



CyberLink (5203.TW) Q3 2023 Investor Conference

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

October 25, 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 Q3 2023 Financial Results
- CyberLink Q3 2023 Business Performance

Q3 2023 Financial Result

(Un-audited)

Note :

- Since Q4 2022, Mobile App subscription revenue recognition adopts “book over time” based on contract period (on monthly basis)
 - On previous financial statements before Q4 2022, Mobile App subscription revenue recognition was book-at-once
-
- In order to make an undistorted year-over-year (YoY) comparison, we will provide additional data of mobile App revenue in some of the following slides “assuming **book-at-once scenario.**”
 - The discrepancy amount of above scenario data versus the recognized revenue and gross profit on Q3 2023 financial income statement is around **NT\$ 21 Million.**
 - The discrepancy amount of above scenario data versus the recognized revenue and gross profit on Q1-Q3 2023 financial income statement is around **NT\$ 104 Million.**

Financial Highlights

(Q3 2023 Financial Income Statement)

Revenue expressed in NT\$ millions
EPS expressed in NTD

2023 Q3 Income Statement

- Revenue NT\$479.2 M +11.8% YoY
- Operating Income NT\$42.9 M -16.1% YoY
- Net Income NT\$94.6 M +8.9% YoY
- EPS NT\$1.2

2023 Q1-Q3 Income Statement

- Revenue NT\$1,355.5 M +8.3% YoY
- Operating Income NT\$116.2 M -12.4% YoY
- Net Income NT\$210.8 M - 8.5% YoY
- EPS NT\$2.67

Financial Highlights

(one adjust facture : Mobile App revenue book-at-once scenario)

Revenue expressed in NT\$ millions
EPS expressed in NTD

2023 Q3 Income Statement

- Revenue NT\$479.2 M +11.8% YoY
NT\$ 500 M ; 16.6% YoY
- Operating Income NT\$42.9 M -16.1% YoY
NT\$ 64 M ; 24.4% YoY
- Net Income NT\$94.6 M +8.9% YoY
- EPS NT\$1.2

2023 Q1-Q3 Income Statement

- Revenue NT\$1,355.5 M +8.3% YoY
NT\$ 1,460 M ; 16.6% YoY
- Operating Income NT\$116.2 M -12.4% YoY
NT\$ 220 M ; 66.0% YoY
- Net Income NT\$210.8 M -8.5% YoY
- EPS NT\$2.67

Note 1 :

- If Q3'23 Mobile App revenue was book-at-once, Q3'23 revenue should increase by NT\$21M
If Q3'23 Mobile App revenue was book-at-once, Q3'23 operating income should increase by NT\$21M
→ Q3'23 Revenue was NT\$500 M , YoY = 16.6%
→ Q3'23 Operating income was NT\$64 M, YoY= 24.4%, Operating income margin 12.7%
- If Q1-Q3'23 Mobile App revenue was book-at-once, Q1-Q3'23 revenue should increase by NT\$104M
If Q1-Q3'23 Mobile App revenue was book-at-once, Q1-Q3'23 operating income should increase by NT\$104M
→ Q1-Q3'23 Revenue NT\$1,460 M , YoY= 16.6%
→ Q1-Q3'23 Operating income NT\$220 M, YoY= 66.0%, Operating income margin 15.1%

2023 Q3 Consolidated IS

Revenue expressed in NT\$ thousands
EPS expressed in NTD

NT\$ thousands	2023 Q3	%	2023 Q2	%	QoQ	2022 Q3	%	YoY	
Revenue	479,187	100.0%	445,663	100.0%	7.5%	428,741	100.0%	11.8%	Revenue NT499.9 M 16.6% YoY
COGS	(67,061)	-14.0%	(66,762)	-15.0%	0.4%	(54,908)	-12.8%	22.1%	
Gross Profit	412,126	86.0%	378,901	85.0%	8.8%	373,833	87.2%	10.2%	
R&D	(145,149)	-30.3%	(139,260)	-31.2%	4.2%	(136,298)	-31.8%	6.5%	
S&M	(176,739)	-36.9%	(171,291)	-38.5%	3.2%	(158,030)	-36.9%	11.8%	
G&A	(31,796)	-6.6%	(28,509)	-6.4%	11.5%	(28,406)	-6.6%	11.9%	
Expected Credit Loss	(15,583)	-3.3%	0	0.0%	NA	0	0.0%	NA	
Operating Expense	(369,267)	-77.1%	(339,060)	-76.1%	8.9%	(322,734)	-75.3%	14.4%	Operating Income NT\$64M Operating Margin 12.7%
Operating Income	42,859	8.9%	39,841	8.9%	7.6%	51,099	11.9%	-16.1%	24.4% YoY
	63,562		12.7%						
FX Gain (Loss)	39,837	8.3%	27,117	6.1%	46.9%	46,335	10.8%	-14.0%	
Investment Gain (Loss)	0	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	
Other Income (Loss)	29,162	6.1%	28,775	6.5%	1.3%	(5,263)	-1.2%	turn profit	
Non-operating Income	68,999	14.4%	55,892	12.6%	23.5%	41,072	9.6%	68.0%	
Income before Tax	111,858	23.3%	95,733	21.5%	16.8%	92,171	21.5%	21.4%	
Net Income	94,619	19.7%	61,488	13.8%	53.9%	86,884	20.3%	8.9%	
EPS (NT\$)	1.20		0.78			1.10			

CyberLink Recognized NT\$15.58 Million of Account Receivable Expected Credit Loss on its Q3 2023 Operating Expense

- One of CyberLink's ecommerce payment service providers, asknet Solutions AG (asknet) has filed for self-administration insolvency and reorganization which has been approved by court in Germany on September 25, 2023. The above court approval results in asknet's delay in paying CyberLink approximately **NT\$15,583,000 accounts payable**. (as of Q3, 2023 ended September 30, 2023)
- CyberLink's Q3 2023 financial income statement recognized above **NT\$15,583,000 as Q3 Expected Credit Loss**. (as of September 30, 2023)
- CyberLink has noticed the precarious financial situation of asknet Solution AG a year ago and has started transferring most of our new web customers to two other ecommerce payment service providers. CyberLink is having ongoing negotiation with asknet Solutions AG and would participate in the upcoming insolvency proceeding to strive for the best interests of CyberLink's shareholders.

