



WINKING®

Shape the Premium

WINKING STUDIOS LIMITED

**FY2023 RESULTS
PRESENTATION**

February 2024

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← Agenda →

- 1. 2023 Highlights**
- 2. Industry Outlook**
- 3. Future Plans / Corporate Update**

2023
Highlights

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2023 Highlights

Public Listing



- Successful listing on SGX Catalist on 20 Nov 2023
- Gross proceeds of S\$8.0 million
- Strategic Cornerstone investor, Acer Gaming, Inc. (subsidiary of Acer Inc.)

Strong Financials



- Strong top and bottom-line growth in 1st financial report post-listing
- Margin expansion
- Healthy cash flow and strong cash position

Gaming growth



- Gaming industry continues to grow
- Rising gamers' expectations, leading to increase in demand for quality art outsourcing services

Expansion Plans



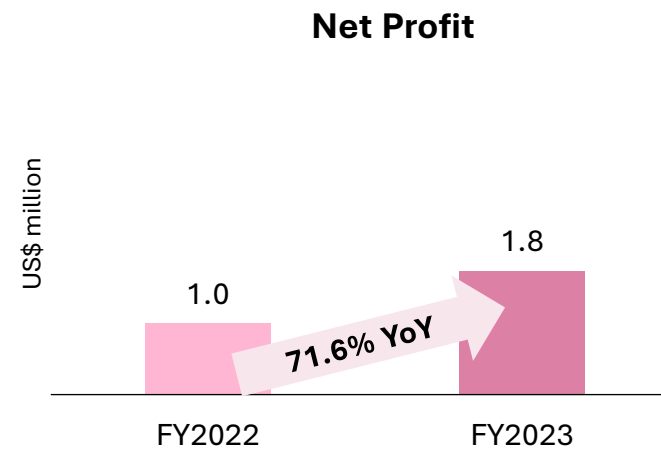
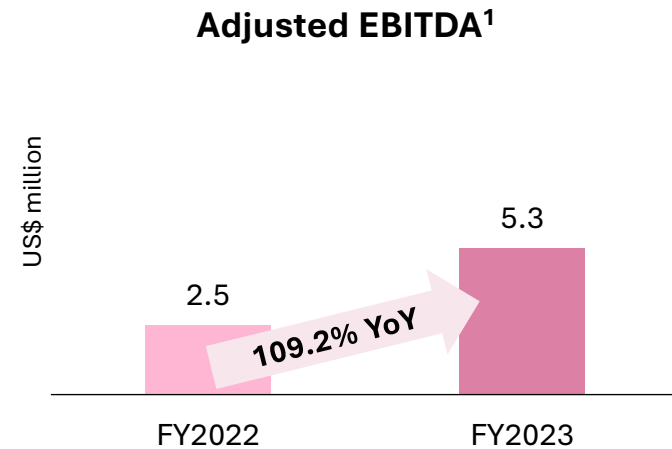
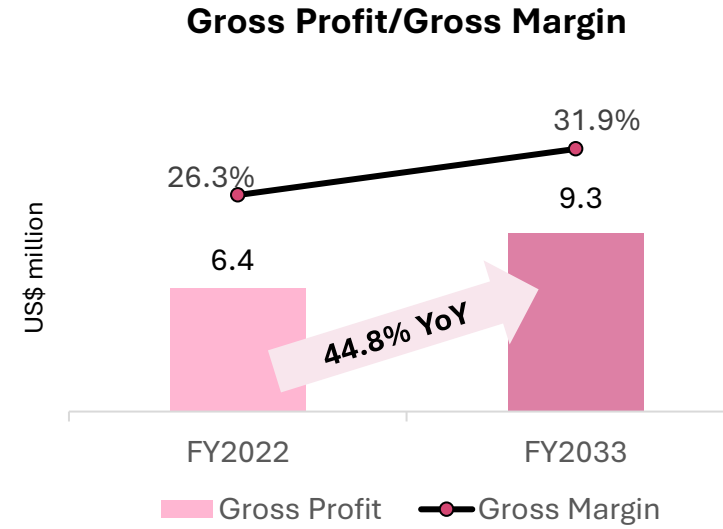
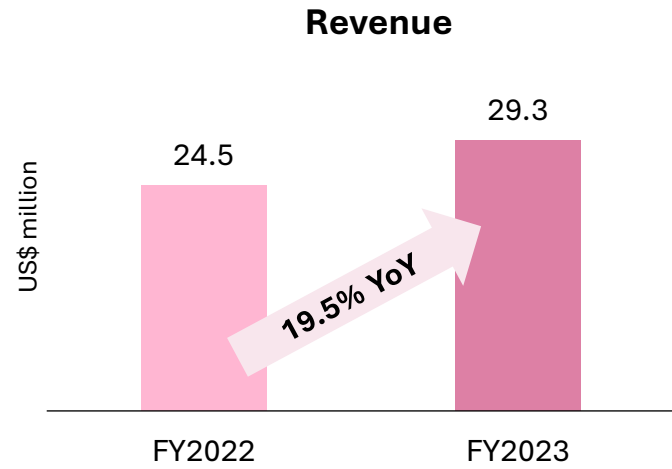
- Capture market opportunities in Europe, America and Asia
- Acquisition of art outsourcing services company, Taiwan-based On Point Creative

