

CyberLink (5203.TW)

Q4 2023 Investor Conference

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

February 29, 2024

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

- 2023-Q4 & 2023 Financial Results
- Business/Product Overview

Q4 23 & 2023 Full Year Financial Result

(Un-audited)

In Q4 2023, CyberLink Recognized NT\$15.6 Million of Account Receivable Expected Credit Loss in 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\$31,153,000 accounts payable**. (as of December 31, 2023)
 - CyberLink's 2023-Q4 financial income statement recognized above **NT\$15,570,000 as Expected Credit Loss**.
 - CyberLink's 2023 full year financial income statement recognized above **NT\$31,153,000 as Expected Credit Loss**.

Financial Highlights

(Q4 2023 Financial Income Statement)

Revenue expressed in NT\$ millions
EPS expressed in NTD

2023 Q4 Income Statement

- Revenue NT\$ **509.5M** +16.0% YoY
- Operating Income NT\$ **33.9M** -47.5% YoY
- Net Income NT\$ **11.2M** +124.0% YoY
- EPS NT\$ **0.14**

- There is an Expected Credit Loss at NT\$15.6M, due to asknet Solutions AG insolvency in Q3'23, to impact the Operating Income.

2023 Full Year Income Statement

- Revenue NT\$ **1,865M** +10.3% YoY
- Operating Income NT\$ **150.1M** -23.9% YoY
- Net Income NT\$ **222M** +20.9% YoY
- EPS NT\$ **2.81**

- There is an Expected Credit Loss at NT\$31.2M, due to asknet Solutions AG insolvency in Q3'23, to impact the Operating Income.
- Since Q4 2022, Mobile App subscription revenue recognition changed from book-at-once to book over time based on contract period (on monthly basis); hence there is a negative impact on YoY comparisons on Revenue and Operating Income.

2023 Q4 Consolidated IS

Revenue expressed in NT\$ thousands
EPS expressed in NTD

NT\$ thousands	2023 Q4	%	2023 Q3	%	QoQ	2022 Q4	%	YoY
Revenue	509,482	100.0%	479,187	100.0%	6.3%	439,040	100.0%	16.0%
COGS	(70,508)	-13.8%	(67,061)	-14.0%	5.1%	(59,141)	-13.5%	19.2%
Gross Profit	438,974	86.2%	412,126	86.0%	6.5%	379,899	86.5%	15.6%
R&D	(172,067)	-33.8%	(145,149)	-30.3%	18.5%	(126,608)	-28.8%	35.9%
S&M	(186,866)	-36.6%	(176,739)	-36.9%	5.7%	(164,301)	-37.4%	13.7%
G&A	(30,564)	-6.0%	(31,796)	-6.6%	-3.9%	(24,412)	-5.6%	25.2%
Expected Credit Loss	(15,570)	-3.1%	(15,583)	-3.3%	-0.1%	0	0.0%	NA
Operating Expense	(405,067)	-79.5%	(369,267)	-77.1%	9.7%	(315,321)	-71.8%	28.5%
Operating Income	33,907	6.7%	42,859	8.9%	-20.9%	64,578	14.7%	-47.5%
FX Gain (Loss)	(49,278)	-9.7%	39,837	8.3%	-223.7%	(23,779)	-5.4%	-107.2%
Investment Gain (Loss)	0	0.0%	0	0.0%	0.0%	(89,400)	-20.4%	NA
Other Income (Loss)	50,159	9.8%	29,162	6.1%	72.0%	1,968	0.5%	2448.7%
Non-operating Income	881	0.1%	68,999	14.4%	-98.7%	(111,211)	-25.3%	NA
Income before Tax	34,788	6.8%	111,858	23.3%	-68.9%	(46,633)	-10.6%	NA
Net Income	11,221	2.2%	94,619	19.7%	-88.1%	(46,699)	-10.6%	NA
EPS (NT\$)	0.14		1.20			-0.59		

• A high R&D YoY growth was due to a larger portion of 2023 bonus was recognized in Q4.

