

HANATOUR SERVICE INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(In thousands of won)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Net income	₩ (11,951,852)	10,586,797
Additions of expenses not involving cash outflows and others	125,395,547	57,970,118
Deduction of incomes not involving cash inflows and others	(9,150,771)	(5,503,101)
Movements in operating assets and liabilities:		
Increase (decrease) in trade receivables	7,011,917	(3,405,726)
Decrease (increase) in other receivables	667,325	(1,056,388)
Decrease in inventories	17,324,541	4,707,602
Increase in advance payments	(2,650,065)	(7,054,711)
Decrease (increase) in long-term advance payments	(9,472,559)	1,906,000
Increase in other current assets	(438,816)	(2,686,544)
Increase in other non-current assets	(508,765)	(8,020)
Decrease in trade payables	(32,701,319)	(4,121,028)
Decrease in other payables	(3,324,301)	(1,196,702)
Increase (decrease) in deposits received for travel	(29,632,734)	6,840,330
Increase (decrease) in advances received	(3,720,082)	2,094,463
Increase (decrease) in other financial liabilities	4,289,423	(144,272)
Decrease in other current liabilities	(7,376,238)	(9,040,406)
Decrease in provisions	(1,439,177)	(1,476,967)
Increase in long-term other payables	2,711,288	556,418
Decrease in other long-term employee benefit	(155,500)	(110,000)
	<u>44,877,862</u>	<u>48,857,863</u>
Interest expense paid	(10,926,055)	(1,249,047)
Interest income received	3,107,324	3,417,042
Dividend income received	512,010	119,158
Income taxes paid	<u>(8,929,854)</u>	<u>(30,929,031)</u>
Net cash provided by operating activities	<u>₩ 28,641,287</u>	<u>20,215,985</u>

HANATOUR SERVICE INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows, Continued
For the years ended December 31, 2019 and 2018

(In thousands of won)

	<u>2019</u>	<u>2018</u>
Cash flows from investing activities		
Cash inflows from investing activities:		
Decrease in short-term financial instruments	₩ 269,317,824	88,807,714
Decrease in other receivables	466,260	61,067
Disposal of financial assets at FVTPL	10,052,783	9,426,373
Disposal of investment in associates and joint venture	537,160	1,313,240
Capital reduction of associates and joint venture	5,201,270	-
Disposal of property and equipment	18,146,478	803,047
Disposal of intangible assets	5,489	22,871
Disposal of intangible assets being acquired	2,773	-
Decrease in finance lease receivables	2,213,198	686,050
Decrease in other financial assets	3,566,715	2,209,249
Cash outflows for investing activities:		
Increase in short-term financial instruments	248,239,459	195,048,977
Increase in other receivables	6,306	449,276
Acquisition of financial assets at FVTPL	7,488,200	10,684,600
Acquisition of financial assets at FVOCI	804,240	598,155
Acquisition of investment in associates and joint venture	5,064,000	69,766
Acquisition of property and equipment	110,882,808	12,882,813
Acquisition of Investment property	6,924,548	222,081
Acquisition of intangible assets	28,512,859	6,602,327
Acquisition of investment subsidiaries	-	50,000
Acquisition of prepaid lease assets.	3,498,000	-
Increase in other financial assets	10,818,123	7,711,283
Net cash provided by (used in) investing activities	₩ <u>(112,728,593)</u>	<u>(130,989,667)</u>

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Consolidated Statements of Cash Flows, Continued
For the years ended December 31, 2019 and 2018

(In thousands of won)

	<u>2019</u>	<u>2018</u>
Cash flows from financing activities		
Cash inflows from financing activities:		
Proceeds from short-term borrowings	₩ 216,929,251	82,541,533
Proceeds from long-term borrowings	80,576,671	6,672,390
Proceeds from debentures	-	944,170
Paid-in capital increase of subsidiaries	1,202,651	59,990
Cash outflows for financing activities:		
Repayment of short-term borrowings	199,112,653	24,735,331
Repayment of current portion of long-term borrowings	2,677,044	6,537,275
Repayment of long-term borrowings	-	192,719
Repayment of finance lease liabilities	53,541,985	1,660,047
Acquisition of treasury stocks	950	2,034,645
Payment of stock issuance expense	-	48,425
Payment of dividends	14,787,746	18,151,302
Net cash provided by (used in) financing activities	<u>28,588,195</u>	<u>36,858,339</u>
Reclassification to assets and liabilities held for sale	<u>7,125,967</u>	<u>255,165</u>
Net increase in cash and cash equivalents	<u>(48,373,143)</u>	<u>(73,660,178)</u>
Cash and cash equivalents at beginning of year	<u>157,699,693</u>	<u>228,389,932</u>
Effect of exchange rate change	<u>1,520,222</u>	<u>2,969,939</u>
Cash and cash equivalents at end of year	<u>₩ 110,846,773</u>	<u>157,699,693</u>