

CYBERLINK CORP. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT

For the Three Months Ended March 31, 2022 and 2021 (Stock Code 5203)

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

CYBERLINK CORP. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' REVIEW REPORT FOR the Three Months Ended March 31, 2022  
and 2021  
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## Independent Auditor's Review Report

(2022) Finance Review Report No. 22000126

To the Board of Directors and Stockholders of CyberLink Corp.

### Introduction

We have reviewed the accompanying consolidated balance sheets of CyberLink Corp. and subsidiaries (the "Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three month ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PwC Taiwan

Certified Public Accountant

Lai, Chung-Hsi

Huang, Chin-Lien

#### Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China. The English version of the consolidated financial statements which used for translation are not reviewed by the CPA.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CYBERLINK CORP. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**

(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

			March 31, 2022		December 31, 2021		March 31, 2021	
			(Reviewed)		(Audited)		(Reviewed)	
ASSETS		Notes	Amount	%	Amount	%	Amount	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,747,361	43	\$ 1,102,879	28	\$ 1,033,134	21
1110	Current financial assets at fair value through profit or loss	6(2)	80,003	2	-	-	240,081	5
1136	Current financial assets at amortized cost	6(3)	114,520	3	692,000	17	613,610	13
1170	Accounts receivable, net	6(5)	64,282	2	77,639	2	70,686	1
1200	Other receivables		2,608	-	1,988	-	1,144	-
1210	Other receivables – related parties	7	2,555	-	2,657	-	3,175	-
1220	Current income tax assets		43,538	1	43,923	1	46,931	1
130X	Inventories		4,959	-	5,215	-	6,846	-
1470	Other current assets		14,269	-	20,323	1	22,363	1
11XX	<b>Total current assets</b>		<u>2,074,095</u>	<u>51</u>	<u>1,946,624</u>	<u>49</u>	<u>2,037,970</u>	<u>42</u>
<b>Non-current assets</b>								
1510	Non-current financial assets at fair value through profit or loss	6(2)	283,263	7	275,178	7	276,988	6
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	248	-	248	-	309	-
1535	Non-current financial assets at amortized cost	6(1)(3) and 8	5,000	-	5,000	-	5,000	-
1550	Investment accounted for using the equity method	6(6) and 8	-	-	-	-	788,204	16
1600	Property, plant and equipment, net	6(7)	440,037	11	454,649	12	469,348	10
1755	Right-of-use assets	6(8)	3,536	-	4,585	-	14,810	-
1760	Investment property, net	6(10)	1,235,641	30	1,228,294	31	1,236,821	25
1780	Intangible asset		1,257	-	2,057	-	1,787	-
1840	Deferred income tax assets		45,653	1	43,632	1	49,687	1
1900	Other non-current assets		4,313	-	4,256	-	14,778	-
15XX	<b>Total non-current assets</b>		<u>2,018,948</u>	<u>49</u>	<u>2,017,899</u>	<u>51</u>	<u>2,857,732</u>	<u>58</u>
1XXX	<b>Total assets</b>		<u>\$ 4,093,043</u>	<u>100</u>	<u>\$ 3,964,523</u>	<u>100</u>	<u>\$ 4,895,702</u>	<u>100</u>

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CYBERLINK CORP. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**

(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

Liabilities and Equity	Notes	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>							
2130 Current contract liabilities	6(22)	\$ 195,862	5	\$ 188,350	5	\$ 148,105	3
2170 Accounts payable	6(11)	51,441	1	54,723	2	65,500	2
2200 Other payables	6(12)	357,085	9	366,321	9	375,650	8
2220 Other payables - related parties	7	19	-	-	-	-	-
2230 Income tax payable		4,142	-	3,618	-	1,706	-
2280 Current lease liabilities	6(8)	2,933	-	3,670	-	10,349	-
2300 Other current liabilities	6(13)	52,484	1	53,113	1	60,704	1
21XX <b>Total current liabilities</b>		<u>663,966</u>	<u>16</u>	<u>669,795</u>	<u>17</u>	<u>662,014</u>	<u>14</u>
<b>Non-current liabilities</b>							
2550 Non-current provisions	6(14)	505,230	12	492,174	12	504,948	10
2570 Deferred income tax liabilities		19,436	1	17,948	1	9,572	-
2580 Non-current lease liabilities	6(8)	553	-	884	-	4,512	-
2600 Other non-current liabilities	6(15)	77,709	2	77,265	2	85,071	2
25XX <b>Total non-current liabilities</b>		<u>602,928</u>	<u>15</u>	<u>588,271</u>	<u>15</u>	<u>604,103</u>	<u>12</u>
2XXX <b>Total Liabilities</b>		<u>1,266,894</u>	<u>31</u>	<u>1,258,066</u>	<u>32</u>	<u>1,266,117</u>	<u>26</u>
<b>Equity</b>							
<b>Equity attributable to shareholders of the parent</b>							
Capital Stock	6(18)						
3110 Common stock		786,943	19	773,533	20	806,983	16
Capital surplus	6(19)						
3200 Capital surplus		748,609	19	703,016	17	993,528	20
Retained earnings	6(20)						
3310 Legal reserve		1,192,548	29	1,192,548	30	1,192,548	24
3320 Special reserve		185,920	4	185,920	5	129,240	3
3350 Unappropriated earnings		136,363	3	93,847	2	921,312	19
Other equity interest	6(21)						
3400 Other equity interest		( 224,234 )	( 5 )	( 242,407 )	( 6 )	( 204,008 )	( 4 )
3500 Treasury shares	6(18)	-	-	-	-	( 210,018 )	( 4 )
31XX <b>Equity attributable to shareholders of the parent</b>		<u>2,826,149</u>	<u>69</u>	<u>2,706,457</u>	<u>68</u>	<u>3,629,585</u>	<u>74</u>
3XXX <b>Total equity</b>		<u>2,826,149</u>	<u>69</u>	<u>2,706,457</u>	<u>68</u>	<u>3,629,585</u>	<u>74</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments	6(8)(9) and 7						
Significant Events after the balance sheet date	11						
3X2X <b>Total liabilities and equity</b>		<u>\$ 4,093,043</u>	<u>100</u>	<u>\$ 3,964,523</u>	<u>100</u>	<u>\$ 4,895,702</u>	<u>100</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CYBERLINK CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**Three Months Ended March 31, 2022 and 2021**

(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars, except for Earnings per share

	Item	Notes	Three Months Ended March 31			
			2022		2021	
			Amount	%	Amount	%
4000	Net revenue	6(22)	\$ 381,420	100	\$ 376,391	100
5000	Operating costs	6(23)(28)	( 56,331 )	( 15 )	( 67,674 )	( 18 )
5900	Gross profit		325,089	85	308,717	82
	Operating expenses	6(16)(28)(29) and 7				
6100	Sales and marketing expenses		( 146,028 )	( 38 )	( 146,599 )	( 39 )
6200	General and administrative expenses		( 25,495 )	( 7 )	( 30,206 )	( 8 )
6300	Research and development expenses		( 134,677 )	( 35 )	( 107,661 )	( 29 )
6000	Total operating expenses		( 306,200 )	( 80 )	( 284,466 )	( 76 )
6900	Operating income		18,889	5	24,251	6
	Non-operating income and expenses					
7100	Interest income	6(3)(24)	675	-	322	-
7010	Other income	6(9)(10)(25) and 7	17,615	4	21,131	6
7020	Other gains or losses	6(2)(27)	14,300	4	( 9,346 )	( 3 )
7050	Financial costs	6(8)(27)	( 15 )	-	( 64 )	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	-	-	( 798 )	-
7000	Total non-operating income and expenses		32,575	8	11,245	3
7900	<b>Income before income tax</b>		51,464	13	35,496	9
7950	Income tax expenses	6(30)	( 8,948 )	( 2 )	( 5,675 )	( 1 )
8200	<b>Net income</b>		\$ 42,516	11	\$ 29,821	8
	<b>Other comprehensive (loss) income</b>					
	<b>Components of other comprehensive income that will be reclassified to profit or loss subsequently</b>					
8361	Exchange differences arising on translation of foreign operations	6(21)	\$ 18,173	5	( \$ 18,321 )	( 5 )
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(6)(21)	-	-	233	-
8360	Components of other comprehensive income that will be reclassified to profit or loss subsequently		18,173	5	( 18,088 )	( 5 )
8500	<b>Total comprehensive (loss) income</b>		\$ 60,689	16	\$ 11,733	3
	Net income, attributable to:					
8610	Shareholders of the parent		\$ 42,516	11	\$ 29,821	8
	Total comprehensive income, attributable to:					
8710	Shareholders of the parent		\$ 60,689	16	\$ 11,733	3
	Earnings per share (EPS)	6(31)				
9750	Basic earnings per share		\$ 0.55		\$ 0.38	
9850	Diluted earnings per share		\$ 0.55		\$ 0.37	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CYBERLINK CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**Three Months Ended March 31, 2022 and 2021**  
(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

