Annual Report

I. OUTLINE OF THE COMPANY

1. Purpose of the Company

Purpose	Remark
1. General Travel Business(Travel Agency) 2. Ticketing and Sales of Airline and Boat 3. Souvenir Sales 4. Issuing of Selling Offers 5. Real Estate Dealing and Lease 6. Optional Communication Business 7. Computer Programming and Supply 8. Telemarketing Business 9. Printing and Publishing Business 10. Issuing of Periodicals 11. Operating School to Train Travel Experts 12. Transportation Business(Chartered Buses) 13. Internet Business (Install and Provide Contents, Internet Marketing) 14. E-commerce and Information Processing 15. Advertisement (Internet and Outdoor Advertisement) 16. Information and communication Related Business 17. Web Hosting and Homepage Establishment 18. Warehousing 19. Tourists Hotel & Lodging business 20. Operation and management of Tourists Hotels & Lodging and other incidental facilities 21. Tourists Hotels & Lodging Management Business 22. Investment, Development, Operation and Asset Management of the Domestic and Overseas Real Estate 23. Real Estate Agent Business 24. Management of Intellectual Property Rights and License Business (Brand, Trademark Rights) 25. Intangible Assets Sales and Service (Knowledge, Information) 26. Production and Distribution (Movies, Broadcasting, Videos and Other Cultural Products) 27. Production and Distribution of Digital Contents 28. Operating Performance Facilities 29. Planning Performance 30. Character business 31. Exhibition and Event Agency 32. Internet Broadcasting 33. Tourism Development and Incidental Business (Marketing Counsel, Planning and Consulting) 34. Education service 35. Operation of Lifelong E-learning Education Facilities 36. Gift Certificate Sales 37. Wedding Consulting 38. Amusement Park Operation 39. Comprehensive Leisure Facilities and Operation Management 40. Tourist Attraction Development Business 41. Comprehensive Recreation Business 42. International Conference Planning Business 43. Camping Car Business 44. Bonded Goods and Tourism Product Sales Business 45. Accommodation Business 46. Accommodation reservation Service 47. Web Portal and Internet Information Service 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	

Purpose	Remark
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	

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
Mar. 25, 2022	CEO changed - MiSun Song and KyungKen Yuk
Dec. 31, 2022	CEO changed - 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

Not applicable.

4. Domestic Place of Business

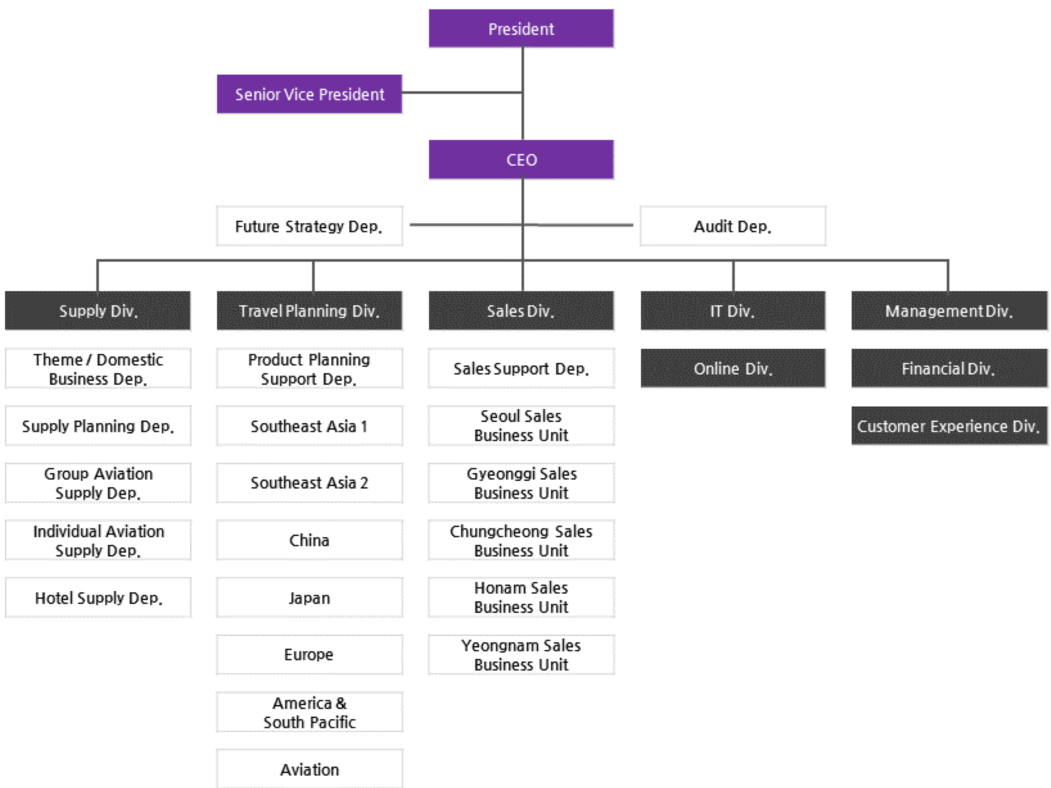
Classification	Location	Main Business
Head Office	41, Insadong 5-gil, Jongno-gu, Seoul, Republic of Korea	General Travel Business and Ticketing
Busan Sales Office	7, Chungjang-daero 9beon-gil, Jung-gu, Busan, Republic of Korea	
Airport Office (Terminal1)	271, Gonghang-ro, Jung-gu, Incheon, Republic of Korea	
Airport Office (Commodity Support)	124, Yeongjong-daero, Jung-gu, Incheon, Republic of Korea	
Suwon Sales Office	46, Gwongwang-ro 180beon-gil, Paldal-gu, Suwon-si, Gyeonggi-do, Republic of Korea	
Seongnam Sales Office	42, Jangmi-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea	
Bucheon Sales Office	203, Buil-ro, Wonmi-gu, Bucheon-si, Gyeonggi-do, Republic of Korea	
Daegu Sales Office	648, Gukchaebosang-ro, Jung-gu, Daegu, Republic of Korea	
Daejeon Sales Office	69, Dunsanseo-ro, Seo-gu, Daejeon, Republic of Korea	
Gwangju Sales Office	136, Geumnam-ro, Buk-gu, Gwangju, Republic of Korea	
Gangneung Slaes Office	2141, Gyeonggang-ro, 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, Hongsan-ro, Wansan-gu, Jeonju-si, Jeollabuk-do, Republic of Korea	
Suncheon Sales Office	15, Chunghyo-ro, Suncheon-si, Jeollanam-do, Republic of Korea	
Changwon Sales Office	754, Changwon-daero, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Republic of Korea	
Travel Desk	51, Sogong-ro, Jung-gu, Seoul, Republic of Korea	

5. Status of Employees (As of December 31, 2023)

(Unit: person)

Classification	Office & Operation
Men	616
Women	654
Total	1,270

6. Organization



II. INFORMATION ON SHARES
1. Total Number of Stocks, Etc.
A. Total number of stocks (As of December 31, 2023)

(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		16,039,185	16,039,185	-
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)		16,039,185	16,039,185	-
V. Treasury stocks		549,253	549,253	-
VI. Outstanding stocks (IV-V)		15,489,932	15,489,932	-

B. Change of capital
(1) Status of capital increase

(Unit: share, won)

Date of stock issuance	Type of issuance	Contents of issued stocks				
		Types	Quantity	Par value	Issuance amount per stock	Remark
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	Common stock	76,322	500	11,850	-

	allotment)					
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	-
Jun. 29, 2022	Capital increase with consideration (Rights offering)	Common stock	2,100,000	500	49,800	-

(2) Status of capital decrease

(Unit: share, won)

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

C. Contents of scheduled change for capital

No applicable change

2. Matters on Dividends

A. Matters on dividend for three recent fiscal year

Classification		31st Term	30th Term	29th Term
Face value per stock (won)		500	500	500
(Consolidated) Current net income (million won)		47,029	(66,774)	(43,987)
(Separated) Current net income (million won)		30,819	(74,617)	(38,741)
(Consolidated) Net income per share (won)		3,036	(4,618)	(3,285)
Total amount of cash dividend (million won)		77,450	-	-
Total amount of stock dividend (million won)		-	-	-
Dividend payout ratio (%)		164.7	-	-
Yield rate of cash dividend (%)	Common stock	7.8	-	
	Preferred stock	-	-	
Yield rate of stock dividend (%)	Common stock	-	-	
	Preferred stock	-	-	
Cash dividend per share (won)	Common stock	5,000	-	
	Preferred stock	-	-	
Stock dividend per share	Common stock	-	-	
	Preferred stock	-	-	

III. CONTENTS OF THE BUSINESS
1. Summary of the Business

The COVID-19 pandemic, which began in 2020, imposed unprecedented challenges on the travel industry by restricting international movement over the past three years. Fortunately, with the increase in vaccination rates and the rapid decline in the spread of the virus, the World Health Organization (WHO) declared an end to the Public Health Emergency of International Concern in May 2023, three years and four months after the onset of the pandemic. In accordance with this, the government of South Korea declared an end to the pandemic and lifted all related restrictions. As countries worldwide relaxed their quarantine measures, the travel industry began to show signs of a robust recovery.

Throughout the COVID-19 period, Hanatour focused on strengthening its product and channel capabilities. We restructured our main product line around 'Hanapack 2.0,' shifting towards mid-to-high-priced packages to simultaneously enhance customer satisfaction and profitability. As a result, Hanapack 2.0 accounted for 57% of the company’s total package sales last year, a significant increase from 8% before the pandemic. This segment has now firmly established itself as a major revenue source for the company. In terms of customer satisfaction, the Hanatour Customer Satisfaction Index (HCSI) showed a marked improvement, rising from the high 70s pre-pandemic to the mid-80s following the launch of 'Hanapack 2.0.'

Hanatour also invested significantly in strengthening its online channel capabilities, particularly focusing on its mobile app. The app's usability and functionality were comprehensively upgraded, and substantial efforts were made to enhance travel content useful for both package and FIT (Free Independent Traveler) customers. Consequently, our mobile app achieved a record high of over 550,000 Monthly Active Users (MAU) in September 2023, solidifying its dominant market position. The online sales ratio of package tours also increased significantly, from 19% before the pandemic to 39%, demonstrating improved profitability through strengthened online channel capabilities.

The recovery of the package travel market began in earnest in the second half of 2023, and this trend is expected to continue into 2024. In January of this year alone, the number of package tourists sent by Hanatour increased by 40% compared to the previous month, surpassing market expectations. During the pandemic, Hanatour streamlined its cost structure by divesting underperforming subsidiaries. The focus on mid-to-high-end packages through 'Hanapack 2.0' has enhanced both customer satisfaction and profitability. The strengthened online channels have laid the foundation for increased sales of package products and combined products targeting FIT customers. Based on these improvements and market recovery, the company anticipates achieving its highest-ever annual operating profit on a consolidated basis this year.

As South Korea's leading travel company, Hanatour will continue to drive innovation and growth in the travel industry. We appreciate your continued interest and support in our new journey this year.

2. Market Share Rate

The market share rate of the travel business is classified based on the calculation in which the “Total Departures from HANATOUR” 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 (KNTO) and the “Total Departures from HANATOUR” is the figure which we report to Korean Association of Travel Agents (KATA).

<Market share rate based on the number of people>

Year	2023		2022		2021	
	Total Departures from HANATOUR	Total Departures of Korea	Total Departures from HANATOUR	Total Departures of Korea	Total Departures from HANATOUR	Total Departures of Korea
	2,589,867	21,293,382	533,957	5,904,941	42,441	803,201
Share rate	12.16%		9.04%		5.28%	

3. Characteristics of the market
There are four 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 is 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 must 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
Hana Tourist Inc.	Travel Business	906,981	30.23
Hanatour Jeju Service Inc.	Travel Business	618,830	77.35
Hanatour ITC Service Inc.	Travel Business	20,400,000	100.00
Tour Marketing Korea Service Inc.	Travel Business	140,000	70.00
Web Tour Service Inc.	Travel Business	8,777,380	76.99
Hana Finance Service Inc.	Finance Service	3,400,000	100.00
SM duty free Co., Ltd.	Duty Free Business	12,325,387	90.13
Hanatour Europe Ltd.	Travel Business	4,200	70.00
Hanatour Japan Co., Ltd.	Travel Business	6,836,300	53.98
Hanatour CHINA	Travel Business	-	100.00
Hanatour HongKong Co., Ltd.	Travel Business	11,000,000	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 VIETNAM COMPANY LIMITED	Travel Business	-	85.00
PHILIPPINE HANATOUR INC.	Travel Business	218,797	99.99
HNT SG PTE. LTD.	Travel Business	-	-

3. Concurrent status of the executive management

Not applicable.

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	31st Term	30th Term	29th Term
Sales	324,720,747	66,269,096	10,781,802
Operating Expenses	306,314,041	156,798,748	108,327,485
Operating Income	18,406,706	(90,529,652)	(97,545,683)
Profit Before Tax	31,237,113	(77,690,960)	(43,530,465)
Income Tax Expense	418,144	(3,074,173)	(4,789,718)
Net Income	30,818,969	(74,616,787)	(38,740,747)
Net Income per Share(Won)	1,990	(5,160)	(2,893)

2. Financial position

(In thousand won)

Classification	31st Term	30th Term	29th Term
Current Assets	367,002,425	202,531,190	86,185,310
Non-Current Assets	118,773,275	115,786,404	128,627,359
Total Assets	**485,775,700**	**318,317,593**	**214,812,670**
Current Liabilities	296,740,313	162,469,875	92,071,844
Long-term Liabilities	8,233,563	5,864,863	2,199,736
Total Liabilities	**304,973,876**	**168,334,738**	**94,271,580**
Capital Stock	8,019,593	8,019,593	6,969,593
Other Paid-in Capital	(20,526,418)	119,473,582	16,465,030
Elements of Other Shareholder's Equity	(9,097)	(9,097)	(9,097)
Retained Earnings	193,317,746	22,498,777	97,115,564
Total Shareholder's Equity	**180,801,824**	**149,982,855**	**120,541,089**
Total Liabilities and Shareholder's Equity	**485,775,700**	**318,317,593**	**214,812,670**

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	MiSun Song	Chief Executive Officer and Director	General Management
Full-time	ChangHo Ryu	Executive Director, Director	General Management
Part-time	HyeLeon Yoo	Auditor, Outside Director	Outside Director
Part-time	InWhan Chang	Auditor, Outside Director	Outside Director
Part-time	MoonHyun Kim	Auditor, Outside Director	Outside Director
Part-time	SangMan Han	Auditor, Outside Director	Outside Director

Full-time / Part-time	Name	Position	Assigned Task
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 5 people with a special relationship	4,456,100	27.78%
HANATOUR INC.	549,253	3.42%

Ⅸ. CURRENT STATUS OF INVESTMENTS

1. Domestic

Name of the Company	Ownership Company	No. of Shares	Ownership Ratio (%)
Hanatour Business Service Inc.	HANATOUR Service Inc.	400,000	100.00
Hana Tourist Inc.	HANATOUR Service Inc.	906,981	30.23
Hanatour Jeju Service Inc.	HANATOUR Service Inc.	618,830	77.35
Hanatour ITC Service Inc.	HANATOUR Service Inc.	20,400,000	100.00
Tour Marketing Korea Service Inc.	HANATOUR Service Inc.	140,000	70.00
OK Tour Service Inc.	HANATOUR Service Inc.	9,784	48.92
Web Tour Service Inc.	HANATOUR Service Inc.	8,777,380	76.99
Nextour Co., Ltd.	Web Tour Service Inc.	40,000	100.00
Gyoyugyeohaeng Co., Ltd	HANATOUR Service Inc.	398,000	19.90
Hana Finance Service Inc.	HANATOUR Service Inc.	3,400,000	100.00
SM duty free Co., Ltd.	HANATOUR Service Inc.	12,325,387	90.13
InterparkTriple Corp.	HANATOUR Service Inc.	60,876	0.50
Hani Tour Inc.	HANATOUR Service Inc.	19,078	9.54
SAM Consulting Co.,Ltd.	HANATOUR Service Inc.	1,667	7.41
KBSJ Tourism Venture Union	HANATOUR Service Inc.	-	9.26
P&I Cultural Innovation Investment Union	HANATOUR Service Inc.	-	9.26
Silla Animal Inc.	HANATOUR Service Inc.	11,310	11.87
WOONGJIN CO., LTD.	Hanatour Business Service Inc.	6,903	0.01
Jeju Channel Inc.	Hanatour Jeju Service Inc.	50,000	8.06
Dream Co., Ltd.	HANATOUR Service Inc.	2,250	2.08
	Hanatour Jeju Service Inc.	2,250	2.08

2. Overseas

Name of the Company	Ownership Company	Region	No. of Shares	Ownership Ratio (%)
Hanatour Europe Ltd.	HANATOUR Service Inc.	London	4,200	70.00
Hanatour Japan Co., Ltd.	HANATOUR Service Inc.	Japan	6,836,300	53.98
U.I Sightseeing Bus LLC	HANATOUR JAPAN CO., LTD	Japan	1,900	100.00
Hanatour CHINA	HANATOUR Service Inc.	China	-	100.00
Hanatour HongKong Co., Ltd.	HANATOUR Service Inc.	Hong Kong	11,000,000	100.00
Hanatour Europe S.R.L	HANATOUR Service Inc.	Italy	5,250	50.00
Allegrox TM Hotel	HANATOUR JAPAN CO., LTD	Japan	396	100.00
Beijing Hana Information Technology Co., Ltd.	HANATOUR Service Inc.	China	-	100.00
Hanatour Service (M) Sdn.Bhd.	HANATOUR Service Inc.	Malaysia	1,500,000	100.00
Hanatour Janpan System Vietnam	HANATOUR JAPN CO., LTD	Vietnam	-	100.00
HANATOUR VIETNAM COMPANY LIMITED	HANATOUR Service Inc.	Vietnam	-	85.00
PHILIPPINE HANATOUR INC.	HANATOUR Service Inc.	Philippines	218,797	99.99
HNT SG PTE. LTD.	HANATOUR Service Inc.	Singapore	-	-
KC HOSPITALITY CO.,LTD	HANATOUR Service Inc.	Laos	57,600	10.00

X. MAJOR CREDITORS

Not applicable.

XI. IMPORTANT EVENTS AFTER THE SETTLEMENT OF ACCOUNTS PERIOD

(1) Hanatour Service (M) Sdn.Bhd. which is one of subsidiaries of the Group resolved to dissolve on February 16, 2024.

XII. OTHER IMPORTANT FACTS ABOUT THE BUSINESS

Not applicable.

HANATOUR SERVICE INC.
AND ITS SUBSIDIARIES

Consolidated Financial Statements
For each of the two years in the period ended December 31, 2023
With the Independent Auditor’s Report

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Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
Hanatour Service Inc.

Opinion

We have audited the consolidated financial statements of Hanatour Service Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income or loss, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2023, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2023 in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (hereinafter referred to as "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

- The assessment of the realizability of deferred tax assets of Hanatour Service Inc., the Parent Company

As described in Note 32 to the consolidated financial statements, the Parent Company has recognized deferred tax assets amounting to KRW 50,353 million, based on the expectation that there will be sufficient taxable income in the future to utilize these assets

The realizability assessment of deferred tax assets involves management's judgment, particularly in estimating future taxable income and the timing of the utilization of tax loss carryforward. Due to the high level of subjectivity involved in these estimates of future taxable income and realization timing of temporary differences, we have identified the assessment of the realizability of deferred tax assets as a key audit matter.

