



CyberLink (5203.TW)

Q2 2024 Investor Conference

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

July 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

- Q2 2024 Financial Results (Un-audited)
- Q2 2024 Business/Product Update

Q2 2024 Financial Results

(Un-audited)

Financial Highlights

Revenue expressed in NT\$ millions
EPS expressed in NTD

2024 Q2 Income Statement

- Revenue NT\$530.9 M +19.1% YoY
- Operating Income NT\$44.5 M +11.7% YoY
- Net Profit NT\$84.9 M +38.1% YoY
- EPS NT\$1.08

If excluding Expected Credit Loss:

- Operating Income should be NT\$60.6M; YoY 52.1%

2024 H1 Income Statement

- Revenue NT\$1023.0 M +16.7% YoY
- Operating Income NT\$78.9 M +7.6% YoY
- Net Profit NT\$184.4 M +58.7% YoY
- EPS NT\$2.34

If excluding Expected Credit Loss:

- Operating Income should be NT\$115.5M; YoY 57.5%

CyberLink's Expected Credit Loss during 2024

- One of CyberLink's ecommerce payment service providers, asknet Solutions AG (asknet) has filed for self-administration insolvency and reorganization which has been ordered by court in Germany on September 25, 2023. The above court order results in asknet's delay in paying CyberLink **accounts payable**.
 - CyberLink's Q2 2024 financial income statement recognized NT\$16 million as Expected Credit Loss
 - As of June 30, 2024, CyberLink has recognized a total of NT\$67.7 million as Expected Credit Loss
- Based on our assessment on the corresponding revenue of asknet in Q3 2024, CyberLink estimates expected credit losses of NT\$10 million in Q3 2024, and there will be no credit losses in Q4 2024.

2024 Q2 Consolidated IS

- * If excluding Expected Credit Loss:
- Operating Expense should be \$396,033; YoY 16.8%
 - Operating Income should be \$60,597; YoY 52.1%

NT\$ thousands	2024 Q2	%	2024 Q1	%	QoQ	2023 Q2	%	YoY
Revenue	530,872	100.0%	492,114	100.0%	7.9%	445,663	100.0%	19.1%
COGS	(74,242)	-14.0%	(69,826)	-14.1%	6.3%	(66,762)	-15.0%	11.2%
Gross Profit	456,630	86.0%	422,288	85.9%	8.1%	378,901	85.0%	20.5%
R&D	(169,753)	-32.0%	(154,680)	-31.4%	9.7%	(139,260)	-31.2%	21.9%
S&M	(194,886)	-36.7%	(178,280)	-36.3%	9.3%	(171,291)	-38.5%	13.8%
G&A	(31,394)	-5.9%	(34,386)	-7.0%	-8.7%	(28,509)	-6.4%	10.1%
Expected Credit Loss	(16,089)	-3.0%	(20,514)	-4.2%	-21.6%	0	0.0%	NA
Operating Expense	(412,122) *	-77.6%	(387,860)	-78.9%	6.3%	(339,060)	-76.1%	21.5% *
Operating Income	44,508 *	8.4%	34,428	7.0%	29.3%	39,841	8.9%	11.7% *
FX Gain (Loss)	18,565	3.5%	48,005	9.7%	-61.3%	27,117	6.1%	-31.5%
Investment Gain (Loss)	0	0.0%	0	0.0%	NA	0	0.0%	NA
Other Income (Loss)	37,742	7.1%	37,778	7.7%	-0.1%	28,775	6.5%	31.2%
Non-operating Income	56,307	10.6%	85,783	17.4%	-34.4%	55,892	12.6%	0.7%
Income before Tax	100,815	19.0%	120,211	24.4%	-16.1%	95,733	21.5%	5.3%
Net Income	84,896	16.0%	99,552	20.2%	-14.7%	61,488	13.8%	38.1%
EPS (NT\$)	1.08		1.26			0.78		

2024 H1 Consolidated IS

* If excluding Expected Credit Loss:

