



No. GL/2025/011

14 August 2025

Subject: Management Discussion and Analysis for the Second Quarter of 2025

To: President

The Stock Exchange of Thailand

Grand Canal Land Public Company Limited and its subsidiaries ("the Company") would like to inform the financial performance in the second quarter of 2025 for the 3-month and 6-month periods ending 30 June 2025 ("2Q 2025") as follows.

Key Highlights in 2Q 2025

In 2Q 2025, the Thai economy expanded continuously from the previous quarter and is supported by solid export, in-line with strong global demand for technological products, and public sector spending, partially offsetting stagnant private consumption and decline in tourism sector (source: The Bank of Thailand). Despite successive growth, uncertainties and near-term volatility to the Thai economy remains, such as high household debt levels, waning demand for mid-to-low residential segments, and the U.S.'s new tariffs that sent economic ripples across the world. More importantly, the offices market faces challenging outlook from changing workplace behavior and competition of upcoming office supply (source: Knight Frank Thailand).

The Company continues to manage its businesses with utmost consideration to climate and environmental changes. Various initiatives are planned and enacted to address temperature fluctuations and weather hazards, such as deploying climate control management in all buildings and managing traffic, safety and hygiene standards in surrounding areas during the monsoon season. Most importantly, the Company continues to look after the best interest of its stakeholders, including tenants, shops, customers, business partners and shareholders. Key events in 2Q 2025 for each business are as follow:

Offices business: Bangkok office market is currently riding through the initial wave of massive supply growth from new office projects. Total net leasable area from commercial offices currently stands at 6.31 million

square meters, marking an increase of 3% from the previous year. Despite gradual recovery from demand expansion and return to office trend, total supply growth outweighs demand growth, resulting in a market-wide occupancy rate of 78%, a decrease of 0.2% from the previous year (source: Knight Frank Thailand as of 1Q 2025). Additionally, following the earthquake incident in March 2025, the Company met with each tenant to provide an update on the impact and remediation plan, as well as engaged in constructive discussions on service quality uplift and engagement strengthening framework, which are essential inputs to increase the competitiveness of the Company's office portfolio in the market going forward.

Retail area leases business: The area benefited from the recovery of not only office employees traffic, but also from those of local residents, visitors from nearby communities, and tourists. Moreover, the Company continues to carry out sales and marketing activities to support retail tenants, which resulted in commendable recovery of their sales performance. Moreover, the Company facilitated conveniences and aids for retail tenants following the earthquake incident, similar to that of office tenants.

Real estate business: Comprises one project, namely Nirati Donmuang. As a result of weak demand in the real estate sector, both visitations and pre-sales of the project have slowed down considerably. Currently the Company is reviewing its residential business plan to minimize the impact driven by external factors and determine more viable business targets given a more challenging industry outlook.

Sustainable Business Development: The Company recognizes the importance of community, social and environmental development along with its business growth aspiration and are committed to maintain its excellence in sustainable development. In 2Q 2025, the Company organized blood drive events, in collaboration with the Thai Red Cross Society, accumulating more than 160 donors throughout the period. Furthermore, the Company continued its waste management program with strong interest and participation from tenants and their employees, resulting in over 2 tons of waste recycled during the quarter.

Summary of Financial Performance in 2Q 2025

Revenues

The Company reported total revenue of 419 million Baht, a decrease of 0.5% from the previous year (for the six-month period the amount stood at 843 million Baht, an increase of 1% from the previous year). The solid performance of the rental and services business, which is the Company's core business, is primarily driven by

strong occupancy rate recovery in both office and retail areas and going according to plan despite challenging industry situation. The strong core business performance is partially offset by weaker real estate business performance, which posted lower revenue compared to the previous year and in-line with the industry consensus in the current quarter. In terms of both number of units transferred and average unit price, the numbers for Nirati Donmueang project have gone down compared to those in the previous year.

