

# Hanatour Q2 FY2023 Earnings Performance

AUG 2023



# Disclaimer

This document presents preliminary operating results based on consolidated standards prepared in accordance with Korean International Financial Reporting Standards (K-IFRS).

The financial results and business performance contained herein are provided for investor convenience, as external audit by auditors for Hanatour and its subsidiaries has not yet been completed.

We advise investors not to base their investment decisions solely on the information contained in this document and declare that investment responsibility rests solely with the investor.



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(Consol. and Sep.)

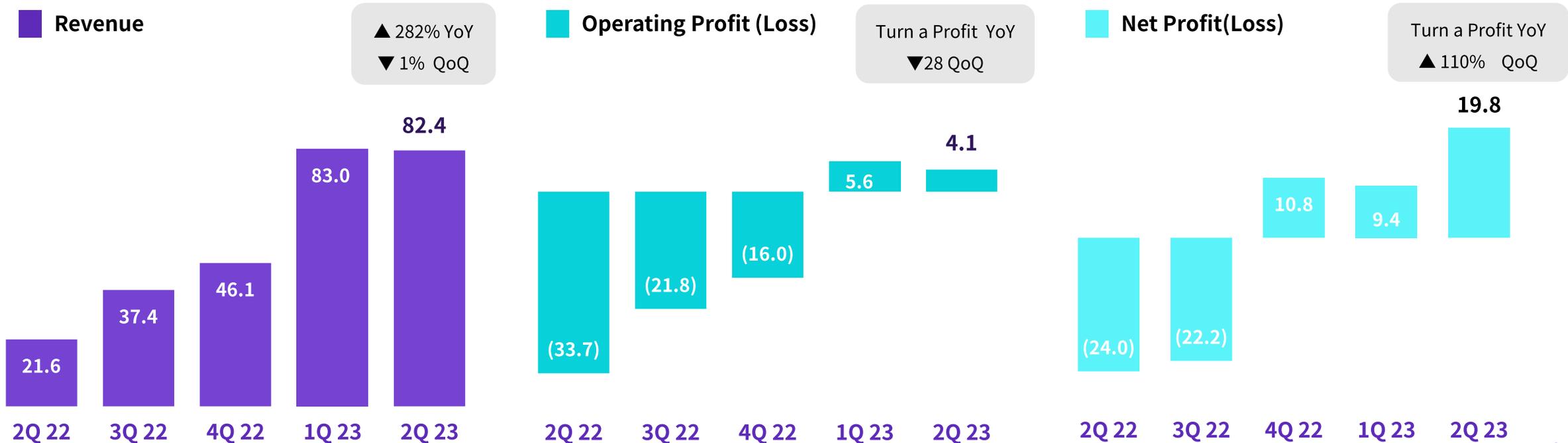


# Revenue and Profit

- In Q2, operating revenue surged by 282% YoY but experienced a marginal 1% QoQ decline, totaling KRW 82.4 bn. Despite the expected slower seasonality for Q2, we successfully limited the decline in the number of our package travelers to just 4% QoQ as the post-COVID-19 recovery momentum persisted. Our package GMV demonstrated a 4% QoQ increase, propelled by a higher proportion of mid-to-high-priced package tours (Hanapack 2.0) and expanded offerings of long-haul destinations (Europe). Nonetheless, reduced profitability from slow season flight ticket sales resulted in a slight dip in the overall revenue.
- Operating profit decreased by 28%, amounting to KRW 4.1 bn, due to the increased marketing expenses during the slower season.
- Net profit increased by 110%, reaching KRW 19.8 bn, thanks to the reversal of asset impairment (6.8 bn) and recognition of deferred corporate tax assets (7.0 bn)

## Revenue & Operating Profit (Loss)

2Q 22 – 2Q 23, billion KRW





# Operating Expenses

- In Q2, total operating expenses, excluding bad debt expenses, increased by 2% QoQ, reaching KRW 79.7bn.
- Sales commission recorded 17.2 bn, an 11% QoQ increase, attributed to the rise in flight ticket sales.
- Marketing expenses increased by 29% QoQ, totaling 4.4 bn, driven by expanded home shopping and online promotions during the slow season.
- Purchase cost decreased by 41% QoQ, amounting to 5.1 bn, due to lower purchasing volumes of flights and hotels compared to the Lunar New Year holiday season.

