

# SHINSEGAE

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

tel. 82.2.727.1921~2 fax. 82.2.727.1719  
*shinsegae.com*

## NOTICE OF ANNUAL SHAREHOLDERS' MEETING

Date: Wednesday, March 25th, 2020

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 63<sup>rd</sup> Fiscal Year  
-including Statements of Appropriation of Retained Earnings  
& Consolidated Financial Statements
2. Election of Directors
  - Election of Internal Board of Director Cha, Jeong Ho
  - Election of Internal Board of Director Kweon, Hyeuk Goo
  - Election of Internal Board of Director Kim, Jung Sig
  - Election of External Board of Director Choi, Jin Seok
3. Election of Audit Committee
  - Election of member of the Audit Committee Choi, Jin Seok
4. Limit of Directors' Remuneration

# Details of Agenda

## No. 1 : Approval of Non-Consolidated and Consolidated Financial Statements for the 63<sup>rd</sup> Fiscal Year

### 1. Non-Consolidated Financial Statements

#### Statements of Financial Position

(KRW in Billions)	<u>2019</u>	<u>2018</u>
Current Assets	401	485
Non-current assets	6,865	5,605
<b><u>Total assets</u></b>	<b><u>7,266</u></b>	<b><u>6,090</u></b>
Current Liabilities	1,434	1,449
Non-current liabilities	2,061	1,500
<b><u>Total liabilities</u></b>	<b><u>3,495</u></b>	<b><u>2,950</u></b>
Capital Stock	49	49
Retained earnings	2,792	2,138
Other components of equity	247	270
<b><u>Total equity</u></b>	<b><u>3,771</u></b>	<b><u>3,140</u></b>

#### Statement of Income

(KRW in Billions)	<u>2019</u>	<u>2018</u>
<b><u>Sales</u></b>	<b><u>1,558</u></b>	<b><u>1,739</u></b>
Cost of sales	285	345
<b><u>Gross profit</u></b>	<b><u>1,273</u></b>	<b><u>1,394</u></b>
Selling, general and administrative expenses	1,051	1,152
<b><u>Operating profit</u></b>	<b><u>222</u></b>	<b><u>242</u></b>
Profit before income tax	946	245
Income tax expense	240	58
<b><u>Net Income</u></b>	<b><u>706</u></b>	<b><u>187</u></b>

#### Statement of Comprehensive Income

(KRW in Billions)	<u>2019</u>	<u>2018</u>
Profit for the period	706	187
Other comprehensive income(loss)	(31)	(158)
Total comprehensive income for the period	675	28

## Statement of Appropriations of Retained Earnings

(KRW in Millions)	<u>2019</u>	<u>2018</u>
<b>Retained earnings before appropriations:</b>	<b><u>674,136</u></b>	<b><u>156,657</u></b>
Unappropriated Retained earnings from the previous year	(16,005)	(5,993)
Other Comprehensive Income	690,141	162,650
 <b>Appropriations:</b>	 <b><u>674,136</u></b>	 <b><u>156,657</u></b>
Legal reserve of retained earnings	-	-
Reserve for business expansion	654,463	136,984
Other capital adjustment	-	-
Cash dividends Per Share : <u>2,000 KRW</u>	19,673	19,673
 Unappropriated retained earnings to be carried forward to the subsequent year	 -	 -

## Statement of Changes in Equity

(KRW in Billions)	<u>Total</u>
<b>Balance as of Jan 1<sup>st</sup>, 2018</b>	<b><u>3,133</u></b>
Total Comprehensive Income	28
Annual Dividends	(12)
Issuance of Perpetual Bond etc	(9)
<b>Balance as of Dec 31, 2018</b>	<b><u>3,140</u></b>
 <b>Balance as of Jan 1, 2019</b>	 <b><u>3,124</u></b>
Total Comprehensive Income	675
Annual Dividends	(20)
Issuance of Perpetual Bond etc	(8)
<b>Balance as of Dec 31, 2019</b>	<b><u>3,771</u></b>

