



May 14, 2025

Subject: Management Discussion and Analysis of the operating results for the period ended March 31, 2025

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, 2025. These statements were reviewed by Forvis Mazars Limited, the auditor, and approved by the Board of Directors on May 14, 2025.

**Key Highlights for Q1/2025 vs Q4/2024**

- Revenue increases by 4.7%.
- Gross profit decreases by 9.9%.
- Net profit increases by 51.2%.

**Summary of Q1/2025**

In the first quarter of 2025, the Group continued to maintain a stable revenue base from its PC games business, achieving a revenue increase of 4.7 percent compared to the previous quarter. Furthermore, the Group expanded its business opportunities in the Southeast Asian mobile games market with the launch of a new game, "GEM," covering three countries: Singapore, Malaysia, and the Philippines. This represents a significant step in the Group's growth within the mobile games sector.

Regarding profitability, the Group successfully increased its net profit margin, demonstrating a growth rate of 51.2 percent compared to the preceding quarter. The primary factors contributing to this improvement in net profit were the reduced impairment loss on game licenses and more efficient marketing operations.

These operating results reflect the continued strength of the PC games business as a stable revenue generator, alongside the strategic expansion into the high-potential Southeast Asian mobile games market. Consequently, the Group has significantly enhanced its overall profitability.

Unit: Million Baht		Profit & Loss for 3-month ended March 31, 2025 and 2024 and December 31, 2024									
Financial Statement	Q1/2025	%	Q4/2024	%	Q1/2024	%	Variance QoQ	%	Variance YoY	%	
Revenues from sales and services:	242.9	100.0%	232.1	100.0%	351.6	100.0%	10.8	4.7%	(108.7)	(30.9%)	
Cost of sales and services:	142.6	58.7%	120.9	52.1%	160.0	45.5%	21.8	18.0%	(17.4)	(10.9%)	
<b>Gross Profit (Loss)</b>	<b>100.2</b>	<b>41.3%</b>	<b>111.2</b>	<b>47.9%</b>	<b>191.5</b>	<b>54.5%</b>	<b>(11.0)</b>	<b>(9.9%)</b>	<b>(91.3)</b>	<b>(47.7%)</b>	
Selling & Admin Expenses:	68.0	28.0%	93.9	40.5%	113.1	32.2%	(25.9)	(27.6%)	(45.1)	(39.9%)	
<b>Operating Profit (Loss) **</b>	<b>32.2</b>	<b>13.3%</b>	<b>17.3</b>	<b>7.4%</b>	<b>78.4</b>	<b>22.3%</b>	<b>14.9</b>	<b>86.4%</b>	<b>(46.2)</b>	<b>(58.9%)</b>	
Other:	7.1	2.9%	8.7	3.8%	(1.5)	(0.4%)	(1.6)	(18.6%)	8.6	(569.6%)	
<b>Net Profit (Loss) ***</b>	<b>39.3</b>	<b>16.2%</b>	<b>26.0</b>	<b>11.2%</b>	<b>76.9</b>	<b>21.9%</b>	<b>13.3</b>	<b>51.2%</b>	<b>(37.6)</b>	<b>(48.9%)</b>	

Remark:



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\* Profit (Loss) after the one-time expense

\*\* Net Profit (Loss) on parent company

Unit: Million Baht	Revenue by Country for 3-month ended March 31, 2025 and 2024 and December 31, 2024									
Revenue by country	Q1 2025	%	Q4 2024	%	Q1 2024	%	Variance QoQ	%	Variance YoY	%
Thailand	78.9	32.5%	87.5	37.7%	101.1	28.8%	(5.6)	(9.9%)	(22.2)	(22.0%)
Singapore	138.0	56.8%	120.1	51.8%	157.2	44.7%	17.9	14.9%	(19.2)	(12.2%)
Malaysia	0.0	0.0%	0.0	0.0%	0.2	0.0%	(0.0)	(100.0%)	(0.2)	(100.0%)
Philippines	15.4	6.4%	12.4	5.3%	73.2	20.8%	3.1	24.7%	(57.8)	(78.9%)
Vietnam	10.6	4.4%	12.0	5.2%	19.9	5.6%	(1.4)	(11.3%)	(9.2)	(46.5%)
Indonesia	0.0	0.0%	0.1	0.0%	0.0	0.0%	(0.1)	(100.0%)	0.0	-
Total	243.0	100.0%	232.1	100.0%	351.5	100.0%	10.9	4.7%	108.6	44.7%

## 1. Revenues

In the first quarter of 2025, the Group's total revenue from sales and services amounted to 242.9 million Baht, an increase from 232.1 million Baht in the preceding quarter, representing a growth rate of 4.7 percent. The revenue breakdown by domestic and international markets stood at 32.5 percent and 67.5 percent, respectively.