- Operating Expense should be \$763,379; YoY 13.7%
- Operating Income should be \$115,539; YoY 57.5%

NT\$ thousands	2024 H1	%	2023 H1	%	YoY
Revenue	1,022,986	100.0%	876,353	100.0%	16.7%
COGS	(144,068)	-14.1%	(131,847)	-15.0%	9.3%
Gross Profit	878,918	85.9%	744,506	85.0%	18.1%
R&D	(324,433)	-31.8%	(269,394)	-30.7%	20.4%
S&M	(373,166)	-36.4%	(345,632)	-39.5%	8.0%
G&A	(65,780)	-6.4%	(56,131)	-6.4%	17.2%
Expected Credit Loss	(36,603)	-3.6%	0	0.0%	NA
Operating Expense	(799,982) [*]	-78.2%	(671,157)	-76.6%	19.2% [*]
Operating Income	78,936[*]	7.7%	73,349	8.4%	7.6%[*]
FX Gain (Loss)	66,570	6.5%	20,552	2.3%	223.9%
Investment Gain (Loss)	0	0.0%	0	0.0%	NA
Other Income (Loss)	75,520	7.4%	65,331	7.5%	15.6%
Non-operating Income	142,090	13.9%	85,883	9.8%	65.4%
Income before Tax	221,026	21.6%	159,232	18.2%	38.8%
Net Income	184,448	18.0%	116,196	13.3%	58.7%
EPS (NT\$)	2.34		1.47		

Revenue Breakdown by Product Groups

Total revenue in Q2 2024 amounted to NT\$ 530.9 million, reflecting a 19.1% YoY growth

Total revenue in H1 2024 amounted to NT\$ 1,023 million, reflecting a 16.7% YoY growth

Revenue expressed in NT\$ thousands

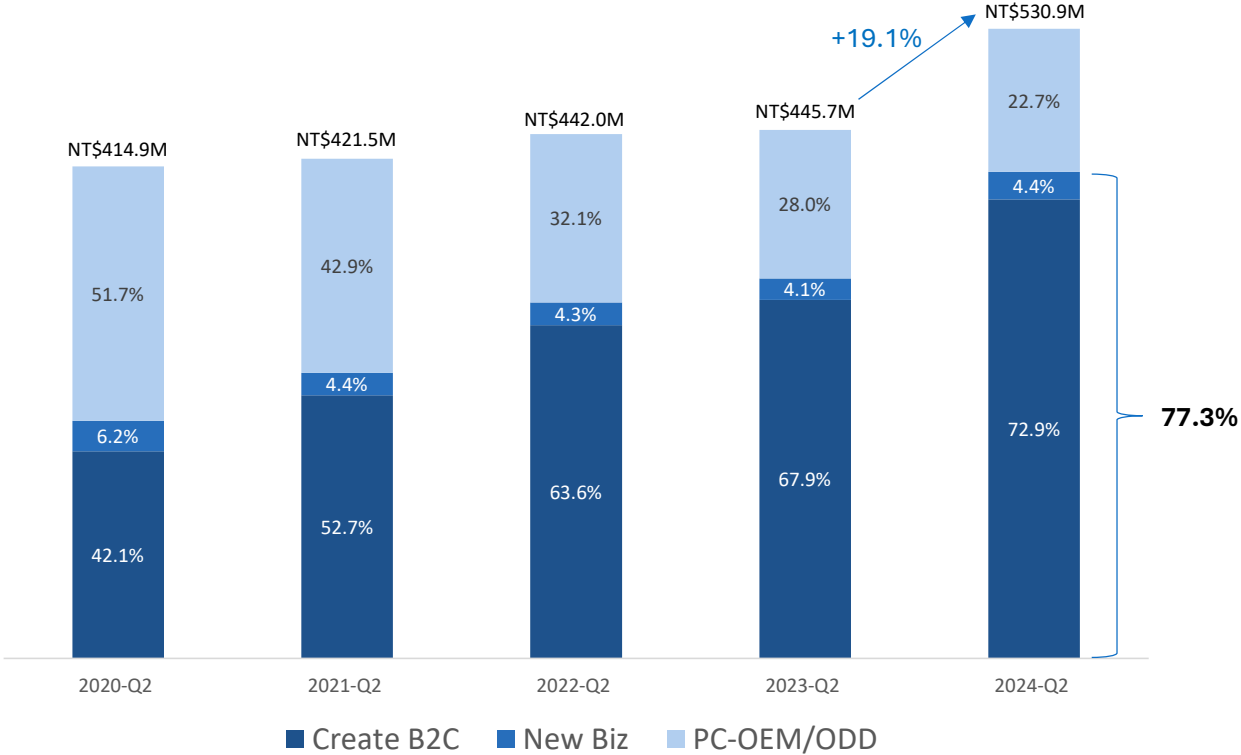
Product Group	2024-Q2 Revenue	%	YoY
Create B2C	386,957	72.9%	28.0%
New Biz	23,315	4.4%	28.7%
PC-OEM/ODD	120,600	22.7%	-3.6%
TOTAL	530,872	100.0%	19.1%

