



WINKING®

Shape the Premium

WINKING STUDIOS LIMITED

**1H2024 RESULTS
PRESENTATION**

14 August 2024

Disclaimer

Winking Studios Limited (the “Company”) was listed on Catalist of the SGX-ST on 20 November 2023. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”).

This presentation is prepared for information purposes only, without regard to the objectives, financial situation nor needs of any specific person. This presentation does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

This presentation was prepared exclusively for the parties presently being invited for the purposes of discussion. Neither this presentation nor any of its content may be distributed, reproduced, or used without the prior written consent of Winking Studios Limited (“Winking Studios” or the “Company”). The Company does not make any representation or warranty, expressed or implied, as to the accuracy of the information contained herein, and expressly disclaims any and all liability based, in whole or in part, on such information, errors therein or omissions therefrom.

This presentation has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”).

This presentation has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this presentation, including the correctness of any of the statements or opinions made, or reports contained in this presentation.

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.

◆ — Agenda — ◆

- 1. 1H2024 Highlights**
- 2. Financial Review**
- 3. Corporate Updates**

1H2024 Key Highlights

1 REVENUE GROWTH

US\$ **15.2** M

▲ 7.1% YoY
On a constant
currency basis,
▲ 10.5% YoY

Robust growth from Arts Outsourcing and
Game Development

2 ADJUSTED EBITDA¹

US\$ **2.2** M

The ongoing listing expenses on the SGX-ST of
US\$0.2 million in 1H2024 are not included in
the adjustments to derive the Adjusted EBITDA

3 NEW GROWTH MARKET

Japan ▲ nearly **3** times YoY

Japan's revenue contribution increased to
10.1% in 1H2024 from 3.5% in 1H2023

4 EXPANDED NETWORK

Acquired:

- **On Point Creative** in Taipei in Apr 2024
- **Pixelline** in Kuala Lumpur in Jun 2024
(our first art studio in Malaysia)

5 PROPOSED PLACEMENT

Raised
Gross Proceeds S\$ **27.0** M

Proposed placement of 108 million new
ordinary shares at 25 Singapore cents each

6 HEALTHY CASH POSITION

Cash and
Cash Equivalents US\$ **13.1** M
and
Bond Investments² as at 30 June 2024

Zero borrowings and the Group continue to
generate positive cash flow from operations

¹ Comprises EBITDA, adjusted for the Group's IPO expenses (SGX), to-date Dual Listing expenses on London Stock Exchange ("LSE"), Share-based payments expenses, Costs of acquisition and integration, and Private Placement Related Expenses (to raise S\$27m).

² Approximately S\$1.5 million of investments in US-denominated bonds ("**Bond Investments**") that have bond ratings of at least "A-"

1H2024 Key Highlights

7

STRONG FOCUS & NICHE

Our Manpower Usage for Games with Online Connectivity (such as Mobile, Console and C)

90.50%¹

Deep involvement in such popular games such as Dungeons & Fighters, Genshin Impact, which requires regular updates and enhancements that potentially provides revenue visibility to the Group

8

REVENUE VISIBILITY

The Group expects a stronger pipeline of projects in 2H2024 from indicative bookings of our artists by customers of at least

US\$ **10.1** M

as at 13 August 2024

(subject to changes depending on the final confirmation from customers)

¹ Based on the Group's total number of man days involved in games with online connectivity charged to customers divided by total number of days charged to customers for 1H2024 (which does not include the two newly-acquired art studios).

