

No. PACE IR2023/01

Date: 31 March 2023

Subject: Management Discussion and Analysis (MD&A) for the six-month period ended 30 June 2021

To: The President

The Stock Exchange of Thailand

PACE Development Corporation Public Company Limited and its subsidiaries (“the Group”) would like to clarify operating results for the six-month period ended 30 June 2021. The details are as follows:

Exhibit 1: Earnings Result

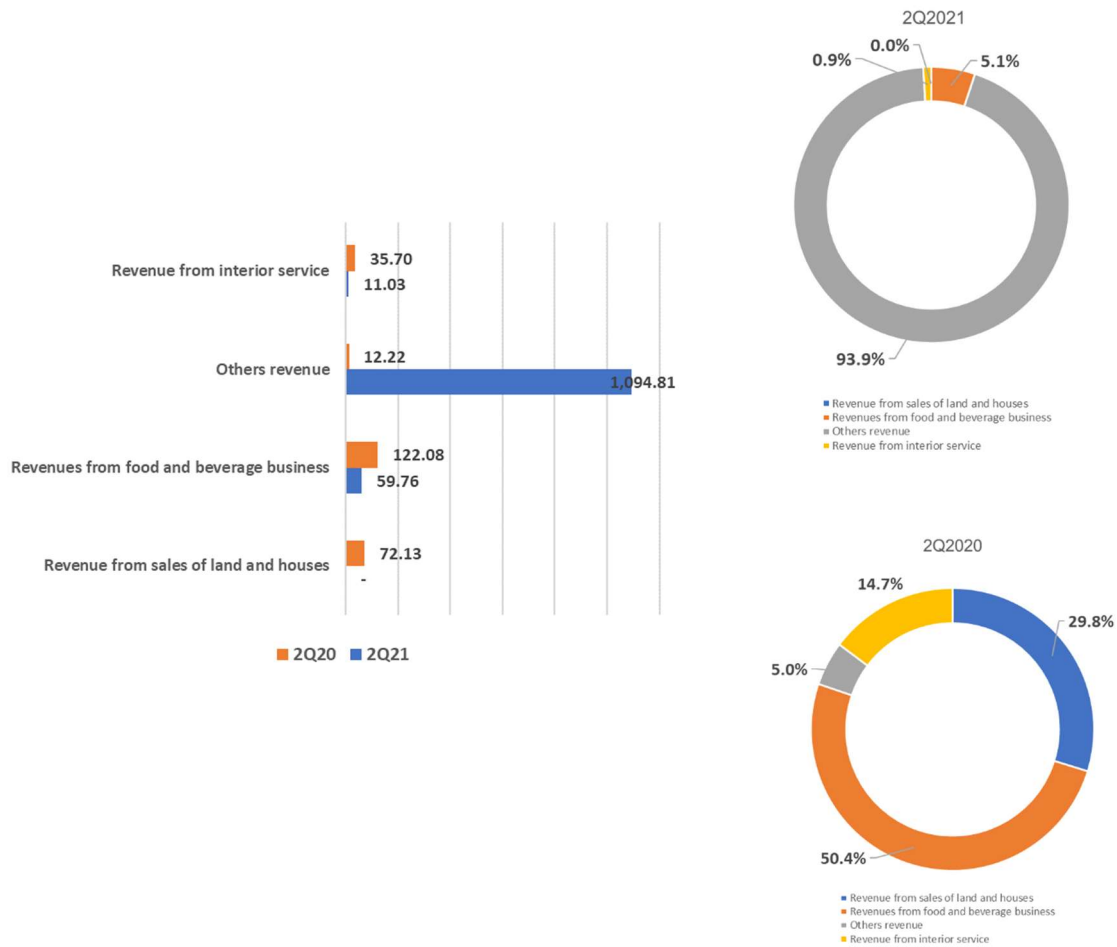
Profit and Loss	2Q21 mb	2Q20 mb	Change mb	(%)
Revenues				
Revenue from sales of land and houses	-	72.13	(72.13)	-100%
Revenue from sales of merchandises, foods and beverag	59.76	122.08	(62.32)	-51%
Revenue from interior service	11.03	35.70	(24.67)	-69%
Interest income	2.48	3.27	(0.79)	-24%
Other income				
Other	9.53	8.95	0.58	6%
Gain on restructuring	1,082.80	-	1,082.80	n.a.
Total revenues	1,165.60	242.13	923.47	381%
Expenses				
Revenue from sales of land and houses	-	118.60	(118.60)	-100%
Cost of sales of merchandises, foods and beverages	34.72	64.65	(29.93)	-46%
Cost of interior service	24.63	31.38	(6.75)	-22%
Selling expenses	39.52	68.79	(29.27)	-43%
Administrative expenses	788.38	300.71	487.67	162%
Gain on restructuring	-	259.08	(259.08)	-100%
Total expenses	887.25	843.21	44.04	5%
Profit (loss) from operating activities	278.35	(601.08)	879.43	-146%
Finance cost	(702.77)	(704.83)	2.06	0%
Gain (loss) before income tax	(424.42)	(1,305.91)	881.49	-68%
Income tax	(66.05)	(78.45)	12.40	-16%
Loss for the period	(490.47)	(1,384.36)	893.89	-65%

In 2Q21, the Group reported total loss at amount of Baht 490.47 million, decrease from the same period in the prior year which recorded a total loss at amount of 893.89 million. The details are as follows:

Revenue

In 2Q21, the Company recorded total revenue at amount of Baht 1,165.60 million, increase from the same period in the prior year by 923.47 million or 381% for the following reasons.