Financial Highlights

(two adjust factures : Mobile App revenue book-at-once & Expected Credit Loss scenario)

Revenue expressed in NT\$ millions
EPS expressed in NTD

2023 Q3 Income Statement

- Revenue NT\$479.2 M +11.8% YoY
NT\$ 500 M ; 16.6% YoY
- Operating Income NT\$42.9 M -16.1% YoY
NT\$ 79 M; 54.9% YoY
- Net Income NT\$94.6 M + 8.9% YoY
- EPS NT\$1.2

2023 Q1-Q3 Income Statement

- Revenue NT\$1,355.5 M +8.3% YoY
NT\$ 1,460 M ; 16.6% YoY
- Operating Income NT\$116.2 M -12.4% YoY
NT\$ 236M; 77.7% YoY
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 - If Q1-Q3'23 Mobile App revenue was book-at-once, Q1-Q3'23 revenue should increase by NT\$104M
 - If Q1-Q3'23 Mobile App revenue was book-at-once, Q1-Q3'23 operating income should increase by NT\$104M
- Q3'23 Revenue was NT\$500 M , YoY = 16.6%
→ Q3'23 Operating income NT\$64 M , YoY= 24.4%, Operating income margin 12.7%
→ Q1-Q3'23 Revenue was NT\$1,460 M , YoY= 16.6%
→ Q1-Q3'23 Operating income NT\$220 M , YoY= 66.0%, Operating income margin 15.1%

Note 2:

- If Q3'23 without asknet expected credit loss, Q3'23 operating income should increase by NT\$15.58 M
- Q3'23 operating income NT\$79 M , YoY = 54.9% , Operating income margin 15.8%
→ Q1-Q3'23 operating income NT\$235.8 M , YoY= 77.7% , Operating income margin 16.2%

2023 Q1-Q3 Consolidated IS

Revenue expressed in NT\$ thousands
EPS expressed in NT\$

NT\$ thousands	2023 Q1-Q3	%	2022 Q1-Q3	%	YTD YoY
Revenue	1,355,540	100.0%	1,252,160	100.0%	8.3%
COGS	(198,908)	-14.7%	(169,736)	-13.6%	17.2%
Gross Profit	1,156,632	85.3%	1,082,424	86.4%	6.9%
R&D	(414,543)	-30.6%	(406,228)	-32.4%	2.0%
S&M	(522,371)	-38.5%	(460,058)	-36.7%	13.5%
G&A	(87,927)	-6.5%	(83,472)	-6.7%	5.3%
Expected Credit Loss	(15,583)	-1.1%	0	0.0%	NA
Operating Expense	(1,040,424)	-76.7%	(949,758)	-75.8%	9.5%
Operating Income	116,208	8.6%	132,666	10.6%	-12.4%
FX Gain (Loss)	60,389	4.5%	83,128	6.6%	-27.4%
Investment Gain (Loss)	0	0.0%	0	0.0%	NA
Other Income (Loss)	94,493	6.9%	51,773	4.2%	82.5%
Non-operating Income (Loss)	154,882	11.4%	134,901	10.8%	14.8%
Income before Tax	271,090	20.0%	267,567	21.4%	1.3%
Net Income	210,815	15.6%	230,324	18.4%	-8.5%
EPS (NT\$)	2.67		2.93		

Revenue NT\$1,460M

16.6% YoY

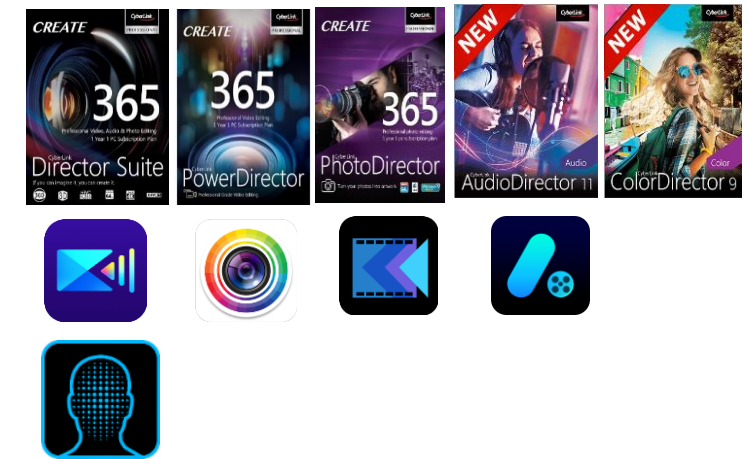
Operating Income NT\$220M
Operating Margin 15.1%

66.0% YoY

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)**

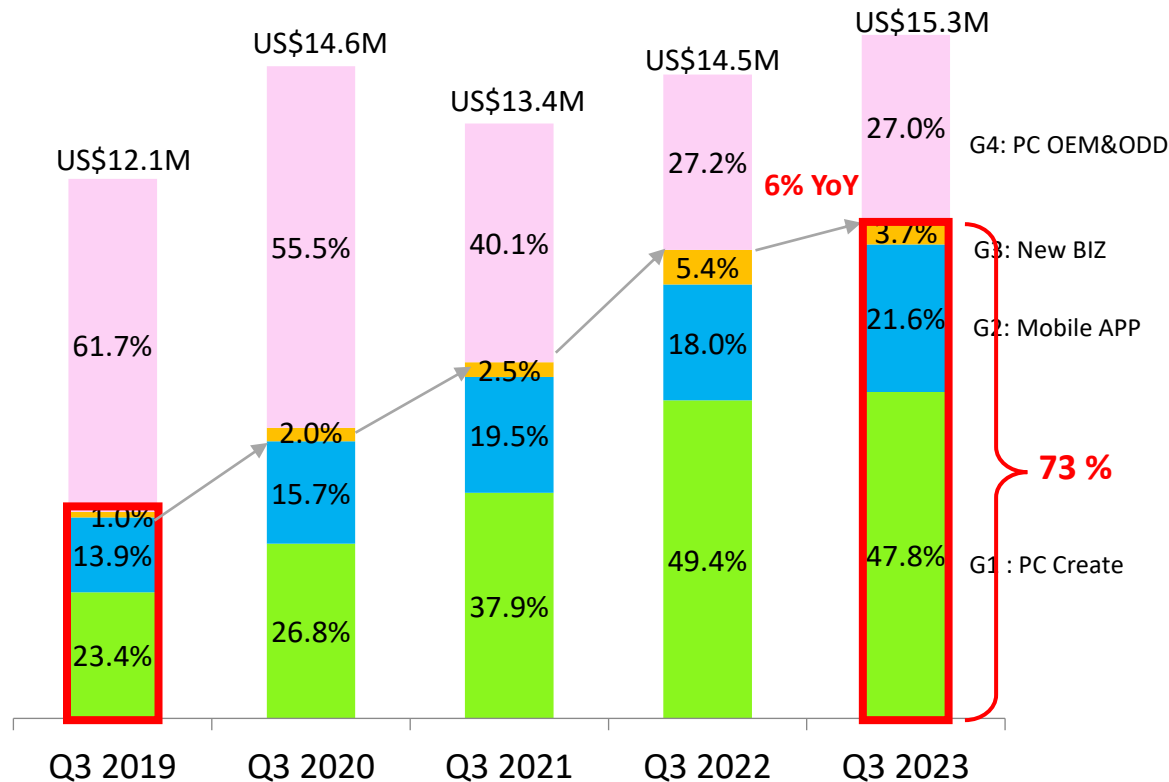
- Group 4: PC-OEM + ODD related products
 - Although revenue is not growing, ROI is high