Product Group	2024-H1 Revenue	%	YoY
Create B2C	741,627	72.5%	27.6%
New Biz	46,682	4.6%	12.8%
PC-OEM/ODD	234,677	22.9%	-7.5%
TOTAL	1,022,986	100.0%	16.7%

Revenue % by Product Group in Q2 2024

Create B2C revenue continued to grow, representing 72.9% of total revenue in Q2 2024

2020-2024 Q2 Revenue Percentage (%)



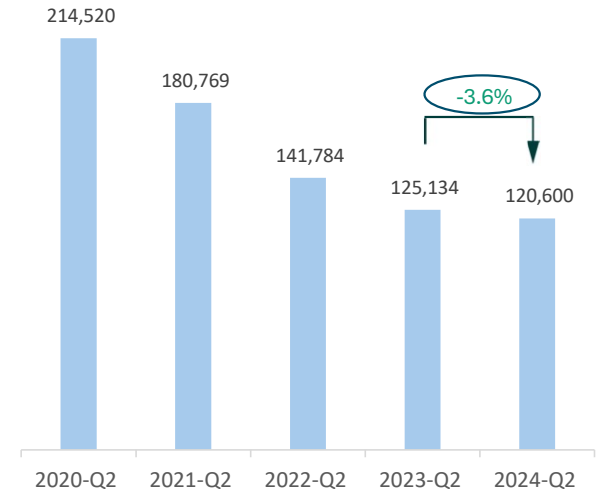
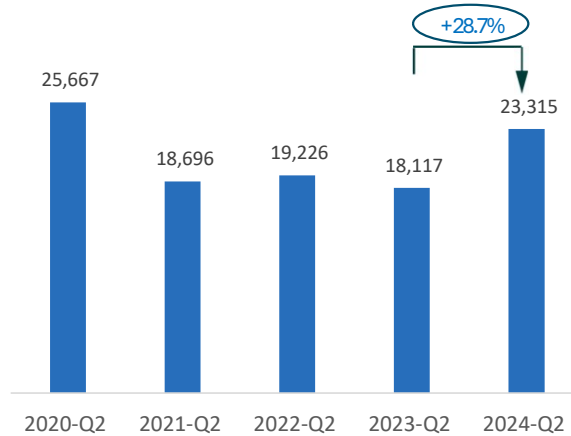
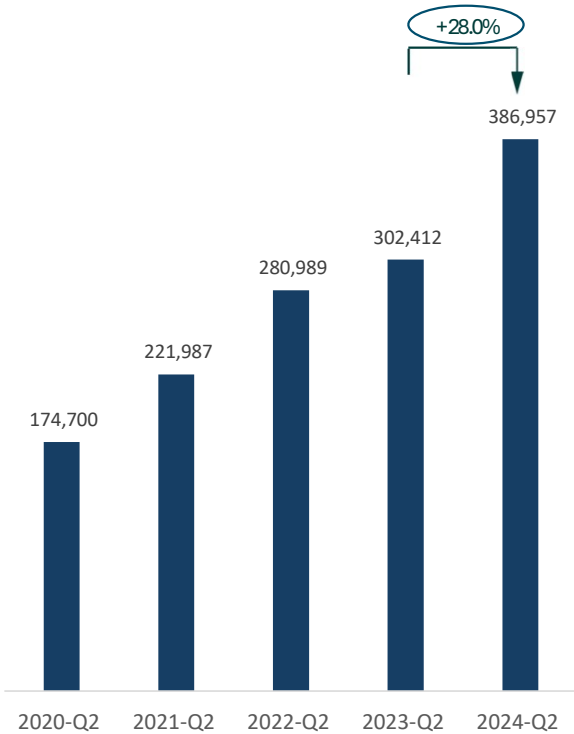
Revenue trends for three product groups in Q2 2024

