



May 15, 2026

Subject: Management Discussion and Analysis of the operating results for the period ended March 31, 2026

To President
The Stock Exchange of Thailand

Asphere Innovation Public Company Limited has submitted its financial statements, including the results of its subsidiaries, for the period ending March 31, 2026. These statements were reviewed by Forvis Mazars Limited, the auditor, and approved by the Board of Directors on May 15, 2026.

Key Highlights for Q1/2026 vs Q4/2025

- Revenue decreases by 15.7%.
- Gross profit decreases by 34.0%.
- Net profit increases by 0.8%.

Summary of Q1/2026

In the first quarter of 2026, the Group's total revenue experienced a slowdown compared to the previous quarter. This was primarily attributed to a revenue decline in the gaming business across both PC and Mobile segments, which decreased by 11.6% and 23.5% quarter-on-quarter (QoQ), respectively. Notably, revenue from the Philippines market saw a 37.5% QoQ reduction.

This decline is consistent with seasonal patterns, where the fourth quarter typically yields higher revenue than the first quarter. Furthermore, the preceding quarter marked the initial phase of revenue recognition from the launch of new games specifically targeting the Philippine market. Consequently, revenue in the current quarter has normalized, returning to a stable base in accordance with the standard product life cycle.

On a year-on-year (YoY) basis, however, total revenue maintained robust growth of 22.7%. This expansion was driven by both PC and Mobile segments, which grew by 5.9% and 124.4% YoY, respectively. Key growth drivers in the PC segment included Strategic Games in Thailand (up 6.0% YoY) and the Singapore, Malaysia, and Indonesia markets (collectively up 15.0% YoY). The most significant positive driver was the Philippines market, which achieved an outstanding growth of 224.7% YoY in the Mobile Game segment. This reflects the Group's success in expanding its player base and underscores the strong potential of the current game portfolio to deliver significantly higher revenue compared to the previous year.

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For Q1/2026, the Group reported a net profit of THB 28.4 million, a marginal increase of 0.8% QoQ. This reflects the Group's efficiency in maintaining profitability stability despite the seasonal revenue slowdown. This achievement resulted from disciplined management of Selling and Administrative (SG&A) expenses, alongside a reduction in marketing spend compared to Q4/2025—a period characterized by high advertising investment for the launch of the major title, *MU New Dawn*.

Compared to the same period last year (YoY), net profit decreased by 27.8%, as there were no new game launches in Q1/2026 to stimulate revenue and profit to the exceptional levels seen during launch periods. However, on a normalized basis—excluding the one-time gain of THB 12.6 million from the divestment of a subsidiary in Q1/2025—the net profit for Q1/2026 actually increased by 6.4% YoY. This growth underscores the Group's solid business fundamentals and the continuous improvement in the quality of its core operational earnings.

Financial Performance

Unit: Million Baht	Profit & Loss for 3 month ended March 31, 2026 and 2025 and December 31, 2025									
	Q1/2026	%	Q4/2025	%	Q1/2025	%	Variance QoQ	%	Variance YoY	%
Revenues from sales and services	297.9	100.0%	353.4	100.0%	242.9	100.0%	(55.5)	(15.7%)	55.1	22.7%
Cost of sales and services	188.5	63.3%	187.5	53.0%	142.6	58.7%	1.0	0.5%	45.9	32.2%
Gross Profit (Loss)	109.5	36.7%	165.9	47.0%	100.2	41.3%	(56.5)	(34.0%)	9.2	9.2%
Selling & Admin Expenses	76.1	25.5%	132.5	37.5%	68.0	28.0%	(56.4)	(42.6%)	8.1	11.9%
Operating Profit (Loss) *	33.3	11.2%	33.4	9.5%	32.2	13.3%	(0.1)	(0.3%)	1.1	3.5%
Others	(4.9)	1.7%	(5.3)	(1.5%)	7.1	2.9%	0.3	(6.4%)	(12.0)	(169.6%)
Net Profit (Loss) **	28.4	9.5%	28.2	8.0%	39.3	16.2%	0.2	0.8%	(10.9)	(27.8%)

Remark:

* Profit (Loss) after the one-time expense

** Net Profit (Loss) on parent company

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Unit: Million Baht	Revenue by Country for 3 months ended March 31, 2026 and 2025 and 31 December 2025									
Revenue by country	Q1/2026	%	Q4/2025	%	Q1/2025	%	Variance QoQ	%	Variance YoY	%
Thai	83.5	28.0%	97.0	27.4%	78.8	32.4%	(13.5)	(13.9%)	4.7	6.0%
Singapore, Malaysia, Indonesia	158.7	53.3%	170.0	48.1%	138.0	56.8%	(11.2)	(6.6%)	20.7	15.0%
Philippines	50.2	16.8%	80.3	22.7%	15.4	6.4%	(30.1)	(37.5%)	34.7	224.7%
Vietnam	5.5	1.9%	6.1	1.7%	10.6	4.4%	(0.6)	(9.8%)	(5.1)	(48.0%)
Total	297.9	100.0%	353.4	100.0%	242.9	100.0%	(55.6)	(15.7%)	(55.0)	(18.5%)

Revenues

In the first quarter of 2026, the Group reported total revenue from sales and services of THB 297.9 million, representing a 15.7% decrease quarter-on-quarter (QoQ) from THB 353.4 million in the preceding quarter. The revenue contribution was comprised of 28% from the domestic market and 72% from overseas markets.

This decline was primarily driven by seasonal factors, as the previous quarter was a high-season period. Furthermore, the fourth quarter of 2025 marked the initial phase of significant revenue recognition from the major launch of *MU New Dawn*. Consequently, revenue in the current quarter has normalized in accordance with the standard product life cycle. Additionally, as there were no new game launches in Q1/2026, there was no incremental revenue recognition from new projects during this period.

However, compared to the same period last year (YoY), revenue achieved an outstanding growth of 22.7% from THB 242.9 million in Q1/2025. This expansion was supported by robust growth across all platforms, particularly in the Mobile Game segment, which surged by 124.4% YoY. This success is a direct result of the continued momentum from *MU New Dawn*, which received an excellent market response, especially in the Philippines, where revenue grew by a remarkable 224.7% YoY. Furthermore, the Group recognized additional revenue from Marketing Services, which has emerged as another key mechanism driving and strengthening the total revenue portfolio this quarter.

Cost of Goods Sold

In the first quarter of 2026, the Group's total cost of sales and services amounted to THB 188.5 million, representing a marginal increase of only 0.5% quarter-on-quarter (QoQ). This reflects the Group's efficiency in maintaining a stable operating cost base despite the continuous expansion of business activities.



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However, compared to the same period last year (YoY), the cost of sales and services increased by 32.2% from THB 142.6 million in Q1/2025. This rise was primarily driven by an increase in Royalty Fees for strategic game titles—the primary component of the cost of sales—which rose in tandem with revenue growth following the successful launch of high-potential titles. Additionally, there was a corresponding increase in costs related to Marketing Services, aligning with the revenue expansion in this business segment. These cost increases are characterized as Variable Costs that fluctuate in line with revenue, consistent with the Group’s strategic business expansion plans.

Gross Profit

In the first quarter of 2026, the Group reported a gross profit of THB 109.5 million, a decrease of 34.0% quarter-on-quarter (QoQ) from THB 165.9 million in the previous quarter. The primary factors for this decline were the decrease in revenue from sales and services due to seasonal trends, coupled with a higher proportion of Royalty Fees from strategic game titles that carry higher cost structures. Consequently, the rate of decline in gross profit exceeded the rate of decline in revenue.

Compared to the same period last year (YoY), gross profit increased by 9.2% from THB 100.2 million in Q1/2025. However, the growth rate of gross profit remained lower than the total revenue growth rate of 22.7%. This disparity was mainly due to the cost structure of current strategic games, which incur higher Royalty Fee rates compared to the titles in the same period of the previous year.

Selling and Admin Expenses

In the first quarter of 2026, the Group’s total selling and administrative expenses amounted to THB 76.1 million, a significant decrease of 42.6% quarter-on-quarter (QoQ) compared to THB 132.5 million in the preceding quarter. This improvement was primarily driven by enhanced internal cost control measures, particularly in marketing expenses, which are a major component of SG&A. Marketing spend surged down by 71.4% QoQ, as the fourth quarter of 2025 required an exceptionally high investment in advertising and public relations for the major launch of MU New Dawn, consistent with the typical lifecycle of a new game release.

