

CYBERLINK CORP. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
For the Three Months Ended March 31, 2023 and 2022  
(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,  
2023 AND 2022  
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## Independent Auditor's Review Report

(2023) Finance Review Report No. 23000119

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, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and cash flows for the three month ended March 31, 2023 and 2022, 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 the Standards on Review Engagements of the Republic of China 2410 "Review of Interim 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, 2023 and 2022, as well as its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 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

Huang, Chin-Lien

Certified Public Accountant

Lai, Chung-Hsi

April 26, 2023

#### 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.

**CYBERLINK CORP. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022**

(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

			March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
ASSETS		Notes	Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,535,276	26	\$ 1,743,889	30	\$ 1,747,361	43
1110	Current financial assets at fair value through profit or loss	6(2)	20,251	1	20,193	1	80,003	2
1136	Current financial assets at amortized cost	6(3)	426,300	7	122,840	2	114,520	3
1140	Current contract assets	6(22)	8,064	-	13,154	-	-	-
1170	Accounts receivable, net	6(5)	80,013	2	119,289	2	64,282	2
1200	Other receivables		6,161	-	3,838	-	2,608	-
1210	Other receivables – related parties	7	3,278	-	2,577	-	2,555	-
1220	Current income tax assets		18,921	-	17,974	-	43,538	1
130X	Inventories		3,944	-	6,088	-	4,959	-
1470	Other current assets		18,415	-	13,834	-	14,269	-
11XX	Total current assets		2,120,623	36	2,063,676	35	2,074,095	51
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	284,599	5	280,625	5	283,263	7
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	248	-	248	-	248	-
1535	Non-current financial assets at amortized cost	6(1)(3) and 8	-	-	-	-	5,000	-
1550	Investment accounted for using the equity method	6(6) and 7	1,737,713	30	1,746,287	30	-	-
1600	Property, plant and equipment, net	6(7)	437,908	7	437,460	8	440,037	11
1755	Right-of-use assets	6(8) and 7	9,476	-	10,879	-	3,536	-
1760	Investment property, net	6(10)	1,224,004	21	1,226,913	21	1,235,641	30
1780	Intangible asset		1,419	-	2,250	-	1,257	-
1840	Deferred income tax assets		50,312	1	49,102	1	45,653	1
1900	Other non-current assets		13,234	-	6,801	-	4,313	-
15XX	Total non-current assets		3,758,913	64	3,760,565	65	2,018,948	49
1XXX	Total assets		\$ 5,879,536	100	\$ 5,824,241	100	\$ 4,093,043	100

(Continue on next page)

**CYBERLINK CORP. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022**

(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

			March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
Liabilities and Equity		Notes	Amount	%	Amount	%	Amount	%
Current liabilities								
2130	Current contract liabilities	6(22)	\$ 314,868	5	\$ 258,117	4	\$ 195,862	5
2170	Accounts payable	6(11)	52,488	1	54,967	1	51,441	1
2200	Other payables	6(12)	318,197	5	343,211	6	357,085	9
2220	Other payables - related parties	7	-	-	-	-	19	-
2230	Income tax payable		2,113	-	2,730	-	4,142	-
2280	Current lease liabilities	6(8) and 7	5,199	-	5,512	-	2,933	-
2300	Other current liabilities	6(13)	44,711	1	42,844	1	52,484	1
21XX	Total current liabilities		737,576	12	707,381	12	663,966	16
Non-current liabilities								
2550	Non-current provisions	6(14)	374,910	7	389,716	7	505,230	12
2570	Deferred income tax liabilities		8,451	-	8,451	-	19,436	1
2580	Non-current lease liabilities	6(8) and 7	4,682	-	5,761	-	553	-
2600	Other non-current liabilities	6(15)	62,199	1	63,190	1	77,709	2
25XX	Total non-current liabilities		450,242	8	467,118	8	602,928	15
2XXX	Total Liabilities		1,187,818	20	1,174,499	20	1,266,894	31
Equity								
Equity attributable to shareholders of the parent								
	Capital Stock	6(18)						
3110	Common stock		789,418	13	789,418	13	786,943	19
	Capital surplus	6(19)						
3200	Capital surplus		2,480,237	42	2,468,920	43	748,609	19
	Retained earnings	6(20)						
3310	Legal reserve		1,092,794	19	1,092,794	19	1,192,548	29
3320	Special reserve		242,407	4	242,407	4	185,920	4
3350	Unappropriated earnings		281,212	5	226,504	4	136,363	3
	Other equities interest	6(21)						
3400	Other equities interest		( 194,350)	( 3)	( 170,301)	( 3)	( 224,234)	( 5)
31XX	Equity attributable to shareholders of the parent		4,691,718	80	4,649,742	80	2,826,149	69
3XXX	Total equity		4,691,718	80	4,649,742	80	2,826,149	69
Significant Contingent Liabilities and		6(8)(9) and 7						
	Unrecognized Contract							
	Commitments							
3X2X	Total liabilities and equity		\$ 5,879,536	100	\$ 5,824,241	100	\$ 4,093,043	100

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**

**For the Three Months Ended March 31, 2023 and 2022**

(Reviewed, not audited)

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

			Three Months Ended March 31,			
			2023		2022	
Item	Notes		Amount	%	Amount	%
4000 Net revenue	6(22)		\$ 430,690	100	\$ 381,420	100
5000 Operating costs	6(23)(28)		( 65,085)	( 15)	( 56,331)	( 15)
5900 Gross profit			<u>365,605</u>	<u>85</u>	<u>325,089</u>	<u>85</u>
Operating expenses	6(16)(28)(29) and 7					
6100 Sales and marketing expenses			( 174,341)	( 41)	( 146,028)	( 38)
6200 General and administrative expenses			( 27,622)	( 6)	( 25,495)	( 7)
6300 Research and development expenses			( 130,134)	( 30)	( 134,677)	( 35)
6000 Total operating expenses			( 332,097)	( 77)	( 306,200)	( 80)
6900 Operating income			<u>33,508</u>	<u>8</u>	<u>18,889</u>	<u>5</u>
Non-operating income and expenses						
7100 Interest income	6(3)(24)		16,196	4	675	-
7010 Other income	6(9)(10)(25) and 7		18,376	4	17,615	4
7020 Other gains or losses	6(2)(26)		( 4,539)	( 1)	14,300	4
7050 Financial costs	6(8)(27) and 7		( 42)	-	( 15)	-
7000 Total non-operating income and expenses			<u>29,991</u>	<u>7</u>	<u>32,575</u>	<u>8</u>
7900 <b>Income before income tax</b>			<u>63,499</u>	<u>15</u>	<u>51,464</u>	<u>13</u>
7950 Income tax expenses	6(30)		( 8,791)	( 2)	( 8,948)	( 2)
8200 <b>Net income</b>			<u>\$ 54,708</u>	<u>13</u>	<u>\$ 42,516</u>	<u>11</u>
<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)		(\$ 9,287)	( 2)	\$ 18,173	5
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(6)(21)		( 14,762)	( 4)	-	-
8360 Components of other comprehensive income that will be reclassified to profit or loss subsequently			( 24,049)	( 6)	18,173	5
8300 <b>Other comprehensive income (net)</b>			<u>(\$ 24,049)</u>	<u>( 6)</u>	<u>\$ 18,173</u>	<u>5</u>
8500 <b>Total comprehensive income</b>			<u>\$ 30,659</u>	<u>7</u>	<u>\$ 60,689</u>	<u>16</u>
Net income, attributable to:						
8610 Shareholders of the parent			<u>\$ 54,708</u>	<u>13</u>	<u>\$ 42,516</u>	<u>11</u>
Total comprehensive (loss) income, attributable to:						
8710 Shareholders of the parent			<u>\$ 30,659</u>	<u>7</u>	<u>\$ 60,689</u>	<u>16</u>
Earnings per share (EPS)	6(31)					
9750 Basic earnings per share			<u>\$ 0.69</u>		<u>\$ 0.55</u>	
9850 Diluted earnings per share			<u>\$ 0.69</u>		<u>\$ 0.55</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 CHANGES IN EQUITY**  
**Three Months Ended March 31, 2023 and 2022**  
(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