Q3 2023 Revenue % by Business Segments

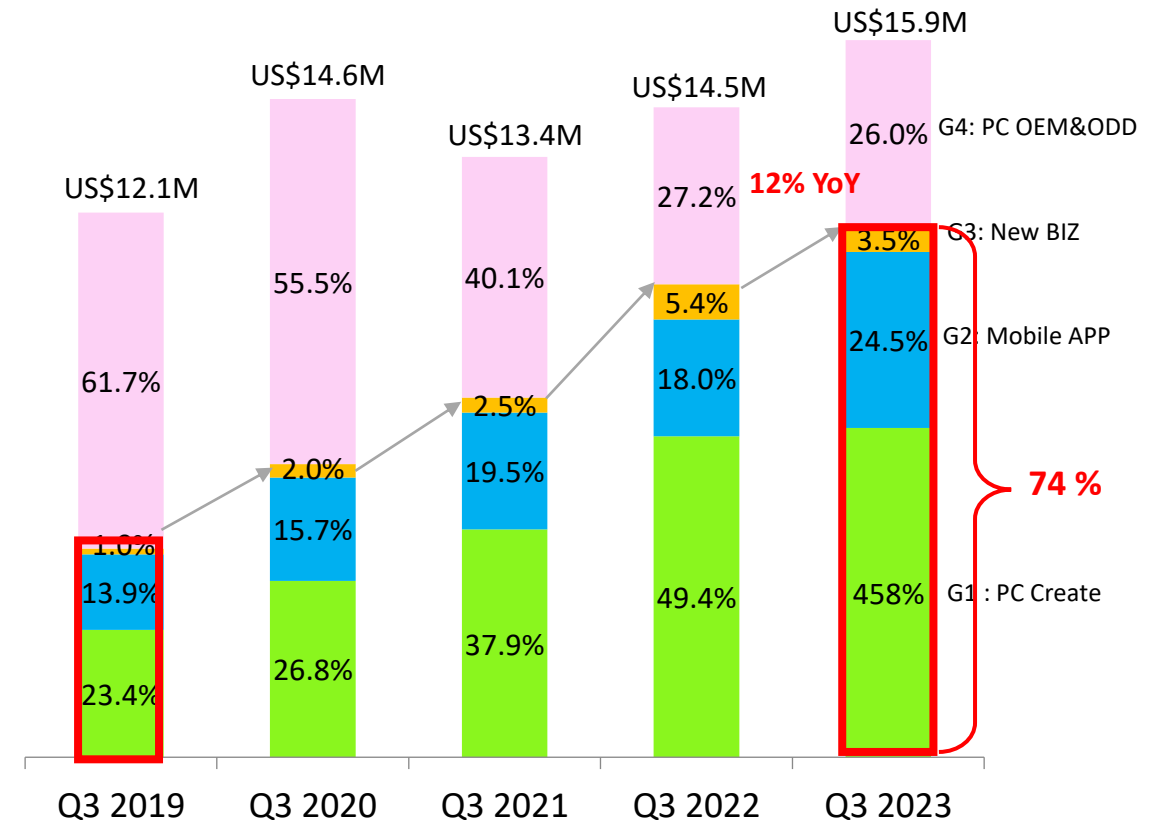
- 3 Growth Segments combined revenue was **US\$11.2 M**, represented **73%** of company total in Q3 2023.
- If Q3'23 mobile app revenue was booked at once, 3 Growth Segments combined revenue was **US\$11.8 M**, represented **74%** of company total, an increase of **12% YoY**.

Q3 2023 Revenue Percentage (%)