Rewarding Shareholders



- 1st dividend post-listing
- Recommending 0.5 Singapore cents per ordinary share

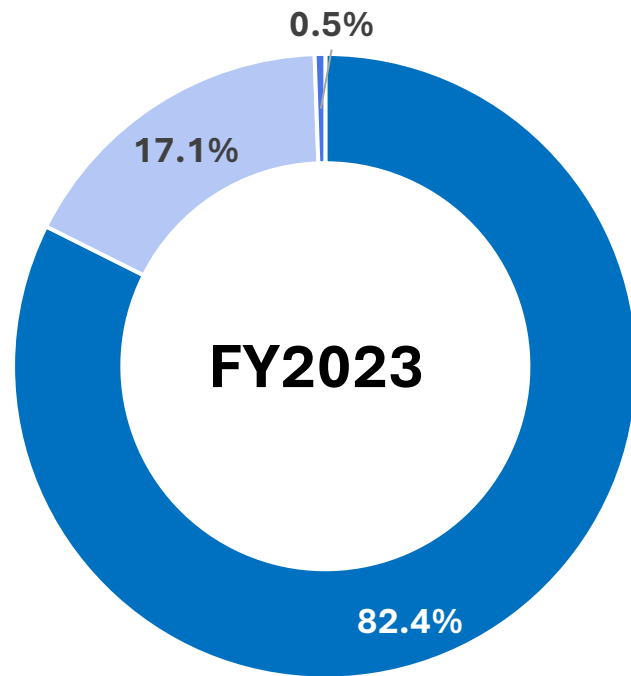
Strong YoY Growth



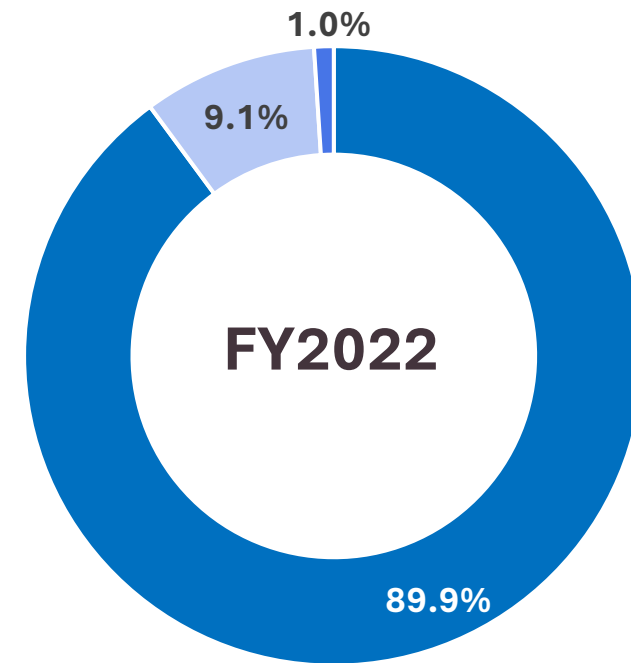
¹ After adjusting for one-off IPO-related expenses. EBITDA before adjustment was US\$2.3 million(FY2022) and US\$3.3 million(FY2023) respectively.

Revenue Breakdown (by Business Segment)

- Art Outsourcing remained largest biggest segment
- Game Development doubled revenue YoY to US\$5.0 million (FY2022: US\$2.2 million)