		Equity attributable to shareholders of the parent							
		Retained earnings				Other equities interest			
Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Total equity	
<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
		-	-	-	-	42,516	-	-	42,516
	6(21)	-	-	-	-	-	18,173	-	18,173
		-	-	-	-	42,516	18,173	-	60,689
	6(18)(19)	13,410	45,593	-	-	-	-	-	59,003
		\$ 786,943	\$ 748,609	\$ 1,192,548	\$ 185,920	\$ 136,363	( \$ 211,939 )	( \$ 12,295 )	\$ 2,826,149
<u>Three months ended March 31, 2023</u>									
		\$ 789,418	\$ 2,468,920	\$ 1,092,794	\$ 242,407	\$ 226,504	( \$ 158,006 )	( \$ 12,295 )	\$ 4,649,742
		-	-	-	-	54,708	-	-	54,708
	6(21)	-	-	-	-	-	( 24,049 )	-	( 24,049 )
		-	-	-	-	54,708	( 24,049 )	-	30,659
	6(19)	-	5,129	-	-	-	-	-	5,129
	6(19)	-	6,188	-	-	-	-	-	6,188
		\$ 789,418	\$ 2,480,237	\$ 1,092,794	\$ 242,407	\$ 281,212	( \$ 182,055 )	( \$ 12,295 )	\$ 4,691,718

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



CYBERLINK CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three Months Ended March 31, 2023 and 2022

(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Three Months Ended March 31,	
		2023	2022
<u>Cash flows from operating activities</u>			
Net income before income tax		\$ 63,499	\$ 51,464
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on financial assets at fair value through profit or loss	6(2)(26)	( 5,938 )	( 783 )
Depreciation expense	6(7)(8)(10)	7,027	7,163
Amortization expense	6(28)	831	800
Interest income	6(24)	( 16,196 )	( 675 )
Interest expenses	6(8)(27)	42	15
Employees' stock option cost	6(17)(29)	5,128	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		-	( 80,000 )
Accounts receivable		38,676	12,725
Current contract assets		5,090	-
Other receivables	(	1,673 )	( 402 )
Other receivables-related parties	(	713 )	85
Inventories		2,144	256
Other current assets	(	4,665 )	5,912
Other non-current assets	(	6,470 )	-
Changes in operating liabilities			
Current contract liabilities		56,752	7,513
Accounts payable	(	2,262 )	( 3,378 )
Other payables	(	23,981 )	( 10,821 )
Other payables - related parties		-	19
Other current liabilities		2,407	249
Provisions	(	14,806 )	13,056
Other non-current liabilities	(	140 )	( 124 )
Cash inflow generated from operations		104,752	3,074
Interest received		15,544	457
Interest paid	(	42 )	( 15 )
Income tax paid	(	11,942 )	( 8,770 )
Income tax returned		98	-
Net cash flows from (used in) operating activities		108,410	( 5,254 )

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CYBERLINK CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three Months Ended March 31, 2023 and 2022  
(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Three Months Ended March 31, 2023	2022
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 426,300)	\$ -
Proceeds from disposal of financial assets at amortized cost		121,800	577,480
Acquisition of property, plant and equipment	6(7)	( 5,277)	( 1,915)
Decrease (increase) in refundable deposits		35	( 50)
Net cash flows from (used in) investing activities		( 309,742)	575,515
<u>Cash flows from financing activities</u>			
Increase (decrease) in deposits received	6(33)	( 851)	568
Repayment of the principal portion of lease liabilities	6(8)(33)	( 1,392)	( 1,068)
Exercise of employee stock options exercised		-	59,003
Net cash flows from (used in) financing activities		( 2,243)	58,503
Effects of changes in exchange rates		( 5,038)	15,718
Net increase (decrease) in cash and cash equivalents		( 208,613)	644,482
Cash and cash equivalents at beginning of period		1,743,889	1,102,879
Cash and cash equivalents at end of period		\$ 1,535,276	\$ 1,747,361

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, 2023 and 2022

(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, 2023.

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 and released by the Financial Supervisory Commission (the “FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

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

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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendment to IFRS 16 'Lease Liabilities in Sale and Leaseback'	January 1, 2024
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 non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
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, 2022, 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" endorsed and released by the FSC.
2. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2022.

(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 endorsed and released by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires the 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, 2022.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Company Name of Subsidiary	Major Operating Activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
CyberLink Corp.	CyberLink.Com Corp. (CyberLink-USA)	Sale of software	100%	100%	100%	
CyberLink Corp.	CyberLink International Technology Corp. (CyberLink-B.V.I)	Investment activities	100%	100%	100%	Note
CyberLink Corp.	CyberLink Inc. (CyberLink-Japan)	Sale of software	100%	100%	100%	

Note: Based on the consideration of future strategic development purpose and the pursuit of maximum efficiency of the Group's operation, the Group increased the capital of its subsidiary, CyberLink-B.V.I, by cash amounting to US\$3 million (approximately \$89,910) in August 2022, and the capital increase procedures have been completed.

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) 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.

(5) Income tax

The income tax expense for the interim period is calculated by applying the estimated average effective 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 Judgments, 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, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand and revolving funds	\$ 50	\$ 50	\$ 50
Checking accounts	88,909	74,350	513,487
Demand deposits	411,017	441,089	460,814
Time deposits	1,035,300	1,228,400	773,010
	<u>\$ 1,535,276</u>	<u>\$ 1,743,889</u>	<u>\$ 1,747,361</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 the 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; and the contract expired on April 15, 2022, also relevant payments were refunded. As of March 31, 2023, December 31, 2022 and March 31, 2022, the balance of restricted cash, recognized in the “Non-current financial assets at amortized cost”, were \$0, \$0, and \$5,000, respectively.

