



- Translation -

No. GL/2025/007

9 May 2025

Subject: Management Discussion and Analysis for the First 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 for the first quarter of 2025 ending 31 March 2025 ("1Q 2025") as follows.

Key Highlights in 1Q 2025

In 1Q 2025, the Thai economy expanded slightly from the previous quarter and is supported by solid export and industrial manufacturing sectors. Meanwhile, the tourism sector showed signs of stagnation, particularly from decline in Chinese tourist arrivals and spending due to safety concerns, as does a slowdown in private investment (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 1Q 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 3.9% 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 77%, a decrease of 1.3% from the previous year (source: Knight Frank Thailand). Additionally, the earthquake incident on 28 March 2025, which originated in Myanmar, sent tremors across office buildings in Bangkok Metropolitan Area. The Company immediately responded to the incident and thoroughly inspected every commercial project, the result of which showed no structural damage or potential hazards. Consequently, all buildings are certified “green” by the Department of Public Works and Town & Country Planning and continued business operations as usual. Furthermore, the Company cared for its tenants and visitors by facilitating conveniences for their business continuity during the earthquake aftermath.

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. During the period, project visitations and pre-sales continue to grow as the project accelerates its pace to complete the construction and furnishing of booked units such that they can be transferred to the customers as planned.

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 1Q 2025, the Company administered the “Good Mood Markets” event for local proprietors to showcase OTOP products and provide convenient access for customers to utilize the Easy E-Receipt 2.0 tax benefits. Other recurring activities include blood donation, in collaboration with the Thai Red Cross Society, and office equipment donation to the Suankaew Foundation, in collaboration with CPN Retail Growth Leasehold REIT (“CPNREIT”).

Summary of Financial Performance in 1Q 2025

Revenues

The Company reported total revenue of 424 million Baht, an increase of 2% from the previous year. The increase mainly comes from the rental and services business, which is the Company's core business, thanks to strong recovery in retail area performance, rental rate increases and higher occupancy rate in retail area, whilst the office area maintained relatively stable occupancy rate and rental rate increase compared to the previous year amidst challenging industry situation. As for the real estate business, although the Nirati Donmueang project registered higher number of unit transfers to that of the previous year, the transfers mainly comprise lower-priced townhome format whilst the single-detached home format was pre-dominant in prior year transfers. Hence, revenue from real estate business came in lower compared to the previous year.

Operating expenses

The Company reported total operating expenses of 171 million Baht, an decrease of 1% 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 a portion of expenditures related to the earthquake incident in 1Q 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 106 million Baht, a increase of 22% from the previous year. Excluding the impact of fair value adjustment and other non-recurring items, net profit would increase approximately 14% from the previous year 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 31 March 2025 of 6,479 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 3.66%, 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 0.37 times, which is at similar level to that of 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

	1Q24	1Q25	% Chg
<i>Unit: million Baht</i>			
Rental and services revenue	320	337	5%
Revenue from sales	67	56	-16%
Revenue from operations	386	393	2%
Other income	31	31	1%
Total revenue	417	424	2%
Cost of rental and services	61	66	8%
Cost of sales	35	31	-11%
Selling & administrative expenses	76	74	-4%
Total operating expenses	172	171	-1%
(Profit) Loss from items not related to the business operations	52	50	-4%
Financing cost	58	50	-14%
Profit before income tax and NCI	135	154	14%
Income tax expense	40	37	-8%
Non-controlling interest	8	11	44%
Net profit	87	106	22%

Table 2: Summary of Financial Position

	YE24	1Q25	% Chg
<i>Unit: million Baht</i>			
Current assets	1,005	987	-2%
Non-current assets	29,422	29,627	1%
Total assets	30,427	30,614	1%
Current liabilities	2,911	2,824	-3%
Non-current liabilities	10,442	10,590	1%
Total liabilities	13,353	13,414	0%
Shareholders' equity	17,074	17,200	1%
Total liabilities and equity	30,427	30,614	1%
Net interest-bearing debt	6,367	6,439	1%

Table 3: Key Financial Ratios

	1Q24	1Q25	Chg.
<u>Profitability Ratio</u>			
Gross profit margin (%)	75%	75%	0%
Operating profit margin (%)	59%	60%	1%
Net profit margin (%)	21%	25%	4%

	YE24	1Q25	Chg.
<u>Liquidity Ratio</u>			
Current ratio (x)	0.35	0.35	0.00
<u>Financial Policy Ratio</u>			
Liabilities to Equity (x)	0.78	0.78	-0.00
Net Debt to Equity (x)	0.37	0.37	0.00