Revenue expressed in NT\$ thousands

Create B2C revenue grew 28.0% YoY to NT\$387.0M, representing 72.9% of total revenue

New Biz revenue grew 28.7% YoY to NT\$23.3M, representing 4.4% of total revenue

PC-OEM & ODD revenue declined 3.6% YoY to NT\$120.6M, representing 22.7% of total revenue



Q2 2024 Business/Product Update

2024 Q2 Business Summary

- Create B2C
 - The revenue continued a good growth momentum with 28% YoY growth and represented 72.9% of total revenue
 - Customers liked our new AI features and UX improvements
- FaceMe
 - The revenue maintained a mild growth, with new customer added continuously
 - Most new orders are POC or pilot projects
- PC-OEM & ODD
 - Revenue YoY at -3.6% is better than expected (-10% ~ -20%)

Business Forward Looking on Create B2C (1/3)

- **New opportunity based on Gen-AI for Business Users:**
 - With Gen-AI features, it allows business users to easily create high-quality promotional content (e.g., product images or marketing posts) without professional designers. Target audiences include:
 - Marketing people who need to create content frequently without full support from design team
 - Small business with limited design resources
 - Individuals selling items online, or starting an online business on their own
- Promeo just released a new feature called AI Magic Designer, which is designed for this purpose.



Promeo : AI Creative Studio for Online Selling and Marketing


AI Magic Designer


Your Product/Service

Sofa

Keywords of your topic

**Button Tufted,
Modern, 70% off**

 Create Template



The form is a white rectangular box with rounded corners, set against a dark blue background. It contains two input fields with light blue borders. The first field is labeled 'Your Product/Service' and contains the text 'Sofa'. The second field is labeled 'Keywords of your topic' and contains the text 'Button Tufted, Modern, 70% off'. Below the second field is a blue button with a white icon of a pencil and a plus sign, labeled 'Create Template'. To the right of the button is a white mouse cursor icon.

Describe your content, and get unlimited, fully editable designs and text in seconds




Promeo : AI Creative Studio for Online Selling and Marketing

AI Magic Designer

Your Product/Service

Keywords of your topic

 Create Template

A mouse cursor is positioned over the 'Create Template' button.

