

**Upson International Corp.**

**Minutes of**

**2023 Annual Stockholders' Meeting**

held virtually via Zoom  
on July 12, 2023, 3:00 P.M.

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**Directors and Officers Present:**

Lawrence O. Lee, Chairperson  
Arlene Louisa T. Sy, Chief Executive Officer and President  
Rolando O. Raval, Jr., Director, Chief Operations Officer, and Moderator of the Meeting  
Marcos A. Legaspi, Director and Chief Finance Officer  
Anthony Thomas C. Roxas, Jr., Director  
Jose Vicente C. Bengzon III, Independent Director  
Ricardo A. Lee, Director  
Raul M. Leopando, Director  
William Lim, Director  
Chun Bing G. Uy, Independent Director  
Dennis F. Uy, Corporate Secretary  
Rachelle C. Paunlagui, Investor Relations Officer  
Darwin L. Mendoza, Compliance Officer

**Also Present:**

Representatives from  
Reyes Tacandong & Co., External Auditor, and  
PNB Trust Banking Group, Transfer Agent

**Other Stockholders Present/Represented:**

Anita Lim  
Jendres Holdings, Inc.  
Virdura Holdings, Inc.  
Unitrust Investments Corporation  
The Hongkong and Shanghai Banking Corp. Ltd. – Clients' Acct.  
Deutsche Bank Manila – Clients A/C  
Standard Chartered Bank  
BPI Securities Corporation/Julius Victor Emmanuel J. Sanvictores

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The 2023 Annual Stockholders' Meeting (ASM) of Upson International Corp. (the "Corporation") opened with an invocation followed by the Philippine National Anthem.

Mr. Raval introduced the members of the Board of Directors and the Management who were present at the ASM. Mr. Raval also acknowledged the presence of the representatives of the Corporation's External Auditor and Transfer Agent before he turned over the Meeting to Mr. Lawrence Lee to preside the ASM.

**I. Call to Order**

Mr. Lawrence Lee, the Chairman of the ASM, welcomed the Corporation's stockholders, Board of Directors, Management team, and stakeholders to the ASM then called the Meeting to order.



## **II. Certification of Notice and Quorum**

Before proceeding, the Corporate Secretary, Mr. Dennis Uy, was requested to certify the posting and publication of the Notice and Quorum for the ASM.

Mr. Uy certified that in compliance with the rules issued by the Securities and Exchange Commission, the Notice of the Meeting with relevant information was uploaded and posted on the Philippine Stock Exchange, Inc.'s Edge Portal and the Corporation's website beginning June 20, 2023.

Further, Mr. Uy also stated that the same Notice was published in the business sections of Manila Bulletin and the Philippine Star, two newspapers of general circulation, in both print and online formats for two consecutive days, at least 21 days prior the Meeting.

Based on records, stockholders who registered and are participating in the Meeting, personally or by proxy, represent 2,893,161,600 common shares or 92.58% of the Corporation's total outstanding capital stock as of June 23, 2023, the Record Date of the ASM, as tabulated by the Corporation's Transfer Agent. The Corporate Secretary therefore certified that a quorum was present for the Meeting.

Mr. Uy also informed the attendees that Reyes Tacandong & Co. was the third-party tabulator of votes for the Meeting.

Lastly, he announced that the Meeting will be recorded.

## **III. Approval of the Minutes of the Previous Annual Meeting of Stockholders**

The Chairman then proceeded to the Approval of the Minutes of the Previous Annual Meeting of Stockholders.

The Corporate Secretary was asked if the copies of the said Minutes were provided to stockholders.

As confirmed by the Corporate Secretary, a copy of the Minutes of the Previous Annual Meeting of Stockholders was posted on the Corporation's website. The link of the said Minutes was also provided in the Definitive Information Statement for the Meeting, which was also uploaded and posted on the Philippine Stock Exchange, Inc.'s Edge Portal and the Corporation's website.

The Chairman then asked for the voting results.

Before presenting the voting results, the Corporate Secretary stated that registered shares with no voting instructions shall be voted "For" for the matter under consideration, as stated in the approved Definitive Information Statement for the Meeting.

The Corporate Secretary then presented that based on the tabulation of votes, 2,893,161,600 common shares or 100% of stockholders present or represented in the Meeting voted in favor of the approval.

For		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
2,893,161,600	100	92.58



Against		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
-	-	-

Abstain		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
-	-	-

With the voting results, the motion was carried and the Minutes of the Previous Annual Meeting of Stockholders were approved.

Resolution:

*“Resolved, to approve the Minutes of the Previous Annual Meeting of Stockholders of Upson International Corp.”*

The Chairman then advised the Corporate Secretary to ensure that the Minutes of the Meeting reflect the resolutions adopted and approved, with corresponding tabulation of votes for each item.

