CyberLink (5203.TW)
2019 Q4 Investor Conference

The Innovative Solution Provider for CREATE, WORK & PLAY of Digital Media,
and Facial Recognition AIoT

February 25, 2020

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

- 2019 4Q Financial Results
- Business Update
- Q&A

Financial Results
(Un-audited)

Financial Highlights

- **Perfect Corp. operations in Q4 has turned profitable**
  - NT$34.8M investment gain in Q4, 2019 (versus a loss of NT$15.8M in Q4, 2018)
- **For 2019, revenue was NT$1,455M, -8.5% YoY. Net Income was NT$380M, up 15.5% YoY and basic EPS reached NT$4.53, up 16.8% YoY.**
- **3 New Revenue Streams are growing strongly as planned**

PC-Create (B2C) → Subscription model continue to see good success

Mobile APP

FaceMe & U

- **Will invest more on RD & S&M in 2020 to grow business for a brighter future**
- **COVID-19 has no negative impact to CyberLink**

Financial Summary

- **2019 Q4**
  - Revenue NT$401M, **-2.5% YoY**. Gross Profit NT$348M, **-4.3% YoY**
  - Operating Income NT$71M, **-33.0% YoY**, Operating Margin was 17.7%
  - Net Income NT$92M, **up 14.8% YoY**, Basic EPS reached $1.09, **up 14.7% YoY**
- **2019**
  - Revenue NT$1,455M, **-8.5% YoY**. Gross Profit NT$1,267M, **-9.8% YoY**
  - Operating Income NT$259M, **-38.9% YoY**, Operating Margin was 17.8%
  - Net Income NT$380M, **up 15.5% YoY**, Basic EPS reached $4.53, **up 16.8% YoY**
- **Balance Sheet**
  - Cash, cash equivalent & short-term investment at NT$2,849M as of end of 2019, accounting for 51.9% of total asset.

2019 Q4 Consolidated IS

NT$ (K)	2019 Q4		2019 Q3		QoQ	2018 Q4		YoY
Revenue	**401,435**	100.0%	376,859	100.0%	6.5%	411,768	100.0%	-2.5%
COGS	**-53,715**	-13.4%	-55,928	-14.8%	-4.0%	-48,277	-11.7%	11.3%
Gross Profit	**347,720**	86.6%	320,931	85.2%	8.3%	363,491	88.3%	-4.3%
R&D	**-105,206**	-26.2%	-90,492	-24.0%	16.3%	-89,740	-21.8%	17.2%
S&M	**-140,532**	-35.0%	-136,488	-36.2%	3.0%	-132,282	-32.1%	6.2%
G&A	**-30,832**	-7.7%	-30,414	-8.1%	1.4%	-35,259	-8.6%	-12.6%
Operating Expense	**-276,570**	-68.9%	-257,394	-68.3%	7.5%	-257,281	-62.5%	7.5%
Operating Income	**71,150**	17.7%	63,537	16.9%	12.0%	106,210	25.8%	-33.0%
FX Gain (Loss)	**-29,984**	-7.5%	-1,497	-0.4%	1902.9%	4,612	1.1%	-750.1%
Investment Gain (Loss)	**34,807**	8.7%	-3,457	-0.9%	1106.9%	-15,788	-3.8%	320.5%
Other Income (Loss)	**23,778**	5.9%	137,843	36.5%	-82.7%	26,238	6.4%	-9.4%
Non-operating Income (Loss)	**28,601**	7.1%	132,889	35.2%	-78.5%	15,062	3.7%	89.9%
PBT	**99,751**	24.8%	196,426	52.1%	-49.2%	121,272	29.5%	-17.7%
PAT	**92,143**	23.0%	142,130	37.7%	-35.2%	80,232	19.5%	14.8%
EPS (NT$)	**1.09**		1.69		-35.5%	0.95		14.7%

