

No. PACE IR2021/03

Date: 29 September 2021

Subject: Explanation of the Operating Results for the three-month period ended 30 September 2020

To: The President  
The Stock Exchange of Thailand

PACE Development Corporation Public Company Limited and its subsidiaries (“the Group”) would like to report the operating results for the three-month period ended 30 September 2020. The details are as follows:

Exhibit 1: Earnings Result

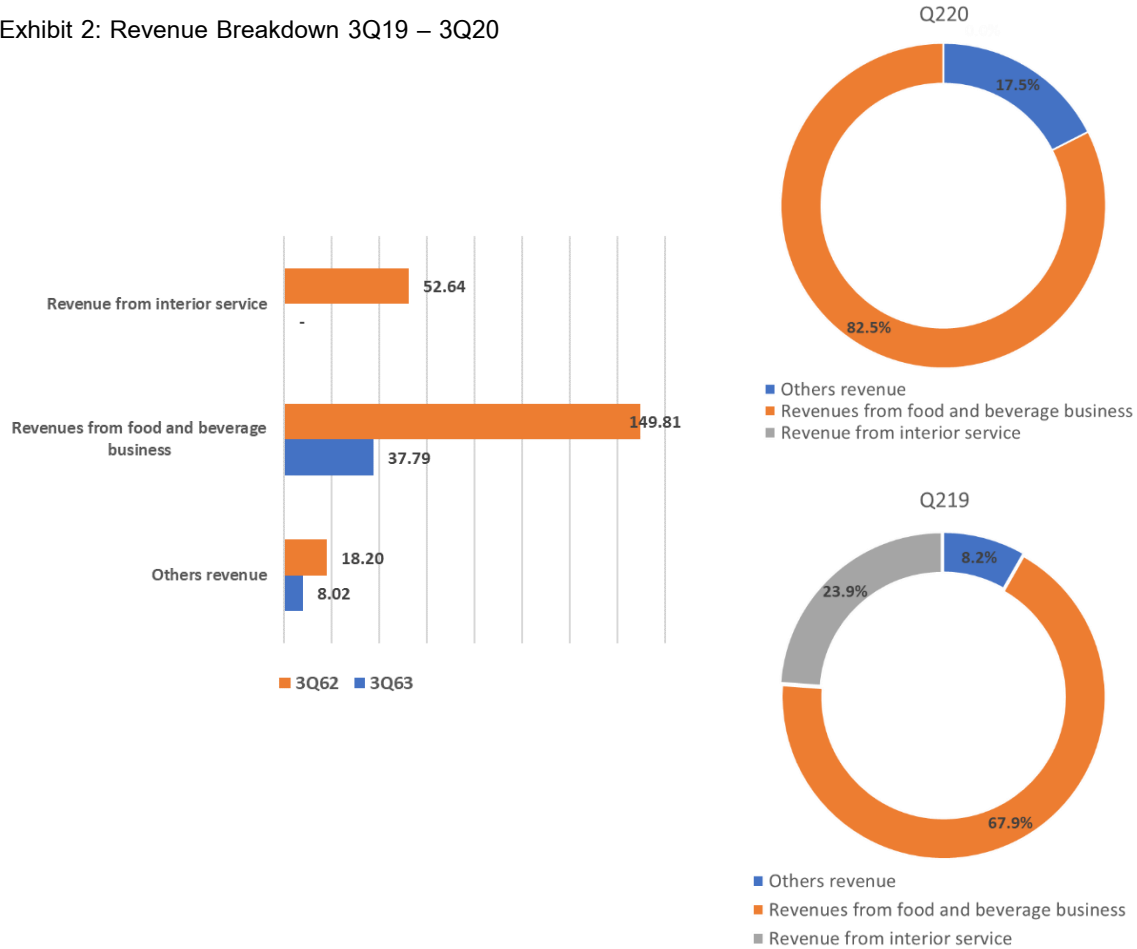
Profit and Loss	3Q63 mb	3Q62 mb	Change mb	(%)
<b>Revenues</b>				
Revenue from sales of merchandises, foods and beverages	37.79	149.81	(112.02)	-75%
Revenue from trademark and trade name fees	0.72	12.72	(12.00)	-94%
Revenue from interior service	-	52.64	(52.64)	-100%
Interest income	1.29	0.39	0.90	231%
Other income				
Other income	6.01	5.09	0.92	18%
<b>Total revenues</b>	<b>45.81</b>	<b>220.65</b>	<b>(174.84)</b>	<b>-79%</b>
<b>Expenses</b>				
Cost of sales of merchandises, foods and beverages	22.25	75.85	(53.60)	-71%
Cost of interior service	0.61	46.34	(45.73)	-99%
Selling expenses	29.56	264.53	(234.97)	-89%
Administrative expenses (reversal)	131.99	324.38	(192.39)	-59%
Loss on impairment of assets	2.91	-	2.91	n.a.
<b>Total expenses</b>	<b>187.32</b>	<b>711.10</b>	<b>(523.78)</b>	<b>-74%</b>
<b>loss from operating activities</b>	<b>(141.51)</b>	<b>(490.45)</b>	<b>348.94</b>	<b>-71%</b>
Finance cost	(356.04)	(219.13)	(136.91)	62%
<b>Loss before income tax</b>	<b>(497.55)</b>	<b>(709.58)</b>	<b>212.03</b>	<b>-30%</b>
Income tax	(7.12)	25.48	(32.60)	-128%
<b>Loss from contined operation for the period</b>	<b>(504.67)</b>	<b>(684.10)</b>	<b>179.43</b>	<b>-26%</b>
Profit from continued operation for the period	-	81.90	(81.90)	-100%
<b>Loss for the period</b>	<b>(504.67)</b>	<b>(602.20)</b>	<b>97.53</b>	<b>-16%</b>

