COVER SHEET

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SEC Registration Number

S S I G R O U P , I N C . A N D S U B S I D I A R I E S

(Company's Full Name)

6 / F M i d l a n d B u e n d i a B u i l d i n g 4 0 3
S e n a t o r G i l P u y a t A v e n u e , M a k a t i
C i t y

(Business Address: No. Street City/Town/Province)

Ms. Rossellina J. Escoto

(Contact Person)

8858-9400

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Calendar Year)

Form 17-Q

(Form Type)

June 15

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

Total Amount of Borrowings

₱6,474 million	**Not Applicable**
Domestic	Foreign

48

Total No. of Stockholders as of 30 June 2021

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC Number **CS200705607**
File Number **____________**

SSI Group, Inc.
(Company's Full Name)

6/F Midland Buendia Building
403 Sen. Gil Puyat Avenue, Makati City
(Company's Address)

(632) 8890-8034
(Telephone Number)

June 30, 2021
(Quarter Ending)

SEC FORM 17-Q
(Form Type)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **June 30, 2021**

2. SEC Identification Number: **CS200705607**

3. BIR Tax Identification No.: **006-710-876**

4. Exact name of issuer as specified in its charter: **SSI Group, Inc.**

5. Province, country or other jurisdiction of incorporation or organization: **Makati City, Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of principal office:
   6/F Midland Buendia Building, 403 Sen. Gil Puyat Avenue, Makati City

   Postal Code: **1200**

8. Issuer's telephone number, including area code: **(632) 8890 8034**

9. Former name, former address, and former fiscal year, if changed since last report: **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding as of June 30, 2021
Common Shares	**3,298,408,430**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [√]   No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    Philippine Stock Exchange - Common Shares

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

    Yes [√]   No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days

    Yes [√]   No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The Company's unaudited interim condensed consolidated financial statements as of June 30, 2021 (with comparative audited figures as of December 31, 2020) and for the three-month and six-month periods ended June 30, 2021 and 2020 are attached to this Report.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

For the six months ended June 30, 2021 and 2020

Key Performance Indicators	**For the six months ended June 30**	
PhP MM except where indicated	**2021**	**2020**
Net Sales	6,421	5,021
Gross Profit – merchandise	2,586	2,299
Operating Income (Loss)	209	(403)
Net Income (Loss)	(174)	(476)
Gross Selling Space (sq.m.)	106,615	116,596
Increase (Decrease) in Gross Selling Space (%)	(8.6%)	0.2%

The manner by which the Company calculates the key performance indicators above is as follows:

Net sales	Sales, net of VAT, minus sales returns and allowances and sales discounts
Gross profit – merchandise	Net sales minus cost of merchandise sold
Operating income (loss)	Gross profit minus operating expenses
Net income (loss)	Operating income (loss) minus other charges and provision for income tax
Gross selling space	Sum of floor area of all stores of the Group

Key Financial and Operating Data	For the six months ended June 30	
PhP MM except where indicated	**2021**	**2020**
Key Financial Data		
Net Sales	6,421	5,021
Luxury & Bridge	2,735	1,527
Casual	975	652
Fast Fashion	1,508	1,662
Footwear, Accessories & Luggage	393	430
Others	810	750
Gross Profit – merchandise[1]	2,586	2,299
Gross Profit Margin – merchandise (%)	40.3%	45.8%
Operating Income (Loss)	209	(403)
Operating Income Margin (%)	3.3%	(8.0%)
Other Income (Charges)	(281)	(223)
Net Income (Loss)	(174)	(476)
Net Income Margin (%)	(2.7%)	(9.5%)
Total Debt[2]	6,474	7,286
Net Debt[3]	2,067	4,289
Key Operating Data		
Number of Brands	96	95
Number of Stores	540	583
Gross Selling Space (sq.m.)	106,615	116,596
Increase (Decrease) in Gross Selling Space (%)	(8.6%)	0.2%

Revenues

Net sales

For the six months ended June 30, 2021, SSI Group, Inc. ("SSI," the "Company" or the "Group") generated sales of ₱6.4 billion, a growth of 27.9% as compared to the same period in 2020. For the second quarter alone, sales increased by 293.4% to ₱2.9 billion. The increase in sales was achieved despite the continuing community quarantines and reduced foot traffic in malls.

At the end of June 2021, the Group's store network included 540 stores nationwide which cover a total of approximately 106,615 square meters. During the second quarter, the Group closed sixteen (16) stores covering 6,702 square meters. This is in line with the Group's focus on locations and brands that are expected to recover most quickly from the impact of COVID-19 pandemic.

With eleven (11) e-commerce sites, bananarepublic.com.ph, beautybar.com.ph, dunelondon.ph, gap.com.ph, lacoste.com.ph, lush.com.ph, marksandspencer.com.ph, payless.com.ph, superga.ph, zara.com/ph, and trunc.ph, the Group's e-commerce sales for the first half of 2021 increased by 298% from the same period last year.

As of June 30, 2021, the Group had 96 brands in its portfolio, with no brands added or discontinued during the second quarter of the year.

[1] Calculated as Net Sales minus Cost of Merchandise Sold
[2] Calculated as the sum of Short-term loans payable, Current portion of long-term debt and Long-term debt
[3] Calculated as Total Debt minus Cash

The following table sets out the Group's number of stores and gross selling space for the periods ended June 30, 2021 and 2020 and for the year ended December 31, 2020.

Store Network	**June 30**		**December 31**
	2021	**2020**	**2020**
Number of Stores*	540	583	593
Luxury & Bridge	140	146	147
Casual	78	74	76
Fast Fashion	51	57	58
Footwear, Accessories & Luggage	127	156	158
Others	144	150	154
Gross Selling Space (sq.m.)	106,615	116,596	118,922
Luxury & Bridge	12,886	13,711	13,705
Casual	11,690	12,273	12,721
Fast Fashion	43,468	50,074	50,862
Footwear, Accessories & Luggage	19,162	20,980	21,529
Others	19,409	19,558	20,107

*Number of stores for the period excludes the store located in Guam.
As of June 30, 2021, the Group operated one (1) store in Guam which contributed de minimis sales to the Group's net sales for the period.

Rental income
The Group booked rental income of ₱12.9 million during the first half of 2021. Rental income relates to the leasing out of certain store spaces at Central Square as well as income derived from parking spaces at Central Square.

Gross Profit

Gross profit for the first six months of the year amounted to ₱2.6 billion, a 12.2% increase as compared to the same period last year. Gross profit margin for merchandise sold during the six-month period was 40.3% as compared to 45.8% during the same period last year. Gross profit margin during the 2nd quarter alone improved significantly to 43.2% from 37.9% during the 1st quarter.

Operating Expenses

During the first half of the year, the Group incurred total operating expenses of ₱2.4 billion, a 12.2% decrease as compared to the same period last year. As a percentage of net sales, total operating expenses improved to 37.1% of net sales as compared to 54.1% during the same period in 2020. This reflects the Group's cost rationalization efforts and focus on cost efficiencies given the current operating environment.

Selling and distribution expenses during the first half of 2021 were at ₱1.8 billion, a decrease of 18.8% as compared to the same period last year. The decrease primarily reflects a decrease in rent and depreciation expenses which decreased to a total of ₱516.0 million, and decreases in personnel costs, taxes and licenses, security services, insurance, professional fees, travel and transportation, outside services, and entertainment, amusement and recreation expenses, which decreased by a total of ₱222.9 million. As a percentage of sales, selling and distribution expenses were at 27.6% as compared to 43.5% during the same period last year.

General and administrative expenses for the first half of 2021 were at ₱608.8 million, an 15.3% increase over the same period last year. The increase pertains to an increase in depreciation which increased to ₱164.5 million, and increases in insurance and repairs and maintenance expenses to ₱8.4 million and ₱19.4 million, respectively. There were also increases in personnel costs, taxes and licenses, security services, professional fees, communication, and advertising expenses, which increased by a total of ₱56.9 million. As a percentage of sales, general and administrative expenses were at 9.5% as compared to 10.5% during the same period last year.

As a result of the foregoing, the Group's earnings before interest and taxes was at ₱209.4 million during the first half of 2021 as compared to an operating loss of ₱403 million during the same period last year.

Other Income (Charges)

Other charges for the first half of the year totaled ₱281.2 million, an increase of 26.0% as compared to same period last year. The increase is primarily attributable to an increase in interest expense to ₱267.6 million during the period. The Group also recognized its share in the net losses of its associate and joint ventures totaling ₱10.4 million during the second quarter of 2021 as compared to ₱11.2 million income in June 2020.

Provision for Income Tax

Provision for income tax for the first six months of 2021 amounted to ₱101.9 million as compared to ₱149.9 million income tax benefit during the same period last year. This reflects the new regular and minimum corporate income tax rates under the CREATE law.

Net Income

As a result of the foregoing, the Group's net loss for the first half of 2021 amounted to ₱173.7 million, a decrease of 63.5% from ₱476.3. million net loss during the same period last year.

