

# Annual Report

## I. OUTLINE OF THE COMPANY

### 1. Purpose of the Company

Purpose	Remark
<ol style="list-style-type: none"><li>1. General Travel Business(Travel Agency)</li><li>2. Ticketing and Sales of Airline and Boat</li><li>3. Souvenir Sales</li><li>4. Issuing of Selling Offers</li><li>5. Real Estate Dealing and Lease</li><li>6. Optional Communication Business</li><li>7. Computer Programming and Supply</li><li>8. Telemarketing Business</li><li>9. Printing and Publishing Business</li><li>10. Issuing of Periodicals</li><li>11. Operating School to Train Travel Experts</li><li>12. Transportation Business(Chartered Buses)</li><li>13. Internet Business (Install and Provide Contents, Internet Marketing)</li><li>14. E-commerce and Information Processing</li><li>15. Advertisement (Internet and Outdoor Advertisement)</li><li>16. Information and communication Related Business</li><li>17. Web Hosting and Homepage Establishment</li><li>18. Warehousing</li><li>19. Tourists Hotel &amp; Lodging business</li><li>20. Operation and management of Tourists Hotels &amp; Lodging and other incidental facilities</li><li>21. Tourists Hotels &amp; Lodging Management Business</li><li>22. Investment, Development, Operation and Asset Management of the Domestic and Overseas Real Estate</li><li>23. Real Estate Agent Business</li><li>24. Management of Intellectual Property Rights and License Business (Brand, Trademark Rights)</li><li>25. Intangible Assets Sales and Service (Knowledge, Information)</li><li>26. Production and Distribution (Movies, Broadcasting, Videos and Other Cultural Products)</li><li>27. Production and Distribution of Digital Contents</li><li>28. Operating Performance Facilities</li><li>29. Planning Performance</li><li>30. Character business</li><li>31. Exhibition and Event Agency</li><li>32. Internet Broadcasting</li><li>33. Tourism Development and Incidental Business (Marketing Counsel, Planning and Consulting)</li><li>34. Education service</li><li>35. Operation of Lifelong E-learning Education Facilities</li><li>36. Gift Certificate Sales</li><li>37. Wedding Consulting</li><li>38. Amusement Park Operation</li><li>39. Comprehensive Leisure Facilities and Operation Management</li><li>40. Tourist Attraction Development Business</li><li>41. Comprehensive Recreation Business</li><li>42. International Conference Planning Business</li><li>43. Camping Car Business</li><li>44. Bonded Goods and Tourism Product Sales Business</li><li>45. Accommodation Business</li><li>46. Accommodation reservation Service</li><li>47. Web Portal and Internet Information Service</li></ol>	

48. Franchise Business 49. Restaurant Business 50. Shopping Center Leasing and Sublease Business 51. Ticket sales related to Culture, Arts and Sports Events 52. Database Development and Sales Related to Culture, Arts and Sports 53. Investment of Cultural Projects (Performances and Film Production) 54. Organization of Events and Sponsors 55. Importation and Agency Business of Performance Publication Rights 56. Brokerage Agency Business for Copyrights and Neighboring Copyrights of Performance 57. Membership Sales and Brokerage Arrangements 58. Overseas Studies Agency Business 59. Lifelong Education Facilities Operating 60. Financial Loan and Other Financial Service Business 61. Electronic Financial Business 62. Planning and Promotion of Performance, Concert, Exhibition 63. Credit Card Business 64. Real Estate Development Business 65. Insurance Agent Business 66. All Other Incidental Businesses	
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## 2. Important Business

General Travel Business(Travel Agency)

## 3. History of the Company

### A. Changes after the establishment

Date	Important Changes
Oct. 25, 1993	Established Kookjin Travel Co., Ltd. (Capital: 350 million won) 55-4 Seosomun-dong, Jung-gu, Seoul
Dec. 01, 1995	Set the company policy in 'comprehensive wholesales' and launched 'Hana Tour', independent package brand, and commenced the agency sales
Nov. 28, 2000	Listed on KOSDAQ (commenced trading)
Nov. 10, 2006	Listed on LSE(London Stock Exchange)
Nov. 01, 2011	Listed on KOSPI
Jan. 01, 2012	CEO changed - SangHwan Park and HuynSyuk Choi
Mar. 25, 2016	CEO changed - SangHwan Park and JinKook Kim
Mar. 26, 2020	CEO changed – JinKook Kim and MiSun Song

### B. Change of trade name

Date	Changes
Mar. 6, 1996	Changed the name from Kookjin Travel Co., Ltd. to Hana Tour Co., Ltd. ** Purpose is to unify the brand name and company image

### C. Change of location for head office

Date	Location
Oct. 25, 1993	55-4 Seosomun-dong, Jung-gu, Seoul
Mar. 22, 1996	10F Inju Building, Tour cost fees-1 Seorin-dong, Jongro-gu, Seoul
Oct. 01, 1997	11F Hanmi Building, 1 Gonpyeong-dong, Jongro-gu, Seoul
Jun. 15, 2005	1 Gongpyeong-dong, Jongro-gu, Seoul
Jul. 01. 2013	HanaTour Bldg. 41, Insadon 5-gil, Jongno-gu, Seoul

#### D. Merger, spin off (merger), comprehensive stock swap, transfer, important business assignment and others

On February 28, 2020, the Group issued 2,323,000 shares through capital increase with consideration in third party allocations, and it's the largest shareholder (with a 16.67% stake rate) was changed to Harmonia 1 limited company.