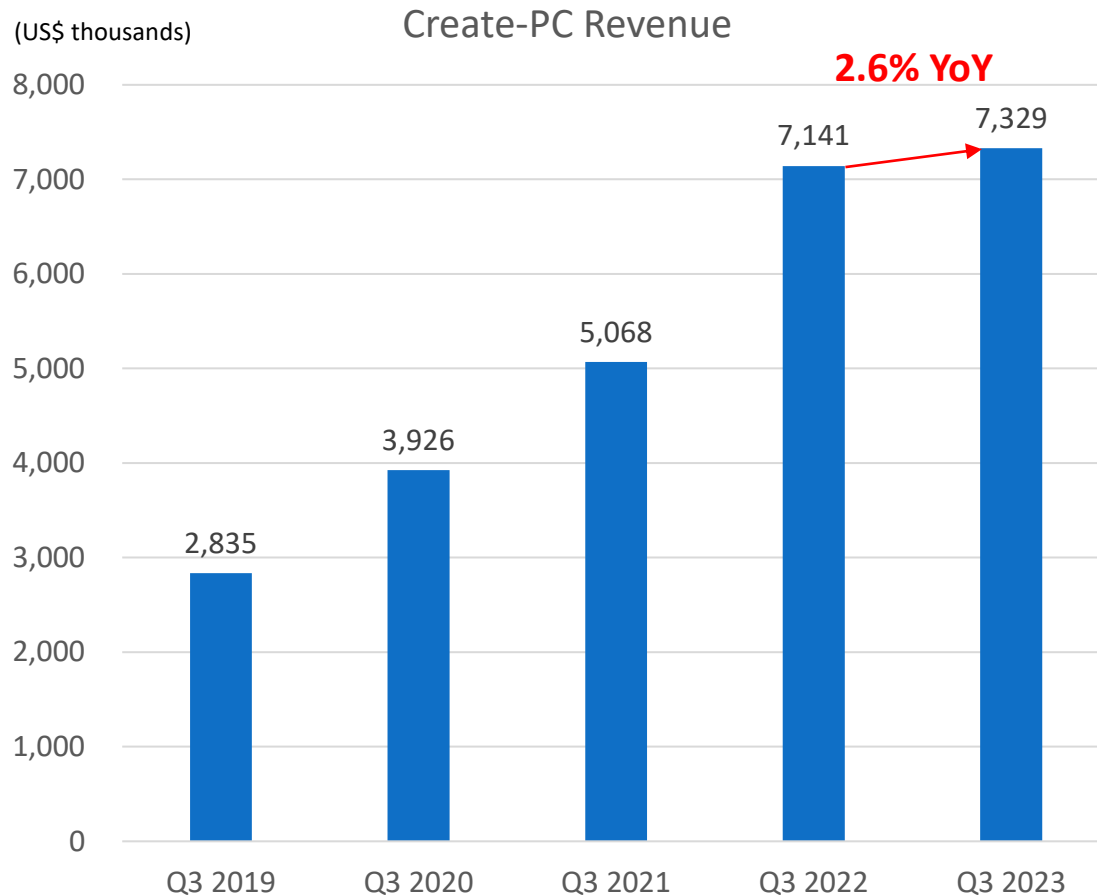


If Q3'23 mobile app revenue was book-at-once

Q3 2023 Revenue Percentage (%)



Group 1: PC Create (B2C) Revenue

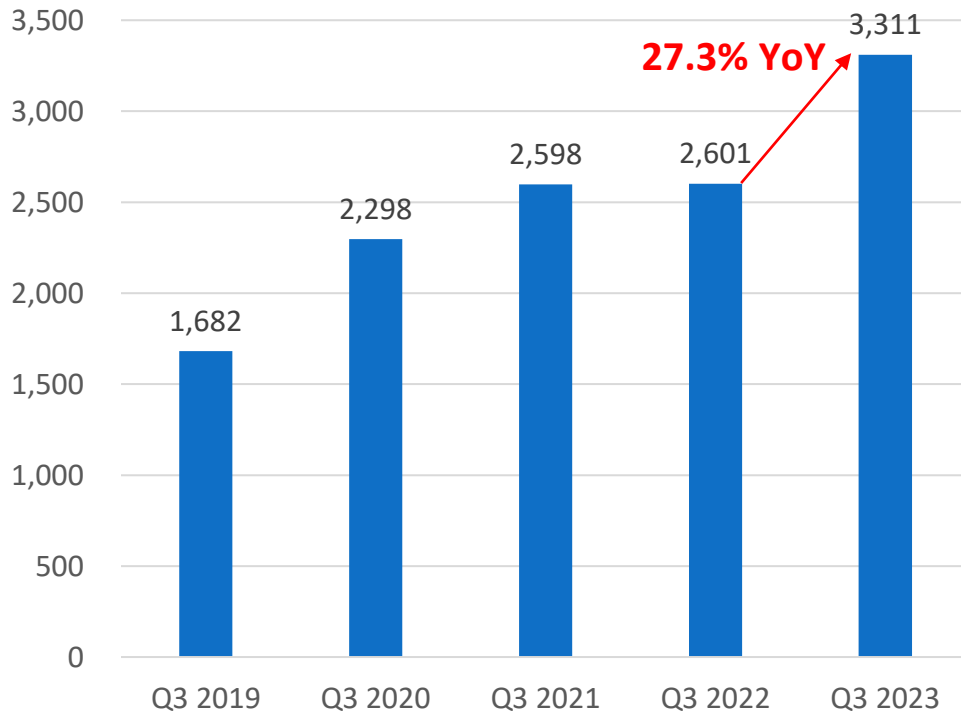


- PC Create (B2C) software segment revenue Q3 grew 2.6% YoY to US\$7.3 million.
- With new GAI and Cool-AI features released in Q3, going to add various new features in the coming quarters, PC Create segment is expect to resume growth momentum.
- **2024 new “Director Family ”** was released in Septempber which includes: PowerDirector , PhotoDirector, AudioDirector, ColorDirector featuring cutting-edge new **generative AI tools and modernized user-friendly UI.**

Group 2 : Mobile APP Revenue

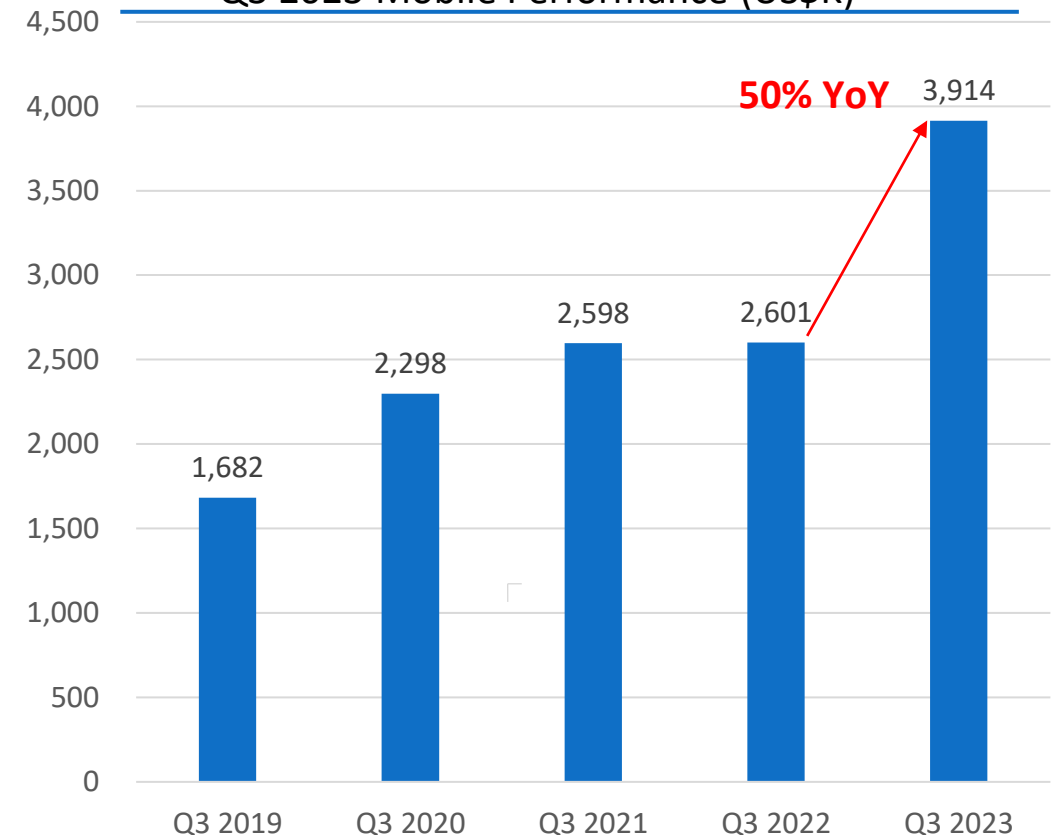
- Mobile App segment revenue was US\$3.3 Million in Q3 2023, an increase of 27.3% YoY.
- If Q3'23 Mobile App revenue was book-at-once, Mobile App revenue achieved **US\$3.9M**, an increase of **50% YoY**.
- Two new Apps released in Q3: generative AI App “**Vivid AI**”, Video Creation Cool AI App “**Vivid Cut**” launched with various GAI and Cool-AI features added. Expecting to see strong revenue growth.