Excluding write-offs related to store closures and write-offs of deferred tax assets, resulting from the lower corporate income tax rate under the CREATE law, the Group's recurring loss for the 1st half of the year was at P88.7 million.

For the 2nd quarter alone, the Group's net loss, before non-recurring write offs of deferred tax assets that were derecognized as a result of the lower corporate tax rate, was at only P2.8m.

FINANCIAL CONDITION

As of June 30, 2021, the Group had consolidated assets of ₱21.1 billion as compared to ₱22.7 billion as of December 31, 2020.

Current Assets

As of June 30, 2021, the Group had consolidated current assets of ₱14.8 billion, as compared to ₱15.8 billion as of December 31, 2020.

Cash

As of June 30, 2021, cash amounted to ₱4.4 billion as compared to ₱5.3 billion at the end of 2020. The decrease primarily reflects the Group's capital expenditures of ₱241.9 million, and payment of its loans and lease liabilities, including interest, amounting to ₱1.62 billion.

Trade and Other Receivables

As of June 30, 2021, trade and other receivables amounted to ₱1.1 billion as compared to ₱713.3 million at the end of 2020. The increase is mainly attributable to an increase in trade receivables to ₱583.9 million, which consist primarily of receivables from credit card companies. Nontrade receivables also increased to ₱341.2 million, which include receivables from banks for tie-up sale and promotional activities, and principals for their share in marketing expense.

Merchandise Inventory

As of June 30, 2021, merchandise inventory amounted to ₱8.7 billion as compared to ₱9.2 billion at the end of 2020 and ₱10.9 billion at the end of June 2020. The decrease was a result of 1H sales combined with calibrated inventory purchases.

Non-Current Assets

Investment in an Associate

As of June 30, 2021, investment in an associate amounted to ₱70.5 million as compared to ₱78.3 million at the end of 2020. The decrease reflects the Group's share in the net loss of SPI amounting to ₱7.7 million.

Property and Equipment

As of June 30, 2021, property and equipment amounted to ₱4.0 billion as compared to ₱4.5 billion at the end of 2020. The decrease is primarily attributable to additional depreciation expense recognized during the period amounting to ₱749.4 million. The Group also made capital expenditures amounting to ₱241.9 million during the first half of the year.

Deferred Tax Assets

As of June 30, 2021, deferred tax assets amounted to ₱569.1 million as compared to ₱591.2 million at the end of 2020. These pertain to tax assets recognized for the Group's deductible temporary differences, carryforward benefits of unused minimum corporate income tax (MCIT) and NOLCO, to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and the carryforward benefits of unused MCIT and NOLCO can be utilized.

Other Noncurrent Assets

As of June 30, 2021, other noncurrent assets amounted to ₱176.7 million as compared to ₱198.5 million at the end of 2020. The decrease was mainly due to the decrease in deferred input VAT to nil during the period.

Current Liabilities

As of June 30, 2021, the Group's total consolidated current liabilities amounted to ₱10.8 billion as compared to ₱12.3 billion at the end of 2020.

Trade and Other Payables

As of June 30, 2021, trade and other payables amounted to ₱1.7 billion as compared to ₱2.1 billion at the end of 2020. The decrease is primarily attributable to a decrease in trade payables by ₱245.9 million, in line with terms agreed with brand principals and a decrease in output VAT by ₱119.1 million. There were also decreases in accrued expenses, retention payables, tenant deposits, and payables to non-trade suppliers and advertising agencies, which decreased by a total of ₱195.4 million.

Short-term Loans Payable

As of June 30, 2021, short-term loans payable amounted to ₱6.4 billion as compared to ₱7.0 billion at the end of 2020. The decrease is attributable net payments of short term debt of P595.0 million.

Non- Current Liabilities

Long-term Debt

As of June 30, 2021, long-term debt was at ₱58.7 million as compared to ₱117.6 million at the end of 2020. The decrease is due to the Group's quarterly repayment on its ₱500.0 million long-term loan. Total long-term debt at the end of June 2021 is classified as current as the amount will be paid within the next 12 months.

Retirement Benefit Obligation

As of June 30, 2021, retirement benefit obligation was at ₱777.4 million as compared to ₱748.8 million at the end of 2020. This represents the difference between the present value of the Group's retirement plan obligations and the fair value of the Group's plan assets at the end of the period.

Equity

As of June 30, 2021, total equity amounted to ₱10.3 billion as compared to ₱10.4 billion at the end of 2020. The decrease is largely attributable to the net loss incurred by the Group amounting to ₱173.7 million.

CASH FLOWS

The Group generated positive operating cash flows before working capital changes of ₱1.0 billion during the first six months of 2021. However, an increase in trade payables and a decrease in trade and other payables and deferred revenue totaling ₱831.2 million contributed to the net decrease, bringing the cash generated by operating activities to ₱646.6 million.

Cash flows used in investing activities during the first six months of 2021 totaled ₱228.8 million. This reflects capital expenditures of ₱241.9 million which was offset by a net decrease in security deposits and other noncurrent assets of ₱13.0 million.

The Group's cash flows used in financing activities during the first half of 2021 amounted to ₱1.3 billion, a decrease from a positive amount of ₱2.0 billion during the same period last year. This pertains primarily to the Group's repayments of its debts, including the related interest, of ₱1.1 billion and the payment of lease liabilities, including interest booked under PFRS 16, of ₱477 million.

Other Disclosures

(i) There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

(ii) There were no events that will trigger direct or contingent financial obligations that are material to the Company, including and default or acceleration of an obligation.

(iii) Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

(iv) There are no material commitments for capital expenditures aside from those performed in the ordinary course of business.

(v) The continuing community quarantines imposed by the government in the country may continue to have a material impact on the Group's revenues throughout the year 2021.

(vi) There were no significant elements of income or loss that did not arise from continuing operations.

PART II – OTHER INFORMATION

There is no other information not previously reported in SEC Form 17-C that needs to be reported in this section.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

SSI GROUP, INC.

By:

____

ROSSELLINA J. ESCOTO
Authorized Signatory

Vice President – Finance

August 13, 2021

SSI Group, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
As of June 30, 2021 ***(With Comparative Audited Figures as of December 31, 2020)***
and For the Six-Month Periods Ended June 30, 2021 and 2020

SSI GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

As of June 30, 2021
(With Comparative Audited Figures as of December 31, 2020)

	June 30 2021 (Unaudited)	December 31 2020 (Audited)
ASSETS		
Current Assets		
Cash (Note 3)	**₱4,406,442,594**	₱5,303,876,139
Trade and other receivables (Note 4)	**1,089,289,114**	713,281,488
Merchandise inventories (Note 5)	**8,718,242,373**	9,209,038,936
Prepayments and other current assets (Note 6)	**540,297,425**	557,392,818
Total Current Assets	**14,754,271,506**	15,783,589,381
Noncurrent Assets		
Investment in an associate (Note 7)	**70,535,670**	78,251,625
Interests in joint ventures (Note 8)	**540,937,787**	543,663,728
Property and equipment (Note 9)	**4,010,003,031**	4,537,710,085
Deferred tax assets - net	**569,080,611**	591,167,488
Security deposits and construction bonds (Note 23)	**968,278,578**	963,591,768
Other noncurrent assets (Note 10)	**176,692,247**	198,475,979
Total Noncurrent Assets	**6,335,527,925**	6,912,860,673
TOTAL ASSETS	**₱21,089,799,431**	₱22,696,450,054
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	**₱1,702,432,963**	₱2,148,691,455
Short-term loans payable (Note 12)	**6,415,000,000**	7,010,000,000
Current portion of long-term debt (Note 13)	**58,773,738**	117,593,738
Current portion of lease liabilities (Note 23)	**409,497,174**	738,752,642
Deferred revenue	**21,987,188**	30,928,791
Income tax payable	**67,890,138**	30,383,591
Total Current Liabilities	**8,675,581,201**	10,076,350,217
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 13)	**–**	–
Retirement benefit obligation	**777,385,095**	748,787,027
Lease liabilities - net of current portion (Note 23)	**1,344,157,541**	1,408,703,347
Tenant deposits (Note 23)	**23,921,670**	20,279,738
Total Noncurrent Liabilities	**2,145,464,306**	2,177,770,112
Total Liabilities	**10,821,045,507**	12,254,120,329
Equity		
Capital stock	**3,312,864,430**	3,312,864,430
Additional paid-in capital	**2,519,309,713**	2,519,309,713
Treasury shares	**(30,893,010)**	(30,893,010)
Retained earnings		
Appropriated	**–**	–
Unappropriated	**4,687,048,849**	4,860,701,097
Cumulative translation adjustment	**(2,004,156)**	(2,080,603)
Other comprehensive loss	**(217,571,902)**	(217,571,902)
Total Equity	**10,268,753,924**	10,442,329,725
TOTAL LIABILITIES AND EQUITY	**₱21,089,799,431**	₱22,696,450,054

