

SHINSEGAE

Shinsegae Inc.
194, Shinbanpo-ro, Seocho-gu
Seoul, Korea
06545

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shinsegae.com

Dear Shareholders,

We are grateful for your interest in our company and we would like to invite you to the 65th AGM. The AGM will be held on **March 24th, 2022** at the Korea Post tower Building located in Seoul. The matters to be voted at the Annual Shareholders' Meeting can be found in the attached Notice of Annual Shareholders' Meeting.

- The dividend per share this year is **3,000 KRW**.
- Resolution on the amendments to Articles of Incorporation : See the Attachment
- Candidates for Internal Board of Directors : **YUNG-SIK SON**, served as vice president and president of Shinsegae DF, now currently serving as a vice president of Shinsegae, is an expert in retail business, particularly has professional management skill in luxury MD business. His successful business experience at Shinsegae DF is suitable for establishing company's vision and driving new business
- Candidates for Internal Board of Directors : **BYUNG-HOON HUH**, a former member of Samsung group, has served in Hotel Shilla's hotel/leisure division and Shinsegae's Management department as vice president. As an expert in strategy/finance field, currently serving as vice president of Shinsegae's Administration department, has abundant experience and expertise in wide range of fields such as management/duty free/new business, will make company's financial structure solid.
- Candidate for External Board of Directors and Audit Committee Member : **NANSULHUN CHOI**, member of Mid/Long term strategy committee at Ministry of Economy and Finance, member of Financial Innovation Analysis Committee at Financial Services Commission, and professor at Yonsei University Law school, is an expertise in legal field, who can play outstanding role in major management decisions and give clear, objective and useful advice.
- The Limit of Directors' Remuneration remains the same as the previous year (**10B KRW**).
The total remuneration of FY2021 amounted to 4B KRW.

If you have any further questions, please do not hesitate to contact us at any time.

We believe it is important that your shares are represented at the Annual Shareholders' Meeting. The estimated deadline for voting is **March 23rd**, therefore, we urge you to exercise your votes.

Thank you again for the participation as our shareholder.

Sincerely,

Dae-ho Kim

Vice President of Financing

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NOTICE OF ANNUAL SHAREHOLDERS' MEETING

Date: Thursday, March 24th, 2022

Time: 9:00 am

Place: 10F Korea Post tower Building Auditorium
70, Sogong-ro, Jung-gu, Seoul, Korea

Agenda: - Matters to be reported -

1. Auditor's Report
2. Business Report
3. Report of Internal Accounting Control System
4. Report of Transaction with the Largest Shareholder & Affiliates

- Matters to be voted -

1. Approval of Financial Statements for the 65th Fiscal Year
-including Statements of Appropriation of Retained Earnings
& Consolidated Financial Statements
2. Amendments to Articles of Incorporation
3. Election of Directors
 - Election of Internal Board of Director SON YUNG-SIK
 - Election of Internal Board of Director HUH BYUNG-HOON
 - Election of External Board of Director CHOI NANSULHUN
4. Election of Audit Committee
 - Election of Audit Committee CHOI NANSULHUN
5. Limit of Directors' Remuneration

Details of Agenda

No. 1 : Approval of Non-Consolidated and Consolidated Financial Statements for the 65th Fiscal Year

1. Non-Consolidated Financial Statements

Statements of Financial Position

(KRW in Billions)	<u>2021</u>	<u>2020</u>
Current Assets	481	480
Non-current assets	7,240	7,055
<u>Total assets</u>	<u>7,721</u>	<u>7,535</u>
Current Liabilities	2,038	1,977
Non-current liabilities	1,923	1,952
<u>Total liabilities</u>	<u>3,960</u>	<u>3,929</u>
Capital Stock	49	49
Retained earnings	3,185	2,979
Other components of equity	211	262
<u>Total equity</u>	<u>3,761</u>	<u>3,606</u>