• The FX loss in 23'Q4 was higher because we hold a large USD asset position.

2023/9/30 : 32.27 ;
2023/12/31 : 30.71 ;
(drop of 4.8%)

2023 Full Year Consolidated IS

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

NT\$ thousands	2023 Q1-Q4	%	2022 Q1-Q4	%	YTD YoY
Revenue	1,865,022	100.0%	1,691,200	100.0%	10.3%
COGS	(269,416)	-14.4%	(228,877)	-13.5%	17.7%
Gross Profit	1,595,606	85.6%	1,462,323	86.5%	9.1%
R&D	(586,610)	-31.5%	(532,836)	-31.5%	10.1%
S&M	(709,237)	-38.0%	(624,359)	-36.9%	13.6%
G&A	(118,491)	-6.4%	(107,884)	-6.4%	9.8%
Expected Credit Loss	(31,153)	-1.7%	0	0.0%	NA
Operating Expense	(1,445,491)	-77.6%	(1,265,079)	-74.8%	14.3%
Operating Income	150,115	8.0%	197,244	11.7%	-23.9%
FX Gain (Loss)	11,111	0.6%	59,349	3.5%	-81.3%
Investment Gain (Loss)	0	0.0%	(89,400)	-5.3%	NA
Other Income (Loss)	144,652	7.8%	53,741	3.2%	169.2%
Non-operating Income (Loss)	155,763	8.4%	23,690	1.4%	557.5%
Income before Tax	305,878	16.4%	220,934	13.1%	38.4%
Net Income	222,036	11.9%	183,625	10.9%	20.9%
EPS (NT\$)	2.81		2.34		

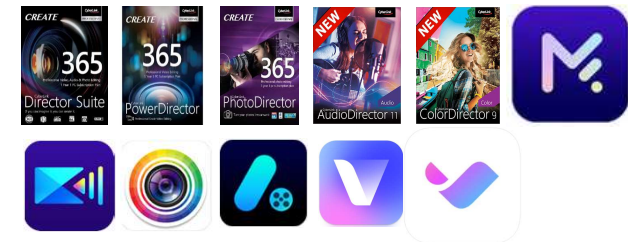
- Since Q4 2022, Mobile App subscription revenue recognition changed from book-at-once to book over time based on contract period (on monthly basis); hence there is a negative impact on YoY comparisons on Revenue and Operating Income.

Business/Product Overview

Three Product Group Categories

- **Create B2C**

- B2C creativity software on PC/Mac/iOS/Android/Web platforms (video & photo editing products)



- **PC-OEM/ODD**

- PC-OEM pre-bundle products
- Products for ODD (optical disc drive), incl. playback & burning software



- **New Business**

- FaceMe facial recognition and others



Revenue Breakdown by Product Groups

Revenue expressed in NT\$ thousands

Product Group	2023-Q4 Revenue	%	YoY
Create B2C	373,635	73.3%	26.1%
PC-OEM/ODD	112,209	22.0%	-5.9%
New Biz	23,638	4.7%	0.3%
TOTAL	509,482		16.0%

Product Group	2023 Revenue	%
Create B2C	1,286,488	69.0%
PC-OEM/ODD	495,872	26.6%
New Biz	82,662	4.4%
TOTAL	1,865,022	