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SSI GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three-Month Periods Ended June 30		Six-Month Periods Ended June 30	
	2021	2020	**2021**	2020
REVENUE				
Revenue from contract with customers - net sales	**₱2,904,359,855**	₱737,890,731	**₱6,421,004,489**	₱5,020,785,428
Rental income (Note 23)	**5,709,730**	4,890,604	**12,937,190**	18,202,931
	2,910,069,585	742,781,335	**6,433,941,679**	5,038,988,359
COST OF GOODS SOLD AND SERVICES (Note 14)	**1,653,384,068**	415,785,759	**3,841,192,622**	2,727,395,062
GROSS PROFIT	**1,256,685,517**	326,995,576	**2,592,749,057**	2,311,593,297
OPERATING EXPENSES				
Selling and distribution (Note 15)	**794,072,524**	668,354,027	**1,774,505,140**	2,186,537,906
General and administrative (Note 16)	**270,737,073**	216,935,652	**608,846,415**	528,078,835
	1,064,809,597	885,289,679	**2,383,351,555**	2,714,616,741
OTHER INCOME (CHARGES)				
Share in net earnings of an associate (Note 7)	**(3,937,685)**	(2,792,492)	**(7,715,955)**	15,558,679
Interest accretion on security deposits (Note 23)	**993,145**	1,055,945	**1,744,382**	1,892,013
Interest income (Note 3)	**1,691,060**	1,458,028	**7,892,873**	2,315,276
Interest expense (Notes 12 and 13)	**(159,571,277)**	(191,949,676)	**(267,595,500)**	(252,291,741)
Share in net income of joint ventures (Note 8)	**617,869**	(9,388,490)	**(2,725,942)**	(4,313,293)
Loss on disposal of property and equipment (Note 9)	**(13,996,462)**	(1,818,049)	**(20,121,970)**	(16,867,119)
Foreign exchange gains (losses) - net	**(1,847,841)**	1,092,703	**(1,913,249)**	(5,723,255)
Others - net	**(651,209)**	(4,904,142)	**9,236,467**	36,213,279
	(176,702,400)	(207,246,173)	**(281,198,894)**	(223,216,161)
INCOME BEFORE INCOME TAX	**15,173,520**	(765,540,276)	**(71,801,392)**	(626,239,605)
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**35,739,323**	(68,301,698)	**79,870,469**	8,692,035
Deferred	**53,590,236**	(111,050,171)	**21,980,387**	(158,637,758)
	89,329,559	(179,351,869)	**101,850,856**	(149,945,723)
NET INCOME (LOSS)	**(74,156,039)**	(586,188,407)	**(173,652,248)**	(476,293,882)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cumulative translation adjustment on foreign operations, net of deferred tax	**7,250**	–	**76,447**	–
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gain (loss) on retirement benefit, net of deferred tax	–	560,628	–	(1,049,758)
TOTAL COMPREHENSIVE INCOME	**(₱74,148,789)**	(₱585,627,779)	**(₱173,575,801)**	(₱477,343,640)
BASIC/DILUTED EARNINGS PER SHARE (Note 20)	**_(₱0.02)**	(₱0.18)	**(₱0.05)**	(₱0.14)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SSI GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	Capital Stock	Additional Paid-in Capital	Treasury Shares	Retained Earnings Appropriated	Retained Earnings Unappropriated	Cumulative Translation Adjustment	Other Comprehensive Income	Total
Balances at January 1, 2020	₱3,312,864,430	₱2,519,309,713	(₱18,103,900)	₱1,100,000,000	₱4,664,521,751	(₱2,169,584)	(₱155,137,693)	₱11,421,284,717
Net loss	–	–	–	–	(476,293,882)	–	–	(476,293,882)
Other comprehensive income	–	–	–	–	–	–	(1,049,758)	(1,049,758)
Total comprehensive income for the period	–	–	–	–	(476,293,882)	–	(1,049,758)	(477,343,640)
Treasury shares	–	–	(12,789,110)	–	–	–	–	(12,789,110)
Balances at June 30, 2020	**₱3,312,864,430**	**₱2,519,309,713**	**(₱30,893,010)**	**₱1,100,000,000**	**₱4,188,227,869**	**(₱2,169,584)**	**(₱156,187,451)**	**₱10,931,151,967**
Balances at January 1, 2021	₱3,312,864,430	₱2,519,309,713	(₱30,893,010)	₱–	₱4,860,701,097	(₱2,080,603)	(₱217,571,902)	₱10,442,329,725
Net loss	–	–	–	–	(173,652,248)	–	–	(173,652,248)
Other comprehensive income	–	–	–	–	–	76,447	–	76,447
Total comprehensive income for the period	–	–	–	–	(173,652,248)	76,447	–	(173,575,801)
Balances at June 30, 2021	**₱3,312,864,430**	**₱2,519,309,713**	**(₱30,893,010)**	**₱–**	**₱4,687,048,849**	**(₱2,004,156)**	**(₱217,571,902)**	**₱10,268,753,924**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SSI GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six-Month Periods Ended June 30	
	2021	2020
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱71,801,392)**	(₱626,239,605)
Adjustments for:		
Depreciation and amortization (Notes 9, 10 and 18)	**755,262,531**	958,450,187
Interest expense (Note 12 and 13)	**267,595,500**	252,291,741
Loss on disposal of property and equipment (Note 9)	**20,121,970**	16,867,119
Share in net earnings of an associate (Note 7)	**7,715,955**	(15,558,679)
Share in net losses (income) of joint ventures (Note 8)	**2,725,942**	4,313,293
Unrealized foreign exchange losses	**182,937**	449,897
Interest income (Note 3)	**(3,616,513)**	(2,315,276)
Interest accretion on security deposits (Note 23)	**(1,744,382)**	(1,892,013)
Movement in retirement benefit obligation	**28,598,067**	23,072,618
Operating income before working capital changes	**1,005,040,614**	609,439,282
Decrease (increase) in:		
Trade and other receivables	**(376,007,626)**	71,899,202
Merchandise inventory	**490,796,563**	(1,115,668,425)
Prepayments and other current assets	**17,095,393**	34,237,673
Amounts owed by related parties		–
Increase (decrease) in:		
Trade and other payables	**(446,258,492)**	(708,022,719)
Tenant deposits	**3,641,932**	173,399
Deferred revenue	**(8,941,603)**	–
Net cash used in operations	**685,366,781**	(1,107,941,588)
Interest received	**3,616,513**	2,315,276
Income taxes paid	**(42,363,922)**	(156,709,880)
Net cash flows used in operating activities	**646,619,372**	(1,262,336,192)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 9)	**(241,859,191)**	(255,201,762)
Decrease (increase) in:		
Security deposits and construction bonds	**(2,942,428)**	(2,498,316)
Other noncurrent assets	**15,965,475**	5,448,047
Net cash flows used in investing activities	**(228,836,144)**	(252,252,031)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of short-term loans payable	**300,000,000**	3,035,000,000
Payments of:		
Short-term loans payable	**(895,000,000)**	–
Long-term debt	**(58,820,000)**	(225,486,666)
Lease liability	**(393,801,274)**	(525,347,369)
Interest	**(267,595,500)**	(252,291,741)
Purchase of treasury shares		(12,789,110)
Net cash flows from (used in) financing activities	**(1,315,216,774)**	2,019,085,114
NET INCREASE (DECREASE) IN CASH	**(897,433,546)**	504,496,891
CASH AT BEGINNING OF PERIOD	**5,303,876,139**	2,492,459,933
CASH AT END OF PERIOD (Note 3)	**₱4,406,442,593**	₱2,996,956,824

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

1. Corporate Information

SSI Group, Inc. was registered with the Philippine Securities and Exchange Commission (SEC) on April 16, 2007 as Casual Clothing Specialists, Inc. (the Company). Its primary purpose was to carry on a general mercantile and commercial business of importing, buying, acquiring, holding, selling or otherwise disposing of and dealing in any goods, wares, merchandise and commodities of all kinds, and products, natural or artificial, of the Philippines or other countries, which are or may become articles of commerce, without, however, engaging in the manufacture of foods, drugs, and cosmetics. The Company was formerly one of the subsidiaries of Stores Specialists, Inc. (SSI).

On June 18, 2014, certain resolutions were approved by the Board and shareholders of the Company, including, among others: (1) change in its corporate name from "Casual Clothing Specialists, Inc." to "SSI Group, Inc."; (2) change in its primary purpose as a retail company to that of a holding company; (3) increase in its authorized capital stock from ₱3.0 billion to ₱5.0 billion; (4) reduction of par value of its shares from ₱100.00 per share to ₱1.00 per share; and (5) increase in the number of members of its board of directors from five to nine. These changes, including the appropriate amendments to its articles of incorporation, were submitted to the Philippine SEC on July 30, 2014 and were subsequently approved on August 29, 2014. Upon approval, the Company has an authorized capital stock of ₱5.00 billion divided into 5,000,000,000 shares with a par value of ₱1.00 per share.