The primary audit procedures to address the key audit matter are as follows:

- Evaluate the design and operating effectiveness of the Parent Company's internal controls related to the realizability of deferred tax assets.
- Conduct a review of tax adjustments and the appropriateness of income tax expenses by engaging tax experts.
- Conduct a review of the reliability of the underlying data used to estimate future taxable income.
- Conduct a review of the timing of the realization of deductible temporary differences and tax loss carryforward.
- Recalculate the amount of deferred tax assets calculated by the Parent Company to verify its accuracy.

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 IFRS, and for such internal control as management determines is necessary to enable the preparation of the 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.

Auditor’s 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 auditor’s 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 ISA 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 ISA, 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 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 auditor's 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 auditor's 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 to 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 auditor's 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 auditor's report is Yong Woo Lee.

July 25, 2024

EY 한영
Building a better working world

Ernst & Young Han Young

This audit report is effective as of July 25, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

HANATOUR SERVICE INC. AND ITS SUBSIDIARIES

Consolidated financial statements

For each of the two years in the period ended

December 31, 2023

“The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group.”

Mi Sun Song
Chief Executive Officer

HANATOUR SERVICE INC.

HANATOUR SERVICE INC. AND ITS SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2023 and 2022

(In thousands of won)	***Notes***		**2023**	**2022**
Assets				
Cash and cash equivalents	4,23,35,39	₩	118,664,728	92,497,218
Short-term financial instruments	23,35,39		145,600,341	88,602,428
Trade receivables	5,23,34,39		61,769,325	39,362,975
Other receivables	5,23,34,39		11,009,797	5,856,639
Finance lease receivables	6,23,39		873,674	570,354
Inventories	7		59,064,708	8,274,560
Advanced payments	8		36,807,411	25,212,457
Other current assets	8		3,165,293	2,996,919
Other financial assets	16,23,34,39		8,912,662	6,795,589
Current tax assets			1,089,719	371,080
Total current assets			446,957,658	270,540,219
Non-current financial assets at FVPL	9,23		3,606,339	3,012,260
Financial assets at FVOCI	10,23		1,192,983	1,189,200
Investments in associates and joint ventures	11,34		4,892	702,932
Long-term finance lease receivables	6,23,39		1,028,040	
Long-term other receivables	5,23,34,39		3,869,520	4,125,824
Investment property, net	12,35		886,089	1,108,747
Property, plant and equipment, net	13,35		11,561,649	10,176,272
Right-of-use assets	15		92,509,393	76,601,501
Intangible assets	14		16,720,494	22,932,160
Other financial assets	16,23,34,35,39		11,301,479	12,723,619
Deferred tax assets	32		54,925,964	52,292,869
Other non-current assets	8		31,879	23,837
Total non-current assets			197,638,720	184,889,221
Total assets	37	₩	644,596,378	455,429,440

(continued)

HANATOUR SERVICE INC. AND ITS SUBSIDIARIES

Consolidated Statements of Financial Position, Continued

As of December 31, 2023 and 2022

(In thousands of won)	***Notes***		**2023**	**2022**
Liabilities				
Trade payables	23,39	₩	80,874,678	41,976,540
Other payables	18,23,34,39		63,981,265	47,177,054
Income tax payables			671,633	362,065
Deposits received for travel			163,826,944	77,008,167
Advances received			17,935,127	22,423,174
Short-term borrowings	17,23,39		8,682,599	14,370,131
Current portion of long-term borrowings	17,23,39		1,803,197	2,086,092
Finance lease liabilities	19,23,39		16,810,476	13,914,120
Provisions	20		1,142,630	892,688
Other financial liabilities	18,23,39		2,467,894	2,084,106
Other current liabilities	21		11,881,663	10,464,511
Total current liabilities			370,078,106	232,758,647
Long-term other payables	18,23,39		-	142,878
Long-term borrowings	17,23,39		5,337,856	7,865,108
Long-term provisions	20		433,104	198,919
Long-term finance lease liabilities	19,23,39		104,502,824	105,785,176
Provision for long-term employee benefits	22		796,885	4,404,615
Long-term non-current financial liabilities	18,23,39		24,000	-
Other non-current liabilities	21		4,119,523	4,572,449
Total non-current liabilities			115,214,192	122,969,145
Total liabilities			485,292,298	355,727,793
Equity				
Capital stock	24		8,019,593	8,019,593
Other contributed capital	24,27		(7,085,791)	132,914,209
Other components of equity	25		2,624,819	2,642,459
Retained earnings (deficit)	26		166,799,642	(20,268,959)
Equity attributable to the owners of the Parent Company			170,358,263	123,307,301
Non-controlling interests			(11,054,184)	(23,605,653)
Total equity			159,304,079	99,701,648
Total liabilities and equity		₩	644,596,378	455,429,440

The accompanying notes are an integral part of the consolidated financial statements.

HANATOUR SERVICE INC. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income or Loss

For each of the two years in the period ended December 31, 2023

(In thousands of won, except earnings per share data)	Notes		2023	2022
Operating revenue	28,34,37	₩	411,611,609	114,969,463
Operating expense	29,34,37		377,563,623	216,153,549
Bad debt expense			(4,149,653)	(1,500,026)
Other operating expense			381,713,276	217,653,575
Operating income	37		34,047,986	(101,184,086)
Financial income	30,31		7,826,709	3,158,458
Financial expense	30,31		2,863,292	2,847,390
Gain from investment in associates and joint ventures	30		92,335	355,249
Other income	30,34		21,880,866	43,045,885
Other expense	30,34		3,680,370	11,378,724
Income (loss) before income tax expenses			57,304,234	(68,850,608)
Income tax benefit of continuing operations	32		(1,529,561)	(4,083,086)
Income (Loss)		₩	58,833,795	(64,572,425)
Income (loss) from continuing operations			58,833,795	(64,767,522)
Gain from discontinued operations	40		222,967	195,097
Other comprehensive income after income tax expense			781,731	2,757,022
Items that will never be reclassified to profit of loss:				
Gain on valuation of financial assets at FVOCI			3,669	2,749
Items that are or may be reclassified subsequently to profit of loss:				
Gain on foreign operations translation, net			778,062	2,754,273
Total comprehensive income (loss)		₩	59,838,493	(61,815,403)
Net income (loss) attributable to:				
Owners of the Parent Company			47,028,589	(66,773,945)
Non-controlling interests			12,028,173	2,201,520
		₩	59,056,762	(64,572,425)
Comprehensive income (loss) attributable to:				
Owners of the Parent Company			47,010,458	(66,053,865)
Non-controlling interests			12,828,035	4,238,462
		₩	59,838,493	(61,815,403)
Earnings (losses) per share	33			
Basic earnings (losses) per share attributable to:			3,036	(4,618)
Continuing operation (in won)			3,023	(4,630)
Discontinued operation (in won)			13	12
Diluted earnings (losses) per share attributable to:		₩	3,036	(4,618)
Continuing operation (in won)			3,023	(4,630)
Discontinued operation (in won)			13	12

The accompanying notes are an integral part of the consolidated financial statements.

HANATOUR SERVICE INC. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For each of the two years in the period ended December 31, 2023

(In thousands of won)		Capital Stock	Other contributed capital	Other components of equity	Retained earnings (deficit)	Non-controlling interests	Total shareholders' equity
January 1, 2022	₩	6,969,593	29,905,656	1,947,292	46,504,986	(27,571,400)	57,756,127
Net loss		-	-	-	(66,773,945)	2,201,520	(64,572,425)
Gain on foreign operations translation		-	-	718,621	-	2,035,652	2,754,273
Gain on valuation financial assets at FVOCI		-	-	1,458	-	1,291	2,749
Paid-in capital increase of the Parent company		1,050,000	103,008,553	-	-	-	104,058,553
Dividends of Subsidiaries						(343,611)	(343,611)
Changes in scope of consolidation		-	-	(24,913)	-	70,895	45,982
December 31, 2022	₩	8,019,593	132,914,209	2,642,458	(20,268,959)	(23,605,653)	99,701,648
January 1, 2023	₩	8,019,593	132,914,209	2,642,458	(20,268,959)	(23,605,653)	99,701,648
Net income		-	-	-	47,028,589	12,028,173	59,056,762
Gain on foreign operations translation		-	-	(21,064)	-	799,126	778,062
Gain on valuation financial assets at FVOCI		-	-	2,933	-	736	3,669
Transfer of retained earnings		-	(140,000,000)	-	140,000,000	-	-
Dividends		-	-	-	-	(236,069)	(236,069)
Changes in scope of consolidation		-	-	492	40,012	(40,497)	7
December 31, 2023	₩	8,019,593	(7,085,791)	2,624,819	166,799,642	(11,054,184)	159,304,079

The accompanying notes are an integral part of the consolidated financial statements.

HANATOUR SERVICE INC. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For each of the two years in the period ended December 31, 2023

(In thousands of won)	***Note***		**2023**	**2022**
Cash flows from operating activities				
Net income (loss)		₩	59,056,762	(64,572,425)
Additions of expenses not involving cash outflows and others	38		27,756,868	39,113,602
Deduction of incomes not involving cash inflows and others	38		(21,022,948)	(35,842,600)
Movements in operating assets and liabilities:				
Increase in trade receivables			(20,663,371)	(29,287,967)
Decrease (increase) in other receivables			(3,415,555)	2,242,569
Increase in inventories			(51,509,240)	(6,699,621)
Increase in advanced payments			(9,865,813)	(12,171,934)
Increase in other current assets			(18,762)	(960,839)
Decrease (increase) in other non-current assets			(22,115)	167,560
Increase in trade payables			38,922,066	33,362,874
Increase in other payables			10,475,434	301,053
Increase in deposits received for travel			86,912,668	68,989,862
Decrease in advances received			(4,013,053)	(3,404,855)
Increase in other financial liabilities			63,557	7,868
Increase in other current liabilities			4,000,043	1,048,138
Decrease in provisions			(1,194,146)	(525,909)
Decrease in long-term other payables			-	(49,960)
Decrease in other long-term employee benefit			(151,500)	(179,055)
			115,310,895	(8,461,640)
Interest expense paid			(2,999,941)	(2,859,892)
Interest income received			6,025,564	1,608,360
Income taxes paid			(1,609,915)	(527,693)
Net cash provided by (used in) operating activities		₩	116,726,602	(10,240,865)

(continued)

HANATOUR SERVICE INC. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

For each of the two years in the period ended December 31, 2023

(In thousands of won)		2023	2022
Cash flows from investing activities			
Cash inflows from investing activities:			
Decrease in short-term financial instruments	₩	176,743,468	39,696,173
Decrease in other receivables		670,150	159,233
Disposal of financial assets at FVPL		-	200,000
Disposal of financial assets at amortized cost		157,627	-
Disposal of investment in associates and joint venture		781,956	251,100
Disposal of property, plant and equipment		438,639	677,031
Disposal of intangible assets		-	488,022
Decrease in finance lease receivables		1,278,075	588,448
Decrease in other financial assets		4,386,632	5,997,337
Government grants		-	32,846
Cash outflows for investing activities:			
Increase in short-term financial instruments		233,854,168	111,311,078
Increase in other receivables		2,163,032	10,802
Acquisition of property, plant and equipment		5,300,618	1,810,936
Acquisition of intangible assets		2,117,029	3,223,260
Increase in other financial assets		5,847,607	3,072,094
Net cash used in investing activities	₩	(64,825,906)	(71,337,980)

(continued)

HANATOUR SERVICE INC. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

For each of the two years in the period ended December 31, 2023

(In thousands of won)	***Note***		**2023**	**2022**
Cash flows from financing activities				
Cash inflows from financing activities:				
Proceeds from short-term borrowings		₩	28,657,977	40,488,800
Proceeds from long-term borrowings			-	15,923
Paid-in capital increase of subsidiaries			7	104,139,523
Proceeds from leasehold deposits received			420,149	296,200
Cash outflows for financing activities:				
Repayment of short-term borrowings			33,860,020	41,521,004
Repayment of current portion of long-term borrowings			2,006,062	3,916,979
Repayment of long-term borrowings			450,846	-
Repayment of finance lease liabilities			17,511,380	28,930,991
Payment of dividends			276,840	352,519
Payment of leasehold deposits received			47,100	204,194
Net cash provided by (used in) financing activities	38		(25,074,115)	70,014,759
Net increase (decrease) in cash and cash equivalents			26,826,579	(11,564,086)
Cash and cash equivalents at the beginning of the year			92,497,218	105,686,896
Effect of exchange rate change			(659,070)	(1,625,592)
Cash and cash equivalents at the end of the year		₩	118,664,728	92,497,218

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

The 31st period from 2023.01.01 to 2023.12.31
The 30th period from 2022.01.01 to 2022.12.31
HANATOUR Service Inc. and its Subsidiaries

1. General Information :

(1) The Parent Company

HANATOUR Service Inc. (the "Parent Company") was established on November 1, 1993. The Parent Company is primarily engaged in operating travel agency activities, and its shares were listed on the KRX KOSDAQ market on November 24, 2000. They were listed on the London Stock Exchange on November 7, 2006, in the form of global depositary receipts ("GDRs"). As of November 1, 2011, the Parent Company transferred its listing from the KRX KOSDAQ market to the stock market opened by the Korea Exchange.

The Parent Company is domiciled in Korea at Insadong 5-gil, Jongno-gu, Seoul. As of December 31, 2023, the total paid-in capital is 8,020 million won. Harmonia 1, Inc. owns about 16.7% of the paid-in capital, major executives and employees own about 11.2%, while treasury stock is about 3.4% (* HANATOUR Service Inc. and its subsidiaries are collectively referred to as the "Group").

(2) Consolidated Subsidiaries

Consolidated subsidiaries as of December 31, 2023 and 2022 are as follows:

The Parent Company	Subsidiaries	Major business	Location	Controlling interest (%) 2023	2022	Closing Date
HANATOUR Service Inc.	Web Tour Service Inc.	Travel Agency	Korea	76.99	76.99	12.31
	Hanatour Jeju Service Inc.	Travel Agency	Korea	77.35	77.35	12.31
	Tour Marketing Korea Service Inc.	Travel Agency	Korea	70.00	70.00	12.31
	Hanatour ITC Service Inc.	Travel Agency	Korea	100.00	100.00	12.31
	Hanatour Business Service Inc.	Travel Agency	Korea	100.00	100.00	12.31
	HANATOUR EUROPE LTD	Travel Agency	U.K.	70.00	70.00	12.31
	HANATOUR JAPAN CO., LTD	Travel Agency	Japan	53.98	53.98	12.31
	HANATOUR CHINA	Travel Agency	China	100.00	100.00	12.31
	HANATOUR HONGKONG CO., LTD	Travel Agency	Hong Kong	100.00	100.00	12.31
	Mark Hotel Co., Ltd. (*1)	Hotel Business	Korea	-	100.00	12.31
	BEIJING HANA INFORMATIONTECHNOLOGY CO., LTD	Software Development	China	100.00	100.00	12.31
	HANA TOUR SERVICE (M) SDN.BHD. (*2)	Travel Agency	Malaysia	100.00	100.00	12.31
	Hana Finance Service Inc.	Loan Business	Korea	100.00	100.00	12.31
	SM duty free Co., Ltd. (*3)	Duty-free shop	Korea	90.13	90.13	12.31
	HANATOUR VIETNAM COMPANY LIMITED	Travel Agency	Vietnam	85.00	85.00	12.31
	HANATOUR PHILIPPINES CORP. (*1)	Travel Agency	Philippines	-	97.54	12.31
	HANATOUR EU GMBH (*1)	Travel Agency	Germany	-	100.00	12.31
	Hana Tourist Inc. (*4)	Travel Agency	Korea	30.23	30.23	12.31
	PHILIPPINE HANATOUR INC.(*5)	Travel Agency	Philippines	99.99	-	12.31
	HNT SG PTE. LTD. (*6)	Travel Agency	Singapore	100.00	-	12.31
Web Tour Service Inc.	Nextour Co., Ltd.	Travel Agency	Korea	76.99	76.99	12.31
HANA TOUR JAPAN CO., LTD	U.I Sightseeing Bus LLC	Transportation	Japan	53.98	53.98	12.31
	Allegrox TM Hotel	Accommodation Consignment Business	Japan	53.98	53.98	12.31
	HANATOUR JAPAN SYSTEM VIETNAM COMPANY LIMITED	Software Development and Maintenance	Vietnam	53.98	53.98	12.31

(*1) Liquidation was completed during the current period.
(*2) Liquidation was completed after the reporting period.
(*3) As of the end of the current period, the business is closed.
(*4) Although the Group owns less than half of the voting rights of Hana Tourist Inc., the Group has concluded that it controls the entity as it is deemed to have substantial control over Hana Tourist Inc.
(*5) Newly established during the current period.
(*6) The registration of incorporation was completed during the current period, but the capital has not been paid.

(3) Abridged financial information of major subsidiaries as of December 31, 2023, and 2022 and for each of the two years in the period ended December 31, 2023 is as follows:

Name of the company (In thousands of Korean won)	Assets	Liabilities	Sales	Profit(Loss) for the year	Total comprehensive income (loss) for the year, net of tax
Web Tour Service Inc.	29,281,363	11,204,688	21,746,127	3,137,084	3,137,084
Hanatour Business Service Inc.	10,406,896	8,147,154	9,995,317	1,039,782	1,040,201
HANATOUR JAPAN CO., LTD	33,182,615	24,358,465	12,480,166	6,642,152	6,406,869
U.I Sightseeing Bus LLC	18,220,128	9,837,626	16,471,041	4,211,146	3,938,196
Allegrox TM Hotel	80,694,105	125,779,068	21,183,925	11,308,229	13,576,319

(4) Changes to Subsidiaries

Subsidiaries newly included in or excluded from the scope of consolidation for the year ended December 31, 2023 are as follows:

Reason	December 31, 2023	December 31, 2022
Inclusion due to the addition of controlling interest	PHILIPPINE HANATOUR INC. HNT SG PTE. LTD. (*)	-
Exclusion due to liquidation	Mark Hotel Co., Ltd. HANATOUR PHILIPPINES CORP. HANATOUR EU GMBH	HANATOUR PTE LTD HANA TOUR PTY. LTD. CAMLAO HANATOUR CO., LTD. HNT ITALIA - SOCIETA' A RESPONSABILITA' LIMITATA HANATOUR USA INC. VISION TOUR, INC.

(*) The registration of incorporation was completed during the current period, but the capital has not been paid.

