

Section 3 Financial Statements & Performance

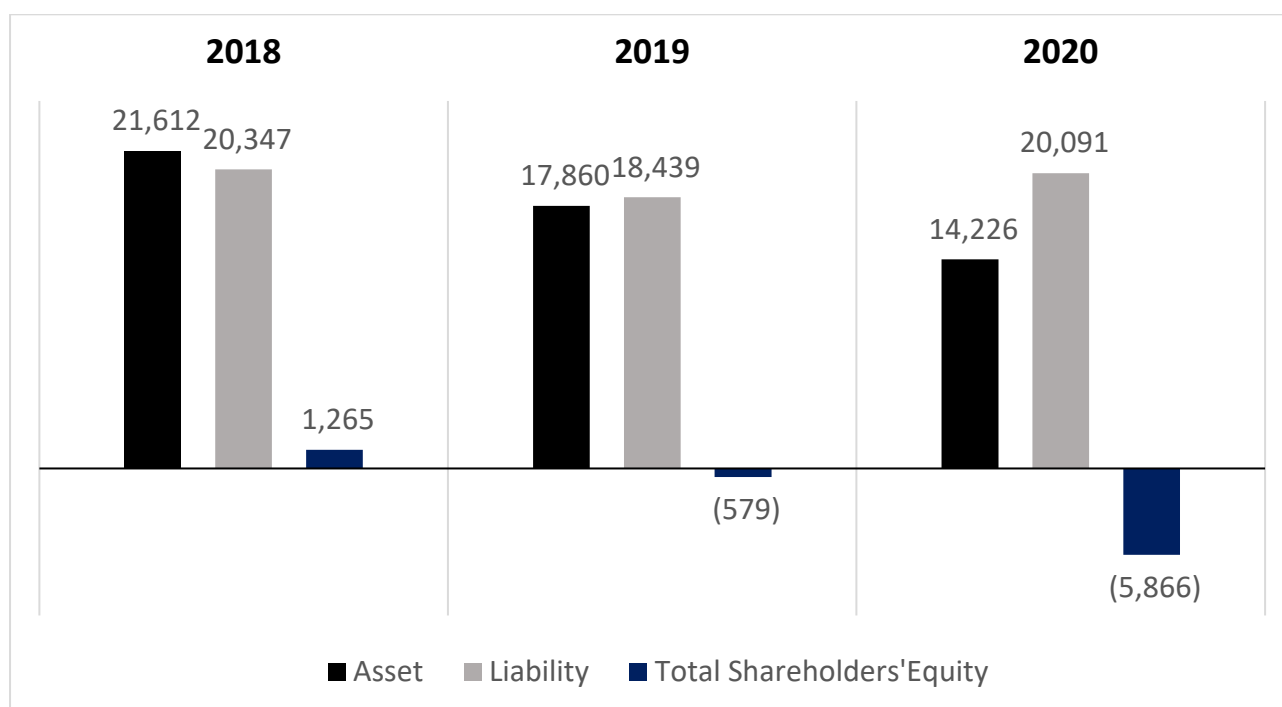
13. Financial Highlights

Summary of Financial Highlights for 3 Years

Statement of Financial Position as of 31st December 2018, 2019, and 2020 (3 years)

(Unit: million Baht)

Statement of financial Position 3 Years	2018	2019	2020
Total Assets	21,612	17,860	14,226
Total Liabilities	20,347	18,439	20,091
Total Shareholders'Equity	1,265	(579)	(5,866)



Sales Backlog

(Unit: million Baht)

Project	Sales Progress			Cumulative Transferred			Backlog		
	2561	2562	2563	2561	2562	2563	2561	2562	2563
MahaNakhon - The Ritz- Carlton Residences, Bangkok	14,256	14,149	14,084	13,081	13,580	13,660	1,175	569	424
MahaSamutr Villa	659	665	665	256	256	361	403	409	304
Nimit Langsuan	6,914	6,775	6,951	-	-	-	6,914	6,775	6,951
Total	21,829	21,589	21,700	13,337	13,836	14,021	8,492	7,753	7,679

