

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Interim Financial Statements

For the Six Months Ended 30 June 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. The initial public offering of the Company 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 Continues Track Record of Profitability with Revenue Growth of 7.1% in 1H2024;
A Stronger Pipeline of Projects is Expected in 2H2024**

- Driven by growth from Arts Outsourcing and Game Development segments, the Group’s recorded revenue growth of 7.1% versus 1H2023, while the revenue growth is 10.5% in 1H2024 assuming on a constant currency basis⁽¹⁾ by converting local currency in operating markets to the reporting currency in USD
- Recorded gross profit of US\$4.2 million with a gross margin of 27.9% in 1H2024. Excluding the effects of the integration of two newly-acquired art studios, gross profit remains stable at 30.0% in 1H2024
- Profit before tax of US\$1.0 million in 1H2024 despite increased marketing and promotional expenses of US\$0.5 million, and ongoing listing expenses on the SGX of US\$0.2 million recognised in 1H2024
- Generated increased cash flow of US\$0.9 million from operating activities during 1H2024
- Healthy balance sheet with cash and cash equivalents and bond investments of US\$13.1 million, and zero borrowings as at 30 June 2024
- Serving a global customer base that includes 21 of the top 25 game publishers in the world, majority of its projects are games with online connectivity (such as mobile, console and PC)
- Strong pipeline of projects in 2H2024 from indicative bookings of the Group’s artists by customers of at least US\$10.1 million as at 13 August 2024 (subject to changes depending on the final confirmation from customers)
- Completed a share placement in July 2024 raising gross proceeds of S\$27.0 million in July 2024 to accelerate the Group’s growth plans and global M&A strategy

Summary of Financial Results and Alternative Performance Measures (“APMs”⁽²⁾) for the six months ended 30 June

(US\$’ million)	1H2024	1H2023	Change (%)
Revenue	15.2	14.2	7.1
Gross Profit	4.2	4.4	(2.8)
Profit before Tax	1.0	1.3	(23.7)
EBITDA ⁽³⁾	2.0	2.3	(12.5)
Adjusted EBITDA ⁽⁴⁾	2.2	2.8	(20.1)
Adjusted Net Income ⁽⁵⁾	1.2	1.8	(34.1)

(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.

(2) APMs 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.

(3) EBITDA is earnings before interest, taxes, depreciation, and amortisation.

(4) Adjusted for the Group’s SGX IPO expenses, expenses related to the dual-listing on London Stock Exchange (“LSE”), share-based compensation expenses, costs of acquisition and integration, and private placement related expenses (to raise S\$27 million).

(5) Adjusted for the Group’s SGX IPO expenses, expenses related to the dual-listing on LSE, share-based compensation expenses, costs of acquisition and integration, amortisation of intangible assets, and private placement related expenses (to raise S\$27 million).

SINGAPORE, 13 August 2024 – Winking Studios Limited (“**Winking Studios**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), one of Asia’s largest game art outsourcing studios and an established game development company, is pleased to announce a set of profitable results for the six months ended 30 June 2024 (“**1H2024**”).

Executive Chairman and Chief Executive Officer, Mr Johnny Jan (詹承翰), said, “Coupled with increased investments in marketing and promotional initiatives, the Group’s revenue growth in 1H2024 highlights the potential of the fast-growing gaming services industry globally.

Since our IPO listing on the Catalist Board of the SGX in November 2023, we have taken definitive steps to execute our business strategies and growth plans. We have already acquired two art outsourcing studios to enlarge our presence in Asia and completed our recent placement to strengthen our business foundation for the next phase of our growth.

Combined with our accelerated M&A strategy, we will continue to focus on serving our blue-chip clientele with excellence and dedication by expanding our resources and service offerings in the gaming services industry, particularly in games with online connectivity that currently accounts for majority of our projects.

With deep involvement in popular online mobile games such as Dungeons & Fighters and Genshin Impact, we look forward to better supporting our customers as they introduce new updates regularly to enhance the gaming experience for their customers.

With our global ambitions, we aim to strengthen our value propositions so as to harness the latent opportunities within the global gaming services industry.”

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

A. Condensed Consolidated Interim Statements of Comprehensive Income

	Note	Group Six Months Ended 30 June		Increase/ (Decrease)
		1H2024	1H2023	
		Unaudited USD'\$000	Unaudited USD'\$000	%
Revenue from contracts with customers	4.2	15,225	14,210	7.1
Cost of sales		(10,983)	(9,845)	11.6
Gross profit		<u>4,242</u>	<u>4,365</u>	(2.8)
Other income		382	65	487.7
Other gains/(losses) - net		(37)	65	NM
Distribution and marketing		(1,002)	(539)	85.9
Administrative expenses		(2,732)	(2,486)	9.9
Expected credit (losses)/gains		53	(126)	NM
Interest income		140	19	636.8
Finance expenses		(39)	(43)	(9.3)
		<u>(3,235)</u>	<u>(3,045)</u>	6.2
Profit before income tax		1,007	1,320	(23.7)
Income tax expense	8	(98)	(57)	71.9
Profit for the period		909	1,263	(28.0)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation losses arising from consolidation		(496)	(289)	71.6
Total comprehensive income for the period		<u>413</u>	<u>974</u>	(57.6)
Profit for the period attributable to:				
- Equity holders of the Company		<u>909</u>	<u>1,263</u>	(28.0)
Total comprehensive income attributable to:				
- Equity holders of the Company		<u>413</u>	<u>974</u>	(57.6)
Earnings per share for profit (in USD)				
- Basic and diluted earnings per share	10	<u>0.003</u>	<u>0.005</u>	(38.6)