(5) Abridged financial position of subsidiaries with material non-controlling interests for each of the two years in the period ended December 31, 2023 is as follows (before the elimination of intercompany transactions):

	December 31, 2023				
(in thousands of Korean won)	Web Tour Service Inc.	HANATOUR JAPAN CO., LTD.	SM duty free Co., Ltd. (*)	U.I Sightseeing Bus LLC	Allegrox TM Hotel
Current Assets	24,437,823	23,640,908	24,175,013	10,541,284	5,760,270
Non-current Assets	4,843,540	9,541,707	-	7,678,844	74,933,835
Total Assets	29,281,363	33,182,615	24,175,013	18,220,128	80,694,105
Current Liabilities	11,050,524	17,226,215	71,929,661	5,840,562	13,791,923
Non-current Liabilities	154,164	7,132,250	-	3,997,064	111,987,145
Total Liabilities	11,204,688	24,358,465	71,929,661	9,837,626	125,779,068
Controlling interests	13,917,611	4,804,995	(43,040,513)	4,564,505	(24,550,014)
Non-controlling interests	4,159,064	4,019,155	(4,714,135)	3,817,997	(20,534,949)
Total Equity	18,076,675	8,824,150	(47,754,648)	8,382,502	(45,084,963)

(*) Business closed and scheduled to be liquidated.

	December 31, 2022				
(in thousands of Korean won)	Web Tour Service Inc.	HANATOUR JAPAN CO., LTD.	SM duty free Co., Ltd. (*)	U.I Sightseeing Bus LLC	Allegrox TM Hotel
Current Assets	23,327,718	22,230,112	24,199,632	6,276,098	8,695,215
Non-current Assets	5,123,178	5,060,447	-	8,299,664	74,859,358
Total Assets	28,450,896	27,290,559	24,199,632	14,575,762	83,554,573
Current Liabilities	12,023,448	17,911,188	72,177,248	7,308,558	28,451,473
Non-current Liabilities	461,823	6,962,090	-	2,822,898	113,764,382
Total Liabilities	12,485,271	24,873,278	72,177,248	10,131,456	142,215,855
Controlling interests	12,292,269	1,316,276	(43,241,471)	2,420,048	(31,942,697)
Non-controlling interests	3,673,356	1,101,005	(4,736,145)	2,024,258	(26,718,585)
Total Equity	15,965,625	2,417,281	(47,977,616)	4,444,306	(58,661,282)

(*) Business closed and scheduled to be liquidated.

The above summary of financial position and non-controlling interests are the amounts after recognizing goodwill occurred at the time of business combination and after reflecting fair value adjustments, as well as consolidation adjustments consistent with the Parent Company's accounting standards, but before eliminating intercompany transactions.

(6) Abridged consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for each of the two years in the period ended December 31, 2023 and 2022 are as follows (before the elimination of intercompany transactions):

(in thousands of Korean won)

Description (in thousands of Korean won)	December 31, 2023 Web Tour Service Inc.	HANATOUR JAPAN CO., LTD	SM duty free Co., Ltd. (*)	U.I Sightseeing Bus LLC	Allegrox TM Hotel
Sales	21,746,127	12,480,166	-	16,471,041	21,183,925
Operating profit (loss)	2,671,156	3,860,331	(26,726)	2,449,892	3,678,661
Profit for the year	3,137,084	6,642,152	222,968	4,211,146	11,308,229
Other comprehensive income (loss), net of tax	-	(235,283)	-	(272,950)	2,268,090
Total comprehensive income , net of tax	3,137,084	6,406,869	222,968	3,938,196	13,576,319
Profit for the year attributable to non-controlling interests	721,777	3,025,316	22,010	1,918,060	5,150,584
Total comprehensive income attributable to non-controlling interests	721,777	2,918,151	22,010	1,793,739	6,183,636

(*) Business closed and scheduled to be liquidated.

Description (in thousands of Korean won)	December 31, 2022 Web Tour Service Inc.	HANATOUR JAPAN CO., LTD	SM duty free Co., Ltd. (*)	U.I Sightseeing Bus LLC	Allegrox TM Hotel
Sales	16,659,345	2,000,688	-	3,107,369	15,251,388
Operating profit (loss)	1,544,357	(3,445,309)	(86,770)	(1,500,775)	(5,426,059)
Profit (Loss) for the year	1,555,088	(4,982,912)	195,097	(1,448,147)	12,221,390
Other comprehensive income (loss), net of tax	-	(432,553)	-	(428,215)	5,324,074
Total comprehensive income (loss), net of tax	1,555,088	(5,415,465)	195,097	(1,876,362)	17,545,464
Profit (Loss) for the year attributable to non-controlling interests	357,793	(2,269,578)	19,259	(659,591)	5,566,504
Total comprehensive income (loss) attributable to non-controlling interests	357,793	(2,466,594)	19,259	(854,631)	7,991,472

(*) Business closed and scheduled to be liquidated.

The above summary of management performance and non-controlling interests are the amounts after recognizing goodwill occurred at the time of business combination and after reflecting fair value adjustments, as well as consolidation adjustments consistent with the Parent Company's accounting standards, but before eliminating intercompany transactions.

(7) Abridged consolidated statements of cash flows of subsidiaries with material non-controlling interests for each of the two years in the period ended December 31, 2023 and 2022 are as follows (before the elimination of intercompany transactions):

Description (in thousands of Korean won)	December 31, 2023 Web Tour Service Inc.	HANATOUR JAPAN CO., LTD	SM duty free Co., Ltd. (*)	U.I Sightseeing Bus LLC	Allegrox TM Hotel
Cash flows from operating activities	3,198,060	4,967,577	(20,499)	5,515,514	7,507,992
Cash flows from investing activities	(4,162,690)	(268,922)	-	(690,302)	397,121
Cash flows from financing activities	(1,402,465)	(4,975,332)	-	(3,179,136)	(9,920,695)
Net increase (decrease) in cash and cash equivalents	(2,367,095)	(276,677)	(20,499)	1,646,076	(2,015,582)
Cash and cash equivalents at the beginning of the year	3,163,634	8,279,208	29,499	1,578,092	5,809,784
Effects of exchange rate changes on cash and cash equivalents	(465)	(393,388)	60	(99,928)	(206,761)
Cash and cash equivalents at the end of the year	796,074	7,609,143	9,060	3,124,240	3,587,441

(*) Business closed and scheduled to be liquidated.

Description (in thousands of Korean won)	December 31, 2022				
	Web Tour Service Inc.	HANATOUR JAPAN CO., LTD	SM duty free Co., Ltd. (*)	U.I Sightseeing Bus LLC	Allegrox TM Hotel
Cash flows from operating activities	4,370,842	(4,037,030)	(50,981)	(160,505)	4,828,008
Cash flows from investing activities	(1,852,992)	(10,608,927)	-	(738)	2,788,603
Cash flows from financing activities	(1,856,476)	(2,067,744)	-	1,231,823	(3,741,654)
Net increase (decrease) in cash and cash equivalents	661,374	(16,713,701)	(50,981)	1,070,580	3,874,957
Cash and cash equivalents at the beginning of the year	2,502,260	26,444,788	80,256	584,146	2,220,118
Effects of exchange rate changes on cash and cash equivalents	-	(1,451,879)	224	(76,634)	(285,291)
Cash and cash equivalents at the end of the year	3,163,634	8,279,208	29,499	1,578,092	5,809,784

(*) Business closed and scheduled to be liquidated.

The above summary of cash flows and non-controlling interests are the amounts after recognizing goodwill occurred at the time of business combination and after reflecting fair value adjustments, as well as consolidation adjustments consistent with the Parent Company's accounting standards, but before eliminating intercompany transactions.

2. SUMMARY OF MATERIAL ACCUNTING POLICIES :

(1) Basis of consolidated financial statements preparation

The Group prepares statutory consolidated financial statements in Korean in accordance with International Financial Reporting Standards ("IFRS"). The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The principal accounting policies applied in the preparation of these consolidated financial statements are the same as those adopted in the preparation of the annual financial statements for the fiscal year ended December 31, 2022, except for the impact associated with the introduction of the Standard or Interpretation stated below.

The new and amended accounting standards effective beginning on or after January 1, 2023 do not have a material impact on the consolidated financial statements of the Group.

① New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

1) *Definition of Accounting Estimates* - Amendments to KIFRS 1008

The amendments to KIFRS 1008 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no material impact on the Group's consolidated financial statements.

2) *Disclosure of Accounting Policies* - Amendments to KIFRS 1001

The amendments to KIFRS 1001 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The amendments had no material impact on the Group's consolidated financial statements.

3) *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – Amendments to KIFRS 1012

The amendments to KIFRS 1012 *Income Taxes* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no material impact on the Group's consolidated financial statements.

② Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

1) Amendments to KIFRS 1116 *Lease Liability in a Sale and Leaseback*

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.
The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of KIFRS 1116. Earlier application is permitted and that fact must be disclosed.
The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2) Amendments to KIFRS 1001 *Classification of Liabilities as Current or Non-current*

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• what is meant by a right to defer settlement;
• that a right to defer must exist at the end of the reporting period;
• that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
• that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.
The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. The amendments are not expected to have material impact on the Group's consolidated financial statements.

3) *Supplier Finance Arrangements* - Amendments to KIFRS 1007 and KIFRS 1107

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but will need to be disclosed.
The amendments are not expected to have a material impact on the Group's financial statements.

③ The consolidated financial statements of the Group will be approved by the board of directors on March 5, 2024, and finally approved at regular shareholders' meeting dated March 29, 2024.

(2) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and entities (including structured entities) controlled by the Parent Company (or its subsidiaries). Control is achieved when the Parent Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Even if the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the Group. The carrying amount of non-controlling interests consists of the amount of those non-controlling interests at the initial recognition and the changes in shares of the non-controlling interests in equity since the date of the acquisition. Total comprehensive income is attributed to the owners of the Group and to the non-controlling interests even if the non-controlling interest has a deficit balance.

Changes in the Group's ownership interests in subsidiaries, without a loss of control, are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests. The amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under KIFRS 1109 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(3) Business combination and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The consideration includes any asset or liability resulting from a contingent consideration arrangement and is measured at fair value.

On the acquisition date, identifiable acquired assets, assumed liabilities, and contingent liabilities are recognized at fair value, with the following exceptions:

-Deferred tax assets or liabilities and assets or liabilities related to employee benefit obligations are recognized and measured in accordance with KIFRS 1012 *Income Tax* and KIFRS 1019 *Employee Benefits*, respectively.
-Liabilities or equity instruments that arise from the acquirer's replacement of the acquiree's share-based payments with its own are measured in accordance with KIFRS 1102 *Share-based Payment*.
-Non-current assets (or disposal groups) classified as held for sale, in accordance with KIFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations*, are measured according to KIFRS 1105.

Goodwill arising from a business combination is recognized as an asset at the time of obtaining control (the acquisition date). Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the Group’s previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the Group’s previously held equity interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortized but tested for impairment at least annually. For purposes of impairment tests, goodwill is allocated to those cash-generating units (“CGU”) of the Group expected to have synergies from the business combination. CGU that goodwill has been allocated to is tested for impairment every year or when an event occurs that indicates impairment.

If the recoverable amount of a CGU is less than its carrying amount, the impairment will first decrease the goodwill allocated to that CGU and the remaining impairment will be allocated among other assets relative to its carrying value. Impairment recognized for goodwill may not be reversed. When disposing of a subsidiary, related goodwill will be included in gain or loss from disposal.

On the acquisition date, the non-controlling interest that represents the current ownership stake in the acquiree and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation can be measured using one of the two methods: 1) at fair value, or 2) at the proportionate share of the acquiree's identifiable net assets recognized. The choice of measurement basis is made on a transaction-by-transaction basis. All other components of non-controlling interest are measured at fair value on the acquisition date unless otherwise required by KIFRS.

The consideration transferred by the acquiring entity in a business combination includes assets and liabilities arising from contingent consideration arrangements, and such contingent consideration is measured at fair value at the acquisition date and included as part of the consideration. Subsequent changes in fair value are retroactively adjusted against goodwill if they meet the conditions of the measurement period adjustments. Measurement period adjustments refer to adjustments that arise from obtaining additional information about facts and circumstances that existed at the acquisition date during the 'measurement period' (which cannot exceed one year from the acquisition date).

Changes in the fair value of contingent consideration that do not meet the conditions for measurement period adjustments are accounted for according to the classification of the contingent consideration. Contingent consideration classified as equity is not remeasured at subsequent reporting dates and is accounted for within equity upon settlement. Other contingent considerations are remeasured to fair value at subsequent reporting dates, and the fair value changes are recognized in gain or loss.

Acquisition-related costs are recognized in profit or loss as incurred. When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss(or other comprehensive income, as appropriate). Prior to the acquisition date, the amount resulting from changes in the value of its equity interest in the acquiree that have previously been recognized in other comprehensive income is reclassified to profit or loss where such treatment would be appropriate if that interest were directly disposed of.

(4) Non-current assets held for sale and discontinued operations

1) Non-current assets held for sale

The Group classifies a non-current asset (or disposal group) as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The management must be committed to a plan to sell the asset (or disposal group), and the sale should be expected to satisfy sale completion requirements within one year from the date of classification.

When the Group commits to a plan to sell all or part of the investment in an associate or joint venture, the all or part of the investment in the associate or joint venture is classified as held for sale if the above requirements are met. The Group ceases to apply the equity method to its investment in the associate or joint venture in respect of the part classified as held for sale. Meanwhile, the equity method continues to be applied to the remaining interests in associates or joint ventures that are not classified as held for sale, but if the Group loses significant influence over the associates or joint ventures as a result of a sale, the equity method is discontinued at the date of the sale.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

2) Discontinued operation

A disposal group is a discontinued business if it meets any of the following conditions:
- it represents a separate major line of business or geographical area of operations;
- it is part of a single plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of other comprehensive income. Additional information related to discontinued operations are disclosed in Note 40.

(5) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investment in an associate or a joint venture is initially recognized at cost and accounted for using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or the joint venture.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

Investment in associate or joint venture is accounted for using the equity method from the date that the investee becomes the associate or joint venture. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of KIFRS 1028 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When there is any indication of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with KIFRS 1036 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with KIFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate or a joint venture that results in the Group losing significant influence over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with KIFRS 1109. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis it would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when it loses significant influence over that associate or joint venture. When the Group reduces its ownership interest in an associate or a joint venture, but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies KIFRS 1105 to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group engages in transactions with its associates or joint ventures, the profits and losses resulting from the transactions with the associates and joint ventures are recognized in the consolidated financial statements of the Group only to the extent of the interests in the associates and joint ventures that are unrelated to the Group.

(6) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, checks issued by others, and trading securities, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash without significant transaction costs which are subject to an insignificant risk of changes in value.

(7) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade-date basis.
Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

1) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVPL). Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch.

A. Amortized cost and effective interest rate method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate, excluding financial assets that are credit-impaired at acquisition, is the rate that exactly discounts expected future cash receipts (including fees and points that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial asset or, when appropriate, a shorter period to the gross carrying amount on initial recognition. For financial assets that are credit-impaired at acquisition, the credit-adjusted effective interest rate is calculated by discounting the expected cash flows, including expected credit losses, to the amortized cost on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance. Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVOCI.

For financial assets not credit-impaired at acquisition, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (excluding financial assets that become credit-impaired subsequently). For financial assets that become credit-impaired subsequent to initial recognition, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in a subsequent reporting period, the credit risk on a credit-impaired financial instrument improves such that the financial asset is no longer considered impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For financial assets that are credit-impaired at acquisition, interest income is recognized by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from the point of initial recognition. Even if the credit risk on the financial asset improves subsequently and the asset is no longer considered impaired, the calculation of interest income is not changed to be based on the gross carrying amount.
Interest income is recognized in profit or loss and is presented under the line item 'Interest Income'.

B. Debt instruments classified as at FVOCI

Debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these debt instruments had been measured at amortized cost. All other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and accumulated in gain or loss on valuation. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

C. Equity instruments designated as at FVOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is classified as held for trading if:
-it has been acquired principally for the purpose of selling it in the near term;
-on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
-it is a derivative that is not designated and effective as a hedging instrument.
Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in gain or loss on valuation. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

If a dividend on an investment in an equity instrument does not clearly represent a recovery of the investment cost, that dividend is recognized in profit or loss in accordance with KIFRS 1109. Dividends are recognized in 'other financial income.'

D. Financial assets measured at FVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are measured at FVPL. Gains or losses arising from changes in the fair value of FVPL, dividends and interest income from the financial assets are recognized in profit or loss

- If equity instruments that are not held for trading and are not contingent consideration in a business combination are not designated at FVOCI at initial recognition, those equity instruments are classified as at FVPL (see C above))
- Debt instruments that do not meet the requirements of amortized cost measurement items or FVOCI measurement items (see above a and c) are classified as FVPL. In addition, if the designation as at FVPL results in the removal or significant reduction of measurement or recognition inconsistencies ('account mismatches'), an entity may designate at FVPL on initial recognition a liability item that meets the requirements of amortized cost measurement items or FVOCI measurement items.

Financial assets measured at FVPL are measured at fair value at the end of each reporting period and gains or losses on changes in fair value less costs to sell are recognized in profit or loss, excluding those designated as hedging relationships. Net profit or loss recognized in profit or loss includes dividends obtained from financial assets and is accounted as 'finance income'. On the other hand, interest income from financial assets measured at FVPL is accounted for as 'other finance income'.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and valuation of individual assets, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of forecast on present and future conditions reflecting time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

A. A significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both appropriate and corroborating quantitative and qualitative information, including past experience and future outlook information that is readily available without undue cost or effort. The Group's future outlook information includes consideration of various external data on current and future economic information relating to the Group's core business and the future prospects of the industry in which the Group's borrower operates from the Group's financial analysts, government agencies, related think tanks and similar institutions.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument. For example, credit spreads, significant increases in the price of credit default swaps for borrowers, or the length or extent to which the fair value of a financial asset falls below its amortised cost;
- actual or expected significant deterioration in the business performance of the borrower;
- significant increase in credit risk for other financial instruments of the same borrower; or
- changes that result in a significant deterioration in the borrower's ability to pay, such as actual or expected significant adverse changes in the borrower's regulatory, economic and technical environment.

Regardless of the outcome of such assessments, if there is a delinquency exceeding the contractual payment date and there is no reasonable and supportable information to the contrary, it is considered that the credit risk of the financial instrument has increased significantly since initial recognition.

Notwithstanding the above, if the Group determines that a financial instrument has a low credit risk at the end of the reporting period, it believes that the credit risk of that instrument has not increased significantly. If (1) the risk of default of a financial instrument is low, (2) the borrower has a strong ability to meet its contractual cash flow payment obligations in the short term, and (3) the borrower's ability to meet its contractual cash flow payment obligations may be weakened due to unfavorable changes in the economic and business environment but such possibility of ability weakening is not certain, the Group determines that the financial instrument has low credit risk.

In line with international practice, the Group considers financial assets with an internal credit rating of "normal" to have a low credit risk when no external credit rating is available. "Normal" means that the counterparty has a sound financial position and is not in arrears.

In the case of financial guarantees, the date on which the Group becomes a party to the irrevocable agreement is the initial recognition date for the purpose of assessing a financial instrument for impairment. In assessing whether there has been a significant increase in credit risk since the initial recognition of a financial guarantee contract, consideration is given to changes in the risk that a particular debtor will default.

The Group periodically reviews the effectiveness of the requirements used to determine whether credit risk has increased significantly and adapts those requirements to ensure that they are capable of determining whether credit risk has increased significantly before they are overdue.

B. Definitions of default

The Group believes that, based on past experience, a financial asset that meets one of the following conditions is not recoverable. The following conditions are considered to constitute a default event for internal credit risk management purposes.