The growth of gourmet food and beverages “DEAN & DELUCA” totaling 74 stores worldwide

As of December 31st, 2020, the Company owns 11 stores in the forms of cafe and markets in Thailand, Moreover, the Company also operates the licensing agreements in 63 stores in Thailand and other countries including US, Japan, Singapore, South Korea, The Philippines, Kuwait, United Arab Emirates (UAE), Macao, Bahrain, Hong Kong, and Malaysia. As at the year end 2020 the total number of Dean & DeLuca stores worldwide at 74 stores. The company plans to continue to expand the number of stores both in Thailand and other countries directly, as well as continuing to sell licenses and the trade name to its licensees.

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, 2020

As Pace Development Corporation Public Company Limited (the "Company") has submitted the financial statements for the year ended December 31, 2020 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 10,123 million (Separate statement: Baht 11,639 million).
 - 1.2 The capital deficit of Baht 5,282 million (Separate statement: Baht 5,601 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 11,789 million.
2. The submission a petition for Business rehabilitation and impairment
 - 2.1 The Company and Pace Country Club Co., Ltd. ("PCC") submitted a petition for business rehabilitation to the Central Bankruptcy Court, then the Court granted the business rehabilitation petition of the Company and PCC and appointed the Company and PCC as the Planner on 12 November 2020 and 25 November 2020 respectively. Subsequently, on 24 June 2021, the Company and PCC submitted the rehabilitation plans to the Official Receiver. The Official Receiver will set a date of creditors' meetings and inform the creditors who are eligible to vote, to consider the rehabilitation plans.
 - 2.2 Dean & DeLuca, Inc. Group ("DD Inc. Group") which is an indirect subsidiary of the Company, filed a petition to enter into a financial restructuring via a court-ordered reorganisation (Chapter 11) to the United States Bankruptcy Court. On 24 November 2020, the Court approved DD Inc. Group's financial restructuring plan. Subsequently, on 28 January 2021, DD Inc. Group has fulfilled all conditions for completion of the business rehabilitation plan.
 - 2.3 The impairment loss on the assets
 - 2.3.1 MahaSamutr Villa project in the amount of Baht 2,524 million and a sports club project in progress consisting of land amounting to Baht 547 million, crystal lagoon amounting to Baht 458 million and assets under construction amounting to Baht 1,519 million.
 - 2.3.2 The Group also had goodwill of Baht 2,243 million and trademark and trade name, franchise agreements and design software totaling Baht 2,019 million.

The Company intend to clarify the reasons as follows:

1. 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, in the final quarter of 2019 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.
2. The Court granted the business rehabilitation petition of the Company and PCC and appointed the Company and PCC as the Planner on 12 November 2020 and 25 November 2020, respectively.

Currently, the Company and PCC is in the process of investigation the objection which were submitted by the creditors with the Official Receiver and arrange the meeting with the creditors to consider and approve such rehabilitation plan.

The Company and PCC are 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.

As for the financial restructuring via a court-ordered reorganization of Dean & DeLuca, Inc. Group, the Court approved DD Inc. Group's financial restructuring plan on 28 January 2021. Pursuant to the business rehabilitation plan, two creditors i.e. (i) Pace Food Retail Company Limited (main shareholders of DD Inc. Group) (the parent company of DD Inc. Group) and (ii) the Bank have converted debts concerning the loans PFR and SCB provided to D&D Inc. Group into equity, while debts of other creditors will be repaid pro rata pursuant to terms and conditions of the business rehabilitation plan. Finally, once D&D Inc. Group has fully fulfilled conditions for completion of the business rehabilitation plan and emerged from the financial restructuring of D&D Inc. Group in accordance with the business reorganization under Chapter 11, D&D Inc. Group still remains an indirect subsidiary of the Company, and has preserved its business value including the intellectual property and trademarks already existed at the time prior to the commencement of the financial restructuring proceedings, and its business shall continue normally.