#### 4. Domestic Place of Business

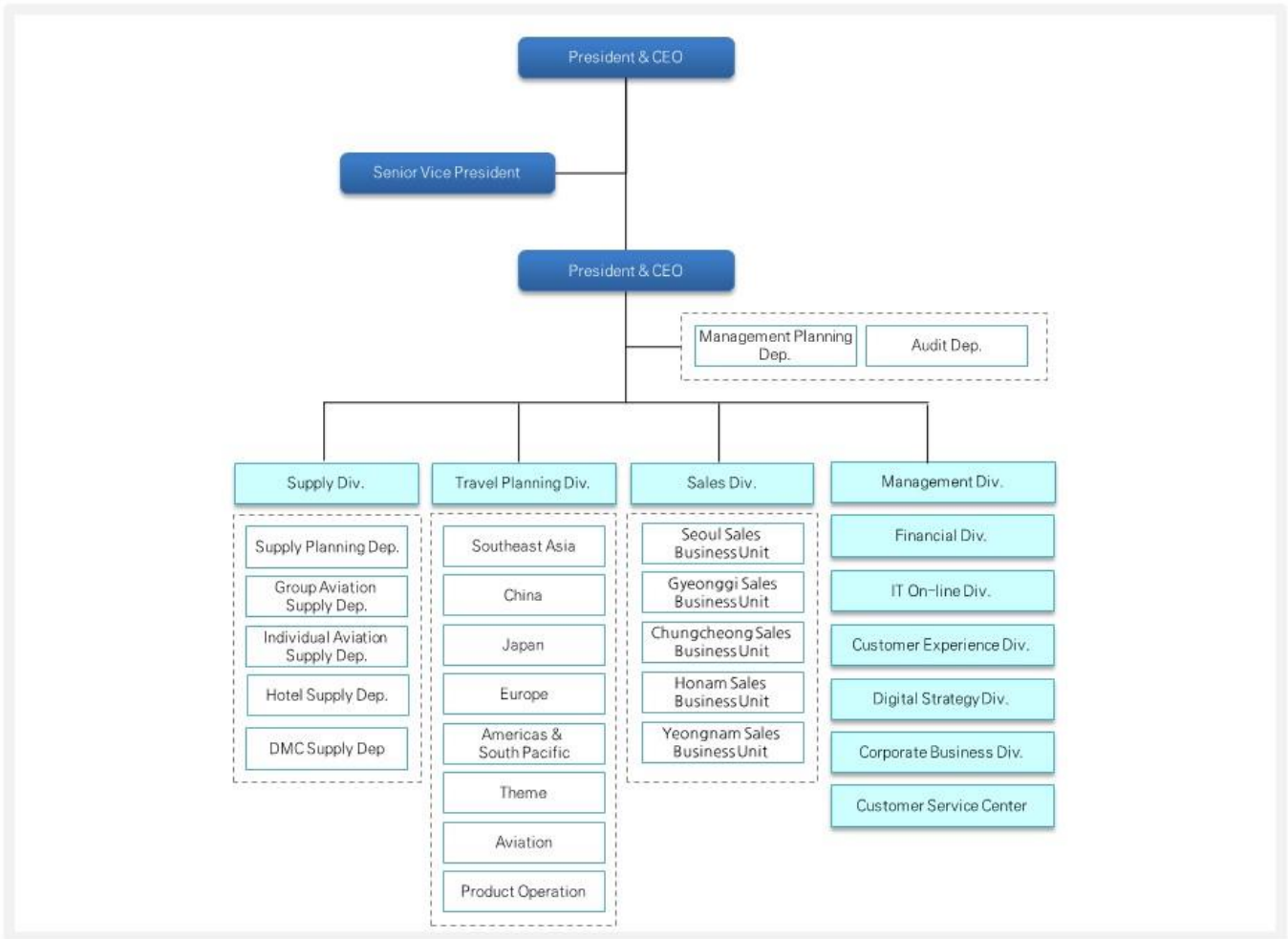
Classification	Location	Main Business
Head Office	41, Insadong 5-gil, Jongno-gu, Seoul, Republic of Korea	General Travel Business and Ticketing
Sindorim Office	661, Gyeongin-ro, Guro-gu, Seoul, Republic of Korea	
Seolleung Office	325, Teheran-ro, Gangnam-gu, Seoul, Republic of Korea	
Busan Sales Office	11, Jayupyeonghwa-ro, Busanjin-gu, Busan, Republic of Korea	
Kimhae Airport Office	108, Gonghangjinip-ro, Gangseo-gu, Busan, Republic of Korea	
Incheon Sales Office	59, Bupyeong-daero, Bupyeong-gu, Incheon, Republic of Korea	
Airport Office (Terminal1)	271, Gonghang-ro, Jung-gu, Incheon, Republic of Korea	
Airport Office (Terminal2)	446, Je2terminal-daero, Jung-gu, Incheon, Republic of Korea	
Airport Office (Commodity Support)	124, Yeongjong-daero, Jung-gu, Incheon, Republic of Korea	
Bupyeong Office	7, Sijang-ro 51beon-gil, Bupyeong-gu, Incheon, Republic of Korea	
Daegu Sales Office	648, Gukchaebosang-ro, Jung-gu, Daegu, Republic of Korea	
Daejeon Sales Office	69, Dunsanse-ro, Seo-gu, Daejeon, Republic of Korea	
Gwangju Sales Office	136, Geumnam-ro, Buk-gu, Gwangju, Republic of Korea	
Ulsan Sales Office	105, Gangbuk-ro, Jung-gu, Ulsan, Republic of Korea	
Beomgye Office	180, Simin-daero, Dongan-gu, Anyang-si, Gyeonggi-do, Republic of Korea	
Gangneung Slaes Office	317, Gangneung-daero, Gangneung-si, Gangwon-do, Republic of Korea	
Chuncheon Slaes Office	110, Jungang-ro, Chuncheon-si, Gangwon-do, Republic of Korea	
Wonju Sales Office	65, Neungnadong-gil, Wonju-si, Gangwon-do, Republic of Korea	
Jeonju Sales Office	269, Paldal-ro, Wansan-gu, Jeonju-si, Jeollabuk-do, Republic of Korea	
Mokpo Sales Office	282, Hugwang-daero, Samhyang-eup, Muan-gun, Jeollanam-do, Republic of Korea	
Changwon Sales Office	754, Changwon-daero, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Republic of Korea	

