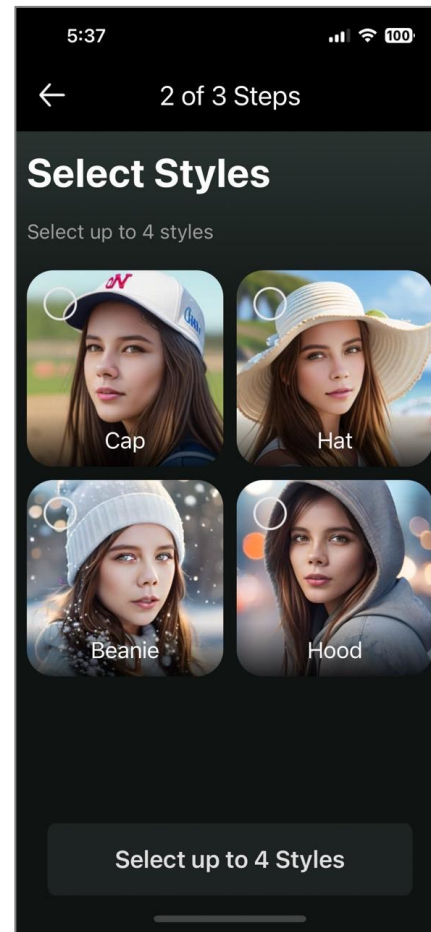
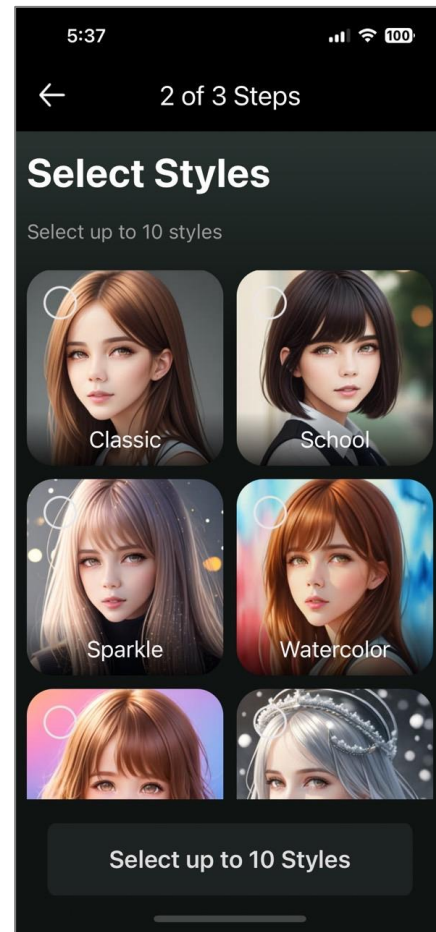
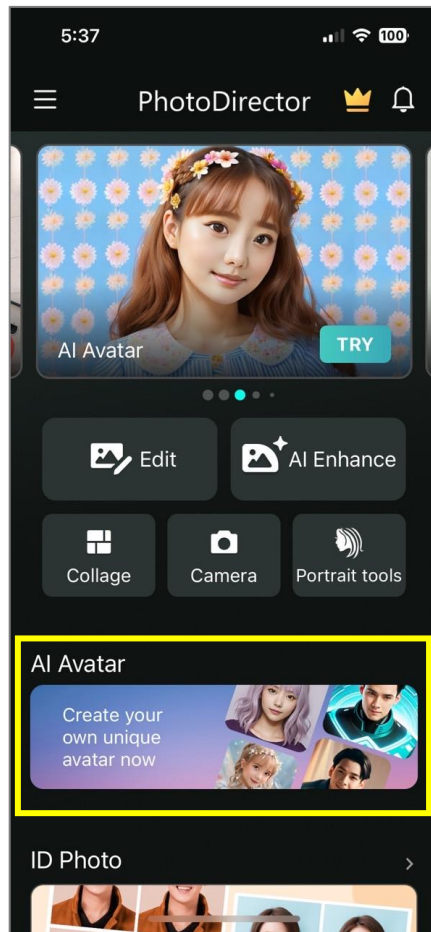
GAI presents a very good growth opportunity for our photo and video creativity software.

Generative AI (GAI) & Cool-AI Features

- 3 GAI features already released
 - AI Avatar
 - Text-to-Image
 - Text-to-Sticker
- 8 more GAI features to be released in Q3/Q4 this year
- Other than Gen AI, tens of Cool-AI features are already developed or under development within this year.

