

Section 3 Financial Statements & Performance

13. Financial Highlights

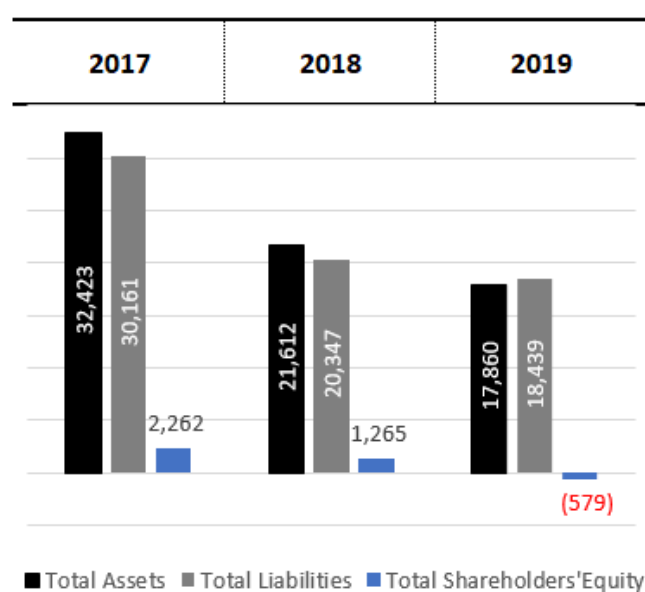
Summary of Financial Highlights for 3 Years

Statement of Financial Position as of 31st December, 2017, 2018, and 2019 (3 years)

Unit: Million Baht

TOTAL ASSETS

Statement of financial Position 3 Years	2017	2018	2019
Total Assets	32,422.63	21,611.88	17,860.16
Total Liabilities	30,160.69	20,346.81	18,439.37
Equity Attributable to Owner of the Parent	2,246.94	1,265.06	(579.21)
Non-Controlling Interests	14.99	0.00	-
Total Shareholders'Equity	2,261.93	1,265.06	(579.21)



- Sales Backlog

(Unit: million Baht)

Projects	Cumulative Sales			Cumulative Recognized			Backlog		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
The Ritz-Carlton Residences, Bangkok @Mahanakhon	10,379.5	14,256.3	14,241.0	7,169.6	13,080.9	14,035.0	3,209.9	1,175.4	
MahaSamutr Villa	965.7	659.3	610.0	96.5	255.7	256.0	869.2	403.6	403.6
Nimit Langsuan	6,709.3	6,914.0	7,030.0	-	-	-	6,709.3	6,914.0	6,914.0
Total	18,548.5	22,621.6		7,266.1	13,336.6		11,282.4	9,285.0	7,317.6

- The growth of gourmet food and beverages "DEAN & DELUCA" totaling 76 stores worldwide
 The Company owns brand called "DEAN & DELUCA" totaling 76 stores worldwide, i.e. 12 stores in Thailand, and operates the licensing agreements outside Thailand totaling 64 stores, especially in Japan 50 stores and the other 14 stores worldwide.

14. Management Discussion and Analysis (MD&A)

Clarification of reasons for Auditor's Disclaimer of Opinion on the financial statements for the year ended December 31, 2019