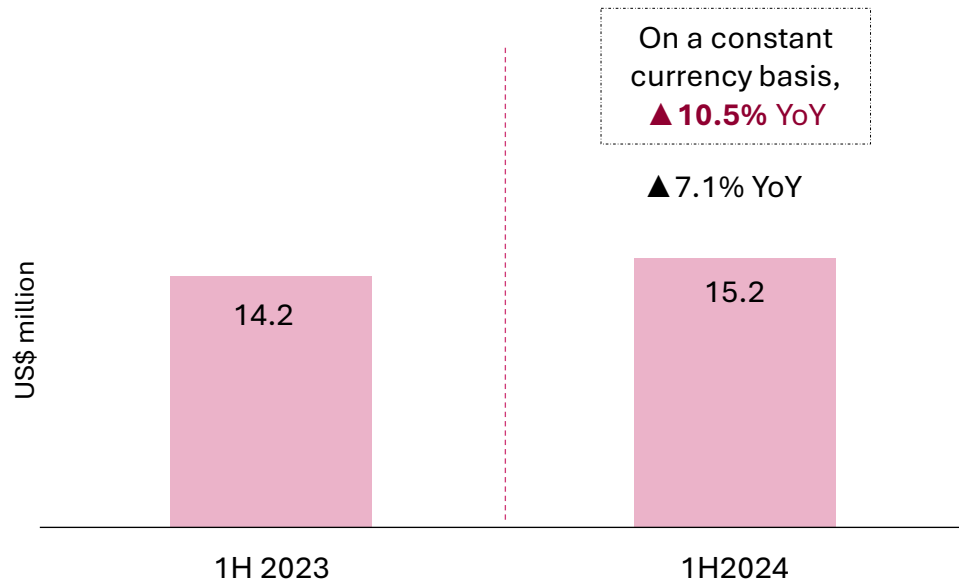
Financial Review

WINKING®



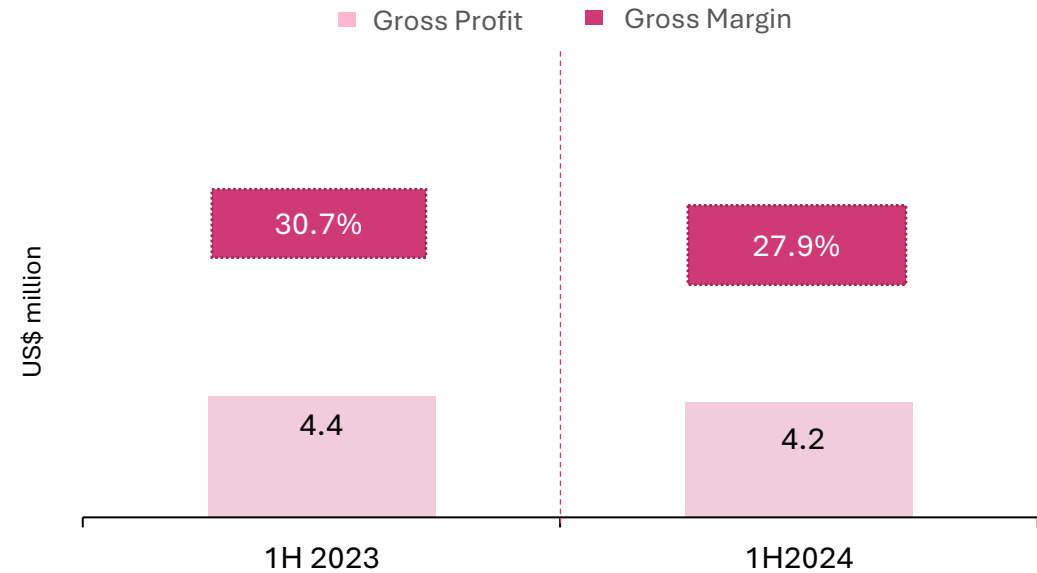
Key Financial Highlights

Revenue



- The Group's revenue in 1H 2023 was propelled mainly by pent-up demand after Mainland China lifted gaming restrictions in 2022, hence the Group's growth rate in 1H 2024 continue to be progressive
- Given that the acquisition of two art studios were only completed less than 2-3 months before 30 June 2024, their revenue contribution for 1H2024 were insignificant
- On a constant currency basis, the Group's revenue growth would have increased to 10.5% YoY as there was a negative impact of approximately 3.4 percentage points to the Group's revenue growth in 1H 2024 due to currency exchange rate fluctuations when converting local currency in operating markets to the reporting currency in USD, whereby certain foreign currencies depreciated against USD during 1H 2024

