

Proud Real Estate Public Company Limited and its subsidiaries
Notes to interim consolidated financial statements
For the three-month period ended 31 March 2024

1. General information

1.1 General information of the Company

Proud Real Estate Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in real estate development. The registered office of the Company is at 548 One City Centre, 19th Floor, Unit No. 1902 - 1903, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok.

The Company has changed its registered address from 900 Tonson Tower, 6th Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok, to the new address at 548 One City Centre, 19th Floor, Unit No. 1902 - 1903, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok, effective from 1 August 2023. The Company registered the change in registered address with the Ministry of Commerce on 20 July 2023.

1.2 Basis for the preparation of interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial information is intended to provide information additional to that included in the latest annual financial statements. Accordingly, it focuses on new activities, events, and circumstances so as not to duplicate information previously reported. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

The interim financial information in Thai language is the official statutory financial information of the Company. The interim financial information in English language has been translated from the Thai language interim financial information.

1.3 Basis of consolidation

This interim financial information includes the financial statements of Proud Real Estate Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) (collectively as “the Group”) and has been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2023. There have been no change in shareholding structure of subsidiaries during the current period.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2023.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2024, do not have any significant impact on the Group's financial statements.

2. Related party transactions

During the periods, the Group had significant business transactions with related parties. Such transactions, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

Summaries significant business transactions with related parties are as follows:

	(Unit: Million Baht)			
	For the three-month periods ended			
	31 March			
	Consolidated financial statements		Separate financial statements	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Transactions with subsidiary companies				
(eliminated from the consolidated financial statements)				
Management income	-	-	41	23
Interest income	-	-	24	8
Interest expense	-	-	16	-
Transactions with related companies				
Rental fee	1	1	-	-
Other expenses	-	1	-	-
Transactions with related person				
Return on cumulative and redeemable preference shares	-	1	-	-

The balances of the accounts as at 31 March 2024 and 31 December 2023 between the Group and those related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2024	2023	2024	2023
Other receivables and advance to related parties				
Subsidiaries	-	-	315,955	581,279
Total other receivables and advance to related parties	-	-	315,955	581,279
Interest receivables - related parties				
Subsidiaries	-	-	103,766	110,946
Total interest receivables - related parties	-	-	103,766	110,946
Prepaid expenses - related parties				
Related companies	6,084	30,233	-	-
Total prepaid expenses - related parties	6,084	30,233	-	-
Other payables and advance receive from related parties				
Subsidiary	-	-	261,548	323,778
Related companies	3,134	4,983	39	1,795
Total other payables and advance receive from related parties	3,134	4,983	261,587	325,573
Interest payable - related party				
Subsidiary	-	-	38,461	40,892
Total interest payable - related party	-	-	38,461	40,892
Lease liabilities - related party				
Related company	-	236	-	-
Total lease liabilities - related party	-	236	-	-

Loans to related parties

As at 31 March 2024 and 31 December 2023, the balances of loans between the Company and those related parties and the movements were as follows:

Loans to subsidiary companies

(Unit: Thousand Baht)

Short-term loans to subsidiary companies	Separate financial statements			Effective interest rate (percent per annum)
	31 December 2023	Increase (decrease) during the period	31 March 2024	
Convent Beta Co., Ltd.	369,942	-	369,942	MLR - 0.5
Proud Horseshoe Co., Ltd.	64,288	-	64,288	MLR - 0.5
Hua Hin Sky Living Co., Ltd.	34,670	-	34,670	MLR - 0.5
Khu Khot Station Alliance Co., Ltd.	301,007	(231,007)	70,000	MLR - 1.25
Phraram 9 Alliance Co., Ltd.	660,993	(59,716)	601,277	MLR - 1.25
The Estate 345 Co., Ltd.	-	191,826	191,826	7
Total	1,430,900	(98,897)	1,332,003	

Short-term loans to subsidiary companies are due at call.