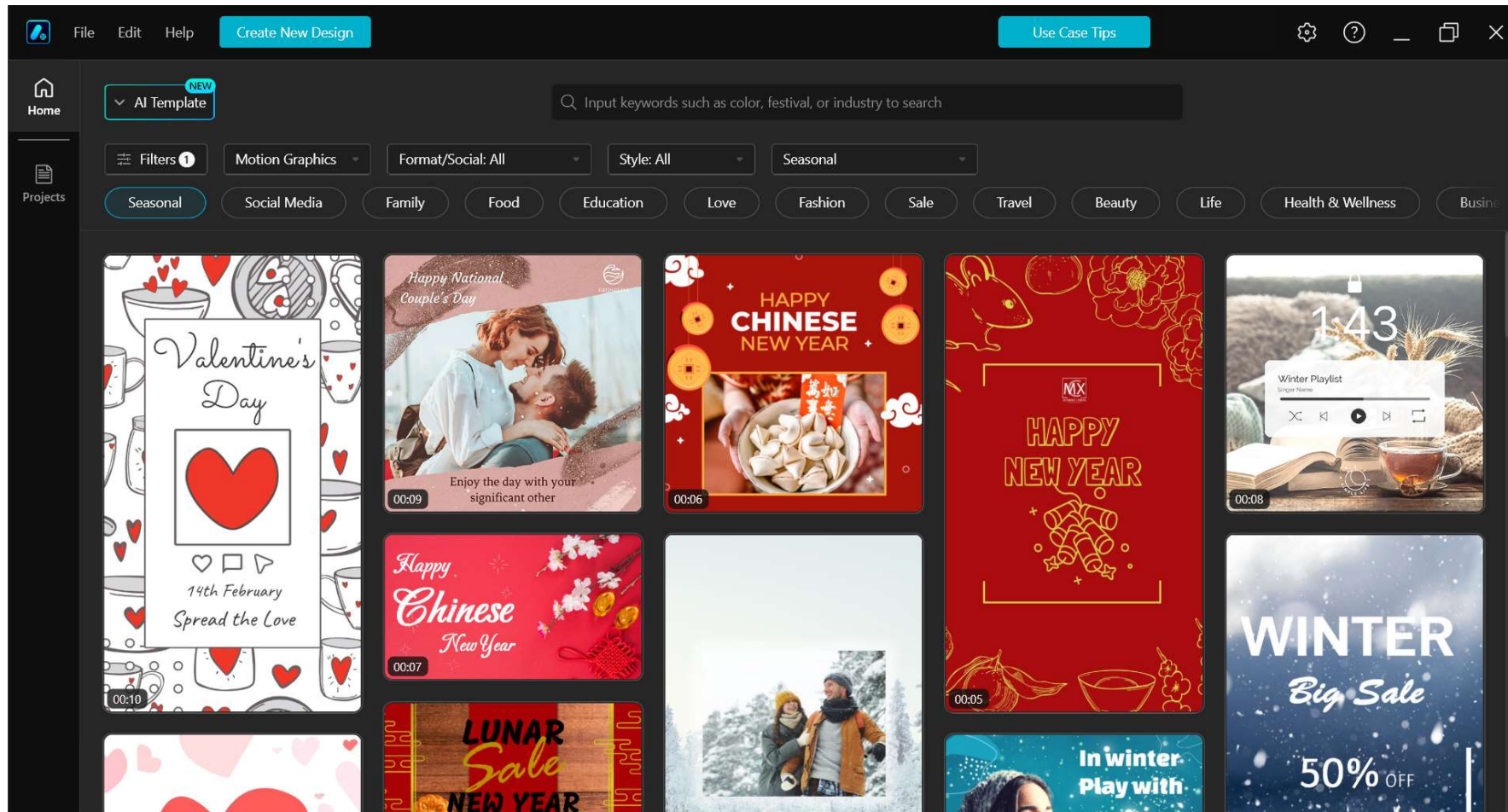
On Digital Media:

In 2023, Expand Product Offerings to Cover New Target Audiences

- Sales & Marketing Business Users
 - [Promeo](#) (PC/iOS/Android)
 - Easily create marketing content and social media ads with templates and generative AI
- Beauty App Users
 - [Vivid Cut](#) (iOS)
 - People beautifier app on photo & video with live camera support
- Generative-AI Enthusiasts
 - [Vivid AI](#) (iOS/Android)
 - 13 GAI features, and keep increasing over time
- In 2024, we will add more new features and promote these new products heavily