*** There is a deferred revenue of NT$ 16.91M from PC subscription.**

2019 Consolidated IS

NT$ (K)	2019		2018		YoY
Revenue	**1,454,646**	100.0%	1,589,532	100.0%	-8.5%
COGS	**-187,971**	-12.9%	-184,987	-11.6%	1.6%
Gross Profit	**1,266,675**	87.1%	1,404,545	88.4%	-9.8%
R&D	**-369,884**	-25.4%	-345,218	-21.8%	7.1%
S&M	**-521,810**	-35.9%	-511,721	-32.2%	2.0%
G&A	**-116,404**	-8.0%	-124,179	-7.8%	-6.3%
Operating Expense	**-1,008,098**	-69.3%	-981,118	-61.8%	2.7%
Operating Income	**258,577**	17.8%	423,427	26.6%	-38.9%
FX Gain (Loss)	**-17,537**	-1.2%	35,661	2.2%	-149.2%
Investment Gain (Loss)	**-9,572**	-0.7%	-127,198	-8.0%	92.5%
Other Income (Loss)	**244,123**	16.8%	111,876	7.1%	118.2%
Non-operating Income (Loss)	**217,014**	14.9%	20,339	1.3%	967.0%
PBT	**475,591**	32.7%	443,766	27.9%	7.2%
PAT	**379,945**	26.1%	328,829	20.7%	15.5%
EPS (NT$)	**4.53**		3.88		16.8%

*** There is a deferred revenue of NT$ 51.64M from PC subscription. If added it back, 2019 revenue YoY becomes -5.2%, and operating income YoY becomes -26.7%.**

Business & Product Update

CyberLink 4 Revenue Streams

Create Software
on PC
Subscription & Perpetual

1. PC-Create (B2C)

3. New Biz

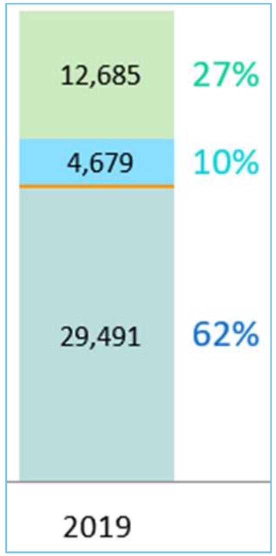
FaceMe & U
Communication Suite

Create APP
on Mobile
Subscription & Ads

2. Mobile APP

4. PC-OEM, ODD & Others

B2B OEM Bundle,
PowerDVD
& others



2019 Product Mix

Revenue -26% YoY which was caused by lower ASP & subscription revenue can only be booked over time. However, the numbers of subscriber continue to grow and will resume the growth momentum from 2020.

27%
PC-Create (B2C)

1%
New Biz

Start to generate revenue with limited contribution in 2019 due to most projects were still in POC.

