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4 November 2022

Subject: Management Discussion and Analysis for the Third Quarter of 2022

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 second quarter of 2022 (“3Q22”) ending 30 September 2022 as follows.

Key Highlights in the Third Quarter of 2022

As the COVID-19 outbreak situation, which persisted from 2020 to present, have begun to ease, not only did the citizens resume their daily activities close to normal level, but tourism have also showed strong recovery thanks to the relaxation of international travel restrictions. At the same time, the offices industry have shown subtle signs of improvement as the proportion of employees that have returned to workplaces gradually increased during the period. However, despite an improving sentiment to the Thai economy, uncertainties and near-term volatility still remains, such as staggering global economic growth, rising inflation and interest rates. Moreover, changing weather and natural occurrences, such as rain and floods during the monsoon season, have affected the lifestyles of citizens and out-of-home activities during the recent months.

The Company continues to manage its businesses with utmost prudence without easing its safety and hygiene practices to accommodate the visitors and customers for its projects, as well as employ effective cost control measures to be in-line with the current situation, which has not completely returned to normal. 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 3Q22 for each business are as follow:

Offices business: the office projects continue to operate as normal. As employees gradually return to work at the office projects, 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 in response the demand which is expected to be higher after the COVID-19 situation unfolds.

Retail area leases business: the area continues to operate as normal. The Company extends its support to certain retail tenants that are affected by the COVID-19 situation, such as providing appropriate levels of rental discounts and support for marketing activities.

Real estate business: Nirati Donmuang, a new low-rise residential project, the Company launched in 2021 and has since received widely positive responses from customers. Pre-sales continue to grow from the previous quarter 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.

Summary of Financial Performance for the Third Quarter of 2022

Revenues

The Company reported revenue from operation of 322 million Baht, a decrease of 16 million Baht or 5% from the previous year. The decrease mainly comes from the lower revenue of real estate project, particularly from Nirati Donmuang. Meanwhile, rental and services revenue went up from the previous year mainly due to the occupancy rates of the offices and retail have been recovered.

For the nine-month period, The Company reported revenue from operation of 1,061 million Baht, an increase of 55 million Baht or 5% from the previous year. The increase mainly comes from both the higher sales and transfer of real estate project and the recovering rental and services business.

Costs and administrative expenses

The Company reported total cost and administrative expenses of 142 million Baht, an increase of 20 million Baht or 16% from the previous year which mainly resulted from higher costs and expenditures associated with the completion, sales and transfers of Nirati Donmuang, as well as higher cost of services and administrative expenses, in-line with rising inflation and energy cost. Although the increase in cost resulted in lower gross profit and operating profit margins compared to last year, the overall business performance is running according to plan.

For the nine-month period, The Company reported total cost and administrative expenses of 458 million Baht, an increase of 95 million Baht or 24% and in-line with the change in revenues from real estate. Nevertheless, the Company continues to demonstrate solid cost reduction efforts for all businesses, as well as adapt more efficient work processes.

Net Profit

The Company reported net profit of 124 million Baht, a decrease of 21 million Baht or 14% from the previous year. Although rental and services revenues declined, the Company manages to improve its profitability performance compared to the previous year and has also benefited from lower financing costs, which resulted from robust capital structure management throughout the course of the year.

For the nine-month period,, The Company reported net profit of 422 million Baht, a decrease of 32 million Baht or 7% primarily due to the change in fair value of investment properties. Excluding the impact of fair value adjustment and other non-recurring items, net profit would decrease approximately 1% from the previous year.

Capital structure

The Company reported net interest-bearing debt of 6,295 million Baht, a slight decrease from the balance as of 31 December 2021 of 6,297 million Baht. The weighted average financing cost at the end of 3Q22 stood at 2.64%, which was lower than that of the end of the previous year at 2.84%.

Net interest-bearing debt to equity ratio at the end of 3Q22 stood at 0.39 times, slightly lower than 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)

Acting Chief Financial Officer

Authorized Persons to Disclose Information

Table 1: Summary of Profit and Loss Statement

Unit: million Baht	3Q22	3Q21	Change		9M22	9M21	Change	
			Amount	%			Amount	%
Rental and services revenue	296	272	24	9%	902	869	33	4%
Real estate sales	26	66	(41)	(61%)	159	137	22	16%
Revenue from operation	322	338	(16)	(5%)	1,061	1,006	55	5%
Other income	2	2	(1)	(24%)	21	8	12	149%
Total revenue	324	341	(17)	(5%)	1,082	1,014	68	7%
Cost of rental and services	57	47	10	22%	171	151	20	13%
Cost of real estate sales	13	6	7	128%	73	11	62	569%
Selling & administrative expenses	71	69	2	3%	214	201	14	7%
Total operating expenses	142	122	20	16%	458	363	95	26%
Operating profit	182	219	(37)	(17%)	624	652	(28)	(4%)
(Profit) loss from items not related to the business operations	(13)	(16)	2	(15%)	(47)	(85)	38	(45%)
Financing cost	35	38	(4)	(10%)	103	118	(15)	(13%)
Profit before income tax and NCI	161	196	(35)	(18%)	567	618	(50)	(8%)
Income tax expense	31	35	(5)	(13%)	120	124	(5)	(4%)
Non-controlling interest	6	16	(10)	(62%)	26	40	(14)	(35%)
Net profit	124	145	(21)	(14%)	422	454	(32)	(7%)

Table 2: Summary of Financial Position

Unit: million Baht	3Q22	YE21	Change	
			Amount	%
Current assets	1,134	1,222	(88)	(7%)
Non-current assets	28,301	28,109	192	1%
Total assets	29,435	29,331	104	0%
Current liabilities	3,186	5,961	(2,775)	(47%)
Non-current liabilities	10,296	7,884	2,412	31%
Total liabilities	13,482	13,845	(363)	(3%)
Shareholders' equity	15,953	15,486	466	3%
Total liabilities and shareholders' equity	29,435	29,331	104	0%
Net interest-bearing debt	6,295	6,297	(2)	(0%)

Table 3: Key financial ratios

	3Q22	3Q21	9M22	9M21
Profitability Ratio				
Gross profit margin (%)	78%	84%	77%	84%
Operating profit margin (%)	57%	65%	59%	65%
Net profit margin (%)	38%	43%	39%	45%
Return on equity (ROE) (%)	3%	3%	3%	3%
Efficiency Ratio				
Return on asset (ROA) (%)	2%	2%	2%	2%

**ROE/ROA calculated based on net profit in the last twelve months*

	3Q22	3Q21
Liquidity Ratio		
Current ratio (x)	0.36	0.36
Financial Policy Ratio		
Liabilities to equity ratio (x)	0.85	0.85
Net interest-bearing debt to equity ratio (x)	0.39	0.16