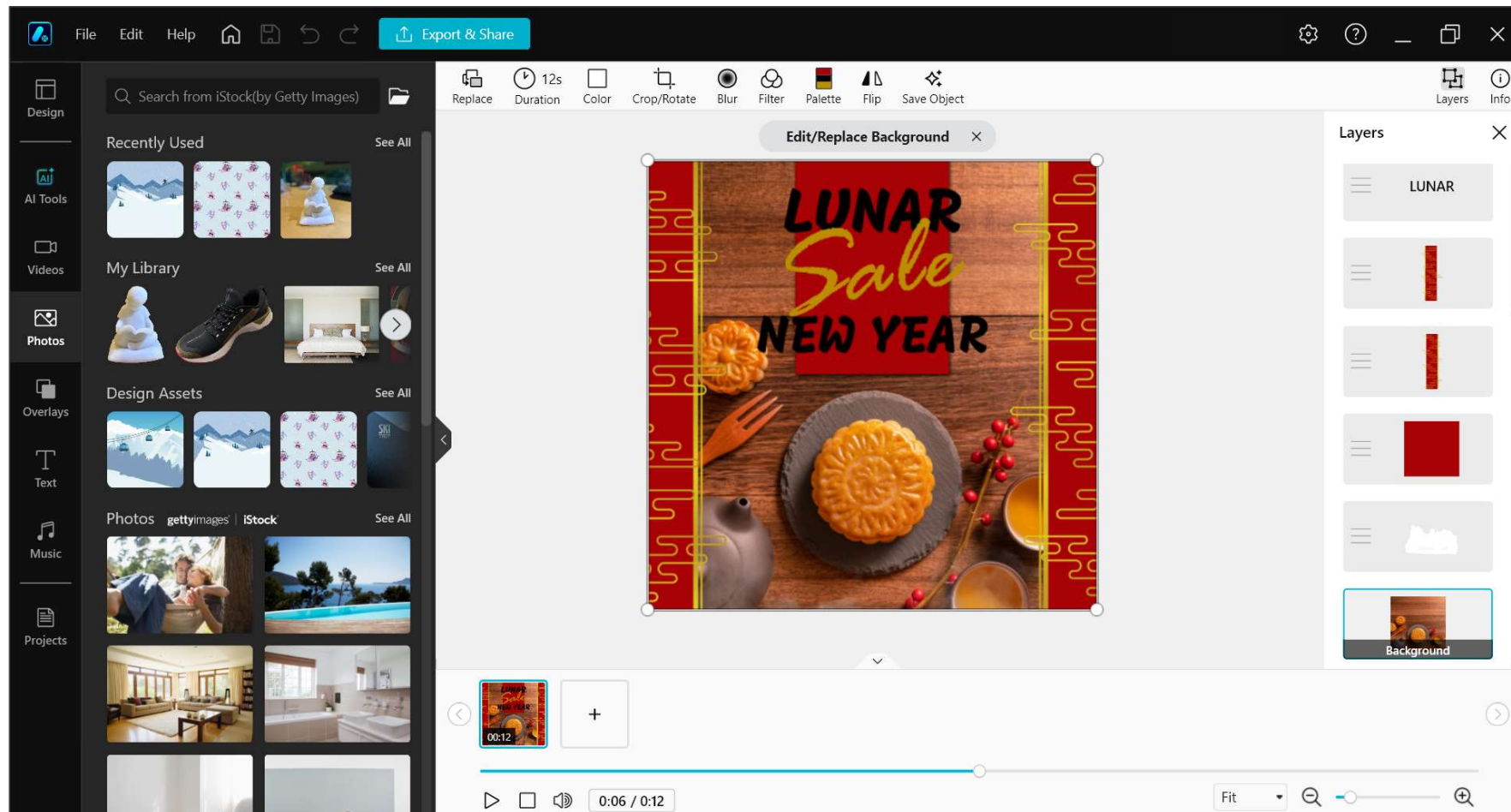
Promeo:

Easily create marketing content and social media ads with templates and generative AI

