

MINUTES OF THE ANNUAL MEETING
OF STOCKHOLDERS

SSI GROUP, INC.

Held on 10 September 2020, 9:00 a.m.
Via teleconference

DIRECTORS PRESENT:

ZENAIDA R. TANTOCO
ANTHONY T. HUANG
MA. TERESA R. TANTOCO
MA. ELENA R. TANTOCO
BIENVENIDO V. TANTOCO III
EDUARDO T. LOPEZ III
EDGARDO LUIS PEDRO T. PINEDA
CARLO L. KATIGBAK (INDEPENDENT DIRECTOR)
JOSE TEODORO K. LIMCAOCO (INDEPENDENT DIRECTOR)

SHARE INFORMATION:

Total Number of Issued and Outstanding Shares	3,298,408,430
Total Number of Shares Represented at the Meeting	2,442,205,589
Percentage of Shares Represented	74.042%

I. CALL TO ORDER

The Chairperson, Ms. Zenaida R. Tantoco called the meeting to order and presided over the same. The Corporate Secretary, Atty. Ma. Alicia G. Picazo-San Juan, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

Upon request of the Chairperson, the Corporate Secretary confirmed (i) that notices were published online and in print format in the Manila Times and Philippine Daily Inquirer, both newspapers of general circulation, on August 18 and August 19 online, and August 19 and August 20 in print format, and posted on the website of the Company and the Philippine Stock Exchange (PSE), all in accordance with the requirements of the Securities and Exchange Commission (SEC), (ii) that based on the records, there were represented at the meeting, in person or by proxy, stockholders owning 2,442,205,589 shares, representing 74.042% of the total issued and outstanding capital stock of the Company, and (iii) that there was a quorum to transact business therein. The Corporate Secretary explained that this meeting is being conducted through remote communication pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, and proceeded to discuss the rules and procedures for the conduct of this meeting.

III. APPROVAL OF MINUTES OF PREVIOUS STOCKHOLDERS' MEETING

Upon motion duly made and seconded, the stockholders resolved to approve the minutes of the Annual Stockholders' Meeting held on 26 June 2019 in its entirety.

The breakdown of the votes cast on this matter was as follows:

Votes in favor	- 2,439,774,112 (99.90% of total voting shares represented in the meeting)
Votes against	- Nil
Abstentions	- Nil

IV. APPROVAL OF THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2019

The President, Mr. Anthony T. Huang, reported on the financial condition and results of operations of the Company for the year 2019. The Corporate Secretary noted that copies of the Annual Report for the year ended 31 December 2019 were furnished and sent to all stockholders of record. The Audited Financial Statements were incorporated in the Annual Report of the Company. These were likewise summarized in the Definitive Information Statement, copies of which were posted on the website of the Company and the PSE.

Mr. Huang began by reporting that 2019 was a landmark year for the SSI Group (the “Group”). It was one wherein the Group achieved record high sales. The Group’s financial performance is a reflection of strategies which it began to execute in 2017. These are strategies meant to optimize store network and to ensure the sustainability and efficiency of operations, and to further expand the Group’s food and e-commerce business.

The results achieved in 2019 now allow the Group to act in a responsive and flexible manner given the very unexpected circumstances brought about by COVID-19 in 2020. In 2019 alone, the Group saw significant growth with sales at an all-time high of Php22 billion, representing an 11% increase compared to 2018. The Group also achieved a substantial increase in profit, with net income growing by 34% or Php816 million and recurring income growing by 27% or Php920 million compared to 2018. The Group also generated significant efficiencies in 2019 due to a smaller operating expense base and inventory levels. The Group’s 2019 financial results were a reflection of the Group’s efficiency to adapt to a changing market.

Mr. Huang said that the foundation for sustainable growth consists of a relevant brand portfolio, efficient strong network, operating expenses and strong cashflow generation capabilities, and an aggressive e-commerce expansion. In 2019, the Group sought to not only strengthen its brick and mortar operations, but also to grow its e-commerce presence. In 2019, the Group launched five e-commerce sites and ended the year with 10 e-commerce properties. The Group launched bananarepublic.com.ph and zara.com/ph. Thereafter, the Company expanded its personal care offerings with the launch of the Lush website. It also grew its online portfolio with the launch of dunelondon.ph.

As a result of its digital innovations in 2019, the Company has the widest and most diverse online selection in the country. The Group also intends to increase its online presence in marketplaces such as Lazada and Zalora. In the fourth quarter of 2019, the second Shake Shack branch was opened in Megamall. The Company’s brand portfolio now consists of 95 brands.

