

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED JUNE 30

(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

	Assets	June 30, 2020		December 31, 2019		June 30, 2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
1100	Cash and cash equivalents	\$ 1,159,699	21	\$ 1,299,322	24	\$ 775,654	15
1136	Current financial assets at amortized cost	1,665,152	30	1,549,724	28	2,183,224	41
1170	Accounts receivable, net	88,242	2	107,358	2	65,650	2
1200	Other receivables	4,851	-	3,205	-	5,417	-
1210	Other receivables - related parties	2,994	-	5,849	-	7,378	-
1220	Current income tax assets	39,358	1	34,257	1	4,625	-
130X	Inventories	7,412	-	7,418	-	7,609	-
1460	Non-current assets classified as held for sale, net	-	-	-	-	115,243	2
1470	Other current assets	18,878	-	11,837	-	12,184	-
11XX	Total current assets	<u>2,986,586</u>	<u>54</u>	<u>3,018,970</u>	<u>55</u>	<u>3,176,984</u>	<u>60</u>
Non-current assets							
1510	Non-current financial assets at fair value through profit or loss	247,019	5	233,172	4	211,160	4
1517	Non-current financial assets at fair value through other comprehensive income	507	-	507	-	1,035	-
1535	Non-current financial assets at amortized cost	5,000	-	-	-	-	-
1550	Investments accounted for using equity method	455,312	8	442,522	8	92,532	2
1600	Property, plant and equipment, net	484,000	9	483,900	9	505,902	10
1755	Right-of-use assets	19,153	-	10,536	-	5,418	-
1760	Investment property, net	1,245,349	23	1,251,034	23	1,241,412	23
1780	Intangible assets	482	-	-	-	-	-
1840	Deferred income tax assets	43,628	1	46,193	1	52,985	1
1900	Other non-current assets	12,110	-	7,877	-	8,393	-
15XX	Total non-current assets	<u>2,512,560</u>	<u>46</u>	<u>2,475,741</u>	<u>45</u>	<u>2,118,837</u>	<u>40</u>
1XXX	Total assets	<u>\$ 5,499,146</u>	<u>100</u>	<u>\$ 5,494,711</u>	<u>100</u>	<u>\$ 5,295,821</u>	<u>100</u>

(Continued)

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED JUNE 30

(Expressed in thousands of New Taiwan dollars)
 (The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	June 30, 2020		December 31, 2019		June 30, 2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
2130	Current contract liabilities	\$ 113,481	2	\$ 61,708	1	\$ 51,550	1
2170	Accounts payable	101,679	2	107,519	2	128,152	2
2200	Other payables	720,821	13	459,181	9	679,817	13
2220	Other payables - related parties	-	-	3,436	-	2,933	-
2230	Income tax payable	5,983	-	18,617	-	26,024	1
2280	Current lease liabilities	9,348	-	5,267	-	5,442	-
2300	Other current liabilities	63,104	1	61,121	1	61,545	1
21XX	Total current liabilities	<u>1,014,416</u>	<u>18</u>	<u>716,849</u>	<u>13</u>	<u>955,463</u>	<u>18</u>
Non-current liabilities							
2550	Non-current provisions	512,643	9	508,218	9	522,130	10
2570	Deferred income tax liabilities	738	-	747	-	1,022	-
2580	Non-current lease liabilities	9,822	-	5,295	-	-	-
2600	Other non-current liabilities	82,752	2	83,015	2	75,578	1
25XX	Total non-current liabilities	<u>605,955</u>	<u>11</u>	<u>597,275</u>	<u>11</u>	<u>598,730</u>	<u>11</u>
2XXX	Total Liabilities	<u>1,620,371</u>	<u>29</u>	<u>1,314,124</u>	<u>24</u>	<u>1,554,193</u>	<u>29</u>
Equity							
Equity attributable to shareholders of the parent							
Capital Stock							
3110	Common stock	849,230	15	845,992	15	837,093	16
Capital surplus							
3200	Capital surplus	1,144,508	21	1,130,694	21	869,305	16
Retained earnings							
3310	Legal reserve	1,192,548	22	1,154,554	21	1,154,554	22
3320	Special reserve	129,240	2	88,831	1	88,831	2
3350	Unappropriated earnings	832,175	15	1,089,756	20	862,256	16
Other equity interest							
3400	Other equity interest	(144,294)	(2)	(129,240)	(2)	(70,411)	(1)
3500	Treasury shares	(124,632)	(2)	-	-	-	-
31XX	Equity attributable to shareholders of the parent	<u>3,878,775</u>	<u>71</u>	<u>4,180,587</u>	<u>76</u>	<u>3,741,628</u>	<u>71</u>
3XXX	Total equity	<u>3,878,775</u>	<u>71</u>	<u>4,180,587</u>	<u>76</u>	<u>3,741,628</u>	<u>71</u>
Significant contingent liabilities and unrecognized contract commitments							
3X2X	Total liabilities and equity	<u>\$ 5,499,146</u>	<u>100</u>	<u>\$ 5,494,711</u>	<u>100</u>	<u>\$ 5,295,821</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(Reviewed, not audited)

