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Shape the Premium

WINKING STUDIOS LIMITED

**ANNUAL GENERAL MEETING
PRESENTATION**

30 April 2024

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The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 CollyerQuay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg

← Agenda →

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

2023
Highlights

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2023 Highlights

Public Listing



- Successful listing on SGX-ST Catalyst 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



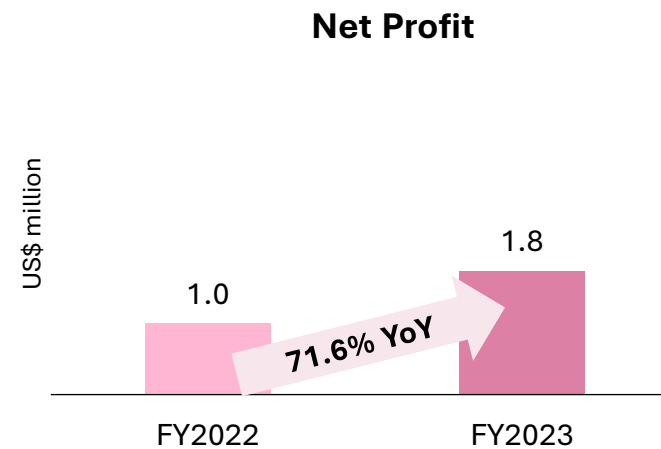
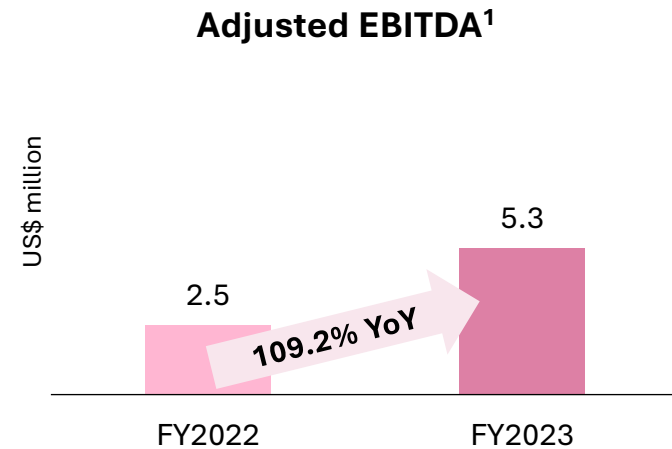
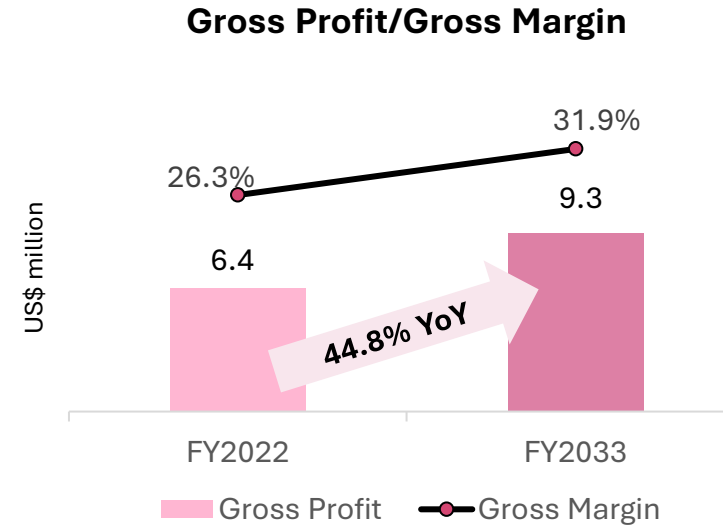
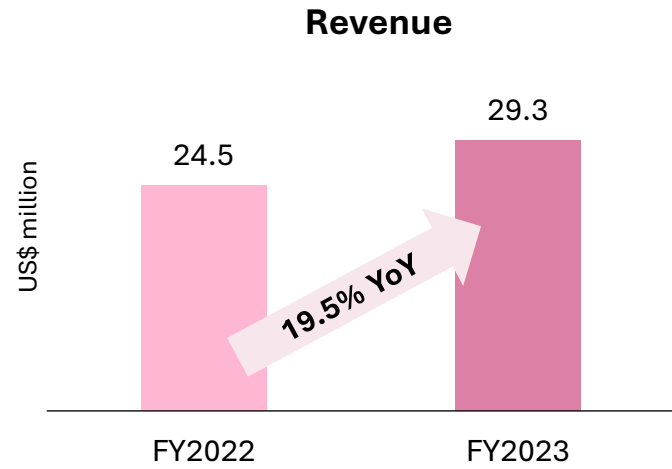
- Capture market opportunities in Europe, America and Asia
- Acquisition of art outsourcing services company, Taiwan-based On Point Creative