(2) Current and non-current financial assets at fair value through profit or loss

Item	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Money market funds	\$ 20,085	\$ 20,085	\$ 80,000
Valuation adjustment	166	108	3
	<u>\$ 20,251</u>	<u>\$ 20,193</u>	<u>\$ 80,003</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Private fund	\$ 272,357	\$ 274,426	\$ 249,113
Unlisted stocks	23,470	23,470	29,415
Subtotal	295,827	297,896	278,528
Valuation adjustment	( 11,228 )	( 17,271 )	( 4,735 )
	<u>\$ 284,599</u>	<u>\$ 280,625</u>	<u>\$ 283,263</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,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	\$ 5,880	\$ 780
Money market funds	58	3
	<u>\$ 5,938</u>	<u>\$ 783</u>

2. The Group received proceeds from capital reduction of an investee in the amount of \$5,945 at July 2022.
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(2).

(3) Current and non-current financial assets at amortized cost

Item	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Time deposits with original maturity of more than three months	\$ 426,300	\$ 122,840	\$ 114,520
Non-current items:			
Time deposits pledged to others as collateral	\$ -	\$ -	\$ 5,000

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

	Three Months Ended March 31,	
	2023	2022
Interest income	\$ 1,706	\$ 363

2. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$426,300, \$122,840 and \$119,520, 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(2). 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) Non-current Financial assets at fair value through other comprehensive income

Item	March 31, 2023	December 31, 2022	March 31, 2022
Unlisted stocks	\$ 12,613	\$ 12,678	\$ 11,920
Valuation adjustment	( 12,365 )	( 12,430 )	( 11,672 )
	\$ 248	\$ 248	\$ 248

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 as of March 31, 2023, December 31, 2022 and March 31, 2022 all amounted to \$248.
2. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 all \$248.
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(2).

(5) Accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	\$ 80,013	\$ 119,289	\$ 64,282

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	\$ 78,960	\$ 100,699	\$ 63,377
Past Due			
Up to 30 days	587	14,003	166
31 to 90 days	360	4,092	111
Over 91 days	106	495	628
	\$ 80,013	\$ 119,289	\$ 64,282

The above ageing analysis was based on past due date.



2. As of March 31, 2023, December 31, 2022 and March 31, 2022, accounts receivable were all both from contracts with customers. And as of January 1, 2022, the balance of accounts receivable from contracts with customers amounted to \$77,639.
3. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$80,013, \$119,289 and \$64,282, respectively.
4. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Investments accounted for using the equity method

	Three Months Ended March 31,	
	2023	2022
At January 1	\$ 1,746,287	\$ -
Changes in capital surplus (Note 6(19))	6,188	-
Changes in other equity items (Note 6(21))	( 14,762 )	-
At March 31	\$ 1,737,713	\$ -

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

The business combination of Perfect Corp. (Cayman) was completed with its shares listed at Eastern Time on October 28, 2022. Prior to the business combination and listing, all the preference share liabilities issued by Perfect Corp. (Cayman) were converted into common stock through conversion and capital increase procedures. As a result, the Group's shareholding ratio in Perfect Corp. (Cayman) decreased from 36.30% to 31.25%. On October 29, 2022, the equity value of Perfect Corp. (Cayman) was positive. The Group recognized a capital surplus of-not in proportion stake ratio amount to \$1,709,253 due to the aforementioned transactions.

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, 2023	December 31, 2022	March 31, 2022		
Perfect Corp. (Cayman)	Cayman	31.25%	31.25%	36.30%	Investments accounted for using the equity method Equity method	Equity method

2. The Group holds a 31.25% equity interest in Perfect Corp. (Cayman). Given that other major shareholders jointly hold more voting rights than the Group and the Group appointed only one out of seven directors, both of which indicates that the Group has no current ability to direct the relevant activities of Perfect Corp. (Cayman), the Group has no control, but only has significant influence, over Perfect Corp. (Cayman).
3. On March 3, 2022, the Board of Directors of the Group approved to authorize the Chairman of the Company to approve the business combination of Perfect Corp. (Cayman) of the subsidiary, CyberLink-B.V.I. with the U.S. listed company Provident Acquisition Corp (Cayman). After the business combination, Perfect Corp. (Cayman) was the surviving entity listed on NASDAQ of the United States. In September 2022, both the parties of the business combination agreed to change the listing and trading to the New York Stock Exchange (the "NYSE") due to consideration of the Company's

strategic development and promote the interests of shareholders. After the combination and completion of listing processes, Perfect Corp. (Cayman) will be the surviving entity of the listing. The registration application documents related to the business combination and listing have been reviewed by the U.S. Securities and Exchange Commission (the “SEC”) and declared effective at Eastern Time on September 30, 2022. Provident Acquisition Corp. (Cayman) held an extraordinary general meeting of its shareholders (the “EGM”) at Eastern Time on October 25, 2022 to approve this business combination, which was took effect at Eastern Time on October 28, 2022.

In the fourth quarter of 2021, the Perfect Corp. (Cayman) had a massive deficit amount on account after the valuation of its preference share liabilities which were issued by Perfect Corp. (Cayman) based on the business value of aforementioned combination transaction. Therefore, on March 31, 2022 and December 31, 2021, the net equity were 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 the associate will stop at \$0.

4. For the Group’s future strategic development purpose, on March 3, 2022, the Board of Directors of the Company approved acquiring 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 (approximately \$89,910). In addition, the subsidiary, CyberLink-B.V.I. made a simultaneous investment in the common shares issued by Perfect Corp. (Cayman) at a rate of US\$10 per share. The total investment was amounted to US\$3 million (approximately \$89,400). The capital increase for the subsidiary CyberLink-B.V.I. has been executed, while and the capital increase for the associate, Perfect Corp. (Cayman) was completed at Eastern Time on October 28, 2022.
5. The fair value of the Group’s investments accounted for using equity method with publicly quoted market prices is as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Perfect Corp.(Cayman)	<u>\$ 6,730,258</u>	<u>\$ 8,104,408</u>

