

PROUD/FIN/SET-2024/001

23 February 2024

Subject: Management's Discussion and Analysis for the year ended 31 December 2023

To: The President
The Stock Exchange of Thailand

Proud Real Estate Public Company Limited would like to explain operating results for the year of 2023 ended on 31 December 2023 which has changed from the same period of prior year as follows:

Financial Performance as of 2023

For 2023, total revenue was recorded at 1,533.97 Million Baht, lower by 27% from 2,109.95 Million Baht in 2022. This was due to lower in numbers of unit transfer. The net profit of 2023 was recorded at 102.26 Million Baht from 228.52 Million Baht or 55% lower than last year.

(Unit: Baht)

	Consolidated Financial Statements		Change Increase/(Decrease)	
	2023	2022	Baht	%
Profit or loss:				
Revenues from sale of real estate	1,508,168,622	2,108,367,454	(600,198,832)	100%
Cost of real estate sold	(983,356,125)	(1,340,558,199)	(357,202,074)	100%
Gross profit	524,812,497	767,809,255	(242,996,758)	100%
Other income	25,805,094	1,587,402	24,217,692	1526%
Selling and distribution expenses	(209,960,703)	(235,099,904)	(25,139,201)	-11%
Administrative expenses	(152,356,345)	(161,617,040)	(9,260,695)	-6%
Operating profit (loss)	188,300,543	372,679,713	(184,379,170)	49%
Finance income	2,365,988	335,661	2,030,327	605%
Finance cost	(29,129,561)	(68,773,655)	(39,644,094)	-58%
Profit (loss) before income tax income (expenses)	161,536,970	304,241,719	(142,704,749)	47%
Income tax (expenses) income	(59,281,138)	(75,721,047)	16,439,909	-22%
Profit (loss) for the year	102,255,832	228,520,672	(126,264,840)	55%
Other comprehensive income:				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period</i>				
Actuarial gain (loss)	-	-	-	
Income tax effect	-	-	-	
Other comprehensive income for the year	-	-	-	
Total comprehensive income for the year	102,255,832	228,520,672	(126,264,840)	55%
Earnings per share				
Basic profit (loss) per share				
Profit (loss) (Bath/Share)	0.12	0.36		
Weighted average number of ordinary shares (shares)	834,691,063	641,469,415		

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1. Revenues and cost from sale of real estate

In 2023, the company reported revenues from sale of real estate of 1,508.17 Million Baht, lower than last year by 2,108.37 Million Baht. The main revenue was generated from the InterContinental Residences Hua Hin project and Nue Cross KhuKhot Station project which the revenue was recognized early than expectation, Cost of real estate sold was recorded at 983.36 Million Baht which decreased by 357.20 Million Baht.

2. Gross profit

In 2023, the company recorded gross profit of 524.81 Million Baht, lower 243.00 Million Baht from last year. However, the gross profit margin was recorded at the same level to the last year which is 35%.

3. Other income

In 2023, the company reported other income of 25.81 Million Baht, which increased by 24.22 Million Baht compared to last year. The increase in other income was consisted of items below:

- 3.1. Intercontinental Residences Hua-Hin project: income from seizing the reservations, deposits, and prepaid fee from site inspection.
- 3.2. Romm Convent project: income from seizing the reservations and deposits.
- 3.3. Proud Real Estate Public Company Limited: Income from adjusting demolition cost of Tonson Tower (old office) due to relocation of head office.

4. Selling and distribution expenses

In 2023, the company reported lower selling and distribution expenses at 209.96 Million Baht, decreased by 25.14 Million Baht from the same period of last year, from better management of the InterContinental Residences Hua Hin project, mainly by advertising and promotional expenses, specific business tax and promotional costs.

5. Administrative expenses

In 2023, the company reported administrative expenses of 152.36 Million Baht, decreased by 9.26 Million Baht from the same period of last year. The lower in administrative expenses was owing to the decrease in juristic expenses and legal fee of InterContinental Residences Hua Hin project.

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6. Financial Cost

In 2023, the company reported financial cost of 29.13 Million Baht, decreased by 39.64 Million Baht from last year, caused by lower in interest expenses of InterContinental Residences Hua Hin project.

7. Income Tax Expenses

In 2023, the company reported an income tax expenses of 59.28 Million Baht, decreased by 16.44 Million Baht from the same period of last year caused by lower corporate income tax of Proud Real Estate Public Company Limited and deferred tax assets from InterContinental Residences Hua Hin Project, Nue District R9 project and Nue Cross KhuKhot Station project.

8. Pre-sales Performance

In 2023, the company reported total pre-sales of 11,203 Million Baht, recorded growth from 985 Million Baht from last year. As of 31 December 2023, the total Backlog was recorded at 11,288.00 Million Baht and will be recognized as revenue between 2024 to 2026, 19% of total Backlog will be recognized in 2024.