As for the impairment loss on the assets, 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 recognized the resulting losses, totaling Baht 2,697 million and Baht 66 million, in the consolidated and separated statement of comprehensive income for the year ended 31 December 2020, respectively

Summary of financial result

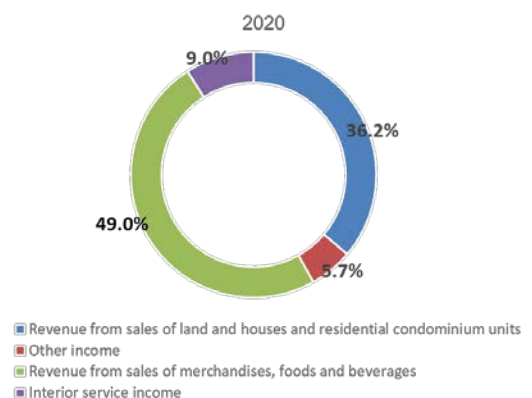
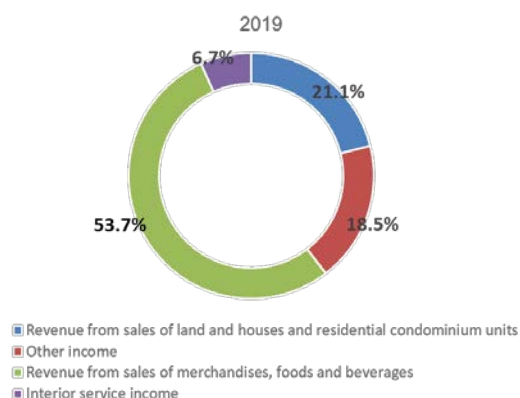
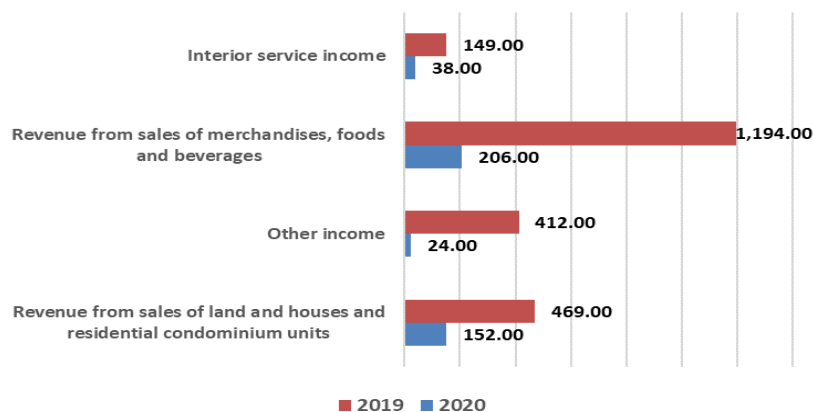
Operating result analysis

The operation for the year ended 31 December 2020, the Group recorded a total loss of Baht 5,282 million, increased from 2019 which recorded a total loss of Baht 2,421 million. The details are as follows:

Revenue

In the year 2020 the Company recorded a total revenue of Baht 420 million decreased from 2019 by Baht 1,804 million or by 81% with the following reasons

Exhibit 2: Revenue Breakdown 2019 – 2020



Revenue from property development business

- Revenue from sales of property development as of 2020 was Baht 152 million decreased from 2019 by Baht 317 million or by 68% due to sales of property development business due to the revenue recognition from sales of Ritz Carlton the resident and MahaSamutr Villa 1 and 2 units, respectively..

Revenue from gourmet food and beverages business

- Revenue from Dean & DeLuca as of 2020 was Baht 206 million decreased from 2019 by Baht 988 million or by 83% due to the closing of Dean & DeLuca stores in the USA and some stores in Thailand.