(7) Property, plant, and equipment, net

	Three Months Ended March 31, 2023				
	Land	Buildings	Machinery and equipment	Office equipment	Total
At January 1					
Cost	\$ 330,610	\$ 142,009	\$ 26,869	\$ 1,789	\$ 510,277
Accumulated depreciation	-	( 45,300 )	( 17,423 )	( 1,094 )	( 63,817 )
	<u>\$ 330,610</u>	<u>\$ 96,709</u>	<u>\$ 9,446</u>	<u>\$ 695</u>	<u>\$ 437,460</u>
At January 1	\$ 330,610	\$ 96,709	\$ 9,446	\$ 695	\$ 437,460
Additions	-	4,761	516	-	5,277
Depreciation expense	-	( 1,451 )	( 1,187 )	( 77 )	( 2,715 )
Net exchange differences	( 1,703 )	( 402 )	( 3 )	( 6 )	( 2,114 )
At March 31	<u>\$ 328,907</u>	<u>\$ 99,617</u>	<u>\$ 8,772</u>	<u>\$ 612</u>	<u>\$ 437,908</u>
At March 31					
Cost	\$ 328,907	\$ 146,300	\$ 27,357	\$ 1,770	\$ 504,334
Accumulated depreciation	-	( 46,683 )	( 18,585 )	( 1,158 )	( 66,426 )
	<u>\$ 328,907</u>	<u>\$ 99,617</u>	<u>\$ 8,772</u>	<u>\$ 612</u>	<u>\$ 437,908</u>

Three Months Ended March 31, 2022					
	Land	Buildings	Machinery and equipment	Office equipment	Total
At January 1					
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>
At January 1	\$ 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 )
At March 31	<u>\$ 331,981</u>	<u>\$ 95,927</u>	<u>\$ 11,339</u>	<u>\$ 790</u>	<u>\$ 440,037</u>
At March 31					
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>

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 for the three months ended March 31, 2023 and 2022 are typically made for periods from 2020 to 2025 and from 2019 to 2023, respectively. 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, 2023			
	Buildings	Transportation equipment	Total
At January 1			
Cost	\$ 11,537	\$ 3,921	\$ 15,458
Accumulated depreciation	( 1,529 )	( 3,050 )	( 4,579 )
	<u>\$ 10,008</u>	<u>\$ 871</u>	<u>\$ 10,879</u>
At January 1	\$ 10,008	\$ 871	\$ 10,879
Depreciation expense	( 1,076 )	( 327 )	( 1,403 )
At March 31	<u>\$ 8,932</u>	<u>\$ 544</u>	<u>\$ 9,476</u>
At March 31			
Cost	\$ 11,537	\$ 3,921	\$ 15,458
Accumulated depreciation	( 2,605 )	( 3,377 )	( 5,982 )
	<u>\$ 8,932</u>	<u>\$ 544</u>	<u>\$ 9,476</u>

	Three Months Ended March 31, 2022		
	Buildings	Transportation equipment	Total
At January 1			
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>
At January 1	\$ 2,407	\$ 2,178	\$ 4,585
Depreciation expense	( 722 )	( 327 )	( 1,049 )
At March 31	<u>\$ 1,685</u>	<u>\$ 1,851</u>	<u>\$ 3,536</u>
At March 31			
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>

4. Lease liabilities relating to lease contracts:

	March 31, 2023	December 31, 2022	March 31, 2022
Total lease liabilities	\$ 9,881	\$ 11,273	\$ 3,486
Less: Current portion (shown as 'current lease liabilities')	( 5,199 )	( 5,512 )	( 2,933 )
	<u>\$ 4,682</u>	<u>\$ 5,761</u>	<u>\$ 553</u>

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

	Three Months Ended March 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 42	\$ 15
Expense on short-term lease contracts	453	421
	<u>\$ 495</u>	<u>\$ 436</u>

6. For the three months ended March 31, 2023 and 2022, the Group's total cash outflow for leases were \$1,887 and \$1,504, respectively, which included expenses on short-term lease contracts of \$453 and \$421, interest expenses on lease liabilities of \$42 and \$15, and payments of lease liabilities of \$1,392 and \$1,068, respectively.

7. Please refer to Note 7 for the office leases with related parties.

(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 assets including the offices on 6F and 14F of “Jiang-Ling Information” Building located in Xindian District of New Taipei City, and the office in Minato, 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. 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, 2023 and 2022, the Group recognized rent income in the amounts of \$16,102 and \$16,626, respectively, based on the lease contracts above, and there was no variable lease payments.
4. The maturity analysis of the lease payments receivable under the operating leases is as follows:

		March 31, 2023
Within 1 year		\$ 36,410
2024		20,355
2025		3,952
2026		3,244
2027		811
		<u>\$ 64,772</u>
	December 31, 2022	March 31, 2022
Within 1 year	\$ -	\$ 43,499
2023	55,533	45,214
2024	24,376	18,397
2025	4,159	3,451
2026	3,244	3,244
2027	811	811
	<u>\$ 88,123</u>	<u>\$ 114,616</u>

(10) Investment property

Three Months Ended March 31, 2023			
	Land	Buildings	Total
<u>At January 1</u>			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	-	( 165,581 )	( 165,581 )
	<u>\$ 799,024</u>	<u>\$ 427,889</u>	<u>\$ 1,226,913</u>
At January 1	\$ 799,024	\$ 427,889	\$ 1,226,913
Depreciation expense	-	( 2,909 )	( 2,909 )
At March 31	<u>\$ 799,024</u>	<u>\$ 424,980</u>	<u>\$ 1,224,004</u>
At March 31			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	-	( 168,490 )	( 168,490 )
	<u>\$ 799,024</u>	<u>\$ 424,980</u>	<u>\$ 1,224,004</u>
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>
At January 1	\$ 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 )
At March 31	<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>

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,	
	2023	2022
Rental income from investment property	\$ 15,427	\$ 15,064
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 3,424	\$ 2,742
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ 427	\$ 167

2. The fair values of the investment property held by the Group as of March 31, 2023, December 31, 2022 and March 31, 2022 were \$2,635,657, \$2,523,850 and \$2,152,509, 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, 2023	December 31, 2022	March 31, 2022
Royalty expense	\$ 51,553	\$ 53,204	\$ 50,452
Others	935	1,763	989
	<u>\$ 52,488</u>	<u>\$ 54,967</u>	<u>\$ 51,441</u>

(12) Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Promotional fees	\$ 99,010	\$ 73,151	\$ 45,046
Employees' compensation and directors' remuneration	69,133	73,893	30,560
Royalty collection	53,983	54,541	139,017
Payroll	43,435	93,710	46,617
Employees' rewards	11,813	9,379	59,744
Professional service fees	11,640	12,227	12,226
Other accrued expenses	24,455	23,719	23,875
Other payables	4,728	2,591	-
	<u>\$ 318,197</u>	<u>\$ 343,211</u>	<u>\$ 357,085</u>

(13) Other current liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Refund liability	\$ 39,845	\$ 38,935	\$ 47,602
Others	4,866	3,909	4,882
	<u>\$ 44,711</u>	<u>\$ 42,844</u>	<u>\$ 52,484</u>