Compared to the same period last year (YoY), SG&A expenses increased by 11.9% from THB 68.0 million in Q1/2025, following a budget adjustment to sustain the active player base. However, when considering the SG&A-to-revenue ratio, the current quarter’s proportion is 8.8% lower than that of the same period last year. This reflects the Group’s success in elevating its operational efficiency and achieving a more cost-effective return on sales compared to the previous year.

Net Profit (Loss)

In the first quarter of 2026, the Group reported a total net profit of THB 28.4 million, representing a net profit margin of 9.5%. This performance is consistent with the preceding quarter's net profit of THB 28.2



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million a slight increase of 0.8% QoQ. Despite the seasonal decline in revenue and gross profit this quarter, the Group successfully maintained a stable net profit level. This stability reflects outstanding efficiency in managing Selling and Administrative (SG&A) expenses, which remained disciplined and well-aligned with the current economic environment.

Compared to the same period last year, which recorded a net profit of THB 39.3 million, the current net profit represents a decrease of 27.8%. However, on a normalized basis—excluding the one-time gain of THB 12.6 million from the divestment of a subsidiary in Q1/2025—the core operational performance for Q1/2026 shows a net profit increase of 6.4% YoY (representing an increase of THB 1.7 million).



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Financial Position of the Company

Unit: Million Baht	For the 3-month period ended March 31, 2026 and December 31, 2025					
Statement of Financial Position	Q1/2026	%	2025	%	Variance	%
Current Assets	583.0	33.4%	608.5	34.1%	(25.5)	(4.2%)
Non-Current Assets	1,159.7	66.6%	1,174.5	65.9%	(9.3)	(1.3%)
Total Assets	1,742.7	100.0%	1,783.0	100.0%	(34.8)	(2.3%)
Current Liabilities	289.5	16.6%	356.7	20.0%	(67.1)	(18.8%)
Non-Current Liabilities	72.6	4.2%	73.0	4.1%	(0.4)	(0.5%)
Total Liabilities	362.1	20.8%	429.6	24.1%	(67.5)	(15.7%)
Shareholders' Equity	1,380.6	79.2%	1,353.4	75.9%	32.7	2.0%
Total Liabilities and Equity	1,742.7	100%	1,783.0	100.0%	(34.8)	(2.3%)

As of March 31, 2026, the Group reported total assets of THB 1,742.7 million, a decrease of THB 40.3 million or 2.3% from the end of 2025. The details are as follows:

- **Current Assets:** Stood at THB 583.0 million, representing a 4.2% decrease. This was primarily driven by a reduction in cash and cash equivalents, which were utilized for the payment of Game Licenses amounting to THB 50.0 million to support future portfolio expansion. Additionally, there was a decrease in deferred revenue of THB 1.1 million. However, the Group recorded an increase in prepaid royalties of THB 25.5 million, which is consistent with the Group's normal business operations.
- **Non-current Assets:** Stood at THB 1,159.7 million, representing a decrease of 1.3%, mainly due to the periodic amortization of right-of-use assets and intangible assets.

Total liabilities were THB 362.1 million, representing a significant decrease of THB 67.5 million or 15.7% from the end of 2025. Key details include:

- **Current Liabilities:** Decreased by 18.8% to THB 289.5 million. The primary factor was the repayment of the current portion of long-term loans from financial institutions amounting to THB 26.7 million (a 50.1% decrease). Additionally, effective management of trade and other current payables resulted in a decrease of THB 46.0 million (a 28.3% decrease). Conversely, accrued corporate income tax increased by THB 8.2 million, in line with sustained profitable performance.
- **Non-current Liabilities:** Stood at THB 72.6 million, a slight decrease of 0.5%, reflecting well-maintained long-term debt stability.



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Total shareholders' equity increased by 2.0% (or THB 27.3 million), rising from THB 1,353.4 million to THB 1,380.6 million. This growth was primarily driven by an increase in unappropriated retained earnings of THB 28.4 million, representing a 3.8% growth. This underscores the Group's consistent ability to generate profit and strengthens its financial position with enhanced flexibility to support future business expansion.

Kindly be informed accordingly.

Yours faithfully,

Mr. Chawanin Tritavornyuenyong

Group Finance and Account Director