



WINKING STUDIOS LIMITED

(Company Registration No. 159882)

(Incorporated in the Cayman Islands)

27 February 2025

Preliminary Results For The Year Ended 31 December 2024

Revenue Growth of 8.9% with Resilient Business Performance in FY2024; Advancing Global Ambitions with Proactive M&A Strategy

Winking Studios Limited (AIM / SGX: WKS) (“**Winking Studios**” or the “**Company**” and together with its subsidiaries, the “**Group**”), one of Asia’s largest AAA game art outsourcing studios and an established game development company, announces its unaudited full year results for the financial year ended 31 December 2024 (“**FY2024**”).

Financial Summary

(US\$ million)	FY2024	FY2023	Change (%)
Revenue	31.9	29.3	+8.9
Gross margin	9.5	9.3	+1.4
Gross margin (%)	29.7	31.9	(2.2)
Adjusted EBITDA	4.8	5.2	(7.6)
Adjusted EBITDA margin (%)	15.1	17.8	(2.7)
EBITDA	2.0	3.2	(37.4)
Adjusted net profit	3.4	3.8	(10.0)
Net profit	0.5	1.8	(70.5)

Financial & Operational Highlights:

- Strong demand drove revenue growth of 11.2% on a constant currency basis¹ (FY2023: 23.5%).
- Repeat revenue from follow-up projects represented 41% of revenue (FY2023: 40%).
- Gross margin would have increased to 33.3% (FY2023: 31.9%), had the acquisitions of On Point Creative Co., Ltd. (“**On Point Creative**”) and Pixelline Production Sdn. Bhd. (“**Pixelline**”) been excluded.
- Healthy balance sheet with cash and cash equivalents and bond investments of US\$41.3 million, and zero borrowings as at 31 December 2024 (as at 31 December 2023: US\$16.4 million, and zero borrowings).
- Proposed dividend of SGD 0.024 cents (GBP 0.014 pence) per share in FY2024, representing approximately 15% of the Group’s distributable profit in FY2024, in line with dividend policy.

¹ Constant currency basis: The current period’s reported revenue is recalculated using the average exchange rate from the same period last year.

This adjustment allows management and other users of the financial statements to better understand the underlying trading performance compared to the previous year.

Strategic Highlights

- Completed a private placement in Singapore (July 2024) and AIM dual listing on the London Stock Exchange (“LSE”) (November 2024), raising total proceeds of approximately US\$29.9 million to accelerate the Group’s global growth plans and Merger and Acquisition (“M&A”) strategy.
- M&A: Acquired On Point Creative (Taipei, April 2024) and Pixelline (Kuala Lumpur, June 2024), expanding talent pool and strengthening presence in Asia. M&A momentum was maintained post financial year end with the proposed acquisition of Shanghai Mineloder Digital Technology Co., Ltd. (“Mineloder”).

Outlook

- The global gaming industry is expanding rapidly, with total global development expenditure expected to increase at a CAGR of 9.8% between 2023 and 2028 to US\$55.3 billion (Source: China Insights Consultancy, August 2024).
- Proposed US\$19.9 million (S\$27.2 million or £16.3 million or RMB 146 million)²³⁴ acquisition of Mineloder will increase market share in art outsourcing, enhance the Group’s value proposition in the console games market segment, and expand headcount by more than 460.
- Strong project pipeline over the next 24 months based on indicative bookings of the Group’s artists by customers of more than US\$35.8 million (subject to changes depending on the final confirmation from customers) as of 31 December 2024.
- Focused on developing United States (“US”), Europe, United Kingdom (“UK”) and Japanese markets to further diversify customer and revenue base.

Executive Director and Chief Executive Officer (Founder) of Winking Studios, Johnny Jan, commented:

“We have continued to benefit from strong demand for our services from our blue-chip customer base, which, together with our team’s exceptional operational execution, has driven both revenue growth and resilient performance during FY2024.

“FY2024 also marked another pivotal transition for our Group as we expanded our investor base globally, strengthened our business foundation, and adapted to an evolving market landscape.

“By embracing new opportunities, investing in innovation, and expanding our capabilities, we are laying the groundwork for greater resilience and sustainable growth. With a clear vision and strategic focus on executing our M&A strategy, we are committed to delivering new value propositions to our customers and ensuring greater returns for our stakeholders and shareholders.”

Investor Presentation

² Based on the exchange rate of RMB1:S\$0.1865 as at 16 January 2025 as extracted from the Monetary Authority of Singapore’s (“MAS”) website.

³ Based on the exchange rate of RMB1: £0.1118 as at 16 January 2025 as extracted from the MAS website.

⁴ Based on the exchange rate of RMB1: US\$0.1364 as at 16 January 2025 as extracted from the MAS website.

Winking Studios' management team will host an online presentation and Q&A open to all investors and analysts today, Thursday 27 February 2025, at 9am GMT/5pm SGT. Anyone wishing to connect can register via the following link:

[Winking Studios 2024 Full Year Results | SparkLive | LSEG](#)

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About Winking Studios Limited (AIM and SGX: WKS)

Headquartered in Singapore and dual-listed on the London Stock Exchange and Singapore Exchange (Trading Code: WKS), Winking Studios Limited is one of Asia's largest AAA game art outsourcing studios and an established game development company.

With over 25 years of experience and established track record, the Group provides end-to-end art outsourcing, game development services and other gaming services across various platforms for the global gaming industry via its three

business segments of Art Outsourcing, Game Development and Global Publishing & Other Services.

The Group has nine studios across Kuala Lumpur, Taipei, Shanghai, Nanjing and Suzhou and a backend office in Singapore with over 800 highly skilled employees serving a global customer base that includes 22 of the top 25 game publishers in the world. For more information, please visit www.winkingworks.com.

CEO's Statement

FY2024 has been another pivotal year for Winking Studios, underpinned by our dual listing on the AIM market of the London Stock Exchange in November 2024, a major strategic milestone that raised US\$10.0 million (GBP 7.9 million) to support our global growth ambitions.

This listing reinforces our presence in the UK and Europe while establishing a strong platform to expand our international strategy into the US and other key Western markets. It further connects us with a sophisticated investor base renowned for its deep expertise in the gaming industry, aligning us with like-minded investors as we expand.

In July 2024, we completed a private placement of US\$19.9 million (SGD 27.0 million) in Singapore that was well supported by existing shareholders, the Company's management team and investors across Singapore, Malaysia and Taiwan. With growing interest and recognition from the investment community, we are heartened by this vote of confidence and we will continue to actively expand our network and market presence with our global ambitions.

From a performance perspective, demand for our outsourced gaming services remained strong as revenue increased 8.9% in FY2024 to US\$31.9 million and 11.2% on a constant currency basis. Our acquisition of two art outsourcing studios, On Point Creative and Pixelline, in FY2024, contributed US\$1.3 million of revenue.

Gross profit increased slightly to US\$9.5 million in FY2024, with the Group's profit margin dipping slightly due to the integration of the two newly acquired art outsourcing studios, On Point Creative and Pixelline, during the financial year.

Despite higher expenses incurred for marketing and promotional expenses as well as ongoing listing expenses on the Singapore Exchange (SGX), the Group remained profitable with adjusted EBITDA of US\$4.8 million in FY2024, reflecting our resilient operating performance. More details of our financial results in FY2024 can be found in the CFO's Review and detailed financial statements.

In line with our dividend policy and commitment to reward shareholders, we have proposed a dividend of SGD 0.024 cents (GBP 0.014 pence) per share in FY2024, subject to Shareholders' approval at the Company's annual general meeting ("AGM"). We will be looking to strategically deploy the Group's cash resources through targeted acquisitions and investments, aiming to enhance our market positions and drive long-term shareholder value.

With strengthening foundations, a clear strategic roadmap and a determined approach to expand our value propositions, we have and will continue to be proactive in pursuing our growth ambitions. As we move forward, we remain committed to driving both organic and inorganic growth while enhancing our operational capabilities to ensure we deliver long-term, sustainable value for our shareholders.

Poised to grow market share in a rapidly expanding industry*

The global gaming industry continues to expand at pace, with total market revenues expected to grow from US\$ 216.9 billion in 2023 to US\$ 345.3 billion by 2028, representing a CAGR of 9.8%. The mobile games sector, currently a key market of Winking Studios' art outsourcing business segment, is expected to lead the overall industry, with a CAGR of 12.7% between 2023 and 2028.

This growth is underpinned by the increasing demand from players for high-quality, regularly-updated content, immersive visuals and complex character models and environments – all of which require significant investment in art and development services.

As the industry evolves, major game studios are outsourcing more of their art and development needs to increase efficiency, reduce fixed costs and make scaling easier, driving a structural shift towards established external service providers like Winking Studios.

The global game art outsourcing market grew from US\$1.8 billion in 2018 to US\$3.7 billion in 2023, representing a CAGR of 14.9%, and is expected to reach US\$7.1 billion in 2028. The mobile sector of the global game art outsourcing industry is expected to continue to outpace other game outsourcing segments, increasing from 46% of the US\$3.7 billion market in 2023 to more than 50% of the US\$7.1 billion market in 2028.

It is a similar story in game development outsourcing, a market which grew from US\$6.4 billion in 2018 to US\$9.9 billion in 2023, representing a CAGR of 8.9%. Driven by the increased scope and complexity of games, this figure is expected to grow to US\$17.8 billion by 2028, representing a CAGR of 12.5%.

As one of the top four global game art outsourcing providers, Winking Studios is well-positioned to continue to capture market share in this rapidly expanding industry.

**All statistics and forecasts in this section are sourced from China Insights Consultancy (August 2024)*

A clear growth strategy - delivering at pace

With the aspiration of becoming Number 1 art services provider globally, Winking Studios is one of the leading global providers of game art outsourcing and development services, specialising in concept art, 3D modeling, animation and full-cycle game development.

With established, long-standing relationships with 22 of the top 25 global game developers, Winking Studios benefits from repeat revenue streams as game developers and publishers increasingly adopt live-service models, requiring continuous content updates, expansions, and seasonal events – driving sustained demand of follow-up projects for outsourced game art and development support.

Currently, Winking Studios has nine studios across Kuala Lumpur, Taipei, Shanghai, Nanjing and Suzhou and a backend office in Singapore. The Group has over 800 highly skilled employees in total.

At the heart of Winking Studios' growth strategy is a dual focus on strengthening our presence in Asia while expanding into key international markets, both developed and emerging, across different market segments of the gaming industry.

Strengthening business development and marketing efforts in Europe, the UK and the US remains a key priority, as these regions present significant opportunities in terms of market share for a company like Winking Studios, with established capabilities and cost efficiencies in Asia.

By growing our global footprint, the Company aims to capitalise on the strong momentum in the game art and development outsourcing industries, leveraging over 25 years of expertise and a rich pool of high-value relationships built over that time. These include partnerships with leading game publishers, platforms, and key industry stakeholders, as well as the extensive network of our major shareholder Acer, which continues to provide valuable financial support and strategic counsel.

Building a global leader with robust investor support and proactive M&A strategy

The international game art and development outsourcing markets are highly fragmented, providing a significant opportunity for an ambitious listed group like Winking Studios to act as a global consolidator to drive synergies and expand our value propositions.

Recognising M&A as a core pillar of the Company's growth strategy, we believe it is essential to leverage the collective strength of capital markets to accelerate our global business expansion, which led to our listings in Singapore and London over the past two years.

With the funds raised from our capital market activities, we swiftly advanced our acquisition strategy with the acquisitions of On Point Creative and Pixelline in April and June 2024 respectively. In January 2025, we announced the proposed acquisition of Mineloder, one of the leading game art outsourcing and development studios in Asia, for an aggregate consideration of approximately US\$19.9 million (S\$27.2 million), our largest acquisition to date. Combined with the Group's existing headcount of over 800, Mineloder's team of more than 460 employees will be a valuable addition, boosting our service offerings in console platform games and providing revenue diversity.

With Winking Studios' growing market presence in Japan, Mineloder's established experience and presence in this key gaming market is also a notable value add to the Group.

