



Winking Studios Limited

(WKS SP/WKS.SI)

Scaling up: bookings, margins & M&A execution

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- **M&A execution lifts capabilities and pipeline.** In April 2025, Winking completed its largest deal to date, acquiring Mineloder for US\$19.8mn, adding AAA console capability and contributing US\$4.1mn revenue in 1H25. Indicative artist bookings total at least US\$49.4mn over the next 24 months, with US\$18.4mn expected to be recognised in 2H25.
- **Operational scale-up underway.** Headcount rose from 1,312 in June to 1,405 in July, reflecting integration of Mineloder and ongoing recruitment. The Group plans to open additional Southeast Asia production hubs and will launch Vertic Studios in 2H25, a premium brand targeting AAA art production.
- **1H25 growth with margin expansion.** Revenue increased 27.3 % YoY to US\$19.4mn, gross profit rose 38.2% to US\$5.9mn and gross margin expanded 2.3 pp. to 30.2 %. Adjusted EBITDA rose 17.9 % to US\$2.4mn, while adjusted net profit grew 21.1 % to US\$1.4mn.
- **Well-funded and globally expanding.** As of 30 June 2025, the Group held US\$27.1mn in cash and bond investments with zero debt. Winking is developing a UK office to anchor Western business development and future acquisitions.
- We reiterate our **OUTPERFORM** recommendation and a revised target price of **S\$0.31**.

Financials & Key Operating Statistics					
YE Dec (USD' 000)	2023	2024	2025F	2026F	2027F
Revenue	29,281	31,899	43,523	51,237	54,100
PATMI	1,780	525	555	1,072	1,142
EPS (USD)	0.007	0.002	0.001	0.002	0.003
EPS growth (%)	55.9	(78.8)	(19.4)	93.0	6.6
DPS (Sing cents)	0.5	0.0	0.1	0.1	0.1
Div Yield (Y%)	2.4%	0.1%	0.3%	0.5%	0.5%
Adj Profit Margin (%)	12.8%	10.6%	3.7%	4.0%	4.0%
Net Gearing (%)	N/A	N/A	N/A	N/A	N/A
Price P/B (x)	2.03	1.89	1.65	1.62	1.58
ROE (%)	8.3%	1.1%	1.1%	2.1%	2.2%

Source: Company data, KGI Research

1H25 financials review: Winking Studios' revenue grew 27.3% YoY to US\$19.4mn in 1H25 from US\$15.2mn in 1H24, driven by expansion in both the Art Outsourcing and Game Development segments and the consolidation of Mineloder.

Figure 1: Revenue growth by business segments

Revenue by segment (USD' 000)			
	1H24	1H25	YoY change
Art outsourcing	12,631	15,906	25.9%
Game development	2,495	3,413	36.8%
Global publishing & other services	99	66	(33.3%)
Total revenue	15,225	19,385	27.3%

Source: Company, KGI Research

Gross profit improved 38.2% to US\$5.9mn, lifting gross margin to 30.2%. Adjusted EBITDA came in at US\$2.4mn

Outperform - Company Update			
Price as of 24 Nov 25 (SGD)	0.26	Performance (Absolute)	
12M TP (\$)	0.31	1 Month (%)	0.0
Previous TP (\$)	0.35	3 Month (%)	2.0
Upside (%)	23.3	12 Month (%)	-5.5
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	113		
Issued Shares (mn)	442		
Vol - 3M Daily avg (mn)	0.0		
Val - 3M Daily avg (\$mn)	0.0		
Free Float (%)	22.9%		
Major Shareholders		Previous Recommendations	
Acer Gaming	63.9%	26-Apr-24	OP S\$0.34
Acer Softcapital Inc	6.7%	26-Aug-24	OP S\$0.35
Jan Johnny	5.5%		

rising 17.9%, while reported net profit rose 2.0% to US\$0.9mn and adjusted net profit rose 21.1% to US\$1.4mn. Operating expenses rose due to administrative costs linked to recent acquisitions and ongoing AIM dual listing expenses. Despite this, profitability improved on better utilisation and higher-margin AAA projects. The Group ended 1H25 with a net cash position, bolstered by previous placement proceeds and cash flows from operations.