Q3 2023 Mobile APP Revenue (US\$K)

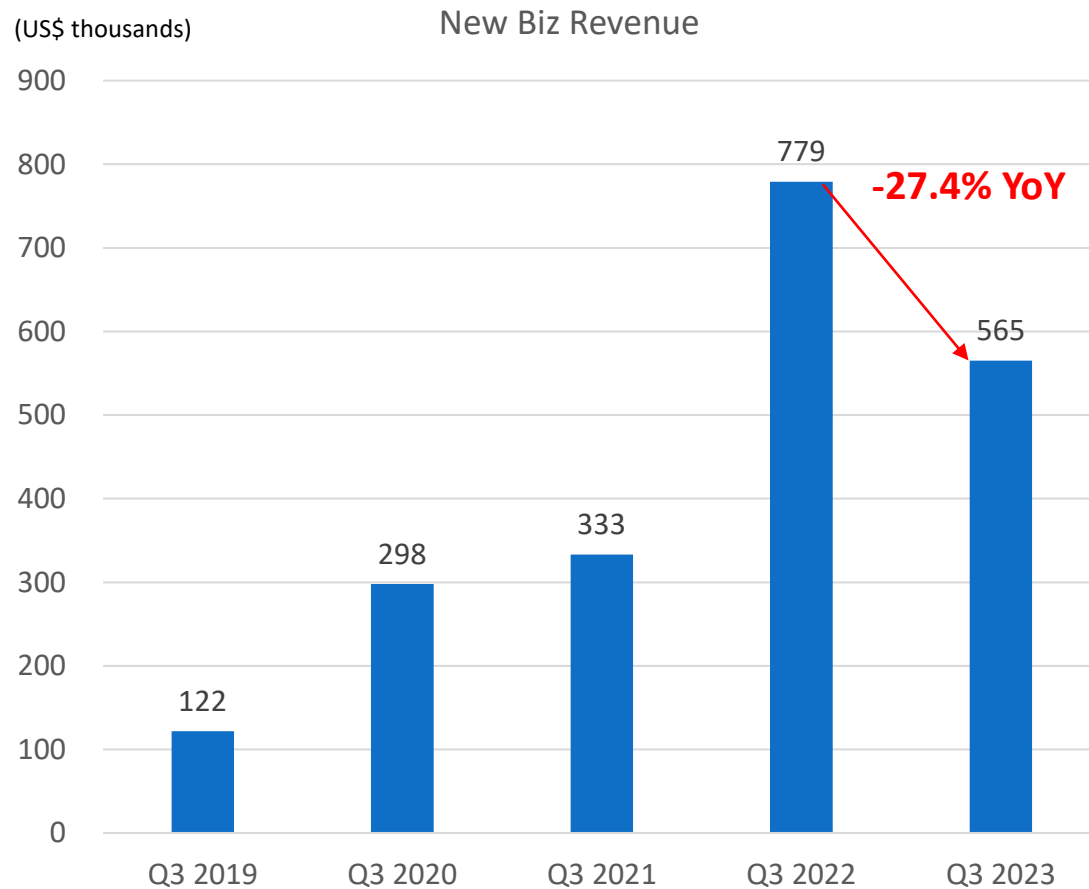


If Q3'23 mobile app revenue was book-at-once

Q3 2023 Mobile Performance (US\$K)