These acquisitions demonstrate our commitment to accelerating expansion through strategic and targeted investments.

Post integration of these acquisitions, we believe that there are also opportunities for increased business synergies, resource integration and cross-selling, driving enhanced economies of scale.

Moving ahead, we remain focused on exploring the acquisitions of established and profitable studios that offer specialised expertise, new value propositions, access to new market segments, and scalable operations.

Outlook for 2025

The Group is focused on delivering long-term, sustainable value creation through a combination of organic growth, strategic acquisitions and operational efficiencies.

We expect to complete the acquisition of Mineloder before the end of second quarter of 2025, subject to the fulfillment of certain conditions precedent, expanding our headcount, increasing our market share in the game art outsourcing industry, and enhancing our value propositions in our targeted markets. The acquisition will also support our broader goal of increasing market share in Western markets, where demand for game art and development services continues to grow.

Beyond this, we continue to pursue a robust pipeline of M&A opportunities, leveraging our 25+ years of industry experience and established networks in the global gaming industry to identify high-quality acquisition targets that align with our strategic objectives.

A particular focus is to establish new production hubs in Southeast Asia. The region's strong talent pool and cost efficiencies provide an opportunity to further strengthen our competitive advantages while improving scalability and service delivery. Expanding our production footprint in this way will allow us to better meet the evolving needs of our customers.

To further diversify the revenue base and secure new customers and projects through strategic ventures and alliances, 2025 will also see us further accelerate our business development efforts in the US, Europe, the UK, and Japan. While these initiatives will likely increase our near-term operating costs, we believe that they are essential investments to strengthen our long-term competitiveness and drive sustainable growth.

From an operational perspective, we are committed to continuing to optimise performance by leveraging the synergies within our growing network of studios in Asia. By improving resource integration and expanding cross-selling opportunities, we aim to enhance efficiency and maximise the value we deliver to our customers.

Growth and an exciting long-term opportunity ahead

Gaming has emerged as a dominant force in global entertainment, transforming from a niche hobby into a mainstream lifestyle for billions around the world.

With rapid advancements in technology, gamers are increasingly expecting higher-quality, more immersive gaming experiences. As a company committed to innovation and excellence for over two decades, Winking Studios is well-positioned to capitalise on this global megatrend with our high-quality work and cost efficiency.

Following our Catalist listing on the SGX, and our admission to AIM market in the UK in 2023 and 2024 respectively, Winking Studios has truly evolved to its next phase of strategic growth. Milestones like these naturally invite reflection. From our origins before the turn of the millennium to where we stand today, it has been an extraordinary adventure – characterised by incredible achievements, resilience in the face of challenges and lasting relationships with remarkable people. We have learned a great deal along the way, and while we have come this far, I believe we have never been more focused or aligned in our goals as an organisation.

With a clear vision, an ambitious path forward and the right people on board, there is no doubt in my mind that our best years are ahead of us. I am excited for what lies ahead and look forward to updating our stakeholders on our further accomplishments in the months and years ahead.

Thank you

Finally, as we close another busy year of 2024, I want to extend my heartfelt thanks to the entire Winking Studios team for their hard work, creativity and dedication. They have been instrumental in driving progress towards our strategic ambitions. I am similarly grateful to our shareholders, whose trust and continued support enable us to pursue new opportunities and bring our vision closer to reality.

Johnny Jan

Executive Director and CEO (Founder)

26 February 2025

CFO's Review

Revenue

As one of the leading global provider of game art outsourcing and development services, Winking Studios provides end-to-end art outsourcing, game development services and other gaming services across various platforms for the global gaming industry via our three business segments of Art Outsourcing, Game Development and Global Publishing & Other Services.

In FY2024, the Group posted revenue growth of 8.9% to US\$31.9 million as compared to FY2023's revenue of US\$29.3 million. The Group's revenue growth would have increased to 11.2% year-on-year if not for the negative impact of approximately 2.3 percentage points due to currency exchange rate fluctuations when converting local currency in operating markets to the reporting currency in US\$, whereby certain foreign currencies depreciated against US\$ during FY2024.

Business Segment Review

Art Outsourcing

This business segment is involved in the creation and development of digital art assets. The Group has the capabilities to provide a wide range of design services including 2D concept art, 3D modelling, 2D animation, 3D animation and visual effects, which includes environment design and game character design.

US\$ million	FY2024	FY2023	Change (%)
Revenue	26.4	24.1	+9.5

Historically, majority of the Group's revenue is contributed by this business segment and in FY2024, it accounted for 82.8% of the Group's overall revenue,

Revenue from this business segment increased by 9.5% or US\$2.3 million to US\$26.4 million, mainly due to increased orders from both new and existing clients, in particularly those in Taiwan, Japan, and South Korea. Our acquisition of the two art outsourcing studios, On Point Creative and Pixelline, in FY2024, contributed US\$1.3 million of revenue under this business segment.

Game Development

This business segment provides programming, game development, design and script writing services.

US\$ million	FY2024	FY2023	Change (%)
Revenue	5.3	5.0	+6.1

In FY2024, this business segment contributed 16.6% of the Group's overall revenue, representing a revenue growth of 6.1% or US\$0.3 million to US\$5.3 million, driven by higher orders from existing customers.

Global Publishing and Other Services

This business segment is involved in the release of game products produced by the Group as well as third party game developers on global game platforms such as PlayStation, Switch and Steam. It is also involved in the sale of the Group's in-house developed video game products and peripheral gaming products.

US\$ million	FY2024	FY2023	Change (%)
Revenue	0.2	0.2	Not meaningful

In FY2024, this business segment contributed revenue of US\$0.2 million or 1% of the Group's overall revenue, comparable to that recognised in FY2023.

Geographical Segment Review

Serving a global customer base that includes 22 of the top 25 game publishers in the world, the Group has made good progress over the years to diversify our revenue base geographically; while Mainland China and Hong Kong remain key markets, revenue contributions from other regions have expanded. The following table depicts the revenue breakdown geographically in FY2023 and FY2024:

	Group	
	Financial years ended	
	31 December	
	2024	2023
	USD'\$000	USD'\$000
Mainland China and Hong Kong ⁵	11,078	11,964
Taiwan ⁶	7,044	5,339
South Korea	6,176	5,479
United States	3,487	4,908

⁵ Hong Kong here refers to Hong Kong Special Administrative Region.

⁶ Taiwan here refers to the Taiwan region.

Japan	3,299	1,385
Other	815	206
Total Revenue	31,899	29,281

Revenue from Mainland China and Hong Kong is contributed by two segments; one is from Chinese customers in China and Hong Kong, and the other is from Mainland China and Hong Kong (non-China) that comprises (i) Chinese subsidiaries from European and American customers and (ii) overseas subsidiaries of Chinese customers.

In FY2024, revenue contribution from Mainland China and Hong Kong (non-China) increased to 9.6% (FY2023: 7.1%) of overall revenue, while revenue from Chinese customers in Mainland China and Hong Kong declined to 25.1% (FY2023: 33.8%) of total revenue.

The Taiwanese market, South Korean market and Japanese market delivered revenue growth and particularly, revenue contribution from the Japanese market experienced significant growth in FY2024 mainly due to increased marketing and promotional activities.

Gross profit and margin

With higher revenue in FY2024, the Group registered higher gross profit of US\$9.5 million with a gross margin of 29.7%.

Gross profit margin in FY2024 was affected by lower gross profit margin from the two newly-acquired art outsourcing studios, namely On Point Creative and Pixelline, mainly due to sub-optimal efficiency linked to teething issues that arose from the integration process post-acquisition.

Excluding the two newly-acquired companies, the Group's gross profit margin would have increased to 33.3% in FY2024.

Operating costs

The Group's distribution and marketing expenses increased 39.5% or US\$0.6 million from US\$1.5 million in FY2023 to US\$2.2 million in FY2024. The increase was mainly due to more investments in marketing and promotional activities to expand into overseas markets, resulting in increased business travel costs, and costs related to marketing activities.

Administrative expenses increased 43.0% or US\$2.7 million, to US\$9.1 million in FY2024 (FY2023: US\$6.4 million), which was mainly due to the increase in share-based compensation expenses of US\$1.0 million, ongoing listing expenses on the SGX of US\$0.6 million and expenses of US\$2.5 million related to the dual listing on the AIM market.

EBTIDA / Adjusted EBITDA

With higher operating costs in FY2024, the Group recognised lower EBTIDA of US\$2.0 million in FY2024, as compared to US\$3.2 million in FY2023.

However, the Group's Adjusted EBITDA for the period, calculated as set out below, was US\$4.8 million in FY2024 (FY2023: US\$5.2 million), and it should be noted that Adjusted EBITDA for FY2024 includes ongoing listing expenses (SGX) and distribution and marketing costs of US\$1.2 million not incurred in FY2023.

Adjusted EBITDA is calculated by adding back certain expenses to EBITDA, namely: one-off listing expenses (in relation to admission of the Company's ordinary shares to trading on AIM/the SGX), share-based compensation expenses, foreign exchange gains/losses, costs of acquisition and integration, and private placement related expenses (to raise US\$19.9 million (S\$27 million) in Singapore). In FY2024, such expenses amounted to US\$2.8 million (FY2023: US\$2.0 million).

Alternative performance measures (APMs)

The Group also reports on a number of APMs to showcase the financial performance of the Group, which are not standard accounting measures defined by the International Financial Reporting Standards ("IFRS"). The Directors believe that these measures provide valuable additional financial information for users to understand the fundamental transactional performance of the Group.

In particular, APMs are used to provide the users of the accounts a clearer understanding of the Group's underlying profitability over a period of time.

US\$(m)	FY2024	FY2023	Change(%)
Revenue	31.9	29.3	+8.9
Revenue growth before FX			+11.2
Adjusted EBITDA	4.8	5.2	(7.6)
Adjusted EBITDA Margin	15.1%	17.8%	(2.7)
EBITDA	2.0	3.2	(37.4)

Adjusted net profit	3.4	3.8	(10.0)
Adjusted net profit margin	10.6%	12.8%	(2.2)
Net profit	0.5	1.8	(70.5)
Proposed Dividend per share (SGD cents per share) ¹	0.024	0.5	
(GBP pence per share) ¹	0.014	-	n.m
Adjusted expenses	2.8²	2.0	+41.3
SGX IPO Expenses	-	2.0	n.m
LSE Dual Listing Expenses	2.5	-	n.m
Share-based compensation expenses	1.0	-	n.m
Costs of acquisition and integration	0.1	-	n.m
Private Placement Related Expenses	0.1	-	n.m
Exchange Gains or Losses	(0.8)	(< 0.1)	n.m

¹ Subject to approval by shareholders at the upcoming AGM and the final dividend payout will be subjected to the prevailing exchange rate

² Due to rounding

Net Profit / Adjusted Net profit

Overall, the Group's net profit was lower at US\$0.5 million in FY2024 (FY2023: US\$1.8 million).

On an adjusted net profit basis, the Group posted US\$3.4 million in FY2024 (FY2023: US\$3.8 million), which includes ongoing listing expenses (SGX) and distribution and marketing costs of US\$1.2 million not incurred in FY2023.

Adjusted expenses

Adjusted expenses in FY2024 include the Group's AIM dual listing expenses on the LSE, share-based compensation expenses, foreign exchange gains/losses, costs of acquisition and integration, amortisation of acquisition-related intangible assets, and private placement-related expenses (to raise US\$19.9 million (S\$27.0 million) in Singapore in July 2024).

Cash flow

US\$ million	FY2024	FY2023	Change(%)
Net cash generated from operating activities	0.6	3.5	(81.7)
Net cash (used in) investing activities	(3.7)	(0.5)	+593.0
Net cash generated from financing activities	27.0	7.5	+260.7
Net increase in cash & cash equivalents	23.9	10.4	+129.5
Cash & cash equivalents at beginning of financial year	16.4	6.1	+171.1
Effects of exchange rate changes on cash & cash equivalents	(0.5)	(0.1)	+823.6
Cash & cash equivalents at end of financial year	39.8	16.4	+142.5

Net cash generated from operating activities was US\$0.6 million during FY2024, as compared to US\$3.5 million generated during FY2023, which is primarily due to a lower profitability that was weighed down by the AIM dual listing expenses and a US\$1.9 million reduction in working capital in FY2024 that was a result of higher revenue in the second half of 2024 and a quicker conversion of contract assets into receivables compared to the same period in FY2023.