(Unit: Thousand Baht)

Long-term loan to subsidiary company	Separate financial statements		
	31 December 2023	Increase (decrease) during the period	31 March 2024
Hua Hin Sky Living Co., Ltd.	100,000	-	100,000
Total	100,000		100,000
Less: Current portion	(100,000)		-
Long-term loan to related party, net of current portion	-		100,000

Long-term loan to subsidiary company bears interest at the rate of MLR-0.5% per annum. On 1 January 2024, the Company and its subsidiary have made an addendum to the agreement to extend the repayment due for the principal and accrued interest to be due within 31 December 2025.

(Unaudited but reviewed)

Loans from subsidiary companies

(Unit: Thousand Baht)

Short-term loans from subsidiary companies	Separate financial statements			Effective interest rate (percent per annum)
	31 December 2023	Increase (decrease) during the period	31 March 2024	
Hua Hin Alpha 71 Co., Ltd.	600,000	-	600,000	MLR - 0.5
Khu Khot Station Alliance Co., Ltd.	540,000	(343,503)	196,497	MLR - 1.00
Phraram 9 Alliance Co., Ltd.	30,000	40,000	70,000	MLR - 1.25
Total	<u>1,170,000</u>	<u>(303,503)</u>	<u>866,497</u>	

Short-term loans from subsidiary companies are due at call.

Directors and management's benefits

During the three-month period ended 31 March 2024 and 2023, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	For the three-month periods ended 31 March	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	17,866	13,278
Post-employment benefits	291	291
Total	<u>18,157</u>	<u>13,569</u>

3. Real estate development costs

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>31 March 2024</u>	<u>31 December 2023</u>
Land	4,446,914	5,356,638
Construction in progress and design expenses	2,733,556	2,093,401
Capitalised borrowing costs	408,268	394,033
Deferred development project expenses	105,697	105,697
Total	<u>7,694,435</u>	<u>7,949,769</u>

(Unaudited but reviewed)

During the three-month period ended 31 March 2024 and 2023, the subsidiaries capitalised borrowing costs to be included in the cost of land and construction in progress which were calculated from capitalisation rate from weighted average rate of loans as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the three-month periods ended 31 March	
	<u>2024</u>	<u>2023</u>
Borrowing costs included in the cost of land and construction in progress (Million Baht)	68	13
Capitalisation rate (%)	5.48 - 8.81	4.95 - 5.38

As at 31 March 2024 and 31 December 2023, the subsidiaries have pledged some land and construction thereon as collateral for credit facilities of the subsidiaries which have net book value as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>31 March 2024</u>	<u>31 December 2023</u>
Net book value of land and construction that has been pledged as collateral	6,334	6,844

4. Long-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Long-term loans	3,921,534	4,663,430	450,000	450,000
Less: Deferred front end fee	(28,568)	(30,686)	(2,108)	(2,108)
Add: Finance cost - Interest expenses on borrowings	34,325	34,355	-	-
Net	3,927,291	4,667,099	447,892	447,892
Less: Current portion	(120,029)	(120,364)	-	-
Long-term loans, net of current portion	<u>3,807,262</u>	<u>4,546,735</u>	<u>447,892</u>	<u>447,892</u>

Movements in the long-term loans account during the three-month period ended 31 March 2024 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2024	4,667,099	447,892
Add: Additional borrowings	7,324	-
Amortisation of front end fee	2,118	-
Less: Repayment	(749,220)	-
Finance cost - Interest expenses on borrowings	(30)	-
Balance as at 31 March 2024	<u>3,927,291</u>	<u>447,892</u>

Under loan agreements, the Group must comply with the conditions stipulated in the agreements such as the maintenance of net debt to equity ratio.

As at 31 March 2024, the loan facilities of the Group which have not yet been drawn down amounted to Baht 4,736 million (31 December 2023: Baht 4,395 million).