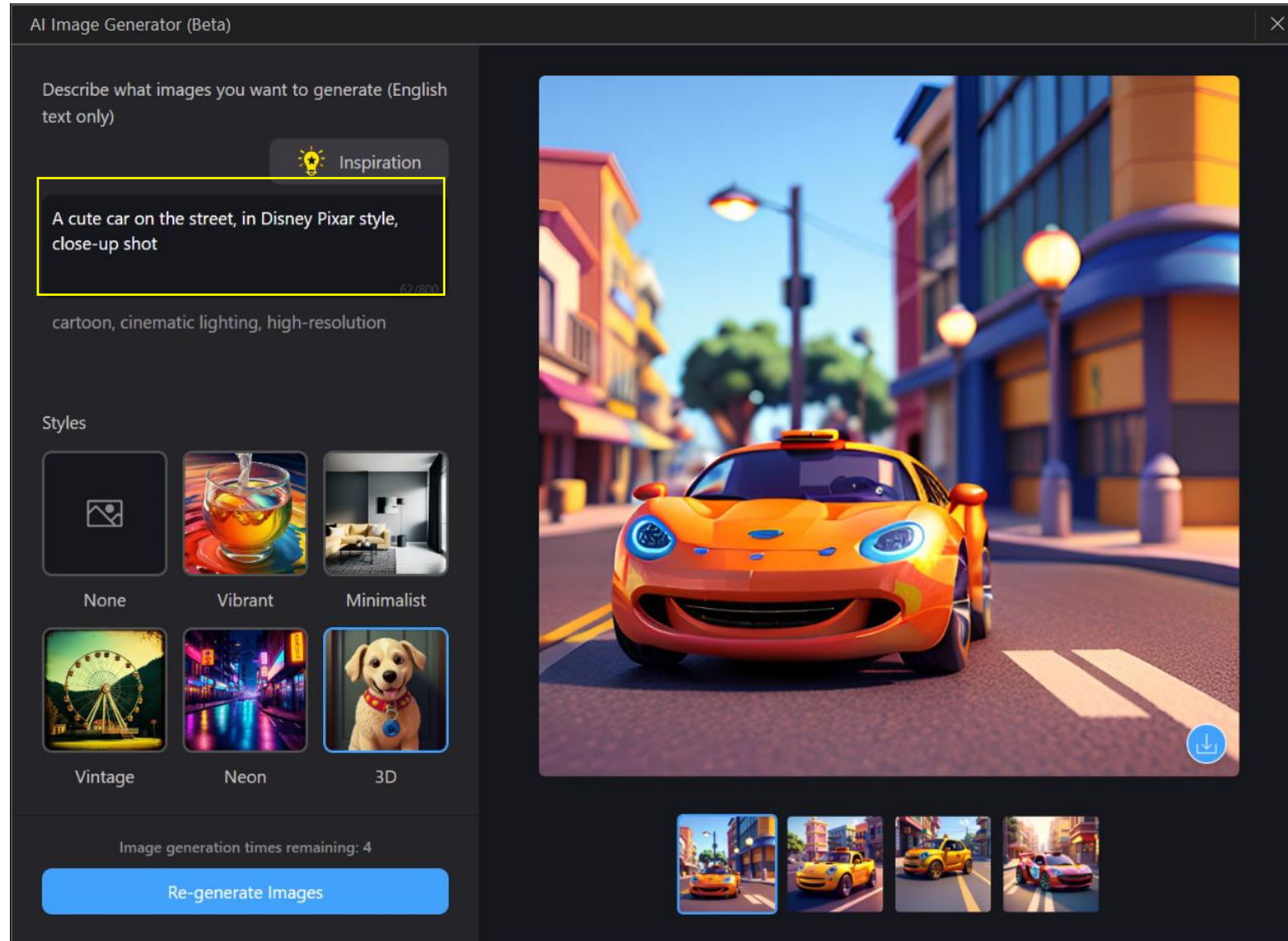
GAI - AI Avatar (released in end of Q1'23)

first released in PhotoDirector App (will soon be released in more products)