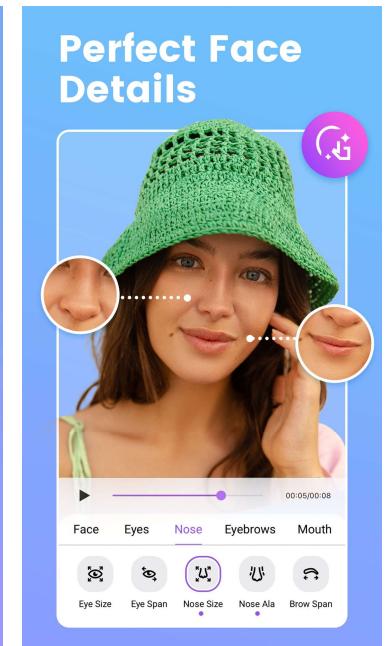
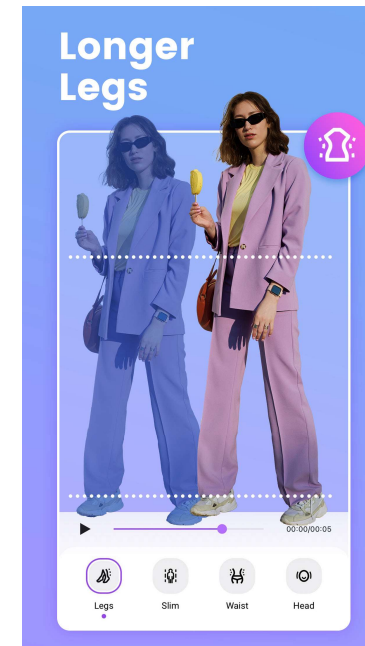
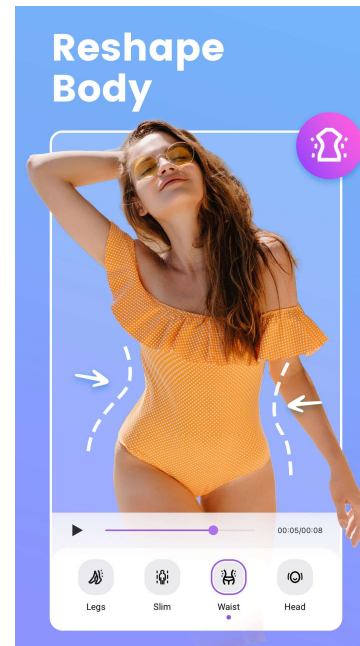
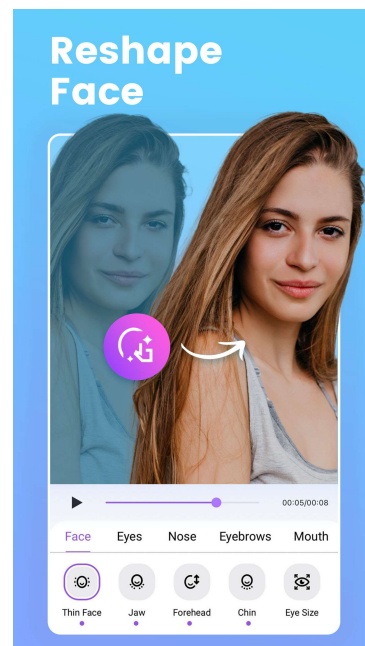
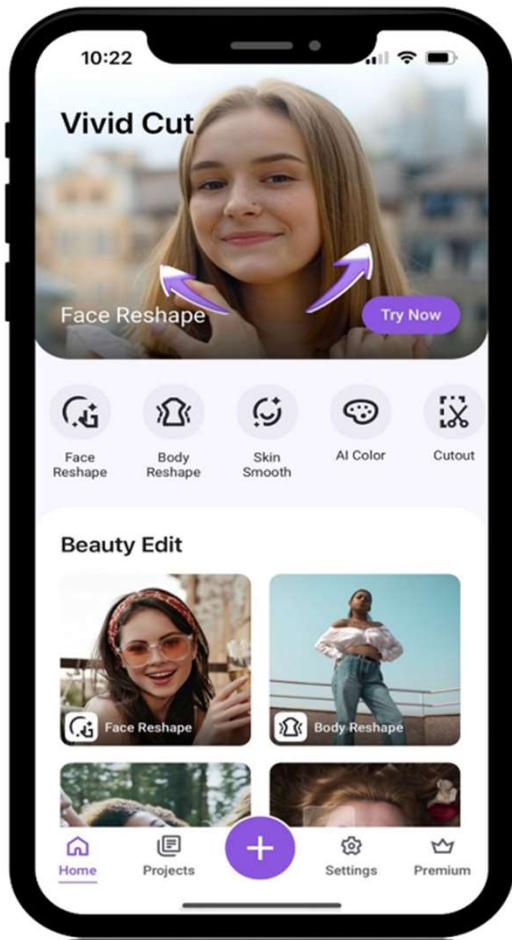


