

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 67th AGM. The AGM will be held on **March 21st, 2024** 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 **4,000 KRW**.
- Resolution on the amendments to Articles of Incorporation : See the Attachment
- Candidates for Inside Board of Directors : **JOO HYUNG PARK**, served as vice president of Management division of Shinsegae, and vice president of Strategy Management division of E-Mart, is expert at strategy and management part. Based on the rich experience and knowledge by managing Central City, which is being reborn as a complex living and cultural space, we believe he will provide more stability in corporate management. In addition, we believe that the he will provide his excellent ability to establish mid-to-long term strategies, promote new businesses, and strengthen profitability through various perspectives.
- Candidates for Inside 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 division , Administration division as vice president. As an expert in strategy/finance field, currently serving as vice president, general manager of management division in Shinsegae Group, 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 Outside Board of Directors and Audit Committee Member : **NANSULHUN CHOI**, member of Advisory committee of Fair Trade Policy at Fair Trade Commission, member of Financial Innovation Analysis Committee at Financial Services Commission, and professor at Yonsei University Law school, is an expertise in legal field, who has served as an advisor for various organizations. We believe she can play outstanding role in major management policy decisions and provide clear, objective and useful advice.
- The Limit of Directors' Remuneration remains the same as the previous year (**7B KRW**).
The total remuneration of FY2023 amounted to 4.0B 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 20th**, 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 21st, 2024

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 67th Fiscal Year
-including Statements of Appropriation of Retained Earnings
& Consolidated Financial Statements
2. Amendments to Articles of Incorporation
3. Election of Directors
 - Election of Inside Board of Director PARK JOO-HYUNG
 - Election of Inside Board of Director HUH BYUNG-HOON
 - Election of Outside 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 67th Fiscal Year

1. Non-Consolidated Financial Statements

Statements of Financial Position

(KRW in Billions)	<u>2023</u>	<u>2022</u>
Current Assets	617	766
Non-current assets	7,990	7,580
<u>Total assets</u>	<u>8,607</u>	<u>8,345</u>
Current Liabilities	2,599	2,681
Non-current liabilities	1,971	1,705
<u>Total liabilities</u>	<u>4,569</u>	<u>4,386</u>
Capital Stock	49	49
Retained earnings	3,570	3,410
Other components of equity	186	184
<u>Total equity</u>	<u>4,038</u>	<u>3,959</u>

Statement of Income

(KRW in Billions)	<u>2023</u>	<u>2022</u>
<u>Sales</u>	<u>1,912</u>	<u>1,866</u>
Cost of sales	336	308
<u>Gross profit</u>	<u>1,576</u>	<u>1,558</u>
Selling, general and administrative expenses	1,299	1,210
<u>Operating profit</u>	<u>277</u>	<u>348</u>
Profit before income tax	262	295
Income tax expense	53	47
<u>Net Income</u>	<u>210</u>	<u>248</u>

Statement of Comprehensive Income

(KRW in Billions)	<u>2023</u>	<u>2022</u>
Profit for the period	210	248
Other comprehensive income(loss)	(10)	(20)
Total comprehensive income for the period	199	228

Statement of Appropriations of Retained Earnings

(KRW in Millions)	<u>2023</u>	<u>2022</u>
Retained earnings before appropriations:	<u>196,679</u>	<u>254,717</u>
Unappropriated Retained earnings from the previous year	-	-
Net Income	209,573	247,588
Retained earnings of the remeasurement on the defined benefit pension	(12,894)	7,129
Appropriations:	<u>196,679</u>	<u>254,717</u>
Legal reserve of retained earnings	-	-
Reserve for business expansion	158,933	217,830
Other capital adjustment	-	-
Cash dividends Per Share : <u>4,000 KRW</u>	37,746	36,887

Statement of Changes in Equity

(KRW in Billions)	<u>Total</u>
Balance as of Jan 1st, 2022	<u>3,761</u>
Total Comprehensive Income	228
Annual Dividends	(30)
Issuance of Perpetual Bond etc	(-)
Balance as of Dec 31, 2022	<u>3,959</u>
Balance as of Jan 1, 2023	<u>3,959</u>
Total Comprehensive Income	199
Annual Dividends	(37)
Acquisition of treasury stock	(84)
Issuance of Perpetual Bond etc	(-)
Balance as of Dec 31, 2022	<u>4,038</u>

Statement of Cash Flows

(KRW in Billions)	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Net cash generated from operating activities	414	486
Cash flows from investing activities		
Net cash used in investing activities	(582)	(607)
Cash flows from financing activities		
Net cash generated from financing activities	(44)	286
Net increase in cash and cash equivalents	(212)	165
Cash and cash equivalents(Beginning of the period)	310	145
Cash and cash equivalents(End of the period)	98	310

2. Consolidated Financial Statements

Statements of Financial Position

(KRW in Billions)	<u>2023</u>	<u>2022</u>
Current Assets	2,674	2,654
Non-current assets	12,078	11,695
<u>Total assets</u>	<u>14,752</u>	<u>14,348</u>
Current Liabilities	4,944	4,850
Non-current liabilities	3,468	3,247
<u>Total liabilities</u>	<u>8,412</u>	<u>8,097</u>
Capital Stock	49	49
Retained earnings	3,655	3,479
Other components of equity	189	186
Non-Controlling Interest	2,131	2,138
<u>Total equity</u>	<u>6,340</u>	<u>6,252</u>