Resilient global gaming supports long-term demand. The global games market is expected to reach US\$188.8bn in 2025 and expand further to US\$206.5bn by 2028, representing a 3.0% CAGR. The global player base is also projected to reach 3.9 billion players by 2028, with a 3.3% CAGR. Growth remains supported by continued strength in mobile gaming and renewed momentum in higher-value PC and console segments. These tailwinds driven by rising production values, more complex asset requirements and larger content pipelines, continue to accelerate demand for specialised art-outsourcing partners. With strengthened AAA capabilities, a diversified global client base and expanding production capacity, Winking Studios is well-positioned to capture this sustained outsourcing demand.

Valuation & Action: We recommend an **OUTPERFORM** rating for Winking Studios with a revised target price of **S\$0.31**, based on a DCF analysis. This valuation incorporates a terminal growth rate of 2.0% and a cost of equity of 7.9%. As Winking Studios continues to expand its art outsourcing segment and drive sales through its business development efforts, we expect sustained revenue growth to support this positive outlook.

Risks: Exposure to USD exchange fluctuations, integration challenges from recent acquisitions, and slower-than-expected conversion of indicative bookings could affect short-term performance.

Inorganic growth strategy. Winking continues to execute a disciplined acquisition program to scale capabilities and client reach. Since IPO, the Group has completed three deals:

- On Point Creative Co., Ltd (Taipei) – Acquired 1 April 2024 for NTD59.9 million (US\$1.87 million).
- Pixelline Production Sdn. Bhd (Kuala Lumpur) – Business acquired 28 June 2024 for up to US\$1.0 million.
- Shanghai Mineloader Digital Technology Co., Ltd. – Acquired 1 April 2025 for US\$19.8 million, adding AAA console expertise and US\$4.1 million in 1H25 revenue contribution.

This expanded Winking’s footprint across Greater China, Southeast Asia, and AAA console markets, reinforcing its position as a leading global art outsourcing studio. The Group plans continued M&A in the UK and Europe to capture new client bases and specialised talent pools.

Figure 2: List of subsidiaries held by the Group

No.	Date of acquisition	Name of subsidiaries	Country of incorporation	Principal activities	Effective interest
Directly held					
1	Held prior to listing	Shanghai Winking Entertainment Limited	People's Republic of China	Investment Holding, Art Outsourcing and Game Development	100%
2		Winking Art Pte. Ltd.	Singapore	Headquarter and Art Outsourcing	100%
3		Winking Entertainment Corporation	Taiwan	Art Outsourcing and Game Development	100%
4		Winking Skywalker Entertainment Ltd.	Hong Kong	Global Publishing	100%
5	1 April 2024	On Point Creative Co. Ltd.	Taiwan	Art Outsourcing	100%
6	28 June 2024	Pixelline Art Sdn. Bhd.	Malaysia	Art Outsourcing	100%
7	29 July 2024	Nanjing Winking Entertainment Limited	People's Republic of China	Art Outsourcing	100%
8	15 July 2025	Vertic Studios Sdn. Bhd.	Malaysia	Art Outsourcing	100%
Indirectly held					
1	Held prior to listing	Shanghai Wishing Entertainment Ltd.	People's Republic of China	Art Outsourcing and Game Development	100%
2		Winking Art Limited	Hong Kong	Art Outsourcing	100%
3	1 April 2024	On Point Creative (HK) Company Limited	Hong Kong	Art Outsourcing	100%
4	1 April 2024	On Point Creative (Suzhou) Co., Ltd.	People's Republic of China	Art Outsourcing	100%
5	1 April 2025	Dalian Mineloader Software Co., Ltd.	People's Republic of China	Art Outsourcing	100%
6	1 April 2025	Chengdu Mineloader Digital Technology Co., Ltd.	People's Republic of China	Art Outsourcing	100%
7	1 April 2025	Mineloader (Tianjin) Software Co., Ltd.	People's Republic of China	Art Outsourcing	100%
8	1 April 2025	Tianjin Binhai High-tech Zone Yiyou Training Institute Co., Ltd.	People's Republic of China	Art Outsourcing Training School	100%
9	1 April 2025	Shanghai Mineloader Digital Technology Co., Ltd.	People's Republic of China	Art Outsourcing and Game Development	100%