		Equity attributable to shareholders of the parent							
		Retained Earnings				Other equity interest			
							Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Notes		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Treasury shares	Total
<u>Three months ended March 31, 2021</u>									
		\$ 826,003	\$ 1,177,301	\$ 1,192,548	\$ 129,240	\$ 891,491	( \$ 173,686 )	( \$ 12,234 )	( \$ 214,507 ) \$ 3,816,156
		-	-	-	-	29,821	-	-	29,821
Other comprehensive loss for the three months ended March 31, 2021	6(21)	-	-	-	-	-	( 18,088 )	-	( 18,088 )
Total comprehensive (loss) income for the three months ended March 31, 2021		-	-	-	-	29,821	( 18,088 )	-	11,733
Purchase of treasury share	6(18)	-	-	-	-	-	-	( 203,150 )	( 203,150 )
Retirement of treasury share	6(18)(19)(32)	( 20,000 )	( 187,639 )	-	-	-	-	207,639	-
Employee stock options exercised	6(18)(19)	980	3,450	-	-	-	-	-	4,430
Change in net equity of associates accounted for using the equity method	6(19)	-	416	-	-	-	-	-	416
Balance at March 31, 2021		<u>\$ 806,983</u>	<u>\$ 993,528</u>	<u>\$ 1,192,548</u>	<u>\$ 129,240</u>	<u>\$ 921,312</u>	<u>( \$ 191,774 )</u>	<u>( \$ 12,234 )</u>	<u>( \$ 210,018 ) \$ 3,629,585</u>
<u>Three months ended March 31, 2022</u>									
		\$ 773,533	\$ 703,016	\$ 1,192,548	\$ 185,920	\$ 93,847	( \$ 230,112 )	( \$ 12,295 )	\$ 2,706,457
Net income for the three months ended March 31, 2022		-	-	-	-	42,516	-	-	42,516
Other comprehensive income for the three months ended March 31, 2022	6(21)	-	-	-	-	-	18,173	-	18,173
Total comprehensive income for the three months ended March 31, 2022		-	-	-	-	42,516	18,173	-	60,689
Employee stock options exercised	6(18)(19)	13,410	45,593	-	-	-	-	-	59,003
Balance at March 31, 2022		<u>\$ 786,943</u>	<u>\$ 748,609</u>	<u>\$ 1,192,548</u>	<u>\$ 185,920</u>	<u>\$ 136,363</u>	<u>( \$ 211,939 )</u>	<u>( \$ 12,295 )</u>	<u>\$ 2,826,149</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CYBERLINK CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Three Months Ended March 31, 2022 and 2021**

(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Three Months Ended March 31, 2022	2021
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 51,464	\$ 35,496
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets at fair value through profit or loss	6(2)(27)	( 783 )	39
Depreciation expense	6(7)(8)(10)	7,163	8,977
Amortization expense	6(28)	800	599
Interest income	6(24)	( 675 )	( 322 )
Interest expenses	6(8)(27)	15	64
Loss on scrapping of property, plant, and equipment	6(26)	-	34
Share of loss of associates and joint ventures accounted for using equity method	6(6)	-	798
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		( 80,000 )	( 252,425 )
Accounts receivable		12,725	25,600
Other receivables		( 402 )	( 200 )
Other receivables-related parties		85	( 283 )
Inventories		256	( 213 )
Other current assets		5,912	3,817
Changes in operating liabilities			
Current contract liabilities		7,513	17,961
Accounts payable		( 3,378 )	( 10,496 )
Other payables		( 10,821 )	( 41,561 )
Other payables - related parties		19	( 435 )
Other current liabilities		249	( 632 )
Provisions		13,056	916
Other non-current liabilities		( 124 )	( 181 )
Cash inflow (outflow) generated from operations		3,074	( 212,447 )
Interest received		457	507
Interest paid		( 15 )	( 64 )
Income tax paid		( 8,770 )	( 13,523 )
Net cash flows used in operating activities		( 5,254 )	( 225,527 )

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CYBERLINK CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Three Months Ended March 31, 2022 and 2021

(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Three Months Ended March 31,	
		2022	2021
<u>Cash flows from investing activities</u>			
Proceeds from disposal of financial assets at amortized cost		\$ 577,480	\$ 968,380
Acquisition of financial assets at amortized cost		-	( 613,610)
Acquisition of property, plant and equipment	6(7)	( 1,915)	( 42)
Acquisition of intangible assets		-	( 270)
(Increase) decrease in refundable deposits		( 50)	35
Net cash flows from investing activities		<u>575,515</u>	<u>354,493</u>
<u>Cash flows from financing activities</u>			
Increase in deposits received	6(33)	568	-
Repayment of the principal portion of lease liabilities	6(8)(33)	( 1,068)	( 2,621)
Exercise of employee stock options		59,003	4,430
Acquisition of treasury shares		-	( 203,150)
Net cash inflow from (used in) financing activities		<u>58,503</u>	<u>( 201,341)</u>
Effects of changes in exchange rates of foreign currency holding		<u>15,718</u>	<u>( 14,375)</u>
Net increase (decrease) in cash and cash equivalents		<u>644,482</u>	<u>( 86,750)</u>
Cash and cash equivalents at beginning of period		<u>1,102,879</u>	<u>1,119,884</u>
Cash and cash equivalents at end of period		<u>\$ 1,747,361</u>	<u>\$ 1,033,134</u>

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

CYBERLINK CORP. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2022 and 2021

(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars  
(EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

CyberLink Corp. (the “Company”) was incorporated under the Company Law of the Republic of China (R.O.C.) in August 1990. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design and sale of computer software.

The Securities and Futures Commission of the Republic of China had approved the Company’s shares to be listed on the GreTai Securities Market (formerly Over-The-Counter Securities Exchange) and the shares started trading on October 11, 2000. The Company’s shares have been listed on the Taiwan Stock Exchange Corporation since September 27, 2004.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The consolidated financial statements were authorized for issuance by the Board of Directors on April 26, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts-cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

1. The consolidated financial statements of the group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" and endorsed by the Financial Supervisory Commission.
2. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

1. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

1. Basis for preparation of the consolidated financial statements:  
The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2021.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Major Operating Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
CyberLink Corp.	CyberLink.Com Corp. (CyberLink-USA)	Sale of software	100%	100%	100%	
CyberLink Corp.	CyberLink Europe B.V. (CyberLink-B.V.)	Sale of software	-	-	100%	Note
CyberLink Corp.	CyberLink International Technology Corp. (CyberLink-B.V.I)	Investment activities	100%	100%	100%	
CyberLink Corp.	CyberLink Inc. (CyberLink-Japan)	Sale of software	100%	100%	100%	

Note: CyberLink-B.V. ceased its operating activities on October 31, 2020 and the business was closed as resolved by the Board of Directors on December 31, 2020. The business deregistration has been applied in January 2021 and was completely dissolved on May 31, 2021.

3. Subsidiaries not included in the consolidated financial statements:  
None.
4. Adjustments for subsidiaries with different balance sheet dates:  
None.
5. Significant restrictions:  
None.
6. Subsidiaries that have non-controlling interests that are material to the Group:  
None.

(4) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

(5) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is accordingly.

(6) Income tax

The income tax expense for the interim period is recognized by applying the estimated average annual effective income tax rate for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes during the period; please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and revolving funds	\$ 50	\$ 50	\$ 59
Checking accounts	513,487	507,291	557,401
Demand deposits	460,814	595,538	475,674
Time deposits	773,010	-	-
	<u>\$ 1,747,361</u>	<u>\$ 1,102,879</u>	<u>\$ 1,033,134</u>

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. In addition, due to the sale of license of Service Software in April 2020, the buyer and the seller shall prepay the contract amount to the Company and the Company shall pledge an equivalent amount of time deposits as collateral according to the agreement. As of March 31, 2022, December 31, 2021 and March 31, 2021, the restricted cash was all amounting to \$5,000, were pledged to others as collateral, and were classified as non-current financial assets at amortized cost.

(2) Financial assets at fair value through profit or loss– current and non-current

Item	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Money market funds	\$ 80,000	\$ -	\$ 240,018
Valuation adjustment	3	-	63
Total	<u>\$ 80,003</u>	<u>\$ -</u>	<u>\$ 240,081</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Private fund	\$ 249,113	\$ 241,842	\$ 246,049
Unlisted stocks	29,415	29,415	38,695
Subtotal	278,528	271,257	284,744
Valuation adjustment	4,735	3,921	( 7,756 )
Total	<u>\$ 283,263</u>	<u>\$ 275,178</u>	<u>\$ 276,988</u>

1. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three Months Ended March 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	\$ 780	( \$ 120 )
Money market funds	3	81
	<u>\$ 783</u>	<u>( \$ 39 )</u>

2. The Group received proceeds from capital reduction of an investee in the amount of \$9,280 in July 2021, respectively. The Group received part of invested cost from disposal of some investment target of an investee in the amount of \$12,528 in August 2021.
3. The Group has no financial assets at fair value through profit or loss pledged to others.
4. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(3).

(3) Financial assets at amortized cost

Item	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Time deposits with original maturity of more than three months	<u>\$ 114,520</u>	<u>\$ 692,000</u>	<u>\$ 613,610</u>
Non-current items:			
Time deposits pledged to others as collateral	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>

1. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Three Months Ended	
	March 31,	
	2022	2021
Interest income	\$ 363	\$ 312

2. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$119,520, \$697,000 and \$618,610, respectively.
3. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
4. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(3). The counterparties of the Group's time deposit investment are financial institution with high credit quality, so it expects that the probability of counterparty default is remote.