Rewarding Shareholders



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

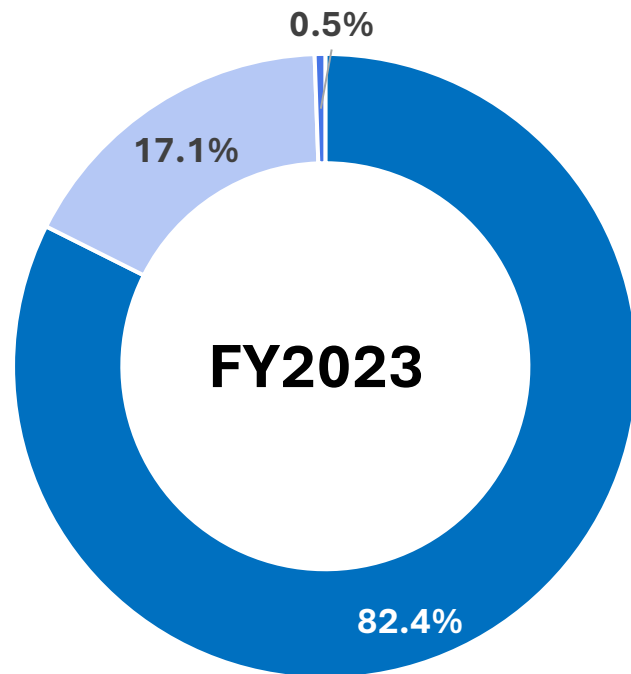
Strong YoY Growth



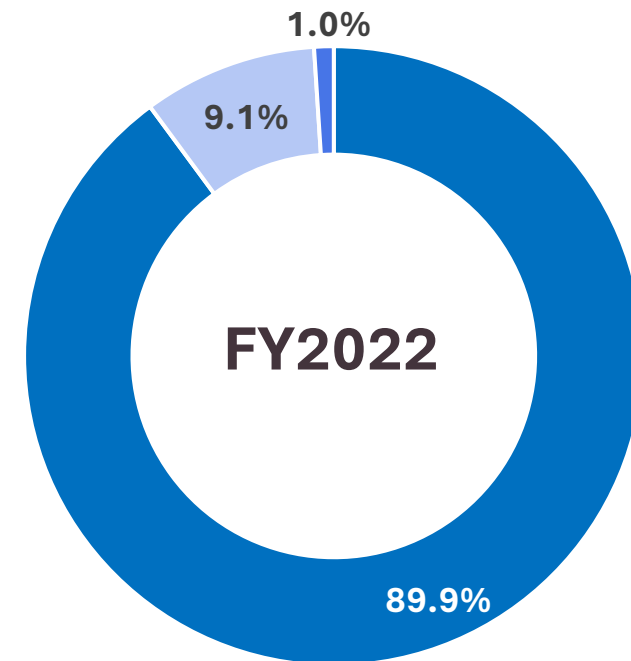
¹ After adjusting for one-off IPO-related expenses. EBITDA before adjustment was US\$2.3 million (FY2022) and US\$3.3 million (FY2023) respectively.