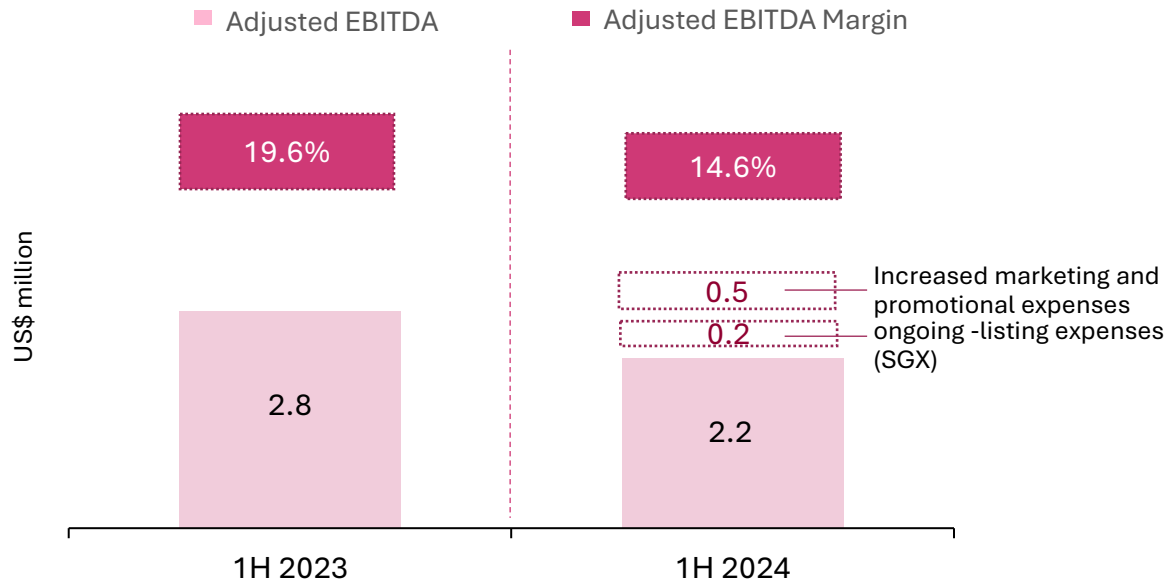
Gross Profit/ Gross Margin



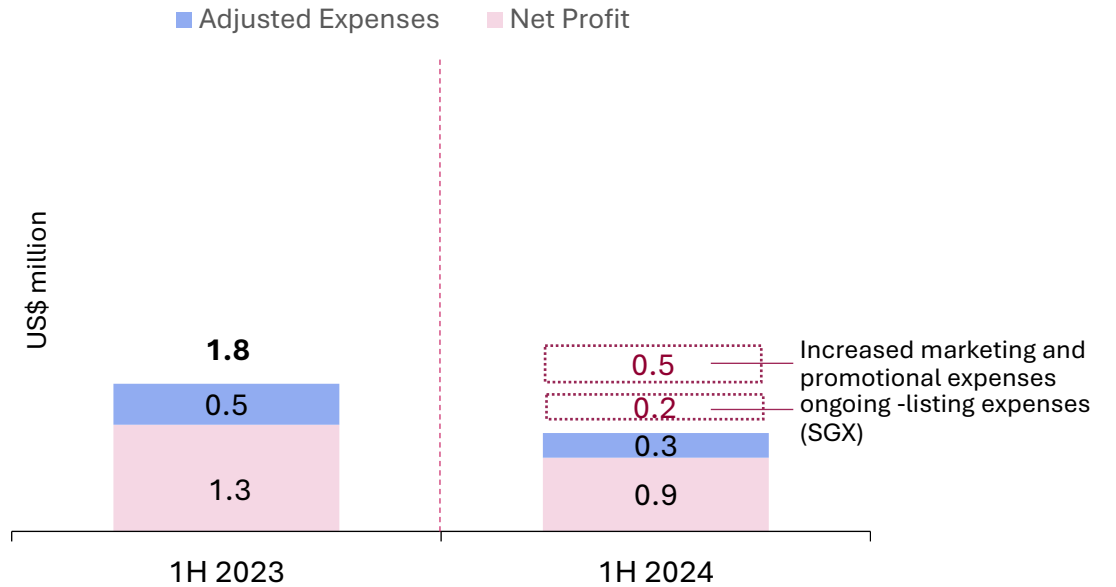
- Excluding the two newly-acquired companies, namely On Point Creative Co., Ltd., and Pixelline Production Sdn. Bhd., the Group's gross margin remained relatively stable at 30.0% in 1H 2024
- Gross profit margin in 1H 2024 was affected by lower gross profit margin from the two newly-acquired art studios mainly due to:
 - Various projects being deferred to 2H 2024 due to customers' requirements
 - Reduced efficiency from the initial integration process (which generally takes 3 months) post acquisition