5. Deferred revenue from sale of real estate

Deferred revenue from sale of real estate comprises cash received in advance from customers which can be classified by entity as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2024	31 December 2023
Hua Hin Alpha 71 Co., Ltd.	20,376	25,910
Hua Hin Sky Living Co., Ltd.	238,040	201,793
Convent Beta Co., Ltd.	196,315	118,922
Khu Khot Station Alliance Co., Ltd.	104,132	221,770
Phraram 9 Alliance Co., Ltd.	1,270,257	1,195,163
Proud Horseshoes Co., Ltd.	1,000	-
Total	<u>1,830,120</u>	<u>1,763,558</u>

6. Long-term loan from other person

As at 31 March 2024, the Company had unsecure long-term loan from other person of Baht 200 million (2023: 90 million). The carrying interest is at 7 percent per annum and due for repayment within January 2027.

7. Cumulative and redeemable preference shares

On 19 July 2023, the Company and investors entered into an agreement of the shareholders in Phraram 9 Alliance Company Limited, which is a subsidiary. The subsidiary agrees to offer 7.5 million newly issued preference shares at the price of Baht 100 per share, totaling Baht 750 million.

The subsidiary presents the preference shares as a financial liability component in “Cumulative and redeemable preference shares” account at amortised cost until maturity in the consolidated statement of financial position. The Company is confident that preference shares will be redeemed.

Movements of cumulative and redeemable preference shares net from the transaction cost for issuance of the cumulative and redeemable preference shares for the three-month period ended 31 March 2024 were summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u> </u>
Balance as at 1 January 2024	763,243
Add: Financial cost - Return on cumulative and redeemable preference shares	<u>16,838</u>
Balance as at 31 March 2024	<u><u>780,081</u></u>

8. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net earnings after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

As at 31 March 2024, the Company had set aside the statutory reserve of Baht 7,030 (31 December 2023: Baht 419,113) from its net profit for the period 2024.

9. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses (income) for the three-month period ended 31 March 2024 and 2023 were made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax				
Interim corporate income tax charge	2,299	39,788	-	-
Deferred tax				
Relating to origination and reversal of temporary differences	(12,600)	1,618	371	(52)
Income tax expenses (income) reported in profit or loss	<u>(10,301)</u>	<u>41,406</u>	<u>371</u>	<u>(52)</u>

10. Segment information

The Group is principally engaged in the real estate development. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profit or loss and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

11. Commitments and contingent liabilities

11.1 As at 31 March 2024, the Group had commitments in respect of service agreements payable in the future, which the terms of the agreements are generally between 1 and 3 years, of approximately Baht 13 million (31 December 2023: Baht 15 million) (Separate financial statements: Baht 13 million (31 December 2023: Baht 14 million)).

11.2 Commitments with respect to project development and related services

The subsidiary companies had commitments in respect of property development cost and related services totaling Baht 1,846 million (31 December 2023: Baht 2,094 million).

11.3 Bank guarantees

- 1) As at 31 March 2024, the Company has guaranteed bank credit facilities of its subsidiaries amounting to Baht 4,928 million (31 December 2023: Baht 4,928 million).
- 2) As at 31 March 2024, there were outstanding bank guarantees of approximately Baht 0.3 million (31 December 2023: Baht 0.3 million) issued by banks on behalf of the Company to guarantee contractual performance.

12. Financial instrument**Fair value of financial instrument**

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, its fair value is not expected to be materially different from the amounts presented in the statement of financial position.

13. Reclassification

The Company has reclassified amounts in the separate statement of comprehensive income for the three-month period ended 31 March 2023 to conform to the current period's classification as follows:

	(Unit: Thousand Baht)	
	For the three-month period ended	
	31 March 2023	
	As reclassified	As previously reported
Management and service income	23,063	-
Other income	-	23,063

The reclassifications had no effect to previously reported net profit or shareholders' equity.

14. Approval of interim financial information

This interim financial information was authorised for issue by the Company's Board of Directors on 14 May 2024.