On November 7, 2014, SSI Group, Inc. completed its initial public offering of 695,701,530 common shares with the Philippine Stock Exchange (PSE).

The registered office and principal place of business of the Company is 6/F Midland Buendia Building, 403 Senator Gil Puyat Avenue, Makati City.

The interim condensed consolidated financial statements were reviewed and recommended for approval by the Audit Committee to the Board of Directors (BOD) on August 10, 2021. The same interim condensed consolidated financial statements were approved and authorized by the BOD on the same date.

2. Basis of Presentation, Preparation and Consolidation and Summary of Significant Accounting Policies

Basis of Presentation

As discussed in Note 1, the Company entered into a sale and purchase of shares transactions with SSI and the members of the Tantoco Family resulting in the Company becoming the holding company of the Group. The Company and its subsidiaries, now comprising "the Group", are under common control of the Tantoco Family before and after the sale and purchase transactions in April 2014. The said transactions were treated as a reorganization of entities under common control and were accounted for similar to pooling-of-interests method. Accordingly, the interim condensed consolidated financial statements of the Company have been prepared as a continuation of the consolidated financial statements of SSI, the former holding company of the Group.

Basis of Preparation
The unaudited interim condensed consolidated financial statements as of June 30, 2021 and for the six-month periods ended June 30, 2021 and 2020 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at December 31, 2020.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Company and the following wholly owned subsidiaries:

	Percentage ownership			
	June 30, 2021		December 31, 2020	
	Direct	**Indirect**	Direct	Indirect
Stores Specialists, Inc. (SSI)	**100**	**–**	100	–
Rustan Marketing Specialists, Inc. (RMSI)	**–**	**100**	–	100
International Specialty Concepts, Inc. (ISCI)	**–**	**100**	–	100
Rustan Specialty Concepts, Inc. (RSCI)	**–**	**100**	–	100
Specialty Office Concepts, Inc. (SOCI)	**–**	**100**	–	100
Specialty Investments, Inc. (SII)	**–**	**100**	–	100
International Specialty Fashions, Inc. (ISFI)	**–**	**100**	–	100
Footwear Specialty Retailers, Inc. (FSRI)	**–**	**100**	–	100
Global Specialty Retailers, Inc. (GSRI)	**–**	**100**	–	100
Specialty Food Retailers, Inc. (SFRI)	**–**	**100**	–	100
International Specialty Retailers, Inc. (ISRI)	**–**	**100**	–	100
International Specialty Wears, Inc. (ISWI)	**–**	**100**	–	100
Fastravel Specialists Holdings, Inc. (FSHI)	**–**	**100**	–	100
International Specialty Apparels, Inc. (ISAI)	**–**	**100**	–	100
Specialty Lifestyle Concepts, Inc. *(former Casual Clothing Retailers, Inc.)* (SLCI)	**–**	**100**	–	100
SKL International, Ltd. (SKL)	**–**	**100**	–	100

All subsidiaries, except for FSHI, SII and SKL, are in the retail business and hold exclusive distributorship of certain brands.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of June 30, 2021 and for the six months ended June 30, 2021 and 2020. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Common control business combinations and group reorganizations
Where there are group reorganizations and business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent (i.e., controlling shareholders) before and after the business combination and the control is not transitory (business combinations under common control), the Group accounts for such group reorganizations and business combinations similar to a pooling-of-interests method. The assets and liabilities of the acquired entities and that of the Company are reflected at their carrying values at the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction.

The Group records the difference as "Equity reserve" and is presented as a separate component of equity in the consolidated balance sheet. Comparatives shall be restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of the combination.

Changes in Accounting Policies and Disclosures
The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards to have a significant impact on the Group's financial statements.

The nature and impact of each new standard and amendment is described below:

Effective beginning on or after January 1, 2021
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

- Annual Improvements to PFRSs 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred effectivity:
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

3. Cash

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on hand	**₱72,662,592**	₱38,550,938
Cash in banks	**3,003,349,797**	4,300,618,637
Short-term investments	**1,330,430,205**	964,706,564
	₱4,406,442,594	₱5,303,876,139

Cash in banks earn interest at the respective bank deposit rates. Interest earned from cash in banks for the six months ended June 30, 2021 and 2020 amounted to ₱7,892,873 and ₱2,315,276, respectively.

4. Trade and Other Receivables

		June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade receivables		**₱583,909,280**	₱254,892,223
Nontrade receivables		**341,218,660**	287,147,180
Receivables from related parties (see Note 19)		**163,654,273**	139,352,584
Advances to officers and employees		**52,286,632**	81,336,458
Others		**1,154,313**	3,487,087
		1,142,223,158	766,215,532
Less:	Allowance for ECL on nontrade receivables	**(9,763,045)**	(9,763,045)
	Allowance for ECL on related parties	**(43,170,999)**	(43,170,999)
		₱1,089,289,114	₱713,281,488

Trade receivables primarily pertains to receivables from credit card companies which are normally settled on three days' terms.

Nontrade receivables mainly include receivables from banks for tie-up sale and promotional activities, and principals for their share in marketing expense.

Nontrade receivables, advances to officers and employees and receivables from related parties are usually settled within one year. SSI's advances to officers and employees are subject to 12% annual interest and are payable within 3-6 months through salary deduction.

5. Merchandise Inventory

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At cost		
On hand	**₱8,530,817,523**	₱8,660,001,514
In transit	**207,119,007**	568,731,579
Inventory - at cost	**8,737,936,530**	9,228,733,093
Less allowance for inventory obsolescence	**(19,694,157)**	(19,694,157)
	₱8,718,242,373	₱9,209,038,936

Inventories in transit include items not yet received but ownership or title to the goods has already passed to the Group.

There are no merchandise inventories pledged as security for liabilities. All inventories are presented at cost.

The cost of inventories recognized as expense and presented in "Cost of goods sold" amounted to ₱3,835,064,986 and ₱2,721,335,203, for the six months ended June 30, 2021 and 2020, respectively (see Note 14).

6. Prepayments and Other Current Assets

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Supplies	**₱261,138,110**	₱292,531,047
Input VAT	**80,904,987**	73,092,445
Creditable withholding tax	**28,759,818**	23,107,860
Advances to suppliers	**52,511,257**	43,929,057
Deferred input VAT	**49,274,630**	15,472,635
Security deposits (see Note 23)	**21,730,751**	56,034,171
Prepaid advertising	**6,004,842**	18,784,137
Prepaid insurance	**3,296,350**	7,194,294
Prepaid guarantee	**5,143,042**	4,326,819
Current portion of prepaid rent (see Notes 10 and 23)	**1,530,560**	4,876,020
Others	**30,003,078**	18,044,333
	₱540,297,425	₱557,392,818

Supplies inventory are composed of packaging materials, office and store supplies, and employees uniform inventory.

Advances to suppliers pertain to advance payments to principals and suppliers for inventory purchases.

Input VAT will be applied against output VAT.

“Others” include advances payments for non-merchandise purchases arising from transactions made by the Group with its foreign suppliers.

7. Investment in an Associate

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Acquisition cost	**₱24,640,000**	₱24,640,000
Accumulated equity in net earnings:		
Balance at beginning of year	**53,611,625**	62,136,792
Share in net earnings	**(7,715,955)**	10,297,692
Dividends received	–	(18,822,859)
Balance at end of year	**45,895,670**	53,611,625
	₱70,535,670	₱78,251,625

Samsonite Philippines, Inc. (SPI), a company incorporated in the Philippines on September 9, 2008, was established primarily to engage in the importation, distribution, marketing and sale, both wholesale and retail, of all types of luggage and bags, including but not limited to suitcases, garment bags, brief cases, computer bags, backpacks, casual bags, hand bags, travel accessories and such other products of similar nature.

As of June 30, 2021 and December 31, 2020, SPI is 40% owned by the Group and 60% owned by Samsonite Corporation, its ultimate parent and an entity incorporated under the laws of the United States of America.