Statement of Income

(KRW in Billions)	<u>2023</u>	<u>2022</u>
<u>Sales</u>	<u>6,357</u>	<u>7,813</u>
Cost of sales	2,502	2,728
<u>Gross profit</u>	<u>3,855</u>	<u>5,085</u>
Selling, general and administrative expenses	3,215	4,440
<u>Operating profit</u>	<u>640</u>	<u>645</u>
Profit before income tax	453	522
Income tax expense	141	(26)
<u>Net Profit</u>	<u>312</u>	<u>548</u>

Statement of Comprehensive Income

(KRW in Billions)	<u>2023</u>	<u>2022</u>
Profit for the period	312	548
Other comprehensive income(loss)	(23)	(2)
Total comprehensive income for the period	289	546
Comprehensive income attribute to :		
Owners of parents	205	399
Non-controlling interests	84	146

Statement of Changes in Equity

(KRW in Billions)	<u>Total</u>
<u>Balance as of Jan 1st, 2022</u>	<u>5,762</u>
Total Comprehensive Income	546
Annual Dividends	(54)
Acquistion of subsidiary's shares	(1)
Change in consolidation scope	(1)
Others (Issuance of perpetual bonds etc.)	-
<u>Balance as of Dec 31, 2022</u>	<u>6,252</u>
<u>Balance as of Jan 1, 2022</u>	<u>6,252</u>
Total Comprehensive Income	289
Annual Dividends	(79)
Acquisition of treasury stock	(84)
Acquisition of subsidiary's shares	-
Paid-in capital reduction of subsidiaries	(39)
Disposal of subsidiary's shares	2
Change in consolidation scope	(1)
Others (Issuance of perpetual bonds etc.)	-
<u>Balance as of Dec 31, 2023</u>	<u>6,340</u>

Statement of Cash Flows

(KRW in Billions)	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Net cash generated from operating activities	791	903
Cash flows from investing activities		
Net cash used investing activities	(872)	(774)
Cash flows from financing activities		
Net cash generated from financing activities	(16)	233
Net increase in cash and cash equivalents	(96)	362
Cash and cash equivalents(Beginning of the period)	938	578
Cash and cash equivalents(End of the period)	842	938

No. 2 : Amendments to Articles of Incorporation

1. Purpose of Amendments

Article 42 (Dividends)

To add To make amendments to require that a decision be made by the board of directors at each time of distribution of dividends and make public notice so that such a record date of distribution can be set to be a different date from the record date of the exercising of voting rights at a general meeting of shareholders.

2. Current & Amended

Current	Amended
Article 42 (Dividends) ① Dividends may be paid in either cash, shares or other property ② Dividends under Paragraph ① shall be paid to the shareholders or pledgees who are registered in the register of shareholders as of the date prescribed in Article 14 ① ③ No interest shall be paid on such dividend to shareholders ④ In case the dividends are distributed in shares, if the Company has issued several classes of shares, such distribution may be made through shares of different classes by a resolution of GSM.	Article 42 (Dividends) ① (unchanged) <u>② The company may set a record date to confirm the shareholders to receive dividends as set out in paragraph ① by a resolution of the board of directors. In the case that a record date is set, the company shall make public notice within two weeks before such a record date.</u> ③ (unchanged) ④ (unchanged)

No. 3 : Election of Directors

The following candidate is nominated for Inside Board of Director.

Name: Park, Joo Hyung

Date of Birth: December 22nd, 1959

Term: 3 years

Professional Background: Vice President of Shinsegae Inc. (2023~)
CEO of Shinsegae Central City & Seoul Exp.Bus Terminal (2016~)
Vice President of Management Department at Shinsegae Inc. (2013~2016)

Academic Qualification: Major in Accountings, Dongguk University

Nationality: Republic of Korea

Relationship with the largest shareholder: Executive

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: Vice President of General Manager of Management Division in Shinsegae Group. (Present)
Vice President of Administration Division at Shinsegae Inc. (2021~2023)
Assistant Vice President of Planning Division at Shinsegae Inc. (2018~2021)
Senior Managing director of Hotel&Leisure business at Hotel Shilla (2015~2018)

Academic Qualification: Major in Mathematics, Korea University

Nationality: Republic of Korea

Relationship with the largest shareholder: Executive

Transactions with the company in the past three years None

The following candidates are nominated for Outside Board of Director.

Name:	Choi, Nansulhun
Date of Birth:	February 18 th , 1975
Term:	2 years
Professional Background:	Legal Advisory Member at Financial Services Commission (Present) Member of Financial Innovation Analysis Committee at Financial Services Commission (Present) Member of Advisory Committee of Fair Trade Policy at Fair Trade Commission (Present) Professor of Yonsei University Law School (Present)
Academic Qualification:	Master degree in Law, 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 Member

The following candidate is nominated for Audit Committee Member.

Name:	Choi, Nansulhun
Date of Birth:	February 18 th , 1975
Term:	2 years
Professional Background:	Legal Advisor Member at Financial Services Commission (Present) Member of Financial Innovation Analysis Committee at Financial Services Commission (Present) Member of Advisory Committee of Fair Trade Policy at Fair Trade Commission (Present) Professor of Yonsei University Law School (Present)
Academic Qualification:	Master degree in Law, Yonsei University
Nationality:	Republic of Korea
Relationship with the largest shareholder:	None
Transactions with the company:	None

No. 5 : Limit of Directors' Remuneration

	<u>2024</u>	<u>2023</u>
The total remuneration	-	4.0
Remuneration Limit (KRW bn)	7	7
Number of Directors	7	7

Shinsegae Inc.

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