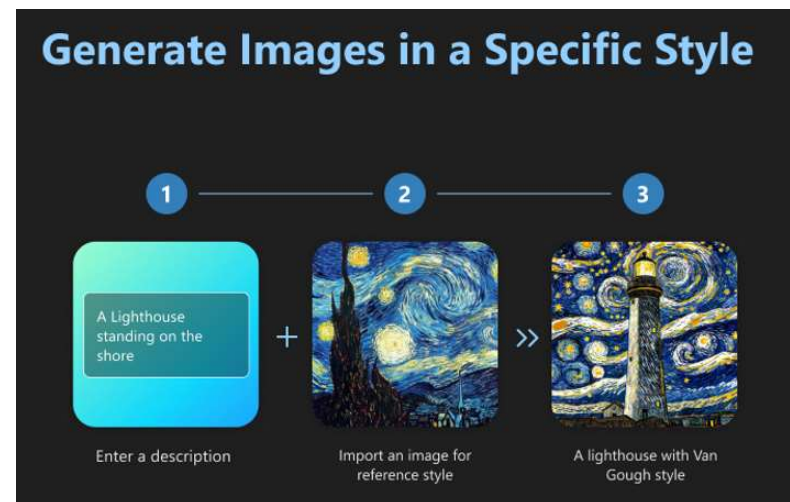
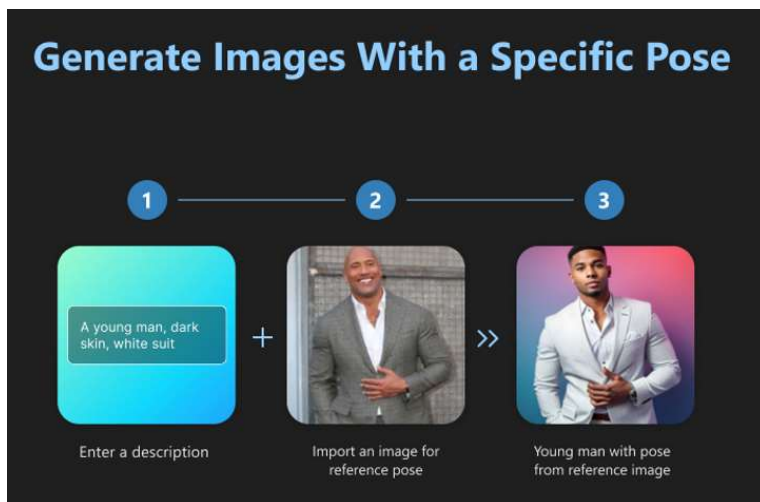
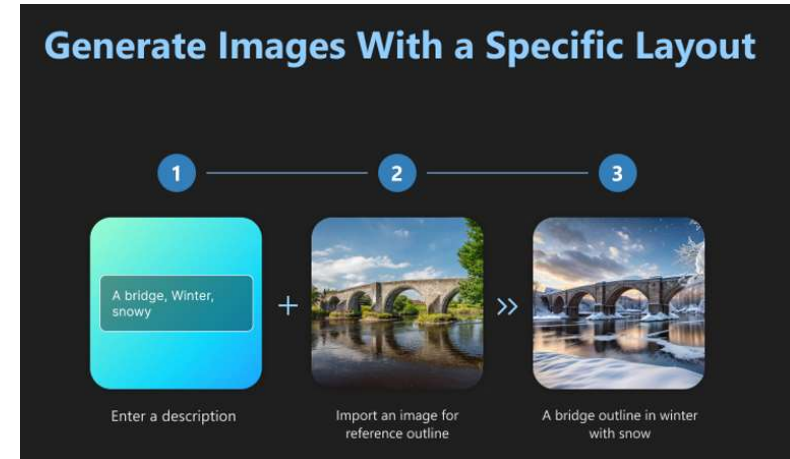
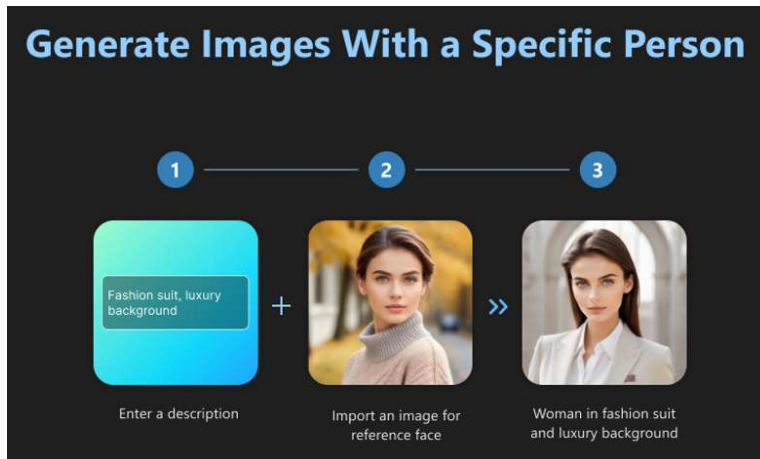
Describe your content, and get unlimited, fully editable designs and text in seconds