Statement of Income

(KRW in Billions)	<u>2021</u>	<u>2020</u>
<u>Sales</u>	<u>1,672</u>	<u>1,460</u>
Cost of sales	299	293
<u>Gross profit</u>	<u>1,373</u>	<u>1,167</u>
Selling, general and administrative expenses	1,111	1,040
<u>Operating profit</u>	<u>262</u>	<u>127</u>
Profit before income tax	226	188
Income tax expense	8	(26)
<u>Net Income</u>	<u>219</u>	<u>214</u>

Statement of Comprehensive Income

(KRW in Billions)	<u>2021</u>	<u>2020</u>
Profit for the period	219	214
Other comprehensive income(loss)	(49)	12
Total comprehensive income for the period	169	227

Statement of Appropriations of Retained Earnings

(KRW in Millions)	<u>2021</u>	<u>2020</u>
Retained earnings before appropriations:	<u>220,585</u>	<u>206,657</u>
Unappropriated Retained earnings from the previous year	-	-
Net Income	218,626	214,085
Retained earnings of the remeasurement on the defined benefit pension	1,959	(2,612)
Appropriations:	<u>220,585</u>	<u>206,657</u>
Legal reserve of retained earnings	-	-
Reserve for business expansion	191,075	191,902
Other capital adjustment	-	-
Cash dividends Per Share : <u>3,000 KRW</u>	29,509	14,755

Statement of Changes in Equity

(KRW in Billions)	<u>Total</u>
Balance as of Jan 1st, 2020	<u>3,771</u>
Total Comprehensive Income	227
Annual Dividends	(20)
Issuance of Perpetual Bond etc	(372)
Balance as of Dec 31, 2020	<u>3,606</u>
Balance as of Jan 1, 2021	<u>3,606</u>
Total Comprehensive Income	169
Annual Dividends	(15)
Issuance of Perpetual Bond etc	(-)
Balance as of Dec 31, 2021	<u>3,761</u>

Statement of Cash Flows

(KRW in Billions)	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net cash generated from operating activities	586	268
Cash flows from investing activities		
Net cash used in investing activities	(423)	(351)
Cash flows from financing activities		
Net cash generated from financing activities	(228)	223
Net increase in cash and cash equivalents	(65)	140
Cash and cash equivalents(Beginning of the period)	211	71
Cash and cash equivalents(End of the period)	145	211

2. Consolidated Financial Statements

Statements of Financial Position

(KRW in Billions)	<u>2021</u>	<u>2020</u>
Current Assets	1,910	1,664
Non-current assets	11,734	11,105
<u>Total assets</u>	<u>13,645</u>	<u>12,769</u>
Current Liabilities	3,574	3,609
Non-current liabilities	4,308	4,103
<u>Total liabilities</u>	<u>7,882</u>	<u>7,712</u>
Capital Stock	49	49
Retained earnings	3,084	2,788
Other components of equity	211	261
Non-Controlling Interest	2,018	1,615
<u>Total equity</u>	<u>5,762</u>	<u>5,057</u>

Statement of Income

(KRW in Billions)	<u>2021</u>	<u>2020</u>
<u>Sales</u>	<u>6,316</u>	<u>4,769</u>
Cost of sales	2,607	2,369
<u>Gross profit</u>	<u>3,709</u>	<u>2,400</u>
Selling, general and administrative expenses	3,192	2,312
<u>Operating profit</u>	<u>517</u>	<u>88</u>
Profit before income tax	518	(118)
Income tax expense	129	(49)
<u>Net Profit</u>	<u>389</u>	<u>(69)</u>

Statement of Comprehensive Income

(KRW in Billions)	<u>2021</u>	<u>2020</u>
Profit for the period	389	(69)
Other comprehensive income(loss)	(43)	9
Total comprehensive income for the period	345	(60)
Comprehensive income attribute to :		
Owners of parents	261	(93)
Non-controlling interests	85	33

Statement of Changes in Equity

(KRW in Billions)	<u>Total</u>
<u>Balance as of Jan 1st, 2020</u>	<u>5,515</u>
Total Comprehensive Income	(598)
Annual Dividends	(31)
Others (Issuance of perpetual bonds etc.)	(372)
<u>Balance as of Dec 31, 2020</u>	<u>5,057</u>
<u>Balance as of Jan 1, 2021</u>	<u>5,057</u>
Total Comprehensive Income	345
Annual Dividends	(22)
Acquisition of subsidiary's shares	(28)
Disposal of subsidiary's shares	100
Change in consolidation scope	-
Others (Issuance of perpetual bonds etc.)	-
<u>Balance as of Dec 31, 2021</u>	<u>5,762</u>

