

MINUTES OF THE ANNUAL MEETING
OF STOCKHOLDERS

SSI GROUP, INC.

Held on 21 June 2023, 11:00 a.m.
Via Remote Communication

DIRECTORS PRESENT:

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

SHARE INFORMATION:

Total Number of Issued and Outstanding Shares	3,298,408,430
Total Number of Shares Represented at the Meeting	2,321,144,284
Percentage of Shares Represented	70.37%

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 Bulletin and Businessworld newspapers of general circulation, on May 30, 2023 and May 31, 2023, 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 2,321,144,284 shares, representing 70.37% 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 22 September 2022 in its entirety.

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

Votes in favor	-	2,321,134,484 (99.99% 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 2022

The President, Mr. Anthony Huang, reported on the financial condition and results of operations of the Company for the year 2022. The Corporate Secretary noted that copies of the Annual Report for the year ended 31 December 2022 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.

The year 2022 was a landmark year for the Group. In 2022, the Group fully benefitted from the normalization of post-COVID discretionary spending. The Group moved from its prior focus on the optimization of operations and cashflow generation, to its 2022 focus on sales growth, driving profitability, and generating larger returns on equity.

The Group achieved record high sales, net income and cashflow. Its full year 2022 revenues were at Php24 billion, an increase of 54% year-on-year. Operating income in 2022 was at Php3.4 billion, an increase of 276% year-on-year, and full year net income was at Php1.9 billion, an increase of 1,178%. As the Group generated Php5.3 billion of operating cashflow in 2022, SSI would be paying out regular cash dividends of Php0.027 per share and special cash dividends of Php0.079 per share on June 23. The total cash dividend of Php0.106 per share translates into a dividend payout ratio of 4.3% at SSI's current share price.

The Group's performance was particularly strong during the last quarter of 2022, when it posted sales of Php8.1 billion, a year-on-year increase of 32%. Net income for the period was at a record quarter-high of Php1.0 billion, a year-on-year increase of 70%. These results position the Group for sustained revenue and earnings growth moving forward.

The Group continued to maintain one of the world's most compelling and relevant brand portfolios. At the end of 2022, it had 87 brands in its portfolio. The new brands opening in 2023, namely, luxury bag maker Faure Le Page, Danish variety store Flying Tiger, and protein bowl restaurant, Heybo, are aligned with its brand acquisition strategy that prioritizes brands that are market leaders in their categories, that create compelling products for that specific category, and that are able to provide consumers with unique merchandise and store experiences.

The Group ended the year with 524 stores, strategically located in prime retail locations nationwide. The store rationalization program implemented during the COVID pandemic allowed the Group to optimize its store network so that it was present in the trading areas that were top of mind for mid and high-end consumers. It reduced its presence in secondary and tertiary malls, with a view towards concentrating its resources, over the short term, on more premium markets, allowing more mid-end markets the time to recover from the effects of the COVID lockdowns. The store optimization program has also allowed the Group to generate higher productivity, with significantly reduced costs.

On execution capabilities, throughout SSI's 35 years as a specialty retailer, the Group has been at the forefront of evolving retail trends and developments. The Group's execution capabilities are anchored on its ability not only to operate stores to world class standards, but also to adapt its stores, operations, and execution strategies to match evolving consumer tastes and expectations.

The COVID pandemic acted as a catalyst for change in the customer experience, with consumers now anticipating global merchandising and service standards. The pandemic also accelerated the shift to unified retailing, with retailers expected to provide a frictionless and consistent customer experience that integrates brick and mortar stores and e-commerce. Recognizing these shifts in the retail landscape, SSI is in the process of strengthening the delivery of customer experiences that are true to the ethos of each of its brands and is also in the process of becoming a truly unified retailer.

In 2022, the Group continued to benefit from the resilience of its core customer base. There was a quick recovery of sales and gross profit margins, and the majority of its categories had generated sales above pre-COVID levels. The resilience of its core customer base was highlighted not only by the quick recovery of sales, but also by the broadness of this recovery, which was evident across all of the categories. In 2022, luxury, bridge, and casual continued to grow significantly. However, the Group also saw sizeable growth for fast fashion and footwear, accessories luggage and the others category.

