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No. GL/2022/006

10 May 2022

Subject: Management Discussion and Analysis for the First 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 three-month period of 2022 (“1Q22”) ending 31 March 2022 as follows.

Key Highlights in the First Quarter of 2022

As the COVID-19 outbreak situation persisted throughout the year, citizens were more cautious in carrying out their daily activities outside homes, which resulted in less frequent commutes and higher adoption of work-from-home (WFH) regime. However; people gradually resuming activities outside homes with higher confidence as vaccination rates in the country progresses, concerns regarding the new COVID-19 variant have affected the recovery trajectory of business and consumption activities to remain below pre-pandemic levels. Moreover, there were outside factors which impacted to the business operations such as an economic stagflation and the rise of inflation rate and interest rate.

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 1Q22 for each business are as follow:

Offices business: the office projects continue to operate as normal, despite having been affected by the COVID-19 situation throughout the year. Although there are more employees opting WFH program, 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: Transferred the last unit of Belle Grand Rama 9, effectively closing out the project. While, Nirati Donmuang, a new low-rise residential project, the Company launched in 2021 and has since received widely positive responses from customers. Hence, sales and transfers of the project units are ongoing as planned.

Summary of Financial Performance for the First Quarter of 2022

Revenues

The Company reported revenue from operation of 352 million Baht, an increase of 24 million Baht or 6% from the previous year. The increase mainly comes from the higher sales and transfer of real estate project, particularly from Nirati Donmuang. Meanwhile, rental and services revenue went down from the previous year mainly due to the occupancy rates of the offices and retail have not recovered. Lower traffic and visitations were the key reason for the subdued performance as many businesses continue to adopt the Work from home policy.

Costs and administrative expenses

The Company reported total cost and administrative expenses of 147 million Baht, an increase of 33 million Baht or 22% 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 administrative expenses in preparation of sale projection plan, support long-term business expansion and maintain high quality of services to customers and tenants. 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 89 million Baht, a decrease of 76 million Baht or 46% from the previous year. Excluding the aforementioned non-recurring items and the impact of financial reporting standards, which included the change to the fair value of investment properties, net profit would be indifferent 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 net interest-bearing debt of 6,205 million Baht, a slight decrease from the balance as of 31 December 2021 of 6,550 million Baht, mainly due to the repayment of debenture due at maturity during the year. The weighted average financing cost at the end of 1Q22 stood at 2.84%, which was lower than that of the end of the previous year at 2.86%.

Net interest-bearing debt to equity ratio at the end of 1Q22 stood at 0.40 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,

-Somphoch Thitipalati-

(Mr. Somphoch Thitipalati)

Company Secretary

Authorized Persons to Disclose Information

Table 1: Summary of Profit and Loss Statement

Unit: million Baht	1Q22	1Q21	Change	
			Amount	%
Rental and services revenue	293	305	(12)	(4%)
Real estate sales	57	19	38	100%
Revenue from operation	350	324	27	9%
Other income	2	4	(2)	(66%)
Total revenue	352	328	25	8%
Cost of rental and services	56	53	3	5%
Cost of real estate sales	22	2	20	100%
Selling & administrative expenses	68	60	8	14%
Total operating expenses	146	115	31	27%
Operating profit	206	213	(7)	(4%)
(Profit) loss from items not related to the business operations	(36)	(56)	20	(19%)
Financing cost	37	41	(4)	(9%)
Profit before income tax and NCI	205	228	(23)	(9%)
Income tax expense	33	53	(20)	(34%)
Non-controlling interest	10	10	0	0%
Net profit	162	165	(3)	(1%)

Table 2: Summary of Financial Position

Unit: million Baht	1Q22	1Q21	Change	
			Amount	%
Current assets	1,134	1,175	-41	(4%)
Non-current assets	28,102	28,161	-59	(0%)
Total assets	29,236	29,336	-100	(0%)
Current liabilities	5,813	3,819	1,994	51%
Non-current liabilities	7,832	10,499	(2,667)	(68%)
Total liabilities	13,645	14,318	(673)	(9%)
Shareholders' equity	15,591	15,018	573	4%
Total liabilities and shareholders' equity	29,236	29,336	-100	(0%)
Net interest-bearing debt	6,205	6,550	(345)	(5%)

Table 3: Key financial ratios

	1Q22	1Q21
Profitability Ratio		
Gross profit margin (%)	78%	83%
Operating profit margin (%)	59%	65%
Net profit margin (%)	46%	50%
Return on equity (ROE) (%)	1%	1%
Efficiency Ratio		
Return on asset (ROA) (%)	0%	1%

	1Q22	1Q21
Liquidity Ratio		
Current ratio (x)	0.20	0.31
Financial Policy Ratio		
Liabilities to equity ratio (x)	0.88	0.95
Net interest-bearing debt to equity ratio (x)	0.40	0.44