

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Interim Financial Statements

For the Six Months and Full Year Ended 31 December 2023

(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 LIMITED AND ITS SUBSIDIARIES

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WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

A. Condensed Consolidated Interim Statements of Comprehensive Income

	Note	Full Year Ended 31 December		Increase/ (Decrease) %	Six Months Ended 31 December		Increase/ (Decrease) %
		Unaudited 2023 USD'\$000	Audited 2022 USD'\$000		Unaudited 2H2023 USD'\$000	Unaudited 2H 2022 USD'\$000	
Revenue from contracts with customers	4.2	29,281	24,498	19.5	15,071	13,107	15.0
Cost of sales		(19,947)	(18,050)	10.5	(10,176)	(9,181)	10.8
Gross profit		<u>9,334</u>	<u>6,448</u>	44.8	<u>4,895</u>	<u>3,926</u>	24.7
Other income		124	146	(15.1)	59	51	15.7
Other gains/(losses) - net		13	(120)	NM	(51)	(172)	(70.3)
Distribution and marketing		(1,548)	(1,013)	52.8	(941)	(652)	44.3
Administrative expenses		(6,368)	(4,603)	38.3	(3,941)	(2,862)	37.7
Expected credit (losses)/gains		(111)	(32)	246.9	15	(2)	NM
Interest income		68	9	655.6	49	1	4,800.0
Finance expenses		(89)	(60)	48.3	(46)	(16)	187.5
		<u>(7,911)</u>	<u>(5,673)</u>	39.5	<u>(4,856)</u>	<u>(3,652)</u>	33.0
Profit before income tax		<u>1,423</u>	<u>775</u>	83.6	<u>39</u>	<u>274</u>	(85.8)
Income tax credit	8	357	262	36.3	414	262	58.0
Profit for the years		<u>1,780</u>	<u>1,037</u>	71.6	<u>453</u>	<u>536</u>	(15.5)
Other comprehensive income(loss): <i>Items that may be reclassified</i> <i>subsequently to profit or loss:</i> <i>Currency translation (losses)/gains</i> <i>arising from consolidation</i>		<u>(76)</u>	<u>(909)</u>	(91.6)	<u>10</u>	<u>(83)</u>	NM
Total comprehensive income for the financial years		<u>1,704</u>	<u>128</u>	1,231.3	<u>463</u>	<u>453</u>	2.2
Profit for the years attributable to:							
- Equity holders of the Company		1,780	1,037	71.6	453	536	(15.5)
- Non-controlling interests		-	-	-	-	-	-
		<u>1,780</u>	<u>1,037</u>	71.6	<u>453</u>	<u>536</u>	(15.5)
Total comprehensive income attributable to:							
- Equity holders of the Company		1,704	128	1,231.3	463	453	2.2
- Non-controlling interests		-	-	-	-	-	-
		<u>1,704</u>	<u>128</u>	1,231.3	<u>463</u>	<u>453</u>	2.2
Earnings per share for profit (in USD)							
- Basic and diluted earnings per share	10	<u>0.007</u>	<u>0.005</u>	40	<u>0.00162</u>	<u>0.00315</u>	(48.6)

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 Financia Position

	Group		Company	
	As at 31 December		As at 31 December	
	Unaudited	Audited	Unaudited	
	2023	2022	2023	2022
	USD'\$000	USD'\$000	USD'\$000	USD'\$000
ASSETS				
Current assets				
Cash and cash equivalents	16,423	6,057	5,549	55
Trade and other receivables	3,876	3,704	399	13
Contract assets	3,469	2,975	-	-
Total current assets	23,768	12,736	5,948	68
Non-current assets				
Property, plant and equipment	2,255	2,307	-	-
Right-of-use assets	2,545	2,804	-	-
Intangible assets	203	243	-	-
	-	-	12,588	9,981
Deferred tax assets	1,483	1,028	-	-
Other non-current assets	249	366	-	-
Total non-current assets	6,735	6,748	12,588	9,981
Total assets	30,503	19,484	18,536	10,049
LIABILITIES				
Current liabilities				
Trade and other payables	5,402	4,504	455	275
Contract liabilities	44	137	-	-
Current income tax liabilities	63	24	-	-
Lease liabilities	930	896	-	-
Total current liabilities	6,439	5,561	455	275
Non-current liabilities				
Lease liabilities	1,687	1,901	-	-
Deferred income tax liabilities	930	892	-	-
Total non-current liabilities	2,617	2,793	-	-
Total liabilities	9,056	8,354	455	275
NET ASSETS	21,447	11,130	18,081	9,774
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	8,615	5,226	8,615	5,226
Other reserves	4,609	(2,166)	8,818	1,967
Retained profits	8,223	8,070	648	2,581
	21,447	11,130	18,081	9,774
Non-controlling interests	-	-	-	-
Total equity	21,447	11,130	18,081	9,774