## Statement of Cash Flows

(KRW in Billions)	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Net cash generated from operating activities	309	366
Cash flows from investing activities		
Net cash used in investing activities	(179)	(320)
Cash flows from financing activities		
Net cash generated from financing activities	(274)	57
<b>Net increase in cash and cash equivalents</b>	<b>(144)</b>	<b>104</b>
Cash and cash equivalents(Beginning of the period)	215	111
<b>Cash and cash equivalents(End of the period)</b>	<b>71</b>	<b>215</b>

## 2. Consolidated Financial Statements

### Statements of Financial Position

(KRW in Billions)	<u>2019</u>	<u>2018</u>
Current Assets	1,817	1,837
Non-current assets	11,201	9,264
<b><u>Total assets</u></b>	<b><u>13,018</u></b>	<b><u>11,101</u></b>
Current Liabilities	3,173	3,245
Non-current liabilities	4,330	2,854
<b><u>Total liabilities</u></b>	<b><u>7,503</u></b>	<b><u>6,099</u></b>
Capital Stock	49	49
Retained earnings	2,921	2,439
Other components of equity	245	269
Non-Controlling Interest	1,589	1,533
<b><u>Total equity</u></b>	<b><u>5,515</u></b>	<b><u>5,002</u></b>

### Statement of Income

(KRW in Billions)	<u>2019</u>	<u>2018</u>
<b><u>Sales</u></b>	<b><u>6,394</u></b>	<b><u>5,186</u></b>
Cost of sales	3,126	2,292
<b><u>Gross profit</u></b>	<b><u>3,268</u></b>	<b><u>2,894</u></b>
Selling, general and administrative expenses	2,800	2,497
<b><u>Operating profit</u></b>	<b><u>468</u></b>	<b><u>397</u></b>
Profit before income tax	798	355
Income tax expense	205	70
<b><u>Net Profit</u></b>	<b><u>593</u></b>	<b><u>285</u></b>

## Statement of Comprehensive Income

(KRW in Billions)	<u>2019</u>	<u>2018</u>
Profit for the period	593	285
Other comprehensive income(loss)	(40)	(164)
Total comprehensive income for the period	553	121
Comprehensive income attribute to :		
Owners of parents	488	77
Non-controlling interests	65	44

## Statement of Changes in Equity

(KRW in Billions)	<u>Total</u>
<b><u>Balance as of Jan 1<sup>st</sup>, 2017</u></b>	<b><u>4,912</u></b>
Total Comprehensive Income	121
Annual Dividends	(25)
Change in consolidation scope	9
Acquisition of subsidiary's shares	(6)
Others (Issuance of perpetual bonds etc.)	(8)
<b><u>Balance as of Dec 31, 2017</u></b>	<b><u>5,002</u></b>
<b><u>Balance as of Jan 1, 2018</u></b>	<b><u>4,999</u></b>
Total Comprehensive Income	553
Annual Dividends	(29)
Equity Issuance of Subsidiaries	-
Others (Issuance of perpetual bonds etc.)	(8)
<b><u>Balance as of Dec 31, 2018</u></b>	<b><u>5,515</u></b>

## Statement of Cash Flows

(KRW in Billions)	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Net cash generated from operating activities	790	331
Cash flows from investing activities		
Net cash used investing activities	(71)	(593)
Cash flows from financing activities		
Net cash generated from financing activities	(894)	438
<b>Net increase in cash and cash equivalents</b>	<b>(175)</b>	<b>177</b>
Cash and cash equivalents(Beginning of the period)	352	175
<b>Cash and cash equivalents(End of the period)</b>	<b>178</b>	<b>352</b>

## No. 2 : Election of Directors

The following candidates are nominated for Internal Board of Director.