Promeo:

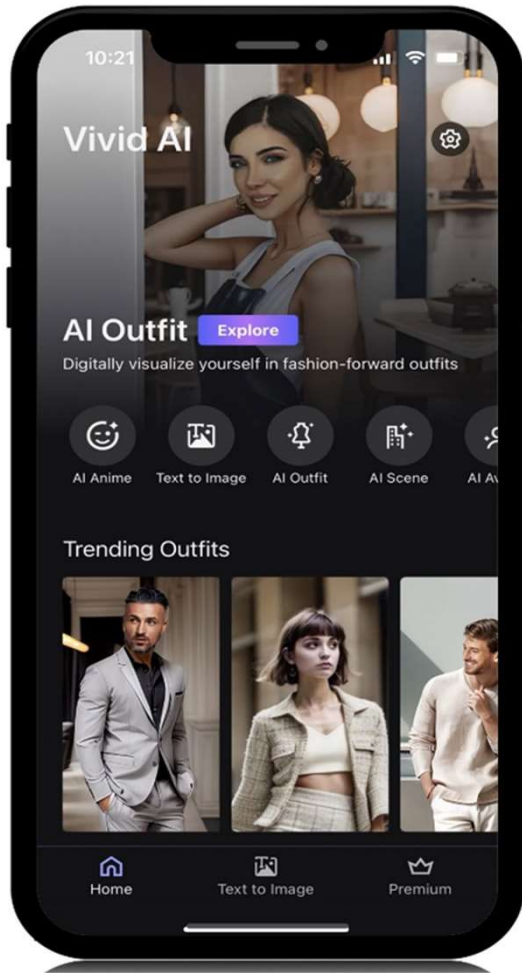
Easily create marketing content and social media ads with templates and generative AI



Vivid Cut – the Beauty App for Video/Photo & Live Camera



Vivid AI – Generative AI App



AI Trending Outfit



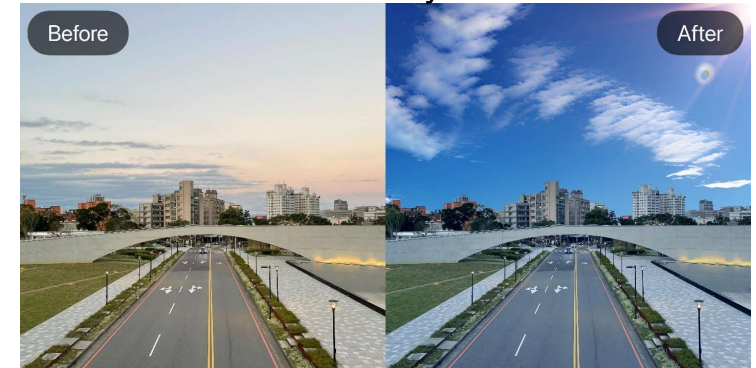
AI Formal Wear



AI Scene



AI Sky



On Digital Media:

Focus on Generative AI (GAI) Features

- More than 6 GAI Features were released in Q4'23
 - Video: AI Anime Video
 - Photo: AI Interior Design, AI Product Background, AI People Background, AI Headshot, AI Sketch, etc.
- Overall in 2023, we have released more than 15 GAI features
- In 2024, we will keep releasing more GAI features
 - Leveraging “general purpose” Open Source/API from big AI companies to tailor into our vertical use cases for selected target audiences