Exhibit 2: Revenue Breakdown 2Q20 vs 2Q21.



Revenue from sales of property development business

There is no any revenue from property development sale during 2Q21. The revenue from property development sales for 2Q21 experienced a decline of Baht 72 million, or 100%, compared to 2Q20. This reduction can be attributed to the absence of revenue recognition in 2Q21, despite the recognition of revenue from the sale of 2 villas from the MahaSamutr Villa project in 2Q20.

Revenue from food & beverages business

D&D DeLuca's total revenue for 2Q21 was Baht 59.76 million, a decrease from the same period in the previous year, which was Baht 62.32 million, or a 51% decrease. The decrease was due to the ongoing impact of the new wave of COVID-19 outbreaks since April 2020, which affected revenue as the number of customers decreased continuously.

Revenue from interior service

The total revenue from interior service for 2Q21 was Baht 11.03 million , which was a decrease from the same period of the previous year of Baht 24.67 million, representing a decrease of 69%. This was due to the absence of new projects within the company, a result of the economic conditions within the country and the outbreak of the COVID-19 pandemic. As a result, the total revenue from interior service declined.

Other Revenue

For 2Q21, other revenue amounted to Baht 1,094.81 million, an increase from the same period in the prior year, which was Baht 1,083.38 million. The increase was primarily driven by the profit resulting from the debt restructuring of Dean & DeLuca, Inc. (DD Inc. Group) in the amount of Baht 1,082.80 million. On January 28, 2021, the DD Inc. Group completed the successful implementation of its recovery plan, which resulted in the afore-mentioned profit being recorded in 2Q21.

Gross Profit Margin

There were no notable alterations in the gross profit margin of the gourmet food and beverages segment and the interior services segment.

Selling and Administration expenses

The company has selling, general, and administrative (SG&A) expenses of Baht 827.90 million, divided into sales expenses of Baht 39.52 million and management expenses of Baht 788.38 million. SG&A increased by Baht 199.32 million or 31.70% from 2Q20, due to recognition of losses from recording of company's recovery plan liabilities.

Finance Costs

The company group has Interest expense of Baht 702.77 million, an increase of Baht 2.06 million compared to 2Q20. There was no significant change.

Financial Position Analysis

Assets

As at 30 June 2021, the total assets of the Group was Baht 13,877.01 million, decreased by Baht 348.45 million or by 2.45% when compared with 31 December 2020. The decreasing of total assets comprises of

- cash and cash equivalent of Baht 31.97 million or 0.23% of total assets decreased by 86.97% from 2020 fiscal year end or by Baht 213.44 million.
- Cost of real estate development for sales Baht 8,157.78 million or 58.79% of total assets increased by 0.16% from 2020 fiscal year end or by Baht 12.87 million from additional construction of NIMIT Langsuan Project.
- Trade and other receivables of Baht 423.43 million or 3.05% of total assets decreased 4.76% from 2020 fiscal year end or by Baht 21.14 million.
- Property, plant, and equipment of Baht 2,222.52 million or 16.02% of total asset decreased 1.05% from 2020 fiscal year end or by Baht 23.59 million from depreciation during the period.
- Intangible assets of Baht 2,120.34 million or 15.28% of total asset increased 4.87% from 2020 fiscal year end or by Baht 98.56 million.

The main assets accounted for 93.37% of the total assets.

Liabilities

As at 30 June 2021, the total liabilities were Baht 18,760.21 million decreased by Baht 1,330.90 million or by 6.62% when compared with 31 December 2020. This decreasing of liabilities comprising of the followings

- Bank overdraft and short-term loans from financial institutions of Baht 2,142.39 million or 11.42% of total liabilities decreased by 19.44% from 2020 fiscal year end or by Baht 517.12 million from successful implementation of DD Inc. Group recovery plan.
- Trade and other payables of Baht 2,753.59 million or 14.68% of total liabilities decreased by 4.41% from 2020 fiscal year end or by Baht 127.10 million.
- Long-term loans from financial institutions and interest payables of Baht 8,509.98 million or 45.36% of total liabilities, decreased by 7.81% from 2020 fiscal year end or by Baht 720.95 million.
- Debentures and interest payables of Baht 1,411.40 million or 7.52% of total liabilities increased by 3.78 % from 2020 fiscal year end or by Baht 51.38 million.
- Advances and deposits received from customers of Baht 2,498.58 million or 13.32% of total liabilities.

The main liabilities accounted for 92.21% of the total liabilities.

Shareholders' Equity

As of June 30, 2021, the Company's shareholder equity increased from December 31, 2020 by Baht 583.47 million and the non-controlling interest increased by Baht 398.95 million, resulting in a deficit in excess of equity of Baht 4,883.20 million. This was due to: 1) loss on the period of Baht 490.46 million, 2) surplus from the change in the ownership in subsidiary of Baht 938 million, 3) NCI of the subsidiary debt-to-equity conversion of Baht 437 million, and 4) a profit from foreign currency exchange differences of Baht 98.10 million.

Please be informed accordingly.

Yours sincerely,

(Mr. Prajak Jangsangtong)

Chief Financial Officer

PACE Development Corporation Public Company Limited