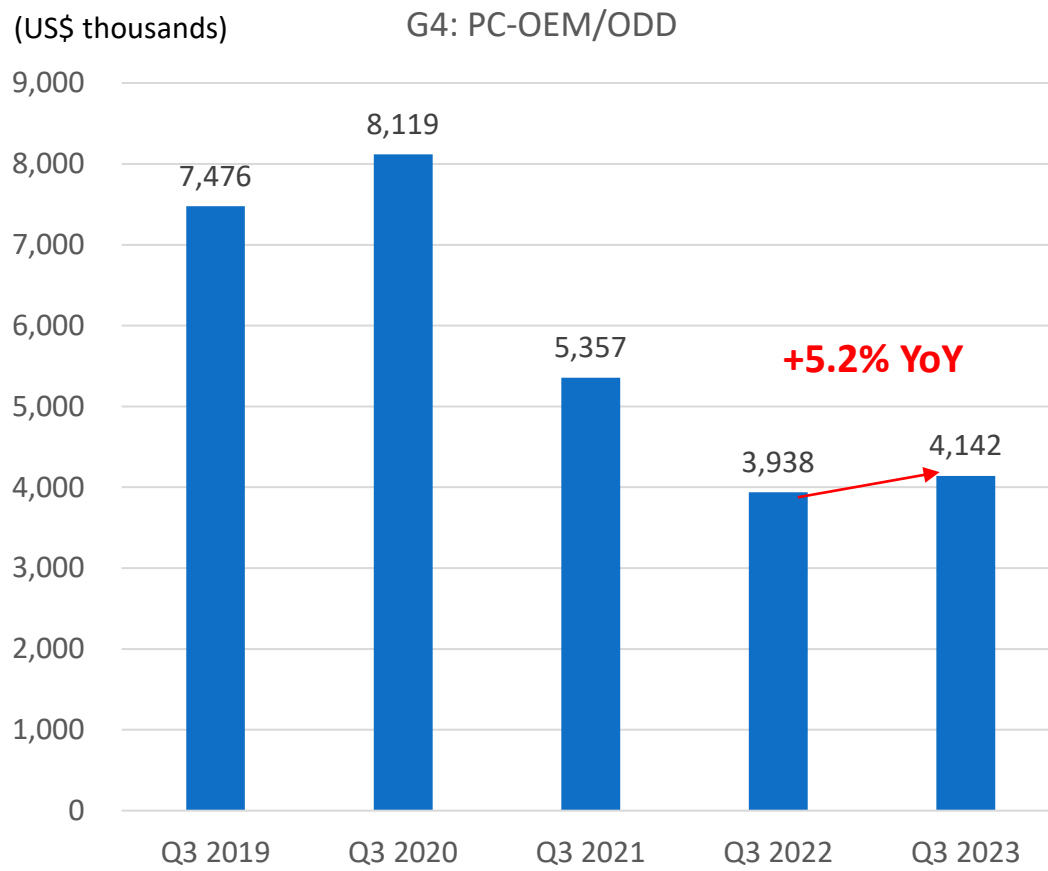


Group 3 : New Biz Revenue



- New Biz segment Q3 revenue down 27.4% YoY to US\$565K.
- **FaceMe (Facial Recognition)** Q3 revenue down **33% YoY** to US\$451K.
- FaceMe ranked #1 worldwide in **NIST PAD (Passive 2D Anti-spoofing)**.
 - In NIST's FATE PAD video convenience category, FaceMe ranked #1 based on the results of three different video tests in which FaceMe achieved 100% True Rejection Rate, correctly stopping 100% of presentation attacks when the True Acceptance Rate was set 99%.

Group 4 : PC OEM & ODD Revenue Trend



- PC OEM & ODD Q3 revenue up 5.2% YoY to US\$4.1 million.

2023 Q3 Product Update

- **Good progress on new generative AI, Cool AI features and new product releases**
- **Flagship products - new 2024 Director Family launched**
 - New user-friendly UI & AI tools
 - PowerDirector
 - PhotoDirector
 - AudioDirector
 - ColorDirector
- **FaceMe ranks #1 worldwide in NIST FATE test for PAD** (Presentation Attack Detection)
 - Video Convenience category (2023/9/20)

Generative AI 、 Cool AI features & New Products

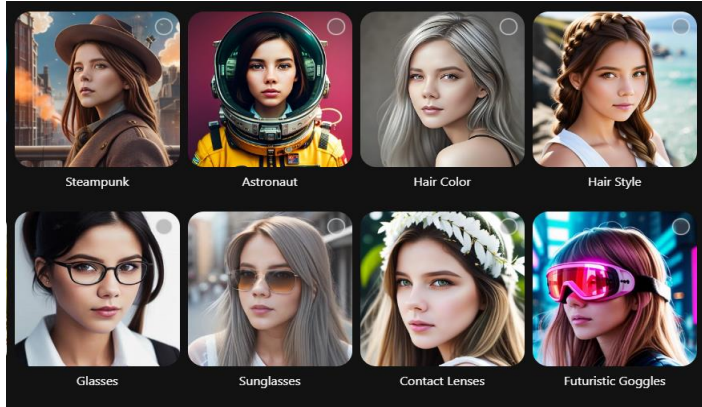
GAI presents a very good growth opportunity for our photo and video creativity software.

We have made good progress in Q3.

Generative AI (GAI) & Cool AI Tools (Cool-AI Features)

- 10 Generative AI (GAI) new tools and features already released
 1. GAI Avatar
 2. GAI Text-to-Image
 3. GAI Text-to-Sticker
 4. GAI Anime
 5. GAI Formal Wear
 6. GAI Trending Outfits
 7. GAI Scene
 8. GAI Text-to-Background
 9. GAI Text-to-Sky
 10. GAI Text-to-Sound Effect
- 6 Cool-AI new features have been released
 1. Image Enhancer
 2. AI Cartoonizer
 3. Video Body Reshape
 4. Video Face Reshape
 5. Video Cutout
 6. Video Body Effect
- More GAI & Cool AI features to be released in Q4 this year

GAI Avatar



GAI Anime



AI Cartoonizer



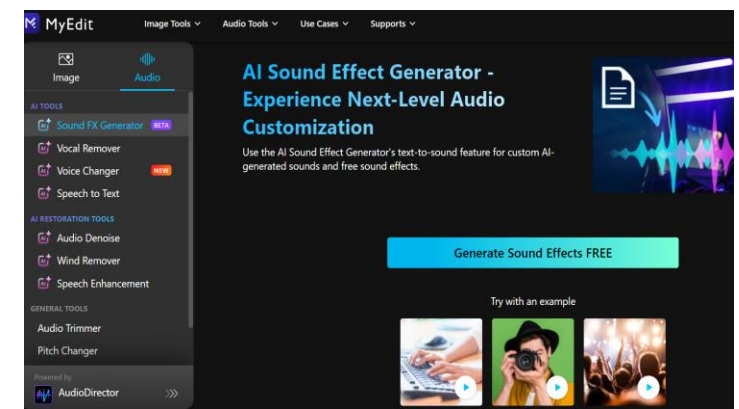
GAI Trending Outfit



AI Formal Wear



GAI Text-to-Sound Effect



GAI Scene



GAI Background



GAI Sky



Q3 Launched New Products with GAI/Cool-AI Features



Vivid AI

NEW

- A new photo App featuring Gen AI features
- Launched in August 2023
- To release more GAI-Photo & GAI-Video new features



Vivid Cut

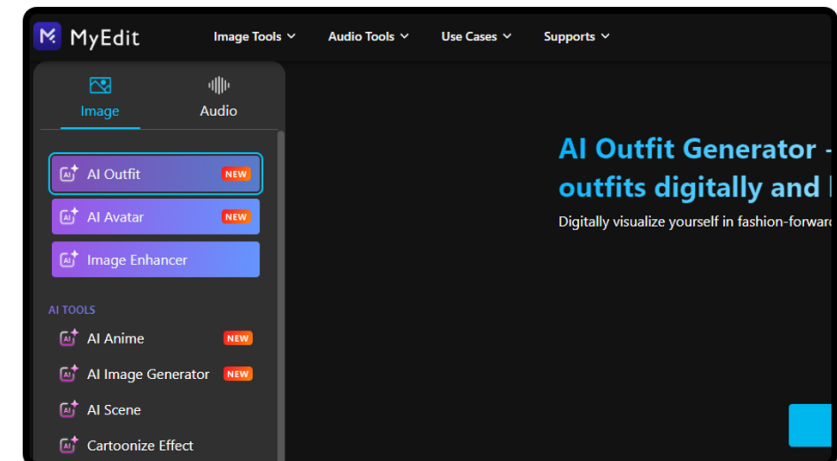
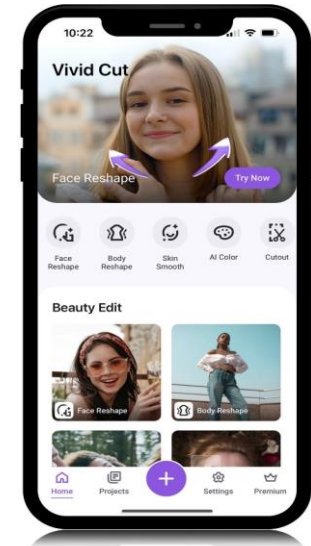
NEW