Net cash used in investing activities was US\$3.7 million in FY2024, compared to US\$0.5 million in FY2023. This increase was primarily due to two acquisitions for US\$2.0 million (net) and the purchase of bonds for US\$1.5 million.

Net cash generated from financing activities increased significantly from US\$7.5 million in FY2023 to US\$27.0 million in FY2024, representing a net increase of US\$19.5 million. The significant increase in cash flow from financing activities in FY2024 was primarily driven by proceeds raised from the private placement in Singapore (July 2024) and the AIM dual listing on LSE (November 2024), reflecting the Group's M&A strategy and global ambitions. However, this was partially offset by dividend payments during the year.

Balance sheet and liquidity

US\$ million	FY2024	FY2023	Change(%)
Cash and cash equivalents	39.8	16.4	+142.5
Trade and other receivables	6.4	3.9	+64.1
Contract assets	3.6	3.5	+3.6
Current Assets	49.8	23.8	+109.5
Investment in Financial Assets at Amortised Cost	1.5	0.0	n.m
Intangible assets	1.9	0.2	+851.7
Property, plant and equipment	1.9	2.3	(14.2)
Right-of-use assets	3.0	2.5	+18.0
Deferred income tax assets & Other non-current assets	2.1	1.7	+23.7
Non-current assets	10.5	6.7	+55.5
Total assets	60.3	30.5	+97.6
Trade payables	5.9	5.4	+10.0
Lease liabilities & other liabilities	1.3	1.0	+28.3
Current liabilities	7.3	6.4	+12.9
Net Current assets	42.5	17.3	+145.4
Long term Lease & deferred tax liabilities	3.0	2.6	+14.5
Net Assets	50.0	21.4	+133.1

As at 31 December 2024, the Group's total equity increased 133.1% to US\$50.0 million, mainly due to the private placement in Singapore (July 2024) and the AIM dual listing on LSE (November 2024) which raised aggregate gross proceeds of US\$29.9 million. Consequently, the Group's cash position improved to US\$39.8 million as at 31 December 2024.

Trade and other receivables increased by US\$2.5 million, primarily driven by higher revenue in the second half of 2024 and a quicker conversion of contract assets into receivables compared to the same period in FY2023.

The increase in intangible assets was due to the completion of the acquisitions of the two art outsourcing studios in FY2024.

In FY2024, an additional US\$1.5 million in bonds was purchased to generate additional income from un-utilised funds.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
Unaudited Condensed Consolidated Interim Financial Statements
For the Six Months and Full Year Ended 31 December 2024
(Incorporated and domiciled in Cayman Islands with limited liability No. 159882)

*Winking Studios Limited (the “**Company**”) was listed on Catalist of the SGX-ST on 20 November 2023 and dual listed on AIM Market of the London Stock Exchange on 14 November 2024. The initial public offering of the Company on Catalist of the SGX-ST was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”).*

*This announcement has been reviewed by the Company’s Sponsor. This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.*

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

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WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024

A. Condensed Consolidated Interim Statements of Comprehensive Income

	Note	Full Year Ended 31 December			Six Months Ended 31 December		
		Unaudited	Audited	Increase/ (Decrease) %	Unaudited	Unaudited	Increase/ (Decrease) %
		2024 USD'\$000	2023 USD'\$000		2H 2024 USD'\$000	2H2023 USD'\$000	
Revenue from contracts with customers	4.2	31,899	29,281	8.9	16,674	15,071	10.6
Cost of sales		(22,435)	(19,947)	12.5	(11,452)	(10,102)	13.4
Gross profit		<u>9,464</u>	<u>9,334</u>	1.4	<u>5,222</u>	<u>4,969</u>	5.1
Other income		861	124	594.4	479	59	711.9
Other gains/(losses) - net		886	13	n.m.	923	(52)	n.m.
Distribution and marketing		(2,160)	(1,548)	39.5	(1,158)	(1,009)	14.8
Administrative expenses		(9,105)	(6,368)	43.0	(6,373)	(3,882)	64.2
Expected credit gains/(losses)		23	(111)	n.m.	(30)	15	n.m.
Interest income		465	68	n.m.	325	49	n.m.
Finance expenses		(80)	(89)	(10.1)	(41)	(46)	(10.9)
		(9,110)	(7,911)	15.2	(5,875)	(4,866)	20.7
Profit/(loss) before income tax		<u>354</u>	<u>1,423</u>	(75.1)	<u>(653)</u>	<u>103</u>	n.m.
Income tax credit	8	171	357	(52.1)	269	414	(35.0)
Profit/(loss) for the years		<u>525</u>	<u>1,780</u>	(70.5)	<u>(384)</u>	<u>517</u>	(174.3)
Other comprehensive income(loss):							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
<i>Currency translation (losses)/gains arising from consolidation</i>		(1,324)	(76)	1,642.1	(828)	213	(488.7)
Total comprehensive income/(loss) for the financial years/period		<u>(799)</u>	<u>1,704</u>	(146.9)	<u>(1,212)</u>	<u>730</u>	(266.0)
Profit/(loss) for the years/period attributable to:							
- Equity holders of the Company		525	1,780	(70.5)	(384)	517	(174.3)
- Non-controlling interests		-	-		-	-	
		<u>525</u>	<u>1,780</u>	(70.5)	<u>(384)</u>	<u>517</u>	(174.3)
Total comprehensive income/(loss) attributable to:							
- Equity holders of the Company		(799)	1,704	(146.9)	(1,212)	730	(266.0)
- Non-controlling interests		-	-		-	-	
		<u>(799)</u>	<u>1,704</u>	(146.9)	<u>(1,212)</u>	<u>730</u>	(266.0)
Earnings per share for profit (in USD)							
- Basic and diluted earnings per share	10	<u>0.0015</u>	<u>0.0073</u>	(78.8)	<u>(0.002)</u>	<u>0.002</u>	(199.8)

N.M – Not meaningful

The accompanying accounting policies and explanatory notes form an integral part of the condensed consolidated interim financial statements

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
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B. Condensed Consolidated Interim Statements of Financial Position

	Group		Company	
	Unaudited 31-12-2024 USD'\$000	Audited 31-12-2023 USD'\$000	Unaudited 31-12-2024 USD'\$000	Audited 31-12-2023 USD'\$000
ASSETS				
Current assets				
Cash and cash equivalents	39,832	16,423	29,074	5,549
Trade and other receivables	6,362	3,876	60	399
Contract assets	3,595	3,469	-	-
Total current assets	49,789	23,768	29,134	5,948
Non-current assets				
Investment in financial assets at amortised cost	1,461	-	1,461	-
Property, plant and equipment	1,935	2,255	-	-
Intangible assets	1,932	203	439	-
Right-of-use assets	3,004	2,545	-	-
Investment in subsidiaries	-	-	37,112	12,588
Deferred income tax assets	1,840	1,483	-	-
Other non-current assets	302	249	-	-
Total non-current assets	10,474	6,735	39,012	12,588
Total assets	60,263	30,503	68,146	18,536
LIABILITIES				
Current liabilities				
Trade and other payables	5,940	5,402	20,462	455
Contract liabilities	138	44	-	-
Current income tax liabilities	17	63	-	-
Lease liabilities	1,175	930	-	-
Total current liabilities	7,270	6,439	20,462	455
Non-current liabilities				
Lease liabilities	1,886	1,687	-	-
Deferred income tax liabilities	1,111	930	-	-
Total non-current liabilities	2,997	2,617	-	-
Total liabilities	10,267	9,056	20,462	455
NET ASSETS	49,996	21,447	47,684	18,081
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	13,365	8,615	13,365	8,615
Other reserves	28,943	4,609	34,476	8,818
Retained profits/(accumulated losses)	7,688	8,223	(157)	648
Total equity	49,996	21,447	47,684	18,081

The accompanying accounting policies and explanatory notes form an integral part of the condensed consolidated interim financial statement

**WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
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C. Condensed Consolidated Interim Statements of Cash Flow

	Note	Group Full Years Ended	
		2024 USD'\$000 Unaudited	2023 USD'\$000 Audited
Cash flows from operating activities			
Profit before income tax		354	1,423
Adjustments for:			
- Depreciation of property, plant and equipment	7	660	611
- Depreciation of right-of-use assets	7	1,212	1,110
- Amortization of intangible assets		186	74
- Expected credit losses		(23)	111
- Share-based compensation expense		1,008	-
- Interest income	7	(465)	(68)
- Finance expenses		80	89
- (Gains)/losses on disposal of property, plant and equipment	7	(6)	9
- Gains on disposal of intangible assets		(323)	-
- Exchange (gains)/losses		(597)	73
		<u>2,086</u>	<u>3,432</u>
Changes in working capital:			
- Contract assets		(221)	(546)
- Trade and other receivables		(2,210)	(350)
- Contract liabilities		95	(90)
- Trade and other payables		453	976
		<u>203</u>	<u>3,422</u>
Cash generated from operations			
Interest received	7	465	68
Income tax paid		(32)	(21)
		<u>636</u>	<u>3,469</u>
Net cash generated from operating activities			
Cash flows from investing activities			
Additions to property, plant and equipment		(400)	(630)
Proceeds from disposal of property, plant and equipment		33	17
Proceeds from disposal of intangible assets		323	-
Increase/(decrease) in prepayments for equipment		3	98
Additions to intangible assets		(142)	(38)
(Increase)/decrease in refundable deposits		(55)	12
Acquisition of subsidiaries, net of cash acquired		(2,032)	-
Purchase of bonds		(1,479)	-
		<u>(3,749)</u>	<u>(541)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from share issuance, net of share issue expenses		29,400	8,613
Principal payments of lease liabilities		(1,230)	(1,031)
Interest paid		(80)	(89)
Cash dividends paid		(1,060)	-
		<u>27,030</u>	<u>7,493</u>
Net cash generated from financing activities			
Net increase in cash and cash equivalents		<u>23,917</u>	<u>10,421</u>
Cash and cash equivalents			
Beginning of financial year		16,423	6,057
Effects of exchange rate changes on cash and cash equivalents		(508)	(55)
End of financial year		<u>39,832</u>	<u>16,423</u>

The accompanying accounting policies and explanatory notes form an integral part of the condensed consolidated interim financial statements

**WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
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D. Condensed Consolidated Interim Statements of Changes in Equity

Group	Attributable to owners of the Group					Total equity USD'\$000
	Share capital USD'\$000	Capital reserves USD'\$000	Other reserves USD'\$000	Currency translation reserve USD'\$000	Retained profits USD'\$000	
Balance at 1 January 2024 Audited						
Beginning of financial year	8,615	8,818	(3,071)	(1,138)	8,223	21,447
Profit for the year	-	-	-	-	525	525
Other comprehensive loss for the year	-	-	-	(1,324)	-	(1,324)
<u>Total comprehensive income for the year</u>	-	-	-	(1,324)	525	(799)
Transactions with owners, recognized directly in equity						
Issuance of new shares	1,565	8,441	-	-	-	10,006
Share issue expenses	-	(516)	-	-	-	(516)
Cash Dividends	-	-	-	-	(1,060)	(1,060)
Cash capital increase	3,185	16,725	-	-	-	19,910
Share-based compensation expense	-	-	1,008	-	-	1,008
	4,750	24,650	1,008	-	(1,060)	29,348
Balance at 31 December 2024 Unaudited	13,365	33,468	(2,063)	(2,462)	7,688	49,996
Balance at 1 January 2023 Audited						
Beginning of financial year	5,226	1,967	(3,071)	(1,062)	8,070	11,130
Profit for the year	-	-	-	-	1,780	1,780
Other comprehensive loss for the year	-	-	-	(76)	-	(76)
<u>Total comprehensive income for the year</u>	-	-	-	(76)	1,780	1,704
Transactions with owners, recognized directly in equity						
Share issue	1,193	4,773	-	-	-	5,966
Share issue expenses	-	(377)	-	-	-	(377)
Cash capital increase	569	2,455	-	-	-	3,024
Stock buyback	(7,422)	-	-	-	-	(7,422)
Issuance of new shares	7,422	-	-	-	-	7,422
Retained profits transferred to capital	1,627	-	-	-	(1,627)	-
	3,389	6,851	-	-	(1,627)	8,613
Balance at 31 December 2023 Audited	8,615	8,818	(3,071)	(1,138)	8,223	21,447