- if the debtor violates the terms of the performance obligation; or
- if the overdue days of financial assets are significantly exceeded

C. Credit-impaired financial assts

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event as defined by the Group’s internal policy (refer to B above);
- inevitable relaxation of borrowing conditions due to economic or contractual reasons related to the borrower's financial difficulties;
- increased likelihood of the borrower’s bankruptcy or other financial restructuring; or
- disappearance of an active market for the financial asset due to financial difficulties.

D. Measurement and recognition of the expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure to default on a financial asset represents the total carrying amount of the asset at the end of the reporting period, and the exposure to default on a financial guarantee contract includes the amount used until the end of the reporting period plus the amount expected to be used in the future until the date of default based on the Group's understanding of the debtor's specific future financial needs, other relevant forward-looking information, and past trends.

For financial assets, the ECLs are estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For lease receivables, the cash flow for calculating expected credit losses is consistent with the cash flow used to measure the lease receivables in accordance with KIFRS 1116.

In the case of financial guarantee contracts, the Group is required to pay only for the default event of the debtor in accordance with the terms of the financial instrument to be guaranteed and the expected credit losses are determined by deducting the amount expected to be received from the guarantor, debtor, or other third parties.

If a loss allowance was measured for a financial instrument at an amount equal to lifetime expected credit losses in the previous period but is no longer a requirement for lifetime expected credit losses, the loss allowance is measured at an amount equal to 12-month expected credit losses at the end of the current term (other than financial assets subject to the simplified method).

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in gains or losses, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

4) Offset of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(8) Inventories

The acquisition cost calculated by the first-in-first-out method and the individual method is the amount reported on the statement of financial position. The quantity and value are determined using the perpetual inventory system throughout the year, with physical inventory counts conducted at year-end to reconcile records. If the net realizable value of inventory at the end of the reporting period falls below the acquisition cost, the net realizable value is reported on the statement of financial position. The lower of cost or market method is applied on an item-by-item basis, with any inventory valuation losses recognized by reducing the inventory value and increasing the cost of goods sold.

(9) Investment Property

Investment properties are property held to earn rentals or for capital appreciation or both. Investment properties are measured initially at its cost and transaction costs are included in the initial measurement. After initial recognition, the book value of investment properties is presented at the cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized as the carrying amount of the asset when, and only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably, or recognized as a separate asset if appropriate. The carrying amount of what was replaced is derecognized. Routine maintenance and repairs are expensed as incurred.

Land is not depreciated, and other investment properties are depreciated using the straight-line method over the period from 8 to 10 years. The Group reviews the depreciation method, the estimated useful lives and residual values at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

Investment property is derecognized from the statement of financial position when it is disposed of, or when it is permanently withdrawn from use and no future economic benefits are expected from disposal. The gain or loss arising from the derecognition of investment property is determined by the difference between the net disposal proceeds and the carrying amount and is recognized in the profit or loss of the period in which the investment property is derecognized.

(10) Property, Plant and Equipment

Property, plant and equipment are valued at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment is recognized if, and only if it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. After the initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. In addition, in case the recognition criteria are met, the subsequent costs will be added to the carrying amount of the asset or recognized as a separate asset, and the carrying amount of what was replaced is derecognized. For investment in kind, donation or other free-of-charge assets, fair value shall be their acquisition cost.

Subsequent costs are added to the asset's carrying amount or recognized as a separate asset only if it is likely that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. The carrying amount of replaced part is removed, while all other repairs and maintenance expenses are recognized as profit or loss for the financial period incurred.

Land is not depreciated. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. The representative useful lives are as follows.

	Estimated useful lives (years)
Buildings	7-24
Equipment	3-10
Facilities	2-45
Vehicles	2-5

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

(11) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is computed using the straight-line method based on the estimated useful lives of the assets.

A summary of the policies applied to the Group's intangible assets is as follows:

	Estimated useful lives (years)
Trademarks	5-10
Patents	5
Software	1-6
Membership	Contract period or Indefinite
Other intangible assets	Indefinite

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets that are acquired in a business combination are recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

(12) Impairment of property, plant and equipment, intangible assets and others

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Jointly-held assets are also allocated to individual cash-generating units or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis cannot be identified.

Intangible assets with indefinite useful lives or intangible assets not yet available for use are not amortized, but tested for impairment annually. Additionally, impairment tests are conducted whenever there are indications that an asset may be impaired.

The recoverable amount is measured as the higher of an individual asset's or cash-generating unit's fair value less costs to sell and its value in use. In measuring value in use, the present value of the estimated future cash flows is determined by discounting them at a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset that have not been adjusted for in the future cash flows.

If the recoverable amount of an individual asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable amount, and the amount of the reduction is recognized as an impairment loss. The impairment loss is recognized immediately in profit or loss. If an impairment loss is reversed, the carrying amount of the asset (or cash-generating unit) is increased to the recoverable amount. The reversal of an impairment loss is also recognized immediately in profit or loss.

(13) Financial Liabilities and Equity instruments

Debt instruments and equity instruments issued by the Group are recognized as financial liabilities or equity depending on the contract and the definitions of financial liability and equity instrument. When treasury shares are reacquired, such equity instruments are directly deducted from equity. Gains or losses on the purchase, sale, issuance, or cancellation of treasury shares are not recognized in profit or loss.

① Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

② Financial guarantees contracts liabilities
A financial guarantee contract is a contract that the issuer must pay a certain amount of money to compensate for losses incurred by the holder due to the failure of a specific debtor to pay the due date on the original contract or modified terms of the debt instrument. Financial guarantee liabilities are measured initially at fair value and subsequently measured at the greater of the following, unless they are designated as at fair value through profit or loss or arising from the transfer of assets.

③ Financial liabilities measured at Amortized cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVPL as of the date of initial recognition, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts (including fees and points that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount of the financial liability.

④ Derecognition of financial liabilities
The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(14) Post-employment Benefit Plans

The Group operates a defined contribution pension plan. The retirement benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation, less the fair value of plan assets. Defined benefit obligations are calculated annually by an actuary using the Projected Unit Credit Method.

Contributions to defined contribution retirement benefit plans are recognized as expenses when employees provide services eligible for payment but the contributions are not included in provisions for retirement benefit.

(15) Long-term Employee Benefits Liabilities

Other long-term employee benefits, which are not paid within 12 months from the end of the reporting period in which the employee provided the relevant service, discount future benefits earned in return for service provided in the current and past periods to present values. Liabilities are determined after discounting estimated future cash outflows by the interest rate of high-quality corporate bonds, with similar maturity as the expected other long-term employee benefits date. And service cost, net interest and remeasurement component are recognized as profit or loss. Also, these liabilities are evaluated annually by independent, qualified actuaries.

(16) Deposits Received for Travel and Advances Received

The Group records the full sum received from customers for travel products as deposits received until the Group fulfills its obligation to provide the corresponding services. Furthermore, the Group accounts for the funds received from customers for the provision of travel vouchers and the consideration received from affiliates in return for the points granted to the customer engaged in customer loyalty programs as advances received.

(17) Provisions and Contingent Liabilities

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the present value of the cash flows estimated to settle the present obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

(18) Revenue from Contracts with Customers

Revenue is recognized based on the consideration agreed upon in the customer contract. The Group records revenue when control over goods or services is transferred to the customer.

① Revenue from service provision

The Group is primarily engaged in the operations of travel arrangements and hotel services, providing services related to the sale of travel packages, airline tickets, and hotel rooms.

The Group is the principal and agent in customer relationships and recognizes net revenue for services when the Group acts as an agent.

In the case of revenue from hotel service provision, revenue is recognized when the customer checks in and stays. On the other hand, when providing food and beverages, etc., revenue is recognized when providing the service.

The Group operates customer loyalty program by providing customers with award credits as part of their sales transactions, and customers can use the award credits to obtain free or discounted travel products. The fair value of the award credits is estimated by taking into account the fair value of the consideration provided for the recovered award credits, the expected recovery rate, and the expected recovery time.

In sales transactions that grant award credits, the fair value of consideration that is received or will be received from customers is distributed by award credits and sales. The consideration allocated to the award credits is recognized as revenue when the award credits are recovered and the obligation to provide compensation is fulfilled.

② Revenue from sale of product

The Group recognizes revenue as a total amount only when it comes to proactive control of some airline tickets, hotels, tickets, etc.

The Group's bonded sales division provides goods through contracts with customers and recognizes them as revenue. The Group recognizes revenues when customers purchase goods and the control is transferred to customers.

(19) Financial Income

① Interest income

Interest income is recognized if it is probable that future economic benefits associated will flow in, and the amount can be measured reliably. Recognition of interest income is based on the principal amount and the effective interest rates over the period. The effective interest rate refers to the rate that aligns the present value of the anticipated future cash flows to be received over the expected maturity of the financial asset with the net book value.

② Dividend income

Dividend income is recognized upon establishment of the right to receive dividends.

(20) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets, until they are ready for their intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Investment income earned on the temporary investment of specific borrowings made for the acquisition of qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(21) Share-based Payment Arrangement

The equity-settled share-based payment transaction given to employees and others provisioning similar services is measured by the fair value of the equity instrument on the date of grant.

The fair value of the equity-settled share-based payment transaction determined on the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the equity instrument to be vested. For each end of the reporting period, the Group adjusts the estimate of the number of equity instruments expected to be vested. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment in other component of equity.

Equity-settled, share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received except where that fair value cannot be estimated reliably; in which case, they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled, share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(22) Foreign Currency Translation

1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

2) Foreign currency transactions and translation at the end of the reporting period

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.
Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.
They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other income or other expenses'.

Exchange differences arising on non-monetary financial assets and liabilities such as financial assets measured at fair value through other profit or loss and financial assets measured at fair value through other comprehensive income are recognized in profit or loss and included in OCI, respectively, as part of the fair value gain or loss.

(23) Income Tax Expense and Deferred Income Tax

Income tax expense is composed of current and deferred tax.

① Current income tax

The current tax is computed based on the taxable profit for the current year. The taxable profit differs from the profit before income tax as reported in the consolidated statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

② Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets shall be generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities shall not be recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except when the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that taxable profit will be available against which the temporary difference can be utilized and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority. Also, they are offset when different taxable entities that intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

③ Recognition of current and deferred income tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, or items arising from initial accounting treatments of a business combination.

(24) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in KIFRS 1002 *Inventories* or value in use in KIFRS 1036 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measures are classified as Level 1, 2, or 3, based on the observable degree of the input used for fair value measurement and the significance of the input variables for the entire fair value measurement.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: unobservable inputs for the asset or liability.

(25) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

3. Material judgments and Estimation:

1) Uncertainty in management's judgment assumptions and estimates

In the application of the Group's accounting policies, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that cannot be identified from other sources. Actual results may be different from those estimations. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or both in the period of the revision and future periods if the revision affects both current and future periods. The main items in the consolidated financial statements on which the estimates and judgment have material impact are the investments in associates and joint ventures; financial instrument valuation and impairment; investment property; property, plant and equipment; intangible assets; right-of-use assets; deferred income; provisions; and deferred income tax.

2) Impairment assessment of cash-generating units including goodwill

The Group performs an impairment assessment by comparing the carrying amount of cash-generating units, including goodwill, and the recoverable amount at the end of each reporting period. As a result, the Group recognized an impairment loss reversal of KRW 8,152 million in the cash-generating unit during the current period.

4. Cash and Cash Equivalents :

Details of cash and cash equivalents as of December 31, 2023 and 2022 are as follows:

(in thousands of Korean won)	December 31, 2023	December 31, 2022
Cash on hand	224,294	162,777
Bank Deposits	118,440,434	92,334,441
Total	118,664,728	92,497,218

5. Trade and Other Receivables :

(1) Details of trade receivables and other receivables as of December 31, 2023 and 2022 are as follows.

		December 31, 2023		December 31, 2022	
Description	Accounts	Current	Non-current	Current	Non-current
Trade receivable (in thousands of Korean won)	Trade receivables	71,587,727	-	51,710,872	-
	Allowance for bad debts	(9,818,402)	-	(12,347,897)	-
	Total	61,769,325	-	39,362,975	-
Other receivables (in thousands of Korean won)	Non-trade receivables (*)	8,248,058	-	7,618,027	-
	Allowance for bad debts	(6,257,049)	-	(5,900,596)	-
	Subtotal	1,991,009	-	1,717,431	-
	Short-term Loan	944,512	-	1,605,853	-
	Allowance for bad debts	(944,512)	-	(1,533,168)	-
	Subtotal	-	-	72,685	-
	Long-term Loan	-	3,531,138	1,451,520	2,076,976
	Allowance for bad debts	-	(1,455,400)	(1,451,520)	-
	Subtotal	-	2,075,738	-	2,076,976
	Accrued Revenue	2,803,740	-	1,621,877	-
	Allowance for bad debts	-	-	(122,665)	-
	Subtotal	2,803,740	-	1,499,212	-
	Guaranteed Deposits	9,412,386	1,793,782	6,762,416	2,048,848
	Allowance for bad debts	(3,197,338)	-	(4,195,105)	-
	Subtotal	6,215,048	1,793,782	2,567,311	2,048,848
	Total	11,009,797	3,869,520	5,856,639	4,125,824

(*) The Group reclassifies the finance lease receivables that have reached the expiry date to non-trade receivables. The amount of reclassified finance lease receivables for each of the two years in the period ended December 31, 2023 are KRW 727,683 thousand and KRW 242,917 thousand, respectively, and the amount of reclassified allowance for bad debts are KRW 583,000 thousand and KRW 242,917 thousand, respectively.

(2) Changes in the allowance for bad debts for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023 Beginning Balance	Reversal (Amortisation)	Write-off	Transference	Foreign Exchange Difference	Ending Balance
Trade receivables	(12,347,897)	2,110,091	427,242	–	(7,838)	(9,818,402)
Short-term Loans	(1,533,168)	594,493	–	–	(5,837)	(944,512)
Current Portion of Long-term Loans	(1,451,520)	(8,843)	–	1,482,603	(22,240)	–
Long-term Loans	–	–	–	(1,482,603)	27,203	(1,455,400)
Non-trade Receivables (*1)	(5,900,596)	214,221	10,919	(583,000)	1,407	(6,257,049)
Accrued Revenue	(122,665)	44,836	79,708	–	(1,879)	–
Guaranteed Deposits	(4,195,105)	(2,233)	1,000,000	–	–	(3,197,338)
Total (*2)	(25,550,951)	2,952,565	1,517,869	(583,000)	(9,184)	(21,672,701)

(*1) Reclassified to allowance for non-trade receivables from allowance for finance lease receivables during the current year.
(*2) Includes the amount classified as profit and loss from discontinued operation.

(In thousands of Korean won)	December 31, 2022 Beginning Balance	Reversal (Amortisation)	Write-off	Transference	Foreign Exchange Difference	Ending Balance
Trade receivables	(11,465,159)	(957,935)	109,765	–	(34,568)	(12,347,897)
Short-term Loans	(2,759,464)	(504,361)	1,325,852	–	404,805	(1,533,168)
Current Portion of Long-term Loans	–	103,030	–	(1,640,738)	86,188	(1,451,520)
Long-term Loans	(1,490,080)	(189,688)	–	1,640,738	39,030	–
Non-trade Receivables (*1)	(5,886,418)	204,325	25,821	(242,917)	(1,407)	(5,900,596)
Accrued Revenue	(211,208)	(38,173)	125,176	–	1,540	(122,665)
Guaranteed Deposits	(5,411,014)	856,296	359,613	–	–	(4,195,105)
Total (*2)	(27,223,343)	(526,506)	1,946,227	(242,917)	495,588	(25,550,951)

(*1) Reclassified to allowance for non-trade receivables from allowance for finance lease receivables during the current year.
(*2) Includes the amount classified as profit and loss from discontinued operation.

(3) The aging analysis details (based on the date of occurrence) of trade receivables subject to allowance for bad debts among trade receivables as of December 31, 2023 and 2022 are as follows.

Trade receivables	December 31, 2023		December 31, 2022	
(In thousands of Korean won)	Book Value	Loss allowance	Book Value	Loss allowance
Up to 90 days	60,006,869	(289,736)	39,555,903	(906,894)
90 to 180 days	2,262,833	(348,925)	664,019	(174,444)
180 to 270 days	206,706	(102,202)	158,424	(117,278)
270 to 365 days	106,036	(76,628)	349,477	(177,975)
Over 365 days	9,005,283	(9,000,911)	10,983,049	(10,971,306)
Total	71,587,727	(9,818,402)	51,710,872	(12,347,897)

(4) The aging analysis details (based on the date of occurrence) of other receivables subject to allowance for bad debts as of December 31, 2023 and 2022 are as follows.

Other receivables	December 31, 2023		December 31, 2022	
(In thousands of Korean won)	Book Value	Loss allowance	Book Value	Loss allowance
Up to 90 days	12,661,192	(229,888)	7,805,071	(187,655)
90 to 180 days	225,977	(133,954)	190,072	(130,917)
180 to 270 days	287,426	(170,453)	42,766	(29,028)
270 to 365 days	608,452	(462,772)	1,068,777	(1,047,492)
Over 365 days	12,950,569	(10,857,232)	12,001,855	(11,807,962)
Total	26,733,616	(11,854,299)	21,108,541	(13,203,054)

(5) Information on expected credit losses and credit risk exposure for trade receivables and other receivables and details of individual analysis receivables are as follows:

Category (In thousands of Korean won)	Weighted Average Default Rate (%)	Total Book Value	Loss Allowance
Up to 90 days	1.10	38,863,542	(428,673)
90 to 180 days	16.50	2,138,198	(352,711)
180 to 270 days	51.54	233,356	(120,278)
270 to 365 days	69.06	319,605	(220,728)
Over 365 days	100.00	9,199,947	(9,199,798)
Subtotal	-	50,754,648	(10,322,188)
Individual Analysis Receivables	-	47,566,695	(11,350,513)
Total	-	98,321,343	(21,672,701)

6. Finance Lease Receivables :

(1) Financial Lease Contracts

As of December 31, 2023, the Group provides offices on lease.

(2) Details of financial lease receivables as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Up to 1 year	1,219,653	1,168,300
1 to 2 years	594,580	340,083
2 to 3 years	435,164	-
Total Lease Expense	2,249,397	1,508,383
Deduction: Unrealized Interest Income	(7,600)	(14,946)
Present Value of Minimum Lease Expense	2,241,797	1,493,437
Total of Net Lease Investment	2,241,797	1,493,437

(3) The classification of current portion details of financial lease receivables as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Finance lease receivables (*)	1,213,757	1,028,040	1,153,354	340,083
Allowance for bad debts	(340,083)	-	(583,000)	(340,083)
Total	873,674	1,028,040	570,354	-

(*) The Group reclassifies the finance lease receivables that have reached the expiry date to non-trade receivables. The amount of reclassified finance lease receivables during the current and previous years are KRW 727,683 thousand and KRW 242,917 thousand, respectively, and the amount of reclassified allowance for bad debts are KRW 583,000 thousand and KRW 242,917 thousand, respectively.

(4) The lease income recognized by the Group in relation to the lease contracts for each of the two years in the period ended December 31, 2023 is KRW 175,800 thousand and KRW 199,861 thousand, respectively.

7. Inventories :

(1) Details of inventories for each of the two years in the period ended December 31, 2023 are as follows.

