

PROUD/FIN/SET-2024/003

8 August 2024

Subject: Management's Discussion and Analysis for the three-month and six-month periods ended 30 June 2024

To: The President
The Stock Exchange of Thailand

Proud Real Estate Public Company Limited would like to explain operating results for the three-month and six-month periods ended 30 June 2024 which has changed from the same period of prior year as follows:

Financial Performance as of 30 June 2024

Company's total revenue in Q2/2024 was recorded at 713.48 Million Baht, increased from 288.03 Million Baht or 148% from Q2/2023. The main contribution was from the number of transferred units of Nue Cross Khu Khot Station project which has started transfer since December 2023. The net profit of Q2/2024 was at 11.58 Million Baht, increased from 8.74 Million Baht in Q2/2023.

(Unit: Thousand Baht)

	Consolidated Financial Statements		Change Increase/(Decrease)		Consolidated Financial Statements		Change Increase/(Decrease)	
	Q2 2024	Q2 2023	Thousand Baht	%	6M2024	6M2023	Thousand Baht	%
Profit or loss:								
Revenues from sale of real estate	705,668	275,290	430,378	156%	1,775,407	1,178,113	597,294	51%
Cost of real estate sold	(563,361)	(181,012)	382,349	211%	(1,405,484)	(765,491)	639,993	84%
Gross profit	142,307	94,278	48,029	51%	369,923	412,622	(42,699)	-10%
Other income	7,813	12,737	(4,924)	-39%	8,676	14,089	(5,413)	-38%
Selling and distribution expenses	(60,078)	(35,472)	24,606	69%	(140,775)	(127,769)	13,006	10%
Administrative expenses	(60,070)	(42,749)	17,321	41%	(124,276)	(73,889)	50,387	68%
Operating profit (loss)	29,972	28,794	1,178	4%	113,548	225,053	(111,505)	-50%
Finance income	2,346	701	1,645	235%	2,391	701	1,690	241%
Finance cost	(6,313)	(9,382)	(3,069)	-33%	(23,001)	(26,313)	(3,312)	-13%
Profit (loss) before income tax income (expenses)	26,005	20,113	5,892	29%	92,938	199,441	(106,503)	-53%
Income tax (expenses) income	(14,421)	(11,372)	(3,049)	27%	(4,120)	(52,778)	48,658	-92%
Profit (loss) for the year	11,584	8,741	2,843	33%	88,818	146,663	(57,845)	-39%

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1. Revenues and cost of real estate sold

Revenue from sales of real estate development business during Q2/24 and 1H/24 were 705.67 Million Baht and 1,775.41 Million Baht, which increased by 156% and 51%, respectively, from the same period of last year. The main revenue was generated from Nue Cross Khu Khot Station project and InterContinental Residences Hua Hin project which had the transferred units of 934 units and 9 units, respectively.

Cost of real estate sold during Q2/24 and 1H/24 were 563.36 Million Baht and 1,405.48 Million Baht, which decreased by 211% and 84%, respectively, from the same period of last year.

2. Gross profit

Total gross profit during Q2/24 and 1H/24 were 142.31 Million Baht and 369.92 Million Baht, which increased by 51% in Q2/24 and decreased by 10% in 1H/24, respectively, from the same period of last year.

3. Other income

Other income during Q2/24 and 1H/24 were 7.81 Million Baht and 8.68 Million Baht, which decreased by 39% and 38%, respectively, from the same period of last year. The reason was due to a lower income from seizing reservations and deposits in this quarter. Whereas there is an income from common fee and juristic related expenses.

4. Selling and distribution expenses

Selling and distribution expenses during Q2/24 and 1H/24 were 60.08 Million Baht and 140.78 Million Baht, which increased by 69% and 10%, respectively, from the same period of last year. The reason was from higher in number of transferred units, whereas, selling and distribution expenses in 2024 was 8% of total revenue, lower than previous year at 11%,

5. Administrative expenses

Administrative expenses during Q2/24 and 1H/24 were 60.07 Million Baht and 124.28 Million Baht, which increased by 41% and 68%, respectively, from the same period of last year. This was caused by an increase in depreciation of sales gallery (Room Convent project and Nue District R9 Project), employee benefit expense and common fee expense.

6. Financial income and financial cost

Financial income during Q2/24 and 1H/24 were 2.35 Million Baht and 2.39 Million Baht, which increased by 235% and 241%, respectively, from the same period of last year. The main increase was by interest income from financial institutions from company's projects. While financial cost during Q2/24 and 1H/24 were 6.31 Million Baht and 23.01 Million Baht, which decreased by 33% and 13%, respectively, from the same period of last year

7. Net Profit

Net profit during Q2/24 and 1H/24 were 11.58 Million Baht and 88.82 Million Baht, which increased by 33% in Q2/24 and decreased by 39% in 1H/24, respectively. The company's net profit margin during Q2/24 and 1H/24 were 2% and 5%, respectively.