(14) Provisions

Three Months Ended March 31, 2023			
	Royalty	Cost of software bug-fixing	Total
At January 1	\$ 383,795	\$ 5,921	\$ 389,716
Additional provisions	4,963	174	5,137
Unused amounts reversed	( 16,695 )	-	( 16,695 )
Net exchange differences	( 3,248 )	-	( 3,248 )
At March 31	<u>\$ 368,815</u>	<u>\$ 6,095</u>	<u>\$ 374,910</u>

  

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 )
Net exchange differences	16,702	-	16,702
At March 31	<u>\$ 499,699</u>	<u>\$ 5,531</u>	<u>\$ 505,230</u>

Analysis of total provisions:

	March 31, 2023	December 31, 2022	March 31, 2022
Non-current	<u>\$ 374,910</u>	<u>\$ 389,716</u>	<u>\$ 505,230</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 programs 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 non-current liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Accrued pension liabilities	\$ 53,515	\$ 53,655	\$ 66,835
Guarantee deposits received	8,684	9,535	10,874
	<u>\$ 62,199</u>	<u>\$ 63,190</u>	<u>\$ 77,709</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, 2023 and 2022, the pension costs recognized by the Company in accordance with the pension measures above were \$179 and \$116, respectively.
- (c) Expected contributions to the defined benefit pension plans of the company for the year ending December 31, 2023 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, 2023 and 2022 were \$6,276 and \$5,900, respectively.
- (c) The pension costs under local pension regulations of the foreign subsidiaries in accordance with the relevant employment laws and regulations of local governments were \$891 and \$841, respectively.

(17) Share-based payment

1. As of March 31, 2023, December 31, 2022 and 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	July 26, 2022	2,000	7 years	2 years' service: exercise 50% 3 years' service: exercise 75% 4 years' service: exercise 100%
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,			
	2023		2022	
	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	2,000	\$ 87.70	1,699	\$ 44.00
Options exercised	-	-	( 1,341 )	44.00
Options outstanding on March 31	2,000	87.70	358	44.00
Options exercisable on March 31	-	-	358	

3. The weighted-average stock price of stock options at exercise dates for the three months ended March 31, 2023 and 2022 were \$0 and \$44.00 (in dollars), respectively.
4. As of March 31, 2023, December 31, 2022 and March 31, 2022, the range of exercise prices of stock options outstanding were \$87.70, \$87.70 and \$44.00 (in dollars), respectively; the weighted-average remaining contractual period was 6.32 years, 6.57 years and 0.40 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	July 26, 2022	\$89.5	\$89.5	32.10%	4.88	0.00%	1.06%	\$ 26.4355

Note: The expected volatility is estimated by taking into account the historical trading data (days) of the Company's shares and using a sample interval equal to the expected duration of the stock option.

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	\$54.0	\$54.0	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. Expenses arising from share-based payment transactions are as follows:

	Three Months Ended March 31,	
	2023	2022
Cost of employee stock options	\$ 5,128	\$ -

(18) Capital Stock

As of March 31, 2023, 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 \$789,418 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,	
	2023	2022
At January 1	78,942	77,353
Exercise of employee stock options	-	1,341
At March 31	<u>78,942</u>	<u>78,694</u>

(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, 2023				
	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	\$ 92,937	\$ 9,061	\$ 60,144	\$ 2,306,778	\$ 2,468,920
Share-based payment transactions	-	5,129	-	-	5,129
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	6,188	6,188
At March 31	<u>\$ 92,937</u>	<u>\$ 14,190</u>	<u>\$ 60,144</u>	<u>\$ 2,312,966</u>	<u>\$ 2,480,237</u>

Note: Please refer to Note 6(6) for the recognition not in proportion to the Group's ownership.

	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	<u>62,716</u>	<u>( 17,123 )</u>	-	-	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>

(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 of Directors' meeting approved the loss appropriation proposal for 2021 to make up for the loss of the current year with \$562,766 of retained earnings, and the shareholders' meeting subsequently resolved the loss compensation proposal on June 21, 2022.
6. On March 29, 2022, the Board of Directors' meeting approved the proposed \$135,346 cash distribution from \$35,592 of capital surplus due to share issuance at a premium and from \$99,754 of legal reserve. The proposal of cash distribution through such capital surplus was resolved in the shareholders' meeting on June 21, 2022.

7. (a) On March 28, 2023, the appropriation of 2022 earnings were approved by the Board of Directors' meeting, and on June 21, 2022, the appropriation of 2021 earnings were resolved at shareholders' meeting, and the details are as follows:

	Year ended December 31			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ -		\$ -	
Special reserve	( 72,105 )		56,487	
Cash dividends	181,566	\$ 2.30	-	\$ -
Total	<u>\$ 109,461</u>		<u>\$ 56,487</u>	

- (b) As of April 26, 2023, the aforementioned appropriation of 2022 earnings proposal has not yet been resolved by the shareholders' meeting.
- (c) 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, 2022 and 2021, it determined not to provision legal reserve.

(21) Other equity items

	Three Months Ended March 31, 2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	( \$ 12,295 )	( \$ 158,006 )	( \$ 170,301 )
Currency translation:			
- Group	-	( 9,287 )	( 9,287 )
- Associates	-	( 14,762 )	( 14,762 )
At March 31	<u>( \$ 12,295 )</u>	<u>( \$ 182,055 )</u>	<u>( \$ 194,350 )</u>

  

	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	<u>( \$ 12,295 )</u>	<u>( \$ 211,939 )</u>	<u>( \$ 224,234 )</u>

(22) Net revenue

	Three Months Ended March 31,	
	2023	2022
Revenue from contracts with customers	<u>\$ 430,690</u>	<u>\$ 381,420</u>

## 1. Disaggregation of revenue from contracts with customers

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

	Taiwan		America		Japan		Other region		Total
	Media creation	Media experience and entertainment and others	Media creation	Media experience and entertainment and others	Media creation	Media experience and entertainment and others	Media creation	Media experience and entertainment and others	
<u>Three Months Ended March 31, 2023</u>									
Revenue from contracts with customers	\$ 13,969	\$ 16,804	\$ 195,786	\$ 52,244	\$ 62,158	\$ 49,497	\$ 21,838	\$ 18,394	\$ 430,690
Timing of revenue recognition									
At a point in time	\$ 4,592	\$ 10,141	\$ 74,374	\$ 50,814	\$ 19,554	\$ 48,213	\$ 7,842	\$ 17,676	\$ 233,206
Over time	\$ 9,377	\$ 6,663	\$ 121,412	\$ 1,430	\$ 42,604	\$ 1,284	\$ 13,996	\$ 718	\$ 197,484
	\$ 13,969	\$ 16,804	\$ 195,786	\$ 52,244	\$ 62,158	\$ 49,497	\$ 21,838	\$ 18,394	\$ 430,690
	Taiwan		America		Japan		Other region		Total
	Media creation	Media experience and entertainment and others	Media creation	Media experience and entertainment and others	Media creation	Media experience and entertainment and others	Media creation	Media experience and entertainment and others	
<u>Three Months Ended March 31, 2022</u>									
Revenue from contracts with customers	\$ 12,201	\$ 10,401	\$ 170,496	\$ 50,428	\$ 56,119	\$ 43,697	\$ 20,409	\$ 17,669	\$ 381,420
Timing of revenue recognition									
At a point in time	\$ 4,153	\$ 9,624	\$ 114,468	\$ 49,244	\$ 25,021	\$ 42,539	\$ 7,687	\$ 17,140	\$ 269,876
Over time	\$ 8,048	\$ 777	\$ 56,028	\$ 1,184	\$ 31,098	\$ 1,158	\$ 12,722	\$ 529	\$ 111,544
	\$ 12,201	\$ 10,401	\$ 170,496	\$ 50,428	\$ 56,119	\$ 43,697	\$ 20,409	\$ 17,669	\$ 381,420

