



November 10, 2023

Subject: Management Discussion and Analysis of the operating results for the period ended September 30, 2023

To President  
The Stock Exchange of Thailand

Asphere Innovation Public Company Limited has submitted its financial statements, which include the results of its subsidiaries, for the period ending on September 30, 2023. These statements were reviewed by Mazars Limited, the auditor, and approved by the Board of Directors on November 10, 2023.

**Key Highlights for Q3/2023 vs Q2/2023**

- Revenue increased by 33.5%
- Gross profit increased by 44.9%
- Net profit increased by 186.0%

**Summary of Q3/2023**

For the third quarter of 2023, the group’s performance has improved from the previous quarter with the increased in revenue, gross profit, and net profit by **33.5%**, **44.9%**, and **186.0%**, respectively, since the successful of launching new games and the recognition of gain on selling the subsidiary company in Malaysia.

Unit: Million Baht	Profit & Loss for 3-month ended September 30, 2023 and 2022 and 30 June 2023									
Financial Statement	Q3/2023	%	Q2/2023	%	Q3/2022	%	Variance QoQ	%	Variance YoY	%
Revenues from sales and services	423.2	100.0%	317.0	100.0%	404.2	100.0%	106.2	33.5%	19.0	4.7%
Cost of sales and services	206.0	48.7%	167.0	52.7%	217.3	53.8%	38.9	23.3%	(11.4)	(5.2%)
<b>Gross Profit (Loss)</b>	<b>217.3</b>	<b>51.3%</b>	<b>150.0</b>	<b>47.3%</b>	<b>186.9</b>	<b>46.2%</b>	<b>67.3</b>	<b>44.9%</b>	<b>30.4</b>	<b>16.2%</b>
Selling & Admin Expenses	177.2	41.9%	114.8	36.2%	133.9	33.1%	62.5	54.5%	43.3	32.3%
<b>Operating Profit (Loss) *</b>	<b>40.0</b>	<b>9.5%</b>	<b>35.2</b>	<b>11.1%</b>	<b>53.0</b>	<b>13.1%</b>	<b>4.8</b>	<b>13.7%</b>	<b>(12.9)</b>	<b>(24.4%)</b>
Others	42.6	10.1%	(6.3)	(2.0%)	14.9	3.7%	48.9	774.7%	27.7	186.6%
<b>Net Profit (Loss) **</b>	<b>82.6</b>	<b>19.5%</b>	<b>28.9</b>	<b>9.1%</b>	<b>67.8</b>	<b>16.8%</b>	<b>53.7</b>	<b>186.0%</b>	<b>14.8</b>	<b>21.8%</b>

Remark:

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

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



Unit: Million Baht	Profit & Loss for 9-month ended September 30, 2023 and 2022					
Financial Statement	9-month 2023	%	9-month 2022	%	Variance YoY	%
Revenues from sales and services	1,060.4	100.0%	1,207.0	100.0%	(146.7)	(12.2%)
Cost of sales and services	545.5	51.4%	608.7	50.4%	(63.2)	(10.4%)
<b>Gross Profit (Loss)</b>	<b>514.9</b>	<b>48.6%</b>	<b>598.4</b>	<b>49.6%</b>	<b>(83.5)</b>	<b>(14.0%)</b>
Selling & Admin Expenses	395.4	37.3%	394.4	32.7%	1.0	0.3%
<b>Operating Profit (Loss) *</b>	<b>119.5</b>	<b>11.3%</b>	<b>204.0</b>	<b>16.9%</b>	<b>(84.5)</b>	<b>(41.4%)</b>
Others	35.5	3.3%	54.7	4.5%	(19.3)	(35.2%)
<b>Net Profit (Loss) **</b>	<b>155.0</b>	<b>14.6%</b>	<b>258.7</b>	<b>21.4%</b>	<b>(103.8)</b>	<b>(40.1%)</b>

Remark:

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

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

Unit: Million Baht	Revenues by country for 3-month ended September 30, 2023 and 2022 and 30 June 2023									
Revenue by country	Q3/2023	%	Q2/2023	%	Q3/2022	%	Variance QoQ	%	Variance YoY	%
Thai	157.8	37.3%	72.7	22.9%	110.0	27.2%	85.1	117.0%	47.9	43.5%
Singapore	158.2	37.4%	130.8	41.3%	163.7	40.5%	27.4	21.0%	(5.5)	(3.3%)
Malaysia	33.9	8.0%	31.9	10.1%	33.7	8.3%	2.0	6.4%	0.3	0.9%
Philippines	53.2	12.6%	54.5	17.2%	53.1	13.1%	(1.2)	(2.3%)	0.1	0.2%
Vietnam	20.0	4.7%	27.1	8.5%	43.7	10.8%	(7.1)	(26.2%)	(23.7)	(54.3%)
<b>Total</b>	<b>423.2</b>	<b>100.0%</b>	<b>317.0</b>	<b>100.0%</b>	<b>404.2</b>	<b>100.0%</b>	<b>106.2</b>	<b>33.5%</b>	<b>19.0</b>	<b>4.7%</b>