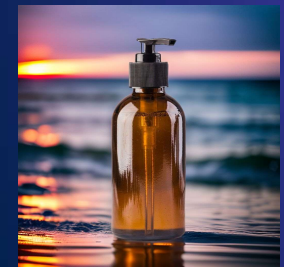
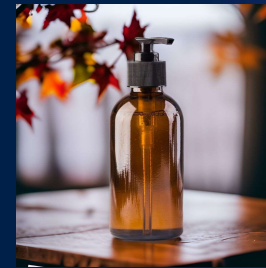
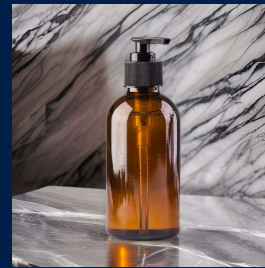
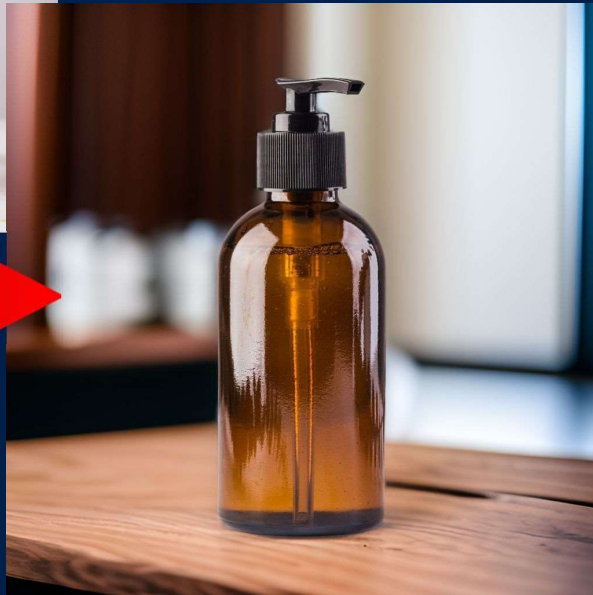
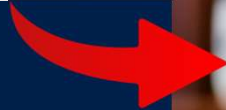
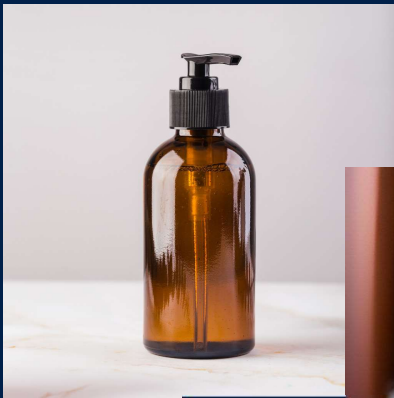
AI Headshot

For business professionals to generate professional looking headshots.



AI Product Background

Generate enticing product background for listing on e-commerce sites.



AI Interior Design

For interior designers to generate ideas from a real room photo.