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

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B. Condensed Consolidated Interim Statements of Financial Position

	Group		Company	
	Unaudited 30-06-2024 USD'\$000	Audited 31-12-2023 USD'\$000	Unaudited 30-06-2024 USD'\$000	Audited 31-12-2023 USD'\$000
ASSETS				
Current assets				
Cash and cash equivalents	11,631	16,423	754	5,549
Trade and other receivables	4,045	3,876	96	399
Contract assets	4,243	3,469	-	-
Total current assets	19,919	23,768	850	5,948
Non-current assets				
Investment in Financial Assets at Amortised Cost	1,466	-	1,466	-
Property, plant and equipment	2,041	2,255	20	-
Intangible assets	1,944	203	480	-
Right-of-use assets	2,157	2,545	-	-
Investment in subsidiaries	-	-	14,462	12,588
Deferred income tax assets	1,470	1,483	-	-
Other non-current assets	350	249	-	-
Total non-current assets	9,428	6,735	16,428	12,588
Total assets	29,347	30,503	17,278	18,536
LIABILITIES				
Current liabilities				
Trade and other payables	5,001	5,402	392	455
Contract liabilities	93	44	-	-
Current income tax liabilities	70	63	-	-
Lease liabilities	871	930	-	-
Total current liabilities	6,035	6,439	392	455
Non-current liabilities				
Lease liabilities	1,350	1,687	-	-
Deferred income tax liabilities	985	930	-	-
Total non-current liabilities	2,335	2,617	-	-
Total liabilities	8,370	9,056	392	455
NET ASSETS	20,977	21,447	16,886	18,081
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	8,615	8,615	8,615	8,615
Other reserves	4,289	4,609	8,818	8,818
Retained profits/(accumulated losses)	8,073	8,223	(547)	648
Total equity	20,977	21,447	16,886	18,081

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

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C. Condensed Consolidated Interim Statements of Cash Flow

		Group Six Months Ended 30 June	
		1H2024 USD'S000 Unaudited	1H2023 USD'S000 Unaudited
	Note		
Cash flows from operating activities			
Profit before income tax		1,007	1,320
Adjustments for:			
- Depreciation of property, plant and equipment	7	310	298
- Depreciation of right-of-use assets	7	578	566
- Amortization of intangible assets		50	38
- Expected credit losses		(53)	126
- Share-based compensation expense		176	-
- Interest income	7	(140)	(19)
- Finance expenses		39	43
- Losses on disposal of property, plant and equipment	7	11	8
- Exchange (gains)/losses		(39)	208
		1,939	2,588
Changes in working capital:			
- Contract assets		(855)	(1,372)
- Trade and other receivables		142	160
- Contract liabilities		50	(58)
- Trade and other payables		(511)	(756)
		765	562
Cash generated from operations			
Interest received	7	140	19
Income tax paid		-	-
		905	581
Cash flows from investing activities			
Additions to property, plant and equipment		(148)	(307)
Proceeds from disposal of property, plant and equipment		19	18
Increase in prepayments for equipment		-	23
Additions to intangible assets		(27)	(33)
Decrease in refundable deposits		8	9
Acquisition of subsidiaries, net of cash acquired		(2,032)	-
Purchase of bonds		(1,469)	-
		(3,649)	(290)
Cash flows from financing activities			
Proceeds from share issuance, net of share issue expenses		-	3,023
Principal payments of lease liabilities		(579)	(518)
Interest paid		(39)	(43)
Cash dividends paid		(1,059)	-
		(1,677)	2,462
Net cash (used in)/generated from financing activities			
		(4,421)	2,753
Cash and cash equivalents			
Beginning of financial period		16,423	6,057
Effects of exchange rate changes on cash and cash equivalents		(371)	(273)
		11,631	8,537
End of financial period			

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

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D. Condensed Consolidated Interim Statements of Changes in Equity

Group	Attributable to owners of the Group						
	Share capital	Capital reserves	Other reserves	Currency translation reserve	Retained profits	Total	Total equity
	USD'\$000	USD'\$000	USD'\$000	USD'\$000	USD'\$000	USD'\$000	USD'\$000
Balance at 1 January 2024 Audited							
Beginning of financial year	8,615	8,818	(3,071)	(1,138)	8,223	21,447	21,447
Profit for the year	-	-	-	-	909	909	909
Other comprehensive loss for the year	-	-	-	(496)	-	(496)	(496)
Total comprehensive income for the year	-	-	-	(496)	909	413	413
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-
Cash Dividends	-	-	-	-	(1,059)	(1,059)	(1,059)
Share-based compensation expense	-	-	176	-	-	176	176
	-	-	176	-	(1,059)	(883)	(883)
Balance at 30 June 2024 Unaudited	8,615	8,818	(2,895)	(1,634)	8,073	20,977	20,977
Balance at 1 January 2023 Audited							
Beginning of financial year	5,226	1,967	(3,071)	(1,062)	8,070	11,130	11,130
Profit for the year	-	-	-	-	1,263	1,263	1,263
Other comprehensive loss for the year	-	-	-	(289)	-	(289)	(289)
Total comprehensive income for the year	-	-	-	(289)	1,263	974	974
Transactions with owners, recognized directly in equity							
Cash capital increase	568	2,455	-	-	-	3,023	3,023
Retained profits transferred to capital	1,627	-	-	-	(1,627)	0	0
Stock buyback	(7,421)	-	-	-	-	(7,421)	(7,421)
Issuance of new shares	7,421	-	-	-	-	7,421	7,421
	2,195	2,455	-	-	(1,627)	3,023	3,023
Balance at 30 June 2023 Unaudited	7,421	4,422	(3,071)	(1,351)	7,706	15,127	15,127