Operating expenses

The Company reported total operating expenses of 151 million Baht, a decrease of 14% from the previous year (for the six-month period the amount stood at 322 million Baht, a decrease of 8% from the previous year). The decrease comes from lower costs and expenditures associated with the completion, sales and transfers of Nirati Donmuang, consistent with the decrease in revenue. Furthermore, the Company managed its operating costs efficiently, resulting in incremental savings in utilities and office management costs. Despite recognizing the entirety of expenditures related to the earthquake incident during the first six months of 2025, the Company maintained its operating profit margin similar to that of the previous year and according to plan.

Net Profit

The Company reported net profit of 125 million Baht, an increase of 48% from the previous year (for the six-month period the amount stood at 231 million Baht, an increase of 35% from the previous year). Excluding the impact of fair value adjustment and other non-recurring items, net profit would increase approximately 31% from the previous year (an increase of 22% from the previous year during the six-month period) primarily driven by higher operating profits and lower financing cost due to robust capital structure management to support the investment plan of future projects. Moreover, the Company continues to exercise prudent cost control and resiliency towards operating profits, as well as maintain robust debt and capital structure to ensure cost of capital are kept at efficient levels.

Capital structure

The Company reported total interest-bearing debt as of 30 June 2025 of 6,766 million Baht, an increase from the balance as of 31 December 2024 of 6,419 million Baht. The weighted average financing cost at the end of the period stood at 3.32%, which was lower than that of the end of the previous year at 3.87%. Net interest-bearing debt to equity ratio at the end of the period stood at 0.39 times, a slight increase compared to the ratio of 0.37 times

at the end of the previous year. The ratio remains well in-line with the Company's policy of not exceed 1 time and debt covenant of not exceeding 3 times.

Although the Company recognizes net profit during the year, it still has considerable debt obligations to fulfill in the near-term and must prepare adequate sources of funds to support the investment in new projects to accommodate the Company's long-term growth.

Please be informed accordingly.

Sincerely,

-Ponpinit Upathamp-

(Mr. Ponpinit Upathamp)

Chief Financial Officer

Authorized Persons to Disclose Information

Table 1: Summary of Profit and Loss Statement

	2Q24	2Q25	% Chg		6M24	6M25	% Chg
<i>Unit: million Baht</i>							
Rental and services revenue	320	342	7%	0	640	679	6%
Revenue from sales	69	43	-38%	0	136	99	-27%
Revenue from operations	390	385	-1%	0	776	778	0%
Other income	31	34	9%	0	62	65	5%
Total revenue	421	419	0%	0	838	843	1%
Cost of rental and services	63	57	-10%	0	124	123	-1%
Cost of sales	38	23	-40%	0	73	54	-26%
Selling & administrative expenses	75	71	-5%	0	152	145	-4%
Total operating expenses	176	151	-14%	0	349	322	-8%
(Profit) Loss from items not related to the business operations	54	46	-15%	0	106	96	-10%
Financing cost	60	47	-22%	0	117	96	-18%
Profit before income tax and NCI	131	175	34%	0	266	329	24%
Income tax expense	38	35	-7%	0	78	72	-8%
Non-controlling interest	8	15	78%	0	16	26	62%
Net profit	85	125	48%	0	171	231	35%

Table 2: Summary of Financial Position

	YE24	6M25	% Chg
<i>Unit: million Baht</i>			
Current assets	1,005	991	-1%
Non-current assets	29,422	29,784	1%
Total assets	30,427	30,775	1%
Current liabilities	2,911	2,748	-6%
Non-current liabilities	10,442	10,841	4%
Total liabilities	13,353	13,589	2%
Shareholders' equity	17,074	17,186	1%
Total liabilities and equity	30,427	30,775	1%
Net interest-bearing debt	6,367	6,731	6%

Table 3: Key Financial Ratios

	2Q24	2Q25	Chg.
<u>Profitability Ratio</u>			
Gross profit margin (%)	74%	79%	5%
Operating profit margin (%)	58%	64%	6%
Net profit margin (%)	20%	30%	10%

6M24	6M25	Chg.
75%	77%	3%
58%	62%	3%
20%	27%	7%

	YE24	6M25	Chg.
<u>Liquidity Ratio</u>			
Current ratio (x)	0.35	0.36	0.02
<u>Financial Policy Ratio</u>			
Liabilities to Equity (x)	0.78	0.79	0.01
Net Debt to Equity (x)	0.37	0.39	0.02