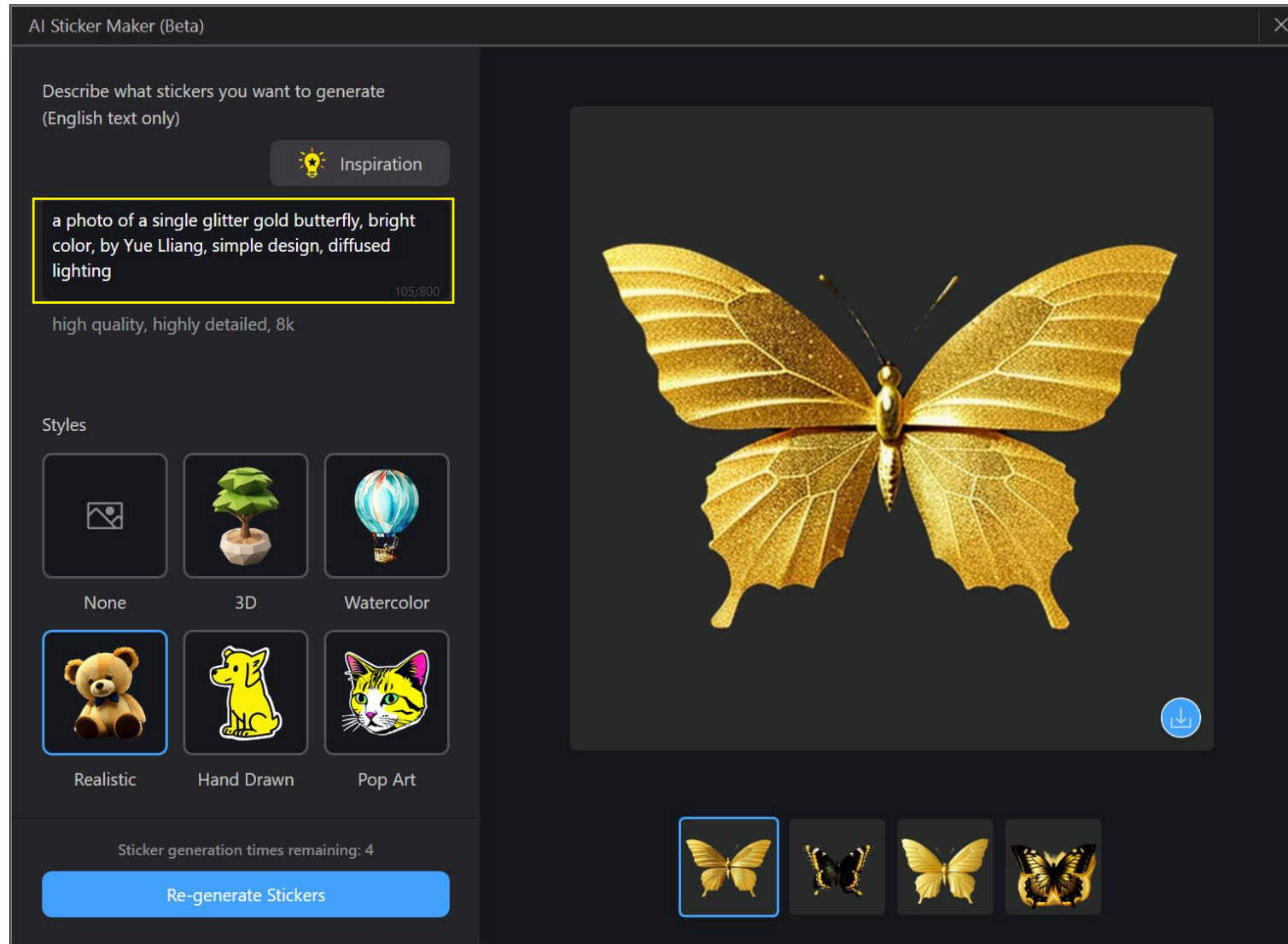
GAI - AI Image Generator (released in Q2'23)

first released in PhotoDirector PC (will soon be released in more products)