Key Financial Highlights

Adjusted EBITDA



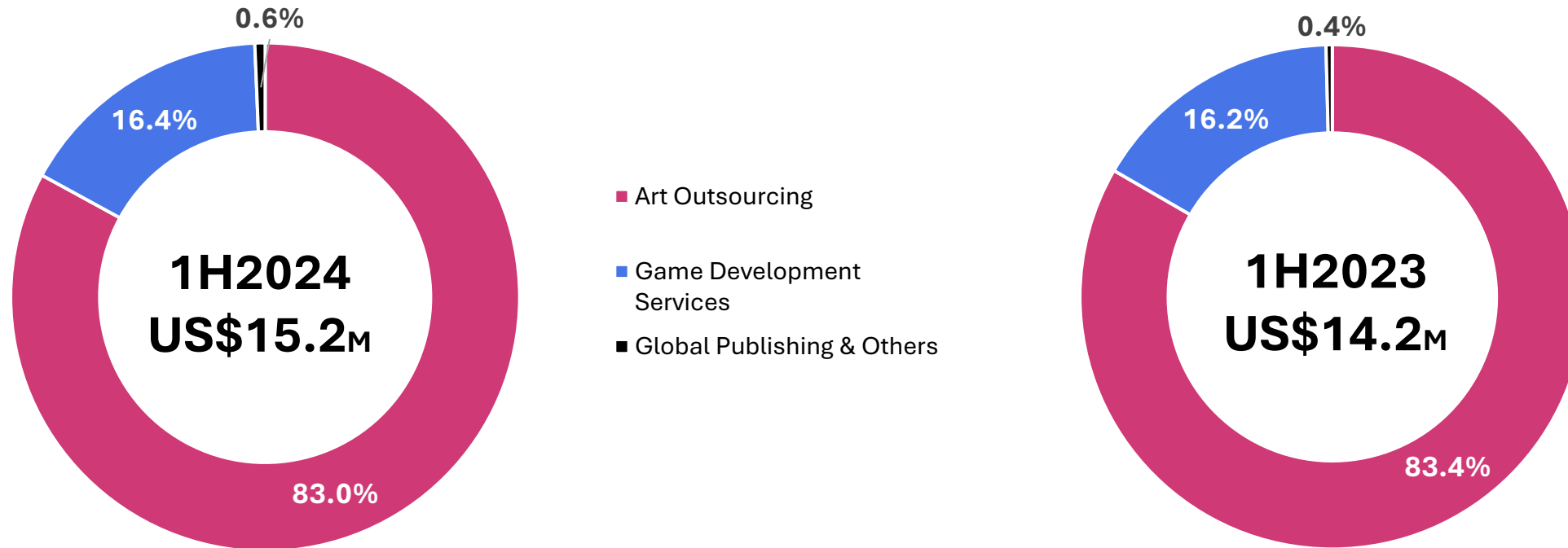
Adjusted Net Profit



- Adjusted EBITDA comprises EBITDA, adjusted for the Group's IPO expenses (SGX), to-date Dual Listing expenses on London Stock Exchange ("LSE"), Share-based compensation expenses, Costs of acquisition and integration, and Private Placement Related Expenses (to raise S\$27m).
- Adjusted EBITDA stood at US\$2.2 million, which did not recognise the following expenses in 1H 2024:
 - increased marketing and promotional expenses of US\$0.5 million; and
 - ongoing listing expenses (SGX) of US\$0.2 million

