

SSI Group, Inc. (SSI) Audited FY 2020 and Unaudited 1st Quarter 2021 Results

FY 2020 Results

The SSI Group saw a recovery in sales and recurring income during the 4th quarter of 2020, despite consumers' lingering concerns regarding COVID cases. Results during the 4th quarter of the year highlight the resilience of SSI's core customer base and brand portfolio, and the execution of strategies implemented during the year to optimize expenses and to build new channels through which to reach the Group's customers.

- 4Q 2020 sales of P4.9 billion, +116% vs. 3Q 2020 and 66% of sales during the same period last year
- 4Q 2020 EBIT of P322 million
- 4Q 2020 recurring income of P148m, a reversal from losses during the 2nd and 3rd quarters of 2020
- 4Q 2020 operating cash flows of P2.4B, resulting from strategies meant to optimize working capital
- 4Q 2020 net loss of P142m, after one-time non-cash write offs
- FY 2020 sales of P12.3B, 55% of FY 2019 sales
- FY 2020 net loss of P904m
- Before non-recurring write-offs, FY net loss narrowed to P646m
- E-commerce sites trunc.ph, bananarepublic.com.ph, beautybar.com.ph, dunelondon.ph, gap.com.ph, lacoste.com.ph, lush.com.ph, marksandspencer.com.ph, payless.ph, superga.ph and zara.com/ph, posted full year sales growth of 288%

"The Group continued to face challenging operating conditions as a result of the COVID 19 pandemic during the last quarter of 2020. However, during the 4th quarter, with COVID cases at relatively low levels, we saw how quickly demand for luxury and

premium products can bounce back when customers are more at ease, and the performance of these categories gives us a higher degree of certainty that there is significant pent up demand for the brands in the Group's portfolio," said Anthony T. Huang, SSI Group President.

In 2020 the Group also continued to enhance its customers' ability to shop from home by continuing to expand its e-commerce presence, with the opening of marksandspencer.com.ph in May, the opening of trunc.ph in November, and by increasing the availability of the Group's products on 3rd party marketplaces such as Rustans.com, Zalora.com and Lazada.com. In May, the Group also launched The Specialist, an at home concierge service that allows our customers to shop from the comfort of their homes through a dedicated personal concierge.

1Q 2021 Results

Trends that began during the 2nd half of 2020, where luxury and high-end brands as well as home, personal care and food brands continued to outperform SSI's broader portfolio, were carried over into the 1st quarter of the year. However, gains in sales and opex efficiencies were off-set by lower gross profit margins, as the Group continued to optimize inventory levels across all of its brand categories. The 1st quarter of the year is usually a low gross profit margin period, given the end of season sale period in January and February.

- 1Q 2021 sales of P3.5B, 82% of revenues during the same period in 2020. Highest percentage attainment versus the comparable year ago period since 1Q 2020
- EBITDA of P241 million
- 1Q 2021 GPM of 37.9% vs. 46.1% during 1Q 20
- Net loss of P99 million
- 1Q 2021 e-commerce sales at +330% vs. the same period last year

"During the 1st quarter of 2021, the Group saw relatively high sales levels, combined with lower gross profit margins. This situation is expected given that during the last six

months customers were only beginning to venture back into malls. The Group is currently focused on cash generation and maintaining healthy inventory levels. As COVID cases are contained and the economy starts to open up, we expect to see the gradual normalization of our gross profit margins.

As we have during past periods of uncertainty, we will continue to leverage on the resilience of our core customer base, the uniqueness of our brand portfolio, the strength of our primary mall locations and our ability to develop innovative channels to service our customer base, which now includes the expansion of our e-commerce presence," said Anthony T. Huang, President of SSI.