#### **IV. Annual Report and Audited Financial Statements for the period ended December 31, 2022**

The Chairman proceeded to the next item in the Agenda. He requested Ms. Arlene Louisa Sy, Chief Executive Officer and President, to present the Corporation’s Annual Report and Audited Financial Statements for the period ended December 31, 2022 as follows:

*“Thank you, Mr. Chairman, and to all our shareholders joining us today. I want to express my sincere appreciation for everyone listening in and participating, and for your continued investment in Upson.*

*I would like to take this opportunity to cover three main points:*

- 1. First, a look at our performance. I will explain how we delivered our strongest results in 2022.*
- 2. Next, I will touch on why we believe Upson is well positioned in the market, and*
- 3. Lastly, I will present the strategic priorities we are working on to ensure continued progress in the future.*

*In 2022, we saw the return of consumers to in-store shopping. We also witnessed significant improvement in component shortages and global electronics supply chain. All these developments translated into record achievements. Let me offer a few highlights.*

*Our revenues were up 10% year-on-year to ₱9.5 billion. This was the highest annual revenue in our history, and it reflects the strong demand for IT products that we are seeing across the country. It also reflects the solid execution by our team as shown by the successful opening of 24 new stores during the year which drove our total store count to 207 at the end of the year. At the same time, the positive impact of the eight stores opened in 2021 also contributed to the top-line development.*

*If we look at the underlying growth drivers by product category, PCs contributed the largest increase in our revenues followed by printing and communication.*



*Throughout the year, we were able to leverage our scale more effectively. Our gross profit rose 16% to reach ₱2.2 billion and resulted to a gross profit margin of 23% which was up 102 basis points over last year. This was primarily driven by volume gains, higher purchase discounts from suppliers, and better product margins in mobile and networking categories.*

*Turning to operating profit, this number climbed 15% to ₱649.1 million. As expected, there were additional costs related to expansion such as rent and personnel costs, but overall, our operating efficiency remained intact. As a percentage of revenues, operating expenses increased 73 basis points to 16.2%, and operating profit margin improved 29 basis points to 6.9%.*

*Now, let me highlight our net income because it also reached an all-time high. In 2022, net income surpassed ₱537 million, growing 33% year-on-year. There are two factors that provided a boost to this result: first is the reduction in our finance costs and second is the growth in other income. Specifically, finance costs decreased 57% in connection with the bank loans paid in 2021, while other income grew 56% mainly from product advertising and promotional support from suppliers.*

*As we look ahead, 2023 will be a year of great change, perhaps more than any year that came before. It is our first year as a public company. But what gives me confidence is our committed team and our built strengths that will prove invaluable in realizing the potential of the opportunities in this new stage of growth.*

*Accessibility. We have consistently pointed out our broad geographic footprint as a key competitive advantage. And it is because, with over 200 stores and presence in every region, we are unlike any other IT retailer in the country. But I think it bears repeating because our plans will not only have us growing within our current markets, but it will also add more secondary cities.*

*Availability. Our product offerings of 13,000 SKUs are varied and at different price points. They are also refreshed frequently, allowing us to be responsive to prevailing market needs and local preferences.*

*Authenticity. Across our store network, we sell only authentic and untampered products which builds confidence and loyalty among stakeholders. For customers, this reinforces positive perception towards us knowing that their purchases are guaranteed by technology brands that are among the most respected names globally. And for suppliers, this positions them to deliver reliable customer service and support that is consistent with their brand image.*

*Lastly, we have an effective supply chain. Our competencies in this area are fuelled by three things: in-depth know-how, strategically located warehouses and in-house logistics assets, and dynamic supplier collaboration. Taken together, this helps us attain operational excellence and competitive pricing.*

*To further enhance our presence in growth areas, we will continuously expand our store network and penetrate these markets by adding 50 stores per year from 2023 to 2027 or a total of 25,000 sq.m. This means that in five years, we would have more than doubled our footprint to 450 stores or a total of 50,000 sq.m. in retail space. To achieve this, our focus areas will be Metro Manila, CALABARZON, Central Luzon, Western and Central Visayas, and Mindanao.*

*Essential to this nationwide expansion is to develop more warehouses, and our plan is to add nine warehouses and distribution facilities in Manila, Cabanatuan, Dagupan, Naga, Palawan, Iloilo, Bacolod, General Santos, and Zamboanga;*

*As our coverage widens, so does our commitment to ensure availability of complete line of IT products. And we will continue to do that by adding more SKUs in our existing and adjacent product*



categories, as well as aligning distribution and marketing with anticipated demand and product lifecycle;

For certain markets, we are also prepared to pivot our resources to launch new store formats to meet the distinctive demand of consumers, complement current offerings, and facilitate new in-store experience;

Finally, in this dynamic environment, we will invest behind omni-channel capabilities, and will continuously explore opportunistic acquisitions based on synergy potential and financial performance.