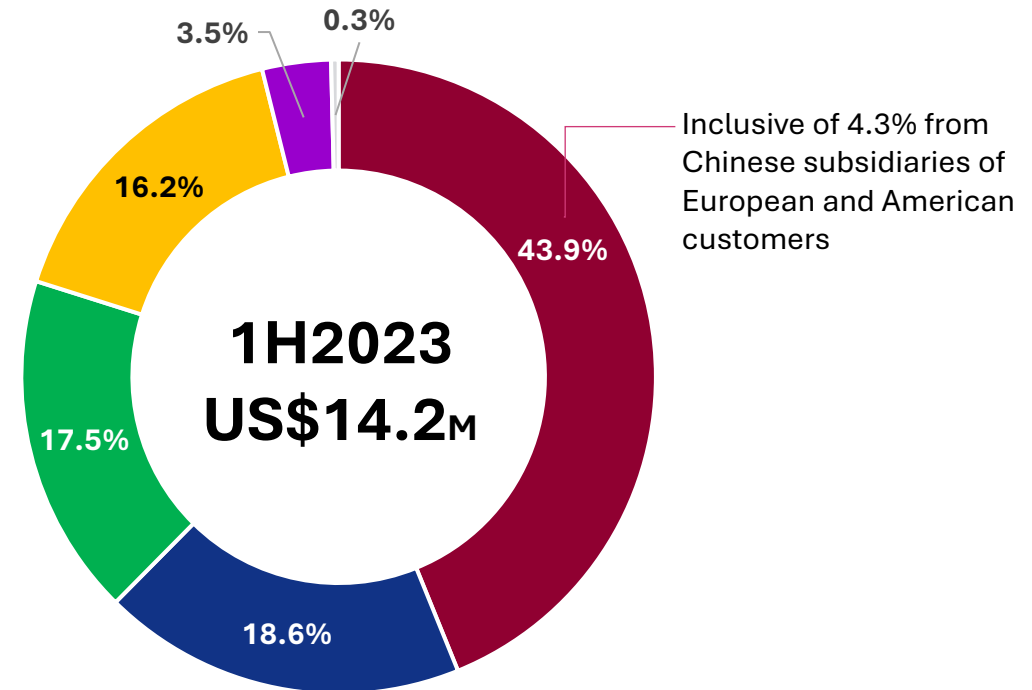
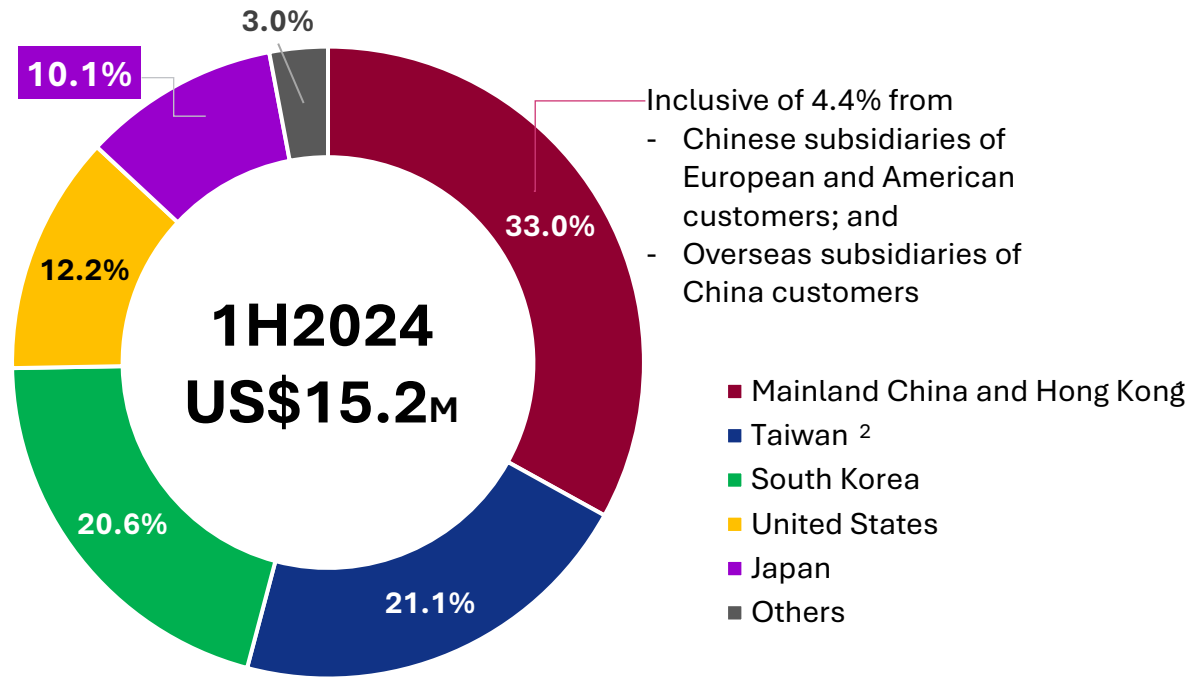
- Adjusted expenses include the Group's IPO expenses (SGX), to-date Dual Listing expenses on London Stock Exchange ("LSE"), Share-based compensation expenses, Costs of acquisition and integration, Amortisation of intangible assets, and Private Placement Related Expenses (to raise S\$27m)
- Adjusted net profit stood at US\$1.2 million in 1H 2024, which did not recognise the following expenses in 1H 2024:
 - increased marketing and promotional expenses of US\$0.5 million; and
 - ongoing listing expenses (SGX) of US\$0.2 million