#### 5. Status of Employees (As of December 31, 2020)

(Unit: person)

Classification	Office & Operation
Men	1,001
Women	1,225
Total	2,226

## 6. Organization



## II. INFORMATION ON SHARES

### 1. Total Number of Stocks, Etc.

#### A. Total number of stocks (As of December 31, 2020)

(Unit: share)

Classification	Types of stocks		Remark
	Common stock	Total	
I. Total number of stocks to be issued	20,000,000	20,000,000	-
II. Total number of stocks issued to this point	13,939,185	13,939,185	-
III. Total number of stocks reduced to this point	-	-	-
	1. Reduction of capital	-	-
	2. Retirement of shares	-	-
	3. Repayment of redeemed stocks	-	-
	4. Others	-	-
IV. Total number of stocks issued (II-III)	13,939,185	13,939,185	-
V. Treasury stocks	549,253	549,253	-
VI. Outstanding stocks (IV-V)	13,389,932	13,389,932	-

### B. Change of capital

#### (1) Status of capital increase

(Unit: share, won)

Date of stock issuance	Type of issuance	Contents of issued stocks				Remark
		Types	Quantity	Par value	Issuance amount per stock	
Oct. 25, 1993	-	Common stock	35,000	10,000	10,000	Capital for incorporation
Jun. 12, 1996	Capital increase with consideration (shareholder allotment)	Common stock	21,500	10,000	10,000	-
Jul. 25, 1997	Capital increase with consideration (shareholder allotment)	Common stock	35,840	10,000	10,000	-
Oct.01, 1997	-	Common stock	184,680	5,000	-	1 to 2 shares
Dec. 02, 1999	Capital increase with consideration (shareholder allotment)	Common stock	115,320	5,000	5,000	-
Dec. 23, 1999	Capital increase with consideration (shareholder allotment)	Common stock	60,000	5,000	10,000	-
May, 05, 2000	Stock Split	Common stock	3,600,000	500	-	1 to 10 shares
Nov. 16, 2000	Capital increase with consideration (shareholder allotment)	Common stock	900,000	500	2,850	-
Aug. 26, 2003	Capital increase without consideration	Common stock	3,764,034	500	-	-
Oct. 27,2004	Capital increase with consideration (shareholder allotment)	Common stock	76,322	500	11,850	-

Oct. 27, 2004	Bonus Issue	Common stock	1,977,029	500	-	-
Nov. 11, 2006	Capital increase	Common stock	1,161,000	500	55,711	DR
Feb. 28, 2020	Capital increase with consideration (Third-party allotment)	Common stock	2,323,000	500	55,500	-

## (2) Status of capital decrease

(Unit: share, won)

Date of capital reduction	Type	Purpose	Contents of reduced stocks				Remark
			Types	Quantity	Face value per stock	Amount of acquisition per stock (for capital decrease for consideration)	
-	-	-	-	-	-	-	-

## C. Contents of scheduled change for capital

No applicable change

## 2. Matters on Dividends

### A. Matters on dividend for three recent fiscal year

Classification		28 <sup>th</sup> Term	27 <sup>th</sup> Term
Face value per stock (won)		500	500
(Consolidated) Current net income (million won)		(172,012)	(8,027)
(Separated) Current net income (million won)		(99,210)	(34,655)
(Consolidated) Net income per share (won)		(13,210)	(752)
Total amount of cash dividend (million won)		-	11,067
Total amount of stock dividend (million won)		-	-
Dividend payout ratio (%)		-	-
Yield rate of cash dividend (%)	Common stock	-	2.0
	Preferred stock	-	-
Yield rate of stock dividend (%)	Common stock	-	-
	Preferred stock	-	-
Cash dividend per share (won)	Common stock	-	1,000
	Preferred stock	-	-
Stock dividend per share	Common stock	-	-
	Preferred stock	-	-

### III. CONTENTS OF THE BUSINESS

#### 1. Summary of the Business

Until 2019, Korea's outbound volume has continued to grow gradually, due to increased leisure time and national disposable income growth. However, the outbreak of COVID-19 restricted cross-country travel and Korea's outbound volume decreased significantly. (WHO declared COVID-19 a pandemic on March 11, 2020)

Hanatour tried to find new demand for safe travel, commercial travel, chartered flights for Korean residents, and domestic travel, but had to spend the worst year without making notable performance, owing to the aggressive spread of the virus, and strengthening quarantine of overseas immigrants.

As the result of these factors, Korea's outbound volume decreased 86.3%YOY, Hanatour's PKG volume was 0.24 million showing approximately 91.7% decrease over 2019 records, and Air Ticket volume was 0.4 million showing a significant decrease of 81.9% YOY. All in all, Hanatour's blended YOY volume growth in 2020 was -87.4% with approximately 0.6 million customers.

Regional volume split was as follows: Southeast Asia 57.0%, Europe 10.9%, China 10.4%, Japan 8.5%, Americas 6.6% South Pacific 6.6%. Each destinations' revenue contribution was Southeast Asia 47.9%, Europe 19.4%, Americas 15.7%, South Pacific 8.4%, China 4.7%, Japan 3.9%, The above Regional mix most likely represents the Korean outbound travel preference which prefer short haul destinations.