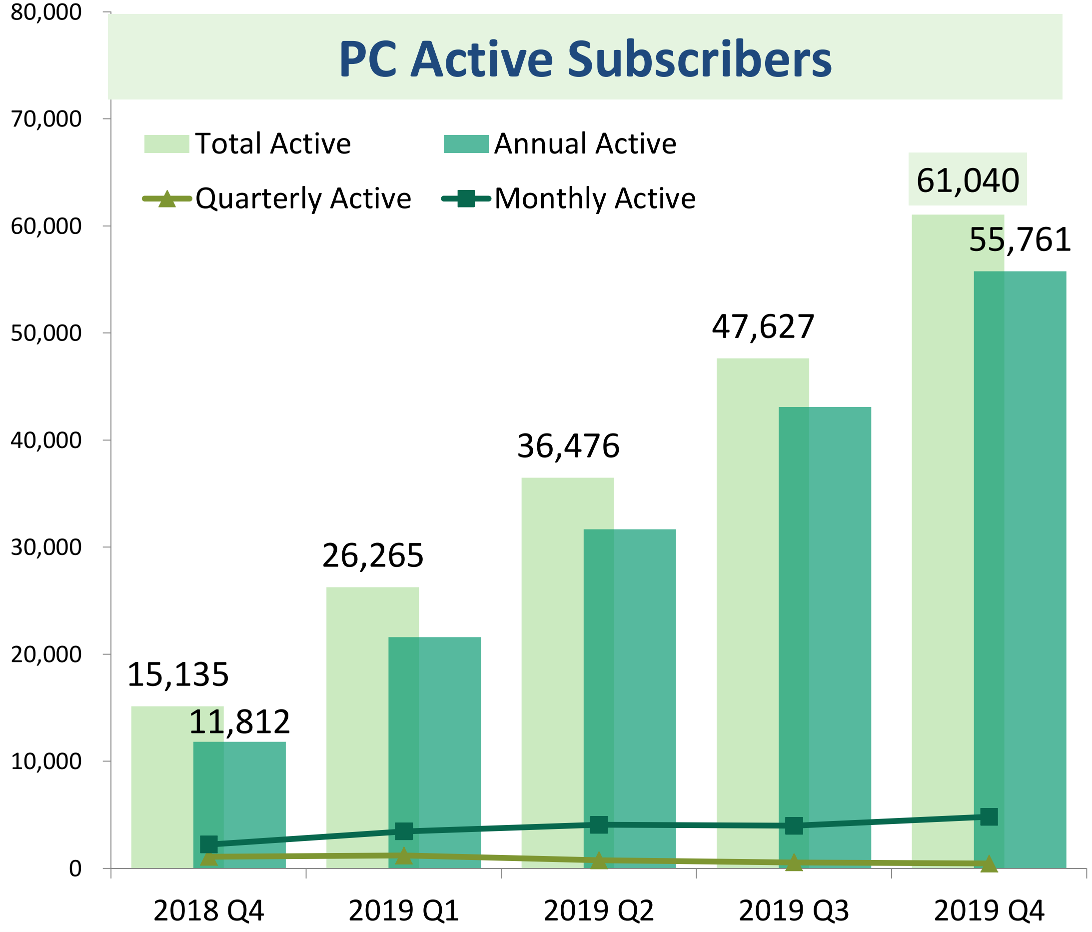
10%
Mobile APP

Robust growth in revenue +64% YoY

62%
PC-OEM, ODD & Others

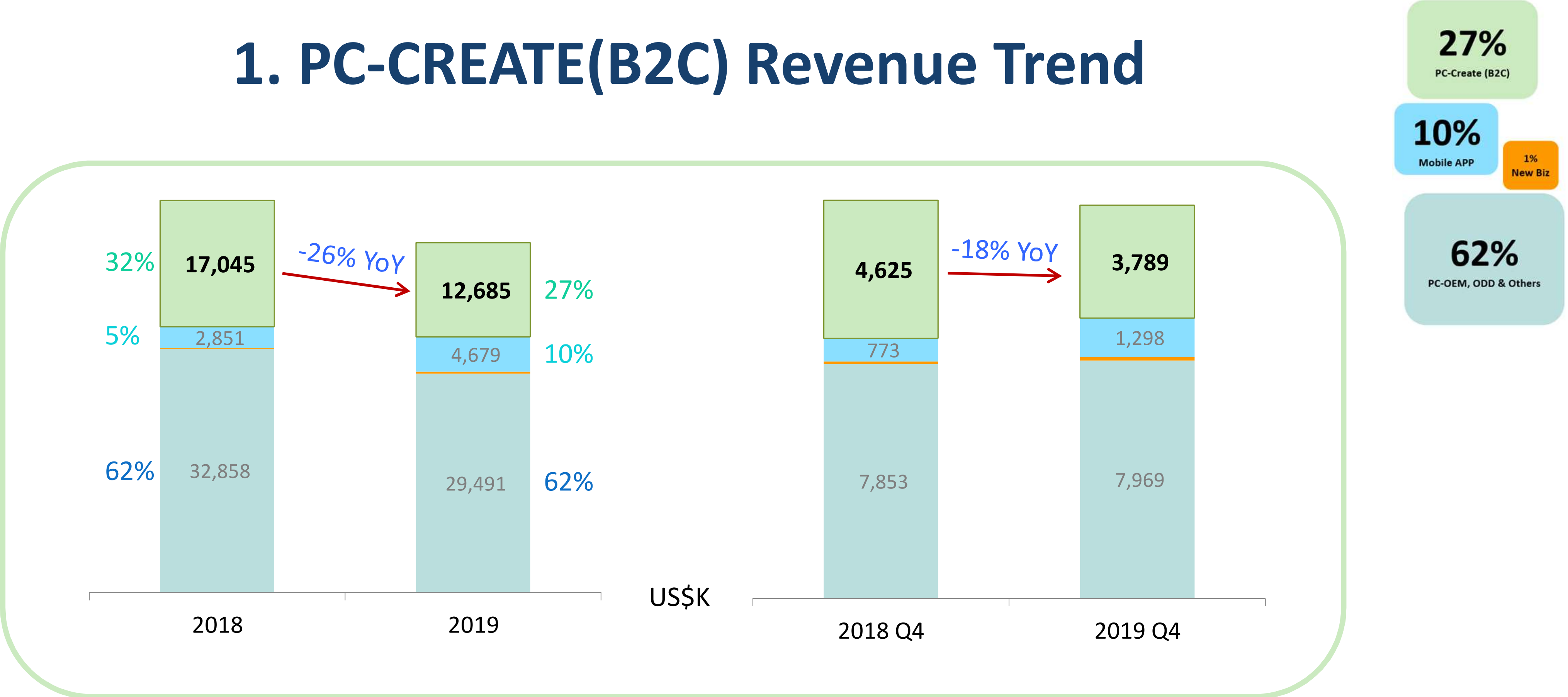
Revenue -10% YoY which was attributed to OEM bundle & PowerDVD business slowdown. We expect a negative revenue growth in 2020.