The accompanying accounting policies and explanatory notes form an integral part of the condensed consolidated interim financial statements

**WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
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D. Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

Company	Attributable to owners of the Company				
	Share capital USD'\$000	Capital reserves USD'\$000	Other reserves USD'\$000	Retained profits USD'\$000	Total equity USD'\$000
Balance at 1 January 2024 Audited					
Beginning of financial year	8,615	8,818	-	648	18,081
Profit for the year	-	-	-	255	255
Total comprehensive income for the year	-	-	-	255	255
Transactions with owners, recognized directly in equity					
Issue of new shares	1,565	8,441	-	-	10,006
Cash Dividends	-	-	-	(1,060)	(1,060)
Cash capital increase	3,185	16,725	-	-	19,910
Share-based compensation expense	-	-	1,008	-	1,008
Share issue expenses	-	(516)	-	-	(516)
	4,750	24,650	1,008	(1,060)	29,348
Balance at 31 December 2024 Unaudited	13,365	33,468	1,008	(157)	47,684
Balance at 1 January 2023 Unaudited					
Beginning of financial year	5,226	1,967	-	2,581	9,774
Profit for the year	-	-	-	(306)	(306)
Total comprehensive income for the year	-	-	-	(306)	(306)
Transactions with owners, recognised directly in equity					
Issue of new shares	1,193	4,773	-	-	5,966
Cash capital increase	569	2,455	-	-	3,024
Stock buyback	(7,422)	-	-	-	(7,422)
Issuance of new shares	7,422	-	-	-	7,422
Capitalisation of retained profits	1,627	-	-	(1,627)	-
Share issue expenses	-	(377)	-	-	(377)
	3,389	6,851	-	(1,627)	8,613
Balance at 31 December 2023 Unaudited	8,615	8,818	-	648	18,081

The accompanying accounting policies and explanatory notes form an integral part of the condensed consolidated interim financial statements

**WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
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E. Notes to the Condensed Consolidated Interim Financial Statements

1 Corporate information

Winking Studios Limited (the “**Company**”) was incorporated in the Cayman Islands on 15 December 2005 pursuant to the Cayman Islands Companies Act as an exempted company with limited liability, under the name “Winking Entertainment Ltd”. The Company was listed on the Catalist of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 20 November 2023 and on the Alternative Investment Market (“**AIM**”) of London Stock Exchange plc (“**LSE**”) on 14 November 2024.

The address of the Company’s registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company, together with its subsidiaries (the “**Group**”) are principally engaged in the operation of art outsourcing and game development studios in the People’s Republic of China (the “**PRC**”), the Republic of China (“**Taiwan**”), and Malaysia.

The Group is one of the largest **Art Outsourcing** and **Game Development** studios in Asia⁷. Currently, the Group has employees across Singapore, Malaysia, Shanghai, Nanjing, Suzhou, and Taipei. Clients of our **Art Outsourcing** and **Game Development** services include 22 of the top 25 game publishers around the globe.

2 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) as issued by the International Accounting Standards Board (“**IASB**”) under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements for the financial year ended 31 December 2024 are the first set of financial statements the Group prepared in accordance with IFRSs post-listing on the AIM of London Stock Exchange. The Group’s previously issued financial statements for periods up to and including the financial year ended 31 December 2023 were prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”). IFRSs comprise standards and interpretations that are equivalent to SFRS(I)s. Financial statements that have been prepared in accordance and complied with SFRS(I)s are deemed to have also complied with IFRSs.

⁷ Source: China Insights Consultancy (August 2024)

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

2 Basis of preparation(cont'd)

In adopting IFRSs on 1 January 2024, the Group is required to apply all of the specific transition requirements in IFRS 1 First-time Adoption of IFRS. The Group's opening balance sheet has been prepared as of 1 January 2023, which is the Group's date of transition to IFRSs ("date of transition"). The accounting policies adopted are consistent with those of the previous financial year, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out below, and the specific requirements of IFRS 1. The adoption of these new standards, amendments and interpretations has no significant impact to the Group.

The condensed consolidated interim financial statements are presented in United States Dollars ("USD" or "US\$") which is the Company's functional currency, and all values are rounded to the nearest thousand ("US\$'000"), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

On 1 January 2024, the Group has adopted the new or amended IFRSs and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and IFRIC Interpretations.

The adoption of these new or amended IFRSs and IFRIC Interpretations did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

2 Basis of preparation(cont'd)

2.2 Critical accounting estimates, assumptions and judgements(con'd)

Critical accounting estimates and assumptions

Estimates of contract assets and service revenue

The Group recognises contract assets and service revenue when the individual performance obligation is fulfilled or over time. Service revenue is based on the price specified in the contract. The stage of completion is estimated based on the actual labour hours acknowledged by customers relative to the total contractual expected labour hours.

Management has to estimate the total labour hours to complete each project, which are contractually agreed with customers to determine the Group's recognition of art outsourcing revenue.

Significant judgement is used to estimate the total labour hours required to complete each project. In making these estimates, management has relied on the experienced staff and also on past experience of completed projects to determine the total labour hours required to complete each project.

Impairment of goodwill

In performing the impairment assessment of the carrying amount of goodwill, the recoverable amounts of the cash generating units ("CGUs") in which goodwill is attributable to, are determined using value-in-use ("VIU") calculation.

Significant judgements are used to estimate the revenue growth rate, terminal growth rate and discount rates applied in computing the recoverable amounts of different CGUs.

In making these estimates, management has relied on past performance, its expectations of market developments in Malaysia and Taiwan, and the industry trends for art outsourcing.

For its goodwill recognised, the change in the estimated recoverable amount from any reasonably possible change on the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

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E Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

3 Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial year.

4 Segment and revenue information

For management purposes, the Group is organised into business units based on our products and services, and has three reportable operating segments as follows:

- (i) Original Equipment Manufacturer ("**Art Outsourcing Segment**"), where the Group creates and develops digital art assets as part of our provision of art outsourcing services. The Group has the capabilities to provide a wide gamut of design services, including 2D concept art, 3D modelling, 2D animation, 3D animation and visual effects, which includes environment design and game character design.
- (ii) Original Design Manufacturer ("**Game Development Segment**"), where the Group provides game development services, including programming, development, design and script writing of games; and
- (iii) Global Publishing and Other Services Segment, where the Group (i) releases game products developed by us as well as third party game developers on global game platforms, including PlayStation, Switch and Steam (the "**Global Publishing Segment**"); and (ii) sell our video games developed in-house and peripheral gaming products ("**Other Services Segment**") (collectively, the "**Global Publishing and Other Services Segment**"). During the financial year ended 31 December 2024, the revenue contribution from our Other Services Segment was insignificant.

The chief operating decision maker ("**CODM**") has been identified as the Executive Director and CEO (Founder) of the Company who reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has allocated resources and assessed the performance of the operating segments based on these reports.

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

4 Segment and revenue information (cont'd)

4.1 Reportable Segments

Information about the disaggregation of the Group's revenue from external customers by the type of sales customers and assets by reportable operating segments is as follows:

	Financial Year ended 31 December 2024			
	<u>Art</u>	<u>Game</u>	<u>Global Publishing</u>	
	<u>Outsourcing</u>	<u>Development</u>	<u>and Other Services</u>	<u>Total</u>
	<u>Segment</u>	<u>Segment</u>	<u>Segment</u>	
Segment revenue	USD'\$000	USD'\$000	USD'\$000	USD'\$000
Service revenue	26,408	5,300	-	31,708
Licensing and product revenue	-	-	191	191
	26,408	5,300	191	31,899
Profit before income tax	(374)	663	65	354
Significant non-cash items				
Depreciation of property, plant and equipment	546	110	4	660
Depreciation of right-of-use assets	1,004	201	7	1,212
Amortization of intangible assets	154	31	1	186
Segment assets⁸	48,366	9,707	350	58,423
Included in the segment assets:				
Trade receivables and other receivables	5,267	1,057	38	6,362
Additions to:				
Property, plant and equipment	374	75	3	452
Right-of-use assets	1,473	296	10	1,779
Intangible assets	1,928	24	1	1,953
Segment liabilities⁹	7,580	1,521	55	9,156

⁸ Segment assets does not include deferred income tax asset.

⁹ Segment liabilities does not include deferred income tax liabilities.

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

4 Segment and revenue information (cont'd)

4.1 Reportable segments(cont'd)

Information about the disaggregation of the Group's revenue from external customers by the type of sales customers and assets by reportable operating segments is as follows (continued):

	Financial Year ended 31 December 2023			
	<u>Art</u>	<u>Game</u>	<u>Global Publishing</u>	
	<u>Outsourcing</u>	<u>Development</u>	<u>and Other Services</u>	<u>Total</u>
	<u>Segment</u>	<u>Segment</u>	<u>Segment</u>	
	<u>USD'\$000</u>	<u>USD'\$000</u>	<u>USD'\$000</u>	<u>USD'\$000</u>
Segment revenue				
Service revenue	24,124	4,996	-	29,120
Licensing and product revenue	-	-	161	161
	24,124	4,996	161	29,281
Profit before income tax	732	775	(84)	1,423
Significant non-cash items				
Depreciation of property, plant and equipment	503	104	4	611
Depreciation of right-of-use assets	915	189	6	1,110
Amortization of intangible assets	61	13	-	74
Segment assets¹⁰	23,909	4,951	160	29,020
Included in the segment assets:				
Trade receivables and other receivables	3,193	662	21	3,876
Additions to:				
Property, plant and equipment	520	107	3	630
Right-of-use assets	704	146	5	855
Intangible assets	31	6	1	38
Segment liabilities¹¹	6,695	1,386	45	8,126

¹⁰ See footnote 8 above;

¹¹ See footnote 9 above.

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

4 Segment and revenue information (cont'd)

4.2 Geographical information

Revenue

Revenue from external customers were classified based on the customers' respective locations. Geographical information is as follows:

	Group	
	Financial years ended	
	31 December	
	2024	2023
	USD'\$000	USD'\$000
Mainland China and Hong Kong ¹²	11,078	11,964
Taiwan ¹³	7,044	5,339
South Korea	6,176	5,479
United States	3,487	4,908
Japan	3,299	1,385
Other	815	206
Total Revenue	31,899	29,281

- Revenue from Mainland China and Hong Kong is contributed by two segments, one is from Chinese customers in Mainland China and Hong Kong and the other is from Mainland China and Hong Kong (non-China) that comprises (i) Chinese subsidiaries from European and American customers and (ii) overseas subsidiaries of Chinese customers.

¹² Hong Kong here refers to Hong Kong Special Administrative Region.

¹³ Taiwan here refers to the Taiwan region.

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

- In FY2024, Chinese customers from Mainland China and Hong Kong accounted for 25.1% of the Group's total revenue, while Mainland China and Hong Kong (non-China) accounted for 9.6% of the Group's total revenue. On a combined basis, Mainland China and Hong Kong accounted for 34.7% of the Group's total revenue.
- In FY2023, Chinese customers from Mainland China and Hong Kong accounted for 33.8% of the Group's total revenue, while Mainland China and Hong Kong (non-China) accounted for 7.1% of the Group's total revenue. On a combined basis, Mainland China and Hong Kong accounted for 40.9% of the Group's total revenue.