---

**Name:** Cha, Jeong Ho

**Date of Birth:** October 22nd, 1957

**Term:** 3 years

**Professional Background:**

- President at Shinsegae Inc. (Present)
- CEO at Shinsegae International Inc. (2019)
- Vice President of Travel Retail division (2015)

**Academic Qualification:** Major in Business, Seoul National University

**Nationality:** Republic of Korea

**Relationship with the largest shareholder:** None

**Transactions with the company in the past three years** None

---

---

**Name:** Kweon, Hyeuk Goo

**Date of Birth:** March 20th, 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)
- Vice President of Centum City Branch (2008)
- Executive Director of Centum City T/F, Shinsegae Inc. (2005)

**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:** None

---

---

<b>Name:</b>	<b>Kim, Jung Sig</b>
<b>Date of Birth:</b>	October 26th, 1964
<b>Term:</b>	3 years
<b>Professional Background:</b>	<ul style="list-style-type: none"><li>- Executive Vice President of Administration Department, Shinsegae Inc. (2016~)</li><li>- Vice President of Flagship Branch (2014)</li><li>- Chief Officer of Human Resource Department (2011)</li><li>- Chief Officer of Shinsegae Department store MD2 sector (2010)</li></ul>
<b>Academic Qualification:</b>	B.A. in Law, Busan National University
<b>Nationality:</b>	Republic of Korea
<b>Relationship with the largest shareholder:</b>	None
<b>Transactions with the company:</b>	None

---

**The following candidate is nominated for External Board of Director.**

---

<b>Name:</b>	<b>Choi, Jin Seok</b>
<b>Date of Birth:</b>	January 13th, 1959
<b>Term:</b>	2 years
<b>Professional Background:</b>	<ul style="list-style-type: none"><li>- Emeritus Professor at Sogang University of Philosophy(Present)</li><li>- Director at Gunmyngwon (2019)</li><li>- Professor at Sogang University of Philosophy</li><li>- Researcher at Harvard-Yenching Institute</li></ul>
<b>Academic Qualification:</b>	PhD in Daoism, Beijing University Masters in Eastern philosophy, Graduate School of Sogang University
<b>Nationality:</b>	Republic of Korea
<b>Relationship with the largest shareholder:</b>	None
<b>Transactions with the company:</b>	None

---

### No. 3 : Election of member of Audit Committee

The following candidate is nominated for Audit Committee Members.

---

<b>Name:</b>	<b>Choi, Jin Seok</b>
<b>Date of Birth:</b>	January 13th, 1959
<b>Term:</b>	2 years
<b>Professional Background:</b>	<ul style="list-style-type: none"><li>- Emeritus Professor at Sogang University of Philosophy(Present)</li><li>- Director at Gunmyngwon (2019)</li><li>- Professor at Sogang University of Philosophy</li><li>- Researcher at Harvard-Yenching Institute</li></ul>
<b>Academic Qualification:</b>	PhD in Daoism, Beijing University Masters in Eastern philosophy, Graduate School of Sogang University
<b>Nationality:</b>	Republic of Korea
<b>Relationship with the largest shareholder:</b>	None
<b>Transactions with the company:</b>	None

---

## No. 4 : Limit of Directors' Remuneration

---

	<u>2020</u>	<u>2019</u>
Total Remuneration	-	3.4
Remuneration Limit (KRW bn)	10	10
Number of Directors	7	7

---

**Shinsegae Inc.**

**Investor Relations**

**Inho Kim**

Tel : +82 2 727 1923

Fax : +82 2 727 1719

Email : [ihkim78@shinsegae.com](mailto:ihkim78@shinsegae.com)

**Yoobin Hwang**

Tel : +82 2 727 1921

Fax : +82 2 727 1719

Email : [yoobin.hwang@shinsegae.com](mailto:yoobin.hwang@shinsegae.com)

**Chungyoo Kim**

Tel : +82 2 727 1922

Fax : +82 2 727 1719

Email : [chungyookim@shinsegae.com](mailto:chungyookim@shinsegae.com)

## **Disclaimer**

---

This documentation does not constitute an offer or invitation to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. This material is an unofficially translated English version presented solely for your information, and the original copy of this document in Korean can be found in the headquarters of the company.

---