(4) Financial assets at fair value through other comprehensive income - non-current

Item	March 31, 2022	December 31, 2021	March 31, 2021
Unlisted stocks	\$ 11,920	\$ 11,920	\$ 12,135
Valuation adjustment	( 11,672 )	( 11,672 )	( 11,826 )
	\$ 248	\$ 248	\$ 309

1. The Group has elected to classify unlisted stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$248, \$248 and \$309 as at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.
2. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$248, \$248 and \$309, respectively.
3. The Group has no financial assets at fair value through other comprehensive income pledged to others.
4. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(5) Accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	\$ 64,282	\$ 77,639	\$ 70,686

1. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Not Past Due	\$ 63,377	\$ 76,109	\$ 67,383
Up to 30 days	166	649	1,648
31 to 90 days	111	446	1,545
Over 91 days	628	435	110
	\$ 64,282	\$ 77,639	\$ 70,686

The above ageing analysis was based on past due date.

2. As of March 31, 2022, December 31, 2021 and March 31, 2021, accounts receivable were all both from contracts with customers. And as of January 1, 2021, the balance of accounts receivable from contracts with customers amounted to \$99,780.
3. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into consideration other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$64,282, \$77,639 and \$70,686, respectively.
4. Information relating to credit risk of accounts receivable is provided in Note 12(3).

(6) Investments accounted for using the equity method

	Three Months Ended March 31,	
	2022	2021
At January 1	\$ -	\$ 788,353
Share of loss of investments accounted for using the equity method	- (	798 )
Changes in capital surplus (Note 6(19))	-	416
Changes in other equity items (Note 6(21))	-	233
At March 31	\$ -	\$ 788,204

The Group's shareholding ratio in Perfect Corp. declined from 38.30% to 38.10% as the employees of Perfect Corp. exercised their employee stock options on September 27, 2021.

The Group's shareholding ratio in Perfect Corp. declined from 38.10% to 38.08% as the employees of Perfect Corp. exercised their employee stock options on December 19, 2021.

The Group's shareholding ratio in Perfect Corp. declined from 38.08% to 36.30% as the employees of Perfect Corp. exercised their employee stock options on January 24, 2022.

1. The basic information of the associate is as follows:

Company Name	Principal place of business	Shareholding ratio			Nature of relationship	Method of Measurement
		March 31, 2022	December 31, 2021	March 31, 2021		
Perfect Corp.	Cayman	36.30%	38.08%	38.30%	Investments accounted for using the equity method	Equity method

2. The Group held a 36.30% equity interest in Perfect Corp. Given that 4 other large shareholders jointly hold more shares than the Group and the Group appointed only one out of seven directors, which indicates that the Group has no current ability to direct the relevant activities of Perfect Corp., the Group has no control, but only has significant influence, over the investee.
3. Pursuant to the terms of the Series C Preferred Share Agreement, the Group has to obtain the approval from the Board of Directors of Perfect Corp. before selling its shares in Perfect Corp.
4. On March 3, 2022, the Board of Directors of an investee of Associates approved the business combination with the listed Provident Acquisition Corp. (Cayman). After the combination, Perfect Corp. will be the surviving entity which is listed in the NASDAQ. According to business combination agreement, the equity value of Perfect Corp. was approximately US\$1,010,000 thousand before combination. In the fourth quarter of 2021, the Perfect Corp. had a massive deficit amount on account after valuation of preference share liabilities which were issued by Perfect Corp. based on

the business value of aforementioned combination transaction. Therefore, on March 31, 2022 and December 31, 2021, the net equity was negative. According to the regulation, the Group will not further recognize losses when the share of losses in an associate equals or exceeds its equity interest in the associate, thus, the Group's recognition on the investment in an associate will stop at \$0.

5. For the Group's future strategic development purpose, on March 3, 2022, the Board of Directors of the Company approved to acquire 3 million common shares issued by the subsidiary, CyberLink-B.V.I., for capital increase, with a par value of US\$1, the total acquisition amount was US\$3 million. In addition, the subsidiary, CyberLink-B.V.I., simultaneously will invest the common shares issued by Perfect Corp., with an acquisition price at US\$10 per share, the total investment amount was US\$3 million. The capital increase has not yet been carried out as of March 31, 2022.
6. On March 3, 2022, the Board of Directors of the Company approved to authorize the Chairman to approve the business combination of Perfect Corp. of the subsidiary, CyberLink-B.V.I. with the NASDAQ listed Provident Acquisition Corp. (Cayman). After the combination, Perfect Corp. was the surviving entity. The combination has not yet been carried out as of March 31, 2022.

(7) Property, plant, and equipment

	Three Months Ended March 31, 2022				
	Land	Buildings	Machinery and equipment	Office equipment	Total
<u>At January 1</u>					
Cost	\$ 334,441	\$ 157,144	\$ 28,966	\$ 3,847	\$ 524,398
Accumulated depreciation	-	( 48,995 )	( 17,654 )	( 3,100 )	( 69,749 )
	<u>\$ 334,441</u>	<u>\$ 108,149</u>	<u>\$ 11,312</u>	<u>\$ 747</u>	<u>\$ 454,649</u>
Opening net book amount	\$ 334,441	\$ 108,149	\$ 11,312	\$ 747	\$ 454,649
Additions	-	435	1,390	90	1,915
Reclassification - cost (Note)	-	( 13,557 )	-	-	( 13,557 )
Reclassification - accumulated depreciation (Note)	-	3,301	-	-	3,301
Depreciation expense	-	( 1,801 )	( 1,359 )	( 45 )	( 3,205 )
Net exchange differences	( 2,460 )	( 600 )	( 4 )	( 2 )	( 3,066 )
Closing net book amount	<u>\$ 331,981</u>	<u>\$ 95,927</u>	<u>\$ 11,339</u>	<u>\$ 790</u>	<u>\$ 440,037</u>
<u>At March 31</u>					
Cost	\$ 331,981	\$ 143,343	\$ 30,318	\$ 4,016	\$ 509,658
Accumulated depreciation	-	( 47,416 )	( 18,979 )	( 3,226 )	( 69,621 )
	<u>\$ 331,981</u>	<u>\$ 95,927</u>	<u>\$ 11,339</u>	<u>\$ 790</u>	<u>\$ 440,037</u>

Three Months Ended March 31, 2021					
	Land	Buildings	Machinery and equipment	Office equipment	Total
<u>At January 1</u>					
Cost	\$ 351,372	\$ 165,003	\$ 29,162	\$ 4,298	\$ 549,835
Accumulated depreciation	-	( 45,679 )	( 16,717 )	( 3,585 )	( 65,981 )
	<u>\$ 351,372</u>	<u>\$ 119,324</u>	<u>\$ 12,445</u>	<u>\$ 713</u>	<u>\$ 483,854</u>
Opening net book amount	\$ 351,372	\$ 119,324	\$ 12,445	\$ 713	\$ 483,854
Additions	-	-	42	-	42
Costs of disposal	-	-	-	( 287 )	( 287 )
Accumulated depreciation on disposal	-	-	-	253	253
Depreciation expense	-	( 2,057 )	( 1,410 )	( 43 )	( 3,510 )
Net exchange differences	( 8,797 )	( 2,167 )	( 16 )	( 24 )	( 11,004 )
Closing net book amount	<u>\$ 342,575</u>	<u>\$ 115,100</u>	<u>\$ 11,061</u>	<u>\$ 612</u>	<u>\$ 469,348</u>
<u>At March 31</u>					
Cost	\$ 342,575	\$ 162,627	\$ 29,065	\$ 3,942	\$ 538,209
Accumulated depreciation	-	( 47,527 )	( 18,004 )	( 3,330 )	( 68,861 )
	<u>\$ 342,575</u>	<u>\$ 115,100</u>	<u>\$ 11,061</u>	<u>\$ 612</u>	<u>\$ 469,348</u>

Note: The Company sublet some real estate in January 2022, so the buildings (including accumulated depreciation) were transferred to “Investment property.”

(8) Leasing arrangements lessee

1. The Group leases various assets including offices and transportation equipment. Rental contracts are typically made for periods from 2019 to 2023. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may neither be used as security for borrowing purposes nor have its rights transferred to others in other forms such as business transfer and combination.
2. Short-term leases with a lease term of 12 months or less comprise leased offices in America.
3. The information of right-of-use assets is as follows:

Three Months Ended March 31, 2022			
	Buildings	Transportation equipment	Total
<u>At January 1</u>			
Cost	\$ 8,663	\$ 3,921	\$ 12,584
Accumulated depreciation	( 6,256 )	( 1,743 )	( 7,999 )
	<u>\$ 2,407</u>	<u>\$ 2,178</u>	<u>\$ 4,585</u>
<u>At January 1</u>	\$ 2,407	\$ 2,178	\$ 4,585
Depreciation expense	( 722 )	( 327 )	( 1,049 )
<u>At March 31</u>	<u>\$ 1,685</u>	<u>\$ 1,851</u>	<u>\$ 3,536</u>
<u>At March 31</u>			
Cost	\$ 8,663	\$ 3,921	\$ 12,584
Accumulated depreciation	( 6,978 )	( 2,070 )	( 9,048 )
	<u>\$ 1,685</u>	<u>\$ 1,851</u>	<u>\$ 3,536</u>