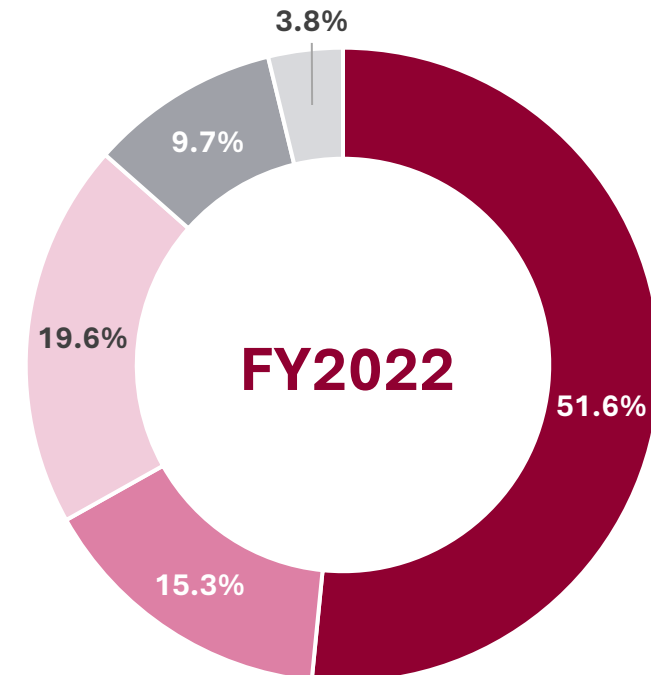
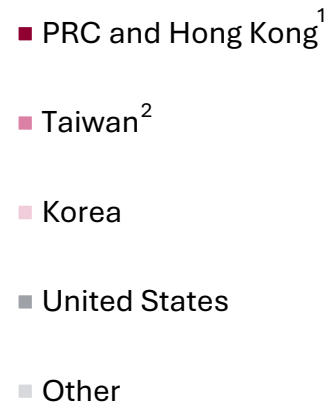
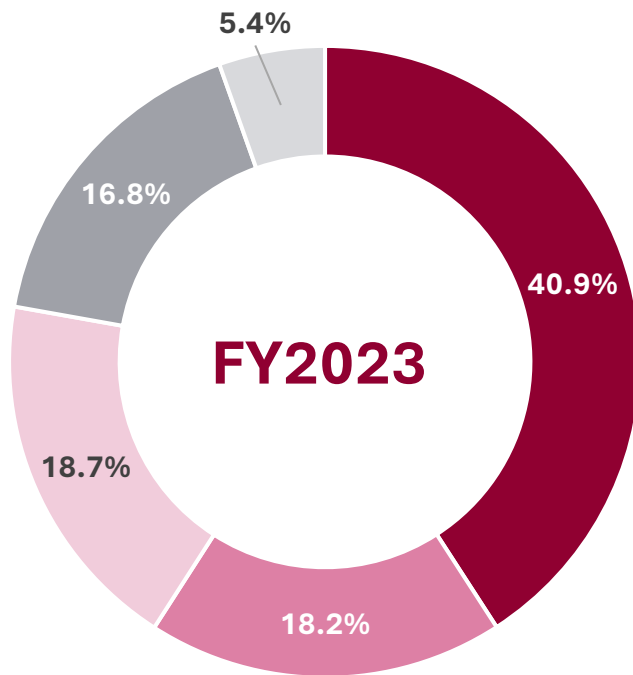


- Art Outsourcing
- Game Development
- Global Publishing & Others



Revenue Breakdown (by Geographical Area)

- Mainland China and Hong Kong remained largest revenue contributor by region
- Higher contribution from the US market due to an increase in new contracts



¹ Hong Kong here refers to Hong Kong Special Administrative Region

² Taiwan here refers to the Taiwan region

Income Statement

US\$'000	FY2023	FY2022	% Change
Revenue	29,281	24,498	19.5
Gross Profit	9,334	6,448	44.8
<i>Gross Profit Margin (%)</i>	<i>31.9</i>	<i>26.3</i>	<i>5.6 ppt</i>
Distribution and marketing	(1,548)	(1,013)	52.8
Administrative expenses	(6,368)	(4,603)	38.3
Profit before Income Tax	1,423	775	83.6
Net Profit	1,780	1,037	71.6
<i>Net Profit Margin (%)</i>	<i>6.1</i>	<i>4.2</i>	<i>1.9 ppt</i>
EPS (USD cents)¹	0.7	0.5	40.0

- **Revenue growth of 19.5%** driven by:
 - Increase in Art Outsourcing revenue arising from new contracts with customers from US and South Korea
 - Increase in Game Development revenue due to expansion of businesses with existing clients and addition of project revenue from new clients
- **Gross margin improvement of 5.6 ppt due to Company's effective cost control and new employee incentive scheme**
- **Rise in distribution expenses due to sales efforts to expand market opportunities in Europe, U.S. and Asia**
- **Increase in administrative expenses** mainly due to IPO-related expenses
- **Net profit growth of 71.6%** driven by higher revenue and improved operating efficiency