- A new video editing App featuring Cool-AI people beautify features
- Launched in September 2023
- To release more GAI &Cool AI-Video features

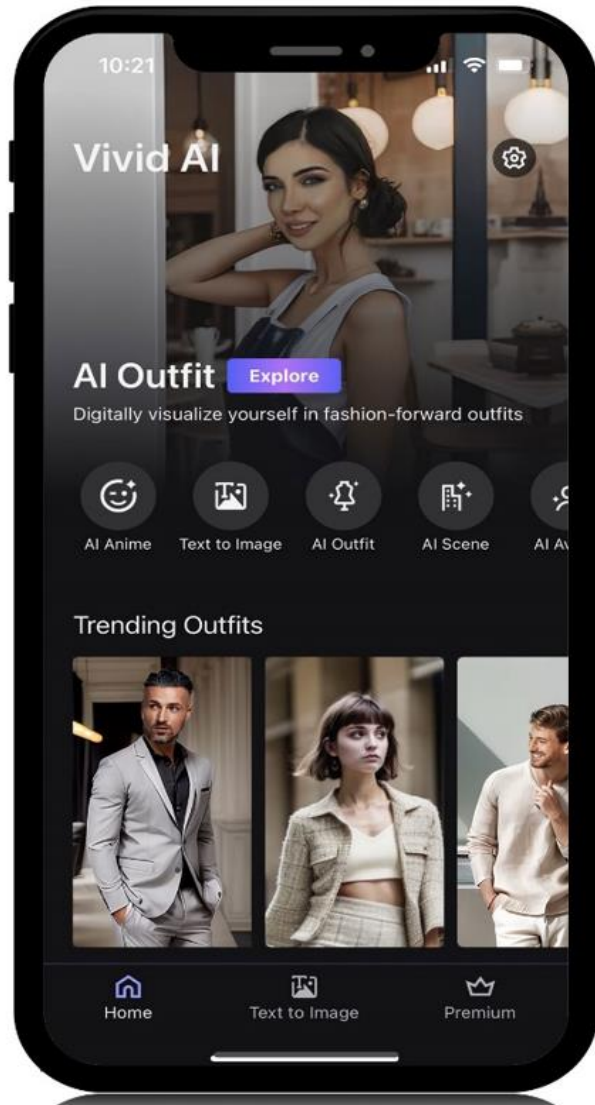


MyEdit

- Image / audio online editing tools
- Turned on subscription model in April 2023 to fuel revenue, with strong website traffic growth and the number of subscribers rising.