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

	Note	Group Full Years Ended	
		2023 USD'\$000 Unaudited	2022 USD'\$000 Audited
Cash flows from operating activities			
Profit before income tax		1,423	775
Adjustments for:			
- Depreciation of property, plant and equipment	7	611	415
- Depreciation of right-of-use assets	7	1,110	974
- Amortisation of intangible assets		74	66
- Expected credit losses		111	32
- Interest income	7	(68)	(9)
- Finance expenses		89	60
- Losses on disposal of property, plant and equipment	7	9	64
- Gains on lease modification		-	(151)
- Exchange losses		73	73
		<u>3,432</u>	<u>2,299</u>
Changes in working capital:			
- Contract assets		(546)	(576)
- Trade and other receivables		(350)	(448)
- Contract liabilities		(90)	141
- Trade and other payables		976	569
Cash generated from operations		<u>3,422</u>	<u>1,985</u>
Interest received	7	68	9
Income tax paid		(21)	(15)
Net cash generated from operating activities		<u>3,469</u>	<u>1,979</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(630)	(1,601)
Proceeds from disposal of property, plant and equipment		17	11
Increase in prepayments for equipment		98	-
Additions to intangible assets		(38)	(86)
Increase in refundable deposits		-	(70)
Decrease in refundable deposits		12	-
Net cash used in investing activities		<u>(541)</u>	<u>(1,746)</u>
Cash flows from financing activities			
Proceeds from share issuance, net of share issue expenses		8,613	-
Principal payments of lease liabilities		(1,031)	(790)
Interest paid		(89)	(60)
Net cash generated from/(used in) financing activities		<u>7,493</u>	<u>(850)</u>
Net increase in cash and cash equivalents		<u>10,421</u>	<u>(617)</u>
Cash and cash equivalents			
Beginning of financial year		6,057	7,278
Effects of exchange rate changes on cash and cash equivalents		(55)	(604)
End of financial year		<u>16,423</u>	<u>6,057</u>

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D. Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to owners of the Group							Total equity USD'\$000
	Share capital USD'\$000	Capital reserves USD'\$000	Other reserves USD'\$000	Other reserves		Non-controlling interests USD'\$000	Total USD'\$000	
				Currency translation reserve USD'\$000	Retained profits USD'\$000			
Balance at 1 January 2023 Unaudited								
Beginning of financial year	5,226	1,967	(3,071)	(1,062)	8,070	11,130	-	11,130
Profit for the year	-	-	-	-	1,780	1,780	-	1,780
Other comprehensive loss for the year	-	-	-	(76)	-	(76)	-	(76)
Total comprehensive income for the year	-	-	-	(76)	1,780	1,704	-	1,704
Transactions with owners, recognised directly in equity								
Share issue	1,193	4,773	-	-	-	5,966	-	5,966
Cash capital increase	569	2,455	-	-	-	3,024	-	3,024
Stock buyback	(7,422)	-	-	-	-	(7,422)	-	(7,422)
Issuance of new shares	7,422	-	-	-	-	7,422	-	7,422
Retained profits transferred to capital	1,627	-	-	-	(1,627)	-	-	-
Capitalization of IPO expenses	-	(377)	-	-	-	(377)	-	(377)
	3,389	6,851	-	-	(1,627)	8,613	-	8,613
Balance at 31 December 2023 Unaudited	8,615	8,818	(3,071)	(1,138)	8,223	21,447	-	21,447
Balance at 1 January 2022 Audited								
Beginning of financial year	5,226	1,967	(3,096)	(153)	7,058	11,002	-	11,002
Profit for the year	-	-	-	-	1,037	1,037	-	1,037
Other comprehensive loss for the year	-	-	-	(909)	-	(909)	-	(909)
Total comprehensive income for the year	-	-	-	(909)	1,037	128	-	128
Transactions with owners, recognised directly in equity								
Profit appropriations to statutory reserves	-	-	25	-	(25)	-	-	-
	-	-	25	-	(25)	-	-	-
Balance at 31 December 2022 Audited	5,226	1,967	(3,071)	(1,062)	8,070	11,130	-	11,130