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

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D. Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	<u>Attributable to owners of the Company</u>					<u>Total equity</u> USD'\$000
	<u>Share capital</u> USD'\$000	<u>Capital reserves</u> USD'\$000	<u>Other reserves</u> USD'\$000	<u>Retained profits</u> USD'\$000	<u>Total</u> USD'\$000	
Balance at 1 January 2024 Audited						
Beginning of financial year	8,615	8,818	-	648	18,081	18,081
Profit for the year	-	-	-	(312)	(312)	(312)
Total comprehensive income for the year	-	-	-	(312)	(312)	(312)
Transactions with owners, recognized directly in equity						
Cash Dividends	-	-	-	(1,059)	(1,059)	(1,059)
Share-based compensation expense	-	-	176	-	176	176
	-	-	176	(1,059)	(883)	(883)
Balance at 30 June 2024 Unaudited	8,615	8,818	176	(723)	16,886	16,886
Balance at 1 January 2023 Audited						
Beginning of financial year	5,226	1,967	-	2,581	9,774	9,774
Profit for the year	-	-	-	(1)	(1)	(1)
Total comprehensive income for the year	-	-	-	(1)	(1)	(1)
Issue of new shares						
Cash capital increase	568	2,455	-	-	3,023	3,023
Capitalization of retained profits	1,627	-	-	(1,627)	-	-
Share issue expenses	-	-	-	-	-	-
	2,195	2,455	-	(1,627)	3,023	3,023
Balance at 30 June 2023 Unaudited	7,421	4,422	-	953	12,796	12,796

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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.

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 Asia. Currently, the Group has employees across Singapore, Malaysia, Shanghai, Nanjing, Suzhou, and Taipei. Clients of our **Art Outsourcing** and **Game Development** services include 21 of the top 25 game publishers around the globe.

2 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), specifically IAS34 Interim Financial Reporting (“**IFRS(I)s**”). The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the financial year ended 31 December 2023.

These condensed consolidated interim financial statements for the financial period ended 30 June 2024 are the first set of condensed consolidated interim financial statements the Group prepared in accordance with IFRS. 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). IFRS(I)s 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.

To better meet the expectations of global and international investors and shareholders, as well as to enhance the comparability of the Group's financial reports with international peers, the Group has transitioned from SFRS(I)s to IFRS(I)s. This change is also intended to strengthen our competitiveness in the capital markets by aligning with widely recognized international accounting standards.

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

2 Basis of preparation(cont'd)

In adopting IFRS on 1 January 2024, the Group is required to apply all of the specific transition requirements in IFRS1 First-time Adoption of IFRS. The Group's opening balance sheet has been prepared as of 1 January 2024, which is the Group's date of transition to IFRS. 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 in Note 2.1, and the specific requirements of IFRS1. The adoption of these new standards, amendments and interpretations has no significant impact to the Group.

The condensed 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

The following are the new or amended Standards and Interpretations to new IFRSs applicable to the amounts recognized in the financial statements in the current, prior, or future periods.:

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	1 January 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	1 January 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	1 January 2024
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	1 January 2024
Amendments to IFRS 10 and IAS 28, 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined

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.

Critical accounting estimates and assumptions

Estimates of contract assets and service revenue

The Group recognizes 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.

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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)

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.

3 Seasonal operations

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

4 Segment and revenue information

For management purposes, the Group is organized 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 six months ended 30 June 2024, the revenue contribution from our Other Services Segment was insignificant.

The chief operating decision maker ("**CODM**") has been identified as the Executive Chairman and CEO 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:

	Six Months Ended 30 June 2024			
	<u>Art</u>	<u>Game</u>	<u>Global Publishing and</u>	<u>Total</u>
	<u>Outsourcing</u>	<u>Development</u>	<u>Other Services Segment</u>	
	<u>Segment</u>	<u>Segment</u>		
Segment revenue	USD'\$000	USD'\$000	USD'\$000	USD'\$000
Service revenue	12,631	2,495	-	15,126
Licensing and product revenue	-	-	99	99
	12,631	2,495	99	15,225
Profit before income tax	658	646	(297)	1,007
Significant non-cash items				
Depreciation of property, plant and equipment	257	51	2	310
Depreciation of right-of-use assets	480	95	3	578
Amortization of intangible assets	41	8	1	50
Segment assets¹	23,127	4,569	181	27,877
Included in the segment assets:				
Trade receivables and other receivables	3,356	663	26	4,045
Additions to:				
Property, plant and equipment	209	41	2	252
Right-of-use assets	516	102	4	622
Intangible assets	1,539	304	13	1,856
Segment liabilities²	6,127	1,210	48	7,385

¹ Segment assets does not include deferred income tax asset.