Items	Three months ended June 30				Six months ended June 30			
	2020		2019		2020		2019	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Net revenue	\$ 414,887	100	\$ 349,019	100	\$ 771,641	100	\$ 676,352	100
5000 Operating costs	(46,533)	(11)	(44,736)	(13)	(88,548)	(12)	(78,328)	(12)
5900 Gross profit	368,354	89	304,283	87	683,093	88	598,024	88
Operating expenses								
6100 Sales and marketing expenses	(177,763)	(43)	(119,311)	(34)	(326,110)	(42)	(244,790)	(36)
6200 General and administrative expenses	(27,560)	(7)	(29,498)	(8)	(55,136)	(7)	(55,158)	(8)
6300 Research and development expenses	(102,762)	(25)	(85,996)	(25)	(198,176)	(26)	(174,186)	(26)
6000 Total operating expenses	(308,085)	(75)	(234,805)	(67)	(579,422)	(75)	(474,134)	(70)
6900 Operating income	60,269	14	69,478	20	103,671	13	123,890	18
Non-operating income and expenses								
7100 Interest income	7,378	2	17,607	5	17,219	2	32,077	5
7010 Other income	21,111	5	32,406	9	42,224	6	60,124	9
7020 Other gains and losses	(25,546)	(6)	(1,886)	-	(21,750)	(3)	4,307	-
7050 Finance costs	(49)	-	(28)	-	(89)	-	(62)	-
7060 Share of income (loss) of associates and joint ventures accounted for using equity method	(3,303)	(1)	(16,034)	(5)	(14,185)	(2)	(40,922)	(6)
7000 Total non-operating income and expenses	(409)	-	32,065	9	51,789	7	55,524	8
7900 Income before income tax	59,860	14	101,543	29	155,460	20	179,414	26
7950 Income tax expense	(10,494)	(2)	(14,654)	(4)	(29,307)	(4)	(33,742)	(5)
8200 Net income	\$ 49,366	12	\$ 86,889	25	\$ 126,153	16	\$ 145,672	21
Other comprehensive income (loss)								
Components of other comprehensive income that will be reclassified to profit or loss subsequently								
8361 Exchange differences arising on translation of foreign operations	(\$ 21,748)	(5)	\$ 14,918	4	(\$ 11,696)	(2)	\$ 17,003	3
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method	(5,697)	(2)	835	-	(3,358)	-	1,417	-
8360 Components of other comprehensive income that will be reclassified to profit or loss subsequently	(27,445)	(7)	15,753	4	(15,054)	(2)	18,420	3
8500 Total comprehensive income	\$ 21,921	5	\$ 102,642	29	\$ 111,099	14	\$ 164,092	24
Net income, attributable to:								
8610 Shareholders of the parent	\$ 49,366	12	\$ 86,889	25	\$ 126,153	16	\$ 145,672	21
Total comprehensive income, attributable to:								
8710 Shareholders of the parent	\$ 21,921	5	\$ 102,642	29	\$ 111,099	14	\$ 164,092	24
Earnings per share								
9750 Basic earnings per share	\$ 0.59		\$ 1.04		\$ 1.50		\$ 1.74	
9850 Diluted earnings per share	\$ 0.58		\$ 1.02		\$ 1.47		\$ 1.71	

The accompanying notes are an integral part of these consolidated financial statements.

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Review, not audit)