#### 2. Market Share Rate

The market share rate of the travel business is classified based on the calculation in which the "Total Departures from HANATOURE" is divided by the "Total Departures of Korea." (Crews are excluded from the total departing persons) The "Total Departure of Korea" is announced by Korea Tourism Organization (KTO) and the "Total Departures from HANATOURE" is the figure which we report to Korean Association of Travel Agents (KATA).

<Market share rate based on the number of people>

Year	2020		2019		2018	
	Total Departures from HANATOURE	Total Departures of Korea	Total Departures from HANATOURE	Total Departures of Korea	Total Departures from HANATOURE	Total Departures of Korea
	646,444	3,688,606	5,143,867	26,920,415	5,878,013	26,928,389
Share rate	17.53%		19.11%		21.83%	

#### 3. Characteristics of the market

There are three special characteristics that make travel industry distinctive.

First, Travel business has seasonality. The pricing and marketing strategies change in accordance to seasons. However, due to 5-work-day policy and more maturing society and corporate cultures, the gap between the demands of seasons are shrinking which demanding changes to the products and strategies of travel agents.

Second, travel industry has time limits and has no inventory. This is in-line with air transportation, and hotel business. Products have to be sold on each day or the inventories will disappear automatically. Therefore it is very important to have marketing strategy and diversified portfolio of products in order to get rid of all the inventories that the company possesses.

Third, travel industry is easy to copy. Therefore, the company needs to find new elements that would differentiate the company among competitors.

Last, travel industry is volatile. Compared to other industries it is affected by political, diplomatic, various social issues, economic issue, diseases and other aspects as well.

#### 4. New Business Development

Not Applicable.

## IV. Status of the Parent Company and Affiliated Companies

### 1. Status of the parent company

Not applicable.

### 2. Status of affiliated companies

(Unit: Share, %)

Name of the Company	Business Contents	No. of Shares	Ownership Ratio (%)
Hanatour Business Service Inc.	Travel Business	400,000	100.00
Hanatour Jeju Service Inc.	Travel Business	618,830	77.35
Hanatour ITC Service Inc.	Travel Business	24,400,000	100.00
Tour Marketing Korea Service Inc.	Travel Business	140,000	70.00
Web Tour Service Inc.	Travel Business	8,777,380	76.99
WorldisTour Co., Ltd.	Travel Business	8,000,001	50.00
Hana Shop Co., Ltd.	Retail Business	360,000	90.00
Mark Hotel Co., Ltd.	Hotel Business	40,000,000	100.00
Hana Finance Service Inc.	Finance Service	9,800,000	100.00
SM duty free Co., Ltd.	Duty Free Business	12,325,387	90.13
Hanatour USA Inc.	Travel Business	500,000	100.00
Hanatour Europe Ltd.	Travel Business	4,200	70.00
Hanatour PTE LTD.	Travel Business	2,142,000	100.00
Hanatour Japan Co., Ltd.	Travel Business	5,619,700	51.09
Hanatour CHINA	Travel Business	-	100.00
Hanatour PTY. Ltd.	Travel Business	600,000	100.00
Hanatour HongKong Co., Ltd.	Travel Business	5,000,000	100.00
Hanatour Taiwan Service Inc.	Travel Business	-	100.00
Beijing Hana Information Technology Co., Ltd.	Software Technical Development	-	100.00
Hanatour Service (M) Sdn.Bhd.	Travel Business	1,500,000	100.00
HANATOUR EU GMBH	Travel Business	-	100.00
CAMLAO HANATOUR CO., LTD.	Travel Business	300,000	100.00
HANATOUR VIETNAM COMPANY LIMITED	Travel Business	-	85.00
HANATOUR PHILIPPINES CORP.	Travel Business	1,267,980	97.54
HNT ITALIA-SOCIETA' A RESPONSABILITA' LIMITATA	Travel Business	-	51.00
HNT SAIPAN CORPORATION	Travel Business	-	60.00



### 3. Concurrent status of the executive management

Executive management		Concurrent Company		
Name	Position	Company Name	Position	Assigned Task
SangHwan Park	Chairman	HANATOUR PTE LTD.	Director	General Management
JinKook Kim	Chief Executive Officer and Director	Hanatour China	Director	General Management
KyungKen Yuk	Vice President	Hanatour Business Service Inc.	Director	General Management
		Web Tour Service Inc.	Director	General Management
		SM duty free Co., Ltd.	Director	General Management
		Hana Finance Service Inc.	Director	General Management
		Hana Tourist Inc.	Director	General Management
		CELINO INC	Director	General Management
		Hanatour ITC Service Inc.	Director	General Management

## V. SUMMARY OF FINANCIAL DATA

\* We've applied K-IFRS 1115 form 2018 and rewrote 2017 and 2016 Financial Results using K-IFRS 1115

### 1. Financial results

(In thousand won, except per share amounts)

Classification	28 <sup>th</sup> Term	27 <sup>th</sup> Term	26 <sup>th</sup> Term
Sales	73,947,230	462,940,363	542,073,146
Operating Expenses	149,962,759	457,256,969	515,443,456
Operating Income	(76,015,530)	5,683,395	26,629,690
Profit Before Tax	(131,191,120)	(31,876,068)	21,249,687
Income Tax Expense	(31,981,313)	2,779,238	7,853,355
Net Income	(99,209,807)	(34,655,306)	13,396,332
Net Income per Share(Won)	(7,619)	(3,131)	1,210

### 2. Financial position

(In thousand won)

