

FOR IMMEDIATE RELEASE

## **Winking Studios, Asia’s third largest game art outsourcing studio, launches IPO on Catalist**

- *First gaming-related company to list in Singapore*
- *Placement and Cornerstone Tranche of an aggregate of 40.0 million New Shares at S\$0.20 each, comprising 27.2 million Placement Shares and 12.8 million Cornerstone Shares*
- *Cornerstone investors include Acer Gaming Inc. – a subsidiary of Acer Incorporated (“Acer”), and Mr. Jason Chen, Acer’s Chairman and Chief Executive Officer*
- *Net proceeds of approximately S\$5.1 million will fund overseas expansion plans, strategic acquisitions and partnerships as well as explore the use of AI capabilities, which will position the Company to leverage growing industry demand for game art outsourcing*

**SINGAPORE, 8 November 2023** – **Winking Studios Limited** (“**Winking Studios**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), today registered its initial public offering (the “**IPO**”) on the Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Winking Studios is Asia’s third largest game art outsourcing studio and the fourth largest globally, based on global revenue derived from game art outsourcing in 2022<sup>1</sup>. It is also the first gaming-related company to be listed in Singapore.

**PrimePartners Corporate Finance Pte. Ltd.** is the Sponsor, Issue Manager and Placement Agent for the IPO.

### **The IPO**

The IPO is in respect of 40.0 million new shares (the “**New Shares**”) at S\$0.20 per share (the “**Placement Price**”) comprising 27.2 million Placement Shares by way of placement and separate from the Placement, each of Acer Gaming Inc. (“**Acer Gaming**”) and Mr. Chen, Chun-Shen (“**Mr. Jason Chen**”) (collectively, the “**Cornerstone Investors**”) has entered into a cornerstone subscription agreement with Winking Studios to subscribe for an aggregate of 12.8 million Cornerstone Shares.

The IPO is supported by two reputable Cornerstone Investors, namely Acer Gaming, which is listed on the Taipei Exchange Emerging Stock Market and is a subsidiary of Acer Incorporated (“**Acer**”), which is listed on the Taiwan Stock Exchange, and Mr. Jason Chen, the Chairman and Chief Executive Officer of Acer, which is the majority shareholder of Acer Gaming.

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<sup>1</sup> Source: Independent Market Report by China Insights Industry Consultancy Limited



The New Shares and the shareholding of existing public shareholders represent approximately 14.3% and 20.3% of the issued and paid-up share capital of approximately 279,698,275 shares of Winking Studios after the completion of the Placement and the issuance of the Cornerstone Shares respectively. Based on the Placement Price and the post-Placement and Cornerstone Tranche share capital of 279,698,275 shares, the market capitalisation of the Group will be approximately S\$55.9 million. The Placement and issuance of the Cornerstone Shares will raise gross proceeds of approximately S\$8.0 million for Winking Studios.

The Placement will open on 9 November 2023 and close at 12.00 noon on 16 November 2023 and the listing and trading of Winking Studios' shares is expected to commence on a "ready" basis at 9.00 am on 20 November 2023.

### **Business Overview**

Winking Studios has over 25 years of experience in providing complete end-to-end art outsourcing and game development services across various platforms such as console, PC, online and handheld content for the video games industry. The Group is headquartered in Singapore and has seven studios across Nanjing, Shanghai and Taipei. It employs more than 700 employees including 600 designers and artists serving a global customer base.

The Company is majority owned by Acer Gaming, a subsidiary of Acer, which has an extensive network of relationships in the game development and art outsourcing industries, as well as an in-depth understanding of the gaming industry in Asia.

Winking Studios has three business segments. The largest is its **Art Outsourcing Segment**, which involves the creation and development of digital art assets. 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. This segment contributed 89.9% of the Group's total revenue for the financial year ended 31 December 2022 ("FY2022").

The Group has two other complementary business segments: (i) **Game Development Segment**, where the Group provides game development services including programming, development, design and script writing of games; and (ii) **Global Publishing and Other Services Segment**, which involves (a) the release of games products produced by the Group as well as third party game developers on global game platforms including PlayStation, Switch and Steam; and (b) the sale of the Group's in-house developed video game products and peripheral gaming products.

Winking Studios is a renowned art outsourcing studio with a reputable brand. This has led to collaborations with 19 out of the top 25 global game companies, including NetEase, Tencent, miHoYo, Nexon, NCSOFT and Ubisoft. The Company is a recognised partner of Epic Games in respect of its marketing efforts in Taiwan and has collaborated on internationally renowned game titles and award-winning projects such as Genshin Impact, Assassin's Creed, Blade & Soul, Destiny 2 and FIFA Online 4, among others. As at the Latest Practicable Date<sup>2</sup>, Winking Studios has completed more than 1,400 art outsourcing projects and 25 game development projects. As further testament of its industry reputation, Winking Studios has established partnerships with three major game publishing platforms, namely Sony, Microsoft and Nintendo.