The operation for the three-month period ended 30 September 2020, the Group recorded a total loss of Baht 504.67 million, decreased from the same period of 2019 that recorded a total loss of Baht 602.20 million. The details are as follows:

## Revenue

In the third quarter of 2020 the Group recorded a total revenue of Baht 45.81 million decreased from the same quarter of the previous year by Baht 174.84 million or by 79% with the following reasons.

Exhibit 2: Revenue Breakdown 3Q19 – 3Q20



### Revenue from food & beverages business

Revenue from Dean & DeLuca for the third quarter of 2020 was Baht 37.79 million decreased from the same period of 2019 by Baht 112.02 million or by 75% due to food and beverage business of the Group closed of Dean & DeLuca stores in the USA and some stores in Thailand during the third quarter of 2019.

### Revenue from trademark and trade name fees

Revenue from trademark and trade name fees of DEAN & DELUCA totally were Baht 0.72 million decreased from the same period of 2019 by Baht 12 million or 94% because of the closing of some Dean & DeLuca franchise stores in overseas.

### Revenue from interior service

The total revenue of interior service for the third quarter of 2020 did not exist due to the Group will record revenue from interior service based on the stage of completion. However, in the third quarter of 2020, the work is not yet completed. Therefore, the Group had no revenue from interior work in the third quarter of 2020.

### Gross Profit Margin

There were no significant changes in gross profit margin of the gourmet food and beverages business and interior services business.

### Selling and Administration expenses

The Group recorded selling expense and administration expense (SG&A) of Baht 161.55 million comprises of selling expense of Baht 29.56 million and administration expense of Baht 131.99 million. The decrease in SG&A of Baht 427.36 million or by 73% from the third quarter of 2019 results from Dean & DeLuca's expense duo 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 356.04 million, increased by Baht 136.91 million from the third quarter of 2019 because the Group additionally recorded the default interest rate of the lending from financial institutes and the debenture.

### Financial Position Analysis

#### **Assets**

As at 30 September 2020, the total assets of the Group was Baht 17,405.56 million, decreased by Baht 454.60 million or by 2.55% when compared with 31 December 2019. The decreasing of total assets comprises of

- cash and cash equivalent of Baht 315.16 million or 1.81% of total assets increased by 15.19% from 2019 fiscal year end or by Baht 41.56 million.
- Cost of real estate development for sales Baht 8,364.4 million or 48.06% of total assets increased by 3.97% from 2019 fiscal year end or by Baht 319.07 million from additional construction of NIMIT Langsuan Project.
- Trade and other receivables of Baht 310.97 million or 1.79% of total asset decreased 35.62% from 2019 fiscal year end or by Baht 172.07 million from the expected credit loss of the Group of Baht 179 million.
- Property, plant, and equipment of Baht 2,624.37 million or 15.08% of total asset decreased 1.82% from 2019 fiscal year end or by Baht 48.69 million from depreciation during the period.
- Intangible assets of Baht 2,150.79 million or 12.36% of total asset increased 2.03% from 2019 fiscal year end or by Baht 42.86 million.

The main assets were 79.1% of the total assets.

#### **Liabilities**

As at 30 September 2020, the total liabilities were Baht 19,899.42 million increased by Baht 1,460.05 million or by 7.92% when compared with 31 December 2019. This increasing of liabilities comprising of the followings

- Bank overdraft and short-term loans from financial institutions of Baht 2,622.99 million or 13.18% of total liabilities increased by 9.67% from 2019 fiscal year end or by Baht 231.34 million.
- Trade and other payables of Baht 2,856.21 million or 14.35% of total liabilities decreased by 1.91% from 2019 fiscal year end or by Baht 53.47 million.
- Long-term loans from financial institutions and interest payables of Baht 9,059.65 million or 45.53% of total liabilities, increased by 10.63% from 2019 fiscal year end or by Baht 870.15 million.
- Debentures and interest payables of Baht 1,333.92 million or 6.70% of total liabilities increased by 6.99% from 2019 fiscal year end or by Baht 87.14 million.
- Advances and deposits received from customers of Baht 2,498.56 million or 12.56% of total liabilities decreased by 0.64% from 2019 fiscal year end or by Baht 16.00 million.

The main liabilities are accounted for 79.88% of the total asset.

## Shareholders' Equity

As at 30 September 2020, the decreased in capital deficit of the Company by Baht 1,914.65 million when compared with 31 December 2019 therefore the Company's capital deficit was Baht 2,493.86 million. These were mainly due to (1) loss for the third quarter of Baht 1,889.02 million (2) Loss from cumulative effects of adopted new TFRS of Baht 111.18 million and (3) gain on translation adjustment of Baht 85.55 million.

Please be informed accordingly.

Yours sincerely,

(Mr. Prajak Jangsangtong)

Chief Financial Officer

PACE Development Corporation Public Company Limited