As Pace Development Corporation Public Company Limited (the "Company") has submitted the financial statements for the year ended December 31, 2019 which the auditor of EY Office Limited has audited and certified with disclaimer of opinion since there are a number of significant uncertainties which can be summarized into 2 points as follows: 1. The significant doubt on the Group's ability to continue as a going concern; 1.1 The total current liabilities exceeding their total current assets by Baht 8,323 million (Separate statement: Baht 6,500 million). 1.2 The capital deficit of Baht 579 million (Separate statement: Baht 931 million). 1.3 The event of default with the Siam Commercial Bank Public Company Limited as per the credit facilities agreements in the amount of Baht 10,588 million. 1.4 The Company and Pace Country Club Co., Ltd. ("PCC") as a debtor have submitted a petition for Business Rehabilitation to the Central Bankruptcy Court. 1.5 Dean & DeLuca, Inc. filed the petition to enter into the financial restructuring via reorganization in Chapter 11 of the Bankruptcy Code to the United States Bankruptcy Court Southern District of New York. The Company intend to clarify the reasons as follows: a. After receiving the Notices of Default previously mentioned, the management urgently consulted and negotiated with the Bank to prepare financial restructuring and debt management plans for the Group. In order to relieve the Group's debt burden, the Company entered into transactions to dispose of land in one of its real estate development projects to settle the short-term loans from the Bank and to dispose of ordinary shares it held in a subsidiary to settle the long-term loans from other companies and interest payables. The Company was also granted a waiver of the event of default under the terms and conditions in the debenture agreements, an extension of the term of the debentures and a right to retain the interest rate. b. The Company and PCC have submitted the petition for Business Rehabilitation to the Central Bankruptcy Court (the "Court") dated 24 April 2020, the Court received the petition dated 27 April 2020 and scheduled an appointment for preliminary hearing of such petition and appointment the Company and PCC as the rehabilitation planner dated 29 June 2020. On the date of hearing, the creditors of the Company and PCC have submitted the petition to object the petition for Business Rehabilitation of the Company and PCC to the Court. Then, the Court has an order to schedule the date of witnesses hearing during 16 September 2020 – 2 October 2020. In the meantime, the Group of Companies are in the process of the Court's consideration. c. The Company is of the opinion that Chapter 11 would allow Dean & DeLuca, Inc. to preserve its business value including the intellectual property. The reorganization will cause the smallest effect to the employee, customers and partners and will recover the business and can operate in the future. Therefore, the Group entering the business rehabilitation process as previously described has resulted in the automatic stay by act of law and the cease in most of the Group's normal course of businesses. 2. The impairment loss on the assets 2.1 Mahasamutr Villa project in the amount of Baht 3,254 million and a sports club project in progress consisting of land amounting to Baht 547 million, crystal lagoon amounting to Baht 471 million and assets under construction amounting to Baht 1,515 million. 2.2 The Group also had goodwill of Baht 2,252 million and trademark and trade name, franchise agreements and

design software totaling Baht 2,103 million. The Company intend to clarify the reasons as follows: a. The Company assessed the impairment loss on the assets by comparing the carrying value of the cash generating units and the realizable value of the assets. Realizable values are determined based on estimates of the cash flows expected to be realized from the assets, taking into account factors such as future business plans, growth rate, gross profit margin, and discount rate. Therefore, the Group is in the process of fund sourcing for the construction and negotiations with business partners. b. The Group decided to restructure the overseas parts of this business in 2019, in order to maximize the benefit of the goodwill and trademark and trade name, and this involved the Group gradually closing uneconomic branches. Therefore, the Company has adopted a strategy that aligned with the current status of the business and the financial position by reducing the size of business operation.