### **Prospects, Strategies and Future Plans**

The acceptance and normalisation of gaming as a lifestyle have contributed to the long-term development of the global gaming industry with the number of gamers increasing from 2.2 billion in 2017 to 3.2 billion in 2022 and is projected to reach 4.4 billion by 2027<sup>1</sup>. This has also resulted in game development companies increasing their expenditure on game art outsourcing to meet the higher requirements demanded by gamers in respect of game graphics.

According to the Independent Market Report<sup>1</sup>, global gaming industry revenue is expected to increase at a compound annual growth rate ("CAGR") of 8.9% between 2022 and 2027 to reach US\$317.6 billion by 2027. Over 2017 to 2022, the global game art outsourcing market expanded at a CAGR of 17.4% and is estimated to arrive at US\$6.3 billion by 2027.

**Executive Chairman and Chief Executive Officer, Mr Johnny Jan (詹承翰)**, said: *"The rapid increase in the number of gamers globally and the projected increase in global gaming industry revenue shows that gaming has become a way of life and a pastime which is relatively affordable due to the free-to-play model. As a result, game developers are increasingly focused on the quality of the graphic and gameplay experience to provide gamers with a seamless and immersive entertainment experience. Leading game companies are also extending the lifecycles of their games by creating new content such as characters and environments."*

**Mr Jan** added: *"Winking Studios' proven capabilities and close partnerships with big-name game developers and gaming platforms put our Group in a favourable position to capitalise on these trends. We intend to use the IPO proceeds on strategies to further strengthen our competitive edge and secure our leading market position for game art outsourcing."*

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<sup>2</sup> The Latest Practicable Date is 15 September 2023.

With the net proceeds of approximately S\$5.1 million raised from the IPO, Winking Studios intends to establish overseas subsidiaries and offices in Asia to capitalise on the region's strong prospects and growth trends, while increasing its business development and marketing efforts in USA and Europe. It also intends to pursue strategic acquisitions, joint ventures and strategic alliances to grow its market share and/or expand into new businesses that are either complementary to the Group's existing businesses or will enlarge its customer base, broaden its market penetration and/or service lines, and enhance its technical competencies. It will also explore the use of artificial intelligence to improve and expand its art outsourcing capabilities.

### **Financial Highlights**

Winking Studios' revenue increased from US\$14.5 million for FY2020 to US\$23.7 million and US\$24.5 million for FY2021 and FY2022 respectively.

Net profit rose from US\$2.2 million in FY2020 to US\$3.2 million in FY2021 in tandem with a 63.5% increase in revenue over this period but dipped to US\$1.0 million in FY2022 due to fewer projects being contracted and completed in FY2022 as a result of the PRC government's temporary suspension on the issue of new publication licences to game developers in late 2021. With the lifting of the suspension in April 2022, the Group has also recovered some momentum with revenue and net profit coming in at US\$6.4 million and US\$0.6 million respectively for the first three months of the current financial year ("**1Q2023**"). The Group has a strong financial position and recorded a cash and cash equivalents of approximately US\$9.1 million as at 31 March 2023. The Group has also generated operating cash inflow for FY2020, FY2021, FY2022 and 1Q2023.

**Mr Jan** said: *"China is a big market for our Group. While the suspension of game registrations and grant of game publication licences to PRC-based game developers caused a slight blip in FY2021 and FY2022, the suspension was subsequently lifted. Barring unforeseen circumstances, we expect the industry's growth trajectory to be in line with the Independent Market Report<sup>1</sup>."*

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**Issued for and on behalf of Winking Studios Limited**

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The information in this Press Release is a summary only and is based on the information found in the offer document of Winking Studios Limited (the “**Company**”) dated 8 November 2023 (the “**Offer Document**”) that has been registered by the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore (the “**MAS**”) on 8 November 2023. This Press Release does not purport to contain all of the information that may be required to evaluate any potential transaction in respect of the shares of the Company and is qualified in its entirety by, and should be read in conjunction with the full text of the Offer Document, including but not limited to the sections entitled “Risk Factors” and “Cautionary Note Regarding Forward Looking Statements” of the Offer Document. Words and expressions, unless otherwise defined in this Press Release, shall bear the same meanings assigned to them in the Offer Document.

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This Press Release includes forward-looking statements provided with respect to the anticipated future performance of the Company. Such forward-looking statements reflect various assumptions of the management concerning the future performance of the Company. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual events, results, performance and developments may differ materially from those in such statements as a result of, among others, factors, changing business or other market conditions and the prospects for growth anticipated by the management of the Company. None of the Company and the Sponsor, Issue Manager and Placement Agent, nor any of their respective holding companies, subsidiaries, associated undertakings, controlling persons, affiliates, directors, officers, partners, employees, agents, advisers or representatives, undertake to update or revise any information on the basis of any subsequent developments, information or events, or otherwise. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the forward-looking statements based thereon. Past performance is not a reliable indication of future performance.

Any decision to invest in any securities issued by the Company should be made solely on the basis of information contained in the Offer Document to be registered by the SGX-ST, acting as agent on behalf of the MAS relating to the securities after seeking appropriate professional advice, and you should not rely on any information other than that contained in the Offer Document.

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