## 2. Contract liability

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

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Contract assets:				
Project contracts	\$ 8,064	\$ 13,154	\$ -	\$ -
Contract liabilities:				
Advance sales receipts	\$ 314,868	\$ 258,117	\$ 195,862	\$ 188,350

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

	Three Months Ended March 31,	
	2023	2022
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
Advance sales receipts	\$ 114,658	\$ 87,183

## (23) Operating costs

	Three Months Ended March 31,	
	2023	2022
Service cost of platform	\$ 40,015	\$ 26,455
Royalty cost	15,918	28,669
Cost of goods sold	3,034	1,197
Others	6,118	10
	\$ 65,085	\$ 56,331

(24) Interest income

Three Months Ended March 31,			
		2023	2022
Bank deposits	\$	14,490	\$ 312
Interest income from financial assets measured at amortized cost		1,706	363
	\$	16,196	\$ 675

(25) Other income

Three Months Ended March 31,			
		2023	2022
Rental income	\$	16,102	\$ 16,626
Service revenue		1,056	834
Other income - others		1,218	155
	\$	18,376	\$ 17,615

(26) Other gains and losses

Three Months Ended March 31,			
		2023	2022
Currency exchange gains (losses)	( \$	6,565 )	\$ 16,357
Net gains on financial assets at fair value through profit or loss		5,938	783
Depreciation expenses on investment property	(	2,909 )	( 2,909 )
Others	(	1,003 )	69
	( \$	4,539 )	\$ 14,300

(27) Financial costs

Three Months Ended March 31,			
		2023	2022
Interest expense - lease liabilities	\$	42	\$ 15

(28) Costs and expenses by nature

Three Months Ended March 31,			
		2023	2022
Employee benefit expense	\$	205,229	\$ 197,767
Promotional fees		87,964	67,664
Service cost of platform		40,015	26,455
Royalty cost		15,918	28,669
Professional service fees		12,571	18,882
Cost of goods sold		3,034	1,197
Depreciation of property, plant and equipment		2,715	3,205
Product expenses		1,669	1,571
Depreciation of right-of-use assets		1,403	1,049
Amortization expenses		831	800
Others		25,833	15,272
Total cost of sales and operating expenses	\$	397,182	\$ 362,531

(29) Employee benefit expenses

	Three Months Ended March 31,	
	2023	2022
Wages and Salaries	\$ 172,999	\$ 174,067
Insurance fees	14,412	12,771
Pension costs	7,346	6,857
Cost of employee stock options	5,128	-
Directors' remuneration	1,912	825
Other personnel expenses	3,432	3,247
	<u>\$ 205,229</u>	<u>\$ 197,767</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, 2023 and 2022, employees' compensation and directors' remuneration were accrued as follows. The aforementioned amounts were recognized in salary expenses:

	Three Months Ended March 31,	
	2023	2022
Employees' compensation	\$ 8,944	\$ 1,678
Directors' remuneration	1,030	814
	<u>\$ 9,974</u>	<u>\$ 2,492</u>

For the three months ended March 31, 2023 and 2022, the employees' compensations were estimated and accrued at 11.79% and 3.0%, respectively, of distributable profit for current period, and the directors' remuneration were estimated and accrued at 1.36% and 1.45%, respectively, of distributable profit of current year as of the end of reporting period.

Employees' remuneration and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with the amounts recognized in the 2022 financial statements. Above mentioned employees' compensation is released by cash.

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,	
		2023	2022
Current tax:			
Current tax expense recognized for the current period	\$	10,001	\$ 9,481
Total current tax		<u>10,001</u>	<u>9,481</u>
Deferred tax:			
Origination and reversal of temporary differences	(	1,210 )	( 533 )
Total deferred tax	(	<u>1,210</u>	( <u>533</u> )
Income tax expense recognized in profit or loss	\$	<u>8,791</u>	\$ <u>8,948</u>

2. The Company's income tax returns through 2021 have been assessed and approved, except 2020, by the Tax Authority.

(31) Earnings per share (EPS)

Three Months Ended March 31, 2023			
	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 ordinary shareholders of the parent company	\$ 54,708	78,942	\$ 0.69
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 54,708	78,942	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	257	
Employees' compensation	-	575	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 54,708	79,774	\$ 0.69
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 ordinary shareholders of the parent company	\$ 42,516	77,751	\$ 0.55
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 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 company plus assumed conversion of all dilutive potential ordinary shares	\$ 42,516	77,974	\$ 0.55

(32) Supplemental cash flow information

Investment activities with no cash flow effects:

	Three Months Ended March 31,	
	2023	2022
Transfer of property, plant and equipment to investment property	\$ -	\$ 10,256

(33) Changes in liabilities from financing activities

	Three Months Ended March 31, 2023		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities gross
At January 1	\$ 9,535	\$ 11,273	\$ 20,808
Changes in cash flow from financing activities	( 851 )	( 1,392 )	( 2,243 )
At March 31	\$ 8,684	\$ 9,881	\$ 18,565

	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

7. Related-Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Perfect Corp. (Cayman)	Associates
Perfect Mobile Corp. (Taiwan)	Associates (Subsidiary of Perfect Corp. (Cayman))
Perfect Corp. (Japan)	"
Perfect Corp. (USA)	"
ClinJeff Corp.	Other related parties

(2) Significant related party transactions and balances

1. Other receivables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Service revenue:			
Perfect Mobile Corp. (Taiwan)	\$ 1,056	\$ 507	\$ 834
Rent income:			
Perfect Mobile Corp. (Taiwan)	661	661	661
Perfect Corp. (Japan)	739	750	760
	<u>1,400</u>	<u>1,411</u>	<u>1,421</u>
Payment on behalf of others			
Perfect Mobile Corp. (Taiwan)	791	627	255
Perfect Corp. (Japan)	31	32	45
	<u>822</u>	<u>659</u>	<u>300</u>
	<u>\$ 3,278</u>	<u>\$ 2,577</u>	<u>\$ 2,555</u>

The Group provides legal, management and technical related services to associates, and expenses were charged in accordance with the personnel costs related to the services that the Group provided. Service revenues for the three months ended March 31, 2023 and 2022 are as follows:

	<u>Three Months Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Service revenue (shown as other income):		
Perfect Mobile Corp. (Taiwan)	\$ 1,056	\$ 834

2. Other payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Payment on behalf of others			
Perfect Mobile Corp. (Taiwan)	\$ -	\$ -	\$ 19

It was mainly payments and collections on behalf of others.