The Group continued to expand its e-commerce presence opening *massimodutti.ph* in May of 2022. E-commerce sales in 2022 were at Php1.8 billion, accounting for 8% of the Group's total sales. The Group also continued to grow its multi-brand site, *trunc.ph*, increasing the number of brands available on Trunc to 208, from 117 brands in 2021. The launch of Massimo Dutti expanded the Group's on-line portfolio to 13 e-commerce sites, consisting of e-commerce sites for Zara, Massimo Dutti, Lacoste, Marks and Spencer, Gap, Banana Republic, Payless, Beauty Bar, Lush, Superga, Dune London and *trunc.ph*. In support of its unified retail objectives, the Group is the specialty retailer with the most diverse and exciting e-commerce presence. *Trunc.ph* continued to enjoy its unique position as a multi-brand site that aggregates luxury and various other categories such as personal care and home, on a single site. The wide range of brands available on *trunc.ph* is possible because of the Group's brand portfolio and expertise at curating merchandise.

The Group also continued to expand its restaurant business in 2022, opening one (1) new Shake Shack branch at Mall of Asia in October. In 2023, the Group will open Heybo, a new restaurant brand focused on serving protein bowls.

The Group continued to post record results through the 1st quarter of 2023, with sales at Php6.2 billion, an increase of 39%, operating income at Php641 million, an increase of 253% and net income of Php456 million, an increase of 573%. During the first three (3) months of the year, the Group saw strong demand across all categories, and benefitted from rationalized cost and expense base. The Group's performance in 2022 and the first quarter of the year exceeded all of its pre-COVID metrics.

Throughout 2023, the Group will continue to focus on maintaining operating and financing flexibility, keeping in mind possible headwinds such as the weaker peso, high interest rates and high inflation. It will also focus on delivering superior customer brand experiences, consistent with the character of each of its brands, and aligned with the customer brand experiences available overseas. Lastly, the Group will also work on its continued transformation from an omni channel retailer to a unified retailer, with a seamless integration across its brick and mortar and digital channels.

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 2022.

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

Votes in favor	-	2,320,166,227 (99.96% of total voting shares represented in the meeting)
Votes against	-	Nil
Abstentions	-	978,057

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 22 September 2022, 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	-	2,320,166,227 (99.96% of total voting shares represented in the meeting)
Votes against	-	Nil
Abstentions	-	978,057

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 2023 to 2024 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	2,312,707,910	8,430,674	Nil
Anthony T. Huang	2,286,775,800	34,362,784	Nil
Maria Teresa R. Tantoco	2,294,709,790	26,428,794	Nil
Maria Elena R. Tantoco	2,294,709,790	26,428,794	Nil
Bienvenido V. Tantoco III	2,286,775,800	34,362,784	Nil
Eduardo T. Lopez III	2,294,709,365	26,428,794	Nil
Edgardo Luis Pedro T. Pineda	2,293,808,969	27,329,190	Nil
Carlo L. Katigbak (Independent Director)	2,287,272,059	33,866,100	Nil
Arthur R. Tan (Independent Director)	2,295,206,049	25,932,110	Nil

The Chairperson accordingly declared the nine (9) nominees duly elected as directors of the Company for the year 2023 and until their successors-in-interest have been duly elected and qualified.

VII. APPOINTMENT OF EXTERNAL AUDITORS FOR FISCAL YEAR 2023

The Chairperson 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 2023.

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

Votes in favor	-	2,320,652,443 (99.98% of total voting shares represented in the meeting)
Votes against	-	491,841
Abstentions	-	Nil

The Chairperson accordingly declared SGV & Co. reappointed as external auditors of the Company for the year 2023.

VIII. OTHER MATTERS

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


A shareholder asked what the Group's outlook for retail is in 2023. Mr. Huang answered that despite inflationary pressures and exchange rate issues faced today, the Group is looking at the balance for the rest of the year with guarded optimism. The economy has opened, travel restrictions has eased, and a lot of customers are now taking on trips and shopping overseas. These are some of the factors that has always been part of the competitive dynamic of the Group in the past, and Management foresees that these will come back moving forward.

Ms. Cristina Velez asked what the plans of the Group are with respect to its restaurant business. Mr. Huang stated that Management is happy with the performance of the restaurant business post-COVID. Shake Shack is set to open additional branches and has picked up in customer visits now that the economy has opened. Salad Stop also continues to thrive as people are looking for healthier food alternatives, and the Group is looking into new expansion opportunities. As mentioned earlier, the Group is also looking forward into opening Heybo, a new restaurant brand focused on serving protein bowls. Business development projects for new brand acquisitions are also in place, such as a new ice cream space that the Group targets to launch within the first two months of 2024.

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