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Financial Position as of 2023

Total Assets

(Unit: Baht)

	Consolidated financial statements		Change	
	2023	2022	Baht	%
Total Assets				
Current assets				
Cash and cash equivalents	867,468,190	199,222,959	668,245,231	335%
Trade and other receivables	4,965,474	106,070,004	(101,104,530)	-95%
Short-term loans to related parties	-	-	-	-
Current portion of long-term loans to related party	-	-	-	-
Inventories	-	195,358	(195,358)	-100%
Real estate development costs	7,949,768,622	2,721,449,611	5,228,319,011	192%
Current tax assets	12,995,331	2,220,710	10,774,621	485%
Other current assets	846,314,940	153,691,440	692,623,500	451%
Total current assets	9,681,512,557	3,182,850,082	6,498,662,475	204%
Non-current assets				
Restricted bank deposits	193,806	192,366	1,440	1%
Investments in subsidiaries	-	-	-	-
Equipment	54,169,380	42,484,717	11,684,663	28%
Right-of-use assets	15,501,572	10,257,629	5,243,943	51%
Intangible assets	4,235,794	4,775,997	(540,203)	-11%
Deferred tax assets	237,893,468	27,086,150	210,807,318	778%
Other non-current financial assets	5,407,491	2,412,912	2,994,579	124%
Total non-current assets	317,401,511	87,209,771	230,191,740	264%
Total assets	9,998,914,068	3,270,059,853	6,728,854,215	206%

As of 31 December 2023, Company recorded total assets of 9,998.91 Million Baht, increased 6,728.85 Million Baht from previous year by the below changes:

- 1.1. Cash and equivalents from cash flows from financing activities and investing activities, increased by 668.25 Million Baht.
- 1.2. Real estate development costs from Nue District R9 project and Nue Cross KhuKhot Station project, increased by 5,228.32 Million Baht.
- 1.3. Other current assets from sales management fees for both domestic and international customers, deposit and prepaid for construction of Nue District R9 project and Nue Cross KhuKhot Station project, prepaid for main construction work of Vehha Hua-Hin project and Romm Convent project, and sales and marketing prepaid expenses of Romm Convent project, increased by 692.62 Million Baht.

1.4. Deferred tax assets from Nue District R9 project and Nue Cross KhuKhot Station project, increased by 210.81 Million Baht.

Total Liabilities

(Unit: Baht)

	Consolidated financial statements		Change	
	2023	2022	Baht	%
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts and short-term loans from financial institutions	40,139,688	85,116,053	(44,976,365)	-53%
Trade and other payables	867,660,309	87,501,295	780,159,014	892%
Short-term loan from related parties	-	-	-	-
Current portion of long-term loans from financial institutions	120,363,725	1,206,000	119,157,725	9880%
Current portion of lease liabilities	6,288,568	6,112,415	176,153	3%
Deferred revenue from sale of real estate	1,763,558,440	399,966,816	1,363,591,624	341%
Accrued expenses related to the projects	107,143,077	128,487,992	(21,344,915)	-17%
Cumulative and redeemable preference shares	-	663,739,726	(663,739,726)	-100%
Retention payable	16,646,902	16,319,799	327,103	2%
Income tax payable	33,414,020	-	33,414,020	100%
Other current liabilities	12,116,390	8,369,128	3,747,262	45%
Total current liabilities	2,967,331,119	1,396,819,224	1,570,511,895	112%
Non-current liabilities				
Long-term loans from financial institutions, net of current portion	4,546,734,574	991,390,875	3,555,343,699	359%
Long-term loans from other person	90,000,000	-	90,000,000	100%
Lease liabilities, net of current portion	8,089,344	3,560,409	4,528,935	127%
Cumulative and redeemable of preference shares - net of current portion	763,243,036	-	-	100%
Provision for long-term employee benefits	4,216,648	3,381,735	834,913	25%
Provision for decommissioning costs	6,784,578	8,253,002	(1,468,424)	-18%
Retention payable	103,870,622	42,219,991	61,650,631	146%
Total non-current liabilities	5,522,938,802	1,048,806,012	4,474,132,790	427%
Total liabilities	8,490,269,921	2,445,625,236	6,044,644,685	247%

As of 31 December 2023, Company recorded total liabilities of 8,490.27 Million Baht, increased 6,044.64 Million Baht from previous year the below changes:

1.1. Trade and other payables, mainly from land cost payable of 345 Residence Project, accrued construction costs and trade payable from sales management of Nue District R9 project and Nue Cross KhuKhot Station project, trade payable from main construction work of Vehha Hua-Hin project and Administrative fee of projects, increased by 780.16 Million Baht.

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- 1.2. Current portion of long-term loan from financial institutions for Vi Ari project, increased by 119.16 Million Baht.
- 1.3. Advance income from sale of real estate from Nue District R9 project, Nue Cross KhuKhot Station project, Vehha Hua-Hin project and Romm Convent project, increased by 1,363.59 Million Baht.
- 1.4. Long-term loans from financial institutions - net of current portion from 345 Residence Project, Nue District R9 project, Nue Cross KhuKhot Station project and Romm Convent project, increased by 3,555.34 Million Baht.
- 1.5. Cumulative and redeemable of preference shares from Phraram 9 Alliance Co., Ltd., on Nue District R9 project

Total Shareholder's Equity

(Unit: Baht)

	Consolidated financial statements		Change	
	2023	2022	Baht	%
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
997,840,729 ordinary shares of Baht 1 each	997,840,729	673,148,951		
Issued and fully paid-up				
974,014,010 ordinary shares of Baht 1 each	974,014,385	641,469,415	332,544,970	-52%
Share premium	513,037,914	263,629,186	249,408,728	-95%
Retained earnings (deficit)				
Appropriated - statutory reserve	419,113	-	419,113	100%
Unappropriated	21,172,735	(80,663,984)	101,836,719	126%
Total shareholders' equity	1,508,644,147	905,098,601	603,545,546	67%
Total liabilities and shareholders' equity	9,998,914,068	3,350,723,837	6,648,190,231	198%

As of 31 December 2023, company recorded total equity of 1,508.64 Million Baht, increased 684.21 Million Baht from previous year due to capital increase, share premium and increase of retained earnings.

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Please be informed accordingly and please disseminate the above information.

Yours sincerely



(Ms. Naruedee Koslathip)

Chief Financial Officer