4 Segment and revenue information (cont'd)

4.2 Geographical information (cont'd)

- With our revenue diversification strategy, the Group has made good progress over the years to diversify our revenue base geographically; while Mainland China and Hong Kong remain key markets, revenue contributions from other regions have expanded. As compared with FY2023, revenue contribution of Chinese customers from Mainland China and Hong Kong has declined to 25.1% of the Group's total revenue in FY2024, while revenue contribution of Mainland China and Hong Kong (non-China) increased to 9.6% of the Group's total revenue in FY2024.
- In addition, the Taiwanese market, South Korean market and Japanese market delivered revenue growth in FY2024 and particularly, revenue contribution from the Japanese market experienced significant growth in FY2024, increasing from 4.7% in FY2023 to 10.3% of total revenue in FY2024, mainly due to increased marketing and promotional activities, with revenue increasing from US\$1.4 million to US\$3.3 million, representing a year-on-year increase of 138%.

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

Non-current assets

Non-current assets were classified based on the assets' respective locations. Geographical information is as follows:

	Group	
	31 December	
	2024	2023
	USD'\$000	USD'\$000
Mainland China and Hong Kong ¹⁴	4,351	2,855
Taiwan ¹⁵	2,297	2,355
Others ¹⁶	1,986	42
Total¹⁷	8,634	5,252

5 Property, Plant and equipment

During the financial year ended 31 December 2024, the Group acquired assets amounting to approximately US\$0.4 million (31 December 2023: US\$0.6 million) and the Group disposed of assets amounting to less than US\$0.1 million (31 December 2023: less than US\$0.1 million).

6 Loans and borrowings

During the financial year ended 31 December 2023 and 2024, the Group does not have any banking facilities or other borrowings.

¹⁴ See footnote 12 above

¹⁵ See footnote 13 above

¹⁶ Others here refers to the Cayman Islands, Malaysia and Singapore

¹⁷ Non-current assets does not include deferred income tax asset

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

7 Profit before taxation

Profit before tax includes the following:

	Group	
	Financial years ended	
	31 December	
	2024	2023
	USD'\$000	USD'\$000
Government grant income	296	51
Other income from ultimate holding company	242	-
Gain on disposal of intangible assets	323	-
Foreign exchange gains	828	22
Gain/(losses) on disposal of property, plant and equipment	6	(9)
Fair value gain on financial assets	52	-
Interest income	465	68
Depreciation of property, plant and equipment	(660)	(611)
Depreciation of right-of-use assets	(1,212)	(1,110)
Amortisation of intangible assets	(186)	(74)

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

8 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated interim statement of profit or loss are:

	Group	
	Financial years ended	
	31 December	
	2024	2023
	USD'\$000	USD'\$000
Current income tax	20	51
(Over)/under provision for current income tax	(33)	9
Total current income tax	(13)	60
Deferred income tax credit	(158)	(417)
Income tax credit recognized in profit or loss	(171)	(357)

9 Dividends

	Group and Company	
	Financial years ended	
	31 December	
	2024	2023
	USD'\$000	USD'\$000
Proposed but not recognized as a liability as at 31 December		
-Exempt dividend for 2024 of SGD 0.024 Cents		
(2023: SGD 0.5 Cents) per share	77	1,060

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

10 Earnings per share (“EPS”)

(a) Basic earnings per share

	Group	
	Financial years ended	
	31 December	
	2024	2023
	USD’\$000	USD’\$000
Earnings per ordinary share for the year:		
Net profit attributable to equity holders of the Company (USD’000)	525	1,780
Weighted average number of ordinary shares (’000)	338,997	243,381
Basic earnings per share (in USD)	0.0015	0.0073

From the financial years ended 31 December 2023 and 31 December 2024, the aforementioned weighted average number of ordinary shares outstanding had been retrospectively adjusted to account for (i) from cash capital increase, (ii) the issuance of scrip dividends by capitalization of the Company’s retained profits on 17 May 2023, and (iii) the number of ordinary shares from the conversion of New Taiwan Dollar (“**NTD**”) ordinary shares to Singapore Dollar (“**SGD**”) ordinary shares on 8 November 2023, and (iv) on 8 July 2024, the Company allotted and issued 108,000,000 Shares by way of a placement at an issue price of S\$0.25 per Share in July 2024. Following such issuance the total issued share capital of the Company was 387,698,275 Shares, and (v) on 14 November 2024, the Company allotted and issued 52,666,667 Shares by way of a placement, pursuant to AIM dual listing, at an issue price of £0.15 per Share (or approximately S\$0.26). Following such issuance the total issued share capital of the Company was 440,364,942 Shares.

(b) Diluted earnings per share

	Group	
	Financial years ended	
	31 December	
	2024	2023
	USD’\$000	USD’\$000
Earnings per ordinary share for the year:		
Net profit attributable to equity holders of the Company (USD’000)	525	1,780
Weighted average number of ordinary shares (’000)	340,383	243,381
Diluted earnings per share (in USD)	0.0015	0.0073

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

11 Net asset value per share

	Group		Company	
	31 December		31 December	
	2024	2023	2024	2023
Net asset (USD'\$000)	49,996	21,447	47,684	18,081
Number of ordinary shares ('000)	440,365	279,698	440,365	279,698
Net asset value per ordinary share (USD cents)	11.35	7.67	10.83	6.46

Net asset value per share is calculated by dividing the Group's net assets attributable to owners of the Company by the total number of issued ordinary shares as at 31 December 2024 and 31 December 2023.

12 Related party transactions

Names of related parties

Relationship with the Company

Acer Incorporated	Controlling Shareholder
Acer Gaming Inc.	Associate of Controlling Shareholder
Acer America Corporation	Associate of Controlling Shareholder
Directors, President and Key Management	The Group's key management and governance

Significant related party transactions

(a) Transactions with related parties

	Financial years ended	
	31 December	
	2024	2023
	USD'\$000	USD'\$000
Sales of goods and/or services to-holding company	99	49
Administrative fees from holding companies	7	8
Distribution and marketing fees from other related parties	181	107
Reimbursement of research and development costs from ultimate holding company	755	-
Other income from ultimate holding company	242	-
Advance payables from ultimate holding company	-	2

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

12 Related party transactions (cont'd)

(b) Key management personnel compensation

	Financial years ended	
	31 December	
	2024	2023
	USD'\$000	USD'\$000
Short-term employee benefits	1,016	933
Share-based compensation expenses	493	-
Total	1,509	933

13 Fair value of assets and liabilities

	Group		Company	
	31 December		31 December	
	2024	2023	2024	2023
	USD'\$000	USD'\$000	USD'\$000	USD'\$000
Financial assets carried at amortised cost				
Cash and cash equivalents	39,832	16,423	29,074	5,549
Trade and other receivables	5,825	3,603	60	399
Investment in financial assets at amortised cost	1,461	-	1,461	-
Other non-current assets - refundable deposits	289	234	-	-
	47,407	20,260	30,595	5,948
Financial liabilities measured at amortised cost				
Trade and other payables	5,940	5,402	20,462	455
Lease liabilities				
- Current	1,175	930	-	-
- Non-current	1,886	1,687	-	-
	9,001	8,019	20,462	455

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

14 Share capital

	Company	
	Issued share capital	
	<u>No. of</u> <u>ordinary shares</u>	<u>Amount</u> <u>USD'\$000</u>
2024		
Beginning of financial year	279,698,275	8,615
Shares issued (SGD 0.04 per share)	108,000,000	3,185
Shares issued (SGD 0.04 per share)	52,666,667	1,565
As at 31 December 2023	440,364,942	13,365
2023		
Beginning of financial year	15,701,932	5,226
Cash capital increase	1,744,659	569
Declaration and issuance of scrip dividend (NT\$10 per share)	5,000,000	1,627
Repurchase and cancellation of outstanding USD ordinary shares	(22,446,591)	(7,422)
Shares issued (SGD 0.04 per share)	239,698,275	7,422
Shares issued (SGD 0.04 per share)	40,000,000	1,193
As at 31 December 2023	279,698,275	8,615

On 10 January 2023, the Company issued 1,744,659 ordinary shares with par value NT\$10 per share to various of investors for a cash consideration of USD 3,022,980 constituting of share capital of USD 568,392 and capital reserves of USD 2,454,588. The rights and obligations of all the ordinary shares issued are the same. All represent issued ordinary shares fully paid-up with par value of NTD\$10 per share.

On 17 May 2023, the Company declared and issued scrip dividends where it issued 5,000,000 ordinary shares of a par value of NTD 10 per share by capitalising its retained profits of USD 1,626,550.

On 1 November 2023, the Company repurchased and cancelled its previously issued 22,446,591 ordinary shares with par value of NTD 10 per share from the existing shareholders for a consideration of USD 7,422,000. The consideration was fulfilled via issuance of 239,698,275 ordinary shares with par value of SGD 0.04 per share.

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

14 Share capital(cont'd)

On 20 November 2023, pursuant to the Company's initial public offering ("IPO"), the Company issued 40,000,000 ordinary shares by way of a placement and cornerstone tranche, with par value SGD 0.04 per share at SGD 0.20 for each placement share and each cornerstone share. The placement and cornerstone tranche were fully subscribed, and the proceeds resulted in an increase in total equity of USD 5,966,400 constituting share capital of USD1,193,280 and capital reserves of USD 4,773,120.

On 8 July 2024, the Company raised a total of SGD 27.0 million through a placement, issuing 108,000,000 ordinary shares at an issue price of SGD 0.25 per share. Prior to the placement, the total number of issued shares was 279,698,275. Following the placement, the total number of issued shares increased to 387,698,275. The proceeds from the placement resulted in an increase in total equity of USD 19,910,000, comprising an increase in share capital of USD 3,185,000 and an increase in capital reserves of USD 16,725,000.

On 14 November 2024, the Company was listed on the AIM Market of the LSE under the ticker symbol "WKS.LON". The Company issued 52,666,667 ordinary shares at an issue price of GBP 0.15 per share, raising a total of GBP 7,900,000. Prior to the dual listing, the total number of issued shares was 387,698,275. Following the dual listing, the total number of issued shares increased to 440,364,942. The proceeds from the dual listing resulted in an increase in total equity of USD 10,006,000, comprising an increase in share capital of USD 1,565,000 and an increase in capital reserves of USD 8,441,000.

As of 31 December 2023 and 31 December 2024, the Company did not hold any treasury shares, subsidiary holdings, or outstanding convertible securities. However, the Company had outstanding warrants issued to brokers and Restricted Employee Shares granted to employees, which may result in future issuances of shares.

15 Share-based compensation expense

(a) Winking Studios Performance Share Plan ("Winking PSP")

Grant Date: 8 April 2024

Quantity Granted: 20,808,000 shares (par value **SGD** 0.04 per share)

Vesting Conditions: Up to 7 years of service

Grantees: Full-time employees of Winking Studios Limited Group who meet specific criteria

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E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

15 Share-based compensation expense (cont'd)

(a) Winking Studios Performance Share Plan (“Winking PSP”) (cont'd)

On 27 September 2023, Winking Studios Limited approved the "Winking Studios Performance Share Plan" at an Extraordinary General Meeting. On 8 April 2024, the Remuneration Committee resolved to issue 20,808,000 shares to eligible full-time employees. Subject to respective vesting conditions, a total of up to 12,580,000 shares will be granted to the Executive Director and CEO (Founder), Mr. Johnny Jan and up to 8,228,000 shares to the remaining employees.

Currently, the Winking Studios Performance Share Plan is scheduled to distribute shares in five annual installments from 2024 to 2028 with vesting period ranging from 2026 to 2030. Each installment is subject to different personal performance evaluation indicators, the Company’s operational goals, and service tenure. The actual issuance of shares to eligible employees will occur upon achieving these three indicators. Full-time employees who have been granted these shares are eligible to subscribe to the allocated shares at a price of **SGD 0** per share. Employees who do not meet the vesting conditions shall not obtain the shares pursuant to the Winking Studios Performance Share Plan.