The Company expects that, despite the challenging circumstances in 2020, its brand portfolio coupled with new and innovative ways of reaching customers, will ensure that the Group will be able to continue operating, and will be able to meet consumer demand in 2020. Many of its strategies in 2019 were focused on the achieving operating efficiencies. One measure of improving efficiency is the continued increase of the Company’s productivity, with sales per square meter of Php188 thousand or a 12% increase from 2018. Operating Expense to Sale Ratio increased by 37.4% or 230 basis points lower than 2018. Efficiency gains in 2019 reflects the Group’s ability to contract with changing market conditions. In 2019, the Group generated Revenues of Php22 billion or an increase of 11%. This level of growth was achieved despite a decline in total store floor area as the Company’s customers continued to patronize the Company’s brands in central locations and e-commerce sites. The Company saw a strong growth in its luxury and bridge categories by 18% due to a strong demand for beauty products and high-end shoppers

as well as from the growing number of Chinese expat workers. Casual category revenues increased by 13%. The Others category revenues increased by 18% driven by the growth of Shake Shack and Salad Stop. Fast Fashion sales declined by 1%. Throughout 2019, the Company proved to be a resilient and sophisticated Company. In 2019, an increase in revenues combined with more efficient operations resulted in a Net profit of Php816 million, which was an increase of 34% from the previous year, while Core Recurring Income was at Php920 million, which was an increase of 27% from the previous year.

In 2019, the Company likewise continued to benefit from optimized inventory levels. With days inventory at the end of 2019 at their lowest year-end level over the past six years. Lower days inventory combined with increasing profitability allowed the Group to generate Operating Cashflows of Php2.4 billion, which was an 11% increase from the previous year.

In 2020, the Company's primary concern continues to be the health and safety of its customers and employees, and ensuring that the Group retains its efficiency and operating gains.

Mr. Huang discussed the new offerings and services of the Company such as The Specialist, which is a service that allows customers to select products and arrange settlement of orders through personal shoppers. This year, the Company will also be launching a multi-brand website to complement the Company's 10 monobrand sites. This new multi-brand site will bring together many of the Company's brands in one premium marketplace and provide Filipino consumers with access to some of its most recognizable brands on one digital platform. The Group will also continue to leverage on its brand offerings and resilient customer base. Apart from expanding the ways customers can interact with the Company, it is also strengthening its instore experience by communicating the health and safety protocols implemented in its stores coupled with selected promotions to draw shoppers into the stores. Also, in line with the difficult operating conditions brought about by COVID-19, the Group is reducing expenses, optimizing cashflow, ensuring sufficient cash reserves and exploring ways to further rationalize the store network. However, beyond all of this, the Group's main focus is an accelerating e-commerce expansion.

Throughout its more than 30-year history, the Company has been the driver of many innovations having, among others, been the first to open stand-alone luxury stores and also the first to bring fast fashion into the Philippines. Beyond its ability to innovate, the Group has also proven that it can adapt to rapidly changing conditions having successfully responded in 2017, 2018 and 2019 to changing market conditions through increased competition and to an increasingly sophisticated consumer market. The Group's ability to innovate and its ability to adapt on top of the robust operating and financial foundation it has built over the last few years will continue to drive its response to the challenges brought about by COVID-19 in 2020. It is expected that just as it has in the past, the Company will emerge from these challenges a better, stronger and more efficient Company.

After the presentation of the report, and upon motion duly made and seconded, the stockholders approved the Annual Report and Audited Financial Statements of the Company for the fiscal year ended 31 December 2019.

The breakdown of the votes cast on this matter was as follows:

Votes in favor	-	2,435,529,429 (99.73% of total voting shares represented in the meeting)
Votes against	-	Nil
Abstentions	-	4,244,683

V. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND OF MANAGEMENT SINCE THE LAST STOCKHOLDERS' MEETING

Upon motion duly made and seconded, the stockholders resolved to ratify and confirm all acts done or caused to be done by the Board of Directors and Management of the Company since the last stockholders' meeting held on 26 June 2019, as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures made and duly filed with the SEC and the PSE.

The breakdown of the votes cast on this matter was as follows:

Votes in favor	- 2,435,087,429 (99.71% of total voting shares represented in the meeting)
Votes against	- Nil
Abstentions	- 4,686,683

VI. ELECTION OF DIRECTORS

At the request of the Chairperson, the Corporate Secretary reported that the following qualified individuals were duly nominated for election as directors of the Company for the year 2020 to 2021 and until their successors-in-interest have been duly elected and qualified:

1. Zenaida R. Tantoco
2. Anthony T. Huang
3. Ma. Teresa R. Tantoco
4. Ma. Elena R. Tantoco
5. Bienvenido V. Tantoco III
6. Eduardo T. Lopez III
7. Edgardo Luis Pedro T. Pineda
8. Jose Teodoro K. Limcaoco
9. Carlo L. Katigbak

The Corporate Secretary identified Messrs. Limcaoco and Katigbak as nominees for independent directors. There being no other nominations, and upon motion made and duly seconded, the nominations were declared closed.