Three Months Ended March 31, 2021			
	Buildings	Transportation equipment	Total
At January 1			
Cost	\$ 21,675	\$ 3,921	\$ 25,596
Accumulated depreciation	( 7,164 )	( 436 )	( 7,600 )
	<u>\$ 14,511</u>	<u>\$ 3,485</u>	<u>\$ 17,996</u>
At January 1	\$ 14,511	\$ 3,485	\$ 17,996
Depreciation expense	( 2,298 )	( 326 )	( 2,624 )
Net exchange differences	( 562 )	-	( 562 )
At March 31	<u>\$ 11,651</u>	<u>\$ 3,159</u>	<u>\$ 14,810</u>
At March 31			
Cost	\$ 20,798	\$ 3,921	\$ 24,719
Accumulated depreciation	( 9,147 )	( 762 )	( 9,909 )
	<u>\$ 11,651</u>	<u>\$ 3,159</u>	<u>\$ 14,810</u>

4. Lease liabilities relating to lease contracts:

	March 31, 2022	December 31, 2021	March 31, 2021
Total lease liabilities	\$ 3,486	\$ 4,554	\$ 14,861
Less: Current portion (shown as 'current lease liabilities')	( 2,933 )	( 3,670 )	( 10,349 )
	<u>\$ 553</u>	<u>\$ 884</u>	<u>\$ 4,512</u>

5. The information on profit and loss accounts relating to lease contracts is as follows:

Three Months Ended March 31,			
	2022		2021
<u>Items affecting profit or loss</u>			
Interest expense on lease liabilities	\$ 15	\$	64
Expense on short-term lease contracts	421		472
	<u>\$ 436</u>	<u>\$</u>	<u>536</u>

6. For the three months ended March 31, 2022 and 2021, the Group's total cash outflow for leases were \$1,504 and \$3,157, respectively, which included expense on short-term lease contracts of \$421 and \$472, interest expenses on lease liabilities of \$15 and \$64, and payments of lease liabilities of \$1,068 and \$2,621, respectively.

(9) Leasing arrangements – lessor

1. Leases to unrelated parties

The Group leases various assets including two short sections numbered 229 in Xihu Section in Neihu District of Taipei, 1F to 9F of Building-B of "Sun-Tech Plaza" located in Neihu District of Taipei, 5F of "Jiang-Ling Information" Building located in Xindian District of New Taipei City, and the office at Shiba Daimon in Tokyo, Japan. Rental contracts are typically made for a period between 1 and 10 years, and the lease of the office at Shiba Daimon in Tokyo, Japan was terminated on April 30, 2021. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may neither be used as security for borrowing purposes nor, in all or in part, be lent to others or corporates through sublease, sharing, transfer or any other forms.

2. Leases to related parties

The Group leases various assets including the offices in 6F and 14F of the corporate office “Jiang-Ling Information” Building located in Xindian District of New Taipei City, and the office in Minato City, Tokyo, Japan. Rental contracts are typically made for periods of 1 ~ 2 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights on the leased assets, leased assets may neither be used as security for borrowing purposes nor, in all or in part, be lent to others or corporates through sublease, sharing, transfer or any other forms. Rents are collected at the beginning of next month.

3. For the three months ended March 31, 2022 and 2021, the Group recognized rent income in the amounts of \$16,626 and \$19,905, respectively, based on the operating lease agreement, which does not include variable lease payments.
4. The maturity analysis of the lease payments receivable under the operating leases is as follows:

		March 31, 2022
Within 1 year		\$ 43,499
2023		45,214
2024		18,397
2025		3,451
2026		3,244
2027		811
		<u>\$ 114,616</u>
	December 31, 2021	March 31, 2021
Within 1 year	\$ -	\$ 41,929
2022	53,384	38,668
2023	36,713	30,653
2024	14,724	8,823
2025	207	-
	<u>\$ 105,028</u>	<u>\$ 120,073</u>

(10) Investment property

	Three Months Ended March 31, 2022		
	Land	Buildings	Total
<u>At January 1</u>			
Cost	\$ 799,024	\$ 579,913	\$ 1,378,937
Accumulated depreciation	-	( 150,643 )	( 150,643 )
	<u>\$ 799,024</u>	<u>\$ 429,270</u>	<u>\$ 1,228,294</u>
Opening net book amount	\$ 799,024	\$ 429,270	\$ 1,228,294
Reclassification - cost (Note)	-	13,557	13,557
Reclassification - accumulated depreciation (Note)	-	( 3,301 )	( 3,301 )
Depreciation expense	-	( 2,909 )	( 2,909 )
Closing net book amount	<u>\$ 799,024</u>	<u>\$ 436,617</u>	<u>\$ 1,235,641</u>
<u>At March 31</u>			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	-	( 156,853 )	( 156,853 )
	<u>\$ 799,024</u>	<u>\$ 436,617</u>	<u>\$ 1,235,641</u>
	Three Months Ended March 31, 2021		
	Land	Buildings	Total
<u>At January 1</u>			
Cost	\$ 799,024	\$ 579,913	\$ 1,378,937
Accumulated depreciation	-	( 139,273 )	( 139,273 )
	<u>\$ 799,024</u>	<u>\$ 440,640</u>	<u>\$ 1,239,664</u>
Opening net book amount	\$ 799,024	\$ 440,640	\$ 1,239,664
Depreciation expense	-	( 2,843 )	( 2,843 )
Closing net book amount	<u>\$ 799,024</u>	<u>\$ 437,797</u>	<u>\$ 1,236,821</u>
<u>At March 31</u>			
Cost	\$ 799,024	\$ 579,913	\$ 1,378,937
Accumulated depreciation	-	( 142,116 )	( 142,116 )
	<u>\$ 799,024</u>	<u>\$ 437,797</u>	<u>\$ 1,236,821</u>

Note: Please refer to note 6(7) for the description of the transfer from “Property, plant and equipment” to “Investment property.”

1. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Three Months Ended March 31,	
	2022	2021
Rental income from investment property	\$ 15,064	\$ 16,691
Direct operating expenses arising from the investment property that generated rental income during the months	\$ 2,742	\$ 2,843
Direct operating expenses arising from the investment property that did not generate rental income during the months	\$ 167	\$ -

2. The fair values of the investment property held by the Group as of March 31, 2022, December 31, 2021 and March 31, 2021 were \$2,152,509, \$2,071,041 and \$2,038,147, respectively, which were estimated based on market trading prices of similar property in the areas nearby which belong to the Level 3 information.

(11) Accounts payable

	March 31, 2022	December 31, 2021	March 31, 2021
Royalty expense	\$ 50,452	\$ 52,460	\$ 63,746
Others	989	2,263	1,754
	<u>\$ 51,441</u>	<u>\$ 54,723</u>	<u>\$ 65,500</u>

(12) Other payables

	March 31, 2022	December 31, 2021	March 31, 2021
Royalty collection	\$ 139,017	\$ 134,798	\$ 179,803
Employees' rewards	59,744	44,800	-
Promotional fees	45,046	33,666	58,435
Payroll	46,617	90,297	42,956
Employees' compensation and directors' remuneration	30,560	28,068	63,504
Professional service fees	12,226	12,400	9,297
Other accrued expenses	23,875	22,292	21,655
	<u>\$ 357,085</u>	<u>\$ 366,321</u>	<u>\$ 375,650</u>

(13) Other current liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Refund liability	\$ 47,602	\$ 46,502	\$ 55,664
Others	4,882	6,611	5,040
	<u>\$ 52,484</u>	<u>\$ 53,113</u>	<u>\$ 60,704</u>

(14) Provisions

Three Months Ended March 31, 2022			
	Royalty	Cost of software bug-fixing	Total
At January 1	\$ 486,653	\$ 5,521	\$ 492,174
Additional provisions	4,177	10	4,187
Unused amounts reversed	( 7,833 )	-	( 7,833 )
Exchange differences	16,702	-	16,702
At March 31	<u>\$ 499,699</u>	<u>\$ 5,531</u>	<u>\$ 505,230</u>
Three Months Ended March 31, 2021			
	Royalty	Cost of software bug-fixing	Total
At January 1	\$ 498,272	\$ 5,760	\$ 504,032
Additional provisions	5,138	53	5,191
Unused amounts reversed	( 5,325 )	-	( 5,325 )
Exchange differences	1,050	-	1,050
At March 31	<u>\$ 499,135</u>	<u>\$ 5,813</u>	<u>\$ 504,948</u>

Analysis of total provisions:

	March 31, 2022	December 31, 2021	March 31, 2021
Non-current	<u>\$ 505,230</u>	<u>\$ 492,174</u>	<u>\$ 504,948</u>

1. Royalty

The Group estimates the possible royalty expenses based on the industry characteristics, other known events and management's judgement, and recognizes such expenses within 'cost of goods sold' when related products are sold. Any changes in industry circumstances might affect the provision for royalty liabilities. Provisions shall be paid when patent owner claims for payment.

2. Cost of software bug-fixing

The Group provides software bug-fixing for program for free from time to time. The Group estimates relevant debug-fixing cost and liabilities and accounts for it as common product warranty obligations.

(15) Other current liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Accrued pension liabilities	\$ 66,835	\$ 66,959	\$ 67,257
Guarantee deposits received	10,874	10,306	17,814
	<u>\$ 77,709</u>	<u>\$ 77,265</u>	<u>\$ 85,071</u>

(16) Pensions

1. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the three months ended March 31, 2022 and 2021, the pension costs recognized by the Company in accordance with the pension measures above were \$116 and \$59, respectively.
- (c) Expected contributions to the defined benefit pension plans of the company for the year ending December 31, 2022 amount to \$960.
2. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company for the three months ended March 31, 2022 and 2021 were \$5,900 and \$5,464, respectively.
- (c) The pension costs under local pension regulations of the foreign subsidiaries for the three months ended March 31, 2021 and 2020 were \$841 and \$1,042, respectively.