	2024
	<u>No. of Shares</u>
Shares granted but not vested:	
Balance at 1 January 2024	-
Granted	20,808,000
Balance at 31 December 2024	<u>20,808,000</u>

Part	No. of Shares	Fair value per Shares
A	5,328,000	SGD 0.2393
B	11,800,000	SGD 0.2125~0.2333
C	3,680,000	SGD 0.1292~0.1603

Shares that are expected to be share-settled are measured at their fair values at the granted date. The fair value is measured based on the share price and vesting condition at the granted date by Monte Carlo method.

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E. Notes to the Condensed Consolidated Interim Financial Statements (cont'd)

15 Share-based compensation expense (cont'd)

(b) Warrants

Grant Date: 8 November 2024

Quantity Granted: 4,487,359 warrants

Exercise Price: GBP 0.15 per warrant

Grantees: Grantee A & Grantee B

Expiration Date: 3 years (until 14 November 2027) ~ 5 years (until 8 November 2029)

On 8 November 2024, Winking Studios Limited granted a total of 4,487,359 warrants to Grantee A & Grantee B, as part of the company's financial advisory and structuring arrangements related to its AIM listing in the UK in 2024. These warrants form part of the listing expenses, compensating the brokers and advisors who played a key role in the listing process. The warrants entitle the holders to subscribe for ordinary shares at GBP 0.15 per warrant within the respective exercise periods.

As of 31 December 2024, no warrants have been exercised.

2025 Warrants Summary

Warrants Issued but Not Exercised	No. of Warrants	Fair value per share
Balance at 1 January 2024	-	
Granted (A)	83,710	GBP 0.0591
Granted (B)	4,403,649	GBP 0.0777
Balance at 31 December 2024	4,487,359	

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E. Notes to the Condensed Consolidated Interim Financial Statements (cont'd)

16 Subsequent events

Proposed Acquisition of Shanghai Mineloder Digital Technology Co., Ltd.

On 17 January 2025, the Company announced its proposal to acquire 100% of the equity interest in Mineloder for an aggregate consideration of approximately RMB 146 million (approximately US\$19.9 million or SGD 27.2 million or GBP 16.3 million). The acquisition is expected to be completed before the end of 1H 2025, subject to the satisfaction of various conditions precedents, including the full payment of the Target Company's equity, shareholder approvals, and the execution of confidentiality and intellectual property agreements.

The acquisition will be funded using the Company's internal cash resources, with approximately RMB 131.4 million (approximately US\$ 17.9 million or SGD 24.5 million or GBP 14.7 million) being paid as an upfront payment, and the remaining balance to be paid on the fifth anniversary following completion of the transaction, contingent on the satisfaction of certain conditions and performance targets.

Furthermore, as part of the acquisition, the Company has entered into performance-based incentive agreements with key management personnel of the Target Company, pursuant to which new incentive shares in the capital of the Company amounting to a value of up to RMB 24.0 million (approximately US\$3.3 million or SGD 4.5 million or GBP 2.7 million) will be issued over the financial years ending 31 December 2025 to 31 December 2030, subject to the fulfilment of performance targets. targets and terms as prescribed under the performance-based incentive agreements.

The Board believes the acquisition will create substantial business synergies and cross-selling opportunities, facilitating scalable growth and enhancing the Company's competitive position in the global gaming services industry.

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F. Other information required by the Appendix 7C of the Catalyst Rules

1 Review

The condensed consolidated interim statement of financial position of Winking Studios Limited and its subsidiaries as at 31 December 2024, and the related condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim cash flows statements for the financial year then ended and certain explanatory notes have not been audited or reviewed by our auditors.

2 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern):—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable. The Group's latest audited financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The Group's latest audited financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

- 3 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

1) Statements of Profit and Loss and Other Comprehensive Income

FY2023 vs FY2024

Revenue

The Group's revenue increased from US\$29.3 million in FY2023 to US\$31.9 million in FY2024, an increase of US\$2.6 million, representing a growth of 8.9%. Excluding the impact of exchange rate fluctuations, the Group's revenue would have increased by 11.2% year-on-year on a constant currency basis.

Art Outsourcing segment: Historically, majority of the Group's revenue is contributed by this business segment and in FY2024, it accounted for 82.8% of the Group's overall revenue,

Revenue from this business segment increased by 9.5% or US\$2.3 million to US\$26.4 million, mainly due to increased orders from both new and existing clients in Taiwan, Japan, South Korea, and other regions. Our acquisition of two art outsourcing studios, On Point Creative and Pixelline in FY2024 (the "**FY2024 Acquisitions**"), contributed US\$1.3 million of revenue under this business segment.

Game Development segment: In FY2024, this business segment contributed 16.6% of the Group's overall revenue, with a revenue growth of 6.1% or US\$0.3 million to US\$5.3 million that was driven by higher orders from existing customers.

Global Publishing and Other Services segment: In FY2024, this business segment contributed revenue of US\$0.2 million or 0.6% of the Group's overall revenue, comparable to that recognised in FY2023.

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

3 Review of the performance of the group(cont'd)

Gross Profit

With higher revenue in FY2024, the Group registered higher gross profit of US\$9.5 million with a gross margin of 29.7%.

Gross profit margin in FY2024 was affected by lower gross margin from the two newly-acquired art studios mainly due to sub-optimal efficiency linked to teething issues that arose from the integration process post-acquisition.

Excluding the two acquisitions in FY2024, the Group's gross margin would have increased to 33.3% in FY2024.

Other Income

Other income increased significantly from US\$0.1 million in FY2023 to US\$0.9 million in FY2024, an increase of approximately US\$0.7 million (due to rounding) or 594.4%. The increment was primarily due to the receipt of Grant for Equity Market Singapore Scheme of approximately US\$0.3 million from the Monetary Authority of Singapore for our IPO listing on the Catalist of the SGX-ST, the receipt of net investment income of US\$0.2 million from controlling shareholder for a collaborative artificial intelligence ("AI") project, and net profit of approximately US\$0.3 million from the disposal of intangible assets.

Other Gains/(Losses) – Net

Net other income increased significantly from less than US\$0.1 million in FY2023 to US\$0.9 million in 2024, an increase of approximately US\$0.9 million (due to rounding) or 6,715.4%, which was mainly due to the forex gains due to currency fluctuations.

Distribution and Marketing Expenses

Distribution and marketing expenses increased 39.5% or US\$0.6 million from US\$1.5 million in FY2023 to US\$2.2 million in FY2024. The increase was mainly due to more investments in marketing and promotional activities to expand into overseas markets, resulting in increased business travel costs, and costs related to marketing activities.

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

3 Review of the performance of the group(cont'd)

Administrative Expenses

Administrative expenses increased 43.0% or US\$2.7 million, from US\$6.4 million in FY2023 (of which there is a one-time SGX IPO expenses of US\$2.0 million) to US\$9.1 million in FY2024, which was mainly due to:

- Dual listing costs of US\$2.5 million related to the AIM dual listing on LSE;
- Increased share-based compensation expenses of US\$1.0 million; and
- Ongoing listing expenses on the SGX-ST of US\$0.6 million.

Expected Credit Gains/(Losses)

Expected credit loss improved from a loss of US\$0.1 million in FY2023 to a gain of US\$0.02 million in FY2024, which was attributed to the enhanced credit control measures by the Company during FY2024.

Interest Income

Interest income increased from less than US\$0.1 million in FY2023 to US\$0.5 million in FY2024, a growth of 583.8% that was mainly attributed to a rise in cash holdings and improved investment returns during FY2024.

Depreciation and Amortisation Expenses

Depreciation increased from US\$1.7 million in FY2023 to US\$1.9 million, an increase of US\$0.2 million, or 8.8%. The primary reason for this increase was the addition of assets from newly acquired companies. Amortisation increased from US\$0.1 million in FY2023 to US\$0.2 million, an increase of US\$0.1 million, or 151.4%. The main reason for this increase was the rise in intangible assets due to acquisitions, including intangible assets from acquired companies and newly purchased intangible assets, leading to higher amortisation expenses.

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

Profit Before Income Tax

Profit before tax decreased from US\$1.4 million in FY2023 to US\$0.4 million in FY2024, a decline of 75.1% and the main reasons are attributed as below:

- Dual listing costs related to the AIM dual listing on LSE of US\$ 2.5 million;
- Increased share-based compensation expenses of US\$1.0 million;
- Increased distribution and marketing expenses of US\$0.6 million; and
- Ongoing SGX listing expenses of US\$0.6 million;

Income Tax

Income tax benefit decreased from US\$0.4 million in FY2023 to US\$0.2 million in FY2024, a decline of 52.1% that was mainly due to the decrease in deferred tax credits.

2H 2024 vs 2H 2023

Revenue

The Group's revenue increased from US\$15.1 million in 2H 2023 to US\$16.7 million in 2H 2024, an increase of US\$1.6 million, representing a 10.6% growth. This increase was mainly driven by higher order volumes from both new and existing customers in key markets, particularly in Japan and Taiwan.

Gross Profit

With the increase in revenue during 2H 2024, the Group's gross profit increased from US\$5.0 million in 2H 2023 to US\$5.2 million in 2H 2024, an increase of 5.1%. Despite the revenue growth, the gross profit margin decreased slightly due to the sub-optimal efficiency linked to teething issues that arose from the integration process post-acquisition. Excluding the impact of the FY2024 acquisitions, the Group's gross profit margin would have risen to 36.0% in 2H 2024.

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

Other Income

Other income surged from less than US\$0.1 million in 2H 2023 to US\$0.5 million in 2H 2024, an increase of US\$0.4 million, or 711.9%.

The growth was primarily due to:

- Net profit of approximately US\$0.3 million from the disposal of intangible assets; and
- Additionally, net investment income of US\$0.1 million from an AI project.

Other Gains/(Losses) – Net

Net other gains/(losses) significantly improved from a net loss of less than US\$0.1 million in 2H 2023 to a net gain of US\$0.9 million in 2H 2024. This was mainly driven by foreign exchange gains due to currency fluctuations.

Distribution and Marketing Expenses

Distribution and marketing expenses increased from US\$1.0 million in 2H 2023 to US\$1.2 million in 2H 2024, an increase of US\$0.2 million, or 14.8%. The increase was mainly due to higher investments in marketing and promotional activities that included higher business travel expenses for overseas market expansion, increased digital advertising and branding efforts to enhance market presence globally.

Administrative Expenses

Administrative expenses increased from US\$3.9 million in 2H 2023 to US\$6.4 million in 2H 2024, an increase of US\$2.5 million, or 64.2%. This increase was mainly due to:

- AIM dual listing expenses of US\$2.4 million;
- Increased share-based compensation expenses of US\$0.8 million; and
- SGX-ST listing expenses of US\$0.2 million.

Expected Credit Gains/(Losses)

Expected credit losses deteriorated from a gain of less than US\$0.1 million in 2H 2023 to a loss of less than US\$0.1 million in 2H 2024, which was mainly due to higher trade receivables in new markets and delayed payments from certain customers.

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

Interest Income

Interest income increased from less than US\$0.1 million in 2H 2023 to US\$0.3 million in 2H 2024, a growth of 563.3%. This increase was mainly driven by increased cash reserves from fundraising activities and improved yields from money market instruments and other short-term investments.

Depreciation and Amortization Expenses

Depreciation increased from US\$0.9 million in 2H 2023 to US\$1.0 million, an increase of US\$0.1 million, or 12.9%. The main reason for this increase was the addition of assets from the newly acquired companies. Amortization increased from less than US\$0.1 million in 2H 2023 to US\$0.1 million in 2H 2024, an increase of US\$0.1 million, or 257%. The main reason for this increase was the rise in intangible assets due to FY2024 Acquisitions, including intangible assets from acquired companies and newly purchased intangible assets.

Profit Before Income Tax

Profit before tax decreased from US\$0.1 million in 2H 2023 to a loss of US\$0.7 million in 2H 2024. This was mainly due to:

- Higher administrative expenses, including annual SGX-ST listing costs of US\$0.2 million and one-off AIM dual listing costs of US\$2.4 million;
- Increased share-based compensation expenses of US\$0.8 million and
- Increased marketing and promotional expenses of US\$0.2 million.