	Equity attributable to shareholders of the parent									Unrealized losses on financial assets measured at fair value through other comprehensive income	Treasury stocks	Total
	Retained Earnings					Other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	income					
Six months ended June 30, 2019												
Balance at January 1, 2019	\$ 849,321	\$ 940,029	\$ 1,121,671	\$ 72,904	\$ 1,016,150	(\$ 77,314)	(\$ 11,517)	(\$ 70,724)	\$ 3,840,520			
Net income for the six months ended June 30, 2019	-	-	-	-	145,672	-	-	-				145,672
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	18,420	-	-				18,420
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	145,672	18,420	-	-				164,092
Distribution of 2018 earnings												
Legal reserve	-	-	32,883	-	(32,883)	-	-	-				-
Special reserve	-	-	-	15,927	(15,927)	-	-	-				-
Cash dividends	-	-	-	-	(250,756)	-	-	-				(250,756)
Purchase of treasury share	-	-	-	-	-	-	-	(24,807)	(24,807)			
Retirement of treasury share	(13,940)	(81,591)	-	-	-	-	-	-				95,531
Share-based payment transactions	-	1,822	-	-	-	-	-	-				1,822
Employee stock options exercised	1,712	6,574	-	-	-	-	-	-				8,286
Change in net equity of associates accounted for using equity method	-	2,471	-	-	-	-	-	-				2,471
Balance at June 30, 2019	\$ 837,093	\$ 869,305	\$ 1,154,554	\$ 88,831	\$ 862,256	(\$ 58,894)	(\$ 11,517)	\$ -	\$ 3,741,628			
Six months ended June 30, 2020												
Balance at January 1, 2020	\$ 845,992	\$ 1,130,694	\$ 1,154,554	\$ 88,831	\$ 1,089,756	(\$ 117,204)	(\$ 12,036)	\$ -	\$ 4,180,587			
Net income for the six months ended June 30, 2020	-	-	-	-	126,153	-	-	-				126,153
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	(15,054)	-	-				(15,054)
Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	126,153	(15,054)	-	-				111,099
Distribution of 2019 earnings												
Legal reserve	-	-	37,994	-	(37,994)	-	-	-				-
Special reserve	-	-	-	40,409	(40,409)	-	-	-				-
Cash dividends	-	-	-	-	(305,331)	-	-	-				(305,331)
Purchase of treasury share	-	-	-	-	-	-	-	(124,632)	(124,632)			
Employee stock options exercised	3,238	11,851	-	-	-	-	-	-				15,089
Change in net equity of associates accounted for using equity method	-	1,963	-	-	-	-	-	-				1,963
Balance at June 30, 2020	\$ 849,230	\$ 1,144,508	\$ 1,192,548	\$ 129,240	\$ 832,175	(\$ 132,258)	(\$ 12,036)	(\$ 124,632)	\$ 3,878,775			

The accompanying notes are an integral part of these consolidated financial statements.

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30
(Expressed in thousands of New Taiwan dollars)
(Review, not audited)

	Six months ended June 30	
	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 155,460	\$ 179,414
Adjustments		
Adjustments to reconcile profit (loss)		
Loss on financial assets at fair value through profit or loss	720	1,396
Depreciation expense	16,197	15,485
Amortization expense	44	-
Interest income	(17,219)	(32,077)
Interest expense	89	62
Employees' stock option cost	-	1,822
Loss on disposal and scrapping of property, plant, and equipment	-	29
Share of (income) loss of associates and joint ventures accounted for using equity method	(14,185)	40,922
Changes in operating assets and liabilities		
Changes in operating assets		
Financial assets mandatorily measured at fair value through profit or loss	(16,307)	(27,766)
Accounts receivable	18,632	57,659
Other receivables	(2,084)	(113)
Other receivable-related parties	2,848	(2,962)
Inventories	6	(329)
Other current assets	(7,051)	6,392
Other non-current assets	(3,923)	1,565
Changes in operating liabilities		
Current contract liabilities	51,773	31,703
Accounts payable	(5,446)	(22,782)
Other payables	(41,578)	(62,419)
Other payables-related parties	(3,396)	1,882
Other current liabilities	2,204	(22,820)
Provisions	4,425	23,999
Other non-current liabilities	(239)	(198)
Cash inflow generated from operations	140,970	190,864
Interest received	17,656	31,206
Interest paid	(89)	(62)
Income tax paid	(44,835)	(36,087)
Net cash flows from operating activities	<u>113,702</u>	<u>185,921</u>

(Continued)

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30
(Expressed in thousands of New Taiwan dollars)
(Review, not audited)

	Six months ended June 30	
	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of financial assets at amortized cost	(\$ 122,878)	(\$ 190,053)
Acquisition of property, plant, and equipment	(6,795)	(3,083)
Acquisition of intangible assets	(526)	-
Increase in refundable deposits	(332)	(544)
Net cash flows used in investing activities	<u>(130,531)</u>	<u>(193,680)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of the principal portion of lease liabilities	(4,361)	(2,861)
Excercise of employee stock options	15,089	8,286
Acquisition of treasury shares	(124,632)	(24,807)
Net cash flows used in financing activities	<u>(113,904)</u>	<u>(19,382)</u>
Effects of changes in exchange rates of foreign currency holdings	(8,890)	5,096
Net decrease in cash and cash equivalents	(139,623)	(22,045)
Cash and cash equivalents at beginning of period	<u>1,299,322</u>	<u>797,699</u>
Cash and cash equivalents at end of period	<u>\$ 1,159,699</u>	<u>\$ 775,654</u>

The accompanying notes are an integral part of these consolidated financial statements.