8. Interests in Joint Ventures

The Group’s interests in joint ventures pertain to the following:

Joint venture	Project description	Income sharing arrangement
MPC	Operation of retail stores in the Philippines	51:49
SCRI	Open and operate convenience stores directly owned and/or franchised in the Philippines	50:50
SSRI	Investment in and operation of mid-market department stores	50:50
LMS	Investment in and operation of travel retail stores in the Philippines	50:50

The movements in the carrying values of interest in joint ventures are as follows:

June 30, 2021

	LMS	**MPC**	**SSRI**	**SCRI**	**Total**
Cost:					
Balances at beginning	**₱375,296,454**	**₱87,500,000**	**₱407,344,383**	**₱420,350,000**	**₱1,292,240,837**
Accumulated equity in net earnings (losses):					
Balances at beginning of year	**10,601,453**	**70,265,821**	**(407,344,383)**	**(420,350,000)**	**(746,827,109)**
Share in net income	**(12,311,776)**	**9,585,833**	**–**	**–**	**(2,725,942)**
Balances at end of year	**(1,710,322)**	**79,851,654**	**(407,344,383)**	**(420,350,000)**	**(749,553,050)**
	₱373,586,132	**₱167,351,654**	**₱–**	**₱–**	**₱540,937,787**

December 31, 2020 (Audited)

	LMS	MPC	SSRI	SCRI	Total
Cost:					
Balances at beginning	₱375,296,454	₱89,250,000	₱407,344,383	₱420,350,000	₱1,292,240,837
Sale of shares	–	(1,750,000)	–	–	(1,750,000)
Balances at end of year	₱375,296,454	₱87,500,000	₱407,344,383	₱420,350,000	1,290,490,837
Accumulated equity in net earnings (losses) and impairment loss:					
Balances at beginning of year	44,796,080	59,517,308	(407,344,383)	(420,350,000)	(723,380,995)
Share in net earnings (loss)	(34,194,627)	10,748,513	–	–	(23,446,114)
Balances at end of year	10,601,453	70,265,821	(407,344,383)	(420,350,000)	(746,827,109)
	₱385,897,907	₱157,765,821	₱–	₱–	₱543,663,728

Investment in LMS
On August 12, 2015, SKL, a wholly owned subsidiary of SSI, executed agreements to effect the acquisition of a 50% equity stake in LMS from its two existing shareholders Regent and Prime. Regent and Prime will continue to own 50% ownership in LMS following the entry of SKL. LMS is a company specializing in travel retail concepts and has existing supply and management agreements with travel retail stores in the Philippines.

The acquisition cost includes the consideration for goodwill amounting to ₱121.75 million and intangible asset amounting to ₱29.90 million. The intangible asset pertains to the concession agreement with Duty Free and is being amortized over 10.7 years. Amortization expense, which is included in the share in net income of LMS, amounted to ₱1.23 million and ₱1.23 million for the six months ended June 30, 2021 and 2020, respectively.

Investment in MPC
On January 20, 2017, SSI and Ryohin Keikaku Co., Ltd. entered into a Joint Venture Agreement wherein the parties agreed to form MPC. SSI contributed ₱89.25 million for the 51% ownership interest in MPC. On November 20, 2020, the Company entered into a Deed of absolute sale of shares with RKJ for the sale of 1% or 1,750,000 common shares of the Company's ownership interest in MPC. The Joint Venture Agreement provides for unanimous votes of both parties in so far as most key and relevant operating activities are concerned. On December 3, 2020, the Company received cash amounting to ₱5.48 million for the sale of the said shares costing ₱1.75 million and recognized a gain amounting to ₱3.73 million.

Investment in SSRI
The Group (through SII) has 50% ownership interest in SSRI which is engaged in the operation of mid-market department stores. In March 2016, SSRI sold the fixed assets in the department stores. The proceeds from the sale are distributed to the joint venturers. The remaining carrying

value of the investment, after the share in net losses, amounting to ₱27.16 million is fully provided with impairment loss. SSRI has no commercial operations as at June 30, 2021.

Investment in SCRI
The Group (through SII) has 50% ownership interest in SCRI which has an investment in Philippine FamilyMart CVS, Inc. (PFM) that is engaged in the operation of convenience stores. On October 30, 2017, SCRI entered into a Memorandum of Agreement for the sale of its shares in PFM. The sale was concluded on January 11, 2018.

The joint ventures have no contingent liabilities or capital commitments as of June 30, 2021 and December 31, 2020.

9. Property and Equipment

The composition and movements of this account are as follows:

June 30, 2021 (Unaudited)

	Leasehold Improvements	Store, Office, Warehouse Furniture and Fixtures	Building	Transportation Equipment	Right of use Asset	Construction in Progress	**Total**
Cost:							
Balances at beginning of year	₱7,372,905,326	₱2,581,333,462	₱900,598,629	₱304,662,822	₱4,081,369,726	₱58,482,199	**₱15,299,352,164**
Additions	66,549,414	19,677,356	51,255,636	556,098	–	103,820,686	**241,859,190**
Disposals	(163,850,459)	(22,257,584)	–	–	(73,240)	–	**(186,181,283)**
Reclassifications	20,266,542	–	–	–	–	(20,266,542)	**–**
Balances at end of year	7,295,870,823	2,578,753,234	951,854,265	305,218,920	4,081,296,486	142,036,343	**15,355,030,071**
Accumulated depreciation and amortization:							
Balances at beginning of year	6,101,708,342	2,144,782,791	335,623,194	178,246,620	2,001,281,132	–	**10,761,642,079**
Depreciation (see Note 18)	223,611,898	71,554,598	21,445,956	12,287,055	420,544,768	–	**749,444,275**
Disposals	(145,815,417)	(20,211,984)	–	–	–	–	**(166,059,314)**
Balances at end of year	6,179,504,823	2,196,125,405	357,069,150	190,533,675	2,421,793,987	–	**11,345,027,040**
Net book values	**₱1,116,366,000**	**₱382,627,829**	**₱594,785,115**	**₱114,685,245**	**₱1,659,502,499**	**₱142,036,343**	**₱4,010,003,031**

December 31, 2020 (Audited)

	Leasehold Improvements	Store, Office, Warehouse Furniture and Fixtures	Building	Transportation Equipment	Right-of-Use Asset	Construction in Progress	Total
Cost:							
Balances at beginning of year	₱7,255,634,677	₱2,514,378,268	₱892,989,252	₱304,733,387	₱3,926,426,489	₱87,301,743	₱14,981,463,816
Additions	268,697,770	99,942,586	7,609,377	627,345	506,321,822	59,849,915	943,048,815
Disposals and retirement	(239,328,815)	(33,755,157)	–	(697,910)	–	–	(273,781,882)
Remeasurement	–	–	–	–	(351,378,585)	–	(351,378,585)
Reclassifications	87,901,694	767,765	–	–	–	(88,669,459)	–
Balances at end of year	7,372,905,326	2,581,333,462	900,598,629	304,662,822	4,081,369,726	58,482,199	15,299,352,164
Accumulated Depreciation and Amortization:							
Balances at beginning of year	5,773,219,940	1,998,491,501	290,513,069	153,766,171	1,172,593,126	–	9,388,583,807
Depreciation and amortization (Note 18)	528,496,910	177,873,146	45,110,125	25,178,359	1,072,905,136	–	1,849,563,676
Disposals and retirement	(200,008,508)	(31,581,856)	–	(697,910)	–	–	(232,288,274)
Remeasurement	–	–	–	–	(244,217,130)	–	(244,217,130)
Balances at end of year	6,101,708,342	2,144,782,791	335,623,194	178,246,620	2,001,281,132	–	10,761,642,079
Net book values	₱1,271,196,984	₱436,550,671	₱564,975,435	₱126,416,202	₱2,080,088,594	₱58,482,199	₱4,537,710,085

Additions to leasehold improvements and construction in progress in 2021 and 2020 pertain to improvements and construction of newly opened and renovated stores during the year.

Disposals and retirement for the period ended June 30, 2021 and December 31, 2020 mainly pertain to leasehold improvements and store furniture and fixtures derecognized on closed or renovated stores.

No property and equipment were pledged or treated as security to the outstanding liabilities as of June 30, 2021 and December 31, 2020.

The Group has no purchase commitments related to property, plant and equipment as of June 30, 2021 and December 31, 2020, respectively.

10. Other Noncurrent Assets

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Franchise fee	**₱84,524,340**	₱83,512,361
Miscellaneous deposits	**89,922,445**	58,588,899
Software costs	**2,028,830**	3,014,491
Deferred Input VAT	**–**	47,511,143
Others	**216,632**	5,849,085
	₱176,692,247	₱198,475,979

Miscellaneous deposits pertain to advance payments to contractors for the construction and renovation of stores.

11. Trade and Other Payables

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade payables	**₱842,055,563**	₱1,087,954,185
Nontrade payables	**623,126,314**	509,008,365
Accrued expenses	**118,548,505**	206,910,477
Retention payable	**28,677,093**	46,264,484
Output VAT	**72,743,258**	191,815,839
Tenant deposit	**–**	31,003,853
Payable to related parties (see Note 19)	**769,967**	4,161,624
Others	**16,503,263**	71,572,628
	₱1,702,423,963	₱2,148,691,455

Trade payables are noninterest-bearing and are normally settled on 30 to 90 days' terms.

Nontrade payables represent statutory payables such as withholding taxes, SSS premiums and other liabilities to government agencies, rent payable, payable to contractors and suppliers of services, among others.

Accrued expenses pertain to accrued salaries, leaves and bonuses, security and safety, interest, utilities and repairs and maintenance and accruals of royalties to be paid to foreign principals, among others.

Other payables mainly pertain to payables to non-trade suppliers and payable to advertising agencies.

