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No. GL/2023/007

12 May 2023

Subject: Management Discussion and Analysis for the First Quarter of 2023

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 2023 ending 31 March 2023 as follows.

Key Highlights in the First Quarter of 2023

As the COVID-19 outbreak situation began to ease from late 2022 onwards, not only did the citizens resume their daily activities close to normal level, but tourism have also showed strong recovery. 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 early recovery momentum to the Thai economy, uncertainties and near-term volatility still remains, such as staggering global economic growth, rising inflation and interest rates, that may impact business performance in the coming periods.

The Company continues to manage its businesses to accommodate top quality services to the visitors and customers for its projects, Furthermore, to address temperature fluctuations resulting from climate changes, the company deploys an energy management system, including building temperature control, alongside effective cost management to align with revenue. 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 the first quarter of 2023 for each business are as follow:

Offices business: The number of office employees that return to office continues to increase at gradual pace. Meanwhile, following the COVID-19 pandemic situation, demand for office space have 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 in response to 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. During the first quarter of 2023, the Company, together with the Department of Internal Trade under the Ministry of Commerce and the private sector, have organized the second season of Organic Weekend Market following a successful inauguration last year. In addition, the Company led the “Earth Hour” campaign across all of its office buildings to promote an hour-long energy saving period to reduce global warming and preserve the environment.

Summary of Financial Performance in the First Quarter of 2023

Revenues

The Company reported total revenue of 403 million Baht, an increase of 8% from the previous year. The increase mainly comes from the higher revenue of real estate business that primarily reflects the higher number of unit transfers from Nirati Donmuang. Meanwhile, rental and services revenue, the Company's core business, went up approximately 6% from the previous year as business environment improves, resulting in solid rental rate increases despite experiencing slight decline in occupancy rates compared to the previous year.

Costs and administrative expenses

The Company reported total cost and administrative expenses of 177 million Baht, an increase of 17% 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. Despite the resulting lower gross profit and operating profit margins compared to the previous year, the overall business performance remains resilient to the changing industry dynamics and according to plan.

Net Profit

The Company reported net profit of 84 million Baht, a decrease of 6% from the previous year. Excluding the impact of fair value adjustment and other non-recurring items, net profit would decrease approximately 4% from the previous year primarily from higher financing cost and income tax expense. Despite the slight impact to net profit, the Company's core business performance demonstrates 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 of 6,307 million Baht, a slight increase from the balance as of 31 December 2022 of 6,256 million Baht. The weighted average financing cost at the end of the period stood at 3.42%, which was higher than that of the end of the previous year at 3.03%.

Net interest-bearing debt to equity ratio at the end of the period stood at 0.38 times, unchanged from 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

	1Q22	1Q23	% Chg
<i>Unit: million Baht</i>			
Rental and services revenue	293	309	6%
Revenue from sales	57	71	24%
Revenue from operations	350	380	9%
Other income	22	23	4%
Total revenue	372	403	8%
Cost of rental and services	56	61	8%
Cost of sales	22	38	72%
Selling & administrative expenses	73	78	7%
Total operating expenses	151	177	17%
(Profit) Loss from items not related to the business operations	51	51	0%
Financing cost	37	44	21%
Profit before income tax and NCI	132	130	-1%
Income tax expense	33	40	20%
Non-controlling interest	10	7	-28%
Net profit	89	84	-6%

Table 2: Summary of Financial Position

	4Q22	1Q23	% Chg
<i>Unit: million Baht</i>			
Current assets	1,162	1,202	3%
Non-current assets	28,546	28,637	0%
Total assets	29,709	29,839	0%
Current liabilities	2,454	2,571	5%
Non-current liabilities	10,987	10,903	-1%
Total liabilities	13,441	13,474	0%
Shareholders' equity	16,267	16,365	1%
Total liabilities and equity	29,709	29,839	0%
Net interest-bearing debt	6,149	6,179	0%

Table 3: Key Financial Ratios

	1Q22	1Q23	Chg.
<u>Profitability Ratio</u>			
Gross profit margin (%)	78%	74%	-4%
Operating profit margin (%)	59%	56%	-3%
Net profit margin (%)	24%	21%	-3%

	4Q22	1Q23	Chg.
<u>Liquidity Ratio</u>			
Current ratio (x)	0.47	0.47	(0.01)
<u>Financial Policy Ratio</u>			
Liabilities to Equity (x)	0.83	0.82	(0.00)
Net Debt to Equity (x)	0.38	0.38	(0.00)