

Proud Real Estate Public Company Limited and its subsidiaries

Condensed notes to interim financial statements

For the three-month and nine-month periods ended 30 September 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.

On 6 August 2024, The Stock Exchange of Thailand moved the Company’s securities from The Market for Alternative Investment (MAI) to The Stock Exchange of Thailand (SET).

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting, with the Company presenting condensed interim financial statements. 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 and has presented notes to the interim financial statements on a condensed basis.

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

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

1.3 Basis of consolidation

The interim financial statements include the financial statements of Proud Real Estate Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) (collectively as “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2023, with no change in shareholding structure of subsidiaries during the current period, except as described in Note 4 to the financial statements.

1.4 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.

1.5 New financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2025

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2025. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users.

The management of the Group believes that adoption of these amendments will 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.

Related party transactions can be summarised as follows:

	(Unit: Million Baht)			
	For the three-month periods ended			
	30 September			
	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 fee income	-	-	18	23
Interest income	-	-	23	20
Dividend income	-	-	30	-
Interest expense	-	-	16	16
Transactions with related companies				
Rental fee	1	1	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended
30 September

	Consolidated		Separate	
	financial statements	financial statements	financial statements	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 fee income	-	-	55	69
Interest income	-	-	70	37
Dividend income	-	-	90	8
Interest expense	-	-	46	21
Transactions with related companies				
Rental fee	3	3	-	-
Other expenses	1	2	-	-
Transactions with related person				
Return on cumulative and redeemable preference shares	-	1	-	1

The balances of the accounts as at 30 September 2024 and 31 December 2023 between the Group and those related parties were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September	31 December	30 September	31 December
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other receivables and advance to related parties				
Subsidiaries	-	-	261,141	581,279
Total other receivables and advance to related parties	-	-	261,141	581,279
Interest receivables - related parties				
Subsidiaries	-	-	147,684	110,946
Total interest receivables - related parties	-	-	147,684	110,946
Prepaid expenses - related parties				
Related companies	7,851	30,233	-	-
Total prepaid expenses - related parties	7,851	30,233	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Other payables and advance receive from related parties				
Subsidiary	-	-	207,951	323,778
Related companies	953	4,983	143	1,795
Total other payables and advance receive from related parties	953	4,983	208,094	325,573
Interest payable - related party				
Subsidiary	-	-	65,188	40,892
Total interest payable - related party	-	-	65,188	40,892
Lease liabilities - related party				
Related company	-	236	-	-
Total lease liabilities - related party	-	236	-	-

Loans to subsidiary companies

(Unit: Thousand Baht)

	Separate financial statements				Effective interest rate (percent per annum)
	31 December 2023	Increase	Decrease	30 September 2024	
Short-term loans to subsidiaries					
Phraram 9 Alliance Co., Ltd.	660,993	601,277	(660,993)	601,277	MLR - 1.25
Convent Beta Co., Ltd.	369,942	-	-	369,942	MLR - 0.5
The Estate 345 Co., Ltd.	-	191,826	-	191,826	7
Khu Khot Station Alliance Co., Ltd.	301,007	155,000	(421,007)	35,000	MLR - 1.25
Proud Horseshoe Co., Ltd.	64,288	-	-	64,288	MLR - 0.5
Hua Hin Sky Living Co., Ltd.	34,670	-	-	34,670	MLR - 0.5
Total	1,430,900	948,103	(1,082,000)	1,297,003	

Short-term loans to subsidiaries are due at call.

(Unaudited but reviewed)

(Unit: Thousand Baht)

Long-term loan to subsidiary company	Separate financial statements		
	31 December 2023	During the period	30 September 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.

Loans from subsidiary companies

(Unit: Thousand Baht)

Short-term loans from subsidiaries	Separate financial statements				Effective interest rate (percent per annum)
	31 December 2023	Increase	Decrease	30 September 2024	
Hua Hin Alpha 71 Co., Ltd.	600,000	-	-	600,000	MLR - 0.50
Khu Khot Station Alliance Co., Ltd.	540,000	196,497	(540,000)	196,497	MLR - 1.00
Phraram 9 Alliance Co., Ltd.	30,000	275,000	(270,000)	35,000	MLR
Total	1,170,000	471,497	(810,000)	831,497	

Short-term loans from subsidiaries are due at call.

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 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 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Short-term employee benefits	11,567	8,677	34,397	30,147
Post-employment benefits	291	291	873	873
Total	11,858	8,968	35,270	31,020

3. Real estate development costs

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2024	31 December 2023
	Land	4,444,188
Construction in progress and design expenses	2,794,993	1,430,614
Capitalised borrowing costs	579,477	394,033
Deferred development project expenses	515,909	780,513
Total	8,334,567	7,961,798

During the three-month and nine-month periods ended 30 September 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:

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Borrowing costs included in the cost of land and construction in progress (Million Baht)	104	24	240	43
Capitalisation rate (%)	4.44 - 8.81	5.10 - 5.86	4.44 - 8.81	5.10 - 5.86

As at 30 September 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	
	30 September 2024	31 December 2023
	Net book value of land and construction that has been pledged as collateral	6,225

4. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received for the nine-month period ended	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	30 September 2023
	(Thousand Baht)	(Thousand Baht)	(Percent)	(Percent)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<u>Ordinary shares</u>								
Hua Hin Alpha 71 Co., Ltd.	200,000	200,000	99.99	99.99	200,000	200,000	90,000	7,562
Hua Hin Sky Living Co., Ltd.	50,000	50,000	99.99	99.99	50,000	50,000	-	-
Proud Horseshoe Co., Ltd.	20,000	20,000	99.99	99.99	20,000	20,000	-	-
Convent Beta Co., Ltd.	1,000	1,000	99.97	99.97	1,000	1,000	-	-
Prompt Solution Management Co., Ltd.	500	500	99.94	99.94	500	500	-	-
The Estate 345 Co., Ltd.	1,000	1,000	99.97	99.97	1,000	1,000	-	-
Khu Khot Station Alliance Co., Ltd.	300,000	300,000	99.99	99.99	253,856	253,856	-	-
Phratram 9 Alliance Co., Ltd.	768,000	768,000	99.99	99.99	425,091	425,091	-	-
Kamala Ascend Co., Ltd.	1,000	-	99.97	-	1,000	-	-	-
<u>Preference shares</u>								
Hua Hin Alpha 71 Co., Ltd.	600,000	600,000	100.00	100.00	600,000	600,000	-	-
Total investments in subsidiaries					1,552,447	1,551,447	90,000	7,562

The establishment of new subsidiary

On 8 August 2024, a meeting of the Company's Board of Directors passed a resolution approving the establishment of a new subsidiary company under the name "Kamala Ascend Company Limited". This new subsidiary is engaged in real estate development and has a registered capital of 10,000 ordinary shares of Baht 100 each, totaling Baht 1 million. The Company holds shares 99.97 percent of the shares in the new subsidiary. The subsidiary company registered its establishment with the Ministry of Commerce on 5 September 2024.

5. Long-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2024	2023	2024	2023
Long-term loans	4,057,687	4,663,430	450,000	450,000
Less: Deferred front end fee	(17,097)	(30,686)	(1,338)	(2,108)
Add: Finance cost - Interest expenses on borrowings	63,284	34,355	-	-
Net	4,103,874	4,667,099	448,662	447,892
Less: Current portion	(132,309)	(120,364)	-	-
Long-term loans, net of current portion	<u>3,971,565</u>	<u>4,546,735</u>	<u>448,662</u>	<u>447,892</u>

Movements in the long-term loans account during the nine-month period ended 30 September 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	741,895	-
Amortisation of front end fee	13,588	770
Less: Repayment	(1,347,637)	-
Finance cost - Interest expenses on borrowings	28,929	-
Balance as at 30 September 2024	<u>4,103,874</u>	<u>448,662</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 30 September 2024, the loan facilities of the Group which have not yet been drawn down amounted to Baht 3,374 million (31 December 2023: Baht 4,395 million).

6. 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	
	30 September 2024	31 December 2023
Hua Hin Alpha 71 Co., Ltd.	1,142	25,910
Hua Hin Sky Living Co., Ltd.	303,101	201,793
Convent Beta Co., Ltd.	334,044	118,922
Khu Khot Station Alliance Co., Ltd.	20,651	221,770
Phraram 9 Alliance Co., Ltd.	1,411,818	1,195,163
Proud Horseshoes Co., Ltd.	69,745	-
Total	2,140,501	1,763,558

7. Long-term loan from other person

As at 30 September 2024, the Company had unsecure long-term loan from other person of Baht 200 million (31 December 2023: 90 million). The carrying interest is at 7 percent per annum and due for repayment within January 2027.

8. 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 within the year 2025.

Movements of cumulative and redeemable preference shares net from the transaction cost for issuance of the cumulative and redeemable preference shares for the nine-month period ended 30 September 2024 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2024	763,243
Add: Financial cost - Return on cumulative and redeemable preference shares	51,831
Balance as at 30 September 2024	815,074

9. 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 profit 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.

The Company had set aside the statutory reserve of Baht 786,374 from its profit for the nine-month period ended 30 September 2024.

10. 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 and nine-month periods ended 30 September 2024 and 2023 were made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax				
Interim corporate income tax charge	19,928	7,259	-	-
Deferred tax				
Relating to origination and reversal of temporary differences	(9,386)	(938)	(129)	574
Income tax expenses (income) reported in profit or loss	<u>10,542</u>	<u>6,321</u>	<u>(129)</u>	<u>574</u>

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax				
Interim corporate income tax charge	45,931	58,826	-	-
Deferred tax				
Relating to origination and reversal of temporary differences	(31,269)	273	111	403
Income tax expenses reported in profit or loss	<u>14,662</u>	<u>59,099</u>	<u>111</u>	<u>403</u>

11. 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.

12. Commitments and contingent liabilities

12.1 As at 30 September 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 4 years, of approximately Baht 2 million (31 December 2023: Baht 1 million) (Separate financial statements: Baht 0.3 million (31 December 2023: Baht 0.3 million)).

12.2 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 2,032 million (31 December 2023: Baht 2,094 million).

12.3 Bank guarantees

- 1) As at 30 September 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 30 September 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.

13. 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.

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2024.