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>
	<u>Share capital</u>	<u>Other reserves</u>		<u>Total</u>	<u>Non-controlling interests</u>	
		<u>Capital reserves</u>	<u>Retained profits</u>			
	USD'\$000	USD'\$000	USD'\$000	USD'\$000	USD'\$000	USD'\$000
Balance at 1 January 2023 Unaudited						
Beginning of financial year	5,226	1,967	2,581	9,774		9,774
Profit for the year	-	-	(306)	(306)		(306)
Total comprehensive income for the year	-	-	(306)	(306)		(306)
Transactions with owners, recognised directly in equity						
Issue of new shares	1,193	4,773	-	5,966		5,966
Cash capital increase	569	2,455	-	3,024		3,024
Capitalisation of retained profits	1,627	-	(1,627)	-		-
Share issue expenses	-	(377)	-	(377)		(377)
	3,389	6,851	(1,627)	8,613		8,613
Balance at 31 December 2023 Unaudited	8,615	8,818	648	18,081		18,081
Balance at 1 January 2022 Unaudited						
Beginning of financial year	5,226	1,967	2,156	9,349		9,349
Profit for the year	-	-	425	425		425
Total comprehensive income for the year	-	-	425	425		425
Balance at 31 December 2022 Unaudited	5,226	1,967	2,581	9,774		9,774

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

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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**”)

2 Basis of preparation

The condensed consolidated interim financial statements for the six months and full year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. 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 of the Group since the last annual financial statements for the financial year ended 31 December 2022.

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.

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 new standards, amendments and interpretations to existing SFRS(I)s have been published and are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group.

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

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

Management anticipates that the adoption of the above new or amended accounting standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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 recognises 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.

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 year.

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 ourselves 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 financial year ended 31 December 2023, the revenue contribution from our Other Services Segment was insignificant.

The chief operating decision maker ("CODM") has been identified as the Executive Director of the Company who review 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 business type of sales customers and non-current assets by the business type of assets is as follows:

	Financial Year ended 31 December 2023			
	<u>Art</u>	<u>Game</u>	<u>Global</u>	
	<u>Outsourcing</u>	<u>Development</u>	<u>Publishing</u>	
	<u>Segment</u>	<u>Segment</u>	<u>and Other</u>	
	<u>Segment</u>	<u>Segment</u>	<u>Services</u>	<u>Total</u>
Segment revenue	USD'\$000	USD'\$000	USD'\$000	USD'\$000
Service revenue	24,124	4,996	-	29,120
Licencing and product revenue	-	-	161	161
	24,124	4,996	161	29,281
Profit before income tax	1,172	243	8	1,423
Significant non-cash items				
Depreciation of property, plant and equipment	503	104	4	611
Depreciation of right-of-use assets	915	189	6	1,110
Segment assets	23,648	5,205	167	29,020
Included in the segment assets:				
Trade receivables and other receivables	3,193	662	21	3,876
Additions to:				
Property, plant and equipment	520	107	3	630
Right-of-use assets	704	146	5	855
Segment liabilities	6,531	1,545	50	8,126

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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 business type of sales customers and non-current assets by the business type of assets is as follows(continued):