Trade and other payables are generally paid within 12 months from balance sheet date.

12. **Short-term Loans Payable**

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Banks:		
Bank of Philippine Islands (BPI)	**₱2,415,000,000**	₱2,710,000,000
Rizal Commercial Banking Corporation (RCBC)	**1,440,000,000**	1,440,000,000
Banco de Oro (BDO)	**1,260,000,000**	960,000,000
Security Bank Corporation (SBC)	**500,000,000**	500,000,000
Bank of Commerce (BOC)	**300,000,000**	700,000,000
China Banking Corporation (CBC)	**300,000,000**	300,000,000
Metropolitan Bank & Trust Co. (MBTC)	**200,000,000**	400,000,000
	₱6,415,000,000	₱7,010,000,000

The Group's outstanding short-term peso-denominated loans from local commercial banks bear interest at rates ranging from 4.10% to 5.25% and 4.75% to 6.00% for the six months ended June 30, 2021 and 2020, respectively.

Interest expense recognized in the consolidated statements of comprehensive income for the six months ended June 30, 2021 and 2020 amounted to ₱180,669,124 and ₱154,565,100, respectively.

13. **Long-term Debt**

On May 8, 2013, SSI entered into a credit facility for the ₱2.00 billion syndicated term loan facility with BPI, SBC, CBC, MBTC and RCBC. The purpose of the loan is to finance the Group's capital expenditures related to the construction of the Central Square and other corporate purposes. Principal repayments are due quarterly starting August 20, 2014. The loan carries an interest of a fixed base rate plus an interest spread of 150 basis points per annum or a 5.50% per annum floor rate. Principal repayments are due quarterly starting August 20, 2014. The syndicated term loan matured on February 20, 2020.

On October 14, 2016, SSI entered into another long-term loan with BPI amounting to ₱500.00 million that carries a fixed interest rate of 4.00%. Principal repayments are due quarterly starting October 14, 2017 until October 14, 2021.

The purpose of these loans is to solely refinance its existing short term loans.

The details of the Group's long term debt (net of unamortized transaction costs) are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
BPI	**₱58,773,738**	₱117,593,738
SBC	**–**	–
CBC	**–**	–
MBTC	**–**	–
RCBC	–	–
Total	**58,773,738**	117,593,738
Less: current portion	**58,773,738**	117,593,738
Noncurrent portion	**₱–**	₱–

Interest expense recognized in the consolidated statements of comprehensive income for the six months ended June 30, 2021 and 2020 amounted to ₱3,631,412 and ₱8,135,351, respectively.

Loan Covenants
The loan covenants covering the Group's outstanding debts include, among others, maintenance of certain level of current, debt-to-equity and debt-service coverage ratios. As of June 30, 2021 and December 31, 2020, the Group is in compliance with the loan covenants of all their respective outstanding debts.

14. Cost of Goods Sold

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Cost of merchandise sold (Note 5)	**3,835,064,986**	₱2,721,335,203
Depreciation and amortization (Notes 9 and 18)	**1,956,177**	2,000,574
Rent (Note 23)	**1,645,857**	1,114,764
Utilities	**818,710**	1,708,018
Outside services	**198,527**	240,093
Others	**1,508,365**	996,410
	3,841,192,622	₱2,727,395,062

Depreciation and amortization pertains to depreciation of leasehold improvements and furniture and fixtures of the leased spaces. Utilities, rent, security and safety expenses pertain to cost incurred in the operation of leased spaces.

Cost of merchandise sold:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Merchandise inventory, beginning	**₱9,209,038,936**	₱9,818,880,088
Net purchases	**3,344,268,423**	3,837,003,628
Cost of merchandise available for sale	**12,553,307,359**	13,655,883,716
Less merchandise inventory, ending	**8,718,242,373**	10,934,548,513
	₱3,835,064,986	₱2,721,335,203

Net purchases include cost of inventory, freight charges, insurance and customs duties.

Cost of merchandise sold represents cost of merchandise inventory sold and the cost that are directly attributable to bringing the goods to its intended location.

15. **Selling and Distribution Expenses**

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Depreciation and amortization (see Notes 9, 10 and 18)	**₱586,584,344**	₱848,152,770
Personnel costs (see Note 17)	**370,616,394**	492,900,394
Utilities	**193,184,742**	160,254,907
Credit card charges	**111,235,077**	92,489,731
Advertising	**102,023,496**	86,249,114
Taxes and licenses	**98,021,323**	141,423,983
Supplies and maintenance	**79,420,494**	63,927,161
Delivery and freight charges	**68,850,282**	28,849,457
Global marketing contribution fee	**50,722,644**	44,915,546
Security services	**47,865,259**	57,775,746
Insurance	**32,058,227**	33,544,441
Repairs and maintenance	**23,819,178**	18,033,803
Communication	**18,785,724**	8,749,606
Professional fees	**15,743,637**	33,830,770
Travel and transportation	**2,784,443**	19,230,402
Outside services	**3,444,579**	13,750,105
Entertainment, amusement and recreation (EAR)	**565,479**	1,496,058
Telegraphic transfer	**695,555**	649,755
Rent (see Notes 19 and 23)	**(70,556,826)**	11,451,773
Others	**38,641,089**	28,862,384
	₱1,774,505,140	₱2,186,537,906

16. **General and Administrative Expenses**

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Personnel costs (see Note 17)	**₱308,544,813**	₱270,575,443
Depreciation and amortization (see Notes 9, 10 and 18)	**164,541,022**	108,296,839
Taxes and licenses	**29,845,242**	23,647,188
Repairs and maintenance	**19,400,312**	9,235,892
Utilities	**16,429,465**	19,317,887
Supplies and maintenance	**15,004,474**	19,549,751
Security services	**12,768,269**	7,849,202
Professional fees	**10,985,149**	6,783,243
Communication	**9,688,897**	6,439,272
Insurance	**8,443,147**	4,267,422
Travel and transportation	**4,836,851**	11,461,189
Advertising	**4,890,823**	4,548,602
EAR	**770,632**	1,238,750
Outside service	**536,398**	724,261
Rent (see Notes 19 and 23)	**(24,859,044)**	16,523,793
Others	**27,019,965**	17,620,101
	₱608,846,415	₱528,078,835

17. **Personnel Costs**

Personnel costs were charged to operations as follows:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Salaries, wages and bonuses	**₱572,181,487**	₱675,930,414
Retirement benefit expense	**35,574,773**	32,279,822
Other employee benefits	**71,404,947**	55,265,602
	₱679,161,207	₱763,475,837

Personnel costs were distributed as follows:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Selling and distribution (see Note 15)	**₱370,616,394**	₱492,900,394
General and administrative (see Note 16)	**308,544,813**	270,575,443
	₱679,161,207	₱763,475,837

18. **Depreciation and Amortization Expense**

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Property and equipment (see Note 9)	**₱747,263,287**	₱953,952,279
Franchise fee (see Note 10)	**4,160,471**	4,162,831
Software costs (see Note 10)	**1,657,785**	335,073
	₱753,081,543	₱958,450,183

Depreciation and amortization were distributed as follows:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Cost of services (Note 14)	**₱1,956,177**	₱2,000,574
Selling and distribution (see Note 16)	**586,584,344**	848,152,772
General and administrative (see Note 17)	**164,541,022**	108,296,837
	₱753,081,543	₱958,450,183

19. Related Party Disclosures

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. Key management personnel are considered related parties.

The Group, in the normal course of business, entered into the following transactions with related parties:

a. Lease of the Group's store outlet spaces from a related party (see Note 23). Related rent expense amounted to ₱26.9 million and ₱19.7 million, for the six months in the period ended June 30, 2021 and 2020, respectively;

b. The Group reimburses related parties for its expenses paid by the related parties in behalf of the Group;

c. Sales through the use of related parties' gift certificates. Total value of the related parties' gift certificates used amounted to ₱7.5 million and ₱7.1 million for the six months ended June 30, 2021 and 2020, respectively;

d. Short-term noninterest-bearing cash advances to/from related parties; and

e. Compensation of the Company's key management personnel comprised of short-term employee benefits amounting to ₱18.6 million, ₱18.6 million for the six months in the period ended June 30, 2021 and 2020, respectively, and post-employment benefits amounting to ₱2.8 million and ₱2.6 million for the six months in the period ended June 30, 2021 and 2020, respectively.