Summary of financial result

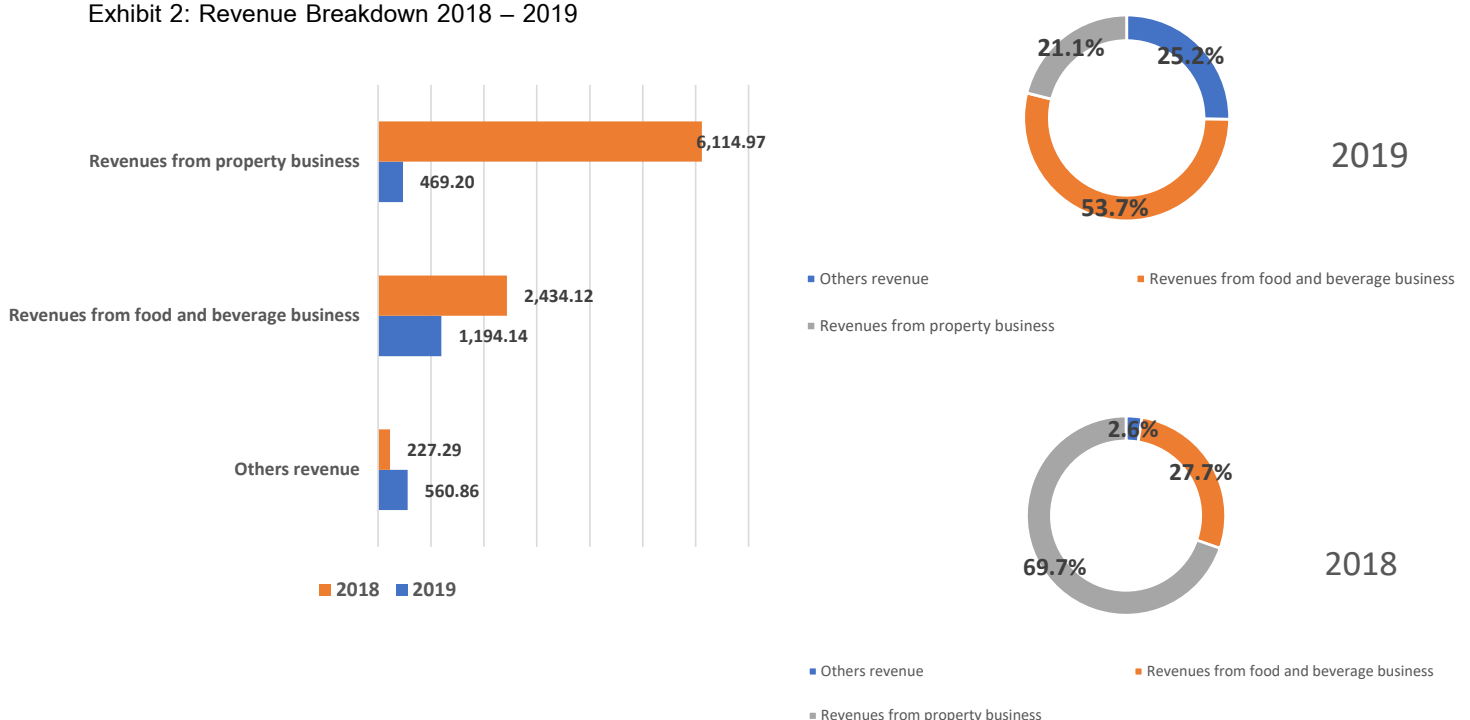
Operating result analysis

In the year 2019 the Company recorded a total loss of Baht 2,421 million, improved from 2018 that recorded a total loss of Baht 5,156 million. This is a result of the disposition of assets and investments in a total of Baht 3,533 million. The following shows analysis of the operating results.

Revenue

In the year 2019 the Company recorded a total revenue of Baht 2,224 million decreased from 2018 by Baht 6,589 million or by 75% with the following reasons

Exhibit 2: Revenue Breakdown 2018 – 2019



Revenue from property development business

- Revenue from property development business of Baht 469.2 million decreased from 2018 by Baht 5,646 million or 92%. The Company had recorded the revenue from sales of the MahaNakhon- The Ritz Carlton residences Bangkok while in 2019 the Company is in the completion process of other property development projects namely Nimit Langsuan and MahaSamutr Country Club. This results in the significant decline in revenue.

Revenue from gourmet food and beverages business

- Revenue from gourmet food and beverages of Baht 1,194 million decreased from 2018 by Baht 1,240 million or by 51%. This was due to closure of all six DEAN & DELUCA stores in the United States and two stores in Thailand.

Other income

- Revenue from trademark and trade name fees of DEAN & DELUCA, interior service income and other income of Baht 561 million increased from 2018 by Baht 356 million or 63%. This was due to gain on disposal of investment in subsidiary, operating gain of subsidiary disposed during the year, gain on disposal of investment in joint venture and gain on debt deduction of DEAN & DELUCA, Inc.