3. Rental income (shown as other income)

	<u>Three Months Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Perfect Mobile Corp. (Taiwan)	\$ 1,894	\$ 1,892
Perfect Corp. (Japan)	675	707
	<u>\$ 2,569</u>	<u>\$ 2,599</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).

	<u>March 31, 2023</u>	
Within 1 year	\$ 1,959	
2024	-	
	<u>\$ 1,959</u>	
	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Within 1 year	\$ -	\$ 5,667
2023	3,848	3,848
	<u>\$ 3,848</u>	<u>\$ 9,515</u>

#### 4. Lease arrangements - lessee

(a) The Group has leased the office from ClinJeff Corp. since May 2022, and the lease period is from 2022 to 2024 where the present value of cash payments was \$2,762, calculated using the abovementioned lease period and discount rate. As of March 31, 2023, the accumulated depreciation recognized was \$1,266.

(b) Total lease liabilities

(i) Ending balance:

	March 31, 2023	December 31, 2022	March 31, 2022
ClinJeff Corp.	\$ 1,622	\$ 1,965	\$ -

(ii) Interest expenses:

	Three Months Ended March 31,	
	2023	2022
ClinJeff Corp.	\$ 7	\$ -

#### 5. Acquisition of financial assets

Please refer to note 6(6) 4.

#### (3) Key management Salary information

	Three Months Ended March 31,	
	2023	2022
Short-term employee benefits	\$ 11,317	\$ 13,590
Post-employment benefits	175	153
	<u>\$ 11,492</u>	<u>\$ 13,743</u>

#### 8. Pledged Assets

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

Pledged asset	Carrying amounts at			Purpose
	March 31, 2023	December 31, 2022	March 31, 2022	
Time deposits (recognized as non-current financial assets at amortized cost)	\$ -	\$ -	\$ 5,000	Performance guarantee

#### 9. Significant Contingent Liabilities and Unrecognized Contract Commitments

##### (1) Contingencies

None.

##### (2) Commitments

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

#### 10. Significant Disaster Loss

None.

11. Significant Events after the balance sheet date

None.

12. Others

(1) 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 return 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.

(2) Financial instruments

1. Financial instruments by category

	March 31, 2023	December 31, 2022	March 31, 2022
<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)	\$ 304,850	\$ 300,818	\$ 363,266
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 248	\$ 248	\$ 248
Financial assets at amortized cost			
Cash and cash equivalents	\$ 1,535,276	\$ 1,743,889	\$ 1,747,361
Financial assets at amortized cost (including current and non-current)	426,300	122,840	119,520
Accounts receivable	80,013	119,289	64,282
Other receivables (including related parties)	9,439	6,415	5,163
Guarantee deposits paid (recognized under other financial assets)	6,764	6,801	4,313
	<u>\$ 2,057,792</u>	<u>\$ 1,999,234</u>	<u>\$ 1,940,639</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Accounts payable	\$ 52,488	\$ 54,967	\$ 51,441
Other payables (including related parties)	318,197	343,211	357,104
Guarantee deposits received (recognized under other financial liabilities)	8,684	9,535	10,874
	<u>\$ 379,369</u>	<u>\$ 407,713</u>	<u>\$ 419,419</u>
Lease liabilities (including current and non-current)	<u>\$ 9,881</u>	<u>\$ 11,273</u>	<u>\$ 3,486</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 executed by the Group's treasury department under the policy 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 of Directors 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

- A. 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 currencies, primarily USD, JPY and EUR. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. 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, 2023				Three Months Ended March 31, 2023		
				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	\$ 43,808	30.45	\$ 1,333,954	1%	\$ 13,340	\$ -
EUR:NTD	282	33.15	9,348	1%	93	-
GBP:NTD	1	37.67	38	1%	-	-
USD:JPY	971	113.09	29,567	1%	296	-
<u>Non-monetary items</u>						
USD:NTD	58,193	30.45	1,771,962	1%	342	17,377
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,271	30.45	38,702	1%	387	-
USD:JPY	1,217	133.09	37,058	1%	371	-

  

December 31, 2022				Year ended December 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	\$ 40,367	30.71	\$ 1,239,671	1%	\$ 12,397	\$ -
EUR:NTD	267	31.72	8,736	1%	87	-
GBP:NTD	3	37.09	111	1%	1	-
USD:JPY	1,281	132.14	39,340	1%	393	-
<u>Non-monetary items</u>						
USD:NTD	57,979	30.71	1,780,536	1%	342	17,463
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,184	30.71	36,361	1%	364	-
USD:JPY	1,363	132.14	41,858	1%	419	-

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	-

- C. The total exchange gains or loss, including realized and unrealized, arising from significant effects of foreign exchange fluctuation on the monetary items held by the Group for the three months ended March 31, 2023 and 2022 were a loss of \$6,565 and a gain of \$16,357, respectively.

#### Price risk

- A. 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 investment in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group mainly invests in unlisted stocks, and the value of these equity instruments will be affected by the uncertainty of 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, 2023 and 2022 due to equity instruments measured at fair value through profit or loss will increase or decrease by \$274 and \$301, respectively; the other comprehensive income will increase or decrease by both \$2 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

- A. 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.
- B. The Group did not use any financial instruments to hedge interest rate risk.
- C. There were no borrowing as of March 31, 2023, December 31, 2022 and March 31, 2022, and thus there was no interest rate risk arising from borrowings.

#### (b) Credit risk

- A. 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.

- B. 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.
  - C. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
  - D. 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.
  - E. 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.
  - F. 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.
  - G. 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.
  - H. 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, 2023 and 2022.
- (c) Liquidity risk
- A. 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.

- B. 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, 2023, December 31, 2022 and March 31, 2022, the Group held money market position of \$1,892,868, \$1,812,522 and \$1,428,347, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- C. 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.

