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8 August 2022

Subject: Management Discussion and Analysis for the Second 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 (“2Q22”) ending 30 June 2022 as follows.

Key Highlights in the Second Quarter of 2022

As the COVID-19 outbreak situation persisted throughout the year, during the second quarter, the outbreak seemed to be relieved. citizens still had to be cautious in carrying out their daily activities outside homes but less 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 2Q22 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: 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 Second Quarter of 2022

Revenues

The Company reported revenue from operation of 389 million Baht, an increase of 45 million Baht or 13% 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 up from the previous year mainly due to the occupancy rates of the offices and retail have been recovered.

For the six-month period, The Company reported revenue from operation of 739 million Baht, an increase of 72 million Baht or 11% 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 166 million Baht, an increase of 40 million Baht or 32% 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.

For the six-month period, The Company reported total cost and administrative expenses of 312 million Baht, an increase of 71 million Baht or 29% 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 208 million Baht, an increase of 64 million Baht or 45% 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 increased 12% 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 six-month period, The Company reported net profit of 298 million Baht, a decrease of 11 million Baht or 4% 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 increase approximately 6% from the previous year.

Capital structure

The Company reported net interest-bearing debt of 6,187 million Baht, a slight decrease from the balance as of 31 December 2021 of 6,297 million Baht, mainly due to the repayment of debenture due at maturity during the year. The weighted average financing cost at the end of 2Q22 stood at 2.47%, 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 2Q22 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	2Q22	2Q21	Change		6M22	6M21	Change	
			Amount	%			Amount	%
Rental and services revenue	313	293	20	7%	606	598	8	1%
Real estate sales	76	51	25	49%	133	70	63	90%
Revenue from operation	389	344	45	13%	739	668	72	11%
Other income	17	2	15	750%	19	6	13	217%
Total revenue	406	346	60	17%	758	674	85	13%
Cost of rental and services	57	51	6	12%	113	104	9	9%
Cost of real estate sales	38	3	35	1167%	60	5	55	1100%
Selling & administrative expenses	71	72	(1)	1%	139	132	7	5%
Total operating expenses	166	126	40	32%	312	241	71	29%
Operating profit	240	220	20	9%	446	433	14	3%
(Profit) loss from items not related to the business operations	(67)	(12)	(55)	(444%)	(30)	(69)	39	(56%)
Financing cost	32	39	(7)	18%	69	80	(11)	(14%)
Profit before income tax and NCI	275	193	82	42%	407	422	(14)	(3%)
Income tax expense	56	36	20	56%	89	89	0	0%
Non-controlling interest	11	14	(3)	21%	21	24	(3)	(13%)
Net profit	208	144	64	45%	297	309	(11)	(4%)

Table 2: Summary of Financial Position

Unit: million Baht	2Q22	YE21	Change	
			Amount	%
Current assets	1,190	1,222	(32)	(3%)
Non-current assets	28,222	28,109	113	0%
Total assets	29,412	29,331	81	0%
Current liabilities	3,261	5,961	(2,700)	(45%)
Non-current liabilities	10,335	7,884	2,451	31%
Total liabilities	13,596	13,845	(249)	(2%)
Shareholders' equity	15,816	15,486	330	2%
Total liabilities and shareholders' equity	29,412	29,331	81	0%
Net interest-bearing debt	6,187	6,297	(110)	(2%)

Table 3: Key financial ratios

	2Q22	2Q21	6M22	6M21
Profitability Ratio				
Gross profit margin (%)	76%	84%	77%	84%
Operating profit margin (%)	62%	64%	60%	65%
Net profit margin (%)	51%	42%	39%	46%
Return on equity (ROE) (%)	3%	4%	3%	4%
Efficiency/ Ratio				
Return on asset (ROA) (%)	2%	2%	2%	2%

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

	2Q22	2Q21
Liquidity Ratio		
Current ratio (x)	0.36	0.25
Financial Policy Ratio		
Liabilities to equity ratio (x)	0.86	0.94
Net interest-bearing debt to equity ratio (x)	0.39	0.43