## Breakdown of Operating Expenses

2Q 2022 – 2Q 2023, billion KRW



(Excluded bad debt expenses, and reflected IFRS No. 15, 16 & profit and loss from discontinued business)

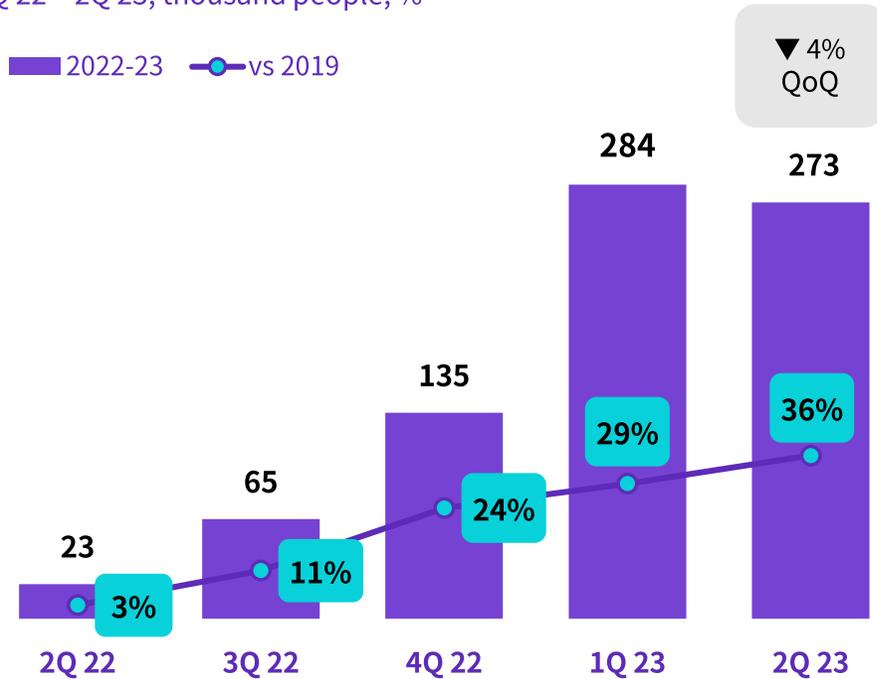


# Customer and GMV Trends for Package Tours

- In Q2, the number of package tour customers decreased by 4% QoQ. The recovery rate compared to the same period in 2019 reached 36%, marking a 7% increase. Despite the anticipated slower seasonality for Q2, we successfully limited the quarterly decrease to 4%, a significant improvement from the average decrease rate of -20% observed during the same period before the pandemic (2018, 2019), aligning with the post-COVID-19 recovery momentum.
- In Q2, package GMV increased by 4% QoQ. The recovery rate compared to the same period in 2019 reached 59%, showcasing an 11% increase. Despite the QoQ decline in the number of package travelers, the package GMV demonstrated growth, driven by an increased proportion of mid-to-highly priced Hanapack 2.0 and destinations with mid-to-long ranges.