² 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):

	Six Months Ended 30 June 2023			
	<u>Art</u>	<u>Game</u>	<u>Global Publishing</u>	<u>Total</u>
	<u>Outsourcing</u>	<u>Development</u>	<u>and Other Services</u>	
	<u>Segment</u>	<u>Segment</u>	<u>Segment</u>	
Segment revenue	USD'\$000	USD'\$000	USD'\$000	USD'\$000
Service revenue	11,845	2,308	-	14,153
Licensing and product revenue	-	-	57	57
	11,845	2,308	57	14,210
Profit before income tax	908	576	(164)	1,320
Significant non-cash items				
Depreciation of property, plant and equipment	249	48	1	298
Depreciation of right-of-use assets	472	92	2	566
Amortization of intangible assets	32	6	-	38
Segment assets³	17,542	3,418	84	21,045
Included in the segment assets:				
Trade receivables and other receivables	2,731	532	13	3,276
Additions to:				
Property, plant and equipment	256	50	1	307
Right-of-use assets	61	12	-	73
Intangible assets	27	5	1	33
Segment liabilities⁴	5,043	982	24	6,049

³ See footnote 1 above;

⁴ See footnote 2 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	
	Six Months Ended	
	30 June	
	1H2024	1H2023
	USD'\$000	USD'\$000
Mainland China and Hong Kong ⁵	5,030	6,233
Taiwan ⁶	3,210	2,636
Korea	3,136	2,481
United States	1,862	2,308
Japan	1,533	498
Other	454	54
Total Revenue	15,225	14,210

- 1H2024: Revenue from Mainland China (including Hong Kong) accounted for 33.0%, of which revenue from the overseas subsidiary in China and Chinese subsidiaries from European and American customers accounted for 4.39% of total Group's revenue.
- 1H2023: Revenue from Mainland China (including Hong Kong) accounted for 43.9%, of which Chinese subsidiaries from European and American customers accounted for 4.3% of total Group's revenue.

Due to the strategy of diversifying revenue sources to other region, the revenue contribution from the Japanese market significantly increased in 1H2024. It grew from 3.5% of the Group's revenue in 1H2023 to 10.1% in 1H2024, reaching USD 1.5 million, representing a threefold period-on-period increase.

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

⁶ Taiwan here refers to the Taiwan region.

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

4.2 Geographical information

Non-current assets

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

	Group	
	As at	
	30 June 2024	30 June 2023
	USD'\$000	USD'\$000
Mainland China and Hong Kong ⁷	2,548	2,508
Taiwan ⁸	3,422	2,450
Others ⁹	1,988	59
Total	7,958	5,017

5 Property, Plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to approximately USD 0.15 million (30 June 2023: USD 0.31 million) and the Group disposed of assets amounting to USD 0.03 million (30 June 2023: USD 0.07million).

⁷ See footnote 5 above

⁸ See footnote 6 above

⁹ Others here refers to the Cayman Islands, Malaysia and Singapore

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

6 Loans and borrowings

During the six months ended 30 June 2023 and 30 June 2024, the Group does not have any banking facilities or other borrowings.

7 Profit before taxation

Profit before tax includes the following:

	Group	
	Six Months Ended	
	30 June	
	1H2024	1H2023
	USD'\$000	USD'\$000
<i>Other income / (expenses):</i>		
Government grant income	278	51
Foreign exchange gains	12	74
Losses on disposal of property, plant and equipment	(11)	(8)
Interest income	140	19
Depreciation of property, plant and equipment	(310)	(298)
Depreciation of right-of-use assets	(578)	(566)
Amortisation of intangible assets	(50)	(38)

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 interim consolidated statement of profit or loss are:

	Group	
	Six Months Ended	
	30 June	
	1H2024	1H2023
	USD'\$000	USD'\$000
Current income tax	16	48
Overestimating or underestimating income taxes	-	9
Total current income tax	16	57
Deferred income tax expense	82	-
Income tax expense recognized in profit or loss	98	57

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

9 Dividends

Group	
Six Months Ended	
30 June	
1H2024	1H2023
USD'\$000	USD'\$000
-	-

No interim dividend has been proposed for 1H2024 (1H2023: Nil)

10 Earnings per share (“EPS”)

(a) Basic earnings per share

Group	
Six Months Ended	
30 June	
1H2024	1H2023
USD'\$000	USD'\$000
909	1,263
279,698	238,506
0.003	0.005

Earnings per ordinary share for the period:

Net profit attributable to equity holders of the Company (USD'000)

Weighted average number of ordinary shares ('000)

Basic earnings per share (in USD)

From January 1, 2023 to June 30, 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.

(b) Diluted earnings per share

For the six months ended 30 June 2024, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares.

11 Net asset value per share

	Group		Company	
	As at		As at	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Net asset (USD'\$000)	20,977	21,447	16,886	18,081
Number of ordinary shares('000)	279,698	279,698	279,698	279,698
Net asset value per ordinary share (USD cents)	7.50	7.67	6.04	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 30 June 2024 and 31 December 2023.

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

12 Related party transactions

Names of related parties

Acer Incorporated

Acer Gaming Inc.

