



No. GL/2025/002

27 February 2025

Subject: Management Discussion and Analysis for the Year 2024

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 year 2024 ending 31 December 2024 as follows.

Key Highlights in 2024

In 2024, the Thai economy expanded slightly and is supported by strong performances from the tourism sector, private consumption, and growth in technological products and cyclical exports. Meanwhile, small-to-medium enterprises (SMEs) and part of the industrial sectors showed signs of pressure from weakened competitiveness, as well as stagnant automotive sector driven by demand factors (source: The Bank of Thailand). Despite continuous growth momentum, uncertainties and near-term volatility to the Thai economy remains, such as global trade tensions arising from the U.S.’s new trade policies with other nations and decreased likelihood of multiple interest rate reductions by the U.S. Fed. 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 2024 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 6% 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 76%, a decrease of 3% from the previous year (source: Knight Frank Thailand). Meanwhile, demand for office space has varied among office tenants. Whilst some tenants continue to adopt flexible work schemes and work-from-policy, others have steadily brought employees back into the office full-time. Regardless of workplace policies adopted by the tenants, the Company continues to deploy stringent measures to ensure the safety and well-being of on-site employees and visitors at its office projects. Furthermore, the company continues to engage prospective tenants and explore services enhancement opportunities in existing projects in response to industry competition and anticipated demand recovery.

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. Hence, the Company is able to step back on rental discounts near pre COVID-19 levels.

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 2024, the Company, together with the public sector, private sector and business partners, have organized the “Better Futures” project to promote awareness of climate change and share knowledge on ways to mitigate global warming. Another notable event is the “From Trash to Treasure” project, a waste recycling program at designated locations in offices and retail area, as well as carried out activities for tenants, customers and visitors to partake in the waste management program, which was well-received. Last but not least, the Company launched the “ESG Bonding Hub” to promote inclusion of innovations and collaborations in the community to drive positive changes to the environment, social and governance sustainability altogether.

Summary of Financial Performance in 2024

Revenues

The Company reported total revenue of 1,747 million Baht, an increase of 5% 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, despite facing the impact of lower occupancy rate amidst challenging industry situation. As for the real estate business, the Nirati Donmueang project registered similar transfer levels to that of the previous year whilst revenue was slightly higher due to an increase in average selling price.

Operating expenses

The Company reported total operating expenses of 750 million Baht, an increase of 5% from the previous year. The increase mainly comes from higher costs and expenditures associated with the completion, sales and transfers of Nirati Donmuang, as well as higher cost of services in-line with rising inflation and energy cost. Despite various cost challenges, the Company maintained its gross profit margin similar to that of the previous year and managed its administrative expenditures with increased efficiencies, resulting in comparable operating profit margins compared to the previous year and according to plan.

Net Profit

The Company reported net profit of 421 million Baht, a increase of 1% from the previous year. Excluding the impact of fair value adjustment and other non-recurring items, net profit would be synonymous to that of the previous year primarily driven by higher operating profits offset by higher financing cost due to an increase in interest-bearing debt 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 December 2024 of 6,413 million Baht, an increase from the balance as of 31 December 2023 of 6,308 million Baht. The weighted average financing cost at the end of the period stood at 3.87%, which was lower than that of the end of the previous year at 4.23%.

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

	2023	2024	% Chg
<i>Unit: million Baht</i>			
Rental and services revenue	1,244	1,298	4%
Revenue from sales	308	312	1%
Revenue from operations	1,552	1,610	4%
Other income	111	137	23%
Total revenue	1,663	1,747	5%
Cost of rental and services	236	249	6%
Cost of sales	163	171	5%
Selling & administrative expenses	316	330	4%
Total operating expenses	716	750	5%
(Profit) Loss from items not related to the business operations	158	158	0%
Financing cost	210	230	10%
Profit before income tax and NCI	579	609	5%
Income tax expense	145	153	6%
Non-controlling interest	17	35	110%
Net profit	418	421	1%

Table 2: Summary of Financial Position

	YE23	2024	% Chg
<i>Unit: million Baht</i>			
Current assets	1,173	1,005	-14%
Non-current assets	28,962	29,422	2%
Total assets	30,135	30,427	1%
Current liabilities	4,556	2,911	-36%
Non-current liabilities	8,842	10,442	18%
Total liabilities	13,398	13,353	0%
Shareholders' equity	16,737	17,074	2%
Total liabilities and equity	30,135	30,427	1%
Net interest-bearing debt	6,198	6,367	3%

Table 3: Key Financial Ratios

	2023	2024	Chg.
<u>Profitability Ratio</u>			
Gross profit margin (%)	74%	74%	0%
Operating profit margin (%)	57%	57%	0%
Net profit margin (%)	25%	24%	-1%
	YE23	2024	Chg.
<u>Liquidity Ratio</u>			
Current ratio (x)	0.26	0.35	0.09
<u>Financial Policy Ratio</u>			
Liabilities to Equity (x)	0.80	0.78	-0.02
Net Debt to Equity (x)	0.37	0.37	0.00