Generative AI App – Vivid AI App launched



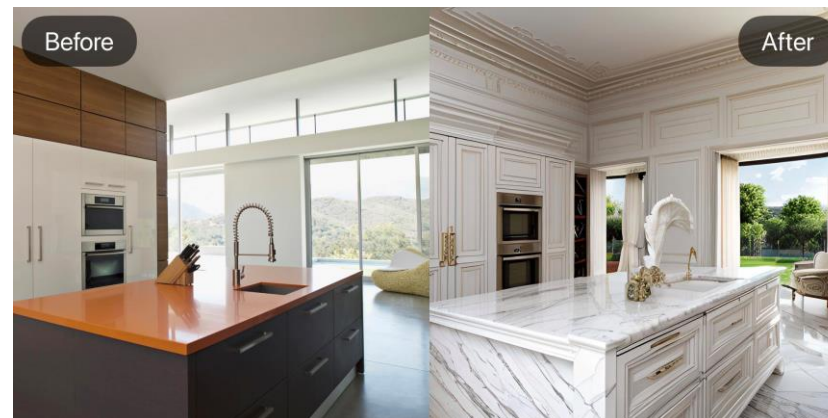
AI Trending Outfit



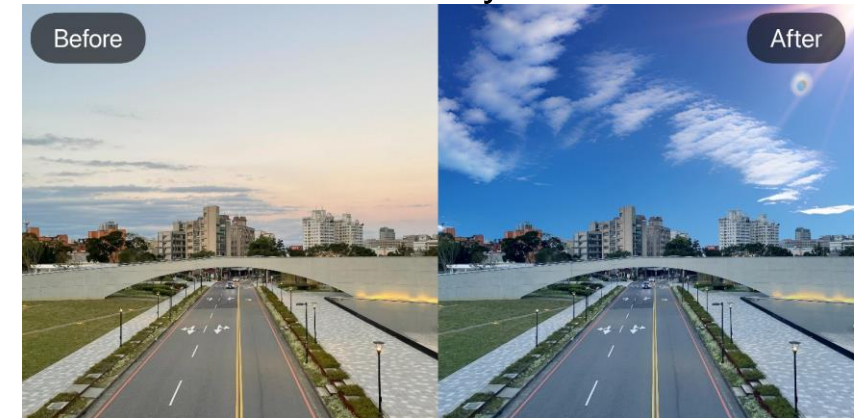
AI Formal Wear



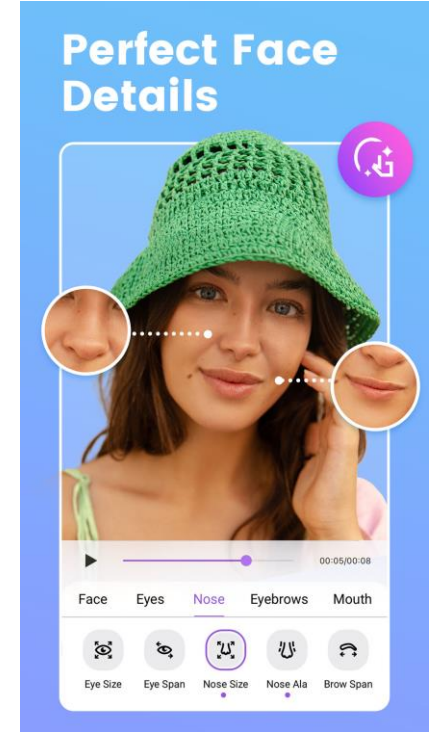
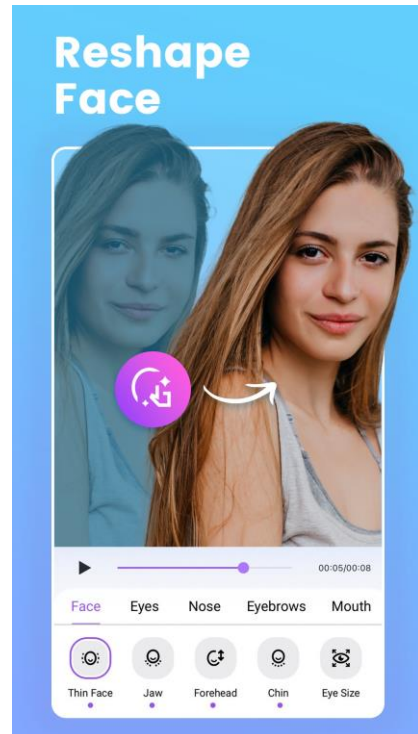
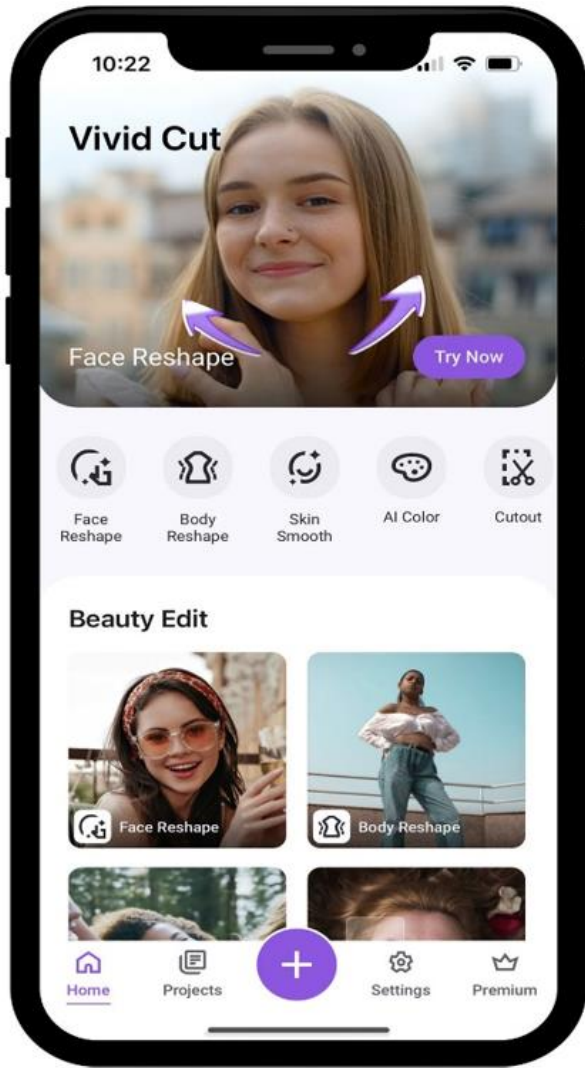
AI Scene



AI Sky



Cool AI App – **Vivid Cut** video creation App launched



Image/Audio online editing – MyEdit easy&amazing editing tools

Effortless Photo/Audio editing with AI

The screenshot displays the MyEdit website interface. At the top, there's a navigation bar with the MyEdit logo and links for Image Tools, Audio Tools, Use Cases, and Supports. A 'Premium User' badge is visible in the top right corner. The main content area is divided into two sections: 'Image' and 'Audio'. The 'Image' section is active, showing a list of AI-powered tools on the left sidebar and a central banner for the 'Free Online Photo Editor - Effortless photo editing with AI'. The banner features a photo of a woman wearing sunglasses and the text 'Cartoonize Effect'. The sidebar lists tools such as AI Outfit, AI Avatar, Image Enhancer, AI Anime, AI Image Generator, AI Scene, Cartoonize Effect, Object Removal, Background Removal, Deblur, and Denoise. Below these are 'EDITING TOOLS' including Crop Image, Flip Image, and Rotate Image.

MyEdit

Image Tools ▾ Audio Tools ▾ Use Cases ▾ Supports ▾

Premium User

Image Audio

AI+ AI Outfit NEW

AI+ AI Avatar NEW

AI+ Image Enhancer

AI TOOLS

AI+ AI Anime NEW

AI+ AI Image Generator NEW

AI+ AI Scene

AI+ Cartoonize Effect

AI+ Object Removal

AI+ Background Removal

AI+ Deblur

AI+ Denoise

EDITING TOOLS

Crop Image

Flip Image

Rotate Image

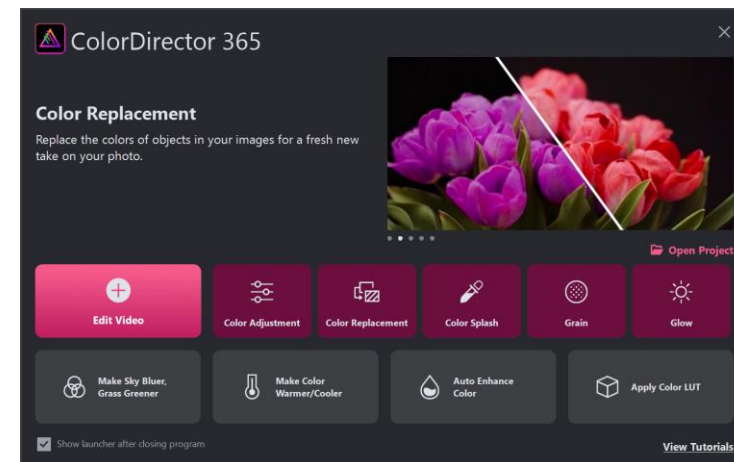
Free Online Photo Editor - Effortless photo editing with AI

Powerful, next generation AI-based online photo editor. Easily remove unwanted objects and background, generate amazing art with AI, and enhance your photo with single click. Try now for free.

Cartoonize Effect

New 2024 Director Family : four flagship products unveil new update

New user-friendly UI & New AI Tools



Summary

- With mission “**AI make creativity simple and amazing**”, CyberLink is aggressively releasing various GAI & Cool-AI new features in Video/Photo editing software to fuel our business growth.
- To expand AI-based product offerings and content, we will release more “**GAI**” and “**Cool-AI**” features in Q4 and 2024.
- **Mobile App** segment sustained strong growth momentum in Q3 and we expect the growth trend will continue driven by newly-added Generative AI & Cool-AI features and newly-launched products.
- On-line editing “ **MyEdit**” gained significant growth in monthly active users, driven by enriched product offering and new AI tools. We expect “MyEdit” to become another growth driver in revenue contribution in the future.

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!