Acer America Corporation

Directors, President and Key Management

Relationship with the Company

Controlling Shareholder

Associate of Controlling Shareholder

Associate of Controlling Shareholder

The Group's key management and governance

Significant related party transactions

(a) Transactions with related parties

	Six Months Ended 30 June	
	1H2024	1H2023
	USD'\$000	USD'\$000
Sales of goods and/or services to-holding company	-	28
Administrative Fees from holding Companies	4	-
Distribution and marketing fees from other related parties	95	54
Reimbursement of research and development costs from ultimate holding company	172	-
Other income from ultimate holding company	92	-
Advance payables from ultimate holding company	36	-

(b) Key management personnel compensation

	Six Months Ended 30 June	
	1H2024	1H2023
	USD'\$000	USD'\$000
Short-term employee benefits	307	289
Share-based Compensation	158	-
Total	465	289

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

13 Fair value of assets and liabilities

	Group		Company	
	As at			
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
	USD'\$000	USD'\$000	USD'\$000	USD'\$000
	Unaudited	Audited	Unaudited	Audited
Financial assets carried at amortised cost				
Cash and cash equivalents	11,631	16,423	754	5,549
Trade and other receivables	4,045	3,876	96	399
Investment in Financial Assets at Amortised Cost	1,466	-	1,466	-
Other non-current assets - refundable deposits	350	234	-	-
	17,492	20,533	2,316	5,948
Financial liabilities measured at amortised cost				
Trade and other payables	5,001	5,402	392	455
Lease liabilities				
- Current	871	930	-	-
- Non-current	1,350	1,687	-	-
	7,222	8,019	392	455

14 Share capital

	Issued share capital	
	<u>No. of ordinary shares</u>	<u>Amount USD'\$000</u>
2024		
Beginning / End of 30 June 2024	279,698,275	8,615
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 (SGD0.04 per share)	239,698,275	7,422
Shares issued (SGD0.04 per share)	40,000,000	1,193
As at 31 December 2023	279,698,275	8,615

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

14 Share capital(cont'd)

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 USD568,392 and capital reserves of USD2,454,588. 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 USD1,626,550.

On 1 November 2023, the Company repurchased and cancelled its previously issued 22,446,591 ordinary shares with par value of NTD10 per share from the existing shareholders for a consideration of USD7,422,000. The consideration was fulfilled via issuance of 239,698,275 ordinary shares with par value of SGD0.04 per share.

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 SGD0.04 per share at SGD0.20 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 USD5,966,400 constituting share capital of USD1,193,280 and capital reserves of USD4,773,120.

The Company did not hold any treasury shares and subsidiary holdings as at 30 June 2024. There are no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 June 2024.

15 Restricted Employee Shares("RSU")

Grant Date: 8 April 2024

Quantity Granted: 20,808,000 shares (par value S\$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

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 restricted employee 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 Chairman and CEO, Mr. Johnny Jan and up to 7,868,000 to the remaining employees. As of 30 June 2024, no shares have been issued.

Currently, the Winking Studios Performance Share Plan is scheduled to distribute restricted employee 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 granted these shares can subscribe to the allocated shares at a price of S\$0 per share. Employees who do not meet the vesting conditions shall not obtain the shares pursuant to the Winking Studios Performance Share Plan.

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

15 Restricted Employee Shares(cont'd)

	2024
	<u>No. of ordinary shares</u>
Awards granted but not vested:	
Balance at 1 January	-
Granted	20,808,000
Balance at 30 June	<u>20,808,000</u>

RSU units 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.

Part	No. of ordinary shares	Fair value per share
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

RSU units 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.

16 Subsequent events

The Group has successfully completed the placement of 108.0 million new ordinary shares on 8 July 2024, at an issue price of SGD0.25 per share, raising a total of SGD27.0 million, with net proceeds amounting to approximately SGD26.5 million.

The placement garnered significant interest from key investors, including Acer Group, the existing indirect controlling shareholder, the Company's management team, and both existing and new investors from Malaysia, Singapore, and Taiwan.

The net proceeds from the placement will be primarily used for strategic corporate initiatives, acquisitions, and enhancement of operational capabilities. Specifically, the funds will be allocated as follows:

- To support corporate actions on a global scale, such as secondary or dual listings and potential fundraising exercises.
- For strategic acquisitions, alliances, and joint ventures to expand market share and customer base.
- To enhance current operational capabilities, including the use of artificial intelligence to maintain high-quality services and art assets.
- To expand and improve the infrastructure of existing offices to increase global market presence.

On 28 June 2024, the Company, having fully satisfied the conditions precedent, successfully completed the purchase of the business of Pixelline Production Sdn. Bhd. (the “Vendor”), being full pipeline animation production, television commercials and motion graphic post-production and partial animation contract work, as well as certain assets of the Vendor.

The Company’s board of directors believe that it will allow the Group to (i) scale up its presence in Southeast Asia, which is in line with the Company’s business strategies of pursuing growth through acquisitions; (ii) provide the Group with increased resources, including assets and manpower, so as to achieve an increased capacity for its service offerings; and (iii) allow the Group to expand its customer base, thereby reducing the concentration risk on existing customers.

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

1 Review

The condensed consolidated interim statement of financial position of Winking Studios Limited and its subsidiaries as at 30 June 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 six-month period 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.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.
Not applicable.

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

1H2024 vs 1H2023

Revenue

The Group's revenue increased by 7.1% from USD 14.21 million in 1H2023 to USD 15.23 million in 1H2024, which was mainly due to an increase in revenue from the Art Outsourcing Segment by USD 0.79 million, a growth of 6.6%, arising from increased orders from both new and existing clients in Japan and South Korea. The revenue from the Game Development Segment increased by USD 0.19 million, a growth of 8.1%, due to the increased orders from existing clients.