	Financial Year ended 31 December 2022			
	<u>Art</u>	<u>Game</u>	<u>Global</u>	
	<u>Outsourcing</u>	<u>Development</u>	<u>Publishing</u>	
	<u>Segment</u>	<u>Segment</u>	<u>and Other</u>	<u>Total</u>
Segment revenue	USD'\$000	USD'\$000	USD'\$000	USD'\$000
Service revenue	22,021	2,227	-	24,248
Licencing and product revenue	-	-	250	250
	22,021	2,227	250	24,498
Profit before income tax	1,644	209	(1,078)	775
Significant non-cash items				
Depreciation of property, plant and equipment	319	66	30	415
Depreciation of right-of-use assets	937	34	3	974
Segment assets	16,486	1,771	199	18,456
Included in the segment assets:				
Trade receivables and other receivables	3,329	337	38	3,704
Additions to:				
Property, plant and equipment	1,439	146	16	1,601
Right-of-use assets	1,598	162	18	1,778
Segment liabilities	6,617	759	86	7,462

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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 from external customers were classified based on the customers' respective locations. Geographical information is as follows:

	Revenue	
	Financial years ended	
	31 December	
	2023	2022
	USD'\$000	USD'\$000
PRC and Hong Kong ¹	11,964	12,635
Taiwan ²	5,339	3,748
Korea	5,479	4,813
United States	4,908	2,372
Other	1,591	930
Total Revenue	29,281	24,498

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

	Non-current assets	
	Financial years ended	
	31 December	
	2023	2022
	USD'\$000	USD'\$000
PRC and Hong Kong ³	2,855	3,100
Taiwan ⁴	2,355	2,614
Other	43	6
Total	5,252	5,720

5 Plant and equipment

During the financial year ended 31 December 2023, the Group acquired assets amounting to US\$630,000 (31 December 2022: US\$1,601,000). The Group disposal of assets amounting to US\$26,000 (31 December 2022:US\$75,000)

¹ Hong Kong here refer to Hong Kong Special Administrative Region.

² Taiwan here refers to the Taiwan region.

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)

6 Loans and borrowings

During the financial year ended 31 December 2022 and 2023, the Group does not have any banking facilities or other borrowings or indebtedness (direct or indirect) or liabilities (including contingent liabilities).

7 Profit before taxation

Profit before tax includes the following:

	Group	
	Financial years ended	
	31 December	
	2023	2022
	USD'\$000	USD'\$000
<i>Other income / (expenses):</i>		
Government grant income	51	113
Foreign exchange gains/(losses)	22	(144)
Gains on lease modification	-	151
Losses on disposal of property, plant and equipment	(9)	(64)
Losses on liquidation of subsidiary	-	(48)
Interest income	68	9
Depreciation of property, plant and equipment	(611)	(415)
Depreciation of right-of-use assets	(1,110)	(974)
Amortisation of intangible assets	(74)	(66)

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	
	Financial years ended	
	31 December	
	2023	2022
	USD'\$000	USD'\$000
Current income tax	51	28
Overestimating or underestimating income taxes	9	-
Total current income tax	60	28
Deferred income tax credit	(419)	(290)
Currency translation differences	2	-
Income tax expense recognized in profit or loss	(357)	(262)

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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

**Financial years ended
31 December**

	2023	2022
	USD'\$000	USD'\$000
Sales of goods and/or services to-holding Company	49	-
Administrative Fees from holding Companies	8	2
Other payables from holding Companies	2	-
Distribution and marketing fees from other related parties	107	-

(b) Key management personnel compensation

**Financial years ended
31 December**

	2023	2022
	USD'\$000	USD'\$000
Short-term employee benefits	933	557

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

13 Fair value of assets and liabilities

	Group		Company	
	Financial Years ended 31 December			
	2023	2022	2023	2022
	USD'\$000	USD'\$000	USD'\$000	USD'\$000
Financial assets carried at amortised cost				
Cash and cash equivalents	16,423	6,057	5,549	55
Trade and other receivables	3,603	3,506	399	13
Other non-current assets - refundable deposits	234	247	-	-
	20,260	9,810	5,948	68
Financial liabilities measured at amortised cost				
Trade and other payables	5,402	4,504	455	275
Lease liabilities				
- Current	930	896	-	-
- Non-current	1,687	1,901	-	-
	8,019	7,301	455	275

14 Share capital

	Issued share capital	
	No. of ordinary shares	Amount USD'\$000
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
End of financial year	279,698,275	8,615
2022		
Beginning / End of financial year	15,701,932	5,226

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 USD568,392 and capital reserves USD2,454,588. The rights and obligations of all the ordinary shares issued are the same. All issued ordinary shares fully paid-up with par value of NTD\$10 per share.

