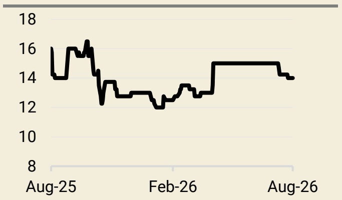
Corporate

Share Price	14.0p
Market Cap	£61.9m
Shares in Issue	441.9m
12m Trading Range	12.0p – 17.0p
Free Float	22.8%
Next Event	2026 update – Jan 27

Price performance (p)



Source: FactSet

Financial forecasts

Yr end Dec ($'m)	FY25A	FY26E	FY27E	FY28E
Revenue	45.5	48.0	64.0	75.0
y.o.y. growth (%)	*42.6*	*5.6*	*33.4*	*17.1*
Adj. EBITDA	5.4	(0.6)	5.1	8.1
Adj. EBIT	2.8	(3.9)	1.4	4.5
Adj. PBT	3.2	(3.7)	1.6	4.7
Adj. dil. EPS ($)	0.007	(0.007)	0.003	0.009
DPS (GBp)	0.0	-	-	0.2
Net cash/(debt) (excl. IFRS 16)	27.4	19.2	20.4	22.8
EV/Sales (x) (incl leases)	1.3	1.4	1.0	0.8
EV/EBITDA (incl. leases)	10.7	(118.4)	12.8	7.7
EV/EBIT (x) (incl. leases)	20.9	(17.3)	45.4	13.9
P/E (x)	28.2	(25.6)	58.4	21.3

Source: Audited accounts and Zeus estimates

Winking Studios is a Broker client of Zeus

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Winking Studios

WKS LN - Technology

H1 results: Year of investment

Results were in line with expectations, which were revised in last month's trading update due to new AI-enabled development opportunities and expanded market opportunities in its recent acquisition. The company expects a fuller period of investment and foregone development activity to further impact H2 2026. As a result, we lower our full year Adjusted EBITDA estimate to a $0.6m loss from $2.9m profit. However, we continue to expect strong profit recovery over the longer team and we leave forecasts unchanged. Shares trade at 13x and 8x EV/ EBITDA for 2027 and 2028.

- **In line results:** Revenue grew 21% to $23.5m and Adjusted EBITDA was $1.2m, both in line with last month's trading update (Over 20% revenue growth and $1.0m-$1.3m Adjusted EBITDA). Organic revenue growth was 9%, with core Art Outsourcing revenue growing 25% and revenue diversifying further towards key markets such as Japan. H1 2026 profits were impacted by the company's decision to invest $0.4m in Ampera, its North America-based studio, after the company was invited to bid on multiple large, integrated projects. Winking also decided to re-allocate $0.9m towards AI-enabled game development, after seeing a step-change of AI tools that is now allowing Winking to pursue an increasing number of publishers' game development workflows. These investments, combined with including more months of Mineloader, which has a seasonally soft Q1, drove H1 2026 gross margin to 24% from 30% in H1 2025. Excluding the impact of Mineloader's consolidation in 1Q2026, as well as the acquisition of and further investment in Ampera and the AI-related investment, the company's underlying gross profit margin would have remained relatively stable at 30.1% in H1 2026 compared to 30.2% in H1 2025.
- **Forecast revisions:** The company flagged at its H1 update last month that increased investment in H1 2026 and its fuller period of investment and foregone development activity in H2 2026 is expected to significantly impact full year profits. While the investments both expand Winking's addressable market and competitiveness in AI-enabled game development and improves the size, duration and margin potential of Ampera's pipeline, the company is conservatively assuming these investments do not deliver any significant returns in 2026. As a result, Winking now expects a modest Adjusted EBITDA loss for FY2026.
- We lower our 2026 revenue estimate by 14% to $48.0m from $56.0m, our net cash by 29% to $19.0m from $26.9m, and our Adjusted EBITDA to $0.6m loss from $2.9m profit. We expect H2 2026 to represent a trough in profitability. We keep our 2027 and 2028 forecast for strong profit recovery unchanged, as investments in 2026 are anticipated to deliver contract awards in 2027 and 2028. Winking has already secured a small-scale AI-enabled project that outlines a path towards a large, new market for AI-native, one-stop outsourced development. China Insights Consultancy estimates the value of the outsourced game-development market at $16.0bn by 2030 (from $10.9bn currently, a large incremental market where it already serves 22 of the top 25 global publishers.
- **Valuation:** We continue to believe Winking is well positioned to benefit from the market trends towards outsourcing and market share consolidation toward larger, integrated service providers. Winking is particularly well-positioned with a uniquely competitive combination of direct local customer access and a cost-efficient Asian production platform. We believe Winking is positioned for strong revenue growth and margin expansion over the medium and long term. We believe this is not factored into whares, which trade at only 13x and 8x EV/ EBITDA for 2027 and 2028.