Revenue Breakdown (by Business Segment)

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

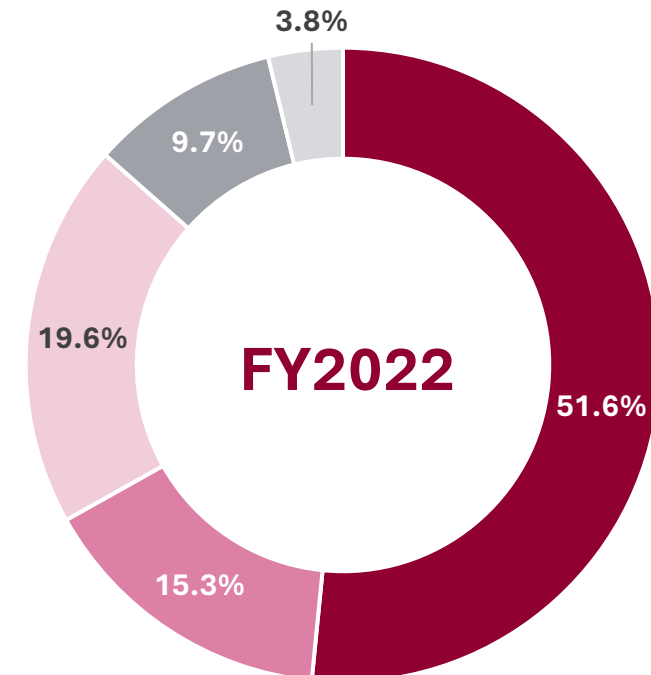
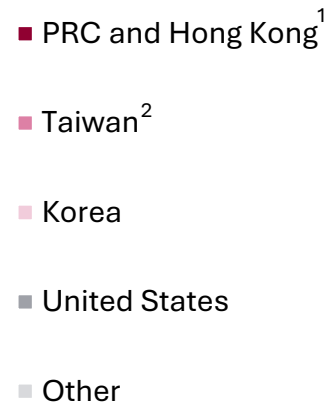
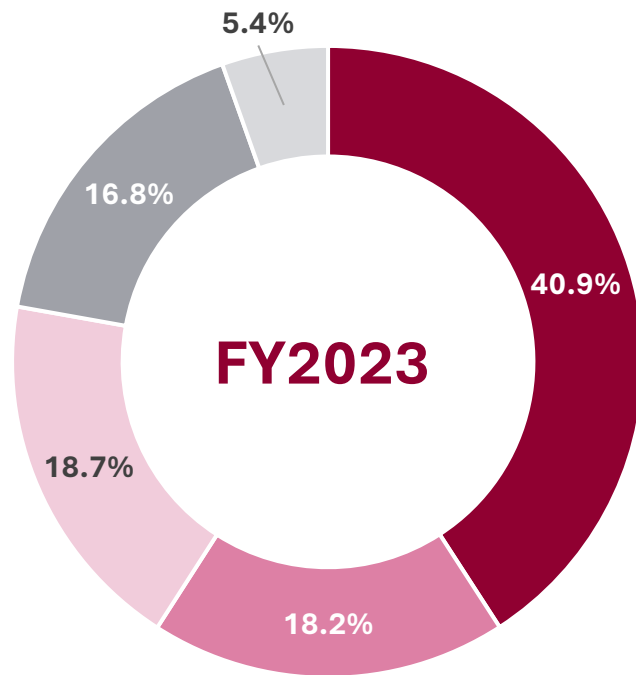


- Art Outsourcing
- Game Development
- Global Publishing & Others



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

¹EPS calculations based on weighted average number of ordinary shares of 243,381,000 in FY2023 and 221,068,000 in FY2022

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

| 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 |

Future Plans
Corporate
Update

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Acquisition of On Point Creative

- **1st Acquisition Post-Listing**

Rationale of Acquisition

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

About On Point Creative

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

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

Financing

Company's internal resources and IPO proceeds

Proposed Acquisition of Pixelline

- Entered into non-binding MOU with Vendors on 8 April 2024
- Subject to both parties entering into definitive agreement after due diligence, further update announcements to be made

Rationale of Acquisition

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

Target Company

Pixelline Production Sdn. Bhd. (“Pixelline”)

- Incorporated in Malaysia (new geographical location for Winking)
- Mainly engaged in the provision of art outsourcing services and animation outsourcing services

Vendors

- Lee Jie Way (67%)
- Beh Yit Xian (33%)

Purchase Consideration

To be determined and agreed upon between Company and Vendors, taking into consideration independent valuation, due diligence findings, etc.



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



Thank You

Winking Studios Limited

<https://www.winkingworks.com/en-US/>

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