PC-CREATE(B2C) Subscription Beyond Expectation



- Total subscriber in 2019 is 61,040 which is higher than original expectation of 58,000
- Annual subscriber accounts for 91% in 2019, up from 78% in 2018
- Current annual retention rate is around 66% as expected

1. PC-CREATE(B2C) Revenue Trend



The business momentum was improving with only -18% YoY in 2019 Q4. We expect to see significant positive YoY growth in 2020.

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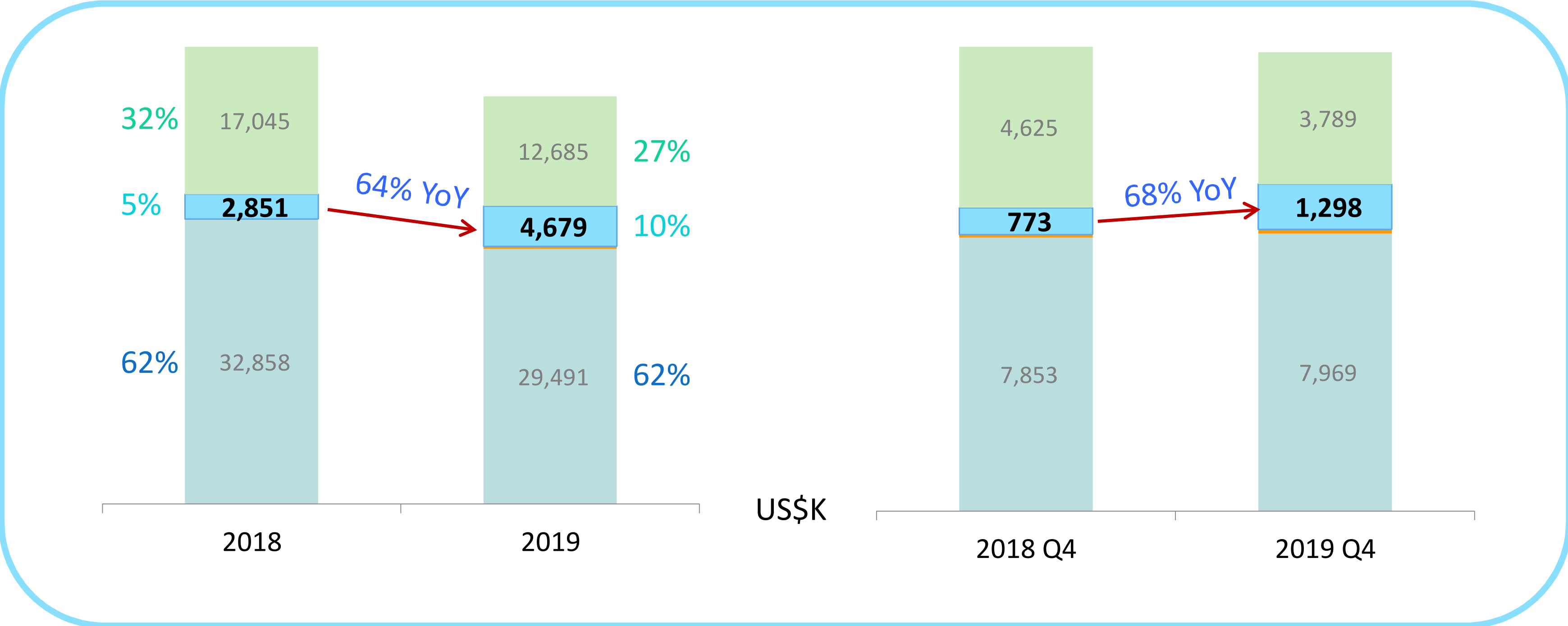
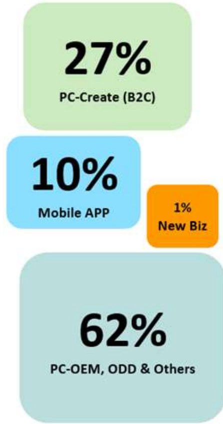
2. Mobile APP Revenue Trend





Mobile APP revenue grew significantly YoY in both 2019 and 2019 Q4 and will remain its strong growth in 2020.