Changes to estimates

Exhibit 1: Key financial items

Yr end Dec ($'m)	FY26E New	FY26E Old	*Var. (%)*	FY27E New	FY27E Old	*Var. (%)*	FY28E New	FY28E New	*Var. (%)*
Revenue	48.0	56.0	*(14.2)*	64.0	64.0	*0.0*	75.0	75.0	*0.0*
Adj. EBITDA	**(0.6)**	**2.9**	***(119.2)***	**5.1**	**5.1**	***(0.0)***	**8.1**	**8.1**	***(0.0)***
Adj. EBITDA margin (%)	*(1.2)*	*5.2*	*(6.4) pp*	*7.9*	*7.9*	*(0.0) pp*	*10.8*	*10.8*	*(0.0) pp*
Adj. EBIT	(3.8)	(0.4)	*949.1*	1.4	1.4	*(0.1)*	4.5	4.5	*(0.0)*
Adj. EBIT margin (%)	*(8.0)*	*(0.7)*	*(7.4) pp*	*2.2*	*2.2*	*(0.0) pp*	*5.9*	*5.9*	*(0.0) pp*
Adj. PBT	(3.6)	(0.2)	*2,089.8*	1.6	1.6	*(0.1)*	4.7	4.7	*(0.0)*
Adj. ful. dil. EPS (p)	(0.0)	(0.0)	*2,089.8*	0.0	0.0	*(1.2)*	0.0	0.0	*(2.1)*
Net cash/(debt) (excl. IFRS 16)	19.2	26.9	*(28.7)*	20.4	27.9	*(26.9)*	22.8	30.9	*(26.2)*

Source: Zeus estimates

Forecast model

Exhibit 2: Income statement

Year to 31 December ($'m)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**31.9**	**45.5**	**48.0**	**64.0**	**75.0**
Cost of sales	(22.4)	(31.9)	(38.4)	(49.0)	(55.0)
Gross profit	**9.5**	**13.5**	**9.6**	**15.1**	**20.0**
Gross margin (%)	*29.7*	*29.8*	*20.1*	*23.5*	*26.7*
Adjusted admin expenses	(6.4)	(7.9)	(9.6)	(10.1)	(12.0)
Other income	1.7	(0.2)	(0.6)	0.1	0.1
Adjusted EBITDA	**4.8**	**5.4**	**(0.6)**	**5.1**	**8.1**
Adjusted EBITDA margin (%)	*15.1*	*12.0*	*(1.2)*	*7.9*	*10.8*
Depreciation	(1.9)	(2.5)	(3.0)	(3.4)	(3.4)
Amortisation (excl. acq'd intangibles)	(0.1)	(0.2)	(0.3)	(0.3)	(0.3)
Adjusted EBIT	**2.8**	**2.8**	**(3.8)**	**1.4**	**4.5**
Adjusted EBIT margin (%)	*8.8*	*6.1*	*(8.0)*	*2.2*	*5.9*
Adjusted net finance costs	0.4	0.4	0.2	0.2	0.2
Adjusted PBT	**3.2**	**3.2**	**(3.6)**	**1.6**	**4.7**
Tax charge	0.2	(0.3)	0.4	(0.2)	(0.5)
Adjusted PAT	**3.4**	**3.0**	**(3.3)**	**1.5**	**4.2**
IPO / listing costs	(2.5)	-	-	-	-
Share based payments	(1.0)	(0.9)	(1.5)	(3.5)	(2.6)
Amortisation of acquired intangibles	(0.1)	(0.6)	(0.6)	(0.6)	(0.6)
Exchange gains or losses	0.8	(0.5)	(0.6)	-	-
Other adjusting items	(0.2)	(0.6)	(0.3)	(0.1)	(0.3)
Reported PAT	**0.5**	**0.3**	**(6.2)**	**(2.8)**	**0.7**
Diluted weighted average share count (m)	340.4	444.7	446.8	456.7	475.7
Reported diluted EPS ($)	0.0	0.0	(0.0)	(0.0)	0.0
Adjusted diluted EPS ($)	**0.0**	**0.0**	**(0.0)**	**0.0**	**0.0**
DPS (SGD cents)	**0.0**	**0.0**	**-**	**-**	**0.3**
DPS (GBp)	**0.0**	**0.0**	**-**	**-**	**0.2**