It is to be noted that there was a negative impact of approximately 3.4 percentage points to the Group's revenue in 1H2024 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 1H2024.

Excluding the impact of exchange rate fluctuations, the Group's revenue increased by 10.5% year-on-year assuming on a constant currency basis.

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.

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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

Gross profit for 1H2024 dipped marginally from USD 4.37 million in 1H2023 to USD 4.24 million, with the gross margin declining slightly from 30.7% to 27.9%.

Gross profit margin in 1H2024 was affected by lower gross profit margin from the two newly-acquired companies mainly due to:

- Various projects being deferred to 2H2024 on the request of the customers; and
- Reduced efficiency from the initial integration process (which generally takes three months) post-acquisition

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 1H2024.

Other Income

Other income increased significantly from USD 0.07 million in 1H2023 to USD 0.38 million in 1H2024, a growth of 487.7%. This was mainly due to the receipt of approximately USD 0.22 million Grant for Equity Market Singapore Scheme from the Monetary Authority of Singapore for our IPO listing on the Catalist of the SGX-ST, and net investment income from stakeholders for a collaborative artificial intelligence ("AI") project.

Other Gains/(Losses) – Net

As compared to other gains – net of USD 0.07 million recognised in 1H2023, the Group recognised other losses-net of USD 0.04 million in 1H2024, which was mainly due to the increase in foreign exchange losses in 1H2024 as a result of currency fluctuations.

Distribution and Marketing Expenses

Distribution and marketing expenses increased by 85.9%, from USD 0.54 million in 1H2023 to USD 1.0 million in 1H2024, which was mainly due to our increased marketing and promotional initiatives in the European, American, and Japanese markets, which resulted in higher personnel costs and related expenditures.

Administrative Expenses

Administrative expenses increased by 9.9% from USD 2.49 million in 1H2023 to USD 2.73 million in 1H2024, which was mainly due to increase in share-based compensation expenses and the increase in costs of acquisition and integration related to the acquisition of two art outsourcing studios, namely On Point Creative Co., Ltd. and Pixelline Production Sdn. Bhd., and amortisation of intangible assets.

Following the completion of our IPO listing on the Catalist of SGX-ST in November 2023, the Group recognised ongoing listing expenses on the SGX-ST of USD 0.20 million in 1H2024.

Expected Credit (Losses)/Gain

As compared to expected credit losses of USD 0.13 million recognised in 1H2023, the Group recognised a gain of USD 0.05 million in 1H2024 that reflected the positive results of the Company's enhanced credit control measures.

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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)

Interest Income

Interest income increased by 636.8% from USD 0.02 million in 1H2023 to USD 0.14 million in 1H2024. The increment was primarily due to interest earned from the funds raised from our IPO and the increase in cash and cash equivalents (from cash generated from operating activities), as well as higher interest income from investment in bonds.

Profit Before Income Tax

Profit before income tax decreased by 23.7% from USD 1.32 million in 1H2023 to USD 1.007 million in 1H2024. The decrease was mainly due:

- increased marketing and promotional expenses of USD 0.46 million; and
- ongoing listing expenses on the SGX-ST of USD 0.20 million.

Income Tax

Income tax expenses increased by 71.9% from USD 0.06 million in 1H2023 to USD 0.10 million in 1H2024, which was mainly due to the reversal of previously recognised deferred tax assets in 1H2023, leading to higher income tax expenses.

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 30 June 2024.

Current assets decreased by approximately USD 3.85 million from USD 23.77 million as at 31 December 2023 to USD 19.92 million as at 30 June 2024, mainly due to the following:

Cash and Cash Equivalents

As at 30 June 2024, cash and cash equivalents amounted to USD 11.63 million, a decrease of approximately 29.2% from USD 16.42 million as at 31 December 2023. This decrease was primarily due to the acquisition of two art outsourcing studios, namely On Point Creative Co., Ltd., and Pixelline Production Sdn. Bhd, dividend payments, and the USD 1.5 million purchase of US-denominated bonds ("**Bond Investments**") that have bond ratings of at least "A-", and partially offset by the returns from bond investments.

Trade and Other Receivables

Trade and other receivables increased from USD 3.88 million as at 31 December 2023 to USD 4.05 million as at 30 June 2024, in line with the increase in business activities within the Art Outsourcing Segment and Game Development Segment.

Contract Assets

Contract assets increased from USD 3.47 million as at 31 December 2023 to USD 4.24 million as at 30 June 2024, representing a growth of approximately 22.3%, mainly due to the higher volume of work completed in 1H2024 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.

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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)

Non-current assets increased by approximately USD 2.69 million from USD 6.74 million as at 31 December 2023 to USD 9.43 million as at 30 June 2024, mainly due to the following:

Investment in Financial Assets at Amortised Cost

The addition of USD 1.47 million in Investment in Financial Assets at Amortised Cost reflects the Group's bond investments.

Intangible Assets

Intangible assets increased significantly from USD 0.20 million as at 31 December 2023 to USD 1.94 million as at 30 June 2024, mainly due to the recognition of goodwill from the acquisition of two art outsourcing studios, namely On Point Creative Co., Ltd. and Pixelline Production Sdn. Bhd.