(17) Share-based payment

1. As of March 31, 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	August 25, 2015	5,000	7 years	2 years' service: exercise 50% 3 years' service: exercise 75% 4 years' service: exercise 100%

2. Details of the share-based payment arrangements are as follows:

	Three Months Ended March 31,			
	2022		2021	
	No. of options (in thousands)	Weighted – average exercise price (in dollars)	No. of options (in thousands)	Weighted – average exercise price (in dollars)
Options outstanding on January 1	1,699	\$ 44.00	2,452	\$ 45.20
Options exercised	( 1,341 )	44.00	( 98 )	45.20
Options outstanding on March 31	358	44.00	2,354	45.20
Options exercisable on March 31	358		2,354	

3. The weighted-average stock price of stock options at exercise dates for the three months ended March 31, 2022 and 2021 was \$44.00 and \$45.20 (in dollars), respectively.
4. As of March 31, 2022, December 31, 2021 and March 31, 2021, the range of exercise prices of stock options outstanding was \$44.00, \$44.00 and \$45.20 (in dollars), respectively; the weighted-average remaining contractual period was 0.40 years, 0.65 years and 1.40 years, respectively.
5. The fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	August 25, 2015	\$ 54	\$ 54	23.95%	4.875	0.00%	0.81%	\$ 12.1117

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life and the standard deviation of return on the stock during this period.

6. On April 26, 2022, the Board of Directors of the Company was approved to issue the first employee stock option certificates of 2022, with a total of 2,000,000 units were issued, and the subscription price was the closing price of the Company's ordinary shares on the date of issuance. The issuance is being processed at the moment.

(18) Share capital

1. As of March 31, 2022, the Company's authorized capital was \$1,610,000, consisting of 161,000 thousand shares of ordinary stock (including 21,000 thousand shares reserved for employee stock options), and the paid-in capital was \$786,943 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number (Shares in thousands) of the Company's ordinary shares outstanding are as follows:

	Three Months Ended March 31,	
	2022	2021
At January 1	77,353	82,600
Exercise of employee stock options exercised	1,341	98
Shares retired	-	( 2,000 )
At March 31	78,694	80,698

## 2. Treasury shares

- (a) Reason for share buy-back and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	March 31, 2021	
		Number of shares (in thousands)	Carrying amount
The Company	Maintain the Company's credit and shareholders' interest	2,000	\$ 210,018

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) To enhance the Company's credit rating and the stockholders' equity, the Company's Board of Directors during its meeting on October 13, 2020 resolved to repurchase its shares from the stock exchange market during the period from October 14, 2020 to December 13, 2020. The aforementioned share repurchase plan was completed on December 3, 2020, in which the Company repurchased 2,000 thousand shares totaling \$207,639. The effective date of capital reduction was set on January 5, 2021 and the cancellation of the treasury shares was registered on January 21, 2021.
- (f) To enhance the Company's credit rating and the stockholders' equity, the Company's Board of Directors during its meeting on December 25, 2020 resolved to repurchase its shares from the stock exchange market during the period from December 28, 2020 to February 26, 2021. The Company completed the repurchase of treasury shares as of February 26, 2021, the number of repurchased shares was 2,000 thousand shares amounting to \$210,018. The capital reduction is effective on April 1, 2021 and the registration of retirement of shares has been completed on April 19, 2021.
- (g) To enhance the Company's credit rating and the stockholders' equity, the Company's Board of Directors during its meeting on July 8, 2021 resolved to repurchase its shares from the stock exchange market during the period from July 9, 2021 to September 8, 2021. The Company completed the repurchase of treasury shares as of September 8, 2021, the number of repurchased shares was 2,000 thousand shares amounting to \$161,105. The capital reduction is effective on November 1, 2021 and the registration of retirement of shares has been completed on December 13, 2021.

## (19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover

accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	Three Months Ended March 31, 2022				
	Share premium	Employee stock options	Expired employee stock options in proportion to the Group's ownership	Net change in equity of associates	Total
At January 1	\$ 54,110	\$ 20,909	\$ 59,645	\$ 568,352	\$ 703,016
Exercise of employee stock options exercised	62,716	( 17,123 )	-	-	45,593
At March 31	<u>\$ 116,826</u>	<u>\$ 3,786</u>	<u>\$ 59,645</u>	<u>\$ 568,352</u>	<u>\$ 748,609</u>
	Three Months Ended March 31, 2021				
	Share premium	Employee stock options	Expired employee stock options in proportion to the Group's ownership	Net change in equity of associates	Total
At January 1	\$ 537,986	\$ 29,901	\$ 59,645	\$ 549,769	\$ 1,177,301
Exercise of employee stock options exercised	4,582	( 1,132 )	-	-	3,450
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	416	416
Retirement of treasury shares	( 187,639 )	-	-	-	( 187,639 )
At March 31	<u>\$ 354,929</u>	<u>\$ 28,769</u>	<u>\$ 59,645</u>	<u>\$ 550,185</u>	<u>\$ 993,528</u>

(20) Retained earnings

1. Under the Company's Articles of Incorporation, the current year's earnings, net of tax, shall first be used to offset prior year's operating losses (including adjustment amount of undistributed earnings), then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and setting aside or reversal for special reserve in accordance with the securities and Exchange Act. The Board of Directors should present the distribution of the remaining earnings along with undistributed earnings at beginning of periods (including adjustment amount of undistributed earnings) for the approval of the shareholders.
2. The Company's dividend policy is aligned with the development plan for the present and the future taking into consideration investment environment, capital requirement, domestic and overseas competition condition and profit of shareholders. Annual distribution of stockholders' bonus should not be less than 50% of current distributable earnings, and may be in the form of stock dividend and cash dividend. Presently, the distribution of cash dividend should not be less than 20% of annual

dividend appropriations, however, if the Company has significant plans for capital expenditures, after approval at the shareholders' meeting, cash dividends can be distributed lower than 20% of annual dividends appropriations.

3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. On March 29, 2022, the board meeting approved the loss appropriation proposal for 2021 to make up for the loss of the current year with \$562,766 of retained earnings.
6. On March 29, 2022, the board meeting approved the proposed \$135,346 cash distribution from \$35,592 of capital reserve due to share issuance at a premium and from \$99,754 of legal reserve.
7. On July 26, 2021, the appropriation of 2020 earnings had been resolved at the stockholders' meeting as follows:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ -	
Special reserve	56,680	
Cash dividends	177,745	\$ 2.26
Total	<u>\$ 234,425</u>	

The Company's legal reserve had exceeded paid-in capital, thus, according to laws, the Company could not appropriate legal reserve. When the Company appropriated earnings for the year ended December 31, 2020, it determined not to provision legal reserve.

(21) Other equity items

Three Months Ended March 31, 2022			
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	( \$ 12,295 )	( \$ 230,112 )	( \$ 242,407 )
Currency translation:			
- Group	-	18,173	18,173
At March 31	( \$ 12,295 )	( \$ 211,939 )	( \$ 224,234 )
Three Months Ended March 31, 2021			
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	( \$ 12,234 )	( \$ 173,686 )	( \$ 185,920 )
Currency translation:			
- Group	-	( 18,321 )	( 18,321 )
- Associates	-	233	233
At March 31	( \$ 12,234 )	( \$ 191,774 )	( \$ 204,008 )

(22) Operating revenue

Three Months Ended March 31,		
	2022	2021
Revenue from contracts with customers	\$ 381,420	\$ 376,391

## 1. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods over time and at a point in time in the following major product lines and geographical regions:

	Taiwan		America		Japan		Other region		
Three Months Ended March 31, 2022	Media Experience and Entertainment	Media Creation and Others	Media Experience and Entertainment	Media Creation and Others	Media Experience and Entertainment	Media Creation and Others	Media Experience and Entertainment	Media Creation and Others	Total
Revenue from contracts with customers	\$ 1,648	\$ 20,954	\$ 38,463	\$ 182,461	\$ 29,384	\$ 70,432	\$ 10,831	\$ 27,247	\$ 381,420
Timing of revenue recognition									
At a point in time	\$ 1,566	\$ 12,211	\$ 37,641	\$ 126,071	\$ 28,407	\$ 39,153	\$ 10,438	\$ 14,390	\$ 269,877
over time	82	8,743	822	56,390	977	31,279	393	12,857	111,543
	\$ 1,648	\$ 20,954	\$ 38,463	\$ 182,461	\$ 29,384	\$ 70,432	\$ 10,831	\$ 27,247	\$ 381,420
Three Months Ended March 31, 2021	Media Experience and Entertainment	Media Creation and Others	Media Experience and Entertainment	Media Creation and Others	Media Experience and Entertainment	Media Creation and Others	Media Experience and Entertainment	Media Creation and Others	Total
Revenue from contracts with customers	\$ 1,331	\$ 17,657	\$ 45,002	\$ 162,162	\$ 37,551	\$ 64,816	\$ 14,445	\$ 33,427	\$ 376,391
Timing of revenue recognition									
At a point in time	\$ 1,248	\$ 10,457	\$ 44,299	\$ 121,978	\$ 36,718	\$ 46,591	\$ 14,124	\$ 23,413	\$ 298,828
Over time	83	7,200	703	40,184	833	18,225	321	10,014	77,563
	\$ 1,331	\$ 17,657	\$ 45,002	\$ 162,162	\$ 37,551	\$ 64,816	\$ 14,445	\$ 33,427	\$ 376,391

## 2. Contract liability

(a) The Group has recognized the following revenue-related contract liabilities:

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Contract liabilities:				
Advance sales receipts	\$ 195,862	\$ 188,350	\$ 148,105	\$ 130,158

(b) Revenue recognized that was included in the contract liability balance at the beginning of the year

	Three Months Ended March 31,	
	2022	2021
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
Advance sales receipts	\$ 87,183	\$ 55,682

## (23) Operating costs

	Three Months Ended March 31,	
	2022	2021
Royalty cost	\$ 28,669	\$ 36,964
Service cost of platform	26,455	29,169
Cost of goods sold	1,197	1,487
Others	10	54
	\$ 56,331	\$ 67,674

From the year ended December 31, 2021, the Group reclassified the service cost of platform from operating expenses to operating costs according to its nature and simultaneously adjusted related presentation for the three months ended March 31, 2021, to be comparable with the financial statements for the three months ended March 31, 2022.