Revenue Breakdown (by Business Segment)



- Revenue growth for Art Outsourcing: ▲ 6.6% YoY
- Revenue growth for Game Development Services: ▲ 8.1% YoY
- On a constant currency basis, revenue grew 10.5% YoY

Revenue Breakdown (by Geographical Area)



- 1H2024, higher revenue contribution from both new and existing clients in Japan and South Korea for Art Outsourcing
- Higher revenue contribution from Japan in 1H2024, accounting for 10.1% of total revenue compared to 3.5% in 1H2023, as a result of increased marketing and promotional initiatives during 1H2024

¹ Hong Kong here refers to Hong Kong Special Administrative Region

² Taiwan here refers to the Taiwan region

Income Statement (Key Highlights)

US\$'000	1H2024	1H2023	% Change
Revenue	15,225	14,210	7.1
Gross Profit	4,242	4,365	(2.8)
<i>Gross Profit Margin (%)</i>	<i>27.9</i>	<i>30.7</i>	<i>(2.8) ppt</i>
Other income	382	65	487.7
Distribution and marketing	(1,002)	(539)	85.9
Administrative expenses	(2,732)	(2,486)	9.9
Profit before Income Tax	1,007	1,320	(23.7)
Net Profit	909	1,263	(28.0)
<i>Net Profit Margin (%)</i>	<i>6.0</i>	<i>8.9</i>	<i>(2.9) ppt</i>
Earnings Per Share (USD cents) ¹	0.3	0.5	(38.6)

- **Revenue growth of 7.1%** driven by:
 - Increase in Art Outsourcing segment revenue of US\$0.8 million, driven by an increase in orders from both new and existing clients in Japan and South Korea
 - Increase in Game Development segment revenue of US\$0.2 million, underpinned by increased orders from existing clients
- **Excluding Foreign Exchange impact**, revenue grew 10.5% YoY assuming on a constant currency basis
- **Gross profit margin affected by the gross profit margin of the two newly-acquired art studios mainly due to:**
 - Various projects being deferred to 2H2024 due to customers' requirements
 - Reduced efficiency mainly due to the initial integration process (which generally takes 3 months) post-acquisition
- **Other Income grew 487.7%** with subsidy from MAS for our SGX listing and net investment income from AI project
- **Rise in distribution and marketing expenses of US\$0.5 million due to** increased marketing and promotional initiatives in Europe, America and Japan
- **Increase in administrative expenses mainly due to** increase in share-based compensation expenses, costs of acquisition and integration, amortisation of intangible assets. Following the completion of our SGX listing in November 2023, the Group also recognised ongoing listing expenses on the SGX of US\$0.2 million in 1H2024.
- **Lower net profit and margin mainly due to:**
 - increased marketing and promotional expenses; and
 - ongoing listing expenses on the SGX

Alternative Performance Measures (APMs)

US\$'000	1H2024	1H2023	% Change
Net Profit	909	1,263	(28.0)
Adjusted Net Profit	1,217	1,821	(33.3)
Interest Expenses	39	43	(9.3)
Income Tax Expenses (credit)	98	57	71.9
EBIT	1,046	1,363	(23.3)
Depreciation	887	864	2.7
Amortisation	50	38	31.6
EBITDA	1,983	2,265	(12.5)
IPO Expenses (SGX)	-	520	n.m.
Dual Listing Expenses (LSE)	14	0	n.m.
Share-based Payments Expense	176	0	n.m.
Costs of Acquisition and Integration	8	0	n.m.
Private Placement (to raise S\$27m) Related Expenses	43	0	n.m.
Adjusted EBITDA	2,224	2,785	(20.1)
<i>Adjusted EBITDA Margin (%)</i>	<i>14.6</i>	<i>19.6</i>	<i>(5.0) ppt</i>

• **The Group also reports 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 Net Income and Adjusted EBITDA** did not adjust for the following ongoing expenses in 1H2024:

- increased marketing and promotional expenses of US\$0.5 million; and
- ongoing listing expenses on SGX of US\$0.2 million.