27%
PC-Create (B2C)

10%
Mobile APP

1%
New Biz

62%
PC-OEM, ODD & Others

3. FaceMe

- FaceMe has around NT$50M “contract value” signed in 2019 (most of the contract value was not recognized in 2019 revenue)
- One of the major reasons of Jan 2020 revenue growth is from FaceMe revenue booking (more than NT$20M)
- Marketing Strategy: Partnership with leading IoT companies to speed up the global penetration in AIoT industries, and provide diversified facial recognition applications to customers. Our partners include:
  - Leading provider of industrial PC: Advantech
  - Leading brand in security surveillance: Vivotek
  - Leading manufacturer of digital imaging technology: Altek

Revenue of Jan 2020

NT$ 134M

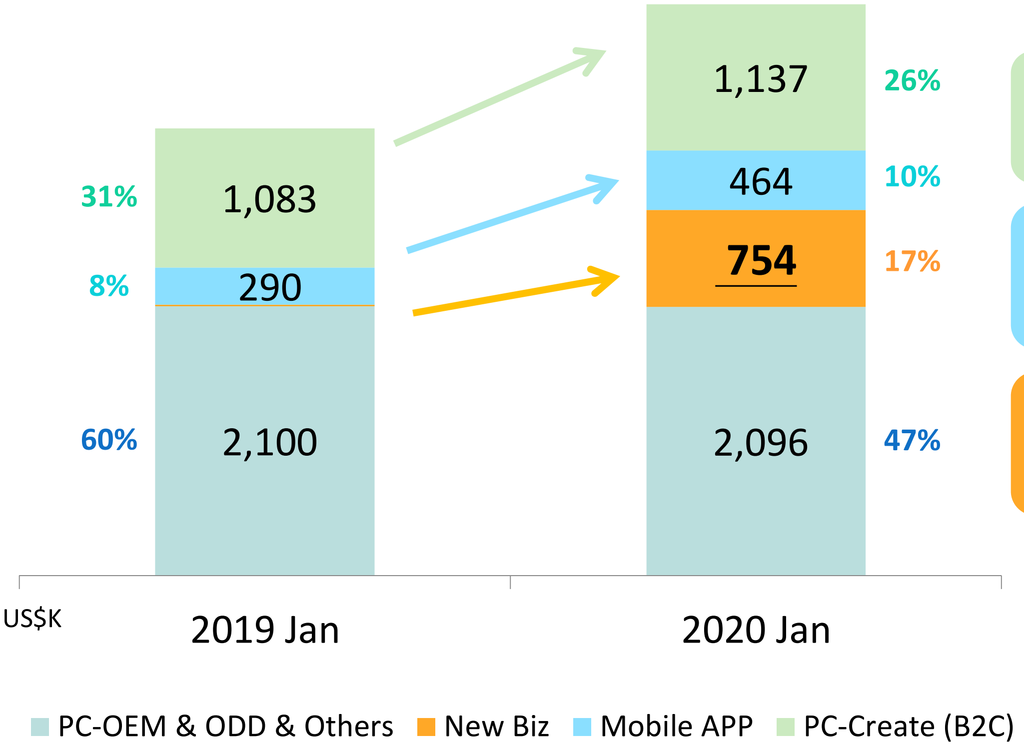
+ 27% YoY

PC-Create (B2C)