Classification	28 <sup>th</sup> Term	27 <sup>th</sup> Term	26 <sup>th</sup> Term
Current Assets	121,274,400	163,151,889	265,598,584
Non-Current Assets	226,035,622	295,927,124	207,107,324
<b>Total Assets</b>	<b>347,310,022</b>	<b>459,079,014</b>	<b>472,705,908</b>
Current Liabilities	95,992,675	226,927,968	287,134,993
Long-term Liabilities	92,035,510	98,159,130	3,643,375
<b>Total Liabilities</b>	<b>188,028,185</b>	<b>325,087,098</b>	<b>290,778,368</b>
Capital Stock	6,969,593	5,808,093	5,808,093
Other Paid-in Capital	186,465,030	58,700,030	58,700,030
Elements of Other Shareholder's Equity	(9,097)	(9,097)	(9,097)
Retained Earnings	(34,143,689)	69,492,890	117,428,515
<b>Total Shareholder's Equity</b>	<b>159,281,837</b>	<b>133,991,916</b>	<b>181,927,541</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>347,310,022</b>	<b>459,079,014</b>	<b>472,705,908</b>

## VI. RISK FACTORS

Refer to III - 1. Summary of the Business

## VII. MANAGEMENT

Full-time / Part-time	Name	Position	Assigned Task
Full-time	SangHwan Park	Chairman, Director	General Management
Full-time	HeeSeok Kweon	Senior Vice Chairman, Director	General Management
Full-time	JinKook Kim	Chief Executive Officer and Director	General Management
Full-time	MiSun Song	Chief Executive Officer and Director	General Management
Full-time	KyungKen Yuk	Vice President and Director	General Management
Part-time	JeongWoo Byun	Auditor, Outside Director	Outside Director
Part-time	KeunHo Cho	Auditor, Outside Director	Outside Director
Part-time	MoonHyun Kim	Auditor, Outside Director	Outside Director
Part-time	SangMan Han	Auditor, Outside Director	Outside Director
Part-time	InJun Song	Non-Executive Director	Non-Executive Director
Part-time	YoungHo Kim	Non-Executive Director	Non-Executive Director
Part-time	ChanWoo Park	Non-Executive Director	Non-Executive Director

## VIII. LIST OF MAJOR SHAREHOLDERS

Shareholder	Number of shares	Percentage
Harmonia 1 limited company and 13 people with a special relationship	3,927,061	28.17%
HANATOUR INC.	549,253	3.94%

## IX. CURRENT STATUS OF INVESTMENTS

### 1. Domestic

Name of the Company	Ownership Company	Ownership Ratio (%)	No. of Shares
Hanatour Business Service Inc.	HANATOUR Service Inc.	100.00	400,000
Hana Tourist Inc.	HANATOUR Service Inc.	30.23	906,981
Hanatour Jeju Service Inc.	HANATOUR Service Inc.	77.35	618,830
Hanatour ITC Service Inc.	HANATOUR Service Inc.	100.00	24,400,000
Tour Marketing Korea Service Inc.	HANATOUR Service Inc.	70.00	140,000
OK Tour Service Inc.	HANATOUR Service Inc.	48.92	9,784
Web Tour Service Inc.	HANATOUR Service Inc.	76.99	8,777,380
WorldisTour Co., Ltd.	HANATOUR Service Inc.	50.00	8,000,001
Hana Shop Co., Ltd.	HANATOUR Service Inc.	90.00	360,000
Nextour Co., Ltd.	Web Tour Service Inc.	100.00	40,000
Hotel&Air Co., Ltd.	HANATOUR Service Inc.	50.00	1,000,000
Gyoyugyeohaeng Co., Ltd	HANATOUR Service Inc.	19.90	398,000
Mark Hotel Co., Ltd.	HANATOUR Service Inc.	100.00	40,000,000
Hana Finance Service Inc.	HANATOUR Service Inc.	100.00	9,800,000
SM duty free Co., Ltd.	HANATOUR Service Inc.	90.13	12,325,387

Name of the Company	Ownership Company	Ownership Ratio (%)	No. of Shares
Triple Corp.	HANATOUR Service Inc.	3.84	6,000
Hanatong Co., Ltd.	HANATOUR Service Inc.	50.00	-
CELINO INC	HANATOUR Service Inc.	50.00	300,000
K Culture Industry Co., Ltd.	HANATOUR Service Inc.	40.00	-
YDH LTD	HANATOUR Service Inc.	20.00	-
Hani Tour Inc.	HANATOUR Service Inc.	9.54	19,078
SAM Consulting Co.,Ltd.	HANATOUR Service Inc.	7.69	1,667
KC HOSPITALITY CO.,LTD	HANATOUR Service Inc.	10.00	57,600
Jeju Channel Inc.	Hanatour Jeju Service Inc.	8.06	50,000
Dream Co., Ltd.	HANATOUR Service Inc.	2.08	2,250
	Hanatour Jeju Service Inc.	2.08	2,250