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

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 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 USD5,996,400 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 31 December 2022 and 31 December 2023. There are no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 December 2022 and 31 December 2023.

15 Subsequent events

The Board of Directors (the "Board" or "Directors") of Winking Studios Limited (the "Company" or the "Purchaser", and together with the subsidiaries of the Company, the "Group") wishes to announce that the Company has on 28 December 2023 entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Game Hours, Inc. (the "Vendor" and together with the subsidiaries of the Vendor, the "Vendor Group"), in relation to the purchase of 100% of the issued and paid-up share capital of On Point Creative Co., Ltd. (the "Target Company"), which is wholly held by the Vendor, for an aggregate purchase consideration of NTD59,900,000 (or approximately USD1,961,126⁵) (the "**Proposed Acquisition**").

Completion of the Proposed Acquisition ("Completion") is conditional upon satisfaction of conditions precedent set out in the Sale and Purchase Agreement (the "Conditions Precedent"), which include, inter alia, the following:

The Parties having obtained all necessary consents, permits and approvals from regulatory authorities or third parties as well as internal approvals required for the completion of the Proposed Acquisition, and if any such consents, permits or approvals are subject to conditions, such conditions being acceptable to the Purchaser, and the execution of the Sale and Purchase Agreement and the Parties' performance of their obligations thereunder not being prohibited or restricted by any statute, judgement or order;

⁵ Based on the exchange rate of NTD1: USD0.03274 as at 28 December 2023.

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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 (“**the Company**”) and its subsidiaries (collectively the “**Group**”) as at 31 December 2023 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 financial year 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.

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.

A. Statements of Profit and Loss and Other Comprehensive Income

FY2023 vs FY2022

Revenue

The Group's revenue increased by 19.5% from USD 24.70 million in FY2022 to USD 29.28 million in FY2023. The primary reason for this was an increase in revenue from the Art Outsourcing Segment by USD 2.10 million, a growth of 9.55% arising from new customers from the United States, and South Korea in FY2023; as well as increase in revenue from the Game Development Segment by USD 2.77 million, a growth of 124%, due to the expansion of business of an existing client, and the increase in project revenue from new clients.

Gross profit

The gross profit for FY2023 grew from USD 6.45 million in FY2022 to USD 9.33 million, with the gross margin increasing from 26.32% in FY2022 to 31.88% in FY2023. The main reason was the significant increase in revenue from the Game Development Segment, which arose from effective cost control, employee motivation to reach out to more and new customers driven by the establishment of a new performance and reward assessment system, and sales efficiency by the Company due to more usage of equipment and technology.

Other income

Other income decreased slightly from USD 0.15 million in FY2022 to USD 0.12 million in FY2023. This change is related to the end of the pandemic in 2023, resulting in reduced government subsidies.

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

3 Review of performance of the Group (continued)

Other gains/(losses) – net

Other net gains/losses – net comprised mainly net foreign exchange gains/losses, losses on disposal of property, plant and equipment and others. Other net losses decreased from USD 0.12 million in FY2022 to USD 0.01 million in FY2023, mainly due to better fixed asset management and foreign currency management by the company. Company formulates and implements a foreign currency risk management strategy to mitigate the financial risks associated with currency fluctuations.

Expenses

Distribution and marketing

Distribution and marketing increased from USD 1.01 million in FY2022 to USD 1.55 million in FY2023. The increase was mainly due to more aggressive marketing and distribution activities aimed at expanding market share and increasing sales volume. Efforts include adding sales staff, and promotional activities to penetrate into the Europe, America, and Asia markets.

Administrative Expenses

Administrative expenses increased from USD 4.60 million in FY2022 to USD 6.37 million in FY2023. The increase was mainly due to the various expenses incurred in relation to the Company's IPO on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST").