Other Non-Current Assets

Other non-current assets increased from USD 0.25 million as at 31 December 2023 to USD 0.35 million as at 30 June 2024, reflecting an increase in prepayments for the Company's software system development.

Current Liabilities decreased by approximately USD 0.40 million from USD 6.44 million as at 31 December 2023 to USD 6.04 million as at 30 June 2024, mainly due to the following:

Trade and Other Payables

Trade and other payables decreased from USD 5.40 million as at 31 December 2023 to USD 5.0 million as at 30 June 2024, mainly due to the increased payments to suppliers.

Contract Liabilities

Contract liabilities increased from USD 0.04 million as at 31 December 2023 to USD 0.09 million as at 30 June 2024, mainly due to the increased customer prepayments.

Lease Liabilities

Lease liabilities decreased from USD 0.93 million as at 31 December 2023 to USD 0.87 million as at 30 June 2024, a decrease of approximately 6.3%, mainly due to some of the Group's office leases reaching the end of the lease period.

Non-current liabilities decreased by approximately USD 0.28 million from USD 2.62 million as at 31 December 2023 to USD 2.34 million as at 30 June 2024, mainly due to the following:

Lease Liabilities

Lease liabilities decreased from USD 1.69 million as at 31 December 2023 to USD 1.35 million as at 30 June 2024, a decrease of approximately 20.0%, mainly due to some of the Group's office leases reaching the end of the lease period.

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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)

Equity decreased by approximately USD 0.47 million from USD 21.45 million as at 31 December 2023 to USD 20.977 million as at 30 June 2024, mainly due to the following:

Other Reserves

Other reserves decreased from USD 4.61 million as at 31 December 2023 to USD 4.29 million as at 30 June 2024, mainly due to currency translation losses arising from the consolidation of subsidiaries with different reporting currencies.

Retained Profits

Retained profits decreased from USD 8.22 million as at 31 December 2023 to USD 8.07 million as at 30 June 2024, mainly due to the payment of dividends by the Company during 1H2024.

3) Statement of Cash Flows

Net Cash Generated from Operating Activities

Net cash generated from operating activities increased from USD 0.58 million in 1H2023 to USD 0.90 million in 1H2024, which was mainly due to increased revenue, accelerated cash collection processes by the Group, and increased interest income, which are positive adjustments to operating cash flows before changes in working capital.

Net Cash Used in Investing Activities

Net cash used in investing activities in 1H2024 was USD 3.64 million, compared to USD 0.29 million used in 1H2023. This was mainly due to the Group's purchase of two art outsourcing studios, namely On Point Creative Co., Ltd. and Pixelline Production Sdn. Bhd., and bond investments (that amounted to USD 1.5 million) in 1H2024.

Net Cash Generated from/(Used in) Financing Activities

Net cash used in financing activities in 1H2024 was USD1.68 million that was mainly due to dividends paid in 1H2024, compared to net cash of USD2.46 million generated in 1H2023 which was mainly due to the Company securing new investors during 1H2023.

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

No forecast or prospect statement has previously been disclosed.

- 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.

With the projected improvement of gaming hardware supplies and the shortening of delays in the game launches, the global gaming industry market size, in terms of revenue, is expected to reach US\$317.6 billion in 2027, registering a CAGR of 8.9% between 2022 and 2027. The mobile games sector is expected to continue to lead the overall global gaming industry with a CAGR of 11.7% between 2022 and 2027¹⁰.

¹⁰ Source: Independent Market Report, China Insights Industry Consultancy Limited, September 2023.

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F. Other information required by the Appendix 7C of the Catalist 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 art outsourcing market in APAC is experiencing substantial growth as more game development companies choose art outsourcing studios within the APAC region as their long-term partners given the more competitive fees and the quality of work produced. The market size of the art outsourcing industry in APAC increased from US\$0.8 billion in 2017 to US\$2.3 billion in 2022, registering a CAGR of 23.0% between 2017 and 2022. It is projected to reach US\$4.5 billion in 2027 with a CAGR of 14.4%.¹

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 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.

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.

- 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 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Total number of issued shares	279,698,275	279,698,275

The Company did not have any treasury shares as at 30 June 2024 and 31 December 2023.

- 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.

- 9 Dividend

- a. Current Financial Period Reported on
Any distribution recommended for the current financial period reported on?
No.

**WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

9 Dividend(cont'd)

- b. Corresponding period of the immediately preceding financial year.
Nil.
- c. Date payable.
Nil.
- d. Books closure date
Nil.

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

At a meeting held on 13 August 2024, the Board recommends no interim dividend payment for the six months ended 30 June 2024. so as to conserve cash for our growth plans.

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 at its annual general meeting held on 30 April 2024 obtained shareholders’ approval for the renewal of the general mandate for IPTs. Save as disclosed below, there are no other IPTs equal to or above S\$100,000 (equivalent to USD 73,746) in 1H2024.

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 \$100,000 (USD’000))	Aggregate value of the IPTs during the financial period which were previously approved by shareholders excluding transactions less than \$100,000 (USD’000)
Acer America Corporation	Obtaining of services	-	95.12
Total		-	95.12

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

- 12 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 S\$8,000,000 from the placement of new shares pursuant to the IPO on 20 November 2023.