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Airline tickets and others	59,732,261	8,271,694
Valuation allowance for airline tickets and others	(785,525)	(81,687)
Storage goods	117,972	84,553
Total	59,064,708	8,274,560

(2) Changes in valuation allowance of inventories for each of the two years in the period ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won) December 31, 2023

Category	Beginning Balance	Valuation Loss	Ending Balance
Airline Tickets and Others	(81,687)	(703,838)	(785,525)

(In thousands of Korean won) December 31, 2022

Category	Beginning Balance	Valuation Loss	Write-off	Exchange Difference	Ending Balance
Airline Tickets and Others	(110,015)	(47,818)	78,324	(2,178)	(81,687)

8. Advanced Payments and Other Assets :

(1) Details of advanced payments as of December 31, 2023 and 2022 are as follows.

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Advance Payments	37,504,922	27,777,503
Allowance for bad debts	(697,511)	(2,565,046)
Total	36,807,411	25,212,457

(2) Details of change in the allowance for loss of advanced payments are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Beginning Balance	(2,565,046)	(3,973,733)
Reversal of Bad Debt Expense	1,827,115	1,383,396
Write-off	41,281	40,666
Exchange Difference	(861)	(15,375)
Ending Balance	(697,511)	(2,565,046)

(3) Details of other current assets and other non-current assets as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Prepaid Expenses	3,002,896	31,879	2,697,663	23,838
Prepaid Value Added Tax	162,397	-	299,256	-
Total	3,165,293	31,879	2,996,919	23,838

9. Financial Assets Measured at Fair Value Through Profit or Loss :

Details of financial assets measured at FVPL as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
KBSJ Tourism Venture Union (*1)	2,836,006	2,195,185
P&I Cultural Innovation Investment Union (*2)	770,333	817,075
Silla Animal Inc. (*3)	-	-
Total	3,606,339	3,012,260

(*1) Recognized valuation gain of KRW 640,821 thousand during the current year.

(*2) Recognized valuation loss of KRW 46,742 thousand during the current year.

(*3) According to Silla Animal Inc's rehabilitation application, loss was recognized for the total amount of investments in associates (amount after the conversion of investment proceeded before the previous year).

10. Financial Assets Measured at Fair Value Through Other Comprehensive Income :

Details of Financial assets at fair value through other comprehensive income(non-current) as of December 31, 2023 and 2022 are as follows.

(In thousands of Korean won)	Percentage of shareholding (%)	December 31, 2023	December 31, 2022
<Marketable Equity Securities>			
Woongjin Co.,Ltd.	0.01	8,725	8,180
< Non-marketable Equity Securities >			
EDUTOUR Inc.	19.90	27,980	27,980
Hani Tour Inc.	9.54	2,368	2,368
Jeju Channel Inc.	8.06	132,750	129,500
Interpark Corp. (*)	0.50	116,616	116,616
SAM Consulting So., Ltd.	7.41	100,020	100,020
KC HOSPITALITY CO., LTD	10.00	804,240	804,240
Others	-	284	296
Subtotal		1,184,258	1,181,020
Total		1,192,983	1,189,200

(*) During the previous year, Triple Corp., merged with Interpark Corp., and has been extinguished, and new shares from the merger were issued by Interpark Corp. Interpark Corp., changed its name of the company to InterparkTriple Corp., during the current year.

11. Investments In Associates :

(1) Details of investments in associates as of the current and previous years are as follows:

(In thousands of Korean won)	Nature of business	Location	End date of reporting period	December 31, 2023 Ownership (%)	December 31, 2023 Book value	December 31, 2022 Ownership (%)	December 31, 2022 Book value
HANATOUR EUROPE S.R.L(*1)	Travel Agency	Italy	12.31	50.00	-	50.00	-
OK Tour Service Inc. (*2)	Travel Agency	Korea	12.31	48.92	4,892	48.92	4,892
Dream Co., Ltd (*3)	Theme Park	Korea	12.31	4.16	-	4.16	-
K Culture Industry Co., Ltd. (*4)	Service	Korea	12.31	-	-	40.00	698,040
Total					4,892		702,932

(*1) It is an associate that is closed as of December 31, 2023.
(*2) It is an associate remaining with the purpose of preventing the use of corporate names similar to the name of the corporate that was liquidated.(*3) Although the Group's shareholding is less than 20%, the entity was classified as an associate as it was concluded that the Group has significant influence as it can participate in the board of directors of the entity and exercise voting rights.
(*4) Liquidation was completed during the current year, and KRW 78,536 thousand was recognized as the gain on disposal of investments in associates, as KRW 781,956 thousand was retrieved by the distribution of remaining assets.

(2) Changes in investments in associates for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	2023 Beginning Balance	Disposal	Equity Method Profit or Loss	Ending Balance
HANATOUR EUROPE S.R.L	-	-	-	-
OK Tour Service Inc.	4,892	-	-	4,892
Dream Co., Ltd	-	-	-	-
K Culture Industry Co., Ltd. (*)	698,040	(703,420)	5,380	-
Total	702,932	(703,420)	5,380	4,892

(*) It was liquidated during the current year, and KRW 78,536 thousand was recognized as the gain on disposal of investments in associates from the distribution of remaining assets.

(In thousands of Korean won)	2022 Beginning Balance	Disposal	Equity Method Profit or Loss	Ending Balance
HANATOUR EUROPE S.R.L	-	-	-	-
OK Tour Service Inc.	4,892	-	-	4,892
Dream Co., Ltd	-	-	-	-
CELINO Inc. (*1)	239,534	(239,534)	-	-
K Culture Industry Co., Ltd.	626,683	-	71,357	698,040
Hotel & Air Co., Ltd. (*2)	75,764	(1,820)	(73,944)	-
Total	946,873	(241,354)	(2,587)	702,932

(*1) Disposed during the previous year, and KRW 10,466 thousand was recognized as the gain on disposal of due to the distribution of remaining assets.
(*2) Disposed during the previous year, and KRW 719 thousand was recognized as the loss on disposal of due to the distribution of remaining assets.

(3) Key financial information on significant associates as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)	December 31, 2023 Dream Co., Ltd.
Current assets	2,205,020
Non-current assets	49,914,781
Total assets	52,119,801
Current liabilities	7,639,846
Non-current liabilities	31,814,534
Total liabilities	39,454,380
Net sales	9,171,306
Operating income (loss)	(682,086)
Net income (loss)	(2,458,696)
Total comprehensive income (loss)	(2,458,696)

(In thousands of Korean won)	December 31, 2022 Dream Co., Ltd.	K Culture Industry Co., Ltd.
Current assets	2,113,756	1,944,027
Non-current assets	49,955,341	4,847
Total assets	52,069,097	1,948,874
Current liabilities	5,846,145	5,530,532
Non-current liabilities	31,097,979	-
Total liabilities	36,944,124	5,530,532
Net sales	9,571,570	-
Operating income (loss)	(1,196,064)	194,377
Net income (loss)	(3,017,439)	196,252
Total comprehensive income (loss)	(3,017,439)	196,252

(4) The main components of the abridged financial information of major associates for the current and previous years are as follows.

	December 31, 2023					
(In thousands of Korean won)	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Fixed asset depreciation	Interest income	Interest expense
Dream Co., Ltd.	385,548	6,962,427	31,334,553	1,533,568	167	1,811,128

	December 31, 2022					
(In thousands of Korean won)	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Fixed asset depreciation	Interest income	Interest expense
Dream Co., Ltd.	313,295	5,247,297	30,700,000	1,029,083	414	1,859,842
K Culture Industry Co., Ltd.	1,920,243	7,432	-	-	1,874	-

(5) Details of the adjustment from the net assets of significant associates to the carrying amount of investment assets in associates as of December 31, 2023 are as follows:

(In thousands of Korean won)	Dream Co., Ltd.
Net assets at the end of the year	12,665,421
(-) Accounting Policy Differences	(20,033,424)
Adjusted Net Asset	(7,368,003)
Group's Share Ratio	4.16%
Net Assets Share Amount	(306,509)
Discontinuation of Equity Method	306,509
Carrying amount at the end of the year	-

(6) Discontinuation of equity method

Unrecognized gains and losses and accumulated unrecognized changes in equity that were not recognized due to the discontinuation of the application of the equity method as of December 31, 2023 are as follows:

(In thousands of Korean won)	**Unrecognized losses**	**Accumulated unrecognized losses**
Dream Co., Ltd.	(102,317)	(306,509)

12. <u>Investment Properties :</u>

(1) Details of the book amount of investment properties as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		
(In thousands of Korean won)	Land	Buildings	Total
Acquisition cost	738,250	1,745,840	2,484,090
Accumulated depreciation	-	(1,598,001)	(1,598,001)
Net book value	738,250	147,839	886,089

	December 31, 2022		
(In thousands of Korean won)	Land	Buildings	Total
Acquisition cost	771,027	1,823,351	2,594,378
Accumulated depreciation	-	(1,485,631)	(1,485,631)
Net book value	771,027	337,720	1,108,747

(2) Changes in investment properties as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		
(In thousands of Korean won)	Land	Buildings	Total
Beginning balance	771,027	337,720	1,108,747
Depreciation	–	(179,098)	(179,098)
Other differences	(32,777)	(10,783)	(43,560)
Ending balance	738,250	147,839	886,089

	December 31, 2022		
(In thousands of Korean won)	Land	Buildings	Total
Beginning balance	833,361	563,160	1,396,521
Depreciation	–	(189,137)	(189,137)
Other differences	(62,334)	(36,303)	(98,637)
Ending balance	771,027	337,720	1,108,747

(3) Details recognized as profit or loss in relation to investment properties for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Rental income	-	141,551
Operating expenses	-	(93,552)
Total	-	47,999

(4) The fair value of investment properties as of December 31, 2023 are as follows:

(In thousands of Korean won)	Book value	Fair value (*)
Land	738,250	3,239,539
Buildings	147,839	296,014

(*) The fair value of investment properties is classified as Level 3 (unobservable inputs to assets or liabilities) based on the inputs used in the valuation technique.

(5) Land and buildings are provided as collateral for the borrowings (refer to Note 35).

13. Property, plant and equipment :

(1) Details of property, plant and equipment as of December 31, 2023 and 2022 are as follows:

	December 31, 2023					
(In thousands of Korean won)	Land	Buildings	Vehicles	Equipment	Structures	Total
Acquisitions	5,567,101	3,740,343	9,667,574	19,317,744	6,460,931	44,753,693
Depreciation	–	(3,082,520)	(9,299,403)	(15,129,891)	(4,214,626)	(31,726,440)
Accumulated Impairment losses	–	(256,781)	(117,928)	(754,289)	(336,606)	(1,465,604)
Book value	5,567,101	401,042	250,243	3,433,564	1,909,699	11,561,649

	December 31, 2022					
(In thousands of Korean won)	Land	Buildings	Vehicles	Equipment	Structures	Total
Acquisitions	5,260,456	3,902,983	11,363,109	21,752,142	4,544,401	46,823,091
Accumulated depreciation	–	(2,865,255)	(11,049,374)	(17,169,933)	(4,044,965)	(35,129,527)
Accumulated Impairment losses	–	(268,181)	(118,359)	(810,071)	(320,681)	(1,517,292)
Book value	5,260,456	769,547	195,376	3,772,138	178,755	10,176,272

(2) Changes in book value of property, plant and equipment for each of the two years in the period ended December 31, 2023 are as follows:

	December 31, 2023					
(In thousands of Korean won)	Land	Buildings	Vehicles	Equipment	Structures	Total
Beginning Balance	5,260,456	769,547	195,376	3,772,138	178,755	10,176,272
Acquisitions	540,514	–	535,840	1,874,355	2,144,715	5,095,424
Transference (*1)	–	–	8,646	–	–	8,646
Disposal	–	–	(290,565)	(26,651)	(1,958)	(319,174)
Depreciation	–	(344,807)	(194,908)	(2,168,054)	(355,860)	(3,063,629)
Impairment losses	–	–	–	(32,406)	(6,210)	(38,616)
Impairment loss reversal	–	–	–	48,371	4,420	52,791
Other differences (*2)	(233,869)	(23,698)	(4,146)	(34,189)	(54,163)	(350,065)
Ending Balance	5,567,101	401,042	250,243	3,433,564	1,909,699	11,561,649

(*1) During the current period, right-of-use assets were reclassified as property, plant and equipment.

(*2) Includes amounts such as foreign exchange differences.

(In thousands of Korean won)	December 31, 2022 Land	Buildings	Vehicles	Equipment	Structures	Total
Beginning Balance	5,680,245	1,180,078	433,604	5,684,708	400,404	13,379,039
Acquisitions	-	-	23,940	1,524,255	39,441	1,587,636
Transference (*1)	4,468	27,156	-	-	-	31,624
Disposal	-	-	(64,716)	(393,919)	(20,704)	(479,339)
Depreciation	-	(362,643)	(210,490)	(2,945,623)	(221,715)	(3,740,471)
Impairment losses	-	-	(21,945)	(11,711)	-	(33,656)
Impairment loss reversal	-	-	36,002	2,162	50	38,214
Other differences (*2)	(424,257)	(75,044)	(1,019)	(87,734)	(18,721)	(606,775)
Ending Balance	5,260,456	769,547	195,376	3,772,138	178,755	10,176,272

(*1) The membership deposit of KRW 31,624,000 in the form of a public ownership system was transferred to KRW 27,156,000 and KRW 4,468,000 for buildings and land, respectively, during the current year.
(*2) Includes amounts such as foreign exchange differences.

(3) Among property, plant and equipment, land and buildings are provided as collateral for loans, and some vehicles are provided as collateral for the vehicle purchase price (refer to Note 35).

14. Intangible Assets :

(1) Details of the book values of intangible assets as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023 Acquisition cost	Accumulated amortization	Accumulated impairment losses	Book value	December 31, 2022 Acquisition cost	Accumulated amortization	Accumulated impairment losses	Book value
Goodwill	1,160,630	-	(775,495)	385,135	1,160,630	-	(775,495)	385,135
Industrial property rights	663,446	(521,286)	(10,521)	131,639	614,908	(493,651)	(10,989)	110,268
Patent	19,157	(12,274)	-	6,883	19,157	(9,694)	-	9,463
Software	56,150,169	(41,465,250)	(369,359)	14,315,560	59,378,622	(38,848,400)	(390,005)	20,140,217
Membership	1,355,047	(83,908)	(115,000)	1,156,139	1,357,073	(148,643)	(115,000)	1,093,430
Other intangible assets	1,547,002	-	(891,324)	655,678	1,523,697	-	(877,770)	645,927
Construction-in-progress	69,460	-	-	69,460	547,720	-	-	547,720
Total	60,964,911	(42,082,718)	(2,161,699)	16,720,494	64,601,807	(39,500,388)	(2,169,259)	22,932,160

(2) Changes in the book value of intangible assets for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023 Goodwill	Industrial property rights	Patent	Software	Membership	Other intangible assets	Construction-in-progress	Total
Beginning balance	385,135	110,268	9,463	20,140,217	1,093,430	645,927	547,720	22,932,160
Acquisitions	-	62,302	-	1,866,209	-	-	958,393	2,886,904
Disposal	-	(702)	-	(63,284)	-	-	-	(63,986)
Depreciation	-	(40,229)	(2,580)	(9,042,855)	(7,672)	-	-	(9,093,336)
Transference	-	-	-	1,436,055	-	-	(1,436,055)	-
Impairment loss reversal	-	-	-	1,247	72,407	-	-	73,654
Other differences	-	-	-	(22,029)	(2,026)	9,751	(598)	(14,902)
Ending balance	385,135	131,639	6,883	14,315,560	1,156,139	655,678	69,460	16,720,494

(In thousands of Korean won)	December 31, 2022 Goodwill	Industrial property rights	Patent	Software	Membership	Other intangible assets	Construction-in-progress	Total
Beginning Balance	385,135	68,136	12,043	28,813,155	1,177,443	1,714,789	682,100	32,852,801
Acquisition	-	91,823	-	227,371	-	-	2,789,870	3,109,064
Disposal	-	(11,799)	-	(35,998)	-	(956,884)	-	(1,004,681)
Depreciation	-	(37,301)	(2,580)	(9,701,558)	(7,753)	-	-	(9,749,192)
Transference	-	-	-	2,924,250	-	-	(2,924,250)	-
Impairment loss	-	-	-	(2,050,011)	(72,407)	(247,470)	-	(2,369,888)
Impairment loss reversal	-	-	-	101	-	-	-	101
Other Differences	-	(591)	-	(37,093)	(3,853)	135,492	-	93,955
Ending Balance	385,135	110,268	9,463	20,140,217	1,093,430	645,927	547,720	22,932,160

15. Right-of-use Assets :

The Group leases buildings, offices, and vehicles, and in the case of some vehicles, the Group has the option to bargain purchase at the end of the lease contract. Legal ownership of the right-of-use assets is held by the lease provider as a collateral for lease liabilities.

(1) As of December 31, 2023 and 2022, the details of the right-of-use assets by the category of underlying assets are as follows:

	December 31, 2023			
(In thousands of Korean won)	Property	Vehicles	Others	Total
Acquisition Cost	155,502,967	7,636,102	3,401,535	166,540,604
Accumulated Depreciation	(34,578,115)	(5,610,622)	(2,617,915)	(42,806,652)
Accumulated Impairment Loss	(31,224,559)	-	-	(31,224,559)
Book value	89,700,293	2,025,480	783,620	92,509,393

	December 31, 2022			
(In thousands of Korean won)	Property	Vehicles	Others	Total
Acquisition Cost	155,332,015	6,321,540	3,883,670	165,537,225
Accumulated Depreciation	(40,138,220)	(4,733,603)	(2,849,426)	(47,721,249)
Accumulated Impairment Loss	(41,214,475)	-	-	(41,214,475)
Book value	73,979,320	1,587,937	1,034,244	76,601,501

(2) Changes in the carrying amounts of right-of-use assets for each of the two years in the period ended December 31, 2023 are as follows:

	December 31, 2023			
(In thousands of Korean won)	Property	Vehicles	Others	Total
Beginning Balance	73,979,320	1,587,937	1,034,244	76,601,501
Acquisition	22,325,179	1,933,604	720,611	24,979,394
Disposal	(1,236,476)	-	(27,114)	(1,263,590)
Transference (*1)	-	(8,646)	-	(8,646)
Depreciation Cost	(13,208,373)	(1,430,875)	(944,121)	(15,583,369)
Impairment Loss (Reversal)	8,003,540	-	-	8,003,540
Other differences (*2)	(162,897)	(56,540)	-	(219,437)
Ending Balance	89,700,293	2,025,480	783,620	92,509,393

(*1) During the current period, right-of-use assets were reclassified as property, plant and equipment.

(*2) Includes amounts such as foreign exchange differences.

	December 31, 2022			
(In thousands of Korean won)	Property	Vehicles	Others	Total
Beginning Balance	136,906,372	1,964,457	1,237,276	140,108,105
Acquisition	13,408,133	1,104,688	869,867	15,382,688
Disposal	(58,186,484)	-	(38,487)	(58,224,971)
Depreciation Cost	(15,192,423)	(1,346,450)	(1,022,201)	(17,561,074)
Impairment Loss (Reversal)	5,168,148	(3,016)	(12,211)	5,152,921
Other differences (*)	(8,124,426)	(131,742)	-	(8,256,168)
Ending Balance	73,979,320	1,587,937	1,034,244	76,601,501

(*) Includes amounts such as foreign exchange differences.