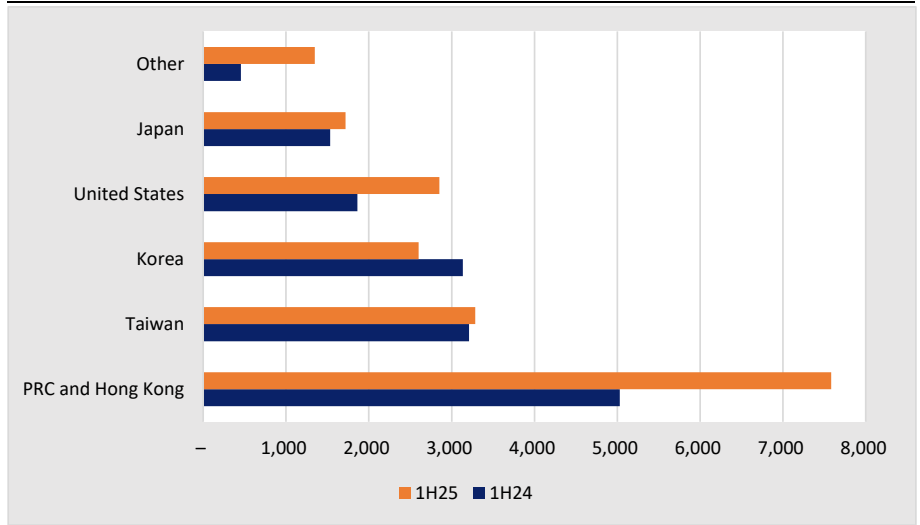
Source: Company, KGI Research

Organic growth strategy. Winking is enhancing efficiency and capacity through headcount growth and new infrastructure. Group staff numbers rose to 1,405 by end-July 2025, with new Southeast Asian hubs and the launch of Vertic Studios in 2H25 to target high-end AAA titles.

The Group serves 22 of the world’s top 25 game developers, including major repeat clients such as Square Enix, EA and Ubisoft, follow-up projects accounted for 38.8 % of 1H25 revenue. Winking is also expanding business development through its new UK office, establishing a Western gateway for client service and deal sourcing.

The Group is exploring AI-enabled workflow tools to raise productivity and margin efficiency within art production processes.

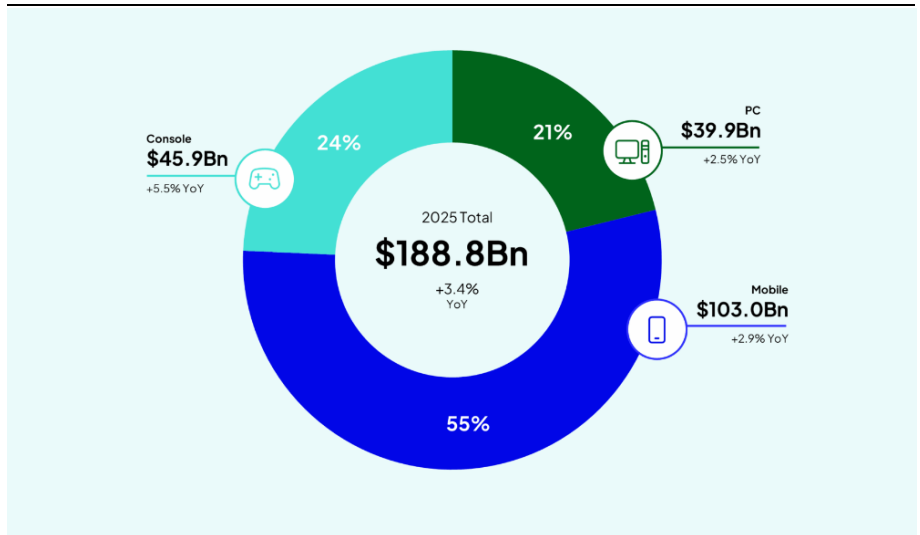
Figure 3: Revenue growth by geographical segment (USD' 000)



Source: Company, KGI Research

Global gaming and art outsourcing market to continue growth. The global gaming industry continues to demonstrate resilient, broad-based growth, underpinned by the expansion of console and PC segments. According to Newzoo, the global games market is forecast to reach approximately US\$188.8bn in 2025, representing a 3.4% YoY increase. Mobile gaming remains the largest segment at US\$103.0bn, rising 2.9%, followed by console at US\$45.9bn, rising 5.5% and PC at US\$39.9bn, up 2.5%. Together, console and PC account for about 45% of industry revenue, signaling a renewed growth cycle for higher-value titles and AAA content. Regionally, Asia-Pacific leads with US\$87.6bn, a 46% share, while Latin America and the Middle East show faster growth from smaller bases.