Expected credit (losses)/gain

The losses increased from USD 0.03 million in FY2022 to USD 0.11 million in FY2023. The primary reason for the increase in losses was the increase in short-term credit risk faced by the Company as our sales increased. If a customer fails to settle the debt beyond the credit term of 90 days, we will recognize a 100% provision for impairment loss on the receivable. The Group did not recognise any impairment loss in both FY2023 and FY2022.

Interest Income

Interest income increased from USD 9,000 in FY2022 to USD 0.07 million in FY2023. Interest income is derived from the recognition of financial assets measured at amortized cost using the effective interest rate method. The increase in financial assets in 2023 has led to an increase in interest income.

Profit before income tax

Profit before income tax increased from USD 0.77 million in FY2022 to USD 1.42 million in FY2023. This significant growth reflects the overall operational efficiency improvement and the effectiveness of cost control measures, in addition to the increased revenue from the art outsourcing and game development business segments.

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

3 Review of performance of the Group (continued)

2H2023 vs 2H2022

Revenue

Revenue from contracts with customers increased by 15%, from USD 13.11 million in 2H2022 to USD 15.07 million in 2H2023. This resulted from an improvement in the Company's sales performance, primarily due to an increase of USD 0.48 million in revenue from the Art Outsourcing Segment, arising from new customers from the United States, and South Korea in 2H2023; As well as an increase of USD 1.50 million from the Game Development Segment, due to the expansion of business of an existing client, and the addition of project revenue from new clients in 2H2023.

Gross profit

Gross profit grew by 24.7%, from USD 3.93 million in 2H2022 to USD 4.90 million in 2H2023. The main reason was the significant increase in revenue from the Game Development Segment, which arose from effective cost control, employee incentives which motivated employees' performance, and sales efficiency by the Company due to more usage of equipment and technology.

Other income

Other income increased by 15.7%, from USD 0.05 million in 2H2022 to USD 0.06 million in 2H2023, mainly due to (i) other income arising from additional deductions or exemptions permitted by the relevant tax authorities to reduce the VAT payable; and (ii) an increase in government grant income (such as employment stabilization subsidy and job opportunities subsidy).

Other gains/(losses) – net

Other net losses decreased by 70.3%, from USD 0.17 million to USD 0.05 million, mainly due to the Company's improvement in fixed asset management and foreign currency management.

Expenses

Distribution and marketing

Distribution and marketing expenses increased by 44.3%, from USD 0.65 million in 2H2022 to USD 0.94 million in 2H2023. The increase is mainly due to the Company's more aggressive marketing and distribution activities aimed at expanding market share and sales volume, including adding more sales personnel, and promotional activities aimed at venturing into markets such as Europe, America, and Asia.

Administrative Expenses

Administrative expenses increased by 37.7%, from USD 2.86 million in 2H2022 to USD 3.94 million in 2H2023. The increase in administrative expenses is primarily due to the various IPO-related expenses incurred during the Company's IPO on the Catalist Board of SGX-ST.

Expected Credit (losses) /gains

Expected credit (losses)/gains changed from a loss of USD 2,000 in 2H2022 to a gain of USD 0.02 million in 2H2023, reflecting improvements in the company's credit risk management. The company primarily improves credit risk control in the following aspects: risk assessment, credit policy development, customer credit rating and accounts receivable management.

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

3 Review of performance of the Group (continued)

Interest Income

Interest income increased by 4,800%, from USD 1,000 in 2H2022 to USD 0.05 million in 2H2023. The interest income is derived from the recognition of financial assets measured at amortized cost using the effective interest rate method. The increase in financial assets in 2023 has led to an increase in interest income.

Profit before income tax

Profit before income tax decreased by 85.8%, from USD 0.27 million in 2H2022 to USD 0.04 million in 2H2023. The decrease is due mainly to the increase in the aforementioned expenses.

B. Statements of Financial Position

The comparative for both the assets and liabilities are based on the Group's financial statements as at 31 December 2022 and 2023.