(3) The amounts recognized as gains or losses for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Right-of-use Assets Depreciation Cost	15,583,369	17,561,074
Interest Expense of Lease Liabilities	2,506,345	2,457,225
Gains and Losses of Lease Transactions	(351,242)	(14,223,089)
Impairment Loss (Reversal) of Right-of-use Assets	(8,003,540)	(5,152,921)
Expenses Regarding Leases of Low-value Assets	131,909	107,143

The Group applied the practical expedient on the rental fee discounts due to COVID-19 in accordance with the revised KIFRS 1116 *Lease* and recognized the discounts of KRW 805,997 thousand for the previous year as deductions for related expenses such as rent and payment fees.

Total cash outflow due to lease during the current and previous year is KRW 20,150 million and KRW 31,062 million, respectively.

(4) Impairment Assessment on Cash Generating Units (CGU)

The Group conducts an impairment test on CGU that has indications of impairments due to the effects of COVID-19 and others.

In the case of hotel business among the operations of the Group, each branch of the hotel was selected as a CGU, and an impairment test was conducted on the CGU with indications of impairment. As a result, the value in use of the right-of-use asset was set as a recoverable amount and the amount of difference between the recoverable amount and the carrying amount of the right-of-use asset, which is KRW 8,152 million, was recognized as reversal of impairment loss. In calculating the value in use, a discount rate of 4.55% was applied to the weighted average capital cost(WACC) of the same industry for each CGU.

16. Other Financial Assets :

The changes in the allowances for bad debts of other financial assets during the current and previous year are as follows:

(In thousands of Korean won)	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Long-term Financial Instruments	-	1,800	-	8,217
Deposits	8,912,662	10,957,306	6,795,589	12,215,403
Financial Assets Measured at Amortized Costs	-	342,373	-	500,000
Total	8,912,662	11,301,479	6,795,589	12,723,620

17. Borrowings :

(1) Details of borrowings and debentures as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	Accounts	December 31, 2023	December 31, 2022
Current :			
Short-term borrowings	Short-term borrowings	8,682,599	14,370,131
Current portion of long-term Liabilities	Current portion of long-term borrowings	1,803,197	1,991,366
	Current portion of debentures (*)	-	94,726
Subtotal		10,485,796	16,456,223
Non-Current :			
Long-term borrowings	Long-term borrowings	5,337,856	7,865,108
Subtotal		5,337,856	7,865,108
Total		15,823,652	24,321,331

(*) Regarding the debentures as of December 31, 2022, the subsidiary is provided with payment guarantees for principal and interest from Kansai Mirai Bank. The Group's payment guarantee, land and buildings are provided as collateral to Kansai Mirai Bank. As of December 31, 2023, there are no debentures.

(2) Short-term borrowings at the end of the current and previous year are as follows:

(In thousands of Korean won)	Lender	Annual interest rate at December 31, 2023 (%)	December 31, 2023	December 31, 2022
General Loan	Sumitomo Mitsui Banking Corporation. (*1)	0.83	1,825,320	1,906,360
	Mizuho Bank, Ltd. (*1)	0.85	2,281,650	4,702,151
	Shinhan Bank Japan (*1)	1.60	3,626,062	6,964,229
	Others (*2)	3.50~4.10	949,567	797,391
Total			8,682,599	14,370,131

(*1) Related to the borrowing, the land and buildings of the Group are provided as collateral to the lender (Note 35).
(*2) Borrowings from the Group's executives and employees of overseas.

(3) Long-term borrowings at the end of the current and previous year are as follows:

(In thousands of Korean won)	Lender	Annual interest rate at December 31, 2023 (%)	December 31, 2023	December 31, 2022
General Loan	Sumitomo Mitsui Banking Corporation. (*1)	1.05~1.10	594,160	749,829
	The Shoko Chukin Bank,Ltd.	1.11	3,549,974	4,729,012
	Kansai Mirai Bank, Ltd. (*2)(*3)	1.20	758,713	1,558,754
	Kiraboshi Bank,Ltd． (*1)	0.90	1,090,026	1,357,538
	HIGASHI-NIPPON BANK,Ltd. (*1)	0.10~0.90	1,148,180	1,415,510
	Others (*4)	-	-	45,831
Subtotal			7,141,053	9,856,474
Liquidity Replacement			(1,803,197)	(1,991,366)
Total deduction			5,337,856	7,865,108

(*1) Payment guarantees from the Credit Guarantee Corporation of Tokyo are provided to the lender for some borrowings (Note 36).
(*2) Land and buildings of the Group are provided as a collateral for some borrowings (Note 35).
(*3) Payment guarantees from the Credit Guarantee Corporation of Osaka are provided to the lender for some borrowings (Note 36).
(*4) Borrowings from the Group's executives and employees of overseas.

18. Other Liabilities and Other Financial Liabilities :

(1) The details of other liabilities (current and non-current) as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022	
	Current	Current	Non-current
Accounts Payable	12,186,088	10,074,864	118,667
Accrued Expenses	51,795,177	37,102,190	24,211
Total	63,981,265	47,177,054	142,878

(2) Details of other financial liabilities (currents) as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023		December 31, 2022
	Current	Non-current	Current
Deposits for Rent	2,004,099	24,000	1,676,530
Deposits for Operation	410,807	-	354,229
Accrued Dividends	52,988	-	53,347
Total	2,467,894	24,000	2,084,106

19. Lease Liabilities :

(1) Lease Contracts

The Group uses buildings, offices, and vehicles as leases, and in the case of some vehicles, the Group has the option to bargain purchase at the end of the lease contract.

Legal ownership of carrying amount of the right-of-use asset of ₩92,509 million (ending balance of the previous year: ₩76,602 million) is held by the lease provider as a collateral for lease liabilities.

(In thousands of Korean won)	December 31, 2023		December 31, 2022	
	Minimum lease payments	PV of minimum lease payments	Minimum lease payments	PV of minimum lease payments
Within a year	17,169,472	16,810,476	14,066,871	13,914,120
More than a year and not more than 5 years	37,479,984	32,155,815	29,086,507	24,773,165
More than 5 years	79,873,216	72,347,009	89,747,369	81,012,011
Subtotal	134,522,672	121,313,300	132,900,747	119,699,296
Deduction: PV adjustments	(13,209,372)	-	(13,201,451)	-
Total	121,313,300	121,313,300	119,699,296	119,699,296

(2) The current portion classification of lease liabilities as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Current Liabilities	16,810,476	13,914,120
Non-current Liabilities	104,502,824	105,785,176
Total	121,313,300	119,699,296

20. Provisions :

As of December 31, 2023 and 2022, the Group sets provisions for the amount expected to be paid due to damage compensations and points granted free of charge through advertising and promoting activities, and the set amount is calculated as operating expenses. Changes in provisions for the current and previous years are as follows:

(In thousands of Korean won)	December 31, 2023						
	Beginning Balance	Reversal	Used Amount	Exchange Difference	Ending Balance	Current	Non-current
Point Provisions (*)	813,452	1,264,396	(1,072,514)	-	1,005,334	1,005,334	-
Other Provisions (*)	-	230,280	(98,313)	-	131,967	131,967	-
Restoration Provisions	278,155	188,077	(23,319)	(4,480)	438,433	5,329	433,104
Total	1,091,607	1,682,753	(1,194,146)	(4,480)	1,575,734	1,142,630	433,104

(*) The point provisions transferred in is recognized as operating expenses such as advertising expenses, and other provisions transferred in are recognized as miscellaneous expense of operating expenses.

(In thousands of Korean won)	December 31, 2022						
	Beginning Balance	Reversal	Used Amount	Exchange Difference	Ending Balance	Current	Non-current
Point Provisions (*)	914,669	380,061	(481,278)	-	813,452	813,452	-
Other Provisions (*)	32,485	7,000	(39,485)	-	-	-	-
Restoration Provisions	257,608	25,805	(5,146)	(112)	278,155	79,236	198,919
Total	1,204,762	412,866	(525,909)	(112)	1,091,607	892,688	198,919

(*) The point provisions transferred in is recognized as operating expenses such as advertising expenses, and other provisions transferred in are recognized as miscellaneous expense of operating expenses.

21. Other Payables :

Details of other payables as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Unearned Revenue	5,987	13,019	10,000	20,396
Deposits	1,645,501	-	1,282,657	-
VAT Deposits	7,614,664	4,106,504	2,048,170	4,552,053
Deferred Revenue	2,615,511	-	7,123,684	-
Total	11,881,663	4,119,523	10,464,511	4,572,449

Deferred revenue is associated with the customer loyalty program that the Group operates. The Group gives a certain percentage of the purchase price as points that can be used in the future when customers (community members and affiliated credit card company's community members) who are members of the Hanatour Mileage Club purchase travel products of the Group.

22. Employee Benefits :

(1) Post-employment benefits

The Group operates defined contribution plans. The contributions are recognized as employee benefit expenses when an employee has rendered service. The amount of contributions recorded by the Group as post-employment benefits under the defined contribution plan for the current and previous term is KRW 7,250,675 thousand and KRW 6,461,057 thousand, respectively.

(2) Long-term employee benefits

The Parent Company recognized the long-term employee benefit of KRW 2,835,534 thousand during the current period in relation to the rewards and equity compensation plan, and the related liability balance of KRW 6,450,148 thousand at the end of the current period which has been reclassified as accrued expenses according to the current portion classification.

23. Fair Value of Financial Assets and Financial Liabilities :

(1) The carrying amount and fair value of financial assets as of the end of the current period and the end of the previous period are as follows:

(In thousands of Korean won)	Balance Sheet	December 31, 2023	December 31, 2022
Financial Asset Measured at Fair Value:			
FVPL	Financial asset measured at fair value through profit or loss	3,606,339	3,012,260
FVOCI	Financial asset measured at fair value through other comprehensive income	1,192,983	1,189,200
Subtotal		4,799,322	4,201,460
Financial Asset Not Measured at Fair Value:			
Financial Assets Measured at Amortized Cost	Cash and cash equivalents	118,440,434	92,334,441
	Short-term financial instruments	145,600,341	88,602,428
	Trade receivables	61,769,325	39,362,975
	Other receivables	11,009,797	5,856,639
	Long-term other receivables	3,869,520	4,125,824
	Finance lease receivables	873,674	570,354
	Long-term Finance lease receivables	1,028,040	-
	Other current financial assets	8,912,662	6,795,589
	Other non-current financial assets	11,301,479	12,723,620
Subtotal		362,805,272	250,371,870
Total		367,604,594	254,573,330

(2)The carrying amount of financial liabilities not measured at fair value as of the end of the current period and the end of the previous period are as follows:

(In thousands of Korean won)	Balance Sheet	December 31, 2023	December 31, 2022
Financial Liabilities Not Measured by Fair Value:			
Financial Liabilities Measured at Amortized Cost	Trade Payables	80,874,678	41,976,540
	Other Payables	63,981,265	47,177,054
	Short-term Borrowings	8,682,599	14,370,131
	Current Portion of Long-term Borrowings	1,803,197	2,086,092
	Other Current Financial Liabilities	2,467,894	2,084,106
	Long-term Other Payables	-	142,878
	Long-term Borrowings	5,337,856	7,865,108
	Other Long-term Financial Liabilities	24,000	-
Subtotal		163,171,489	115,701,909
Other Financial Liabilities:			
Other Financial Liabilities	Finance Lease Liabilities	16,810,476	13,914,120
	Long-term Finance Lease Liabilities	104,502,824	105,785,176
Subtotal		121,313,300	119,699,296
Total		284,484,789	235,401,205

(3) The Group believes that the acquisition or amortization cost is a reasonable approximation of the fair value of financial assets and liabilities - excluding financial assets and liabilities measured at FVPL and FVOCI.

(4)The fair value measurements for each level of the hierarchy of financial assets and financial liabilities measured at fair value are as follows:

① Fair Value Hierarchy

② As of the end of the current period and the end of the previous period, the fair value measurement of financial instrument measured at fair value by fair value hierarchy are as follows:

	December 31, 2023			
(In thousands of Korean won)	Level 1	Level 2	Level 3 (*)	Total
Financial Assets Measured at FVPL	-	-	3,606,339	3,606,339
Financial Assets Measured at FVOCI	8,725	-	1,184,258	1,192,983
Total	8,725	-	4,790,597	4,799,322

(*) Includes financial instruments in accordance with KIFRS 1109 B5.2.3 and B5.2.4 that have measured cost as an approximate estimate of fair value.

	December 31, 2022			
(In thousands of Korean won)	Level 1	Level 2	Level 3 (*)	Total
Financial Assets Measured at FVPL	-	-	3,012,260	3,012,260
Financial Assets Measured at FVOCI	8,180	-	1,181,020	1,189,200
Total	8,180	-	4,193,280	4,201,460

(*) Includes financial instruments in accordance with KIFRS 1109 B5.2.3 and B5.2.4 that have measured cost as an approximate estimate of fair value.

The Group recognizes transfers in levels at the time of events or changes in circumstances that result in transfers in levels.

③ The evaluation methods used to measure the fair value of financial assets measured at FVPL classified as 'level 3' by the Fair Value Hierarchy are as follows:

(In thousands of Korean won)	Fair Value	Valuation Techniques	Unobservable Input Variables
KB-SJ Tourism Venture Association	2,836,006	Asset Approach	Fair Value of Net Assets
P&I Cultural Innovation Investment Association	770,333		
Total	3,606,339		

④ Financial assets measured at FVOCI classified as 'level 3' in Fair Value Hierarchy are non-marketable equity securities, and the evaluation methods used to measure fair value are as follows:

(In thousands of Korean won)	Jeju channel Inc.
Fair value at the end of the current year	132,750
Valuation approach	Market Approach
Measurement Method	Using similar entities
Price Multiple Index (Applied Multiple)	PBR (1.28), EV/EBITDA (14.3), EV/SALES (0.75)
Correlation of Unobservable Input Variables and Fair Value Measurements	If the market multiple increases, the fair value of the equity instrument will increase.

⑤ During the current period, there is no change in valuation techniques used to measure the fair value of financial instruments classified as level 3 fair value measures.

⑥ The changes in financial assets classified as 'level 3' by the Fair Value Hierarchy during the current and previous year are as follows:

	December 31, 2023					
(In thousands of Korean won)	Beginning Balance	Purchase	Sale	Measurement	Foreign Exchange Difference	Ending Balance
Financial Assets Measured at FVPL	3,012,260	-	-	594,079	-	3,606,339
Financial Assets Measured at FVOCI	1,181,020	-	-	3,250	(12)	1,184,258
Total	4,193,280	-	-	597,329	(12)	4,790,597

	December 31, 2022					
(In thousands of Korean won)	Beginning Balance	Purchase	Sale	Measurement	Foreign Exchange Difference	Ending Balance
Financial Assets Measured at FVPL	2,938,115	-	(200,000)	274,145	-	3,012,260
Financial Assets Measured at FVOCI	1,175,344	-	-	5,700	(24)	1,181,020
Total	4,113,459	-	(200,000)	279,845	(24)	4,193,280

24. Capital Stock and Other Contributed Capital :

(1) As of December 31, 2023 and 2022, details of the capital stock of the Parent Company are as follows:

Description	December 31, 2023	December 31, 2022
Type of shares	Common shares	Common shares
Authorized shares	20,000,000 shares	20,000,000 shares
Par value per share	₩500	₩500
Issued shares	16,039,185 shares	16,039,185 shares
Common share amount	₩8,019,593 thousand	₩8,019,593 thousand

(2) As of December 31, 2023 and 2022, details of the other contributed capital are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Additional paid-in capital (*1)	21,341,013	161,341,013
Treasury stock	(33,978,873)	(33,978,873)
Stock Options	42,943	285,308
Other Capital Surplus (*2)	5,509,126	5,266,761
Total	(7,085,791)	132,914,209

(*1) ₩140,000,000 of additional paid-in capital has been transferred to retained earnings.

(*2) Most of the other capital surplus consists of the amount transferred by the stock option due to the expiration of the exercisable period.

(3) The Group manages its treasury shares in order to stabilize fluctuations in share prices in the market and for stock options grants to its employee. Treasury shares retained by the Group as of December 31, 2023 and 2022 are as follows:

	December 31, 2023			December 31, 2022		
(In thousands of Korean won)	Shares	Acquisition cost	Book value	Shares	Acquisition cost	Book value
Common shares (Parent company)	549,253	33,978,873	33,978,873	549,253	33,978,873	33,978,873

25. Other Components of Equity :

As of December 31, 2023 and 2022, composition details for other components of equity are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Gain(loss) on Valuation of Financial Assets measured at FVOCI	(717,667)	(720,599)
Exchange differences on translation of foreign operations	3,414,495	3,435,067
Loss on valuation of investment securities accounted for using the equity method	(72,009)	(72,009)
Total	2,624,819	2,642,459

26. Retained Earnings (deficit) :

As of December 31, 2023 and 2022, composition details of retained earnings are as follows:

(In thousands of Korean won)	Description	December 31, 2023	December 31, 2022
Legal reserves	Earned surplus reserve (*1)	3,484,796	3,484,796
Voluntary Reserves	Reserve for business rationalization	15,265	15,265
	Earned surplus reserve	402,401	402,401
Unappropriated retained earnings (deficit)	Unappropriated retained earnings (Undisposed accumulated deficit) (*2)	162,897,180	(24,171,421)
Total		166,799,642	(20,268,959)

(*1) The Commercial Code of the Republic of Korea requires the Parent Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for the payment of cash dividends, but may be transferred to share capital or used to reduce accumulated deficit.

(*2) During the current period, ₩140,000,000 was transferred through the resolution of the parent company's extraordinary shareholders' meeting.

27. Share-Based Payments :

(1) HANATOUR JAPAN CO., LTD., a subsidiary of the Group, granted stock options granted by company-owned shares to certain executives and employees, and the changes in the number of stock options For the year ended December 31, 2023, are as follows:

(Unit : shares)	Grant on November 30, 2018	Grant on March 28, 2019	Total
Beginning unexercised balance	30,100	9,000	39,100
Expired	(30,100)	(1,000)	(31,100)
Ending unexercised balance	-	8,000	8,000

The total fair value of the stock-based compensation on the grant date is recognized on straight-line basis during vesting period (two years) as stock-based compensation costs.

(2) The Group calculated compensation costs using the fair value method using the Black-Scholes model. The details of the outstanding stock options as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022	
Description	Grant on March 28, 2019	Grant on November 30, 2018	Grant on March 28, 2019
Exercise price per share	JPY 1,838	JPY 1,875	JPY 1,838
Exercisable periods	2021.03.29 ~ 2024.03.28	2020.11.15 ~ 2023.11.14	2021.03.29 ~ 2024.03.28
Vesting period (Conditions of service provision)	Two years	Two years	Two years
Risk free interest	-0.18%	-0.12%	-0.18%
Expected exercisable periods	Three years	Three years	Three years
Total compensation cost at time of grant	JPY 10,494,000	JPY 54,740,900	JPY 10,494,000

(3) There are no costs for stock-based compensation in the current and prior periods, as distributed according to the employee's vesting period after the stock option grant date.

