

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 66th AGM. The AGM will be held on **March 23rd, 2023** 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 **3,750 KRW**.
- Candidates for Internal Board of Directors : **Hyeuk Goo KWEON**, served as vice president of New business division, head of planning team, has extensive experience and insight throughout the business. Can continuously demonstrate excellent ability in establishing a company's mid-to-long term strategy, promoting new business, and securing corporate stability through various perspectives.
- Candidates for Internal Board of Directors : **Seung Oh HONG**, is an expert in finance/planning, who has served as executive director of Samsung electronic's Corporate Development Group, and vice president/CFO of SK Shieldus, and now head of Administration Department. Based on the extensive experience and expertise at various companies, candidates can play role in discovering new growth engines as well as making company's financial stability.
- Candidate for External Board of Directors : **Se Boong Kwag**, served as a member of the Fair Trade Commssion, has worked hard to enhance consumer rights. Based on extensive expertise, candidate will represent the opinions of customers and shareholders in company's key policy decisions and contribute to strenghten our competitiveness through professional and reasonable advice.
- Candidate for External Board of Directors and Audit Committee Member : **Han Youn KIM**, member of National Tax Service, has abundant expeience and expertise in financial and accounting, who can play outstanding role in providing professional, objective and useful advice from various perspective in determining the company's key management policies.
- Candidate for External Board of Directors and Audit Committee Member : **Kyeong Won KANG**, is a audit expert who can play an outstanding role in making decision in company's key management policies and provide objective and useful advice based on extensive experience in administration / audit field.
- Amendments to the Remuneration Policy for Executives : See the Attachment
- The Limit of Directors' Remuneration is lower than the previous year (**7B KRW**).
The total remuneration of FY2022 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 22nd**, 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 23rd, 2023

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. Appointment of an external auditor
3. Business Report
4. Report of Internal Accounting Control System
5. Report of Transaction with the Largest Shareholder & Affiliates

- Matters to be voted -

1. Approval of Financial Statements for the 66th Fiscal Year
-including Statements of Appropriation of Retained Earnings
& Consolidated Financial Statements
2. Election of Directors
 - Election of Internal Board of Director Kweon Hyeuk Goo
 - Election of Internal Board of Director Hong Seung Oh
 - Election of External Board of Director Kwag Se Boong
 - Election of External Board of Director Kim Han Youn
3. Election of Director / Audit Committee
 - Election of External Board of Director / Audit Committee
Kang Kyeong Won
4. Election of Audit Committee
 - Election of Audit Committee Kim Han Youn
5. Amendment to the Remuneration Policy for Executives
6. 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>2022</u>	<u>2021</u>
Current Assets	766	481
Non-current assets	7,580	7,240
<u>Total assets</u>	<u>8,345</u>	<u>7,721</u>
Current Liabilities	2,681	2,038
Non-current liabilities	1,705	1,923
<u>Total liabilities</u>	<u>4,386</u>	<u>3,960</u>
Capital Stock	49	49
Retained earnings	3,410	3,185
Other components of equity	184	211
<u>Total equity</u>	<u>3,959</u>	<u>3,761</u>

Statement of Income

(KRW in Billions)	<u>2022</u>	<u>2021</u>
<u>Sales</u>	<u>1,865</u>	<u>1,672</u>
Cost of sales	308	299
<u>Gross profit</u>	<u>1,558</u>	<u>1,373</u>
Selling, general and administrative expenses	1,210	1,111
<u>Operating profit</u>	<u>348</u>	<u>262</u>
Profit before income tax	295	226
Income tax expense	47	8
<u>Net Income</u>	<u>248</u>	<u>219</u>

Statement of Comprehensive Income

(KRW in Billions)	<u>2022</u>	<u>2021</u>
Profit for the period	248	219
Other comprehensive income(loss)	(20)	(49)
Total comprehensive income for the period	228	169

Statement of Appropriations of Retained Earnings

(KRW in Millions)	<u>2022</u>	<u>2021</u>
Retained earnings before appropriations:	<u>254,717</u>	<u>220,585</u>
Unappropriated Retained earnings from the previous year	-	-
Net Income	247,588	218,626
Retained earnings of the remeasurement on the defined benefit pension	7,129	1,959
Appropriations:	<u>254,717</u>	<u>220,585</u>
Legal reserve of retained earnings	-	-
Reserve for business expansion	217,831	191,075
Other capital adjustment	-	-
Cash dividends Per Share : <u>3,750 KRW</u>	36,887	29,509

Statement of Changes in Equity

(KRW in Billions)	<u>Total</u>
Balance as of Jan 1st, 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>
Balance as of Jan 1, 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>

Statement of Cash Flows

(KRW in Billions)	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Net cash generated from operating activities	486	586
Cash flows from investing activities		
Net cash used in investing activities	(607)	(423)
Cash flows from financing activities		
Net cash generated from financing activities	286	(228)
Net increase in cash and cash equivalents	165	(65)
Cash and cash equivalents(Beginning of the period)	145	211
Cash and cash equivalents(End of the period)	310	145

2. Consolidated Financial Statements

Statements of Financial Position

(KRW in Billions)	<u>2022</u>	<u>2021</u>
Current Assets	2,654	1,910
Non-current assets	11,762	11,734
<u>Total assets</u>	<u>14,416</u>	<u>13,645</u>
Current Liabilities	4,835	3,574
Non-current liabilities	3,329	4,308
<u>Total liabilities</u>	<u>8,164</u>	<u>7,882</u>
Capital Stock	49	49
Retained earnings	3,479	3,084
Other components of equity	186	211
Non-Controlling Interest	2,138	2,018
<u>Total equity</u>	<u>6,252</u>	<u>5,762</u>