Exhibit 3: Details and progress of the Company's residential projects

Project	Operated By	Project Value (MB)	Total Units	Sales Progress			Cumulative Transferred Value (MB)	Start of Transfer in Year
				No. of Sold Units	Million Baht	% (unit)		
MahaNakhon - The Ritz-Carlton Residences, Bangkok	Pace Project Two	14,508	209	207	14,241	99	14,035	April 2016
MahaSamutr - Villa	Company	4,000	80	13	610	15	256	4Q 2017
Nimit Langsuan	Company	8,000	187	171	7,030	93	-	2021

Gross Profit Margin

Gross profit margin of the property development business decreased from the previous year from 23.9% to 10.4 from sale promotion of the condominium units while gross profit margin of the gourmet food and beverages business improved from 46.7% to 52.5% due to the closure of all DEAN & DELUCA stores in the United States and another two stores in Thailand thus significantly reduced the cost of sales and administrative expenses. Overall gross profit margin improved to 42.3% from 30.7% in 2018.

Selling and Administration expenses

The Company recorded selling expense and administration expense (SG&A) of Baht 2,603 million comprises of selling expense of Baht 1,070 million and administration expense of Baht 1,533 million. The decline in SG&A of Baht 1,039 million or by 29% year-on-year results from effective 'rightsize' strategy of the Company that initiated during the previous quarters. However, SG&A to sales at 152%, increased from the previous year at 42%, reflects in the decline in revenue from both businesses in a greater portion in comparison to the decline in expenses

Loss on impairment

The Company recorded loss on impairment of Baht 290 million which consists of advance payment for purchase of land Baht 100 million and leasehold improvement, equipment and computer software Baht 181 million

Finance Costs

In 2019, The Company had total interest paid of Baht 876 million, increased by Baht 67 million or 8% year-on-year. This is from default interest rate of financial institutions

Assets

As at 31 December 2019, the total assets of the Company were Baht 17,860 million, decreased by Baht 3,752 million or by 17.4% year-on-year. The decreasing of total assets comprises of

- cash and cash equivalent of Baht 274 million or 1.5% of total assets decreased Baht 1,004 million or by 78.6% year-on-year
- cost of real estate development for sales Baht 8,045 million or 45% of total assets decreased by 15.8% year-on-year.
- Trade and other receivables of Baht 483 million or 2.7% of total asset decreased 45.5% year-on-year.
- Property, plant and equipment of Baht 2,637 million or 14.9% of total asset decreased 26.1% year-on-year.
- Goodwill incurred mainly from DEAN & DELUCA acquisition of Baht 2,266 million or 12.7% of total assets decreased by 7.3% year-on-year

The main assets were 88.7% of the total assets.

Liabilities

As at 31 December 2019, the total liabilities were Baht 18,439 million decreased by Baht 1,907 million or by 9.4% year-on-year. This decreasing of liabilities comprising of the followings

- bank overdraft and short-term loans from financial institutions of Baht 2,304 million or 12.5% of total liabilities decreased by 24.7% year-on-year
- Trade and other payables of Baht 3,185 million or 17.3% of total liabilities increased by 21.7% year-on-year.

- Long-term loans from financial institutions of Baht 7,928 million or 43% of total liabilities, decreased by 1.7% year-on-year.
- Debentures of Baht 1,291 million or 7% of total liabilities increased by 3.1% year-on-year.
- Advances and deposits received from customers of Baht 2,482 million or 13.5% of total liabilities decreased by 18.6% year-on-year.

The main liabilities are accounted for 93.2% of the total asset.

Shareholders' Equity

As at 31 December 2019, the total shareholder's Equity of the Company were Baht -579 million decreased by Baht 1,844 million as compared to the previous year. This was mainly due to (1) loss for the 2019 fiscal year of Baht 2,424 million (2) Issuance of new ordinary shares of Baht 580 million (3) Cumulative effects of adopt TFRS15 of Baht 124 million and (4) translation adjustment of Baht 121 million.