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

Use of net proceeds	Amount in aggregate (S\$000)	Balance as at 20 November 2023 (S\$000)	Amount utilised from 20 November 2023 to 31 July 2024 (S\$000)	Balance as at 31 July 2024 (S\$000)
Expansion of our operations globally, including establishing subsidiaries and offices and enhancing existing office and supporting infrastructure	1,000	1,000	-	1,000
Acquisitions, joint ventures and/or strategic alliances	2,240	2,240	68	2,172
Exploration of the use of AI capabilities in our art outsourcing segment	1,200	1,200	461	739
General working capital purposes	636	636	542	94
Total	5,076	5,076	1,071	4,005

- 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

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

15 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 acquired 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.

<u>Purchase consideration</u>	USD'S000
Cash paid	1,874
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<u>Assets and liabilities recognised as a result of the acquisition</u>	Fair Value
	USD'S000
Cash and cash equivalents	342
Trade and other receivables	344
Current income tax assets	1
Property, plant and equipment	32
Intangible assets	455
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	(72)
Net identifiable assets acquired	998
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Add: Goodwill	876
Total	1,874
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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 provisional goodwill amounting to USD 0.88 million.

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.

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

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

(ii) Acquisition of the Business and Certain Assets of Pixelline Production Sdn. Bhd. (“Pixelline Production”).

On 28 June 2024, the Company acquired the business of Pixelline Production, for an aggregate purchase consideration of up to USD 1,000,000. The acquisition is expected to expand the Groups’ sale and capabilities so as to increase the Group’s market presence globally.

The Group incurred acquisition related costs of USD 7,504 relating to external legal fees have been classified as ‘administrative’ expenses in the condensed consolidated statement of profit or loss.

<u>Purchase consideration</u>	USD’S000
Cash paid	500
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<u>Assets and liabilities recognised as a result of the acquisition</u>	Fair Value
	USD’S000
Property, plant and equipment	20
Intangible assets	280
Net identifiable assets acquired	300
Add: Goodwill	200
Total	500

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

The residual excess of consideration paid over the fair values of identifiable assets have been recorded as provisional 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 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.

The Group also has an established niche in games with online connectivity, which accounted for 90.50% 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 1H2024 (which does not include the two newly-acquired art studios).

Adjusted EBITDA

EBITDA includes operating profit as reported in the Consolidated Statement of Comprehensive Income, adjusted for amortization and impairment of intangible assets, depreciation, and the increase of interest expenses. Adjusted EBITDA will account for 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, costs of acquisition and integration, and private placement related expenses (S\$27 million fundraise completed in July 2024) (“Private Placement Related Expenses”).

	Group	
	Six Months Ended	
	1H2024	1H2023
	USD'S000	USD'S000
Net Income	909	1,263
Interest Expenses	39	43
Income tax expenses (credit)	98	57
Earnings before interest and taxation (“EBIT”)	1,046	1,363
Depreciation	887	864
Amortization	50	38
Earnings before interest, taxation, depreciation and amortisation (“EBITDA”)	1,983	2,265
SGX IPO Expenses	-	520
LSE Dual Listing Expenses ⁱ	14	-
Share-based compensation expenses	176	-
Costs of acquisition and integration	8	-
Private Placement Related Expenses	43	-
Adjusted Expenses	241	520
Adjusted EBITDA	2,224	2,785
Revenue from contracts with customers	15,225	14,210
Adjusted EBITDA as a % of revenue	14.61%	19.60%

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G. Other information (Cont'd)

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

For the avoidance of doubt, the Group did not adjust both the ongoing listing expenses on the SGX-ST of USD 0.20 million and increased marketing and promotional expenses of USD 0.46 million in 1H2024 to derive Adjusted EBITDA in 1H2024 as these are considered to be ongoing expenses.

Adjusted Net income

The adjusted net income is calculated by taking the net income and adjusting it for certain expenses to provide a clearer picture of the Group's underlying financial performance. The adjustments for the six months ended 30 June 2024 and 30 June 2023 included expenses related to the SGX IPO Expenses, LSE Dual Listing Expenses, Share-based compensation expenses, costs of acquisition and integration, amortisation of intangible assets, and Private Placement Related Expenses.

	Group	
	Six Months Ended	
	1H2024	1H2023
	USD’\$000	USD’\$000
Net Income	909	1,263
SGX IPO Expenses	-	520
LSE Dual Listing Expenses	14	-
Share-based compensation expenses	176	-
Costs of acquisition and integration	8	-
Private Placement Related Expenses	43	-
Amortization of intangible assets	50	38
Adjusted Expenses	291	558
Tax arising on Adjusted Expenses	-	-
Adjusted Net income	1,200	1,821

For the avoidance of doubt, the Group did not adjust both the ongoing listing expenses of the SGX-ST of USD 0.20 million and increased marketing and promotional expenses of USD 0.46 million in 1H2024 to derive Adjusted Net Income in 1H2024 as these are considered to be ongoing expenses.

BY ORDER OF THE BOARD

MR. JOHNNY JAN

Executive Chairman and Chief Executive Officer
14 August 2024

**WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we the undersigned, hereby confirm to the best of our knowledge that nothing has come to our attention of the Board of Directors of the Company which may render the unaudited condensed consolidated interim financial statements of the Company and the Group for the six months ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board

MR. JOHNNY JAN
Executive Chairman and Chief Executive Officer

14 August 2024

MR. Lim Heng Choon
Lead Independent Director and Non-Executive
Director

14 August 2024