Income Tax Credit

Income tax credit decreased from US\$0.4 million in 2H 2023 to US\$0.3 million in 2H 2024, a decrease of 35.0%. This decrease was primarily due to lower pre-tax profits, affecting deferred tax adjustments.

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

3 Review of the performance of the group(cont'd)

2) Statements of Financial Position

The comparative analysis of assets and liabilities is based on the Group's financial statements as at 31 December 2023 and 31 December 2024.

Current Assets increased from US\$23.8 million as at 31 December 2023, to US\$49.8 million as at 31 December 2024, an increase of US\$26.0 million, or 109.5%. This increase was primarily due to:

Cash and Cash Equivalents

As at 31 December 2024, cash and cash equivalents totaled US\$39.8 million, an increase of US\$23.4 million, or 142.5%, as compared to US\$16.4 million as at 31 December 2023. The increase mainly came from US\$19.9 million (SGD27.0 million) raised through the private placement in Singapore (July 2024), and US\$10.0 million (GBP7.9 million) raised through the AIM dual listing on LSE (November 2024). The increment was partially offset by the FY2024 Acquisitions, for US\$2.0 million, dividend payments of US\$1.1 million, and the net of returns of US\$1.5 million from the purchase of US-denominated bonds ("Bond Investments") that have bond ratings of at least "A-".

Trade and Other Receivables

As of 31 December 2024, trade and other receivables increased by US\$2.5 million, or 64.1%, primarily driven by higher revenue in the second half of 2024 and a quicker conversion of contract assets into receivables compared to the same period in FY2023.

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

3 Review of the performance of the group(cont'd)

Contract Assets

Contract assets increased from US\$3.5 million as at 31 December 2023 to US\$3.6 million as at 31 December 2024, representing a growth of approximately 3.6%, mainly due to the higher volume of work completed in FY2024 that has been recognised as revenue. Almost 100% of the contract assets from the previous year's output were converted into trade receivables or cash payments.

Non-Current Assets increased from US\$6.7 million as at 31 December 2023, to US\$10.5 million as at 31 December 2024, an increase of US\$ 3.7 million, or 55.5%, mainly due to the following:

Investment in Financial Assets at Amortised Cost

The addition of US\$1.5 million in Investment in financial assets at amortised cost reflects the Group's bond investments using un-utilised funds.

Intangible Assets

Intangible assets increased significantly from US\$0.2 million as at 31 December 2023 to US\$1.9 million as at 31 December 2024, mainly due to the recognition of goodwill intangible assets from the FY2024 acquisitions.

Deferred Income Tax Assets

Deferred income tax assets increased from US\$1.5 million as at 31 December 2023 to US\$1.8 million as at 31 December 2024, an increase of 24.3%. This increase was primarily due to an increase in tax losses, resulting in an increase in deferred income tax assets that was recognised.

Other Non-Current Assets

Other non-current assets increased from US\$0.2 million as at 31 December 2023 to US\$0.3 million as at 31 December 2024, reflecting an increase in prepayments for the Company's refundable deposits.

Current Liabilities increased from US\$6.4 million as at 31 December 2023 to US\$7.3 million as at 31 December 2024, an increase of US\$0.8 million, or 12.9%, mainly due to the following:

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

3 Review of the performance of the group(cont'd)

Trade and Other Payables

Trade and other payables increased from US\$5.4 million as at 31 December 2023 to US\$5.9 million as at 31 December 2024, mainly due to the increased payables to suppliers that were associated with increased business volume during FY2024.

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

3 Review of the performance of the group(cont'd)

Contract Liabilities

Contract liabilities increased from less than US\$0.1 million as at 31 December 2023 to US\$0.1 million as at 31 December 2024, mainly due to the increased customer prepayments for our art outsourcing services in gaming projects.

Lease Liabilities

Lease liabilities increased from US\$0.9 million as at 31 December 2023 to US\$1.2 million as at 31 December 2024, representing an increase of US\$0.2 million, or 26.3% that was mainly attributable to new office lease agreements arising from the FY2024 Acquisitions.

Non-current liabilities increased from US\$2.6 million as at 31 December 2023 to US\$3.0 million as at 31 December 2024, an increase of US\$0.4 million, or 14.5%, mainly due to the following:

Deferred income tax liabilities

The increase in deferred income tax liabilities from US\$0.9 million to US\$1.1 million was primarily due to the expiration of office lease agreements in FY2024 and the signing of new lease contracts, which resulted in an increase in deferred income tax liabilities. Additionally, the amortisation of intangible assets arising from the FY2024 Acquisitions contributed to the increment.

Equity increased by approximately US\$28.5 million from US\$21.4 million as at 31 December 2023 to US\$50.0 million as at 31 December 2024, mainly due to the following:

Share Capital

Share capital increased from US\$8.6 million as at 31 December 2023 to US\$13.4 million as at 31 December 2024, representing an increase of US\$4.8 million, or 55.1%. This increase was primarily driven by US\$3.2 million raised through a private placement in Singapore (July 2024) and US\$1.6 million raised from the AIM Dual Listing on the LSE (November 2024).

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

3 Review of the performance of the group(cont'd)

Other Reserves

Other reserves increased from US\$4.6 million as at 31 December 2023 to US\$28.9 million as at 31 December 2024, representing an increase of approximately 528.0%. This was primarily attributable to US\$24.7 million raised from the two fund raising exercises during the reporting year, as well as an increase of US\$1.0 million in share-based compensation expenses.

Retained Profits

Retained profits decreased from US\$8.2 million as at 31 December 2023, to US\$7.7 million as at 31 December 2024, representing a decline of approximately 6.5%. This decrease was primarily due to dividend payments made during FY2024.

3) Statement of Cash Flows

Net Cash Generated from Operating Activities

Net cash generated from operating activities was US\$0.6 million during FY2024, as compared to US\$3.5 million generated during FY2023, which is primarily due to a lower profitability that is weighed down by the AIM dual listing expenses and a US\$1.9 million reduction in working capital in FY2024 that was a result of higher revenue in the second half of 2024 and a quicker conversion of contract assets into receivables compared to the same period in FY2023.

Net Cash Used in Investing Activities

Net cash used in investing activities was US\$3.7 million in FY2024, compared to US\$0.5 million in 2023. This increase in FY2024 was primarily due to two acquisition for US\$2.0 million (net) and the purchase of bonds for US\$1.5 million.

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

3 Review of the performance of the group(cont'd)

Net Cash Generated from Financing Activities

Net cash generated from financing activities increased significantly from US\$7.5 million in FY2023 to US\$27.0 million in FY2024, representing a net increase of US\$19.5 million that was primarily driven by proceeds raised from the private placement in Singapore (July 2024) and the AIM dual listing on LSE (November 2024), reflecting the Group's M&A strategy and global ambitions. However, this was partially offset by dividend payments during the year.

4 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

In our 1H2024 results announcement, it was disclosed that with majority of the Group's projects involving games with online connectivity, barring unforeseen circumstances, the Group expects a stronger project pipeline in the second half of 2024 from indicative bookings of our artists by customers of at least US\$10.1 million as at 13 August 2024.

For 2H2024, the Group has recognised revenue of US\$16.7 million from projects involving games with online connectivity.

5 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global gaming industry continues to expand at pace, with total market revenues expected to grow from US\$ 216.9 billion in 2023 to US\$ 345.3 billion by 2028, representing a CAGR of 9.8%. The mobile games sector, which is currently a key market of Winking Studios' art outsourcing business segment, is expected to lead the overall industry, with a CAGR of 12.7% between 2023 and 2028.

As the industry evolves, major game studios are outsourcing more of their art and development needs to increase efficiency, reduce fixed costs and make scaling easier, driving a structural shift towards established external service providers like Winking Studios.

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

- 5 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.(cont'd)

The global game art outsourcing market grew from US\$1.8 billion in 2018 to US\$3.7 billion in 2023, representing a CAGR of 14.9%, and is expected to reach US\$7.1 billion in 2028. The mobile sector of the global game art outsourcing industry is expected to continue to outpace other game outsourcing segments, increasing from 46% of the US\$3.7 billion market in 2023 to more than 50% of the US\$7.1 billion market in 2028.

The Group expects a strong project pipeline over the next 24 months based on from indicative bookings of our artists by customers of at least US\$35.8 million (subject to changes depending on the final confirmation from customers) as at 31 December 2024.

The Group intends to continue with our mergers and acquisitions plan within our industry to strengthen our market position and expand our business scope globally.

With the indicative bookings and business expansion plans, the Group believes that in FY2025, there will be increased hirings to expand our talent pool, increased costs associated with marketing and administrative activities as well as investments in enhancing our technology infrastructure to better serve our customers.

The Group will continue to focus on project management and execution to deliver high-quality and cost-effective gaming services to our customers on a timely basis.

**All statistics and forecasts in this section are sourced from China Insights Consultancy (August 2024)*

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- 6 To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 December 2024 (Unaudited)	As at 31 December 2023 (Audited)
Total number of issued shares	440,364,942	279,698,275

The Company did not have any treasury shares as of 31 December 2023 and 31 December 2024.

- 7 A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

- 8 A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, cancellation and/ or use of subsidiary holdings during and as at the end of the current financial period reported on.

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

9 Dividend

a. Current Financial Period Reported on

Any distribution recommended for the current financial period reported on?

Yes.

Name of Dividend	Special
Dividend Type	Cash
Dividend amount per Share	SGD 0.00024
Tax rate	Tax-exempt

b. Corresponding period of the immediately preceding financial year.

Name of Dividend	Special
Dividend Type	Cash
Dividend amount per Share	SGD 0.005
Tax rate	Tax-exempt

c. Date payable.

The date payables for the proposed final cash dividend, if approved at the forthcoming annual general meeting of the Company, will be announced in due course.

d. Books closure date

The record date of the Company for the proposed final cash dividend will be announced in due course.

10 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

11 If the Group has obtained a general mandate from shareholders for interested person transactions (“**IPTs**”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company had obtained shareholders’ approval for an updated general mandate for IPTs at its extraordinary general meeting held on 28 October 2024. Save as disclosed below, there are no other IPTs equal to or above SGD100,000 (equivalent to USD73,746) in FY2024.

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

- 11 If the Group has obtained a general mandate from shareholders for interested person transactions (“**IPTs**”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect. (cont'd)

Name of Interested Persons	Details of Transactions	Aggregate value of the IPTs during the financial period (excluding IPTs previously approved by shareholders and excluding transactions less than SGD\$100,000 (USD'000))	Aggregate value of the IPTs during the financial period which were previously approved by shareholders excluding transactions less than SGD\$100,000 (USD'000)
Acer America Corporation	Distribution and marketing fees	-	181
Acer Incorporated	Reimbursement of research and development costs	-	755
Acer Incorporated	Other income	-	242
Acer Incorporated	Providing services	-	99
Total		-	1,277

- 12 (a) Use of Initial Public Offering (“**IPO**”) proceeds as at date of this announcement.

Pursuant to Rule 704(30) of the SGX-ST Listing Manual Section B: Rules of Catalist, the Board wishes to announce the Company received gross proceeds of SGD 8,000,000 (approximately net proceeds of SGD 5,076,000) (“**Net IPO Proceeds**”) from the placement of new shares pursuant to the IPO on 20 November 2023.

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

As at the date of this announcement, the status on the use of the Net IPO Proceeds is as follows:

Use of net proceeds	Amount in aggregate (SGD000)	Amount utilised from 20 November 2023 to 31 January 2025 (SGD000)	Balance as at 31 January 2025 (SGD000)
Expansion of our operations globally, including establishing subsidiaries and offices and enhancing existing office and supporting infrastructure	1,000	1,000	-
Acquisitions, joint ventures and/or strategic alliances	2,240	2,240	-
Exploration of the use of AI capabilities in our art outsourcing segment	1,200	1,165	35
General working capital purposes	636	636	-
Total	5,076	5,041	35

(b) Use of Placement (as defined in the Placement Circular) proceeds as at date of this announcement.