28. Operating Revenue :

(1) Details of operating revenue of Group for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Revenue from contracts with customers:		
Rendering of services	358,284,728	107,183,744
Sales of goods	53,326,881	7,644,168
Subtotal	411,611,609	114,827,912
Revenue from other sources:		
Rental income	-	141,551
Total	411,611,609	114,969,463

(2) Details of operating revenue by the timing of the transfer for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Revenue Description		
Travel agency revenue	256,923,415	59,749,418
Sales of goods	53,326,881	7,644,168
Hotel operating revenue	21,183,925	19,004,085
Bus service revenue	16,300,350	2,982,166
Others	63,877,038	25,448,075
Other revenue		
Rental income	-	141,551
Total	411,611,609	114,969,463
Timing of transference:		
Transferred at a point in time	389,293,073	95,218,057
Transferred over time	22,318,536	19,609,855
Other revenue		
Rental income	-	141,551
Total	411,611,609	114,969,463

(3) As of December 31, 2023 and 2022, details of receivables, contract assets, and contract liabilities from contracts with customers are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Receivables included in trade receivables and other receivables	68,003,805	42,235,412
Contract assets		
Trade receivables (*)	4,775,317	2,984,202
Total contract assets	4,775,317	2,984,202
Contract liabilities		
Deferred revenue	2,615,511	7,123,684
Advances from customers	17,771,806	22,386,124
Unearned revenue	-	10,000
Total contract liabilities	20,387,317	29,519,808

(*) Amount of contract assets for variable consideration.

29. Operating Expenses :

The classification of expenses by nature for each of the two years in the period ended December 31, 2023 is as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Used merchandise	54,031,200	7,689,227
Employee benefit expense (*)	98,330,357	78,918,603
Incentive	8,237,536	270,157
Miscellaneous salaries	171,380	32,776
Post-employment benefits	7,250,675	6,893,343
Employee welfare benefits	9,380,467	6,995,017
Travel and transportation expenses	766,809	462,248
Communication expenses	2,409,128	1,581,956
Taxes and dues	1,591,547	1,456,933
Insurance premium	2,307,186	1,842,773
Entertainment expenses	655,127	318,106
Advertising expense	21,004,066	16,482,817
Reversal of bad debt expenses	(4,149,654)	(1,500,026)
Depreciation	3,063,629	3,740,471
Depreciation of investment property	179,098	189,137
Loss on finance lease receivables	-	277,218
Amortization	9,093,336	9,749,191
Vehicles maintenance expenses	144,035	131,148
Training expenses	164,068	147,629
Depreciation of right-of-use assets	15,583,369	17,561,074
Card service fee	22,627,318	6,590,403
Commission expenses	34,180,363	30,073,668
Repairs expenses	291,291	173,681
Supplies expenses	1,318,640	557,514
Book printing expenses	468,634	225,966
Bus service cost	6,748,327	1,726,643
Hotel service cost	1,593,579	2,289,606
Rental expenses	525,653	506,784
Per diem	712,127	231,173
Book purchasing expenses	9,370	5,980
Tour service fee	75,927,978	19,533,076
Miscellaneous expenses	2,933,347	942,836
Others	13,637	56,421
Total	377,563,623	216,153,549

(*) Maintenance of employment support funds from the Ministry of Employment and Labor of ₩1,489,674 thousand has been deducted for the year ended December 31, 2022.

30. Financial Income (Expenses), Gains (Losses) In Associates and Joint Ventures and Other Income (Expenses) :

(1) Details of financial income and financial expenses for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	Description	December 31, 2023	December 31, 2022
Financial Income	Interest income	7,185,888	2,854,656
	Gain on valuation of financial assets at FVPL	640,821	303,802
	Total	7,826,709	3,158,458
Financial Expenses	Interest expense	2,816,550	2,817,733
	Loss on valuation of financial assets at FVPL	46,742	29,657
	Total	2,863,292	2,847,390

(2) Details of gains (losses) in associates for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Gain on valuation of equity method	5,380	71,357
Losses on valuation of equity method	-	(73,944)
Gain on disposal of investments in associates	78,536	10,466
Gain on disposal of investments in subsidiaries	8,418	348,089
Loss on disposal of investments in associates	-	(719)
Total	92,334	355,249

(3) Details of other income and other expenses for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	Description	December 31, 2023	December 31, 2022
Other income	Gain on Foreign currency transactions	3,606,057	1,051,931
	Gain on Foreign currency translations	588,302	1,065,172
	Gain on disposal of property, plant and equipment	211,453	276,456
	Gain on disposal of intangible asset	-	11,894
	Gain on lease transaction	351,242	14,223,089
	Reversal of impairment loss on property, plant and equipment	52,791	38,214
	Reversal of impairment loss on intangible assets	73,654	101
	Reversal of impairment loss on right-of-use asset	8,158,640	11,452,427
	Reversal of other bad debt expenses	630,487	-
	Reversal of restoration provision	50,848	-
	Miscellaneous gains	8,157,392	14,926,601
	Total	21,880,866	43,045,885
Other expenses	Losses on Foreign currency transactions	2,076,436	841,653
	Losses on Foreign currency translations	535,652	313,836
	Loss on disposal of property, plant and equipment	28,317	7,686
	Loss on waste of property, plant and equipment	-	300
	Impairment loss on property, plant and equipment	38,616	33,656
	Loss on disposal of intangible assets	3,300	99,603
	Loss on waste of intangible assets	60,686	2
	Impairment loss on intangible assets	-	2,369,888
	Impairment loss on right-of-use asset	155,101	6,299,505
	Other bad debt expenses	-	629,191
	Donations	53,548	4,473
	Miscellaneous expenses	728,714	778,931
	Total	3,680,370	11,378,724

31. Gain (Loss) by Categories of Financial Assets and Liabilities :

Details of the financial income (expense) by categories of financial assets and liabilities for each of the two years in the period ended December 31, 2023 are as follows:

(a) Financial income

(In thousands of Korean won)	Description	December 31, 2023	December 31, 2022
Financial assets at amortized cost	Interest income	7,185,888	2,854,656
Financial assets at FVPL	Gain on valuation	640,821	303,802
Total		7,826,709	3,158,458

(b) Financial expenses

(In thousands of Korean won)	Description	December 31, 2023	December 31, 2022
Financial assets at amortized cost	Interest expense	310,205	360,508
Lease liabilities	Interest expense	2,506,345	2,457,225
Financial assets at FVPL	Loss on valuation	46,742	29,657
Total		2,863,292	2,847,390

32. Income Tax Expense :

(1) The components of income tax expense for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)

	December 31, 2023	December 31, 2022
Income tax imposed for the year	933,962	370,174
Adjustments recognized in current period for the past income tax expenses	265,364	127,810
Changes in deferred income tax assets (liabilities) due to temporary differences	7,051,514	4,874,950
Changes in tax loss carry forwards	(9,684,609)	(9,446,736)
Deferred income tax expenses directly charged to equity	(126)	(524)
Others	(95,666)	(8,760)
Income tax expense (benefit)	(1,529,561)	(4,083,086)

(2) Tax reconciliation items between income (loss) before income tax expense and income tax expense for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)

	December 31, 2023	December 31, 2022
Profit (Loss) before income tax	57,304,234	(68,850,608)
Tax expense based on the applicable tax rate	17,448,874	(12,663,375)
Adjustment		
Income not subject to tax	(388,175)	(214,531)
Expenses not deductible for tax purposes	3,142,598	51,250
Adjustments recognized in the current period for past income tax expenses	265,364	127,810
Changes in unrecognized income tax assets	(18,114,478)	9,649,370
Others (*1)	(3,883,744)	(1,033,610)
Subtotal	(18,978,435)	8,580,289
Income tax expense (benefit)	(1,529,561)	(4,083,086)
Effective tax rate (*2)	-	-

(*1) It consists of direct foreign tax expenses, foreign exchange differences, and amounts subject to the applicable tax rate.

(*2) Since it is a pre-tax loss, the average effective tax rate for income tax expenses was not calculated for each of the two years in the period ended December 31, 2023.

(3) The changes in deferred income tax assets (liabilities) for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won) December 31, 2023

Description	Deferred tax assets (liabilities)		
	Beginning Balance	Increase/Decrease	Ending Balance
Available-for-Sale Financial Assets	93,377	(121,373)	(27,996)
Trade receivables and other receivables	5,921,983	(2,009,264)	3,912,719
Undetermined expense	1,657,388	1,620,166	3,277,554
Finance lease receivables	(135,926)	75,097	(60,829)
Inventories	16,975	136,961	153,936
Other current assets	(3,981)	(34,739)	(38,720)
Investment property	15,348	(874)	14,474
Property, plant and equipment	(156,120)	56,373	(99,747)
Right-of-use assets	(1,035,670)	(1,633,881)	(2,669,551)
Intangible assets	752,017	(244,891)	507,126
Investments in subsidiaries and associates	23,831,348	(5,871,123)	17,960,225
Other non-current assets	49,614	(26,757)	22,857
Trade payables and other payables	120,392	337,611	458,003
Other non-current financial liabilities	156,913	(74,795)	82,118
Other current liabilities	65,272	105,773	171,045
Deferred revenue	1,459,592	(961,605)	497,987
Lease liabilities	1,203,384	1,671,657	2,875,041
Provisions	179,602	66,045	245,647
Other non-current liabilities	42,266	2,098	44,364
Others	124,495	160,643	285,138
Undetermined income	(522,674)	(304,636)	(827,310)
Deferred income tax assets (liabilities) due to temporary differences (A)	33,835,595	(7,051,514)	26,784,081
Deferred income tax assets (liabilities) due to tax loss carry forwards (B)	18,457,274	9,684,609	28,141,883
Deferred tax assets (liabilities) (A+B)	52,292,869	2,633,095	54,925,964

(In thousands of Korean won)	December 31, 2022		
Description	Deferred tax assets (liabilities)		
	Beginning Balance	Increase/Decrease	Ending Balance
Available-for-Sale Financial Assets	150,566	(57,189)	93,377
Trade receivables and other receivables	7,798,656	(1,876,673)	5,921,983
Undetermined expense	1,015,402	641,986	1,657,388
Finance lease receivables	(200,869)	64,943	(135,926)
Inventories	-	16,975	16,975
Other current assets	3,584	(7,565)	(3,981)
Investment property	16,367	(1,019)	15,348
Property, plant and equipment	(107,513)	(48,607)	(156,120)
Right-of-use assets	(1,536,717)	501,047	(1,035,670)
Intangible assets	344,483	407,534	752,017
Investments in subsidiaries and associates	26,312,285	(2,480,937)	23,831,348
Other non-current assets	-	49,614	49,614
Trade payables and other payables	100,355	79,366	179,721
Other non-current financial liabilities	98,241	58,672	156,913
Other current liabilities	55,830	9,442	65,272
Deferred revenue	2,492,671	(1,033,079)	1,459,592
Dividend income	22,820	(22,820)	-
Lease liabilities	1,858,962	(655,578)	1,203,384
Provision	222,298	(42,696)	179,602
Other non-current liabilities	33,023	9,243	42,266
Others	92,786	(27,620)	65,166
Undetermined income	(62,685)	(459,989)	(522,674)
Deferred income tax assets (liabilities) due to temporary differences (A)	38,710,545	(4,874,950)	33,835,595
Deferred income tax assets (liabilities) due to tax loss carry forwards (B)	9,010,538	9,446,736	18,457,274
Deferred tax assets (liabilities) (A+B)	47,721,083	4,571,786	52,292,869

(4) Details of the tax effect of temporary differences and others excluded in recognizing deferred income tax assets (liabilities) as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Tax loss carry forwards and others	49,055,580	58,443,484
Investments in subsidiaries and associates	3,099,374	3,441,108
Foreign tax credit (Expired between 2027 and 2033) (*)	1,298,404	789,580
Allowances for bad debts	-	2,901,581
Total	53,453,358	65,575,753

(*) The foreign tax credit may be carried forward for the next ten tax years.

(5) Details of deferred income tax assets (liabilities) directly charged to equity for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
< Deferred income tax assets (liabilities) directly charged to equity >		
Financial assets at FVOCI	(126)	(524)

33. Earnings (Losses) per Share :

(1) Details of the calculation of the basic earnings (losses) per common share for each of the two years in the period ended December 31, 2023 are as follows:

Description	December 31, 2023			December 31, 2022		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Income (expenses) attributable to owners of the Parent Company	₩46,827,631,552	₩200,957,148	₩47,028,588,700	₩(66,949,782,484)	₩175,837,638	₩(66,773,944,846)
Weighted average number of preferred shares outstanding	15,489,932 shares	15,489,932 shares	15,489,932 shares	14,460,069 shares	14,460,069 shares	14,460,069 shares
Basic earnings (losses) per share	₩3,023	₩13	₩3,036	₩(4,630)	₩12	₩(4,618)

(2) Changes in the weighted average of common shares outstanding for each of the two years in the period ended December 31, 2023 are as follows:

December 31, 2023

Shares issued	Treasury shares	Shares outstanding	Period	number of days	Day count
16,039,185 shares	549,253 shares	15,489,932 shares	23.01.01 - 23.12.31	365	5,653,825,180
Total				365	5,653,825,180
Weighted average of common shares outstanding					15,489,932 shares

December 31, 2022

Shares issued	Treasury shares	Shares outstanding	Period	number of days	Day count
13,939,185 shares	549,253 shares	13,389,932 shares	22.01.01 - 22.06.29	179	2,396,797,828
16,039,185 shares	549,253 shares	15,489,932 shares	22.06.30 - 22.12.31	186	2,881,127,352
Total				365	5,277,925,180
Weighted average of common shares outstanding					14,460,069 shares

(3) The Parent Company does not have dilutive potential common shares, so diluted net earnings per share for common stock is the same as basic net earnings per share for each of the two years in the period ended December 31, 2023.

34. <u>Related Party Transactions :</u>

(1) As of December 31, 2023 and 2022, the details of transactions with related parties are as follows:

Name of the Company	Major type of business	Description
HANATOUR EUROPE S.R.L.	Travel Agency	Associate
OK Tour Service Inc.	Travel Agency	Associate
Dream Co., Ltd	Operation of theme park	Associate

(2) Details of major transactions with related parties for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won) December 31, 2023

Description	Other income (*1)	Other expense
< Associates >		
K Culture Industry Co., Ltd. (*2)	1	-
Dream Co., Ltd.	114,165	-
<Others>		
Employees	60	35,719
Total	114,226	35,719

(*1) The Group has made lease contracts with related parties, and accordingly, other income includes interest income from the Amortization of financial lease receivables for the year ended December 31, 2023.

(*2) It was liquidated during the current period and excluded from related parties, and the transaction took place before it was excluded from related parties.

(In thousands of Korean won) December 31, 2022

Description	Operating revenue	Other income (*1)	Operating expense	Other expense
< Associates >				
CELINO Inc. (*2)	69	-	5,482	-
K Culture Industry Co., Ltd.	-	41	-	-
Dream Co., Ltd.	-	114,166	-	-
<Others>				
Employees	-	398	-	34,360
Total	69	114,605	5,482	34,360

(*1) The Group has made lease contracts with related parties, and accordingly, other income includes interest income from the amortization of financial lease receivables for the year ended December 31, 2022.

(*2) It was sold during the previous period and excluded from related parties, and the transaction took place before it was excluded from related parties.

(3) Details of significant capital transactions and others with related parties for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)		December 31, 2023				
Description of related parties	Name of the Company	Financing loan transactions		Financing borrowing transactions		Cash contribution (collections)
		Loans	Collections	Borrowings	Repayment	
<Associate>	K Culture Industry Co., Ltd. (*)	–	–	–	–	(781,956)
<Others>	Employees	–	9,435	164,400	48,726	–

(*) It was liquidated during the current period and excluded from related parties, and the transaction took place before it was excluded from related parties.

(In thousands of Korean won)		December 31, 2022			
Description of related parties	Name of the Company	Financing loan transactions		Financing borrowing transactions	
		Loans	Collections	Borrowings	Repayment
<Others>	Employees	9,523	–	393,303	–

(4) As of December 31, 2023 and 2022, the balances of major receivables and payables from transactions with related parties are as follows:

(In thousands of Korean won)	December 31, 2023				
	Receivables			Payables	
Description	Trade receivables	Loans	Others	Borrowings	Others
< Associates and joint venture >					
Dream Co., Ltd.	–	2,075,738	340,838	–	–
<Others>					
Employees	–	–	–	949,567	70,388

(In thousands of Korean won)	December 31, 2022				
	Receivables			Payables	
Description	Trade receivables (*)	Loans	Others	Borrowings	Others
< Associates and joint venture >					
K Culture Industry Co., Ltd.	2,102	–	146	–	1,980
Dream Co., Ltd.	–	2,075,738	226,672	–	–
<Others>					
Employees	–	9,125	–	843,221	–

(*) Allowance for bad debts on trade receivables related to associates is recognized at ₩1,040 thousand.

(5) The mileage accumulated through the customer loyalty programs is accumulated and used by the related party, CELINO Inc., but there is no settlement amount in the current period because it is excluded from related parties due to liquidation during the previous period, and the amount paid by settlement in the previous period is ₩13,842 thousand.