March 31, 2023		Within 1 year	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Accounts payable	\$	52,488	\$ -	\$ -
Other payables		318,197	-	-
Lease liabilities (Note)		5,326	4,742	-
Other financial liabilities - guarantee deposits received		4,421	4,263	-
December 31, 2022		Within 1 year	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Accounts payable	\$	54,967	\$ -	\$ -
Other payables		343,211	-	-
Lease liabilities (Note)		5,659	5,843	-
Other financial liabilities - guarantee deposits received		3,150	6,385	-
March 31, 2022		Within 1 year	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Accounts payable	\$	51,441	\$ -	\$ -
Other payables		357,104	-	-
Lease liabilities (Note)		2,956	555	-
Other financial liabilities - guarantee deposits received		2,464	7,841	568

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

(3) 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 (including related parties), financial assets at amortized cost, other financial assets (under other non-current assets), accounts payable, other payables and other financial liabilities (under other non-current 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, 2023	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 34,249	\$ 34,249
Debt instruments	20,251	-	250,350	270,601
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	<u>\$ 20,251</u>	<u>\$ -</u>	<u>\$ 284,847</u>	<u>\$ 305,098</u>

December 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	\$ -	\$ -	\$ 34,249	\$ 34,249
Debt instruments	20,193	-	246,376	266,569
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	<u>\$ 20,193</u>	<u>\$ -</u>	<u>\$ 280,873</u>	<u>\$ 301,066</u>

  

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>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- A. The instruments which the Group used market quoted prices as the fair values (that is, Level 1) are listed below according to their characteristics:

	Open-end funds
Market quotation	Net asset value

- B. Except for the above-mentioned 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 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.
- C. 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.

D. 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, 2023 and 2022, 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, 2023 and 2022:

	Three Months Ended March 31, 2023		
	Equity securities	Debt instruments	Total
At January 1	\$ 34,497	\$ 246,376	\$ 280,873
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	-	5,880	5,880
Effect of exchange rate changes	-	( 1,906 )	( 1,906 )
At March 31	<u>\$ 34,497</u>	<u>\$ 250,350</u>	<u>\$ 284,847</u>

	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>

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:

	Fair value At March 31, 2023	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 34,497	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	250,350	Net asset value	Not applicable.	Not applicable.
	Fair value At December 31, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 34,497	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	246,376	Net asset value	Not applicable.	Not applicable.

	Fair value At March 31, 2022	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.

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, 2023					
		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%	\$ 342	( \$ 342 )	\$ 2	( \$ 2 )
Debt instruments	Not applicable.		±1%	2,504	( 2,504 )	-	-
Total				\$ 2,846	( \$ 2,846 )	\$ 2	( \$ 2 )

		Three Months Ended March 31, 2022				
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Change	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	Not applicable.	±1%	2,456	( 2,456 )	-	-
Total			\$ 2,833	( \$ 2,833 )	\$ 2	( \$ 2 )

### 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 “Media Creation” software. Information about operating results of other products is provided under the column heading “Media Experience and Entertainment 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, 2023		
	Media Experience and Entertainment and Others		Total
	Media Creation		
Segment Revenue	\$ 293,751	\$ 136,939	\$ 430,690
Segment Operating Income	\$ 23,772	\$ 9,736	\$ 33,508
Segment income (loss), including:			
Depreciation expense	\$ 2,921	\$ 1,197	\$ 4,118
Amortization expenses	\$ 590	\$ 241	\$ 831
	Three Months Ended March 31, 2022		
	Media Experience and Entertainment and Others		Total
	Media Creation		
Segment Revenue	\$ 259,225	\$ 122,195	\$ 381,420
Segment Operating Income	\$ 13,422	\$ 5,467	\$ 18,889
Segment income (loss), including:			
Depreciation expense	\$ 3,023	\$ 1,231	\$ 4,254
Amortization expenses	\$ 568	\$ 232	\$ 800

(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, 2023

Table 1

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

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2023				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	-	\$ 34,249	16.67%	\$ 34,249	
CyberLink Corp.	Yuanta Wan Tai Money Market Fund	None	Current financial assets at fair value through profit or loss	1,313,817	20,251	0.08%	20,251	
CyberLink Corp.	Fuh Hwa New Intelligence Fund	None	Non-current financial assets at fair value through profit or loss	3,000,000	27,150	1.90%	27,150	
CyberLink Corp.	Geothings Technology Co., Ltd	None	Non-current financial assets at fair value through other comprehensive income	100,000	248	2.08%	248	
CyberLink Corp.	SKYMIZER TAIWAN INC.	None	Non-current financial assets at fair value through other comprehensive income	40,000	-	1.48%	-	
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	-	USD 7,330 (in thousands of dollars)	5.37%	USD 7,330 (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, 2023

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	\$ 26,685	Note 4	6.2%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Sales revenue	38,328	Note 4	8.9%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Receivables	14,493	Note 4, 5	0.2%

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, 2023**

Table 3

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

Name of Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment Amount		Shares held as at March 31, 2023			Net income (loss) 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, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Carrying amount			
CyberLink Corp.	CyberLink.Com Corp.	America	Sale of software								Direct subsidiary
				\$ 136,327	\$ 136,327	4,000,000	100%	\$ 376,970	( \$ 6,313 )	( \$ 6,313 )	Direct subsidiary
CyberLink Corp.	CyberLink International Technology Corp.	B.V.I.	Investment activities	1,373,806	1,373,806	44,000,000	100%	1,991,847	( 262 )	( 262 )	Direct subsidiary
CyberLink Corp.	CyberLink Inc.	Japan	Sale of software	235,714	235,714	1,900	100%	231,548	( 4,381 )	( 4,381 )	Direct subsidiary
CyberLink International Technology Corp.	Perfect Corp. (Cayman)	Cayman	Investment activities	1,194,462	1,204,661	36,960,961	31.25%	1,737,713	21,108	-	Investments accounted for using the equity method
				(USD 39,227 in thousands of dollars )	(USD 39,227 in thousands of dollars )			(USD 57,068 in thousands of dollars )	(USD 695 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, 2023' 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 income (loss) of the investee for this period' column should fill in amount of net income (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, 2023**

Table 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, 2023	Amount of investment remitted or recovered during the period		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Net income of investee as of March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the period: (Note 2(2)B)	Carrying amount of investments in Mainland China as of March 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Perfect (Shanghai) Co., Ltd.	Trading of computer peripheral and software	\$ 65,681	(2)	\$ 32,125	\$ -	\$ -	\$ 32,125	(\$ 4,036)	31.25%	\$ -	\$ 5,280	\$ -	Footnote Note 4, 5
		(USD 2,157 in thousands of dollars)		(USD1,055 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, 2023	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.	\$ 32,125 (USD 1,055 in thousands of dollars)	\$ 73,019 (USD 2,398 in thousands of dollars)	\$ 2,815,031										

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, 2023' 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. (Cayman), which is the Group's investee company recognized under the equity method.

## CYBERLINK CORP. AND SUBSIDIARIES

## Major shareholders information

March 31, 2023

Table 5

Expressed in shares

Name of major shareholder	Shares	
	Number of shares held	Ownership (%)
ClinJeff Corp.	12,176,497	15.42%
Chang, Hua-Jen	7,862,716	9.96%