Source: Company information, Zeus estimates

Exhibit 3: Balance sheet

As at 31 December ($'m)	FY24A	FY25A	FY26E	FY27E	FY28E
Investment in financial assets at amortised cost	1.5	1.5	1.5	1.5	1.5
Property, plant and equipment	1.9	2.1	1.9	1.6	1.3
Intangible assets	1.9	17.2	16.7	15.9	15.1
Right-of-use-assets	3.0	2.8	2.2	1.3	0.3
Deferred tax asset	1.8	1.9	1.9	1.9	1.9
Other non-current assets	0.3	0.5	0.5	0.5	0.5
Non-current assets	**10.5**	**26.0**	**24.7**	**22.7**	**20.6**
Cash and cash equivalents	39.8	27.4	23.2	24.4	26.8
Trade and other receivables	6.4	9.3	12.5	14.9	17.5
Contract assets	3.6	6.3	6.6	8.8	10.3
Current assets	**49.8**	**42.9**	**42.3**	**48.1**	**54.6**
Total assets	**60.3**	**68.9**	**67.0**	**70.8**	**75.1**
Trade and other payables	(5.9)	(7.9)	(6.9)	(10.1)	(11.5)
Contract liabilities	(0.1)	(0.3)	(0.4)	(0.5)	(0.6)
Current income tax liabilities	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Lease liabilities	(1.2)	(1.7)	(0.5)	(0.5)	(0.4)
Borrowings	-	-	(4.0)	(4.0)	(4.0)
Current liabilities	**(7.3)**	**(10.1)**	**(12.0)**	**(15.3)**	**(16.6)**
Lease liabilities	(1.9)	(1.1)	(2.1)	(1.9)	(1.6)
Deferred tax liabilities	(1.1)	(3.0)	(3.0)	(3.0)	(3.0)
Other non-current liabilities	-	(1.7)	(1.7)	(1.7)	(1.7)
Non-current liabilities	**(3.0)**	**(5.8)**	**(6.8)**	**(6.6)**	**(6.3)**
Total liabilities	**(10.3)**	**(15.9)**	**(18.8)**	**(21.9)**	**(22.9)**
Net assets	**50.0**	**53.0**	**48.2**	**48.9**	**52.2**
Share capital	13.4	13.4	13.4	13.4	13.4
Treasury shares	-	-	(0.1)	(0.1)	(0.1)
Other reserves	28.9	31.7	31.7	31.7	31.7
Retained earnings	7.7	7.9	3.2	3.9	7.2
Total equity	**50.0**	**53.0**	**48.2**	**48.9**	**52.2**