Alternative Performance Measures

US\$'000	FY2023	FY2022	% Change
Net Profit	1,780	1,037	71.6
Interest Expenses	89	60	48.3
Income Tax Expenses (credit)	(357)	(262)	36.3
EBIT	1,512	835	81.1
Depreciation	1,721	1,389	23.9
Amortisation	74	66	12.1
EBITDA	3,307	2,290	44.4
IPO Expenses	1,992	243	n.m.
Adjusted EBITDA	5,299	2,533	109.2
<i>Adjusted EBITDA Margin (%)</i>	<i>18.1</i>	<i>10.3</i>	<i>7.8 %ppt</i>

- **Adjusted EBITDA** after one-off IPO-related expenses grew 2x to US\$5.3 million from US\$2.5 million in FY2022
- **Adjusted EBITDA margin** grew 7.8 ppt to 18.1% in FY2023

Alternative Performance Measures

Balance Sheet

Balance Sheet

US\$'000	As at 31 Dec 2023	As at 31 Dec 2022	% Change
Current Assets	23,768	12,736	86.6
Cash and cash equivalents	16,423	6,057	171.1
Trade and other receivables	3,876	3,704	4.6
Contract Assets	3,469	2,975	16.6
Non-current Assets	6,735	6,748	(0.2)
Total Assets	30,503	19,484	56.6
Current Liabilities	6,439	5,561	15.8
Non-current Liabilities	2,617	2,793	(6.3)
Total Liabilities	9,056	8,354	8.4
Total Equity	21,447	11,130	92.7

- **Strong cash position**
Increase in cash and cash equivalents of 171.1%, mainly due to IPO proceeds
- **Increase in trade and other receivables**, in line with growth in business activities
- **Rise in contract assets**, driven by an increase in revenue
- **Total liabilities increased 8.4%**, in line with increased operating activities. Group has no borrowings
- **Increase in total equity of 92.7%** from US\$11.1 million to US\$21.5 million, with increase in share capital and other reserves post-IPO

Cash Flow and Cash Position

Cash Flow Statement	US\$'000	FY2023	FY2022	% Change
	Net cash generated from operating activities	3,469	1,979	75.3%
	Net cash (used in) investing activities	(541)	(1,746)	(69.0%)
	Net cash generated from/ (used in) financing activities	7,493	(850)	n.m.
	Net increase / (decrease) in cash & cash equivalents	10,421	(617)	n.m.
	Cash & cash equivalents at beginning of the year	6,057	7,278	(16.8%)
	Cash & cash equivalents at end of the year	16,423	6,057	171.1%

- **Strong operating cash flow growth of 75.3%**, due to increase in profitability and better working capital management
- **Net cash used in investing activities of US\$541,000** due to investments in new office leases and computer equipment as Company expands operations
- **Net cash generated of US\$7.5 million**, primarily due to IPO proceeds
- **Net increase in cash & equivalents to US\$16.4 million** as at 31 Dec 2023

⁽¹⁾ Period Under Review refers to the period which comprises FY2020, FY2021, FY2022 and 1Q2023.

Dividend

Dividend	Special
Dividend Type	Cash
Dividend Amount Per Share	SGD0.005
Tax Rate	Tax-Exempt

