

MINUTES OF THE ANNUAL MEETING
OF STOCKHOLDERS

SSI GROUP, INC.

Held on 29 June 2021, 11:00 a.m.
Via teleconference

DIRECTORS PRESENT:

ZENaida R. TANTOCO
ANTHONY T. HUANG
MARIA TERESA R. TANTOCO
MARIA ELENA R. TANTOCO
BIENVENIDO V. TANTOCO III
EDUARDO T. LOPEZ III
EDGARDO LUIS PEDRO T. PINEDA
CARLO L. KATIGBAK (INDEPENDENT DIRECTOR)
ARTHUR R. TAN (INDEPENDENT DIRECTOR)

SHARE INFORMATION:

Total Number of Issued and Outstanding Shares	3,298,408,430
Total Number of Shares Represented at the Meeting	2,364,945,076
Percentage of Shares Represented	71.70%

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 May 31 and June 1 online and 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 2,364,945,076 shares, representing 71.70% 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 10 September 2020 in its entirety.

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

Votes in favor	-	2,363,680,076 (99.95% 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 2020

The President, Mr. Anthony T. Huang, reported on the financial condition and results of operations of the Company for the year 2020. The Corporate Secretary noted that copies of the Annual Report for the year ended 31 December 2020 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 reported that year 2020 saw the Group post its first loss in more than 30 years. However, it was also a year during which the Group pulled together to overcome difficulties brought about by mandatory lockdowns. In response to mandatory lockdowns, store closures and an uncertain operating environment, the Group shifted its focus from driving growth to ensuring organizational stability and establishing a platform for recovery.

As part of the Group's focus on value formation and stability in 2020, it focused on cash flow generation, on rationalizing expenses to match lower foot traffic in malls, and expanding channels so that it could reach the Group's customers. Despite the various lockdowns implemented in 2020, the Group ended the year with positive cash flows, generating Php868 million in operating cashflows for the full year. It was also extremely cash flow positive in the fourth quarter, generating Php2.4 billion of operating cashflows during that period alone. With COVID cases relatively controlled during the last quarter of 2020, the resilience of SSI's core customer base combined with the relevance of the Group's brand portfolio and store network and the strengthening and creation of new sales channels, resulted in the Group ending the year with a large cash position of Php5.4 billion. However, while the Group was in a good cash flow position in 2020, as a result of the almost three month shutdown of the brick and mortar store network and various forms of lockdowns, the Group generated losses of Php904 million.

During the first quarter of the year prior to the Enhanced Community Quarantine (ECQ) declaration in March 16, the Group generated a net income of Php110 million reflecting strong sales during said period. However, during the second and third quarters with most of its stores closed from March 16 to May 31, 2020, and COVID concerns during the third quarter, which included a rollback to a second Modified Enhanced Community Quarantine (MECQ) period in August, losses for the two quarters totaled Php871 million, given sales of just Php3 billion, or a decline of 91% as compared to the same two quarters in 2019.

Despite these losses, the Group was operating cash flow positive in the third quarter of 2020. And generated operating cash flows of Php691 million during this quarter. By the fourth quarter of the year, with COVID cases controlled and with more customers willing to venture out to malls, sales improved significantly to Php5 billion which was an increase of 119% over the third quarter of the year. The Group generated positive recurring income of Php148 million exclusive of one time write-offs. After one time write-offs related to the COVID pandemic, net loss for the fourth quarter narrowed to Php142 million. As such, the Group's total recurring loss in 2020 was Php646 million.

The Group's fourth quarter performance highlighted the effectiveness of strategies to rationalize expenses, manage inventory levels and expand the channels by which it can reach its customers. The

Group expanded its e-commerce presence in 2021 opening MarksandSpencers.ph in May and Trunc.ph in October. Trunc.ph is the Group's multimarket marketplace which aggregates in one premium website more than 90 of the Group's brands. The openings of these websites expanded the Group's online portfolio to 10 ecommerce site. The Group saw e-commerce sales increase by 350% in 2020 with online sales accounting for 7% of the Group's total sales. The Group expects its e-commerce business to continue to enjoy exponential growth over the medium term and that SSI will continue to be the specialty retailer with the most exciting e-commerce presence.

In 2020, the Group also expanded the number of available brands in third party places such as Rustans.com and Lazada.com in order to reach a wider range of customers. The Group launched the *Specialist*, an at home concierge service. The Group also began to partner with third party food delivery aggregators for its Shakeshack, Saladstop and M&S food brands.

The Group worked on strengthening its core assets, its brand portfolio and brick and mortar store network. The Group is rationalizing its store network to ensure that it is present at the locations that will recover most quickly post-COVID. In line with this, the Group ended 2020 with a portfolio that consists of 96 of the world's most recognizable brands and a network of 570 stores most of which are located in prime locations.