Revenue from interior service

- The total revenue of interior service as of 2020 was Baht 38 million decreased from 2019 by Baht 111 million or by 74% due to the Group was hired by external parties for 4 interior service projects in 2019 which is non-recurring. 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	14,286	209	207	14,084	99	13,660	April 2016
MahaSamutr Villa	Company	4,000	80	13	665	16	361	4Q 2017
Nimit Langsuan	Company	8,000	176	166	6,951	94	-	2023

Gross Profit Margin

In the year 2020, gross profit margin from property development business decreased from 2019 by 27% as during the year 2020, the Company sells MahaSamutr Villa at less than costs of development.

In the year 2020, gross profit margin from food and beverages business decreased from 2019 by 7% as during the year 2020, the cost for raw material has been increased.

Selling and Administration expenses

The Group recorded selling expense and administration expense (SG&A) of Baht 716 million comprises of selling expense of Baht 140 million and administration expense of Baht 576 million. The decrease in SG&A of Baht 1,762 million or by 71% from 2019 due to the closing of Dean & DeLuca stores in the USA and some stores in Thailand.

Finance Costs

The Group had total interest cost of Baht 1,415 million, increased by Baht 539 million from 2019 because the Group additionally recorded the default interest rate of the lending from financial institutes and the debenture.

Financial Position Analysis

Assets

As of 31 December 2020, the total assets of the Group was Baht 14,225.50 million, decreased by Baht 3,634.66 million or by 20.35% when compared with 31 December 2019. The significant component of assets comprising of the followings

- cash and cash equivalent of Baht 245.41 million or 1.73% of total assets decreased by 10.30% from 2019 fiscal year end or by Baht 28.19 million.
- Short-term loans to other parties and interest receivable 75.65 million or 0.53% of total assets decreased by 39.52% from 2019 fiscal year end or by Baht 49.43 million
- Cost of real estate development for sales Baht 8,144.91 million or 57.26% of total assets increased by 1.24% from 2019 fiscal year end or by Baht 99.58 million from additional construction of NIMIT Langsuan Project.
- Trade and other receivables of Baht 444.57 million or 3.13% of total asset decreased 7.96% from 2019 fiscal year end or by Baht 38.47 million from the expected credit loss of the Group of Baht 105 million.
- Property, plant, and equipment of Baht 2,246.11 million or 15.79% of total asset decreased 15.97% from 2019 fiscal year end or by Baht 426.96 million from depreciation during the period.
- Intangible assets of Baht 2,021.78 million or 14.21% of total asset decreased by 4.09% from 2019 fiscal year end or by Baht 86.15 million from amortization during the period.

The main assets were 92.65% of the total assets.

Liabilities

As of 31 December 2020, the total liabilities were Baht 20,091.10 million increased by Baht 1,651.74 million or by 8.96% when compared with 31 December 2019. The significant component of liabilities comprising of the followings

- Bank overdraft and short-term loans from financial institutions of Baht 2,659.51 million or 13.24% of total liabilities increased by 11.20% from 2019 fiscal year end or by Baht 267.86 million.
- Trade and other payables of Baht 2,823.36 million or 14.05% of total liabilities increased by 0.74% from 2019 fiscal year end or by Baht 20.62 million.
- Long-term loans from financial institutions and interest payables of Baht 9,230.93 million or 45.95% of total liabilities, increased by 12.72% from 2019 fiscal year end or by Baht 1,041.43 million.
- Debentures and interest payables of Baht 1,360.02 million or 6.77% of total liabilities increased by 9.08% from 2019 fiscal year end or by Baht 113.24 million.
- Advances and deposits received from customers of Baht 2,498.63 million or 12.44% of total liabilities increased by 0.65% from 2019 fiscal year end or by Baht 16.07 million.

The main liabilities are accounted for 92.45% of the total liabilities.

Shareholders' Equity

As of 31 December 2020, the decreased in capital deficit of the Company by Baht 5,286.40 million when compared with 31 December 2019 therefore the Company's capital deficit was Baht 5,865.61 million. These were mainly due to (1) loss for the year of Baht 5,282.31 million (2) Loss from cumulative effects of adopted new TFRS of Baht 111.18 million and (3) gain on translation adjustment of Baht 107.09 million.