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No. GL/2023/002

20 February 2023

Subject: Management Discussion and Analysis for the Year 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 year 2022 ending 31 December 2022 as follows.

#### Key Highlights in 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. 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. In addition, the ongoing Russia-Ukraine war has constrained energy prices, leading to continuously increasing energy costs throughout the second half of 2022 to present.

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. To address temperature fluctuations, 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 2022 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.

**Sustainable Business Development:** The company pay attention to the community social and environmental development. In 2022, the company cooperates with both Government and Private agencies to arrange the activities such as the Organic Weekend Market (with the Department of Internal Trade), Recycle day (with the Huaykwang state). Additionally, the company still continuing to facilitate the blood donation events, working together with the nearby communities to improve the Klong-Yai-Soon water quality. The company's ultimate goal is to be a part of long-term Environmental Social and Economic developments.

## Summary of Financial Performance in 2022

### Revenues

The Company reported revenue from operation of 1,515 million Baht, a decrease of 41 million Baht or 3% 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 consistent with the improved business environment whilst occupancy rates of offices and retail spaces remain stable.

### Costs and administrative expenses

The Company reported total cost and administrative expenses of 682 million Baht, an increase of 46 million Baht or 7% 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.

#### Net Profit

The Company reported net profit of 714 million Baht, an increase of 141 million Baht or 25% from the previous year. Excluding the impact of fair value adjustment and other non-recurring items, net profit would decrease approximately 7% 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.

#### Capital structure

The Company reported total interest-bearing debt of 6,256 million Baht, a slight decrease from the balance as of 31 December 2021 of 6,442 million Baht. The weighted average financing cost at the year 2022 stood at 3.03%, which was higher than that of the end of the previous year at 2.64%.

Net interest-bearing debt to equity ratio at the year 2022 stood at 0.38 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	12M22	12M21	Change	
			Amount	%
Rental and services revenue	1,208	1,153	55	5%
Real estate sales	307	402	(95)	(24%)
<b>Revenue from operation</b>	<b>1,515</b>	<b>1,555</b>	<b>(41)</b>	<b>(3%)</b>
Other income	24	13	12	90%
<b>Total revenue</b>	<b>1,539</b>	<b>1,568</b>	<b>(29)</b>	<b>(2%)</b>
Cost of rental and services	231	202	29	15%
Cost of real estate sales	152	127	26	20%
Selling & administrative expenses	298	307	(9)	(3%)
<b>Total operating expenses</b>	<b>682</b>	<b>636</b>	<b>46</b>	<b>7%</b>
<b>Operating profit</b>	<b>857</b>	<b>932</b>	<b>(75)</b>	<b>(8%)</b>
(Profit) loss from items not related to the business operations	(158)	63	(221)	(350%)
Financing cost	64	72	(8)	(11%)
<b>Profit before income tax and NCI</b>	<b>951</b>	<b>797</b>	<b>154</b>	<b>19%</b>
Income tax expense	197	170	27	16%
Non-controlling interest	40	53	(13)	(24%)
<b>Net profit</b>	<b>714</b>	<b>573</b>	<b>141</b>	<b>25%</b>

**Table 2: Summary of Financial Position**

Unit: million Baht	12M22	12M21	Change	
			Amount	%
Current assets	1,164	1,222	(58)	(5%)
Non-current assets	28,545	28,109	437	2%
<b>Total assets</b>	<b>29,709</b>	<b>29,331</b>	<b>378</b>	<b>1%</b>
Current liabilities	2,455	5,178	(2,723)	(53%)
Non-current liabilities	10,987	8,666	2,321	27%
<b>Total liabilities</b>	<b>13,442</b>	<b>13,844</b>	<b>(402)</b>	<b>(3%)</b>
<b>Shareholders' equity</b>	<b>16,267</b>	<b>15,486</b>	<b>781</b>	<b>5%</b>
<b>Total liabilities and shareholders' equity</b>	<b>29,709</b>	<b>29,330</b>	<b>379</b>	<b>1%</b>
<b>Net interest-bearing debt</b>	<b>6,256</b>	<b>6,442</b>	<b>(186)</b>	<b>(3%)</b>

**Table 3: Key financial ratios**

	12M22	12M21
<b>Profitability Ratio</b>		
Gross profit margin (%)	69%	70%
Operating profit margin (%)	51%	51%
Net profit margin (%)	64%	21%
Return on equity (ROE) (%)	3%	9%
<b>Efficiency Ratio</b>		
Return on asset (ROA) (%)	2%	5%

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

	12M22	12M21
<b>Liquidity Ratio</b>		
Current ratio (x)	0.47	0.24
<b>Financial Policy Ratio</b>		
Liabilities to equity ratio (x)	0.83	0.89
Net interest-bearing debt to equity ratio (x)	0.38	0.42