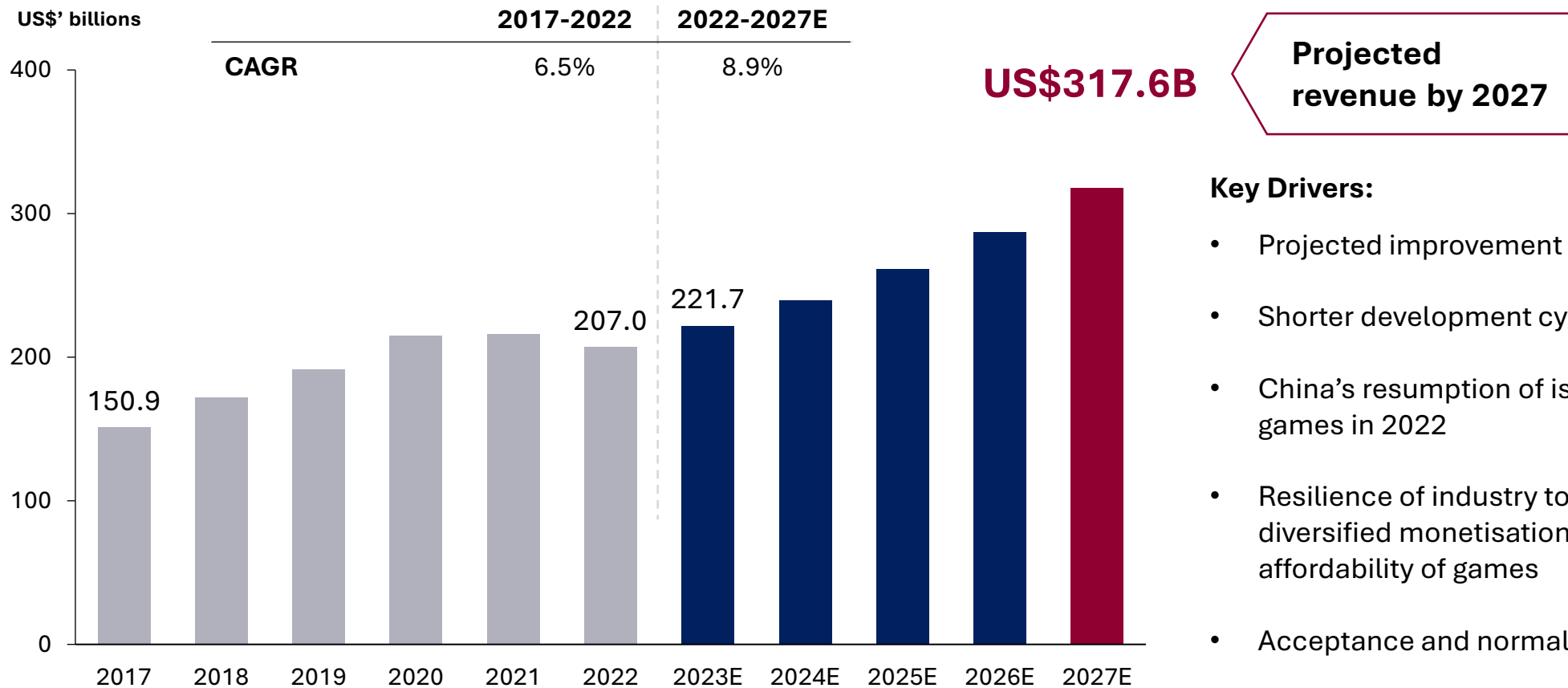
Industry Outlook

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Global Gaming Market Overview