## 2. Overseas

Name of the Company	Ownership Company	Region	Ownership Ratio (%)	No. of Shares
Hanatour USA Inc.	HANATOUR Service Inc.	LA	100.00	500,000
Hanatour Europe Ltd.	HANATOUR Service Inc.	London	70.00	4,200
Hanatour PTE LTD.	HANATOUR Service Inc.	Singapore	100.00	2,142,000
Hanatour Japan Co., Ltd.	HANATOUR Service Inc.	Japan	51.09	5,619,700
U.I Sightseeing Bus LLC	HANATOUR JAPAN CO., LTD	Japan	100.00	1,900
Hanatour CHINA	HANATOUR Service Inc.	China	100.00	-
Hanatour PTY. Ltd.	HANATOUR Service Inc.	Australia	100.00	600,000
Hanatour HongKong Co., Ltd.	HANATOUR Service Inc.	Hong Kong	100.00	5,000,000
Hanatour Taiwan Service Inc.	HANATOUR Service Inc.	Taiwan	100.00	-
Hanatour Europe s.r.l	HANATOUR Service Inc.	Italy	50.00	5,250
Allegrox TM Hotel	HANATOUR JAPAN CO., LTD	Japan	100.00	396
Star Shop&Line	HANATOUR JAPAN CO., LTD	Japan	100.00	1,800
Beijing Hana Information Technology Co., Ltd.	HANATOUR Service Inc.	China	100.00	-
Hanatour Service (M) Sdn.Bhd.	HANATOUR Service Inc.	Malaysia	100.00	1,500,000
Hanatour Janpan System Vietnam	HANATOUR JAPN CO., LTD	Vietnam	100.00	-
HANATOUR EU GMBH	HANATOUR Service Inc.	Germany	100.00	-
CAMLAO HANATOUR CO., LTD.	HANATOUR Service Inc.	Cambodia	100.00	300,000
HANATOUR VIETNAM COMPANY LIMITED	HANATOUR Service Inc.	Vietnam	85.00	-
HANATOUR PHILIPPINES CORP.	HANATOUR Service Inc.	Philippines	97.54	1,267,980
VISION TOUR, INC.	Hanatour USA Inc.	LA	100.00	300,000
HANA Zhuhai Marketing & Network Co., Ltd	HANATOUR HONGKON CO., LTD.	Zhuhai	100.00	-
HNT ITALIA – SOCIETA' A RESPONSABILITA' LIMITATA	HANATOUR Service Inc.	Roma	51.00	-
HNT Swiss GmbH	HANATOUR EUROPE LTD	Switzerland	100.00	-
HNT SAIPAN CORPORATION	HANATOUR Service Inc.	Saipan	60.00	-
BREAKER INC.	HANATOUR JAPAN	Japan	2.64	-

## **X. MAJOR CREDITORS**

Not applicable.

## **XI. IMPORTANT EVENTS AFTER THE SETTLEMENT OF ACCOUNTS PERIOD**

- (1) WorldisTour Co., Ltd. which is one of subsidiaries of the Group resolved to dissolve on January 5, 2021.
- (2) The parent company decided to reduce 170,000,000,000won of the capital reserve and convert it into retained earnings at the general meeting of shareholders on March 26, 2021.

## **XII. OTHER IMPORTANT FACTS ABOUT THE BUSINESS**

None.

# Independent Auditors' Report

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of  
Hanatour Service Inc.:

## Opinion

We have audited the consolidated financial statements of Hanatour Service Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

## Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Jung Wook Do.

KPMG Samjong Accounting Corp.  
Seoul, Korea  
March 18, 2021

This report is effective as of March 18, 2021, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

HANATOUR SERVICE INC. AND SUBSIDIARIES  
Consolidated Statements of Financial Position  
As of December 31, 2020 and 2019  
(In thousands of won)

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	₩ 101,851,025	110,846,773
Short-term financial instruments	18,114,794	105,607,931
Trade receivables	9,315,225	88,143,088
Other receivables	9,169,709	9,503,873
Finance lease receivables	2,137,718	1,911,235
Inventories	2,013,920	33,843,943
Advance payments	9,797,848	31,064,346
Other current assets	3,529,004	10,599,262
Other financial assets	5,123,578	8,877,273
Current tax assets	633,823	517,328
Assets held for sale	46,402,958	5,134,924
Current financial assets at FVTPL	236,154	2,181,987
<b>Total current assets</b>	<u>208,325,756</u>	<u>408,231,963</u>
Non-current financial assets at FVTPL	4,529,550	4,256,975
Financial assets at FVOCI	1,207,318	1,317,191
Investments in associates and joint ventures	3,099,867	6,168,614
Long-term finance lease receivables	1,336,082	1,926,002
Long-term other receivables	1,328,850	3,094,053
Investment property, net	8,498,609	25,708,777
Property and equipment, net	98,387,081	146,338,304
Right-of-use assets	263,965,044	323,826,602
Intangible assets	41,958,023	40,533,487
Long-term advance payments	-	4,000,000
Other financial assets	28,196,140	31,242,031
Deferred tax assets	42,376,646	10,769,354
Other non-current assets	51,949	142,505
<b>Total non-current assets</b>	<u>494,935,159</u>	<u>599,323,895</u>
<b>Total assets</b>	<u>₩ 703,260,915</u>	<u>1,007,555,858</u>

HANATOUR SERVICE INC. AND SUBSIDIARIES  
 Consolidated Statements of Financial Position, Continued  
 As of December 31, 2020 and 2019

(In thousands of won)

	<u>2020</u>	<u>2019</u>
<b>Liabilities</b>		
Trade payables	₩ 7,021,596	66,698,743
Other payables	61,872,256	40,764,796
Income tax payables	448,134	3,784,025
Deposits received for travel	6,236,819	104,370,542
Advances received	26,524,195	22,300,072
Short-term borrowings	23,900,152	90,837,505
Current portion of long-term borrowings	6,816,375	3,389,707
Finance lease liabilities	22,784,004	47,131,157
Provisions	2,142,207	490,586
Other financial liabilities	2,325,020	3,774,508
Other current liabilities	13,191,064	23,960,522
<b>Total current liabilities</b>	<u>173,261,822</u>	<u>407,502,163</u>
Long-term other payables	6,376,512	8,287,017
Long-term borrowings	94,865,826	88,668,268
Debentures	311,242	1,363,052
Long-term provisions	433,008	1,856,401
Long-term finance lease liabilities	299,760,033	279,690,103
Provision for long-term employee benefits	2,316,695	1,945,053
Other financial liabilities	475,680	202,000
Other non-current liabilities	146,106	162,353
<b>Total non-current liabilities</b>	<u>404,685,102</u>	<u>382,174,247</u>
<b>Total liabilities</b>	<u>577,946,924</u>	<u>789,676,410</u>
<b>Equity</b>		
Capital stock	6,969,593	5,808,093
Other contributed capital	205,366,093	77,487,067
Components of other capital	2,210,944	538,389
Retained earnings	(79,507,585)	96,937,522
<b>Equity attributable to the owners of the Parent Company</b>	<u>135,039,045</u>	<u>180,771,071</u>
<b>Non-controlling interests</b>	<u>(9,725,054)</u>	<u>37,108,377</u>
<b>Total equity</b>	<u>125,313,991</u>	<u>217,879,448</u>
<b>Total liabilities and equity</b>	<u>₩ 703,260,915</u>	<u>1,007,555,858</u>