Alternative Performance Measures

n.m. - Not Meaningful

WINKING

Balance Sheet (Key Highlights)

US\$'000	As at	As at	% Change
	30 Jun 2024	31 Dec 2023	
Current Assets	19,919	23,768	(16.2)
Cash and Cash Equivalents	11,631	16,423	(29.2)
Trade and Other Receivables	4,045	3,876	4.4
Contract Assets	4,243	3,469	22.3
Non-current Assets	9,428	6,735	40.0
Financial Assets Measured at Amortised Cost	1,466	-	n.m.
Intangible Assets	1,944	203	n.m.
Total Assets	29,347	30,503	(3.8)
Current Liabilities	6,035	6,439	(6.3)
Non-current Liabilities	2,335	2,617	(10.8)
Total Liabilities	8,370	9,056	(7.6)
Total Equity	20,977	21,447	(2.2)

- **Decline in cash and cash equivalents** largely due to the acquisition of two art studios, dividend payments, purchase of bond investments of US\$1.5 million and partially offset by the returns from bond investments
- **Increase in trade and other receivables** in line with increased business activities for Art Outsourcing and Game Development segments
- **Higher contract assets** driven by higher volume of work completed in 1H2024 that has been recognised as revenue and historically, almost 100% of the contract assets from the previous year's output were converted into trade receivables or cash payments
- **Addition of financial assets measured at amortised cost of US\$1.5 million** reflects the Group's bond investments
- **Rise in intangible assets** on acquisition of two art studios
- **Total liabilities declined 7.6%** mainly due to lower trade and other payables and lease liabilities
- **Marginal dip in total equity** following dividend payments and reduction in other reserves due to currency translation losses arising from the consolidation of subsidiaries with different reporting currencies

n.m. - Not Meaningful

Cash Flow and Cash Position (Key Highlights)

Cash Flow Statement	US\$'000	1H2024	1H2023	% Change
	Net cash generated from operating activities	905	581	55.8
	Net cash (used in) investing activities	(3,649)	(290)	n.m.
	Net cash (used in) / generated from financing activities	(1,677)	2,462	n.m.
	Net (decrease) / increase in cash & cash equivalents	(4,421)	2,753	n.m.
	Cash & cash equivalents at beginning of financial period	16,423	6,057	171.1
	Effects of exchange rate changes on cash & cash equivalents	(371)	(273)	35.9
	Cash & cash equivalents at end of period	11,631	8,537	36.2

- **Net cash generated from operating activities increased 53.9%**, mainly due to increased revenue, accelerated cash collections and increased interest income, which are positive adjustments to operating cash flows before changes in working capital
- **Increase in net cash used in investing activities**, mainly due to the acquisitions of the two art studios and bond investments (that amounted to US\$1.5 million) in 1H2024
- **Net cash used in financing activities**, mainly due to dividends paid in 1H2024