Statement of Income

(KRW in Billions)	<u>2022</u>	<u>2021</u>
<u>Sales</u>	<u>7,813</u>	<u>6,316</u>
Cost of sales	2,728	2,607
<u>Gross profit</u>	<u>5,085</u>	<u>3,709</u>
Selling, general and administrative expenses	4,440	3,192
<u>Operating profit</u>	<u>645</u>	<u>517</u>
Profit before income tax	522	518
Income tax expense	(26)	129
<u>Net Profit</u>	<u>548</u>	<u>389</u>

Statement of Comprehensive Income

(KRW in Billions)	<u>2022</u>	<u>2021</u>
Profit for the period	548	389
Other comprehensive income(loss)	(18)	(43)
Total comprehensive income for the period	546	345
Comprehensive income attribute to :		
Owners of parents	399	261
Non-controlling interests	146	85

Statement of Changes in Equity

(KRW in Billions)	<u>Total</u>
<u>Balance as of Jan 1st, 2021</u>	<u>5,057</u>
Total Comprehensive Income	345
Annual Dividends	(22)
Others (Issuance of perpetual bonds etc.)	-
<u>Balance as of Dec 31, 2021</u>	<u>5,762</u>
<u>Balance as of Jan 1, 2022</u>	<u>5,762</u>
Total Comprehensive Income	546
Annual Dividends	(54)
Acquisition of subsidiary's shares	(25)
Disposal of subsidiary's shares	-
Change in consolidation scope	-
Others (Issuance of perpetual bonds etc.)	-
<u>Balance as of Dec 31, 2022</u>	<u>5,762</u>

Statement of Cash Flows

(KRW in Billions)	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Net cash generated from operating activities	903	1,103
Cash flows from investing activities		
Net cash used investing activities	(774)	(824)
Cash flows from financing activities		
Net cash generated from financing activities	233	(91)
Net increase in cash and cash equivalents	362	189
Cash and cash equivalents(Beginning of the period)	578	389
Cash and cash equivalents(End of the period)	938	578

No. 2 : Election of Directors

The following candidate is nominated for Internal Board of Director.

Name: Kweon, Hyuk Goo

Date of Birth: March 20st, 1961

Term: 3 years

Professional Background: Head of Strategy division, Shinsegae Group (2015~)
Planning Chief of Strategy division, Shinsegae Group (2011)
Executive Vice President of New Project & Development (2010)

Academic Qualification: B.A. in Department of French Language and Literature,
Kyungpook National University

Nationality: Republic of Korea

Relationship with the largest shareholder: None

Transactions with the company in the past three years None

Name: Hong, Seung Oh

Date of Birth: October 26th, 1968

Term: 3 years

Professional Background: Executive Vice President of Administration Department at
Shinsegae Inc. (Present)
Executive Vice President of Financial Management Department at
Shinsegae Inc. (2021)
Vice president/CFO at SK Shieldus (2020)

Academic Qualification: MBA in London Business School
Major in molecular biology, Seoul 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: Kwak, Se Boong

Date of Birth: March 3rd, 1961

Term: 2 years

Professional Background: Advisor at Kim & Chang (Present)
Commissioners at Korea Fair Trade Commission (2017)
Director general for Competition Policy Bureau at KFTC (2015)

Academic Qualification: Major in Political Science & International Studies at Yonsei University

Nationality: Republic of Korea

Relationship with the largest shareholder: None

Transactions with the company: None

Name: Kim, Han Youn

Date of Birth: October 7th, 1961

Term: 2 years

Professional Background: Internal auditor at HDC Hyundai EP (Present)
Advisor at We Know Tax (Present)
Commissioner at National Tax Service Busan Regional Office (2017)
Director general at National Tax Service Seoul Regional Office (2015)

Academic Qualification: Major in Graduate School of Policy Studies in Korea University

Nationality: Republic of Korea

Relationship with the largest shareholder: None

Transactions with the company: None

No. 3 : Election of member of Director / Audit Committee Member

The following candidate is nominated for External Board /Audit Committee Member

Name:	Kang, Kyeong Won
Date of Birth:	January 15 th , 1960
Term:	2 years
Professional Background:	First Deputy Secretary General at Board of Audit and Inspection of Korea (2015) Deputy Secretary General for Public Sector Inspection (2014)
Academic Qualification:	Major in Public Administration, 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:	Kim, Han Youn
Date of Birth:	October 7 th , 1961
Term:	2 years
Professional Background:	Internal auditor at HDC Hyundai EP (Present) Advisor at We Know Tax (Present) Commissioner at National Tax Service Busan Regional Office (2017) Director general at National Tax Service Seoul Regional Office (2015)
Academic Qualification:	Major in Graduate School of Policy Studies in Korea University
Nationality:	Republic of Korea
Relationship with the largest shareholder:	None
Transactions with the company:	None

No. 5 : Amendments to the Remuneration Policy for Executives

1. Amendments

Article 10 (Exception)

New This Regulation may not be applied through a separate written agreement if it is necessary to separately prescribe reasonable treatment, such as foreign executives.

No. 6 : Limit of Directors' Remuneration

	<u>2023</u>	<u>2022</u>
The total remuneration	-	4.0
Remuneration Limit (KRW bn)	7	10
Number of Directors	7	7

*(2023) The total or maximum amount of limit of Directors' Remuneration is calculated based on remuneration excluding severance pay in accordance with Article 388 of the Commercial Act and Article 37 of the Articles of Incorporation

Shinsegae Inc.

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