Global Gaming Industry Market Size by Revenue

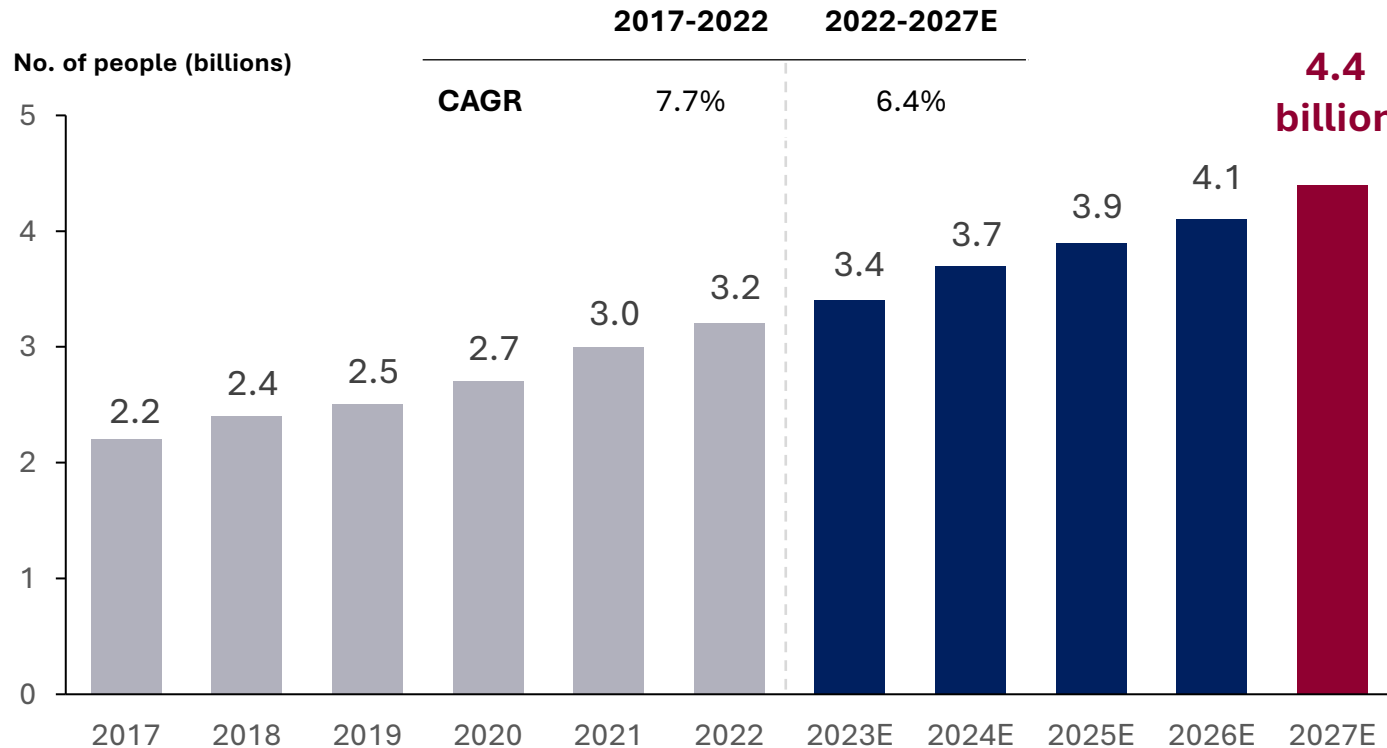


Key Drivers:

- Projected improvement of gaming hardware supplies
- Shorter development cycles for new game launches
- China's resumption of issuing licences for new games in 2022
- Resilience of industry to recessions due to its diversified monetisation methods and relative affordability of games
- Acceptance and normalisation of gaming lifestyles

Global Gaming Market Overview

Number of Gamers Globally



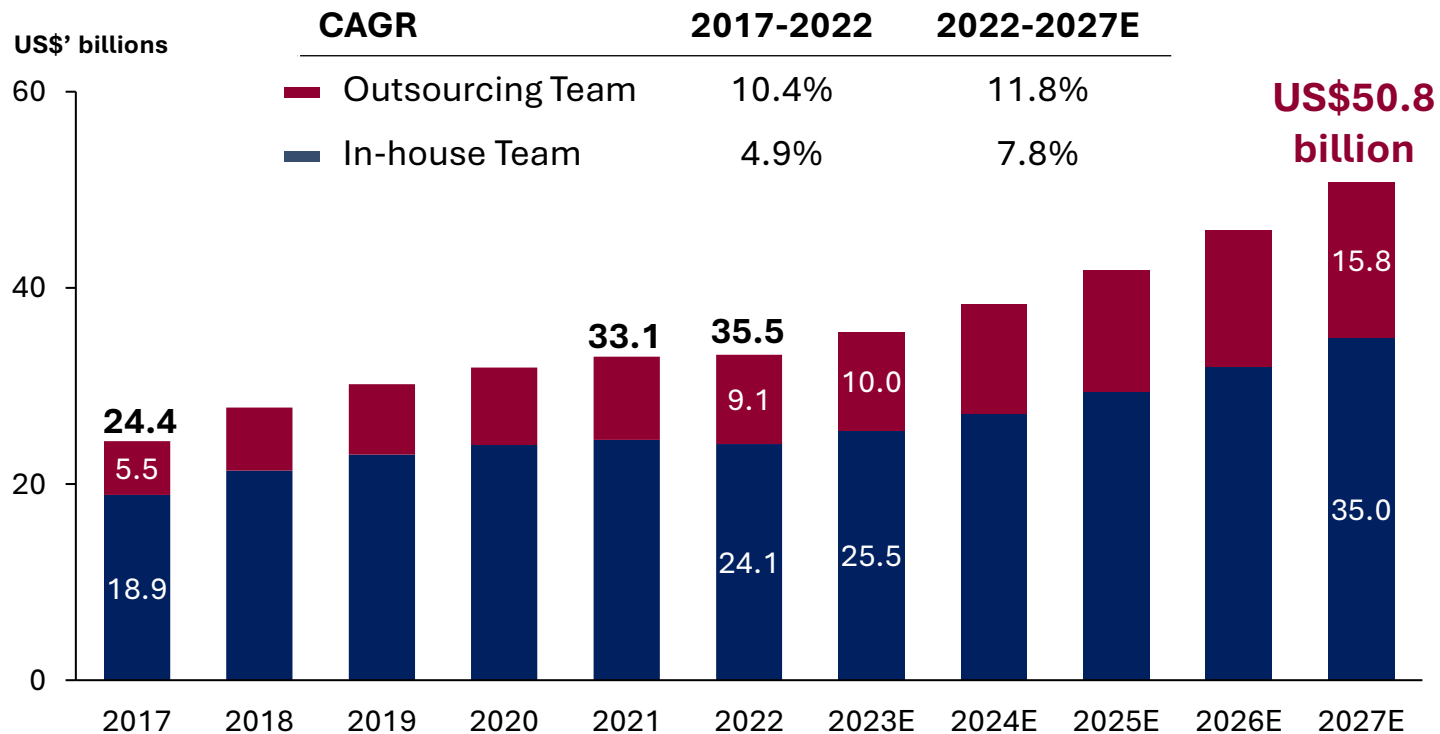
Projected number of gamers by 2027

Key Drivers:

- Affordability of gaming as a pastime due to the free-to-play model
- Increasing number of mobile game players
- Increasing penetration of gaming culture in growth regions such as Latin America, the Middle East and Africa

Game Development Market Overview

Global Gaming Development Expenditure by Type



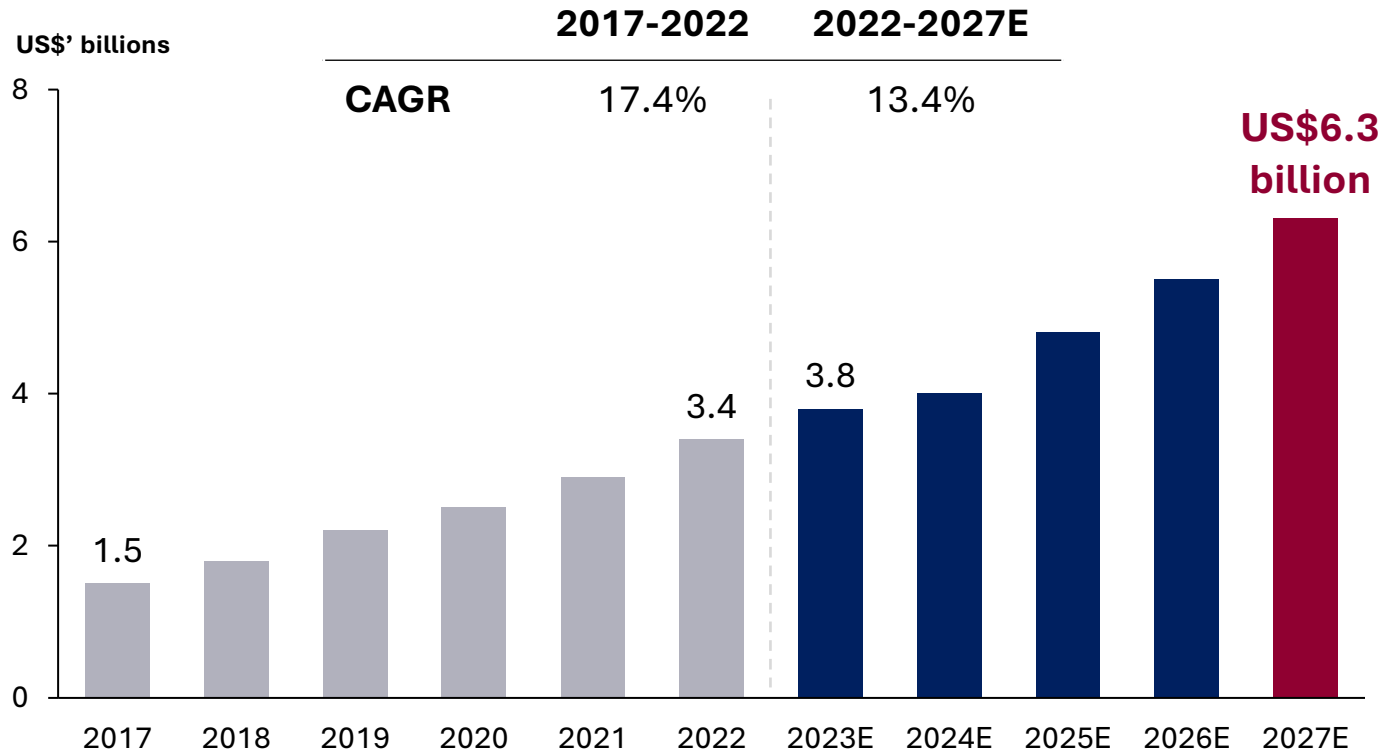
Projected expenditure by 2027

Highlights:

- Global game development expenditure is expected to increase at a **CAGR of 8.9% between 2022 and 2027** to reach **US\$50.8 billion by 2027**
- Over the same period, the expenditure for outsourcing is expected to grow at a **higher CAGR of 11.8% to US\$15.8 billion by 2027**