Business Forward Looking on Create B2C (2/3)

- **Develop more valuable GenAI features with differentiations**
 - **Provides more controls on Gen-AI features to create anticipated output**
 - Text-to-Image with Reference Image to control the generated output on Face/Pose/Layout/Style
 - One feature already released, three more to be released in Q3 this quarter.
 - AI Replace/Inpainting to only change a small portion of an image for desired result
 - Feature already released.
- The target users are mostly business users and designers

Text-to-Image with Reference Image for Face/Pose/Layout/Style

(all these features will be released in Q3 this year)



AI Replace: Only change a portion of an image for desired result

The screenshot displays the GenAI Studio interface. The top navigation bar includes 'File', 'Edit', 'Photo', 'View', 'Help', and 'Export'. The left sidebar lists various AI tools, with 'Text to Image' (HOT) and 'Transform' (containing 'Replace', 'Extend' (NEW), and 'Scene Remodel') being prominent. The main workspace features a large heading: 'Remove Objects and Add New Elements to Images'. Below this, a sub-heading reads: 'Import an image, select a portion, and then describe what you want to replace or added in your images.' A four-step workflow diagram is shown: 1. 'Import an image' (a potted plant), 2. 'Highlight the area you want to replace' (the plant is highlighted in red), 3. 'Enter a description' (a text box contains 'A cabinet on the ground'), and 4. 'Plant is replaced by a cabinet' (the final image shows a cabinet instead of the plant). A 'Start Now' button is centered below the diagram. At the bottom left, there is a checkbox labeled 'Do not show again'.

File Edit Photo View Help Export

GenAI Studio Expert

Text to Image **HOT**

Transform

- Replace
- Extend **NEW**
- Scene Remodel

Fashion and Style

- Fashion Photo
- Face Swap
- Background Replace
- Photo to Sketch
- Photo to Anime

For Business

- Professional Headshot
- Formal Wear Photo
- Product Background

Remove Objects and Add New Elements to Images

Import an image, select a portion, and then describe what you want to replace or added in your images.

- 1 Import an image
- 2 Highlight the area you want to replace
- 3 Enter a description
A cabinet on the ground
- 4 Plant is replaced by a cabinet

Start Now

Do not show again

Business Forward Looking on Create B2C (3/3)

- **New opportunity on AI PC**
 - As AI PC will trigger higher user interests on AI features, it will benefit our products.
 - AI PC is just at its beginning. The computation power in Q4 this year will be mature enough for GenAI features with good user experiences.
 - We already have some AI features running on local AI PC and we will continue to add more GenAI features.
- We will leverage AI PC eco-system partnerships to boost CyberLink product branding.
 - **Build closer partnership with Intel, PC Brands & Retailers, covering**
 - Joint product Developments & Optimizations for AI & GenAI features on AI PC
 - Worldwide co-marketing in major marketing events or sales campaigns

COMPUTEX 2024



Showcase CyberLink's Gen-AI features of Promeo and PowerDirector on AI PC during COMPUTEX Taipei 2024