Given the above, the Group ended 2020 with a strong platform for recovery with new channels and innovations, and the real sense of resilience of its core customer base and the knowledge that the Group was able to adapt and respond to unforeseen and challenging conditions. In 2021, with COVID yet to be controlled, the Group will continue to face operating uncertainties and challenges but with the experience gained by the Group in 2020 together with the resilient foundation the Group has put in place ensure that the Group is prepared to confront uncertainties in 2021 and to quickly capitalize on improving market conditions as COVID cases are controlled.

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 2020.

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

Votes in favor	-	2,362,567,819 (99.90% of total voting shares represented in the meeting)
Votes against	-	Nil
Abstentions	-	1,112,257

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 10 September 2020, 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	-	2,344,827,319 (99.15% of total voting shares represented in the meeting)
Votes against	-	Nil
Abstentions	-	18,852,757

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 2021 to 2022 and until their successors-in-interest have been duly elected and qualified:

1. Zenaida R. Tantoco
2. Anthony T. Huang
3. Maria Teresa R. Tantoco
4. Maria Elena R. Tantoco
5. Bienvenido V. Tantoco III
6. Eduardo T. Lopez III
7. Edgardo Luis Pedro T. Pineda
8. Carlo L. Katigbak
9. Arthur R. Tan

The Corporate Secretary identified Messrs. Katigbak and Tan 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	2,332,662,902	31,017,174	Nil
Anthony T. Huang	2,312,765,575	50,914,501	Nil
Maria Teresa R. Tantoco	2,307,278,065	56,402,011	Nil
Maria Elena R. Tantoco	2,271,361,240	92,318,836	Nil
Bienvenido V. Tantoco III	2,259,108,250	104,571,826	Nil
Eduardo T. Lopez III	2,289,101,740	74,578,336	Nil
Edgardo Luis Pedro T. Pineda	2,286,284,122	77,935,954	Nil

Nominee	Votes In Favor	Votes Against	Abstentions
Carlo L. Katigbak (Independent Director)	2,295,025,075	68,655,001	Nil
Arthur R. Tan (Independent Director)	2,363,680,076	Nil	17,740,500

The Chairperson Meeting accordingly declared the nine (9) nominees duly elected as directors of the Company for the year 2021 and until their successors-in-interest have been duly elected and qualified.

VII. APPOINTMENT OF EXTERNAL AUDITORS FOR FISCAL YEAR 2021

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 2021.

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

- Votes in favor - 2,345,939,576 (99.20% of total voting shares represented in the meeting)
- Votes against - Nil
- Abstentions - 17,740,500

The Chairperson accordingly declared SGV & Co. reappointed as external auditors of the Company for the year 2021.

VIII. OTHER MATTERS

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

Ms. Danica Evangelista asked if stores were closed in 2020 and what are the plans for store closures in 2021. Mr. Huang answered that 6,400 sq.m. of store space were closed or a total of 42 stores. However, 19 new stores were opened or 3,100 sq.m. of store space. There was 3,300 sq.m. net store space closure. Pursuant to steps being undertaken to manage expenses in a difficult trading environment, the Group is set to close 12,000 sq.m. of store space in 2021 or a total of 50 stores.

Ms. Melissa Ledesma asked what the Group's outlook is for 2021. Mr. Huang responded that the Group was quite optimistic in 2021's trading considering the good fourth quarter performance in 2020 and January and February 2021. Unfortunately come March, the COVID situation caused another lockdown and this killed the momentum experienced in sales and customer traffic in stores. The Group is starting from scratch in terms of building sales momentum. The Group has seen positive results especially in the past few weeks. Things are looking brighter on a week to week basis. The Group remains cautiously optimistic considering that the COVID situation is not yet fully controlled, but the vaccination rollout has started happening at a faster pace.

Ms. Kathrine Ting asked how is ecommerce doing and what is the lookout for ecommerce moving forward. Mr. Huang said that the pandemic accelerated the growth of the e-commerce industry. Thankfully the Group had the e-commerce foundations in place so it was able to rollout new websites such as Trunc.ph

which is a multi brand marketplace. The Group is very happy with the progress it has been making in its e-commerce business. In 2021, the Group will continue to invest in new technology to support its ecommerce infrastructure that will allow better customer shopping experience, improved stock availability, and better inventory management capability. In 2021, ecommerce is tracking 8% to 9% of sales depending on the situation. But the Group foresees that this will continue to grow as its new technological infrastructure is put in place allowing the Group to offer more products and services in its websites.

JC Leeberdin asked if Channel will be included in the Group's list of brands. There is no ongoing discussion between the Group and Channel. However, it has a relationship with Channel at the Rustan's level. It is a partner for the beauty market products.

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