In closing, let me take a look into the past: Since 1995, when our business started as a distribution company, we have always worked with a growth mindset. Find opportunities, invest in the team and capabilities, embrace change, and continually learn. Today, this is also how we approach the future. Our path forward will be defined by more effort, new approaches, and feedback from others.

With that in mind, I want to thank our team for their relentless focus to deliver for our customers, for our company, for each other, and for you, our shareholders. I'm truly excited for the year ahead and I look forward to sharing our progress with you in the months to come.

Thank you."

Afterwards, the Chairman thanked Ms. Sy for the presentation for stockholders' consideration, then asked the Corporate Secretary to announce the following voting results:

For		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
2,893,161,600	100	92.58

Against		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
-	-	-

Abstain		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
-	-	-

With the voting results, the motion was carried.

Resolution:

*"Resolved, to note/approve the Annual Report and Audited Financial Statements of Upson International Corp. for the period ended December 31, 2022."*

## **V. Ratification of Acts of the Board of Directors and the Management**

The next item in the Agenda is the Ratification of Acts of the Board of Directors and the Management made and adopted since the previous annual meeting of stockholders on May 25, 2022 until July 12, 2023. The Chairman asked the Corporate Secretary for the following voting results:



For		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
2,893,161,600	100	92.58

Against		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
-	-	-

Abstain		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
-	-	-

The motion was then carried and the Acts of the Board of Directors and the Management are therefore ratified.

Resolution:

*"Resolved, to ratify the Acts made and adopted by the Board of Directors and the Management of Upson International Corp. from May 25, 2022 to July 12, 2023."*

#### **VI. Election of Directors, including Independent Directors, for the ensuing year**

The Chairman proceeded to the Election of Directors, including Independent Directors, for the ensuing year. He requested Ms. Sy, member of the Nomination Committee, to present the following names of qualified nominees to the Board of Directors:

Mr. Lawrence O. Lee,  
Mr. Ricardo A. Lee,  
Mr. William Lim,  
Ms. Arlene Louisa T. Sy,  
Mr. Rolando O. Raval, Jr.,  
Mr. Marcos A. Legaspi,  
Mr. Anthony Thomas C. Roxas, Jr.,  
Mr. Raul M. Leopando,  
Mr. Jose Vicente C. Bengzon III, and  
Mr. Chun Bing G. Uy.

Ms. Sy also mentioned that Mr. Bengzon and Mr. Uy have been nominated as independent directors pursuant to the Corporation's By-laws and the Revised Corporation Code of the Philippines, and that the Nomination Committee has pre-qualified the aforementioned nominees to the Board of Directors for 2023 to 2024.

The Corporate Secretary was then asked to announce the following voting results:

Lawrence O. Lee	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,840,375,600	98.18	90.89
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	52,786,000	1.82	1.69



	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-

Ricardo A. Lee	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,840,375,600	98.18	90.89
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	52,786,000	1.82	1.69
	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-

William Lim	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,840,375,600	98.18	90.89
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	52,786,000	1.82	1.69
	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-

Arlene Louisa T. Sy	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,893,161,600	100	92.58
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-
	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-

Rolando O. Raval, Jr.	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,840,375,600	98.18	90.89
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	52,786,000	1.82	1.69
	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-



Marcos A. Legaspi	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,840,375,600	98.18	90.89
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	52,786,000	1.82	1.69
	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-

Anthony Thomas C. Roxas, Jr.	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,840,375,600	98.18	90.89
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	52,786,000	1.82	1.69
	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-

Raul M. Leopando	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,840,375,600	98.18	90.89
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	52,786,000	1.82	1.69
	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-

Jose Vicente C. Bengzon III	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,893,161,600	100	92.58
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-
	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-



Chun Bing G. Uy	For		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	2,893,161,600	100	92.58
	Against		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-
	Abstain		
	Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
	-	-	-

Given the voting results, the Corporate Secretary confirmed that all nominees garnered sufficient votes to be elected. Subsequently, the election of the aforementioned nominees as directors was adopted.

Resolution:

*"Resolved, to elect the following nominees to the Board of Directors of Upson International Corp. for 2023 to 2024, as pre-qualified by the Nomination Committee:*

*Mr. Lawrence O. Lee*  
*Mr. Ricardo A. Lee*  
*Mr. William Lim*  
*Ms. Arlene Louisa T. Sy*  
*Mr. Rolando O. Raval, Jr.*  
*Mr. Marcos A. Legaspi*  
*Mr. Anthony Thomas C. Roxas, Jr.*  
*Mr. Raul M. Leopando*  
*Mr. Jose Vicente C. Bengzon III (Independent)*  
*Mr. Chun Bing G. Uy (Independent)"*

The Chairman congratulated the elected members of the Board of Directors.