Statement of Cash Flows

(KRW in Billions)	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net cash generated from operating activities	1,103	552
Cash flows from investing activities		
Net cash used investing activities	(824)	(389)
Cash flows from financing activities		
Net cash generated from financing activities	(91)	48
Net increase in cash and cash equivalents	189	211
Cash and cash equivalents(Beginning of the period)	389	178
Cash and cash equivalents(End of the period)	578	389

No. 2 : Amendments to Articles of Incorporation

1. Purpose of Amendments

Article 2 (Purpose)

To add “Value-added telecommunications business”

“Internet auction and product brokerage business”

“Advertisement business including internet advertisement, advertising agency business, and other advertisement business”

“Database and online information providing business”

“Internet content developing and providing business”

to purpose of new business

2. Current & Amended

	Current	Amended
Article 2 (purpose)		
	The company bases its purpose on the following business areas: 1~38 (unchanged) 39. All the subsidiary business and investment related to above each number	(Unchanged) 1~38 (unchanged) <u>39. Value-added telecommunications business</u> <u>40. Internet auction and product brokerage business</u> <u>41. Advertisement business including internet advertisement, advertising agency business, and other advertisement business</u> <u>42. Database and online information providing business</u> <u>43. Internet content developing and providing business</u> 44. All the subsidiary business and investment related to above each number

No. 3 : Election of Directors

The following candidate is nominated for Internal Board of Director.

Name: Son, Yung Sik

Date of Birth: February 28st, 1963

Term: 3 years

Professional Background: Vice President of Shinsegae Inc. (Present)
President of Shinsegae DF Inc. (2017)
Executive vice president of Business Management at Shinsegae DF Inc (2015)

Academic Qualification: Master degree in School of Business, Yonsei University

Nationality: Republic of Korea

Relationship with the largest shareholder: None

Transactions with the company in the past three years None

Name: Huh, Byung Hoon

Date of Birth: July 8th, 1962

Term: 3 years

Professional Background: Executive Vice President of Administration Department at Shinsegae Inc. (Present)
Vice President of Management Department at Shinsegae Inc. (2018)
Senior Managing director of Hotel&Leisure business at Hotel Shilla (2015)

Academic Qualification: Major in Mathematics, Korea University

Nationality: Republic of Korea

Relationship with the largest shareholder: None

Transactions with the company in the past three years None

The following candidates are nominated for External Board of Director.

Name:	Choi, Nansulhun
Date of Birth:	February 18 th , 1975
Term:	2 years
Professional Background:	Member of Mid/Long term Strategy Committee at Ministry of Economy and Finance (Present) Member of Financial Innovation Analysis Committee at Financial Services Commission (Present) Professor of Yonsei University Law School (Present)
Academic Qualification:	Master degree in Law at Yonsei University
Nationality:	Republic of Korea
Relationship with the largest shareholder:	None
Transactions with the company:	None

No. 4 : Election of member of Audit Committee

The following candidate is nominated for Audit Committee Member.

Name:	Choi, Nansulhun
Date of Birth:	February 18 th , 1975
Term:	2 years
Professional Background:	Member of Mid/Long term Strategy Committee at Ministry of Economy and Finance (Present) Member of Financial Innovation Analysis Committee at Financial Services Commission (Present) Professor of Yonsei University Law School (Present)
Academic Qualification:	Master degree in Law at Yonsei University
Nationality:	Republic of Korea
Relationship with the largest shareholder:	None
Transactions with the company:	None

No. 5 : Limit of Directors' Remuneration

	<u>2022</u>	<u>2021</u>
The total remuneration	-	4.1
Remuneration Limit (KRW bn)	10	10
Number of Directors	7	7

Shinsegae Inc.

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