As of June 30, 2021 and December 31, 2020, transactions with related parties are as follows:

			Outstanding balances	
Related Parties	Periods ended	Transactions for the year	Receivables from related parties (Note 5)	Payable to related parties (Note 12)
Under common control				
RCC	**June 30, 2021**	**₱35,126,325**	**₱96,725,065**	**₱–**
	December 31, 2020	₱25,216,740	₱59,437,175	₱709,594
RMK	**June 30, 2021**	**2,131,759**	**21,203,524**	**769,967**
	December 31, 2020	(20,280,237)	18,719,189	259,110
Others	**June 30, 2021**	–	–	–
	December 31, 2020	(2,223,066)	862,228	3,078,913
Joint ventures				
PFM	**June 30, 2021**	**–**	**–**	**–**
	December 31, 2020	–	–	–
SCRI	**June 30, 2021**	**–**	**–**	**–**
	December 31, 2020	(90,515)	23,492	114,007
MPC	**June 30, 2021**	**14,050**	**62,200**	**–**
	December 31, 2020	(2,613,497)	14,671,750	–
Associate				
SPI	**June 30, 2021**	**1,487,897**	**3,104,913**	**–**
	December 31, 2020	50,479	2,467,751	–
	June 30, 2021		**₱120,483,274**	**₱769,967**
	December 31, 2020		₱96,181,585	₱4,161,624

The related party balances as of June 30, 2021 and December 31, 2020 are due and demandable, non-interest bearing and unsecured. The allowance for expected credit losses on amounts owed by related parties amounted to ₱43.17 million as of June 30, 2021 and December 31, 2020, all receivables from related parties are not impaired. All related party balances are settled in cash.

20. Earnings Per Share (EPS)

The following tables reflect the net income and share data used in the basic/dilutive EPS computations:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Net income	**(₱173,652,248)**	(₱476,293,882)
Divided by weighted average number of common shares	**3,298,408,430**	3,304,262,898
	(₱0.05)	(₱0.14)

There were no potential dilutive common shares for the six months ended June 30, 2021 and 2020.

21. Risk Management Objectives and Policies

The principal financial instruments of the Group are cash and short-term and long-term loans. The main purpose of these financial instruments is to anticipate future fund requirements of the Group. The Group has various other financial assets and liabilities such as trade and other receivables, trade and other payables, short-term loan payable and long-term debt, amounts owed to/by related parties, tenants' deposits and security deposits and construction bonds which arise directly from its operations.

The main risks arising from the financial instruments of the Group are credit risk, foreign currency risk and liquidity risk. The Group's management reviews and approves policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

The magnitudes of these risks that have arisen over the year are discussed below.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with recognized, creditworthy third parties, mostly with credit card companies. Trade receivables from third parties are monitored on an on-going basis with the result that the exposure of the Group to bad debts is not significant. There is no allowance for impairment of trade receivables since the Group expects to fully realize its receivables from debtors.

The table below shows the maximum exposure of the Company to credit risk:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash	**₱4,406,442,594**	₱5,303,876,139
Trade and other receivables		
Trade receivables	**583,909,280**	254,892,223
Nontrade receivables	**331,455,615**	287,147,180
Receivables from related parties	**120,483,275**	96,181,584
Others	**1,154,312**	3,487,088
Security deposits and construction bonds	**990,009,329**	1,019,625,939
	₱6,433,454,405	₱6,965,210,913

There is no significant concentration of credit risk in the Group.

The aging analyses of financial assets that are past due but not impaired are as follows:

June 30, 2021 (Unaudited)

	Total	**Neither past due nor impaired**	**Past due but not impaired** **<30 days**	**30 - 60 days**	**60 - 90 days**	**> 90 days**	**Impaired**
Cash	**₱4,406,442,594**	₱4,406,442,594	₱–	₱–	₱–	₱–	₱–
Trade and other receivables							
Trade receivables	**583,909,280**	496,412,463	61,127,049	2,500,776	–	23,868,993	–
Nontrade receivables	**341,218,660**	12,190,552	124,607,037	47,784,926	31,254,845	115,618,256	9,763,045
Receivables from related parties	**163,654,274**	4,114,729	51,823,205	5,702,097	4,561,678	54,281,566	43,170,999
Others	**1,154,312**	–	–	1,154,312	–	–	–
Security deposits and construction bonds	**990,009,329**	990,009,329	–	–	–	–	–
Total	**₱6,538,675,082**	**₱5,830,202,341**	**₱241,648,325**	**₱60,924,721**	**₱38,684,743**	**₱314,280,910**	**₱52,934,044**

December 31, 2020

	Total	Neither past due nor impaired	Past due but not impaired <30 days	30 - 60 days	60 - 90 days	> 90 days	Impaired
Cash	₱5,303,876,139	₱5,303,876,139	₱–	₱–	₱–	₱–	₱–
Trade and other receivables							
Trade receivables	254,892,223	142,556,970	75,215,318	11,528,851	2,512,555	23,078,528	–
Nontrade receivables	287,147,180	69,364,617	78,926,091	29,721,290	3,988,003	95,384,133	9,763,045
Receivables from related parties	96,181,584	95,780,363	28,951	372,270	–	–	–
Others	3,487,088	2,595,076	3,423	149,810	244,982	493,797	–
Security deposits and construction bonds[1]	1,019,625,939	1,019,625,939	–	–	–	–	–
Total	₱6,965,210,153	₱6,633,799,105	₱154,173,782	₱41,772,222	₱6,745,540	₱118,956,459	₱9,763,045

Impairment of financial assets

The following financial assets are subject to expected credit loss model effective January 1, 2018:

a. Cash, nontrade receivables (except those related to principals), amounts owed by related parties and security deposits and construction bonds. The Group uses general approach in assessing impairment of these financial assets. The credit risk of these financial asset is presumed to increase when the contractual payments are more than 30 days past due. As of June 30, 2021 and December 31, 2020, there has been no increase in credit risk of these financial assets since initial recognition except for amounts owed by related parties amounting to ₱43.17 million which are classified as credit impaired as of June 30, 2021 and December 31, 2020.

b. Trade receivables. For these financial assets, the Group uses simplified approach. An impairment analysis is performed at each reporting date to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The identified impairment losses on these financial assets were immaterial.

c. Nontrade receivables pertain to receivables from principals. The credit risk of these financial assets is presumed to increase when the contractual payments are more than 90 days past due. As of June 30, 2021 and December 31, 2020, nontrade receivables from principals amounting to ₱9.76 million are classified as credit impaired.

Capital Management

The primary objective of the Group is to maintain a strong credit rating and healthy capital ratios to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it based on changes in economic and business conditions. To maintain or adjust the capital structure, the Group may consider paying dividends to stockholders, returning capital to stockholders, or issuing new shares of stocks. No major changes were made on the objectives, policies, or processes during the six months ended June 30, 2021 and year ended December 31, 2020. Capital includes equity as shown in the consolidated balance sheet.

As disclosed in Note 14, the Group is required by their creditors to maintain a debt-to-equity ratio and debt-service coverage ratio. The Group, thus, monitors capital on the basis of debt-to-equity ratio which is calculated as total liabilities divided by total equity. The Company includes within debt all interest-bearing short-term and long-term liabilities. These externally imposed capital requirements have been complied with as of June 30, 2021.

22. Fair Value of Financial Instruments

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments:

	June 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets				
Loans and receivables				
Security deposits and construction bonds	**₱968,278,578**	**₱985,182,059**	₱1,019,625,939	₱1,036,529,420
Financial Liabilities				
Other financial liabilities				
Current portion of long-term debt	**₱58,773,738**	**₱58,850,000**	₱117,593,738	₱120,134,685

The following method and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade and other receivables, amounts owed by/to related parties, current portion of security deposits (presented under prepayments and other current assets), tenants' deposits, trade and other payables and short-term loans

The carrying values of these financial instruments approximate their fair values due to the short-term maturity, ranging from one to twelve months.

Security deposits and construction bonds
The fair values of security deposits are based on the discounted value of future cash flows using the applicable market interest rates. Discount rates ranging from 5.80% to 6.10% and 5.50% to 7.56% were used in calculating the fair value of the Group's refundable deposits as of June 30, 2021 and December 31, 2020, respectively.

Current portion of long-term debt
The fair value of long-term debt is based on the discounted value of future cash flows using the applicable market interest rates. Discount rates ranging from 5.59% to 5.82% and 5.23% to 7.03% were used in calculating the fair value of the Group's long-term debt as of June 30, 2021 and December 31, 2020, respectively.

<u>Fair Value Hierarchy</u>
The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group's security deposits and construction bonds and long-term debt are classified as Level 3.

As at June 30, 2021 and December 31, 2020 the Group does not have financial instruments with fair values determined using inputs that are classified under Level 1 and 3.

