

FOR IMMEDIATE RELEASE

## **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<sup>(1)</sup> 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*
- *Customer base that includes 21 of the top 25 game publishers in the world, with the majority of ongoing projects being currently new and ongoing updates of 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"<sup>(2)</sup>) for the six months ended 30 June**

(US\$' million)	1H2024	1H2023	Change (%)
Revenue	<b>15.2</b>	14.2	7.1
Gross Profit	<b>4.2</b>	4.4	(2.8)
Profit before Tax	<b>1.0</b>	1.3	(23.7)
EBITDA <sup>(3)</sup>	<b>2.0</b>	2.3	(12.5)
Adjusted EBITDA <sup>(4)</sup>	<b>2.2</b>	2.8	(20.1)
Adjusted Net Income <sup>(5)</sup>	<b>1.2</b>	1.8	(33.3)

*(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 payments 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 payments expenses, costs of acquisition and integration, amortisation of intangible assets, and private placement related expenses (to raise S\$27 million).

**SINGAPORE, 14 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."*

**Improved revenue growth in 1H2024 driven by Art Outsourcing and Game Development segments:**

With higher contributions from both its Art Outsourcing and Game Development segments which experienced a surge in orders, the Group's revenue increased 7.1% to US\$15.2 million in 1H2024.

Assuming on a constant currency basis, the Group's revenue growth increased to 10.5% in 1H2024 as there was due to a negative impact of approximately 3.4 percentage points due to currency exchange rate fluctuations when converting local currency in operating markets to the reporting currency in US\$, whereby certain foreign currencies depreciated against the US\$ during 1H2024.

The Group's Art Outsourcing segment remained the largest contributor to overall revenue. In 1H2024, revenue from Japan surged nearly three-fold to US\$1.5 million, boosting its geographical contribution to 10.1% of total revenue in 1H2024 from 3.5% in 1H2023, with increased marketing and promotional initiatives with a consequent impact on net margins.

In 1H2024, the Group completed the acquisition of two newly acquired art studios, Taipei-based art outsourcing studio On Point Creative Co., Ltd. ("**OPC**"), and Kuala Lumpur-based Pixelline Production

Sdn. Bhd (“**Pixelline**”), to enhance the Group’s resource base, service offerings and market reach.

**Strong niche and focus on games with online connectivity:** Notably, such games 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).

**Recorded gross profit of US\$4.2 million with a gross margin of 27.9% in 1H2024:** As expected, for the two newly-acquired art studios, various projects were deferred to 2H2024 due to customers’ requirements. Inevitably, there was also some reduced efficiency in the period resulting from the initial integration of the acquired entities with the Group (which generally takes 3 months) post-acquisition.

As a result, the Group’s gross profit dipped marginally from US\$4.4 million in 1H2023 to US\$4.2 million in 1H2024, with the gross margin declining slightly from 30.7% to 27.9%. Excluding the two newly-acquired art studios, the Group’s gross margin remained relatively stable at 30.0% in 1H2024.

**Increased marketing and promotional expenses of US\$0.5 million, and ongoing listing expenses on the SGX-ST of US\$0.2 million recognised in 1H2024:** As part of its business development and market expansion plans, the Group increased marketing and promotional initiatives in Europe, America and Japan. As a result, the Group’s distribution and marketing expenses increased 85.9% to US\$1.0 million in 1H2024 as compared to US\$0.5 million in 1H2023.

With the Group’s successful IPO listing on the Catalist Board of the SGX-ST in November 2023, there are ongoing listing expenses of US\$0.2 million recognised in 1H2024 (“**Ongoing Listing Expenses**”).

Overall, the Group continued its track record of profitability with profit before tax of US\$1.0 million in 1H2024 (1H2023: US\$1.3 million), while 1H2024’s EBITDA amounted to US\$2.0 million (1H2023: US\$2.3 million).

Notably, the APMs mentioned above did not take into account the increased marketing and promotional expenses of US\$0.5 million and Ongoing Listing Expenses of US\$0.2 million in 1H2024, as these are considered to be recurring expenses.

**Generated cash flow of US\$0.9 million from operating activities during 1H2024:** With its prudent financial approach, the Group continued to generate net cash from its operating activities and as at 30 June 2024, the Group remained debt-free with zero borrowings and a healthy balance sheet of cash and cash equivalents of US\$11.6 million with bond investments of US\$1.5 million.

**A stronger pipeline of projects is expected in 2H2024 from indicative bookings of at least US\$10.1 million (subject to changes depending on the final confirmation from customers):** Serving a global customer base that includes 21 of the top 25 game publishers in the world, the Group has built up an established track record of more than 26 years within the gaming industry where we provide quality work at competitive fees. Currently, majority of the Group’s projects are attributable to games with online connectivity as they generally requires regular updates and enhancements to provide a better gaming experience.

Since its IPO in November 2023, Winking Studios has proactively embarked on its M&A strategy that

led to the completed acquisitions of OPC and Pixelline in 1H2024. With the two newly addition art studios, the Group now has 9 studios that are strategically located across Asia that are well-positioned to serve its blue-chip clientele base globally and capitalise on the growing gaming industry.

In July 2024, Winking Studios completed a placement of 108.0 million new ordinary shares at an issue price of 25.0 Singapore cents per share and raised gross proceeds of S\$27.0 million. Together with the balance of about S\$4.2 million from its IPO proceeds, the Group is well funded to accelerate its growth plans and M&A strategy globally.

-- END --

**This press release is to be read in conjunction with the Company's announcements released on 14 August 2024, which can be downloaded via [www.sgx.com](http://www.sgx.com) and [www.winkingworks.com](http://www.winkingworks.com).**

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

**August Consulting**

Tel: 65 6733 8873

Janice Ong, [janiceong@august.com.sg](mailto:janiceong@august.com.sg)

Wrisney Tan, [wrisneytan@august.com.sg](mailto:wrisneytan@august.com.sg)

Dave Tan, [davetan@august.com.sg](mailto:davetan@august.com.sg)

Joanna Tan, [joannatan@august.com.sg](mailto:joannatan@august.com.sg)

**About Winking Studios Limited**

**(SGX Code: WKS / Bloomberg Code: WKS:SP)**

Winking Studios Limited (“**Winking Studios**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), is one of Asia’s largest game art outsourcing studios and an established game development company.

With over 26 years of experience and established track record, the Group provides end-to-end art outsourcing, game development services and other gaming services across various platforms for the global gaming industry via three business segments of Art Outsourcing, Game Development, and Global Publishing and Other Services.

Headquartered in Singapore, the Group has 9 studios across Nanjing, Shanghai, Suzhou, Taipei and Kuala Lumpur with over 800 highly skilled employees serving a global customer base that includes 21 of the top 25 game publishers in the world.

As a testament to its high quality standards, the Group has been awarded various awards and accreditations, including the ISO 27001 certification by BSI British standards institution, among others.

For more information, please visit [www.winkingworks.com](http://www.winkingworks.com).

---

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 press release has been reviewed by the Sponsor. This press release has not been examined or approved by the Singapore



Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release. 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](mailto:sponsorship@ppcf.com.sg).

---