Current assets increased by approximately USD 11.03 million from 12.74 million as at 31 December 2022 to USD 23.77 million as at 31 December 2023 mainly due to the following:

Cash and cash equivalents

Cash and Cash Equivalents: As at 31 December 2023, cash and cash equivalents amounted to USD 16.42 million, a significant increase of approximately 171.0% from USD 6.06 million in FY2022. The main reason was due to proceeds raised from investors following the completion of the successful IPO on the Catalist of SGX-ST in FY2023.

Trade and Other Receivables

Trade and Other Receivables: Slightly increased from USD 3.70 million as at 31 December 2022 to USD 3.88 million as at 31 December 2023, in line with business activities.

Contract Assets

Contract Assets: Increased from USD 2.98 million as at 31 December 2022 to USD 3.47 million as at 31 December 2023, a growth of about 17%, mainly due to the increase in revenues leading to a rise in contract assets.

Current liabilities increased by approximately USD 0.88 million from USD 5.56 million as at 31 December 2022 to USD 6.44 million as at 31 December 2023. This was mainly due to the following:

Trade and Other Payables

Trade and Other Payables: Increased from USD 4.50 million as at 31 December 2022 to USD 5.40 million as at 31 December 2023 due to resulting from increased operating activities.

Contract Liabilities:

Contract Liabilities: Decreased from USD 0.14 million as at 31 December 2022 to USD 0.044 million as at 31 December 2023, representing a decrease of approximately 67.9%. This reduction is primarily due to the Company fulfilling more contractual obligations in FY2023, and the customer prepayments received previously have been

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

recognised as revenue as the corresponding services were delivered to the customers.

3 Review of performance of the Group (continued)

3 Statements of Financial Position(Cont'd)

Lease Liabilities:

Lease liabilities: Increased slightly from USD 0.90 million in as at 31 December 2022 to USD 0.93 million as at 31 December 2023. This increase of approximately 3.8% is attributed to adjustments in existing lease agreements and net additions in total lease liabilities due to changes in terms of new lease agreements.

Equity increased by approximately USD 10.32 million from USD 11.13 million as at 31 December 2022 to 21.45 million as at 31 December 2023. This was mainly due to the following:

Share capital

Share capital: Significantly increased from USD 5.23 million as at 31 December 2022 to USD 8.62 million as at 31 December 2023 due to the completion of our IPO in FY2023.

Other reserves

Other reserves: Improved from a negative USD 2.17 million as at 31 December 2022 to a positive USD 4.61 million as at 31 December 2023 due to the fully subscribed new shares from the placement and cornerstone tranches in relation to the IPO.

4 Statement of Cash Flows

The net cash generated from operating activities in FY2023 was USD 3.47 million, compared to USD 1.98 million in FY2022. This was mainly due to the increase in profit before tax from USD 0.78 million to USD 1.42 million and the positive adjustments in cash flows before changes in working capital.

Net cash used in investing activities in FY2023 was USD 0.54 million, compared to USD 1.75 million in FY2022, mainly due to investments in new office leases and computer equipment as the Group expanded its operations.

The net cash generated from financing activities in FY2023 was USD 7.49 million, in contrast to USD 0.85 million used in FY2022. This change was primarily due to the company's IPO on the Catalist of the SGX-ST in FY2023, reflecting a shift in the Company's financing strategy and an adjustment of its capital structure.

- 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 2027.¹

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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 partner 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%.²

For FY2024, we intend to continue with our mergers and acquisitions plan within our industry to strengthen our market position and expand our business scope, an example of which would be our announced acquisition of On Point Creative Co., Ltd. on 28 December 2023. This strategy is expected to enhance our market share, at the same time, bring new customer groups and technological capabilities to our Group, thereby enhancing our competitive edge.

Source: ^{1&2}Independent Market Report, China Insights Industry Consultancy Limited, September 2023

- 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 31 December 2023 (Unaudited)	As at 31 December 2022 (Audited)
Total number of issued shares	279,698,275	15,701,932

The Company did not have any treasury shares as at 31 December 2023 and 31 December 2022.

- 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? Yes.