The Corporate Secretary informed the stockholders that based on the votes cast in favor of all of the above-named nominees, which were tabulated with the assistance of the Company's stock transfer agent, Rizal Commercial Banking Corporation – Stock Transfer Department, the foregoing persons were elected as members of the Board of Directors.

Votes were cast in respect of the election of the directors as follows:

Nominee	Votes In Favor	Votes Against	Abstentions
Zenaida R. Tantoco	2,383,849,572	51,978,140	3,568,000
Anthony T. Huang	2,298,526,093	140,844,619	Nil
Ma. Teresa R. Tantoco	2,348,591,410	90,699,302	Nil

Nominee	Votes In Favor	Votes Against	Abstentions
Ma. Elena R. Tantoco	2,280,094,027	159,196,685	Nil
Bienvenido V. Tantoco III	2,229,948,710	209,342,002	Nil
Eduardo T. Lopez III	2,279,298,427	159,196,685	Nil
Edgardo Luis Pedro T. Pineda	2,296,440,927	142,054,185	Nil
Jose Teodoro K. Limcaoco (Independent Director)	2,297,750,493	140,844,619	Nil
Carlo L. Katigbak (Independent Director)	2,297,650,493	140,844,619	Nil

The Chairperson Meeting accordingly declared the nine (9) nominees duly elected as directors of the Company for the year 2020 and until their successors-in-interest have been duly elected and qualified.

VII. APPOINTMENT OF EXTERNAL AUDITORS FOR FISCAL YEAR 2020

Mr. Huang stated that the Company submits for approval of the stockholders the reappointment of the Company's external auditors, SGV & Co., upon the recommendation of the Audit Committee.

Upon motion duly made and seconded, the stockholders approved the reappointment of SGV & Co. as the Company's external auditors for fiscal year 2020.

The breakdown of the votes cast on this matter was as follows:

Votes in favor	- 2,422,031,612 (99.17% of total voting shares represented in the meeting)
Votes against	- Nil
Abstentions	- 17,300,500

The Chairperson accordingly declared SGV & Co. reappointed as external auditors of the Company for the year 2020.

VIII. OTHER MATTERS

The Chairperson then opened the floor for questions from the stockholders.

A shareholder, Ms. Clarissa Velez, asked if the Company is concerned about the sustainability of the business after it suffered significant losses in the first half of 2020. Mr. Huang answered that the first half was very challenging as was the case for all other businesses throughout the world. The Company has gone through different crises in the past, which it has overcome. Even if COVID-19 is unprecedented, the foundations the Company has put in place from 2017 to 2019 has produced solid results for the business. It is also helping the Company overcome the challenges it is going through today. The Company is seeing improved sales on a monthly basis since the economy started to reopen. Granted, the crisis will continue, but the foundations are in place and the Company has started new innovations such as the SSI At Home Concierge Service whose take up in terms of sales or at home usage has been growing since it was set up

in May, and is becoming more significant as a contributor to sales. The Company's e-commerce business continues to grow not only annually, but also exponentially in the past couple of months. Management is confident that the Company will definitely overcome the challenges this year and be in an even better position to trade and service its customers in 2021 and beyond.

A shareholder, Ms. Mikaela Torres, asked how large the Company expects e-commerce to be moving forward. Mr. Huang responded that the Company's medium term vision or objective for e-commerce in terms of its contribution to total sales was 20%. Last year, it was less than 5% of sales as far as e-commerce is concerned. To date, it is already at 12 to 13% contribution to sale. The Company has been seeing lots of improvement and innovations in terms of marketing the online sites and brands within the third-party market places where it trades in. There has also been significant growth in sales in third party market places and through the online sites. The Company is excited to be launching its multi-brand online marketplace which will have a couple of firsts not only in the Philippines but likewise in the region in terms of product offerings.

Another shareholder, Mr. Bernard Chiu, asked what the Company's outlook for consumption and spending is for years 2020 and 2021 given the economic impact of COVID-19. Mr. Huang said that consumption is really facing challenges in 2020. He expects that year 2021 will likewise still be a challenging year as far as consumption is concerned but will be in varying degrees depending on the income segment. The lower to middle income segment will continue to be challenging while the recovery will be quicker for the upper market segment.

IX. ADJOURNMENT

There being no further business to transact, the meeting was, upon motion made and duly seconded, adjourned.

CERTIFIED CORRECT:

MA. ALICIA G. PICAZO-SAN JUAN
Corporate Secretary

ATTESTED BY:

ZENAIDA R. TANTOCO
Chairperson