

FOR IMMEDIATE RELEASE

Newly-listed Winking Studios Limited off to a good start with first set of results showing 71.6% jump in FY2023 net profit

- Net profit of US\$1.8 million was on the back of 19.5% revenue growth in FY2023 to US\$29.3 million due to higher contribution from Art Outsourcing and Game Development business segments
- Proposes a special cash dividend of 0.5 Singapore cents per share for FY2023
- Plans to further expand market share and enhance competitive edge through strategic acquisitions and investment in technological capabilities

Summary of Financial Results for the period ended 31 December 2023

(US\$'000)	FY2023	FY2022	Change (%)
Revenue	29,281	24,498	19.5
Gross Profit	9,334	6,448	44.8
Gross Profit Margin (%)	31.9	26.3	5.6 %pt
EBITDA	3,307	2,290	44.4
Adjusted EBITDA	5,299	2,533	109.2
Profit After Tax	1,780	1,037	71.6

SINGAPORE, 24 February 2024 – Winking Studios Limited (“Winking Studios” or the “Company”, and together with its subsidiaries, the “Group”), which listed recently in November 2023, has reported an improved set of inaugural results for the financial year ended 31 December 2023 (“FY2023”) with net profit soaring 71.6% year-on-year (“yoy”) to US\$1.8 million on the back of a 19.5% growth in revenue to US\$29.3 million from US\$24.5 million in the preceding year (“FY2022”).

The Group, which is one of Asia's largest game art outsourcing studios and an established game development company, saw healthy topline growth largely due to higher contributions from its Art Outsourcing Segment and Game Development Segment.

Accounting for 82.4% of the Group’s FY2023 revenue, the Art Outsourcing Segment, which is the Group’s largest business, booked a 9.6% increase in revenue to US\$24.1 million fuelled by new contracts with customers from the United States and South Korea. Meanwhile, the Game Development Segment doubled its revenue to US\$5.0 million in FY2023 from US\$2.2 million in

FY2022, on expanded business with existing customers and projects from new customers.

With effective cost control and the establishment of a new performance and reward assessment system, the Group achieved a 44.8% rise in gross profit to US\$9.3 million in FY2023 from US\$6.4 million a year ago, while gross profit margin rose 5.6 percentage points to 31.9% in FY2023 from 26.3% in FY2022.

The Group's earnings before interest, taxes, depreciation, and amortisation ("EBITDA") came in at US\$3.3 million in FY2023, a 44.4% increase over US\$2.3 million of the previous year. After adjusting for one-off IPO-related expenses, the adjusted EBITDA surged to US\$5.3 million from US\$2.5 million in FY2022, with adjusted EBITDA margin increasing 7.8 percentage points to 18.1% in FY2023 from 10.3% in FY2022.

The Group wrapped up the year in a strong financial position with cash and cash equivalents of US\$16.4 million as at 31 December 2023, up from US\$6.1 million as at 31 December 2022, and zero borrowings.

Dividend

In line with its strong performance for the year, the Group has proposed a special cash dividend of 0.5 Singapore cents per share for the current financial year.

Outlook

In line with its strategic focus on geographic diversification and expanding revenue streams, the Group achieved significant performance recovery in 2023, fuelled by securing new contracts and expanding its client base in the United States and South Korea, both with existing and new clients. Notably, the United States contributed 16.8% of total revenue in FY2023, a marked increase from 9.7% in FY2022.

Commented Executive Chairman and Chief Executive Officer, Mr Johnny Jan (詹承翰), *"The gaming industry is very competitive, characterised by many fragmented players. At the same time, it is also a fast-growing industry driven by the increasing acceptance of gaming as a lifestyle. In a market*

intelligence report, the global mobile gaming market is projected to reach an impressive US\$189.3 billion¹ in revenue in 2024, a steady growth from the previous year as smartphones and advancements in mobile technology continue to encourage the industry's robust growth.

“With our established reputation, cutting-edge capabilities, and close partnership with longstanding customers, and funds from our recent IPO to finance our growth plans, I believe we are well positioned to further expand our market share both regionally and globally. We are actively exploring potential strategic acquisitions and continuous investments in technology, particularly in artificial intelligence technology to further strengthen our competitive edge.”

Shortly after listing, the Group announced the proposed acquisition of Taiwan-based On Point Creative Co., Ltd. (“**OPC**”) for NT\$59.9 million (approximately S\$2.6 million or US\$2.0 million). OPC is a design studio specialising in art outsourcing services and is a wholly owned subsidiary of Game Hours, Inc. which is listed on the Taipei Exchange. This move is in line with the Group’s business strategy to pursue acquisitions to boost sales, capabilities and market presence globally.

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Issued for and on behalf of Winking Studios Limited

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About Winking Studios Limited

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, the Group’s three business segments include the Art Outsourcing Segment, which is its largest segment and involves the creation and development of digital art assets including 2D concept art, 3D modelling, 2D animation, 3D animation and visual effects, such as environment design and game character design. Its two other complementary business segments are the Game Development Segment, where the Group provides game development services, including

¹ January 2024 – Newzoo – Games market trends to watch in 2024

programming, development, design and script writing of games; and the Global Publishing and Other Services Segment, which involves 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 the sale of the Group's in-house developed video games and peripheral gaming products.

Headquartered in Singapore, the Group has seven studios across Nanjing, Shanghai and Taipei with over 700 employees including 600 designers and artists serving a global customer base. It is majority owned by Acer Gaming Inc., a subsidiary of Acer Incorporated, which has an extensive network of relationships in the game development and art outsourcing industries, as well as an in-depth understanding of the game industry in Asia.

This press release has been reviewed by the Company's sponsor PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). This press release 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 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.