Financial Position as of 30 June 2024

Total Assets

(Unit: Thousand Baht)

	Consolidated financial statements		Change	
	30-Jun-24	31-Dec-23	Baht	%
Assets				
Current assets				
Cash and cash equivalents	236,081	867,468	(631,387)	-73%
Trade and other receivables	4,405	4,965	(560)	-11%
Real estate development costs	7,764,719	7,961,798	(197,079)	-2%
Current tax assets	17,989	966	17,023	1762%
Other current assets	802,700	846,315	(43,615)	-5%
Total current assets	8,825,894	9,681,512	(855,618)	-9%
Non-current assets				
Restricted bank deposits	0	194	(194)	-100%
Equipment	36,099	54,169	(18,070)	-33%
Right-of-use assets	12,151	15,502	(3,351)	-22%
Intangible assets	4,029	4,236	(207)	-5%
Deferred tax assets	259,776	237,893	21,883	9%
Other non-current financial assets	4,187	5,408	(1,221)	-23%
Total non-current assets	316,242	317,402	(1,160)	0%
Total assets	9,142,136	9,998,914	(856,778)	-9%

As of 30 June 2024, Company recorded total assets of 9,142.14 Million Baht, decreased 856.78 Million Baht from the year-ended 2023 by the below changes:

- 1.1. Cash and cash equivalents at 236.08 Million Baht, decreased by 631.39 Million Baht mainly caused by loan repayment of 1,184.54 Million Baht to financial institutions in cashflow from financing activities, whereas, cashflow from operating activities and investment activities were increased.

- 1.2. Real estate development costs at 7,764.72 Million Baht, decreased by 197.08 Million Baht from recognition of real estate development costs from the units transferred of Nue Cross Khu khot station project and InterContinental Residences Hua-hin project which had the transferred units of 934 units and 9 units, respectively.
- 1.3. Other current assets at 802.70 Million Baht, decreased by 43.62 Million Baht from the units transferred of Nue Cross Khu khot station project and InterContinental Residences Hua-hin project.
- 1.4. Deferred tax assets at 259.78 Million Baht, increased by 21.88 Million Baht from deferred tax relating to origination and reversal of temporary differences from Romm Convent project and Vehha Hua-Hin project.

Total Liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Change	
	30-Jun-24	31-Dec-23	Baht	%
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts and short-term loans from financial institutions	19,541	40,140	(20,599)	-51%
Trade and other payables	764,376	867,660	(103,284)	-12%
Current portion of long-term loans from financial institutions	132,679	120,364	12,315	10%
Current portion of lease liabilities	5,984	6,289	(305)	-5%
Deferred revenue from sale of real estate	1,948,852	1,763,558	185,294	11%
Accrued expenses related to the projects	84,670	107,143	(22,473)	-21%
Retention payable	61,100	58,493	2,607	-
Other current liabilities	36,672	45,530	(8,858)	-19%
Total current liabilities	3,053,874	3,009,177	44,697	1%
Non-current liabilities				
Long-term loans from financial institutions, net of current portion	3,383,071	4,546,735	(1,163,664)	-26%
Long-term loans from other person	200,000	90,000	110,000	100%
Lease liabilities, net of current portion	5,406	8,089	(2,683)	-33%
Cumulative and redeemable of preference shares - net of current portion	797,290	763,243	34,047	100%
Provision for long-term employee benefits	4,911	4,217	694	16%
Provision for decommissioning costs	6,822	6,784	38	1%
Retention payable	93,300	62,025	31,275	50%
Total non-current liabilities	4,490,800	5,481,093	(990,293)	-18%
Total liabilities	7,544,674	8,490,270	(945,596)	-11%

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As of 30 June 2024, Company recorded total liabilities of 7,544.67 Million Baht, decreased 945.60 Million Baht from the year-ended 2023 by the below changes:

- 1.1. Trade and other payables at 764.38 Million Baht, decreased by 103.28 Million Baht mainly from decreased in accrued construction costs from Nue Cross Khu Khot Station project and Romm Convent project.
- 1.2. Current portion of long-term loans from financial institutions at 132.68 Million Baht, increased by 12.32 Million Baht from Vi Ari project
- 1.3. Advance income from sale of real estate at 1,948.85 Million Baht, increased by 185.29 Million Baht from deposit and advance received from Romm Convent project, Nue District R9 project, Vehha Hua-Hin project, and Vi Ari project.
- 1.4. Long-term loans from financial institutions at 3,383.07 Million Baht, decreased by 1,163.66 Million Baht from loan repayment of Nue Cross Khu khot Station project to Bangkok Bank.
- 1.5. Long-term loans from other persons at 200.00 Million Baht, increased by 110.00 Million Baht for company's project development.
- 1.6. Cumulative and redeemable of preference shares from Phraram 9 Alliance Co., Ltd., on Nue District R9 project at 797.29 Million Baht, increased by 34.05 Million Baht from accrued dividend expense.

Total Shareholder's Equity

(Unit: Thousand Baht)

	Consolidated financial statements		Change	
	30-Jun-24	31-Dec-23	Baht	%
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
997,840,729 ordinary shares of Baht 1 each	997,841	997,841		
Issued and fully paid-up				
974,014,010 ordinary shares of Baht 1 each	974,014	974,014	-	0%
Share premium	513,038	513,038	-	0%
Retained earnings (deficit)				
Appropriated - statutory reserve	1,205	419	786	100%
Unappropriated	109,205	21,173	88,032	-416%
Total shareholders' equity	1,597,462	1,508,644	88,818	6%
Total liabilities and shareholders' equity	9,142,136	9,998,914	(856,778)	-9%

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As of 30 June 2024, the company recorded total equity of 1,597.46 Million Baht, increased by 88.03 Million Baht from the year-ended 2023 due to an increase of retained earnings.

Please be informed accordingly and please disseminate the above information.

Yours sincerely



(Ms. Naruedee Koslathip)

Chief Financial Officer