Figure 4: 2025 game revenue by segment



Source: Newzoo

For Winking Studios, which provides art outsourcing services across mobile, console and PC platforms, these structural tailwinds reinforce the relevance of its ongoing expansion into AAA console-grade production and AI-assisted workflow development. The accelerating console cycle and higher production values align well with Winking’s core competence in high-end art and game asset creation, supporting its medium-term growth pipeline.

Valuation

We maintain an **OUTPERFORM** rating with a target price of **S\$0.31**, based on a DCF valuation with terminal growth of 2% and a cost of equity of 7.9%. The valuation reflects the expected earnings accretion from Mineloader, organic capacity expansion and booked revenue visibility for 2H25. Partially offsetting the increase in number of shares.

Adjusted Cost Considerations

Integration and listing-related expenses temporarily weighed on profitability, but underlying margins improved after adjusting for AIM ongoing listing expense and performance share plan costs.

Key Catalysts

- 2H25 revenue conversion:** Realisation of the US\$18.4mn indicative bookings.
- Vertic Studios launch:** High-margin AAA projects to lift average realisation rates.
- Western expansion & future M&A:** UK office and acquisition pipeline supported by US\$27.1mn in cash and cash equivalents and bond investments and zero debt as of 30 June 2025.

This comprehensive strategy, combined with the company's strategic growth initiatives and strong support from its controlling shareholder, underscores our confidence in Winking's ability to deliver sustained value to shareholders.

Figure 5: DCF model

Valuation	2025F	2026F	2027F	2028F	2029F
Unlevered Free Cash Flow		Y1	Y2	Y3	Y4
EBIT	702	1,339	1,430	1,510	1,595
Add: Performance share plan	1,000	1,000	1,000	1,000	1,000
Adjusted EBIT	1,702	2,339	2,430	2,510	2,595
Tax rate	17%	17%	17%	17%	17%
Adjusted EBIT * (1-t)	1,413	1,942	2,017	2,083	2,153
Add: Depreciation and Amortisation	2,187	2,604	3,189	3,499	3,790
Less: Increase working capital	(1,473)	(446)	180	(311)	(333)
Less: Capex	(741)	(1,025)	(1,515)	(1,600)	(1,689)
Unlevered Free Cash Flow	1,385	3,074	3,871	3,671	3,921
Terminal value					49,737
Discounted value	1,385	2,848	3,323	2,920	2,890
Total enterprise value	63,104				
FY2024 Debt	-				
FY2024 Cash	39,832				
Equity value/market capitalisation	102,936				
After dilution*					
Target share price (USD)	0.233				
Target share price (SGD)	0.314				
Current share price	0.255				
Upside/(Downside) %	23.3%				

*Full dilution after the issuance of 1,573,176 new incentive shares.