Pursuant to Rule 704(30) of the SGX-ST Listing Manual Section B: Rules of Catalist, the Board wishes to announce the Company received gross proceeds of SGD27,000,000 (approximately net proceeds of SGD 26,500,000) ("**Net July Placement Proceeds**") from the placement of new shares pursuant to the Placement Circular on 8 July 2024.

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

As at the date of this announcement, the status on the use of the Net July Placement Proceeds is as follows:

Use of net proceeds	Amount in aggregate (SGD000)	Amount utilised from 08 July 2024 to 31 January 2025 (SGD000)	Balance as at 31 January 2025 (SGD000)
Corporate actions such as secondary or dual listings of the Company, potential fundraising exercises, pursuing strategic acquisitions, alliances and joint ventures to grow the Group's market share and broaden the Group's customer base	17,200	17,200	-
Enhancement of the Group's current operational capabilities, which include continuous exploration of the use of AI capabilities	4,000	-	4,000
Expansion and improvements to the Group's regional offices and supporting infrastructure as the Group continues to increase its market presence globally	2,700	214	2,486
Professional and other related fees to be incurred in relation to potential corporate exercises such as fundraising exercises, listings, strategic acquisitions, alliances and joint ventures	1,300	1,300	-
General working capital requirements of the Group	1,300	332	968
Total	26,500	19,046	7,454

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

(c) Use of Placing (as defined in the AIM Admission Document) proceeds as at date of this announcement.

Pursuant to Rule 704(30) of the SGX-ST Listing Manual Section B: Rules of Catalist, the Board wishes to announce the Company received gross proceeds of SGD 13,500,000 (approximately £7.9 million) (approximately net proceeds of SGD 10,149,000) ("**Net AIM Listing Proceeds**") from the placement of new shares pursuant to the placing on 14 November 2024.

As at the date of this announcement, the status on the use of the Net AIM Listing Proceeds is as follows:

Use of net proceeds	Amount in aggregate (SGD000)	Amount utilised from 14 November 2024 to 31 January 2025 (SGD000)	Balance as at 31 January 2025 (SGD000)
To continue actively pursuing strategic acquisitions, alliances and joint ventures in Asia and Europe to grow the Group's market share and increase operational capacity	9,537	-	9,537
To establish a stronger presence and broaden the Group's customer base in the North American and European markets, including (i) increasing the Group's marketing and business development efforts; (ii) establishing a UK-based regional hub; and (iii) pursuing acquisitions of smaller studios in this region	306	-	306
Enhancement of the Group's current operational capabilities, which include continuous development and improvement of the Group's AI capabilities	306	-	306
Total	10,149	-	10,149

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

- 13 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H in accordance with Rule 720(1) of the Catalist Rules.

- 14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to item F.3

- 15 A breakdown of sales

	Group		Increase/ (Decrease) %
	31.12.2024 USD'\$000	31.12.2023 USD'\$000	
(a) Sales reported for first half year	15,225	14,210	7.1
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	909	1,263	(28.0)
(c) Sales reported for second half year	16,674	15,071	10.6
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	(384)	517	(174.3)

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F. Other information required by the Appendix 7C of the Catalist Rules (cont'd)

- 16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend	Latest Full Year (FY2024) (USD \$'000)	Previous Full Year (FY2023) (USD \$'000)
Ordinary	77	1,060
Preference	-	-
Total	77	1,060

17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Cho Tai-Wen	45	Cousin of Executive Director and CEO (Founder), Mr Johnny Jan Cheng Han	Chief Operating Officer of Winking Studios Limited a subsidiary company since 2016	No changes

18. Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalist Rule 706A.

- (i) Acquisition of 100% of the Issued and Paid-Up Share Capital of On Point Creative Co., Ltd.

On 1 April 2024, the Company completed the acquisition of 100% of the issued share capital in On Point Creative Co., Ltd., a company mainly engaged in the provision of art outsourcing services, for cash consideration of NTD 59,900,000 (approximately USD 1,873,925). The acquisition is expected to expand the Group's sale and capabilities so as to increase the Group's market presence globally.

The cash consideration was negotiated between the parties at arm's length and arrived at on a willing buyer-willing seller basis, taking into account, amongst other things: (i) the fair value of the sale shares as set out in the valuation report; (ii) the unaudited net tangible asset value of On Point Creative Co., Ltd. (創點數位概念股份有限公司) as at 30 September 2023; (iii) the past financial performance of On Point Creative Co., Ltd. (創點數位概念

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F. Other information required by the Appendix 7C of the Catalyst Rules (cont'd)

股份有限公司) (including its net profit of NTD10,410,454 (or approximately S\$449,211.9 or USD340,838.10) and NTD7,054,939 (or approximately S\$304,421.11 or USD230,979.12) for the financial years ended 31 December 2021 and 31 December 2022, respectively); (iv) the business prospects of On Point Creative Co., Ltd. (創點數位概念股份有限公司); (v) the synergies between the Group and On Point Creative Co., Ltd. (創點數位概念股份有限公司) given that both are engaged in the art outsourcing business; and (vi) the prevailing market conditions in respect of the art outsourcing business in the Republic Of China.

<u>Purchase consideration</u>	USD'\$000
Cash paid	1,874

Assets and liabilities recognised as a result of the acquisition

	Fair Value USD'\$000
Cash and cash equivalents	342
Trade and other receivables	344
Current income tax assets	1
Property, plant and equipment	32
Intangible assets	460
Deferred income tax assets	107
Other non-current assets	27
Right of use assets	112
Trade and other payables	(234)
Current income tax liabilities	(1)
Lease liabilities	(115)
Deferred income tax liabilities	(73)
Net identifiable assets acquired	1,002
Add: Goodwill	872
Total	1,874

The goodwill is attributable to synergies that are expected to arise after the Company's acquisition of the new subsidiary. The residual excess of consideration paid over the fair values of identifiable assets and liabilities have been recorded as goodwill amounting to USD 0.9 million.

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F. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

The cash consideration has been fully satisfied in cash paid by the Company to the vendor's designated account on 1 April 2024.

Please refer to the Company's announcements dated 28 December 2023 and 1 April 2024 in relation to the acquisition for further details.

(ii) Acquisition of the Business and Certain Assets of Pixelline

On 28 June 2024, the Company completed the acquisition of the business of Pixelline, for an aggregate purchase consideration of USD300,000 (or approximately S\$407,100). The acquisition is expected to expand the Groups' sale and capabilities so as to increase the Group's market presence globally.

The consideration of the acquisition was determined and agreed upon between the Company and Pixelline Production Sdn. Bhd on a willing buyer and willing seller basis, taking into account factors such as the findings from the due diligence process, and the independent valuation to be conducted by the Company on certain of the assets.

<u>Purchase consideration</u>	USD'\$000
Cash paid	500
<hr/>	
<u>Assets and liabilities recognised as a result of the acquisition</u>	Fair Value
	USD'\$000
Property, plant and equipment	20
Intangible assets	303
Net identifiable assets acquired	323
	<hr/>
Add: Goodwill	177
Total	500
	<hr/>

The goodwill is attributable to synergies that are expected to arise after the Company's acquisition of the business.

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F. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

The residual excess of consideration paid over the fair values of identifiable assets have been recorded as goodwill amounting to USD 0.2 million.

The remaining purchase consideration of up to USD 500,000 will be paid in various tranches by the Company to the vendor shareholders, subject to fulfilling certain financial targets in respect of the financial years ending 31 December 2024, 31 December 2025 and 31 December 2026 as per the earn-out agreements with each of the vendor shareholders. For the avoidance of doubt, this contingent amount will not be included in the initial purchase consideration but will be recognised separately when the conditions for payment are met, in accordance with IFRS.

Please refer to the Company's announcements dated 8 April 2024, 27 June 2024 and 28 June 2024 in relation to the acquisition for further details.

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G Other information

Alternative Performance Measures (“**APMs**”)

The Group reports on a number of APMs to showcase the financial performance of the Group, which are not standard accounting measures defined by the International Financial Reporting Standards (IFRS). The Directors believe these measures provide valuable additional information for users of financial information to understand the fundamental transactional performance of the Group. In particular, APMs are used to provide a clearer understanding to the users of the accounts of the Group's underlying profitability over a period of time.

Adjusted EBITDA

EBITDA includes operating profit as reported in the Consolidated Statement of Comprehensive Income, adjusted for amortisation and impairment of intangible assets, depreciation, and net interest. For Adjusted EBITDA, the adjustments for the 12 months ended 31 December 2024 and 31 December 2023 may include the Group's SGX IPO expenses (“**SGX IPO Expenses**”), expenses related to the dual-listing London Stock Exchange (“**LSE**”) (“**LSE Dual Listing Expenses**”), share-based compensation expenses, foreign exchange gains/losses, costs of acquisition and integration, and private placement related expenses (SGD 27 million fundraise completed in July 2024) (“**Private Placement Related Expenses**”) as shown in the table below:

**WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
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FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2024**

G Other information (con'd)

Alternative Performance Measures (“APMs”)(cont'd)

	Group	
	Financial years ended 31 December	
	2024	2023
	USD'\$000	USD'\$000
Net Profit	525	1,780
Net interest expenses/(income)	(385)	21
Income tax expenses (credit)	(171)	(357)
Earnings before interest and taxation (“ EBIT ”)	(31)	1,444
Depreciation	1,872	1,721
Amortization	186	74
Earnings before interest, taxation, depreciation and amortisation (“ EBITDA ”)	2,027	3,239
SGX IPO Expenses	-	1,992
LSE Dual Listing Expenses	2,454	-
Share-based compensation expenses	1,008	-
Costs of acquisition and integration	59	-
Private Placement Related Expenses	91	-
Exchange Gains or Losses	(828)	(22)
Adjusted Expenses	2,784	1,970
Amortization of Acquisition-related Intangible Assets	65	-
Adjusted EBIT	2,818	3,414
Adjusted EBITDA	4,811	5,209
Revenue from contracts with customers	31,899	29,281
Adjusted EBITDA as a % of revenue	15.08%	17.79%

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G Other information (con'd)

Alternative Performance Measures (“**APMs**”)(cont'd)

Adjusted Net Profit

The adjusted net profit is calculated by taking the net profit and adjusting it for certain expenses to provide a clearer picture of the Group's underlying financial performance. For adjusted net profit, the adjustments for the 12 months ended 31 December 2024 and 31 December 2023 may include expenses related to the SGX IPO Expenses, LSE Dual Listing Expenses, share-based compensation expenses, foreign exchange gains/losses, costs of acquisition and integration, amortization of acquisition-related intangible assets, and private placement related expenses as shown in the table below:

	Group	
	Financial years ended 31 December	
	2024	2023
	USD' \$000	USD' \$000
Net Profit	525	1,780
SGX IPO Expenses	-	1,992
LSE Dual Listing Expenses	2,454	-
Share-based compensation expenses	1,008	-
Costs of acquisition and integration	59	-
Private Placement Related Expenses	91	-
Foreign exchange (gain)/losses	(828)	(22)
Amortization of Acquisition-related Intangible Assets	65	-
Adjusted Expenses	2,849	1,970
Tax arising on Adjusted Expenses	-	-
Adjusted Net Profit	3,374	3,750

For the avoidance of doubt, both the Adjusted EBITDA and adjusted net profit in FY2024 include the ongoing listing expenses (SGX) and distribution and marketing costs of US\$1.2 million not incurred in FY2023.

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G Other information (cont'd)

Strong Focus and Niche

The Group also has an established niche in games with online connectivity, which accounted for 85.91% of the Group's manpower usage, based on the total number of man days involved in games with online connectivity charged to customers divided by total number of days charged to customers for FY2024.

According to the data for the FY2024, the proportion of man days used by mobile games and console & PC games within the Group is 49.8% and 45.3%, respectively. This is calculated based on the total number of man days involved in mobile games or console & PC games divided by the total number of days charged to clients. For cross-platform projects, the total number of man days for the project is evenly split between mobile games and console & PC games.

BY ORDER OF THE BOARD

MR. JOHNNY JAN

Executive Director and Chief Executive Officer (Founder)

27 February 2025