Name of Dividend	Special
Dividend Type	Cash
Dividend amount per Share	SGD 0.005
Tax rate	Tax-Exempt

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- b. Corresponding period of the immediately preceding financial year.
Nil.
 - c. Date payable.
The date payable for the proposed final cash dividend will be announced in due course.
 - d. Books closure date
The record date of the Company for the proposed final cash dividend will be announced in due course.
- 10 If no dividend has been declared/recommended, a statement to that effect.
Not applicable.
- 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.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SGD 100,000) equivalent to USD 75,740.40 ⁷ and transactions conducted under shareholders’ mandate pursuant to Rule 920)(USD’000)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than SGD100,000 equivalent to USD75,740.40) ⁸ (USD’000)
Associate of Controlling Shareholder		Distribution and marketing fees from other related parties 107
Total	-	107

Acer Incorporated is a controlling shareholder of the Company.

Save as disclosed above, there are no other IPTs S\$100,000 or above carried out in the financial year ended 31 December 2023.

- 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:

⁷ Based on the exchange rate of SGD1:USD\$0.757404 from. <https://www.bloomberg.com> as at 31 December 2023.

⁸ See footnote 5 above..

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

Use of net proceeds ⁹	Amount in aggregate (S\$000)	Balance as at 20 November 2023 (S\$000)	Amount utilised from 20 November 2023 to 23 February 2024 (S\$000)	Balance as at 23 February 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	-	2,240
Exploration of the use of AI capabilities in our art outsourcing segment	1,200	1,200	65	1,135
General working capital purposes	636	636	43	593
Total	5,076	5,076	108	4,968

- 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.2

⁹ Currently, our Company does not intend to utilise the proceeds to fund any of our Group's subsidiaries incorporated in the PRC. In the event that there is an intention to utilise the proceeds to fund our Group's subsidiaries incorporated in the PRC, our Company will make the relevant announcement on the SGXNET in a timely manner and we will obtain the relevant approvals and/or fulfil the requisite registration requirements prior to the application and utilisation of the proceeds from the Placement. Such announcement(s) made on SGXNET in relation to any changes in our Company's intention to use the proceeds from the Placement towards investment in a PRC entity will also clearly set out the implication(s) of such investment in a PRC entity to the Taiwanese shareholders.

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

15 A breakdown of sales

	Group		Increase/ (Decrease) %
	31.12.2023 USD'\$000	31.12.2022 USD'\$000	
(a) Sales reported for first half year	14,210	11,391	24.75
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	1,327	501	164.87
(c) Sales reported for second half year	15,071	13,107	14.98
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	453	536	(15.49)

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend	Latest Full Year (USD\$'000)	Previous Full Year (USD \$'000)
Ordinary	1,059	-
Preference	-	-
Total	1,059	-

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

The Company did not acquire or dispose of any shares in FY2023 which would require disclosure under Catalist Rule 706A.

18 Alternative Performance Measures

The Group reports a number of Alternative Performance Measures (APMs) to showcase the financial performance of the Group, which are not standard accounting measures defined by the Singapore Financial Reporting Standards (International) (SFRS(I)). 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, adjusted profit measures are used to provide a clear understanding to the users of the accounts of the Group's underlying profitability over a period of time.

EBITDA includes Operating profit as reported in the Consolidated Statement of Comprehensive Income, adjusted for amortization and impairment of intangible assets, depreciation, and the deduction of banking charges. Adjusted EBITDA includes EBITDA, adjusted after IPO expenses.

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

	Group	
	Years ended 31 December	
	2023	2022
	USD'\$000	USD'\$000
Net Income	1,780	1,037
Interest Expenses	89	60
Income tax expenses(credit)	(357)	(262)
Earnings before interest and taxation (“ EBIT ”)	1,512	835
Depreciation	1,721	1,389
Amortization	74	66
Earnings before interest, taxation, depreciation and amortisation (“ EBITDA ”)	3,307	2,290
IPO Expenses	1,992	243
Adjusted EBITDA	5,299	2,533
Revenue from contracts with customers	29,281	24,498
Adjusted EBITDA as a % of revenue	18.10%	10.34%

- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Cho Tai-Wen	44	Cousin of Executive Chairman Jan Cheng Han	Chief Operating Officer of Winking Studios Limited a subsidiary company since 2016	No changes

BY ORDER OF THE BOARD

Jan Cheng Han
Executive Director and Chief Executive Officer
24 February 2024