Mobile APP

FaceMe

Revenue of Jan 2020



PC-Create (B2C) — +5% YoY

Mobile APP — +60% YoY

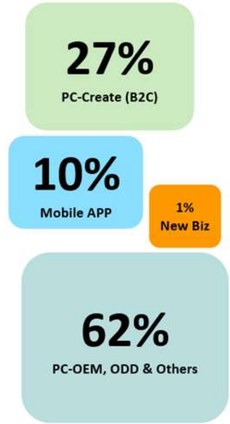
FaceMe — +6705% YoY

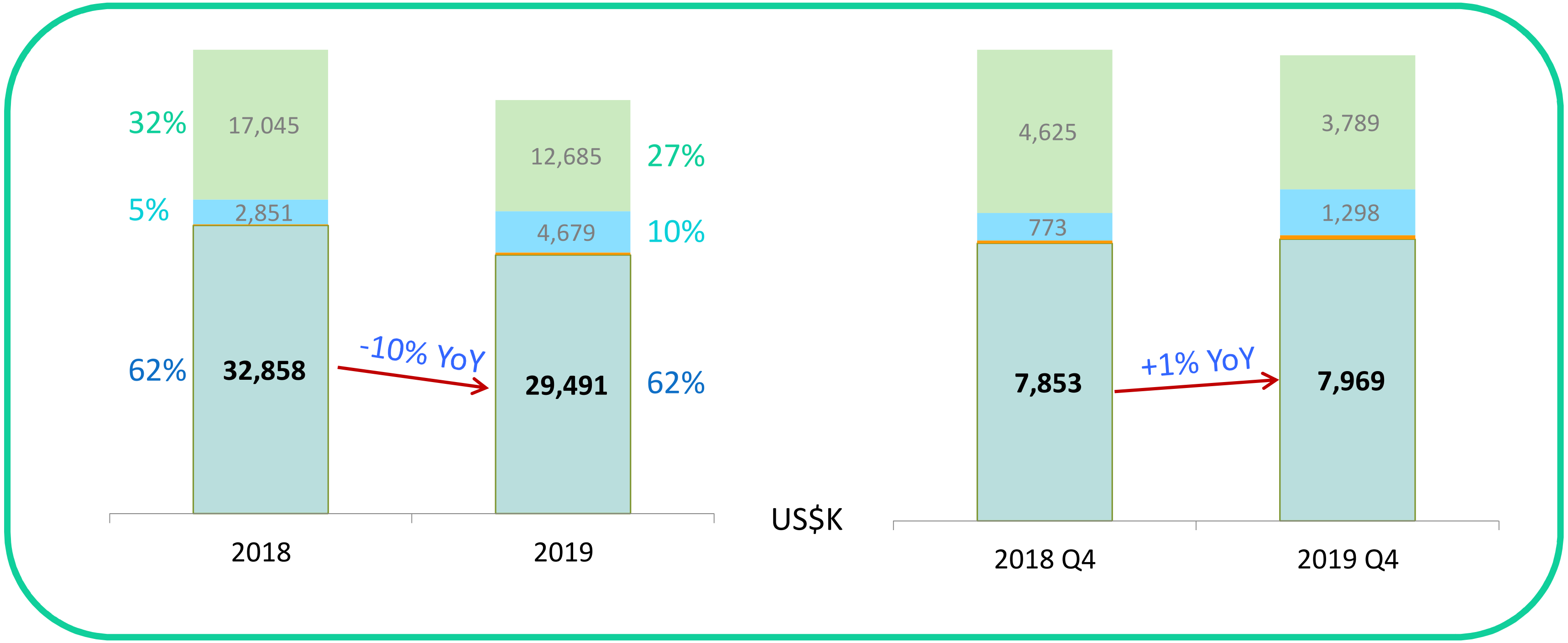
NT$ 134M

+ 27% YoY

- PC-Create starts positive YoY growth
- Both App & FaceMe have strong growth

4. PC-OEM & ODD & Others Revenue Trend





Revenue was -10% YoY in 2019, but a slight +1% YoY in 2019Q4. The momentum of this group is weaker than the other three and its revenue contribution in 2020 is expected to decline.

2020 Key Focus

PC-Create (B2C)	• Expect to see significant positive YoY growth in 2020. • PowerDirector Mac version will be released by the end of 2020 and starts to contribute revenue in 2021.
Mobile APP	• PowerDirector iOS version was released by end of 2019 and will contribute in 2020 revenue. Overall, we expect the momentum of Mobile APP will remain strong.
FaceMe	• Partnership with leading IoT companies to speed up the global penetration in AIoT industries. We expect to see the some revenue contribution from 2020.
Expense	• Keep investing in R&D for technology & product development. • To promote PC-Create (B2C) and Mobile APP, S&M expense is expected to increase in 2020.

Fulfill CSR and Contribute to TW Community for COVID-19 Prevention

Program for All Colleges

Until 31st July, 2020, we are offering free service worth up to NT$1M to every college in TW for distance education via U Meeting & U Webinar.

Program for All Users

Until 31st May, 2020, we are offering upgraded free version in U Meeting.

Original: Up to 25 participants & Max. 30 mins per meeting → Up to 25 participants & Max. 60 mins per meeting.

For more information about CyberLink:

www.CyberLink.com

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Thank You!