For the six months ended June 30, 2021 and years ended December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

23. **Contracts and Commitments**

Group as a Lessee
The Group has various leases of its warehouse and office space and certain store outlets used in its operations for lease terms ranging from three to ten years. Rental payments on certain outlets are based on a fixed basic monthly rate plus a certain percentage of gross sales, while other store outlets and office spaces are based on fixed monthly rates. The Group also has certain leases of stores, office and warehouse space with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balances at beginning of the year	**₱2,080,088,594**	₱2,753,833,363
Additions	**–**	506,321,822
Depreciation expense	**(420,544,768)**	(1,072,905,136)
Remeasurement/termination	**(41,327)**	(107,161,455)
Balances at end of the year	**₱1,659,502,499**	₱2,080,088,594

The rollforward analysis of lease liabilities follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balances at beginning of the year	**₱2,147,455,989**	₱2,832,462,784
Additions	**–**	460,033,129
Interest expense	**83,294,964**	173,576,791
Remeasurement/termination	**–**	(114,468,613)
Lease concession	**(80,941,746)**	(735,453,471)
Payments	**(396,154,493)**	(468,694,631)
Balances at end of the year	**1,753,654,715**	2,147,455,989
Less: current portion	**409,497,174**	738,752,642
Balances at end of the year	**₱1,344,157,541**	₱1,408,703,347

The Group has paid security deposits for the store outlets and office spaces with carrying amounts of ₱990.01 million and ₱1,019.63 million as of June 30, 2021 and December 31, 2020, respectively, which are refundable upon complete turnover of the leased area. The present value of these deposits was computed using the discount rates prevailing at the inception date of the lease, ranging from 3.56% to 6.89%. Interest income recognized from these security deposits amounted to ₱1.74 million and ₱1.89 million, for the six months ended June 30, 2021 and 2020, respectively.

Group as lessor
In 2014, the Group leased out portions of the store spaces and parking space in Central Square for a lease term ranging from one to three years. Rental income on these spaces is based on a fixed basic monthly rate plus a certain percentage of gross sales. Deposits received from tenants amounted to ₱23.92 million and ₱36.98 million as of June 30, 2021 and December 31, 2020, respectively, pertaining to deposits on the leased space.

In 2015, The Group subleased its leased space in NAIA Terminal 3 for a lease term of one year to five years. Rental income on these spaces is based on a fixed basic monthly rate plus a certain percentage of gross sales.

Rental income recognized on these spaces amounted to ₱12.9 million and ₱18.2 million, for the six months ended June 30, 2021 and 2020, respectively.

24. Segment Reporting

The Group has determined that it is operating as one operating segment. Based on management's assessment, no part or component of the business of the Group meets the qualifications of an operating segment as defined by PFRS 8.

The Company's store operations is its only income generating activity and such is the measure used by the chief operating decision maker in allocating resources.

The Company derives its primary income from the sales of merchandise to external customers and is the only basis for segment reporting purposes. Sales are reported on an entity-wide basis. This information is measured using the same accounting policies and estimates as the Group's consolidated financial statements.

The table below sets out revenue from external customers by category for the six months ended June 30, 2021 and 2020 (amounts in millions):

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Net Sales		
Luxury and Bridge	**₱2,735**	₱1,527
Casual	**975**	652
Fast Fashion	**1,508**	1,662
Footwear, Accessories and Luggage	**393**	430
Other	**810**	750
	₱6,421	₱5,021

The Group's customers are located in the Philippines and Guam, with bulk of the revenues being contributed by local customers. Following shows the revenue contribution by geographical areas (amounts in millions).

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Philippines	**₱6,421**	₱5,009
Guam	**–**	12
	₱6,421	₱5,021

25. Seasonality of operations

The Group experiences seasonal fluctuations in its operations. The Group's sales typically peak during the fourth quarter of the year due to the increased sales attributable to the Christmas and New Year Holidays.

EXHIBIT I

SSI GROUP, INC.

MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND ITS SUBSIDIARIES

JUNE 30, 2021

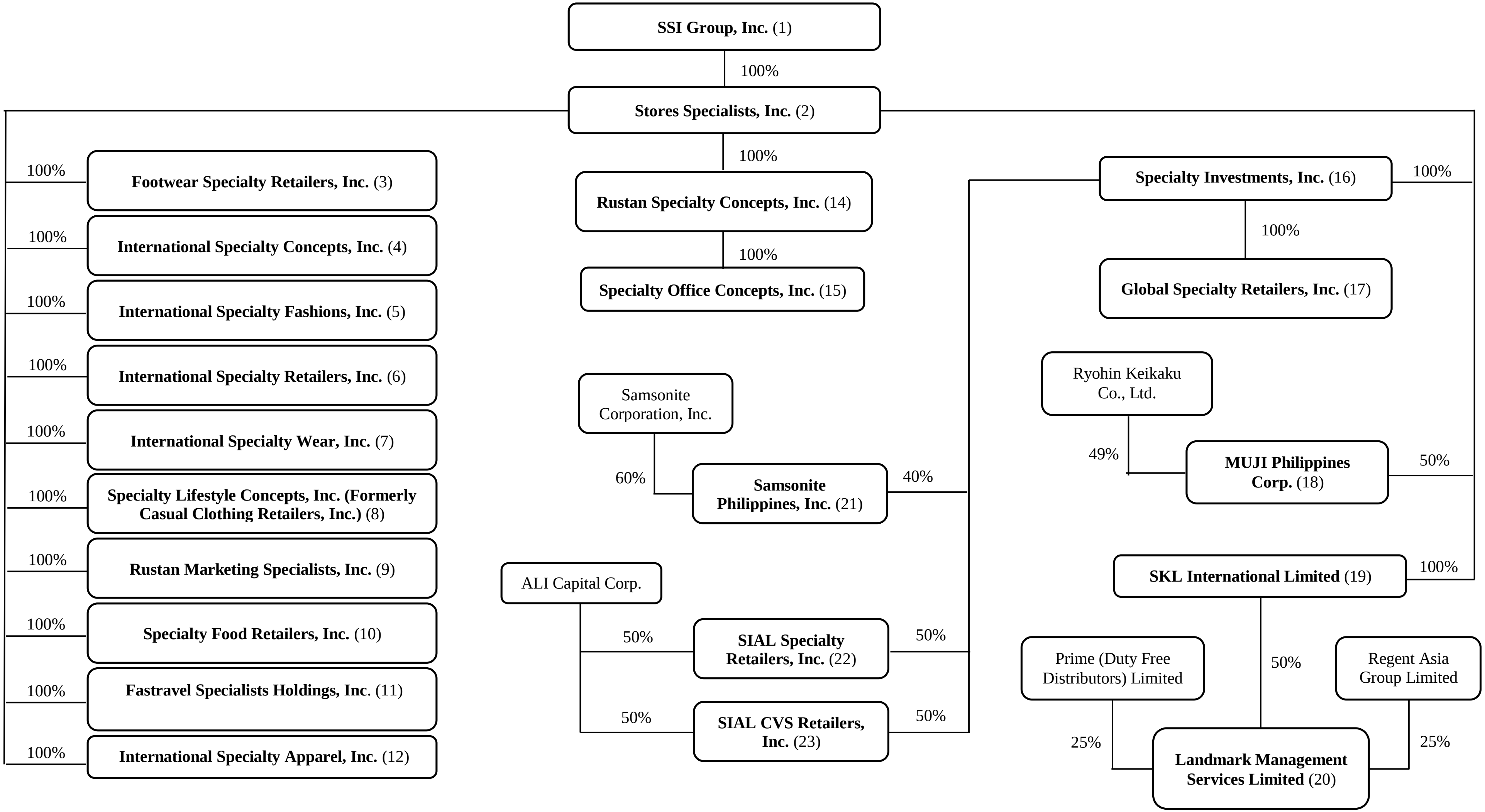

Exhibit II

SSI GROUP, INC.
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
JUNE 30, 2021

Unappropriated retained earnings, as adjusted, beginning		₱1,006,741,214
Cumulative prior year adjustments:		
Interest income from accretion of the discount on security deposits		(5,181,311)
		1,001,559,903
Net income during the period closed to retained earnings	18,294,892	
Less: Other realized gains related to accretion of income from security deposits	–	
Deferred tax asset recognized during the year	–	
Net income during the period		18,294,892
Retained earnings available for dividend declaration		₱1,019,854,795

Exhibit III

SSI GROUP, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratios	Formula	June 30, 2021	December 31, 2020	June 30, 2020
(i) Current Ratio	Current Assets/Current Liabilities	1.70	1.57	1.60
(ii) Debt/Equity Ratio	Bank Debts/ Total Equity	0.63	0.68	0.67
(iii) Net Debt/Equity Ratio	Bank Debts-Cash & Equivalents/Total Equity	0.20	0.17	0.39
(iii) Asset to Equity Ratio	Total Assets/Total Equity	2.05	2.17	2.11
(iv) Interest Cover Ratio	EBITDA/Interest Expense	3.55	2.59	3.04
(v) Profitability Ratios				
GP Margin	Gross Profit/Revenues	40.30%	40.54%	45.87%
Net Profit (Loss) Margin	Net Income (Loss) /Revenues	-2.70%	-7.39%	-9.45%
EBITDA Margin	EBITDA/Revenues	14.78%	11.34%	9.82%
Return on Assets	Net Income (Loss) /Total Assets	-0.82%	-3.98%	-2.06%
Return on Equity	Net Income (Loss) /Total Equity	-1.69%	-8.66%	-4.36%

*EBITDA = Earnings before interest, taxes and depreciation and amortization