(6) Compensation for registered directors and unregistered directors of the Group for each of the two years in the period ended December 31, 2023 is as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Salaries and other short-term benefits	7,393,837	4,218,291
Retirement benefits	610,055	648,595
Long-term employee benefits	32,168	20,407
Total	8,036,060	4,887,293

(7) As of December 31, 2023, the details of the collateral provided to the Group related to the loans for Dream Co., Ltd., the related party, are as follows:
(In thousands of Korean won)

Provided source	Limit amount		Available amount		Detail
	Currency	Amount	Currency	Amount	
Dream Co., Ltd.	KRW	4,400,000	KRW	2,075,738	Land and others

(8) Details of equity transactions with related parties for the year ended December 31, 2022 are as follows:

(In thousands of Korean won)	Name of a related party	Transaction	Amount
< Others >	Largest shareholder	Participation in paid-in capital increases	17,578,703
	Employees	Participation in paid-in capital increases	11,566,747

35. Collateralized Assets :

As of December 31, 2023, details of assets provided as collateral for the performance of the contract of the Group are as follows:
(In thousands of Korean won)

	Book value of collateralized assets	Set amount of collateral	Mortgagee	Reason for providing collateral
Cash and cash equivalents	2,660	2,660	Vietnam MCST	Travel agency deposit
Short-term financial instruments	31,710,000	25,861,754	KEB Hana Bank and others	Performance of the contract and others
Other non-current financial assets	117,546	117,546		
Land, buildings, and others	3,762,919	7,733,032	Shinhan Bank Japan and others	Borrowings collateral and others
Total	35,593,125	33,714,992		

36. Commitments and Contingencies :

(1) As of December 31, 2023, the Group is involved in three lawsuits as a defendant. These lawsuits are for compensation for damages amounting to KRW 119,646 thousand, and the outcome of such lawsuits cannot currently be determined. However, the management expects the outcome of these lawsuits will not have a material impact on the Group's financial position, results of operations, or cash flows.
(2) The Group has signed a minimum admission of customer guarantee contract with Dream Co., Ltd., an associate. The contract includes a funding supplement agreement to lend Dream Co., Ltd. an amount calculated by multiplying the number of customers which fall short of the minimum required number and aggregated for 10 years from February 14, 2020, by the unit price of admission tickets.
(3) There are no payment guarantees provided to third parties other than related parties as of December 31, 2023.
(4) Payment guarantees provided by third parties other than related parties as of December 31, 2023, are as follows:

(In thousands of Korean won, in USD, in EUR, in CHF, in JPY)

Provided source	Limit amount		Available amount		Details
	Currency	Amount	Currency	Amount	
KEB Hana Bank	USD	3,454,500	USD	2,954,500	Performance guarantee and others
			EUR	110,000	
			CHF	100,000	
			JPY	1,500,000	
	KRW	15,517,010	KRW	14,269,100	
Seoul Guarantee Insurance Company	KRW	48,518,805	KRW	44,020,659	
Citibank Korea Inc.	KRW	10,000,000	KRW	886,433	
Korea Tourism Association	KRW	4,035,000	KRW	4,035,000	
Dazayo Co., Ltd.	KRW	500,000	KRW	500,000	
Credit Guarantee Corporation of Tokyo	JPY	315,902,000	JPY	315,902,000	
Credit Guarantee Corporation of Osaka	JPY	83,132,000	JPY	83,132,000	
Mizuho Bank, Ltd	JPY	5,000,000	JPY	5,000,000	

37. Segment Information :

(1) The Group has a travel segment, a hotel segment, and others. The travel segment is engaged in the business of travel intermediation services and related services. The hotel segment operates hotels. Other segments include transportation services, duty-free shop operations and other activities, which cannot be classified in the travel segment, or in the hotel segment.
(2) Operating revenue and operating income by the Group's reportable segments for each of the two years in the period ended December 31, 2023 are as follows:

	December 31, 2023					
(In thousands of Korean won)	Travel	Hotel	Others	Discontinued operation	Consolidation adjustment	Total for the Group
Operating revenue	398,338,894	21,183,925	17,393,764	-	(25,304,974)	411,611,609
Operating expense	368,756,851	17,638,803	14,612,355	(26,726)	(23,417,660)	377,563,623
Operating profit(loss)	29,582,043	3,545,122	2,781,409	26,726	(1,887,314)	34,047,986

	December 31, 2022					
(In thousands of Korean won)	Travel	Hotel	Others	Discontinued operation	Consolidation adjustment	Total for the Group
Operating revenue	97,634,027	19,004,265	9,003,534	-	(10,672,363)	114,969,463
Operating expense	192,703,656	23,960,451	11,746,631	(86,770)	(12,257,189)	216,153,549
Operating profit(loss)	(95,069,629)	(4,956,186)	(2,829,867)	86,770	1,584,826	(101,184,086)

(3) Total assets and liabilities by the Group's reportable segments as of December 31, 2023 and 2022 are as follows:

	December 31, 2023				
(In thousands of Korean won)	Travel	Hotel	Others	Discontinued operation	Consolidation adjustment
Assets	589,898,747	80,694,105	45,019,661	(71,016,135)	644,596,378
Liabilities	378,526,977	125,779,068	82,883,391	(101,897,138)	485,292,298

	December 31, 2022				
(In thousands of Korean won)	Travel	Hotel	Others	Discontinued operation	Consolidation adjustment
Assets	398,926,603	84,148,529	43,921,466	(71,567,158)	455,429,440
Liabilities	230,921,320	156,734,093	85,837,331	(117,764,951)	355,727,793

(4) Geographical analysis of revenue and performance of the Group for each of the two years in the period ended December 31, 2023 is as follows:

	December 31, 2023					
(In thousands of Korean won)	Korea	Asia	Others	Discontinued operations	Consolidated adjustment	Total for the group
Operating revenue	376,751,049	58,646,972	1,518,562	-	(25,304,974)	411,611,609
Operating expense	353,074,722	46,885,831	1,047,456	(26,726)	(23,417,660)	377,563,623
Operating profit	23,676,327	11,761,141	471,106	26,726	(1,887,314)	34,047,986
Non-current assets	129,799,145	99,188,815	179,694	-	(31,528,934)	197,638,720

	December 31, 2022					
(In thousands of Korean won)	Korea	Asia	Others	Discontinued operations	Consolidated adjustment	Total for the group
Operating revenue	100,542,183	24,489,174	610,468	-	(10,672,362)	114,969,463
Operating expense	192,534,537	35,074,505	888,466	(86,770)	(12,257,189)	216,153,549
Operating profit(loss)	(91,992,354)	(10,585,331)	(277,998)	86,770	1,584,827	(101,184,086)
Non-current assets	125,491,508	90,345,497	31,502	-	(30,979,286)	184,889,221

(5) There is no single customer accounting for more than 10% of the Group's operating revenue for each of the two years in the period ended December 31, 2023.

38. Statements of Cash Flows :

(1) Cash and cash equivalents in the consolidated statement of cash flows and cash and cash equivalents in the consolidated statement of financial position are the same.

(2) Details of additions to expenses not involving cash outflows and others for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Employee benefit expense	3,768,761	4,070,576
Advertising expense	467,352	(42,304)
Depreciation	3,063,629	3,740,471
Depreciation of investment property	179,098	189,137
Expenses (reversal) of bad debt	(4,149,193)	(1,486,081)
Expenses (reversal) of other bad debt	(630,487)	629,191
Amortization expenses on intangible assets	9,093,336	9,749,192
Depreciation of right-of-use assets	15,583,369	17,561,074
Miscellaneous expenses	230,281	7,000
Interest expenses	2,816,550	2,817,733
Losses on valuation of equity method	-	73,944
Loss on disposal of investments in associates	-	719
Loss on valuation of financial assets at FVPL	46,742	29,657
Losses on foreign currency translation	535,905	314,773
Loss on waste of property, plant and equipment	-	300
Loss on disposal of property, plant and equipment	28,317	7,686
Loss on waste of intangible asset	60,686	2
Loss on disposal of intangible assets	3,300	99,603
Loss on finance lease receivables	-	277,218
Loss on valuation of inventories and others	703,838	47,818
Impairment loss on property, plant and equipment	38,616	33,656
Loss on disposal of intangible assets	-	2,369,888
Impairment loss on right-of-use asset	155,101	6,299,505
Deferred revenue	(2,843,576)	(3,487,417)
Income tax expense (benefit)	(1,529,561)	(4,083,086)
Rental expense	-	(300,334)
Commission expense	31,905	(114,108)
Miscellaneous expenses	102,899	307,789
Total	27,756,868	39,113,602

(3) Details of the deduction of income not involving cash inflows and others for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Interest income	7,185,898	2,854,714
Gains on foreign currency translation	588,823	1,067,101
Gain on valuation of financial assets at FVPL	640,821	303,802
Share of profit of associates and joint ventures	5,380	71,357
Gain on disposal of investments in associates	78,536	10,466
Gain on disposal of investments in subsidiaries	8,418	348,089
Gain on disposal of property, plant and equipment	211,453	276,456
Reversal of impairment loss on property, plant and equipment	52,791	38,214
Gain on disposal of intangible asset	-	11,894
Reversal of impairment loss on intangible assets	73,654	101
Reversal of impairment loss on right-of-use asset	8,158,640	11,452,427
Gain on lease transaction	351,242	14,223,089
Reversal of restoration provision	50,848	-
Other revenue	10,000	144,091
Miscellaneous gains	3,606,444	5,040,799
Total	21,022,948	35,842,600

(4) Changes in assets and liabilities arising from operating activities for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Increase in trade receivables	(20,663,372)	(29,287,969)
Decrease (increase) in other receivables	(3,415,555)	2,242,569
Increase in inventories	(51,509,240)	(6,699,621)
Increase in advance payments	(9,865,813)	(12,171,934)
Increase in other current assets	(18,762)	(960,839)
Decrease (increase) in other non-current assets	(22,115)	167,560
Increase in trade payables	38,922,066	33,362,874
Increase in other payables	10,475,434	301,053
Increase in deposits received for travel	86,912,668	68,989,862
Decrease in advances received	(4,013,053)	(3,404,855)
Decrease in provisions	(1,194,146)	(525,909)
Increase in other current financial liabilities	63,557	7,868
Increase in other current liabilities	4,000,043	1,048,138
Decrease in long-term other payables	-	(49,960)
Decrease in provision for long-term employee benefits	(151,500)	(179,055)
Total	49,520,212	52,839,782

(5) Significant non-cash investing and financing transactions for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Intangible assets under acquisition	1,436,055	2,924,250
Non-cash transactions from lease contract	633,910	66,532,126
Increase in lease liabilities	24,158,546	12,237,430
Transference to current portion of long-term borrowings	2,237,546	1,935,491
Transference to current portion of lease liabilities	20,087,182	74,018,422
Transference to current portion of lease receivables	2,125,537	-
Increase in lease receivables	2,813,493	-

(6) Changes in liabilities from financing activities for each of the two years in the period ended December 31, 2023 are as follows:

	December 31, 2023					
			Non-cash transactions			
(In thousands of Korean won)	Beginning Balance	Net cash flows from financing activities	Acquisition (disposal) (*1)	Transference	Effects of exchange rate changes and others (*2)	Ending Balance
Short-term borrowings	14,370,131	(5,202,043)	-	-	(485,489)	8,682,599
Current portion of long-term borrowings	2,086,092	(2,006,062)	-	2,237,546	(514,379)	1,803,197
Long-term borrowings	7,865,108	(450,846)	-	(2,237,546)	161,140	5,337,856
Lease liabilities	119,699,296	(17,511,380)	23,523,785	-	(4,398,402)	121,313,299
Accrued dividends	53,347	(276,840)	276,572	-	(91)	52,988
Leasehold Deposits Received	1,676,530	373,049	-	-	(21,480)	2,028,099
Total	145,750,504	(25,074,122)	23,800,357	-	(5,258,701)	139,218,038

(*1) Dividends from the liquidation of subsidiaries are included.

(*2) It includes the accounts payable of ₩234,941 thousand related to the repayment of the lease liabilities for the year ended December 31, 2023.

(In thousands of Korean won)	Beginning Balance	Net cash flows from financing activities	Non-cash transactions: Acquisition (disposal)	Non-cash transactions: Transference	Non-cash transactions: Effects of exchange rate changes and others (*)	Ending Balance
	December 31, 2022					
Short-term borrowings	16,563,494	(1,032,204)	-	-	(1,161,159)	14,370,131
Current portion of long-term borrowings	4,122,122	(3,916,979)	-	2,033,835	(152,886)	2,086,092
Long-term borrowings	10,527,204	15,923	-	(1,935,491)	(742,528)	7,865,108
Debentures	102,385	-	-	(98,344)	(4,041)	-
Lease liabilities	217,858,827	(28,930,991)	(56,165,959)	-	(13,062,581)	119,699,296
Accrued dividends	54,117	(352,519)	-	-	351,749	53,347
Leasehold Deposits Received	1,828,077	92,006	-	-	(243,553)	1,676,530
Total	251,056,226	(34,124,764)	(56,165,959)	-	(15,014,999)	145,750,504

(*) It includes the accounts payable of ₩695,302 thousand related to the repayment of the lease liabilities for the year ended December 31, 2022.

39. Risk Management :

(1)Capital risk management

The Group performs capital management to maintain its ability to continuously provide profits to shareholders and its interest parties and to maintain an optimum capital structure to reduce capital expenditures. The overall capital risk management policy of the Group is unchanged from the prior period.

The Group is not subject to regulatory capital constraints, and it uses its shareholders' equity as an index for capital management. The Group uses debt ratios, such as the debt-to-equity ratio, as a reference for capital risk management. However, the Group's capital risk is highly correlated with the change in customer travel demands.

The liability to equity ratio and net borrowing ratio of the Group as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Liabilities (A)	485,292,298	355,727,793
Equity (B)	159,304,079	99,701,648
Deposit (C)	264,042,574	180,939,554
Borrowings (D)	15,823,652	24,321,331
Liability to equity ratio (A/B)	304.63%	356.79%
Net borrowing ratio ((D-C)/B)	(-)155.81%	(-)157.09%

(2)Financial risk management

1) Purpose of financial risk management

The Group is exposed to various financial risks, such as market risk (foreign exchange risk, interest rate risk, credit risk, and liquidity risk related to financial instruments. The purpose of the risk management of the Group is to identify potential risks related to financial performance and reduce, eliminate, and hedge those risks to a degree acceptable to the Group. The overall financial risk management policy of the Group is the same as in the prior period. The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyse exposures by degree and magnitude of the risks.

2) Credit risk

Credit risk occurs in normal transactions and investment activities and occurs when the customer or business partner fails to comply with the obligations under contract conditions. To manage these credit risks, the Group recommends that customers deposit travel expenses into virtual accounts. To manage the counterparty's credit risks, the Group decides credit transaction limits based on the evaluation of business partners and customer credit through information obtained from the credit bureau and its disclosed financial position. For companies with a credit rating below a certain level, credit is covered by secured transactions or an allowance for a potential amount deemed not recoverable in the future. In transactions with affiliates, such as credit card companies, credit is provided until the deposit date, so to manage these credit risks, the Group makes transactions with reputable financial institutions.

For banks and financial institutions, the Group is making transactions with reputable financial institutions, such as Shinhan Securities Co., Ltd., to minimize its credit risk.

The maximum amount of financial assets exposed to credit risk as of December 31, 2023, is as follows (the value of the financial assets acquired and the effect of credit reinforcement are not considered):

(In thousands of Korean won)	Book value	Maximum exposure amount
Cash equivalents	118,440,434	118,440,434
Short-term financial instruments	145,600,341	145,600,341
Trade receivables	61,769,325	61,769,325
Other receivables	11,009,797	11,009,797
Finance lease receivables	873,674	873,674
Other current financial assets	8,912,662	8,912,662
Long-term other receivables	3,869,520	3,869,520
Long-term finance lease receivables	1,028,040	1,028,040
Other non-current financial assets	11,301,479	11,301,479

3) Liquidity risk

The Group has established an appropriate liquidity risk management framework to manage the Group's short, medium and long-term funding and liquidity management requirements, and the Group consistently evaluates and reviews the budget and actual cash expenditures. The Group manages liquidity risk by maintaining a large portion of its investment in liquid financial instruments with low risk.

The following table presents a maturity analysis for financial liabilities:

(In thousands of Korean won)	Nominal cash flows				Book value
	Within 1 year	1 to 2 years	Over 2 years	Total	
Financial liabilities without interest	147,323,732	10,076	14,029	147,347,837	147,347,837
Financial liabilities with interest	27,756,665	15,651,289	107,133,822	150,541,776	137,136,952

Undiscounted cash flow calculations have been used for the above financial liabilities, and these liabilities include the amounts of interest payable. The obligations denominated in a foreign currency represent a variable amount, with the exchange rate referenced on the consolidated statement of financial position date.

4) Foreign currency risk

The Group is mainly exposed to foreign exchange risks on the Chinese Yuan Renminbi, US Dollar, Euro, Japanese Yen, Indonesian Rupiah and others. in relation to the payment of travel expenses abroad.

The Group contracts the payment terms in KRW, a functional currency, as much as possible, and in foreign currency payments, it manages the foreign exchange risks by minimizing assets and liabilities exposed to foreign exchange rates by shortening the payment period as much as possible.

As of December 31, 2023, the main details of foreign currency assets and liabilities that are exposed to foreign exchange risks are as follows:

(In thousands of Korean won)	Monetary assets	Monetary liabilities
KRW (*)	58,231	-
USD	3,691,878	6,259,053
EUR	938,804	2,308,141
JPY	39,985,241	34,753,954
CNY	6,175,781	-
HKD	57,685	-
TWD	83,960	-
GBP	247,890	-
AUD	196,790	-
CAD	12,738	-
SGD	19,539	-
THB	-	5,932
CHF	11,178	370,293
IDR	25,587,355	-
PHP	995	4,910
VND	2,206,116	-
NZD	40,889	-

(*) Foreign exchange risk effect on KRW deposits and trade receivables and others of foreign subsidiaries.

As of December 31, 2023, the sensitivity according to the effects of exchange rate changes on foreign currency assets and liabilities that are exposed to foreign exchange risks is as follows:

(In thousands of Korean won)	5% increase	5% decrease
KRW	2,912	(2,912)
USD	(128,359)	128,359
EUR	(68,467)	68,467
JPY	261,564	(261,564)
CNY	308,789	(308,789)
HKD	2,884	(2,884)
TWD	4,198	(4,198)
GBP	12,395	(12,395)
AUD	9,840	(9,840)
CAD	637	(637)
SGD	977	(977)
THB	(297)	297
CHF	(17,956)	17,956
IDR	1,279,368	(1,279,368)
PHP	(196)	196
VND	110,306	(110,306)
NZD	2,044	(2,044)

Meanwhile, as of December 31, 2023, the above sensitivity analysis is based on monetary assets and liabilities denominated in major foreign currencies other than functional currency. The impact of sensitivity is based on the impact of profit (loss) before tax.

5) Interest rate risk

The Group is exposed to interest rate risk through borrowing funds at fixed and variable interest rates. The Group maintains an appropriate balance of fixed and variable interest rate borrowings to manage interest rate risk. Hedging activities are regularly assessed with appropriate adjustments to interest rate status and defined risk tendencies, and the optimal hedging strategy is applied by preventing changes in interest expenses through different interest rate cycles.
The sensitivity analysis was conducted based on the exposure of interest rate risks to financial assets and financial liabilities as of the end of the reporting period, assuming that ₩9,523 million borrowed from Mizuho Bank, Ltd. and Shinhan Bank Japan remains as of the end of the reporting period.

When interest rate risk is internally reported to major management, a 50 basis point (bp) increase or decrease is being used, which represents management's assessment of reasonable possible changes in interest rates. If other variables remain constant and interest rates are 50 basis points higher or lower than they are now, the Group's annual profit decreases or increases by ₩31,327 thousand, primarily due to the risk of interest rate changes in variable interest rate borrowings.

40. Discontinued Operations :

The Group decided to discontinue operations of SM duty free Co., Ltd. due to sluggish sales and the burden of rental expenses caused by COVID-19 before the end of the previous year.

(1) Details of discontinued operations for each of the two years in the period ended December 31, 2023 are as follows:

Description	December 31, 2023	December 31, 2022
	SM duty free Co., Ltd.	SM duty free Co., Ltd.
Business sector	Duty free shop	Duty free shop
Major operating activities	Sale of duty-free goods	Sale of duty-free goods
Method of discontinuance of operation	Liquidated	Liquidated

(2) Details of profit and loss from discontinued operations for each of the two years in the period ended December 31, 2023 are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Operating revenue	-	-
Operating expense	26,726	86,770
Operating profit(loss)	(26,726)	(86,770)
Non-Operating Income	249,694	281,867
Profit before income tax	222,968	195,097
Income tax expense	-	-
Profit from discontinued operations	222,968	195,097
Profit for the year attributable to the owners of the parent company	200,958	175,838
Profit for the year attributable to non-controlling interests	22,010	19,259

(3) Cash flows from the discontinued operations activities are as follows:

(In thousands of Korean won)	December 31, 2023	December 31, 2022
Net cash flows from operating activities	(20,500)	(49,870)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Effects of exchange rate changes on cash and cash equivalents	60	224
Net cash flows	(20,440)	(49,646)

41. Events After The Reporting Period :

HANA TOUR SERVICE (M) SDN.BHD., the subsidiary, was liquidated as of February 16, 2024.