Source: Company information, Zeus estimates

Exhibit 4: Cash flow statement

Year to 31 December ($'m)	FY24A	FY25A	FY26E	FY27E	FY28E
Profit/(loss) before tax	**0.4**	**0.6**	**(6.9)**	**(3.1)**	**0.9**
Depreciation of property, plant and equipment	0.7	0.8	1.0	1.1	1.1
Depreciation of right-of-use assets	1.2	1.7	2.0	2.2	2.2
Amortisation of intangible assets	0.2	0.8	0.9	0.9	0.9
Expected credit losses	(0.0)	0.1	-	-	-
Share-based compensation	1.0	0.9	1.5	3.5	2.6
Finance income	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)
Finance cost	0.1	0.2	0.4	0.4	0.4
Gains/(loss) on disposal of property, plant and equipment, lease modifications	(0.0)	0.2	-	-	-
Gains on disposal of intangible assets	(0.3)	-	-	-	-
Exchange (gains)/losses	(0.6)	1.9	-	-	-
Movement in net working capital	(1.9)	(1.8)	(4.5)	(1.3)	(2.6)
Cash generated from operations	**0.2**	**4.7**	**(6.2)**	**3.2**	**4.9**
Interest received	0.5	0.6	0.6	0.6	0.6
Income taxes paid	(0.0)	(0.2)	0.8	0.3	(0.1)
Net cash inflow from operating activities	**0.6**	**5.1**	**(4.9)**	**4.1**	**5.3**
Additions to property, plant and equipment	(0.4)	(0.7)	(0.8)	(0.8)	(0.8)
Proceeds from disposal of property, plant and equipment	0.0	0.0	-	-	-
Proceeds from sale of intangible assets	0.3	-	-	-	-
Increase/(decrease) in prepayments for equipment	0.0	(0.0)	-	-	-
Additions to intangible assets	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Increase/(decrease) in refundable deposits	(0.1)	0.0	-	-	-
Acquisitions of subsidiaries, net of cash acquired	(2.0)	(13.8)	(0.3)	-	-
Purchase of bonds	(1.5)	-	-	-	-
Net cash from investing activities	**(3.7)**	**(14.5)**	**(1.2)**	**(0.9)**	**(0.9)**
Proceeds from issue of shares	29.4	-	-	-	-
Proceeds from bank borrowings	-	-	4.0	-	-
Purchase of treasury shares	-	-	(0.1)	-	-
Principal elements of lease payments	(1.2)	(1.5)	(2.0)	(2.0)	(2.0)
Interest paid	(0.1)	(0.1)	-	-	-
Dividends paid	(1.1)	(0.1)	-	-	-
Net cash from financing activities	**27.0**	**(1.7)**	**1.9**	**(2.0)**	**(2.0)**
Net decrease in cash and cash equivalents	**23.9**	**(11.1)**	**(4.2)**	**1.2**	**2.4**
Cash and cash equivalents at beginning of period	16.4	39.8	27.4	23.2	24.4
Effects of exchange rates on cash and cash equivalents	(0.5)	(1.4)	-	-	-
Cash and cash equivalents at end of period	**39.8**	**27.4**	**23.2**	**24.4**	**26.8**
Net cash/(debt) memo					
Cash and cash equivalents	39.8	27.4	23.2	24.4	26.8
Bank debt	-	-	(4.0)	(4.0)	(4.0)
Net cash/(debt) (excluding leases)	**39.8**	**27.4**	**19.2**	**20.4**	**22.8**
Lease liabilities	(3.1)	(2.8)	(2.6)	(2.4)	(2.0)
Net cash/(debt) (including leases)	**36.8**	**24.5**	**16.6**	**18.0**	**20.8**

Source: Company information, Zeus estimates

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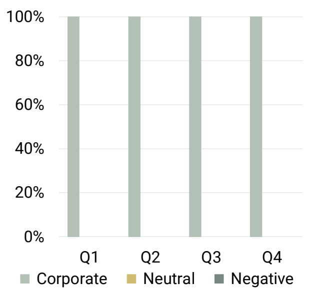

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Nomad & Joint Broker	23
Broker	17
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Financial Adviser	1
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