HANATOUR SERVICE INC. AND SUBSIDIARIES  
Consolidated Statements of Comprehensive Income (Loss)  
For the years ended December 31, 2020 and 2019

(In thousands of won, except earnings per share data)

	2020	2019
<b>Operating revenue</b>	₩ 109,571,614	614,602,328
<b>Operating expense</b>	<u>224,438,313</u>	<u>607,142,294</u>
Bad debt expense	13,343,343	5,801,390
Other operating expense	211,094,970	601,340,904
<b>Operating income</b>	<u>(114,866,699)</u>	<u>7,460,034</u>
Interest income by effective interest method	1,875,972	2,981,725
Other financial income	391,404	888,325
Financial expense	9,064,506	8,719,195
Loss from investment in associates and joint ventures	(4,137,405)	(2,795,157)
Other income	11,708,098	15,704,787
Other expense	74,710,136	14,875,496
Other bad debt expense	718,002	-
<b>Income (loss) before income taxes</b>	(189,521,274)	645,023
Income taxes of continuing operations	<u>(30,709,687)</u>	<u>6,223,690</u>
<b>Net loss</b>	₩ <u>(218,571,040)</u>	<u>(11,951,852)</u>
Net loss from continuing operations	(158,811,587)	(5,578,667)
Net loss from discontinued operations	<u>(59,759,453)</u>	<u>(6,373,185)</u>
<b>Other comprehensive income after tax expense</b>	3,193,888	3,235,326
<b>Items that will never be reclassified to profit of loss:</b>		
Loss on valuation financial assets at FVOCI	(70,117)	(426,975)
<b>Items that are or may be reclassified subsequently to profit of loss:</b>		
Changes in valuation of equity-accounted investees, net	-	12,937
Gain on foreign operations translation, net	<u>3,264,005</u>	<u>3,649,364</u>
<b>Total comprehensive income (loss)</b>	₩ <u>(215,377,152)</u>	<u>(8,716,526)</u>
<b>Net income (loss) attributable to:</b>		
Owners of the Parent Company	(172,012,334)	(8,027,404)
Non-controlling interests	<u>(46,558,706)</u>	<u>(3,924,448)</u>
	₩ <u>(218,571,040)</u>	<u>(11,951,852)</u>
<b>Comprehensive income (loss) attributable to:</b>		
Owners of the Parent Company	(170,353,428)	(5,956,489)
Non-controlling interests	<u>(45,023,724)</u>	<u>(2,760,037)</u>
	₩ <u>(215,377,152)</u>	<u>(8,716,526)</u>
<b>Earnings (losses) per share</b>		
Basic earnings (losses) per share attributable to (in won) :		
Continuing operation (in won)	(13,210)	(725)
Discontinued operation (in won)	(9,232)	290
Diluted earnings (losses) per share attributable to (in won) :	(3,978)	(1,015)
Diluted earnings (losses) per share attributable to (in won) :		
Continuing operation (in won)	₩ (13,210)	(725)
Discontinued operation (in won)	(9,232)	290
Diluted earnings (losses) per share attributable to (in won)	(3,978)	(1,015)

HANATOUR SERVICE INC. AND SUBSIDIARIES  
Consolidated Statements of Changes in Equity  
For the years ended December 31, 2020 and 2019

<i>(In thousands of won)</i>	Capital Stock	Other contributed capital	Components of other capital	Retained earnings	Non- controlling interests	Total shareholders' equity
<b>January 1, 2019</b>	₩ 5,808,093	77,349,083	(1,532,526)	118,245,244	40,010,312	239,880,206
Dividends	-	-	-	(6,640,159)	-	(6,640,159)
Interim dividends	-	-	-	(6,640,159)	-	(6,640,159)
Dividends of subsidiaries	-	-	-	-	(1,507,428)	(1,507,428)
Stock compensation expense	-	155,749	-	-	146,064	301,813
Net income	-	-	-	(8,027,404)	(3,924,448)	(11,951,852)
Gain on foreign operations translation	-	-	2,225,621	-	1,423,743	3,649,364
Changes in valuation of equity accounted investees	-	-	12,937	-	-	12,937
loss on valuation financial assets at FVOCI	-	-	(167,643)	-	(259,332)	(426,975)
Acquisition of treasury stock	-	(416)	-	-	(534)	(950)
Paid-in capital increase of subsidiaries	-	(17,349)	-	-	17,349	-
Changes in scope of consolida tion	-	-	-	-	1,202,651	1,202,651
<b>December 31, 2019</b>	₩ <u>5,808,093</u>	<u>77,487,067</u>	<u>538,389</u>	<u>96,937,522</u>	<u>37,108,377</u>	<u>217,879,448</u>
<b>January 1, 2020</b>	₩ 5,808,093	77,487,067	538,389	96,937,522	37,108,377	217,879,448
Dividends	-	-	-	(4,426,772)	-	(4,426,772)
Dividends of subsidiaries	-	-	-	-	(1,751,550)	(1,751,550)
Stock compensation expense	-	117,236	-	-	109,947	227,183
Net loss	-	-	-	(172,012,334)	(46,558,706)	(218,571,040)
Gain on foreign operations translation	-	-	1,713,558	-	1,550,447	3,264,005
Loss on valuation financial assets at FVOCI	-	-	(54,652)	-	(15,465)	(70,117)
Derecognition of financial assets at FVOCI	-	-	-	(6,000)	-	(6,000)
Acquisition of treasury stock	-	(91)	-	-	-	(91)
Paid-in capital increase of Parent company	1,161,500	127,765,000	-	-	-	128,926,500
Paid-in capital increase of Subsidiaries	-	(3,119)	-	-	3,119	-
Changes in scope of consolida tion	-	-	13,649	-	(171,224)	(157,575)
<b>December 31, 2020</b>	₩ <u>6,969,593</u>	<u>205,366,093</u>	<u>2,210,944</u>	<u>(79,507,584)</u>	<u>(9,725,055)</u>	<u>125,313,991</u>