Game Art Outsourcing Market Overview

Global Game Art Outsourcing Market Share by Revenue



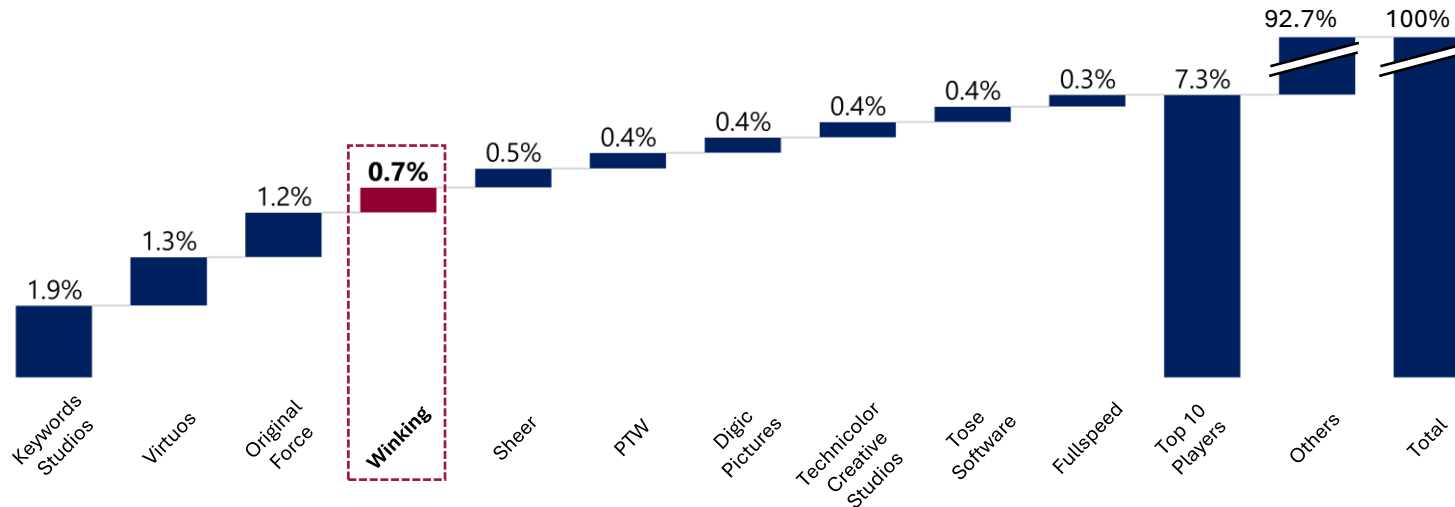
**Projected revenue
by 2027**

Key Drivers:

- Increasing expenditure on game art resulting from gamers' higher requirements for game graphics
- Continually increasing supply of artistic talents
- Growing demands of Asian game development companies for art outsourcing services

Game Art Outsourcing Market Overview

Top 10 Players in the Global Game Art Outsourcing Market, 2022



Trends & Competitive Landscape

- Increasing focus on quality of graphics and gameplay experience
- More cross-platform games being developed to maximise outreach to players
- Game lifecycle extension to generate more revenue per game
- Fragmented market with top 10 players accounting for 7.3% of total market share

Top 5 game art outsourcing studios in Asia, in terms of global revenue of game art outsourcing 2022

Ranking	Company	HQ	Global game art outsourcing revenue (US\$m)	Number of countries / regions covered	Number of Employees (approx.)	Number of game art employees (approx.)
1	Virtuos	Singapore	44.6	8	3,000	1,500
2	Original Force	The PRC	39.0	3	2,000	1,400
3	Winking	Singapore	22.1	3	700	600
4	Sheer	The PRC	16.7	1	1,200	800
5	Pole To Win	Japan	13.5	20	2,600	390

Future Plans
Corporate
Update

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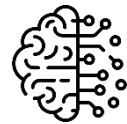
Business Strategies and Future Plans



Enhance our presence globally to capture market opportunities



Pursue strategic acquisitions, joint ventures and strategic alliances to expand our scale and capabilities



Monitor and explore the use of AI and/or invest in AI-related companies or businesses to improve and expand our art outsourcing capabilities

Proposed Acquisition of On Point Creative

- **1st Proposed Acquisition Post-Listing**

Rationale of Acquisition

In line with strategy to pursue acquisitions to boost sales, capabilities and market presence globally

Target Company

On Point Creative Co., Ltd.

- Mainly engaged in the provision of art outsourcing services
- 100% owned by Vendor

Vendor

Game Hours, Inc

- Listed on the Taipei Stock Exchange

Purchase Consideration

NTD59.9M (or approximately S\$2.6M)

Financing

Company's internal resources and IPO proceeds

Earnings Impact

No material earnings impact for FY2023

Use of IPO Proceeds

Item	Amount allocated (S\$' 000)	Amount utilised (S\$' 000)	Balance as at 23 Feb 2024 (S\$' 000)
Expansion of 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 art outsourcing segment	1,200	65	1,135
General working capital purposes	636	43	593
Total	5,076	108	4,968



Thank You

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