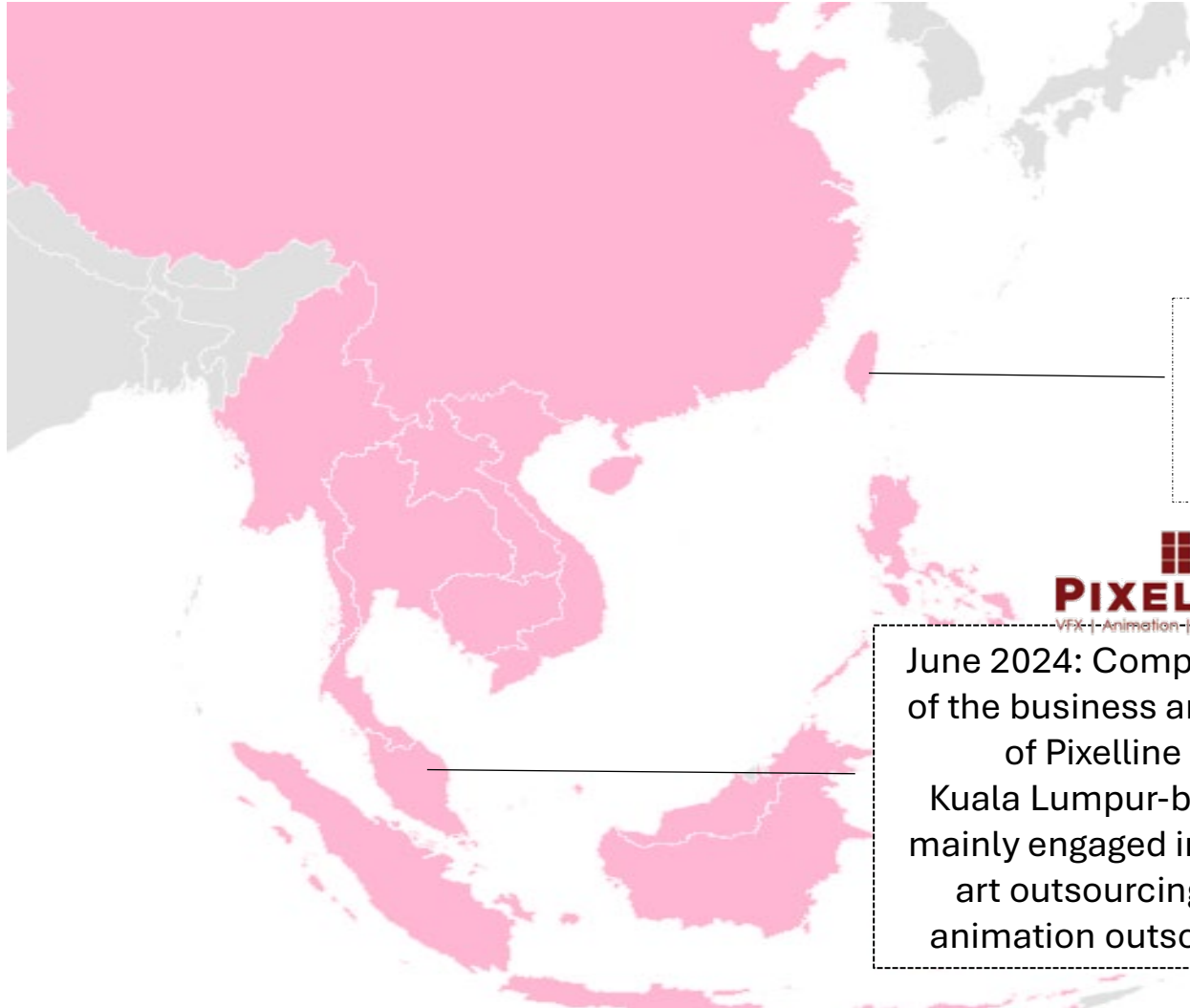
n.m. - Not Meaningful

Corporate
Updates

WINKING®



Recent Mergers & Acquisitions



April 2024: Completed acquisition of On Point Creative Taipei-based art studio providing art outsourcing services



June 2024: Completed acquisition of the business and certain assets of Pixelline Production Kuala Lumpur-based art studio, mainly engaged in the provision of art outsourcing services and animation outsourcing services

Successful Placement: Raised Gross Proceeds of S\$27.0 Million

Placement Shares	108.0 million new ordinary shares
Issue Price	S\$0.25 for each Placement Shares <i>A discount of approximately 1.0% to VWAP of S\$0.2524 for trades done on the SGX-ST on 9 April 2024, being the full market day on which the placement agreement was signed</i>
Listing & Trading of Placement Shares	9.00 am, 10 July 2024
Use of Proceeds	<ul style="list-style-type: none">• Fund business strategy and future plans such as strategic acquisitions, alliances and joint ventures, and dual listing, to grow market share and broaden customer base globally• Enhance current operational capabilities, which include the development of artificial intelligence tools and maintaining high-quality services and art assets• Expand and improve the infrastructure of existing offices to increase market presence globally
Investors	Garnered substantial interest from existing shareholders, management team and investors across Singapore, Malaysia and Taiwan



Thank You

Winking Studios Limited

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

WINKING

www.winkingworks.com

Copyright © 2023 Winking Studios Limited. All Rights Reserved.