(24) Interest income

	Three Months Ended March 31,	
	2022	2021
Interest income from financial assets measured at amortized cost	\$ 363	\$ 312
Bank deposits	312	10
	<u>\$ 675</u>	<u>\$ 322</u>

(25) Other income

	Three Months Ended March 31,	
	2022	2021
Rental income	\$ 16,626	\$ 19,905
Service revenue (Note)	834	945
Grant income	-	54
Other income - others	155	227
	<u>\$ 17,615</u>	<u>\$ 21,131</u>

Note: Please refer to Note 7(2) A.

(26) Other gains and losses

	Three Months Ended March 31,	
	2022	2021
Currency exchange gains (losses)	\$ 16,357	( \$ 6,307 )
Depreciation expenses on investment property	( 2,909 )	( 2,843 )
Net gains (losses) on financial assets at fair value through profit or loss	783	( 39 )
Loss on scrapping of property, plant, and equipment	-	( 34 )
Others	69	( 123 )
	<u>\$ 14,300</u>	<u>( \$ 9,346 )</u>

(27) Finance costs

	Three Months Ended March 31,	
	2022	2021
Interest expense - lease liabilities	\$ 15	\$ 64

(28) Costs and expenses by nature

	Three Months Ended March 31,	
	2022	2021
Cost of goods sold	\$ 1,197	\$ 1,487
Employee benefit expense	197,767	175,275
Promotional fees	67,664	67,254
Royalty cost	28,669	36,964
Service cost of platform	26,455	29,169
Professional service fees	18,882	16,749
Depreciation of property, plant and equipment	3,205	3,510
Product expenses	1,571	2,304
Depreciation of right-of-use assets	1,049	2,624
Amortization expenses	800	599
Others	15,272	16,205
Total cost of sales and operating expenses	<u>\$ 362,531</u>	<u>\$ 352,140</u>

(29) Employee benefit expenses

	Three Months Ended March 31,	
	2022	2021
Wages and Salaries	\$ 174,067	\$ 151,787
Insurance fees	12,771	12,894
Pension costs	6,857	6,565
Directors' remuneration	825	728
Other personnel expenses	3,247	3,301
	<u>\$ 197,767</u>	<u>\$ 175,275</u>

1. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3.0% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.
2. For the three months ended March 31, 2022 and 2021, employees' compensation and directors' remuneration were accrued as follows. The amounts were recognized in salary expenses:

	Three Months Ended March 31,	
	2022	2021
Employees' compensation	\$ 1,678	\$ 10,449
Directors' remuneration	814	721
	<u>\$ 2,492</u>	<u>\$ 11,170</u>

For the three months ended March 31, 2022 and 2021, the employees' compensation were estimated and accrued based on 3.00% and 21.29%, respectively, of distributable profit of current year as of the end of reporting period; the Directors' remuneration were estimated at 1.45% and 1.47% respectively, of distributable profit of current year as of the end of reporting period.

For the year ended December 31, 2021, the Company had losses before tax. According to the Company's Articles of Incorporation, the Company didn't estimate and accrue employees' compensation and directors' remuneration.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

1. Income tax expenses

Components of income tax expense:

	Three Months Ended March 31,	
	2022	2021
Current tax:		
Current tax expense recognized for the current period	\$ 9,481	\$ 8,035
Total current tax	9,481	8,035
Deferred tax:		
Origination and reversal of temporary differences	( 533 )	( 2,360 )
Total deferred tax	( 533 )	( 2,360 )
Income tax expense recognized in profit or loss	\$ 8,948	\$ 5,675

2. The Company's income tax returns through 2019 has been assessed and approved by the Tax Authority.

(31) Earnings per share (EPS)

	Three Months Ended March 31, 2022		
	Amount after tax	Weighted average outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 42,516	77,751	\$ 0.55
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 42,516	77,751	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	204	
Employees' compensation	-	19	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 42,516	77,974	\$ 0.55

  

	Three Months Ended March 31, 2021		
	Amount after tax	Weighted average outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 29,821	79,258	\$ 0.38
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 29,821	79,258	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	1,336	
Employees' compensation	-	426	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 29,821	81,020	\$ 0.37

(32) Supplemental cash flow information

1. Investment activities with no cash flow effects:

	Three Months Ended March 31,	
	2022	2021
Transfer of property, plant and equipment to investment property	\$ 10,256	\$ -

2. Financing activities with no cash flow effects:

	Three Months Ended March 31,	
	2022	2021
Retirement of treasury shares	\$ -	\$ 207,639

(33) Changes in liabilities from financing activities

	Three Months Ended March 31, 2022		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities-gross
At January 1	\$ 10,306	\$ 4,554	\$ 14,860
Changes in cash flow from financing activities	568	( 1,068 )	( 500 )
At March 31	\$ 10,874	\$ 3,486	\$ 14,360

  

	Three Months Ended March 31, 2021		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities-gross
At January 1	\$ 18,321	\$ 18,047	\$ 36,368
Changes in cash flow from financing activities	-	( 2,621 )	( 2,621 )
Effects of changes in exchange rates	( 507 )	( 565 )	( 1,072 )
At March 31	\$ 17,814	\$ 14,861	\$ 32,675

7. RELATED-PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Perfect Corp.	Associates
Perfect Mobile Corp. (Taiwan)	Associates (Subsidiary of Perfect Corp.)
Perfect Corp. (Japan)	“
Perfect Corp. (USA)	“

(2) Significant related party transactions and balances

1. Other receivables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Service revenue:			
Perfect Mobile Corp. (Taiwan)	\$ 834	\$ 955	\$ 945
Rent income:			
Perfect Mobile Corp. (Taiwan)	661	661	539
Perfect Corp. (Japan)	760	776	685
	<u>1,421</u>	<u>1,437</u>	<u>1,224</u>
Payment on behalf of others			
Perfect Mobile Corp. (Taiwan)	255	226	970
Perfect Corp. (USA)	45	39	36
	<u>300</u>	<u>265</u>	<u>1,006</u>
	<u>\$ 2,555</u>	<u>\$ 2,657</u>	<u>\$ 3,175</u>

The Group provides legal, management and technical related services to associates, Expensed were charged in accordance with the personnel costs related to the services that the Group provided. Service revenue for the three months ended March 31, 2022 and 2021 are as follows:

	<u>Three Months Ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Service revenue (shown as other income):		
Perfect Mobile Corp. (Taiwan)	\$ 834	\$ 945

2. Other payables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Payment on behalf of others			
Perfect Mobile Corp. (Taiwan)	\$ 19	\$ -	\$ -

3. Rental income (shown as other income)

	<u>Three Months Ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Perfect Mobile Corp. (Taiwan)	\$ 1,892	\$ 1,542
Perfect Corp. (Japan)	707	647
	<u>\$ 2,599</u>	<u>\$ 2,189</u>

The maturity analysis of the lease payments receivable under the operating leases is as follows; please refer to the explanation in note 6(9).

		March 31, 2022
Within 1 year		\$ 5,667
2023		3,848
		<u>\$ 9,515</u>
	December 31, 2021	March 31, 2021
Within 1 year	\$ -	\$ 4,619
2022	7,556	6,158
2023	3,848	2,566
	<u>\$ 11,404</u>	<u>\$ 13,343</u>

(3) Key management compensation

	Three Months Ended March 31,	
	2022	2021
Short-term employee benefits	\$ 13,590	\$ 17,505
Post-employment benefits	153	158
	<u>\$ 13,743</u>	<u>\$ 17,663</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	March 31, 2022	December 31, 2021	March 31, 2021	
Time deposits (recognized as non-current financial assets at amortized cost)	\$ 5,000	\$ 5,000	\$ 5,000	Performance guarantee

The restrictions on transfers of the Group's equity interest in Perfect Corp. are described in Note 6(6).

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Except for those mentioned in Notes 6(6), 6(8), 6(9) and 7, the Group has no other significant commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(17).

12. OTHERS

(1) Presentation of financial statements

Certain accounts in the consolidated financial statements for the three months ended March 31, 2021 were reclassified to be comparable with the consolidated financial statements for the three months ended March 31, 2022.