The revenue growth in this quarter presented an interesting dynamic. While revenue from the domestic market experienced a decrease of 9.9 percent, the international markets, particularly Singapore and the Philippines, demonstrated significant revenue growth of 14.9 percent and 24.7 percent, respectively. This growth was primarily attributable to market expansion and the positive reception of the Group's products and services within these regions.

A key factor contributing to the quarter-over-quarter revenue increase was the launch of one new game, "Granado Espada M," which commenced service in Singapore, Malaysia, and the Philippines. This new game launch significantly bolstered revenue growth in the regional markets.

Examining the revenue distribution by platform in the first quarter of 2025 revealed that PC platform revenue constituted 86.5 percent, a slight decrease from 93.1 percent in the previous quarter. Conversely, mobile platform revenue accounted for 13.5 percent, a substantial increase from 6.9 percent in the prior quarter. Notably, the Group maintained a strong revenue base in the PC games market, its primary segment, while simultaneously experiencing continued growth in revenue from the mobile platform.

## 2. Cost of Goods Sold

In the first quarter of 2025, the Group's total cost of sales and services amounted to 142.6 million Baht, an increase from 120.9 million Baht in the preceding quarter, representing a growth rate of 18 percent. This change was primarily driven by increases in the following key cost components:



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**Direct Costs:** Experienced a significant increase of 133.9 percent. This was a direct result of the change in game management strategy in the Philippines, whereby the Group transitioned to utilizing an external outsourcing provider for local community management and in-country marketing activities. These expenses fluctuate in line with the revenue levels and increased activities within the Philippine market, reflecting an investment to support growth and strengthen player relationships in that market.

**Employee Costs:** Increased by 27.0 percent. This rise was attributable to business expansion and organizational restructuring to align with the Group's operational strategy, particularly the enhancement and development of the Regional Product Team, including the establishment of this team in Malaysia. This personnel investment aims to bolster the team's capabilities and expertise, ultimately leading to the development of products and services that more effectively meet regional market demands.

**License Fees:** Increased by 11.4 percent. This was a direct consequence of the revenue growth and heightened competition within the industry.

The increases in the cost of sales and services are consistent with the Group's business expansion and the launch of a new game during the quarter, which led to higher direct costs and service-related license fees. Furthermore, the rise in employee costs aligns with the Group's long-term investment in human resources to support sustained growth.

### 3. Gross Profit

In the first quarter of 2025, the Group's gross profit amounted to 100.2 million Baht, a decrease from 111.2 million Baht in the preceding quarter, representing a decline of 9.9 percent. The primary reason for this decrease in gross profit was the aforementioned increase in the cost of sales and services, which consequently resulted in a lower gross profit compared to the previous quarter.

### 4. Selling and Admin Expenses

In the first quarter of 2025, the Group's total selling and administrative expenses amounted to 68.0 million Baht, a decrease from 93.9 million Baht in the preceding quarter, representing a reduction of 27.6 percent. This decrease was primarily attributable to the following factors:

**Advertising and Marketing Expenses:** Decreased by 35.2 percent. This reduction resulted from the Group's effective management of its marketing budget in alignment with the current number of active games and the implementation of enhanced spending controls.

**Allowance for Impairment of Online Game Licenses and Write-off of Online Game Licenses:** Decreased significantly. In this quarter, the Group recognized only 3.8 million Baht in amortization expenses for domestic online game licenses.

The efficient management of selling and administrative expenses, along with the substantial decrease in expenses related to online game licenses, were key factors contributing to a more optimized and appropriate cost structure for the Group in the current business environment.



## 5. Net Profit (Loss)

In the first quarter of 2025, the Group reported a net profit of 39.3 million Baht, representing 16.2 percent of revenue. This reflects an increase from 26.0 million Baht, or a growth of 51.2 percent, compared to the previous quarter. The primary drivers for this improvement in net profit were the decrease in selling and administrative expenses, the reduction in the allowance for impairment of online game licenses and the write-off of online game licenses, as well as the recognition of a gain on the disposal of Playpark Inc., a subsidiary in the Philippines, amounting to 3.5 million Baht. These factors collectively contributed to the significant increase in net profit compared to the preceding quarter.

Kindly be informed accordingly.

Yours faithfully,

Mr. Chawanin Tritavornyueng  
Group Finance and Account Director