BEFORE



AFTER



AI People Background

Effortlessly replacing backgrounds while maintaining realism

Before



After



Before

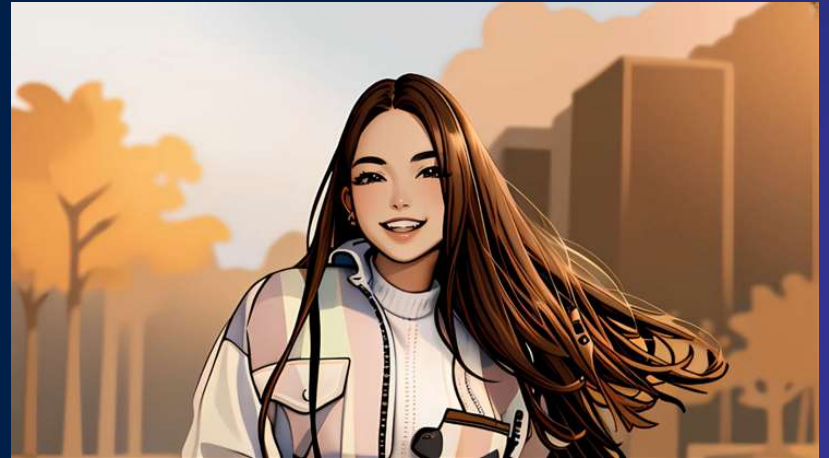


After



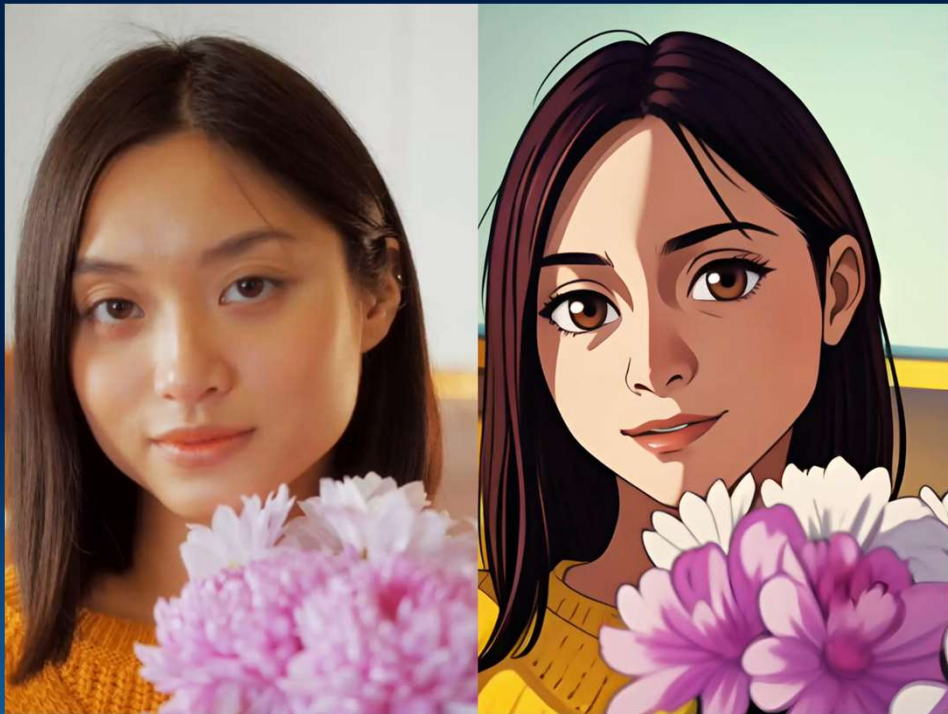
AI Sketch

For consumers to turn a photo to a painting.



AI Anime Video

A very cool video effect to turn a real video into an anime video.



On FaceMe:

Higher Acceptance of Facial Recognition Use Cases

- In 2023, FaceMe powers biometric 2-factor authentication (2FA) solution for South Korean banking sector. We have also won some 2FA projects in Japan market.
 - Facial recognition based 2FA is getting more and more popular for enterprise data security.
- The demand for FaceMe Security solution for access control of office buildings and department stores is getting higher and we have won some success cases.
- In 2024, we will focus more on markets in Asia (Taiwan, Japan, South Korea, South East Asia, and India) since their acceptance with facial recognition use cases are higher than US and EU markets.



Summary

- For 2023, the actual YoY financial performance on revenue and operating income are actually better than what IS shows due to two reasons:
 - Mobile app revenue recognition change in 2022-Q4
 - asknet Solutions AG (our ecommerce payment service provider) insolvency in 2023-Q3
- 2023 was a successful year with revenue growth and we remain positive on continuing growth in 2024:
 - On Digital Media business:
 - Broader target market segments
 - More and more GAI features and use cases
 - On FaceMe business:
 - Broader use cases with a focus on markets in Asia

For more information about CyberLink:

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Thank You!