(2) Capital management

The Group's objectives of capital management are to ensure the Group's sustainable operation and to maintain an optimal capital structure to reduce the cost of capital and provide returns for shareholders. In order to maintain or adjust to optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

(3) Financial instruments

1. Financial instruments by category

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current)	<u>\$ 363,266</u>	<u>\$ 275,178</u>	<u>\$ 517,069</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 248</u>	<u>\$ 248</u>	<u>\$ 309</u>
Financial assets at amortized cost			
Cash and cash equivalents	\$ 1,747,361	\$ 1,102,879	\$ 1,033,134
Financial assets at amortized cost (including current and non-current)	119,520	697,000	618,610
Accounts receivable	64,282	77,639	70,686
Other receivables (including related parties)	5,163	4,645	4,319
Guarantee deposits paid	4,313	4,256	10,007
	<u>\$ 1,940,639</u>	<u>\$ 1,886,419</u>	<u>\$ 1,736,756</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Accounts payable	\$ 51,441	\$ 54,723	\$ 65,500
Other payables (including related parties)	357,104	366,321	375,650
Guarantee deposits received	10,874	10,306	17,814
	<u>\$ 419,419</u>	<u>\$ 431,350</u>	<u>\$ 458,964</u>
Lease liabilities (including current and non-current)	<u>\$ 3,486</u>	<u>\$ 4,554</u>	<u>\$ 14,861</u>

2. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by the Group's treasury department under the policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### 3. Significant financial risks and degrees of financial risks

#### (a) Market risk

##### Foreign exchange risk

- (i) The Group operates internationally and is exposed to the exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with USD, JPY and EUR. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- (ii) The Group's business involves some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD, JPY, and EUR). Significant financial assets and liabilities denominated in foreign currencies are as follows:

March 31, 2022				Three Months Ended March 31, 2022		
				Sensitivity analysis		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 36,403	28.63	\$ 1,042,218	1%	\$ 10,422	\$ -
EUR:NTD	234	31.92	7,469	1%	75	-
GBP:NTD	17	37.62	640	1%	6	-
USD:JPY	3,408	121.67	87,264	1%	873	-
<u>Non-monetary items</u>						
USD:NTD	1,316	28.63	37,681	1%	377	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,303	28.63	37,305	1%	373	-
USD:JPY	2,813	121.67	80,536	1%	805	-

  

December 31, 2021				Year ended December 31, 2021		
				Sensitivity analysis		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 37,295	27.68	\$ 1,032,326	1%	\$ 10,323	\$ -
EUR:NTD	238	32.32	7,692	1%	77	-
GBP:NTD	13	37.30	485	1%	5	-
USD:JPY	4,139	115.09	114,588	1%	1,146	-
<u>Non-monetary items</u>						
USD:NTD	1,361	27.68	37,681	1%	377	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,215	27.68	33,631	1%	336	-
USD:JPY	3,768	115.09	104,298	1%	1,043	-

March 31, 2021				Three Months Ended March 31, 2021		
				Sensitivity analysis		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 26,064	28.54	\$ 743,867	1%	\$ 7,439	\$ -
EUR:NTD	353	33.48	11,818	1%	118	-
GBP:NTD	885	39.23	34,719	1%	347	-
USD:JPY	3,604	110.75	102,858	1%	1,029	-
USD:EUR	307	0.85	8,762	1%	88	-
<u>Non-monetary items</u>						
USD:NTD	29,239	28.54	834,484	1%	463	7,882
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,351	28.54	38,558	1%	386	-
USD:JPY	3,474	110.75	99,148	1%	991	-

- (iii) The total exchange profit or loss, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2022 and 2021 amounted to gains of \$16,357 and losses of \$6,307, respectively.

#### Price risk

- (i) The Group's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii) The Group mainly invests in unlisted stocks, and the value of these equity instruments will be affected by the uncertainties from the future performance of the investment targets. If the price of these equity instruments rises or falls by 1% while the other conditions remain unchanged, the increase or decrease of the net profit after tax for the three months ended March 31, 2022 and 2021 due to equity instruments measured at fair value through profit or loss will increase or decrease by \$301 and \$370, respectively; the other comprehensive income will increase or decrease by \$2 and \$3, respectively from the increase or decrease of equity investments classified as measured at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- (i) The Groups interest-bearing assets are mainly cash and cash equivalents and financial assets at amortized cost. The Group expects no significant cash flow interest rate risk on these assets as all their maturities are within 12 months.
- (ii) The Group did not use any financial instruments to hedge interest rate risk.
- (iii) There were no borrowings as of March 31, 2022, December 31, 2021 and March 31, 2021, and thus there was no interest rate risk arising from borrowings.

(b) Credit risk

- (i) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through profit or loss.
- (ii) The Group manages their credit risk taking into consideration the entire Group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- (iii) The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- (iv) The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (A) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (B) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- (v) The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (A) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (B) The disappearance of an active market for that financial asset because of financial difficulties;
  - (C) Default or delinquency in interest or principal repayments;
  - (D) Adverse changes in national or regional economic conditions that are expected to cause a default.
- (vi) The Group classifies customers' accounts receivable in accordance with geographic area. The Group applies the modified approach using provision matrix to estimate expected credit loss.
- (vii) The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable.
- (viii) The Group has not recognized loss allowance for accounts receivable provided from applying the simplified approach because the amount was both immaterial for the three months ended March 31, 2022 and 2021.

(c) Liquidity risk

- (i) Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- (ii) Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and short-term marketable security, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at March 31, 2022, December 31, 2021 and March 31, 2021, the Group held money market position of \$1,428,347, \$1,287,538 and \$1,329,365, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- (iii) The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>March 31, 2022</u>	<u>Within 1 year</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:			
Accounts payable	\$ 51,441	\$ -	\$ -
Other payables (including related parties)	357,104	-	-
Lease liabilities (Note)	2,956	555	-
Other financial liabilities	2,465	7,841	568
<u>December 31, 2021</u>	<u>Within 1 year</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:			
Accounts payable	\$ 54,723	\$ -	\$ -
Other payables (including related parties)	366,321	-	-
Lease liabilities (Note)	3,706	888	-
Other financial liabilities	3,275	7,031	-
<u>March 31, 2021</u>	<u>Within 1 year</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:			
Accounts payable	\$ 65,500	\$ -	\$ -
Other payables (including related parties)	375,650	-	-
Lease liabilities (Note)	110,501	4,789	-
Other financial liabilities	11,595	6,219	-

Note: The amount includes interest expected to be paid in the future.

(4) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the beneficiary certificates of the Group's investments belongs to this category.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity instruments and debt instruments without active market is included in Level 3.

2. Fair value information of investment property at cost is provided in Note 6(10).
3. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables, financial assets at amortized cost, other financial assets, accounts payable, other payables (including related parties) and other financial liabilities) are approximate to their fair values.
4. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

(a) The related information of natures of the assets is as follows:

March 31, 2022	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 37,681	\$ 37,681
Debt instruments	80,003	-	245,582	325,585
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	<u>\$ 80,003</u>	<u>\$ -</u>	<u>\$ 283,511</u>	<u>\$ 363,514</u>
December 31, 2021	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 37,681	\$ 37,681
Debt instruments	-	-	237,497	237,497
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,426</u>	<u>\$ 275,426</u>

March 31, 2021	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 46,280	\$ 46,280
Debt instruments	240,081	-	230,708	470,789
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	309	309
Total	<u>\$ 240,081</u>	<u>\$ -</u>	<u>\$ 277,297</u>	<u>\$ 517,378</u>

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- (i) The instruments which the Group used market quoted prices as their fair values (that is, Level 1) are listed below according to their characteristics:

	Open-end funds
Market quoted price	Net asset value

- (ii) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- (iii) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (iv) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

5. For the three months ended March 31, 2022 and 2021, there was no transfer into or out from Level 3.

6. The following chart is the movement of Level 3 for the three months ended March 31, 2022 and 2021:

Three Months Ended March 31, 2022			
	Equity securities	Debt instruments	Total
At January 1	\$ 37,929	\$ 237,497	\$ 275,426
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	-	780	780
Effect of exchange rate changes	-	7,305	7,305
At March 31	<u>\$ 37,929</u>	<u>\$ 245,582</u>	<u>\$ 283,511</u>
Three Months Ended March 31, 2021			
	Equity securities	Debt instruments	Total
At January 1	\$ 46,589	\$ 217,998	\$ 264,587
Acquired in the year	-	12,425	12,425
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	- (	120 ) (	120 )
Effect of exchange rate changes	-	405	405
At March 31	<u>\$ 46,589</u>	<u>\$ 230,708</u>	<u>\$ 277,297</u>

7. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	March 31, 2022 Fair value	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 37,929	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	the higher the discount for lack of marketability, the lower the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
Non-derivative debt instrument:				
Private fund investment	245,582	Net asset value	Not applicable.	Not applicable.

	December 31, 2021 Fair value	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 37,929	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long- term pre-tax operating margin, discount for lack of marketability, discount for lack of control	the higher the discount for lack of marketability, the lower the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
Non-derivative debt instrument:				
Private fund investment	237,497	Net asset value	Not applicable.	Not applicable.
	March 31, 2021 Fair value	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 46,589	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long- term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the discount for lack of marketability, the lower the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
Non-derivative debt instrument:				
Private fund investment	230,708	Net asset value	Not applicable.	Not applicable.

8. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		Three Months Ended March 31, 2022				
	Inputs	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability, discount for lack of control	±1%	\$ 377	(\$ 377)	\$ 2	(\$ 2)
Debt instruments		±1%	2,456	(2,456)	-	-
Total			\$ 2,833	(\$ 2,833)	\$ 2	(\$ 2)

		Three Months Ended March 31, 2021				
	Inputs	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability, discount for lack of control	±1%	\$ 463	(\$ 463)	\$ 3	(\$ 3)
Debt instruments		±1%	2,307	(2,307)	-	-
Total			\$ 2,770	(\$ 2,770)	\$ 3	(\$ 3)

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

1. Lending to others: None.
2. Provision of endorsements and guarantees to others: None.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
4. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments undertaken during the reporting periods: None.
10. Significant inter-company transactions during the reporting periods: Please refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 3.

(3) Information on investments in Mainland China

1. Basic information: Please refer to table 4.

2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 5.

14. SEGMENT REPORTING

(1) General information

The Group recognizes the reportable segments based on the reporting information used by the Chief Operating Decision-maker. The Chief Operating Decision-maker operates the business and evaluates performance by products. Its main business activities are related to the sale of video entertainment and media creation software. Information about operating results of other products is provided under the column heading “Media Creation and Others.”

(2) Information about segments

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Three Months Ended March 31, 2022		
	Media Experience and Entertainment	Media Creation and Others	Total
Segment Revenue	\$ 80,326	\$ 301,094	\$ 381,420
Segment Operating Income	\$ 3,380	\$ 15,509	\$ 18,889
Segment income (loss), including:			
Depreciation expense	\$ 761	\$ 3,493	\$ 4,254
Amortization expenses	\$ 143	\$ 657	\$ 800

  

	Three Months Ended March 31, 2021		
	Media Experience and Entertainment	Media Creation and Others	Total
Segment Revenue	\$ 98,329	\$ 278,062	\$ 376,391
Segment Operating Income	\$ 5,646	\$ 18,605	\$ 24,251
Segment income (loss), including:			
Depreciation expense	\$ 1,428	\$ 4,706	\$ 6,134
Amortization expenses	\$ 139	\$ 460	\$ 599

(3) Reconciliation for segment profit or loss

The Chief Operating Decision-Maker evaluates operating segment performance and allocates resources to operating segments based on segment revenues and operating income. Therefore, no reconciling adjustments are necessary.

**CYBERLINK CORP. AND SUBSIDIARIES**

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2022

Table 1

Unit: Amounts expressed in thousands of New Taiwan Dollars  
(EXCEPT AS OTHERWISE INDICATED)

Securities held by	Marketable securities types and name (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2022				Footnote (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
CyberLink Corp.	Stock of One-Blue, LLC	Director of the investee company	Non current financial assets at fair value through profit or loss	-	\$ 37,681	16.67%	\$ 37,681	
CyberLink Corp.	Yuanta Wan Tai Money Market Fund	None	Current financial assets at fair value through profit or loss	5,233,046	80,003	0.37%	80,003	
CyberLink Corp.	Fuh Hwa New Intelligence Fund	None	Non current financial assets at fair value through profit or loss	3,000,000	25,410	1.90%	25,410	
CyberLink Corp.	Geothings Technology Co., Ltd	None	Non current Financial assets at fair value through other comprehensive income- non-current	100,000	248	3.57%	248	
CyberLink Corp.	SKYMIZER TAIWAN INC.	None	Non current financial assets at fair value through other comprehensive income	40,000	-	1.64%	-	
CyberLink International Technology Corp.	Preferred stock of Cidana Inc.	None	Non current financial assets at fair value through other comprehensive income	500,000	-	3.56%	-	
CyberLink International Technology Corp.	Preferred stock of LOFTechnology, Inc.	None	Non current financial assets at fair value through other comprehensive income	100,000	-	0.57%	-	
CyberLink International Technology Corp.	CCV Fund I LP	None	Non current financial assets at fair value through profit or loss	-	US\$ 7,690 (in thousands of dollars)	5.37%	US\$ 7,690 (in thousands of dollars)	

Note 1 : Marketable securities in the table refer to stocks, bonds, beneficiary certificates, and other related derivative securities within the scope of IFRS 9 “Financial Instruments.”

Note 2 : Leave the column blank if the issuer of marketable securities is non-related party.

Note 3 : Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4 : The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

CYBERLINK CORP. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods  
Three Months Ended March 31, 2022

Table 2

Unit: Amounts expressed in thousands of New Taiwan Dollars  
(EXCEPT AS OTHERWISE INDICATED)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	CyberLink Corp.	CyberLink Inc.	1	Sales revenue	\$ 26,906	Note 4	7.1%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Sales revenue	23,787	Note 4	6.2%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Receivables	10,713	Note 4, 5	0.3%

Note 1 : The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(a) Parent company is '0.'

(b) The subsidiaries are numbered in order starting from '1.'

Note 2 : Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiary.

Note 3 : Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4 : Sales to subsidiaries are at normal price and are collected 30 days after the delivery of goods.

Note 5 : Receivables include accounts receivable and other receivables.

Note 6 : Transaction amounts over \$10,000 are disclosed; transactions are disclosed from asset and revenue sides.

**CYBERLINK CORP. AND SUBSIDIARIES**

Information on investees

Three Months Ended March 31, 2022

Table 3

Unit: Amounts expressed in thousands of New Taiwan Dollars  
(EXCEPT AS OTHERWISE INDICATED)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment Amount		Shares held as at March 31, 2022			Profits or losses of the investee for the period (Note 2(2))	Investment income (loss) recognized by the Company for the period (Note 2(3))	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares (units)	Ownership (%)	Carrying amount			
CyberLink Corp.	CyberLink.Com Corp.	America	Sale of software	\$ 136,327	\$ 136,327	4,000,000	100%	\$ 425,769	(\$ 12,847)	(\$ 12,847)	Direct subsidiary
CyberLink Corp.	CyberLink International Technology Corp.	B.V.I.	Investment activities	1,283,896	1,283,896	41,000,000	100%	258,803	( 229 )	( 229 )	Direct subsidiary
CyberLink Corp.	CyberLink Inc.	Japan	Sale of software	235,714	235,714	1,900	100%	244,122	( 3,933 )	( 3,933 )	Direct subsidiary
CyberLink International Technology Corp.	Perfect Corp.	Cayman	Investment activities	1,037,179	1,002,763	207,072,995	36.30%	-	( 67,555 )	-	Investments accounted for using equity method
				(USD 36,227 in thousands of dollars)	(USD 36,227 in thousands of dollars)			(USD - in thousands of dollars)	(USD (2,421) in thousands of dollars)		

Note 1 : If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2 : If situation does not belong to Note 1, fill in the columns according to the following regulations:

- 1) The columns of 'Investee,' 'Location,' 'Main business activities,' 'Initial investment amount' and 'Shares held as at March 31, 2022' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- 2) The 'Net profit (loss) of the investee for this period' column should fill in amount of net profit (loss) of the investee for this period.
- 3) The 'Investment income (loss) recognized by the Company for this period' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

**CYBERLINK CORP. AND SUBSIDIARIES**  
**Information on investments in Mainland China**  
**Three Months Ended March 31, 2022**

Exhibit 4

Unit: Amounts expressed in thousands of New Taiwan Dollars  
(EXCEPT AS OTHERWISE INDICATED)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount of investment remitted or recovered during the period		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee as of March 31, 2022	Ownership held by the Company (direct or indirect)	In the 'Investment income (loss) recognized by the Company for March 31, 2022: (Note 2(2)B)	Carrying amount of investments in Mainland China as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Perfect (Shanghai) Co., Ltd.	Trading of computer peripheral and software	\$ 61,755	(2)	\$ 30,205	\$ -	\$ -	\$ 30,205	( \$ 2,647 )	36.30%	\$ -	\$ -	\$ -	Note 4, 5
		(USD 2,157 in thousands of dollars)		(USD 1,055 in thousands of dollars)			(USD 1,055 in thousands of dollars)						
Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
CyberLink Corp.	\$ 30,205 (USD 1,055 in thousands of dollars )	\$ 68,655 (USD 2,398 in thousands of dollars )	\$ 1,695,689										

Note 1 : Investment methods are classified into the following three categories; fill in the number of the category that each case belongs to:

- (a) Directly invest in a company in mainland China
- (b) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (c) Others.

Note 2 : In the 'Investment income (loss) recognized by the Company for March 31, 2022' column:

- (a) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (b) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A The financial statements that are reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B The financial statements that are reviewed and attested by R.O.C. investment company's CPA.
  - C Others.

Note 3 : The numbers in this table are expressed in New Taiwan Dollars.

Note 4 : Through investing in CyberLink International Technology Corp.

Note 5 : Perfect (Shanghai) Co., Ltd. is a subsidiary directly reinvested by Perfect Corp., which is the Group's investee company recognized under the equity method. Please refer to note 6(6) for details.

## CYBERLINK CORP. AND SUBSIDIARIES

## Major shareholders information

March 31, 2022

Table 5

Expressed in shares

Name of major shareholder	Shares	
	Number of shares held	Ownership (%)
ClinJeff Corp.	12,176,497	15.47%
Chang, Hua-Jen	7,362,716	9.35%
Briarwood Capital Partners LP	6,193,000	7.87%