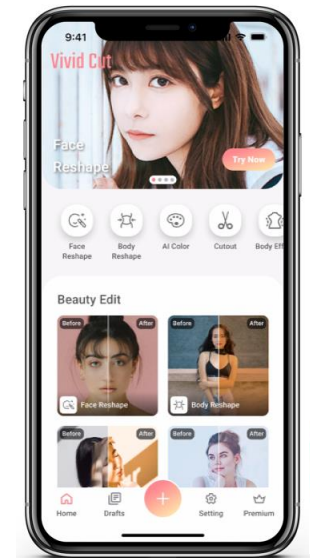
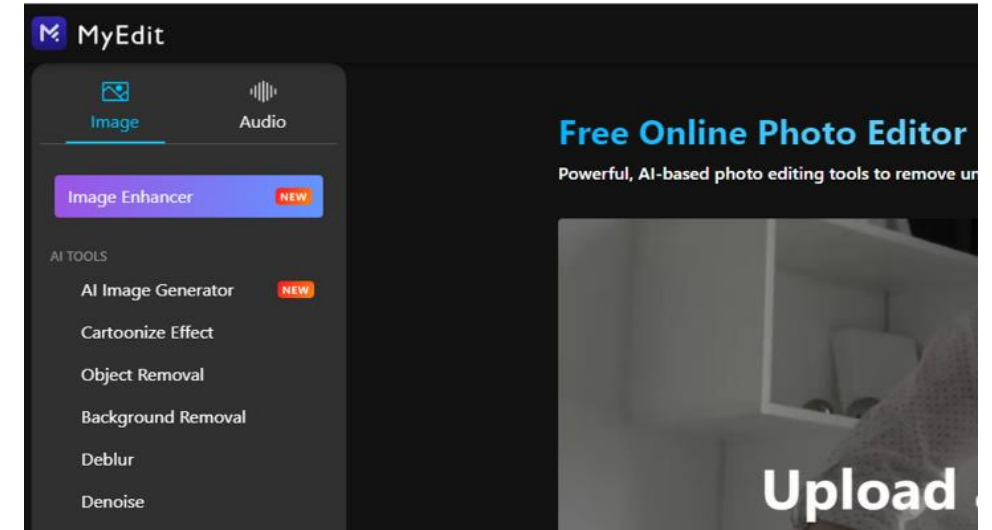
GAI - AI Sticker Maker (released in Q2'23)

already released in PowerDirector (PC /App) & PhotoDirector (PC /App)

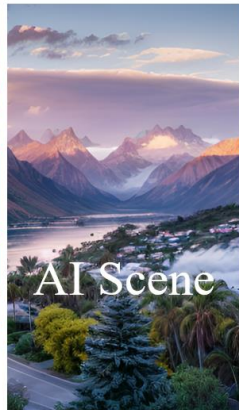
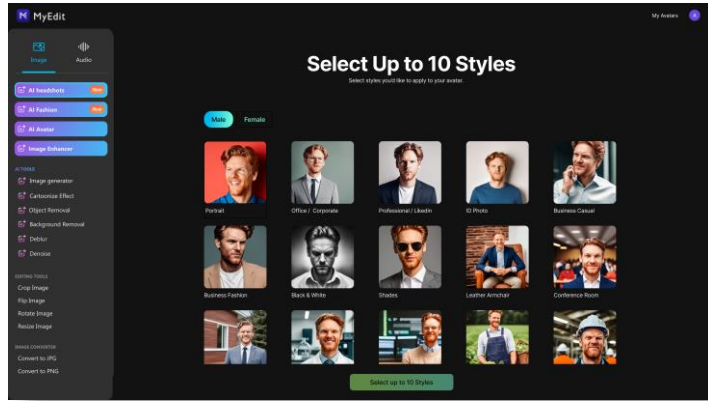


New Products with GAI/Cool-AI Features

- **MyEdit** 
 - Image / audio online editing tools
 - Turned on subscription revenue in April 2023
- **Vivid AI** 
 - A new photo App with many Gen AI features
 - Plan to release in August 2023
- **Vivid Cut** 
 - A new video editing App with many cool-AI features
 - Plan to release in early Q4, 2023



8 More Generative AI Features to be released in H2, 2023



Summary

- The revenue contribution from **three Growth Segments** keeps growing, serve as CyberLink's growth engines.
- **Mobile App** segment regains strong growth momentum, expect this growing trend will continue due to newly added Generative AI and Cool-AI features.
- With mission "**AI make creativity simple and amazing**", we are very aggressive in releasing GAI & Cool-AI features and related new products.
- Facial recognition (FaceMe) business continues making progress in winning more projects in more countries. Due to main products are getting more mature, R&D expense can be reduced.

For more information about CyberLink:

[*www.CyberLink.com*](http://www.CyberLink.com)

For IR inquiries, suggestions and comments:

[*investor@cyberlink.com*](mailto:investor@cyberlink.com)

Thank You!