Intel Physical Promotions in Japan



Experiencing PowerDirector 365 and Gen-AI on Intel AI PC



Promotion in Bic Camera Shops



Intel AI Summit

Dell Technologies World in USA



Showcase **Promeo** and **PowerDirector** at Dell Technologies World in USA



<https://www.dell.com/en-us/lp/dell-CyberLink-ai-solutions>

Acer's Swift Go Roadshow in Taiwan



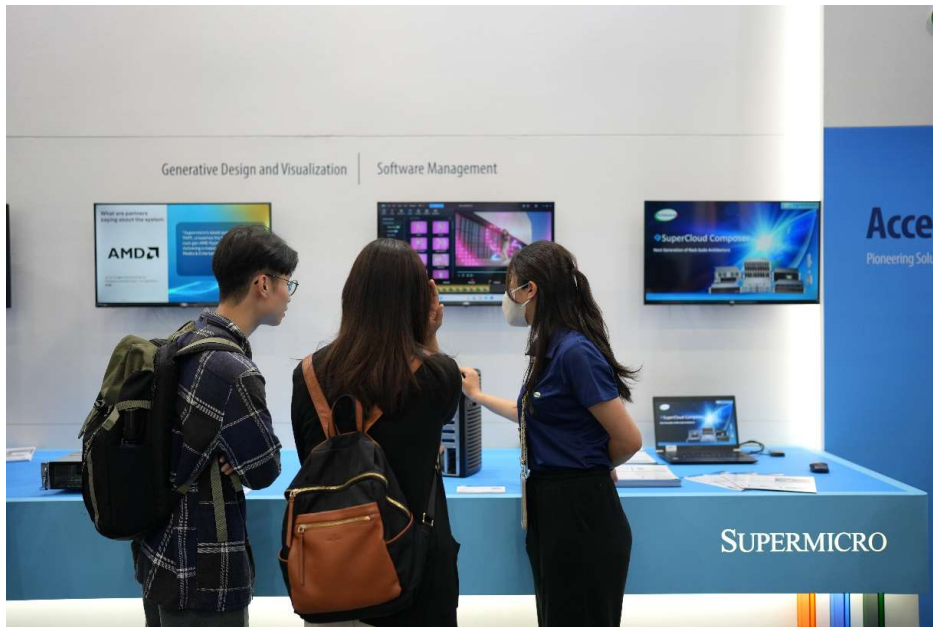
Buy an Acer AI PC and get a free one-year subscription of PowerDirector 365.

The advertisement banner features the Acer logo at the top left. Navigation links include '活動專區', 'Acer Store', '商品賞測', '我的專區', 'Predator VIP', and 'Predator 電競盟校'. The main headline reads 'Swift GO 14 新上市' and 'AI PC GO 挺你'. A woman in a green jacket is shown holding a silver laptop. Text highlights '搶先入手! 免費升級1TB SSD' and '旗艦專售店加送 威力導演365一年版'. Intel Core Ultra processor logos are displayed in the top right. A bottom navigation bar lists features: 'Swift Go', 'AI 輕薄筆電', 'Intel® Core™ Ultra 處理器', 'AcerSense™ 智慧應用程式', '多媒體觸控板', and '單手開合'.



COMPUTEX 2024 in Taiwan

Showcase PowerDirector on SUPERMICRO's AMD Rayzen™ 7 AI PC



FaceMe Achievements and Forward Looking:

Increase and enhance Face & ID Recognition features and anti-spoofing to expand business

- **FaceMe Platform** expands the Taiwanese ID recognition and fraud detection, which enhances the eKYC solutions for Taiwan government and financial sectors.
- **FaceMe SDK** supports latest MediaTek's Genio 510 SOC for the edge IoT applications
- **FaceMe Security** released a new “**Notification Monitor Add-on**”, designed for security guards with a 10-foot UI.
 - Already deployed in a big shopping mall in North Asia.



Summary

- The revenue of 2024-Q2 grew by 19.1% YoY and we maintain a positive outlook for continued growth in H2 of 2024.
- On Digital Media (B2C Create) :
 - Develop GenAI features to expand our target customers to cover business users for new revenue stream
 - Develop more valuable GenAI features with differentiations
 - Capture AI PC opportunities by working with partners to increase our brand awareness and to grow revenue
- On Computer Vision (FaceMe):
 - Increase and enhance Face & ID Recognition features and anti-spoofing to expand business

For more information about CyberLink:
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Thank You!