# HANATOUR SERVICE INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(In thousands of won)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Net loss	₩ (218,571,040)	(11,951,852)
Additions of expenses not involving cash outflows and others	157,573,133	125,395,547
Deduction of incomes not involving cash inflows and others	(6,077,486)	(9,150,771)
Movements in operating assets and liabilities:		
Decrease in trade receivables	72,070,031	7,011,917
Decrease in other receivables	2,726,123	667,325
Decrease in inventories	28,683,518	17,324,541
Decrease (increase) in advance payments	22,781,087	(2,650,065)
Increase in long-term advance payments	-	(9,472,559)
Decrease (increase) in other current assets	6,201,879	(438,816)
Increase in other non-current assets	(21,345)	(508,765)
Decrease in trade payables	(59,455,334)	(32,701,319)
Decrease in other payables	(29,127,075)	(3,324,301)
Decrease in deposits received for travel	(89,194,333)	(29,632,734)
Increase (decrease) in advances received	4,237,517	(3,720,082)
Increase (decrease) in other financial liabilities	(433,003)	4,289,423
Decrease in other current liabilities	(11,924,107)	(7,376,238)
Decrease in provisions	(1,421,352)	(1,439,177)
Increase (decrease) in long-term other payables	(398,385)	2,711,288
Decrease in other long-term employee benefit	(29,340)	(155,500)
	<u>(122,379,512)</u>	<u>44,877,862</u>
<b>Interest expense paid</b>	(8,658,314)	(10,926,055)
<b>Interest income received</b>	1,923,042	3,107,324
<b>Dividend income received</b>	553,872	512,010
<b>Income taxes paid</b>	<u>(4,307,113)</u>	<u>(8,929,854)</u>
<b>Net cash provided by operating activities</b>	₩ <u>(132,868,025)</u>	<u>28,641,287</u>

HANATOUR SERVICE INC. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows, Continued  
For the years ended December 31, 2020 and 2019

(In thousands of won)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>		
<b>Cash inflows from investing activities:</b>		
Decrease in short-term financial instruments	₩ 198,366,449	269,317,824
Decrease in other receivables	11,964	466,260
Disposal of financial assets at FVTPL	1,813,578	10,052,783
Disposal of investment in associates and joint venture	200,995	537,160
Disposal of financial assets at FVOCI	14,000	-
Capital reduction of associates and joint venture	-	5,201,270
Disposal of property and equipment	5,798,643	18,146,478
Disposal of intangible assets	-	5,489
Disposal of intangible assets being acquired	35,401	2,773
Decrease in finance lease receivables	1,272,889	2,213,198
Decrease in other financial assets	14,673,913	3,566,715
Disposal of assets held for sale	3,500,000	-
<b>Cash outflows from investing activities:</b>		
Increase in short-term financial instruments	106,460,284	248,239,459
Increase in other receivables	1,477,276	6,305
Acquisition of financial assets at FVTPL	750,000	7,488,200
Acquisition of financial assets at FVOCI	221	804,240
Acquisition of investment in associates and joint venture	-	5,064,000
Acquisition of property and equipment	4,042,829	110,882,808
Acquisition of Investment property	-	6,924,548
Acquisition of intangible assets	16,971,962	28,512,859
Acquisition of prepaid lease assets.	-	3,498,000
Increase in other financial assets	8,951,556	10,818,123
<b>Net cash used in investing activities</b>	<b>₩ 87,033,704</b>	<b>(112,728,592)</b>

HANATOUR SERVICE INC. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows, Continued  
For the years ended December 31, 2020 and 2019  
(In thousands of won)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from financing activities</b>		
<b>Cash inflows from financing activities:</b>		
Proceeds from short-term borrowings	₩ 107,240,149	216,929,251
Proceeds from long-term borrowings	12,708,305	80,576,671
Paid-in capital increase of parent company	128,926,500	-
Paid-in capital increase of subsidiaries	-	1,202,651
<b>Cash outflows for financing activities:</b>		
Repayment of short-term borrowings	176,660,646	199,112,653
Repayment of current portion of long-term borrowings	2,300,535	2,677,044
Repayment of long-term borrowings	1,105,070	-
Repayment of finance lease liabilities	23,406,065	53,541,985
Payment of cost of stock issuing	6,338	-
Acquisition of treasury stocks	-	950
Payment of stock issuance expense	-	-
Payment of dividends	7,453,827	14,787,746
<b>Net cash provided by financing activities</b>	<u>37,942,473</u>	<u>28,588,195</u>
Increase (decrease) in cash on changes in scope of consolidation	<u>(18,657)</u>	<u>7,125,967</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(7,910,505)</u>	<u>(48,373,143)</u>
<b>Cash and cash equivalents at beginning of year</b>	110,846,773	157,699,693
<b>Effect of exchange rate change</b>	<u>(1,085,243)</u>	<u>1,520,223</u>
<b>Cash and cash equivalents at end of year</b>	<u>₩ 101,851,025</u>	<u>110,846,773</u>