Unit: Million Baht	Accumulated Revenues 9-month ended September 30, 2023 and 2022					
Revenue by country	9-month 2023	%	9-month 2022	%	Variance YoY	%
Thai	308.8	29.1%	399.7	33.1%	(90.9)	(22.7%)
Singapore	440.8	41.6%	440.4	36.5%	0.4	0.1%
Malaysia	89.2	8.4%	114.3	9.5%	(25.1)	(22.0%)
Philippines	146.9	13.9%	162.7	13.5%	(15.8)	(9.7%)
Vietnam	74.7	7.0%	89.9	7.5%	(15.3)	(17.0%)
<b>Total</b>	<b>1,060.4</b>	<b>100.0%</b>	<b>1,207.0</b>	<b>100.0%</b>	<b>(146.6)</b>	<b>(12.1%)</b>



## 1. Revenues

In the third quarter 2023, the revenues from sales and services of the group increased from **THB 317.0 mil** to **THB 423.2 mil** or rose by **33.5%** compared to the previous quarter. In addition, **62.7%** of revenues were from overseas, while **37.3%** were from domestic. Moreover, the increase in revenues was mostly from Thailand **117.0%**, Singapore **21.0%**, and Malaysia **6.4%**. However, the revenues in Vietnam and the Philippines were dropped by **26.2%** and **2.3%**, respectively. The increase in revenues, especially, in Thailand has been from the success of launching the 2 new games in this quarter, which are Samkok Tactics and Immortal Kingdoms. Both games have been launched only in Thailand and on mobile platforms. The success of these games has led to an increase in revenues on the mobile platform from **13.1%** to **24.3%** in this quarter, while the revenues on PC platform declined from **86.9%** to **75.7%**.

At the end of September 30, 2023, the accumulated 9-month revenues were **THB 1,060.4 mil**, decreased from **THB 1,207.0 mil**, or declined by **12.2%** from the previous year. Moreover, between domestic and overseas, the accumulated 9-month revenues in 2023 were **29.1%** and **70.9%**, while the previous year was **33.1%** and **66.9%**. In term of accumulated revenues by countries, most of revenues from each country was declined from the previous year except the revenues from Singapore that remain unchanged. Furthermore, the group will update patch of the current games that has been launched to maintain a revenue growth rate until the end of 2023.

## 2. Cost of Goods Sold

The costs of goods sold for the third quarter of 2023 were **THB 206.0 mil**, an increase from **THB 167.0 mil**, or rose by **23.3%**. However, the higher costs of goods sold were from royalty fees due to the increase in revenues in this quarter.

At the end of September 30, 2023, the accumulated of the 9-month costs of goods sold were **THB 545.5 mil** declined from **THB 608.7 mil**, or by **10.4%** from the previous year.

## 3. Gross Profit

Gross profit for the third quarter of 2023 was **THB 217.3 mil**, rose from **THB 150.0 mil** or **44.9%** compared to the previous quarter due to the increase in revenues from the success of new games, e.g., Samkok Tactics and Immortal Kingdoms as mentioned earlier.

At the end of September 30, 2023, the accumulated 9-month gross profit was **THB 514.9 mil**, decreased from **THB 598.4 mil** or by **14.0%** from the previous year, mainly from the declined of revenues from the previous year.



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#### 4. Selling and Admin Expenses

Selling and admin expenses for the third quarter of 2023 were **THB 177.2 mil**, an increase from **THB 114.8 mil** or **54.5%** from the previous quarter. The higher in these expenses were mostly from the increase in marketing expenses from **THB 22.0 mil** to **THB 45.1 mil** or **105.2%**, according to the launch of 2 new games during the third quarter. Moreover, channel fees from AppStore and Play Store were **THB 29.4 mil**, which higher from THB 21.7 mil or by 35.0% compared to the previous quarter due to an increase in revenue on mobile platform from 13.1% to 24.3% in this quarter. However, there were the game impairment costs amounting **THB 16.5 mil** and a one-time expense from a game write-off amounting **THB 37.3 mil**.

At the end of September 30, 2023, the accumulated 9-month on selling and admin expenses were **THB 395.4 mil**, slightly increased from **THB 394.4 mil** or by **0.3%** from the previous year.

#### 5. Net Profit (Loss)

In the third quarter of 2023, the group had a net profit of **THB 82.6 mil** or **19.5%** of revenues, which increased from **THB 28.9 mil** or by **186.0%** compared to the previous quarter. Despite the game impairment costs and a one-time expense from a game write-off amounting THB 53.8 mil, the group still had operating profit amounting THB 40.0 mil, and the recognition of gain on selling CIB Development Sdn. Bhd., the subsidiary company in Malaysia amounting THB 66.4 mil, which resulted in higher net profit compared to the previous quarter. Although, the group sold the subsidiary company in Malaysia, the game services in Malaysia will be operated by the subsidiary company in Singapore. Thus, the group continues to maintain the market share in Malaysia.

At the end of September 30, 2023, the accumulated 9-month net profit was **THB 155.0 mil**, decreased from **THB 258.7 mil** or **40.1%** from the previous year, mainly from the decrease in revenues.

Kindly be informed accordingly.

Yours faithfully,

Mr. Chawanin Tritavornyueng

Group Finance and Account Director