## VII. Appointment of External Auditor

The next item in the Agenda is the Appointment of External Auditor. The Chairman turned over the ASM to Mr. Jose Vicente Bengzon III, Audit Committee Chairperson.

Mr. Bengzon stated that as pre-screened by the Audit Committee, and endorsed by the Board of Directors, Reyes Tacandong & Co. or RT&Co. is being recommended for appointment as the Corporation's External Auditor for the fiscal year ending December 31, 2023. Mr. Bengzon also added that a brief description of RT&Co. is provided in the Definitive Information Statement for the Meeting.

The Chairman thereafter thanked Mr. Bengzon the asked the Corporate Secretary on the following voting results:

For		
Shares Voted	Percent of Shares	Percent of Outstanding



	Present/Represented	Capital Stock
2,893,161,600	100	92.58

Against		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
-	-	-

Abstain		
Shares Voted	Percent of Shares Present/Represented	Percent of Outstanding Capital Stock
-	-	-

With the voting results, the motion was carried, and Reyes Tacandong & Co. is therefore appointed as the Corporation's External Auditor for the fiscal year ending December 31, 2023.

Resolution:

*"Resolved, to appoint Reyes Tacandong & Co. as the External Auditor of Upson International Corp. (the "Corporation") for the fiscal year ending December 31, 2023, as pre-screened and endorsed by the Corporation's Audit Committee and Board of Directors, respectively."*

#### **VIII. Other Matters/Question and Answer**

The Chairman proceeded to the Question and Answer portion. The Chairman then mentioned that "In line with the provisions of the Revised Corporation Code of the Philippines and the Code of Corporate Governance for Publicly-listed Companies, all stockholders of record as of June 23, 2023 are allowed to send questions to the office of the Corporate Secretary, and through the chat box of the virtual meeting. For those that will not be entertained due to time constraints, rest assured that we will respond to your questions after this Meeting." He then requested the Moderator of the ASM to read the following questions:

Question 1 from Jin Jin Han – *"Among your product categories, what contributes the cost in terms of revenue? and will your revenue mix remain mostly the same in the next 2 to 3 years?"*

Answered by Ms. Sy – *"Among the product categories, PCs contribute the most in terms of revenue at 50.3%, followed by Printing, 14%, and Communications at 13%. This covers around 77% of the total revenues. There may be changes in the revenue mix in the next 2 to 3 years, but PCs will remain as dominant revenue contributor based on empirical and historical data. After all, UPSON, through its retail brands, Octagon, Microvalley, and Gadget King, is known, first and foremost, as a PC retailer."*

Question 2 from Conan Wong – *"How does UPSON set itself apart from competitors given how fragmented the market is?"*

Answered by Ms. Sy – *"UPSON has the 3 A's, which sets it apart from its competition. These are Accessibility, Availability, and Authenticity. Accessibility because we have the widest store network. Availability, we have the most comprehensive product portfolio. And Authenticity, we carry original and untampered products."*

Question 3 from Kam Sing So – *"You had a total of 24 new stores openings in 2022. How many stores are you opening in 2023? Are these all mall-based? And are your new store locations within the capital Metro Manila or are they in provincial areas?"*



Answered by Ms. Sy – *"As of June 2023, we have opened 7 new branches, and in the pipeline we have 23 branches scheduled for turn-over within the year. Not all are mall-based. 5 of the 23 in the pipeline are roadside locations, and around 65% of the locations in the pipeline are outside Metro Manila. We would like to take note, however, that the availability of locations is opportunistic in nature but we remain committed in our objective to close the year with 250 stores."*

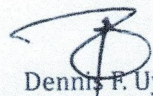
The Moderator then stated that those were the only questions.

The Chairman inquired if there are other matters. The Corporate Secretary responded that there are no other matters.

#### **IX. Adjournment**

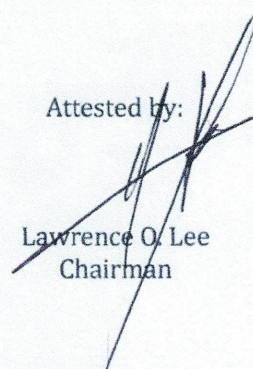
The Chairman thereafter adjourned the ASM and thanked everyone who joined the Meeting.

Prepared by:



Dennis P. Uy  
Corporate Secretary

Attested by:



Lawrence O. Lee  
Chairman