Source: KGI Research

Financials

FYE 31 December					
INCOME STATEMENT (USD' 000)	2023	2024	2025F	2026F	2027F
Revenues	29,281.0	31,899.0	43,523.3	51,236.6	54,100.0
Cost of sales	(19,947.0)	(22,435.0)	(30,129.9)	(35,469.6)	(37,451.8)
Gross profit	9,334.0	9,464.0	13,393.4	15,767.0	16,648.2
Other operating income	124.0	861.0	184.3	217.0	229.1
Other gains/(losses) – net	13.0	886.0	107.2	126.2	133.3
Distribution and marketing	(1,548.0)	(2,160.0)	(2,624.0)	(3,089.1)	(3,246.0)
Administrative expenses	(6,368.0)	(9,105.0)	(10,445.6)	(11,784.4)	(12,443.0)
Expected credit gains/(losses)	(111.0)	23.0	87.0	102.5	108.2
Profit from operation	1,444.0	(31.0)	702.4	1,339.2	1,429.8
Interest income	68.0	465.0	87.0	102.5	108.2
Finance expenses	(89.0)	(80.0)	(95.5)	(102.2)	(110.7)
Net finance (expense)/income	(21.0)	385.0	(8.4)	0.3	(2.5)
Profit before income tax	1,423.0	354.0	693.9	1,339.5	1,427.3
Income tax (expense)/credit	357.0	171.0	(138.8)	(267.9)	(285.5)
Profit	1,780.0	525.0	555.2	1,071.6	1,141.8
BALANCE SHEET (USD' 000)	2023	2024	2025F	2026F	2027F
Cash and cash equivalents	16,423.0	39,832.0	28,967.5	29,807.2	31,329.3
Other current assets	7,345.0	9,957.0	12,492.3	14,706.2	15,528.1
Total current assets	23,768.0	49,789.0	41,459.8	44,513.4	46,857.4
Property, plant and equipment	2,255.0	1,935.0	1,791.9	1,649.8	1,547.1
Intangible assets	203.0	1,932.0	15,399.4	15,272.0	15,134.8
Other non-current assets	4,277.0	6,607.0	6,899.8	7,227.2	7,587.0
Total non-current assets	6,735.0	10,474.0	24,091.1	24,148.9	24,268.8
Total assets	30,503.0	60,263.0	65,550.9	68,662.3	71,126.2
Trade and other payables	5,402.0	5,940.0	7,038.2	8,783.5	9,763.9
Loans and contract liabilities	44.0	138.0	101.8	124.1	145.5
Other current liabilities	993.0	1,192.0	1,228.1	1,328.8	1,447.1
Total current liabilities	6,439.0	7,270.0	8,368.1	10,236.3	11,356.5
Lease liabilities	1,687.0	1,886.0	2,065.6	2,237.2	2,439.1
Other non-current liabilities	930.0	1,111.0	4,566.0	4,566.0	4,566.0
Total non-current liabilities	2,617.0	2,997.0	6,631.6	6,803.2	7,005.1
Total liabilities	9,056.0	10,267.0	14,999.7	17,039.6	18,361.6
Unitholders' funds and reserves	21,447.0	49,996.0	50,551.2	51,622.8	52,764.6
Total liabilities and equity	30,503.0	60,263.0	65,550.9	68,662.3	71,126.2
CASH FLOW STATEMENT (USD' 000)	2023	2024	2025F	2026F	2027F
Profit before tax	1,423.0	354.0	693.9	1,339.5	1,427.3
Adjustments	2,009.0	1,732.0	2,195.1	2,603.3	3,191.4
Operating cash flows before WC changes	3,432.0	2,086.0	2,889.1	3,942.8	4,618.7
Change in working capital	(10.0)	(1,883.0)	(1,473.3)	(446.3)	179.9
Interest received	68.0	465.0	87.0	102.5	108.2
Income tax paid	(21.0)	(32.0)	(138.8)	(267.9)	(285.5)
Cash flows from operations	3,469.0	636.0	1,364.1	3,331.1	4,621.3
Additions to property, plant and equipment	(630.0)	(400.0)	(741.1)	(1,024.7)	(1,514.8)
Others	89.0	(3,349.0)	(10,170.9)	(51.9)	(52.1)
Cash flows from investing	(541.0)	(3,749.0)	(10,912.0)	(1,076.7)	(1,566.9)
Proceeds from share issuance, net of share is:	8,613.0	29,400.0	–	–	–
Principal payments of lease liabilities	(1,031.0)	(1,230.0)	(1,226.1)	(1,312.5)	(1,421.6)
Interest paid	(89.0)	(80.0)	(95.5)	(102.2)	(110.7)
Other financing cashflow	–	(1,060.0)	5.0	–	–
Cash flows from financing	7,493.0	27,030.0	(1,316.6)	(1,414.7)	(1,532.3)
FX Effects, Others	(55.0)	(508.0)	–	–	–
Net increase/(decrease) in cash	10,366.0	23,409.0	(10,864.5)	839.7	1,522.2
Beginning Cash	6,057.0	16,423.0	39,832.0	29,967.5	29,807.2
Ending cash	16,423.0	39,832.0	28,967.5	29,807.2	31,329.3
KEY RATIOS	2023	2024	2025F	2026F	2027F
DPS (SGD cents)	0.50	0.02	0.07	0.13	0.14
Dividend yield (%)	2.4	0.1	0.3	0.5	0.5
NAV per share (SGD cents)	10.4	15.3	15.4	15.8	16.1
Price/NAV (x)	2.0	1.9	1.7	1.6	1.6
Profitability					
Adjusted EBITDA Margin (%)	17.8	15.1	8.6	9.6	10.4
Adjusted Net Margin (%)	12.8	10.6	3.7	4.0	4.0
ROE (ex. Property FV gain) (%)	8.3	1.1	1.1	2.1	2.2
ROA (ex. Property FV gain) (%)	5.8	0.9	0.8	1.6	1.6
Financial Structure					
Gearing Ratio (%)	N/A	N/A	N/A	N/A	N/A

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Rating	Definition
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