## Customer Trend for Package Tours

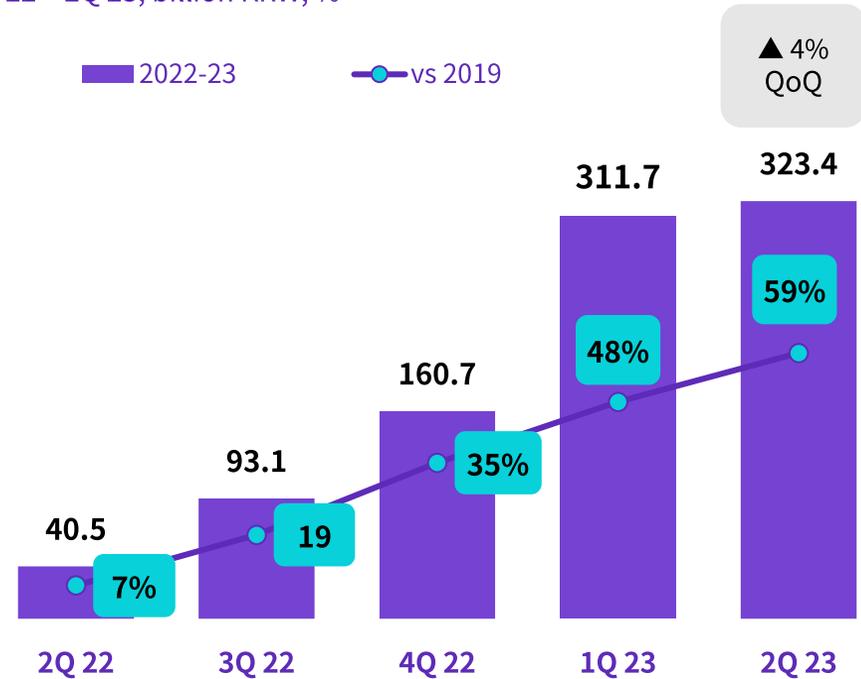
2Q 22 – 2Q 23, thousand people, %



(Source: Hanatour)

## GMV Trend for Package Tours

2Q 22 – 2Q 23, billion KRW, %



(Source: Hanatour)

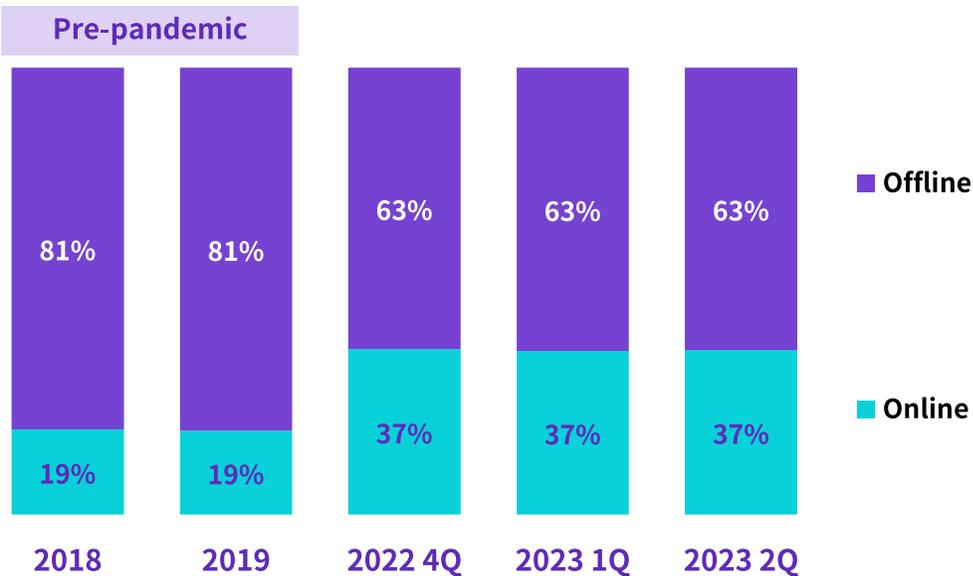


# Channel Distribution of Package Tours

- In Q2, the proportion of package tours sold through online and offline channels, based on both the number of customers and GMV, were 37:63 and 33:67, respectively.
- The online proportion has significantly increased compared to pre-pandemic years, due to our enhanced online capabilities and evolving purchasing patterns of travelers
- Prior to the pandemic (2018, 2019), the proportion of online and offline channels for both the number of customers and GMV was approximately 20:80.

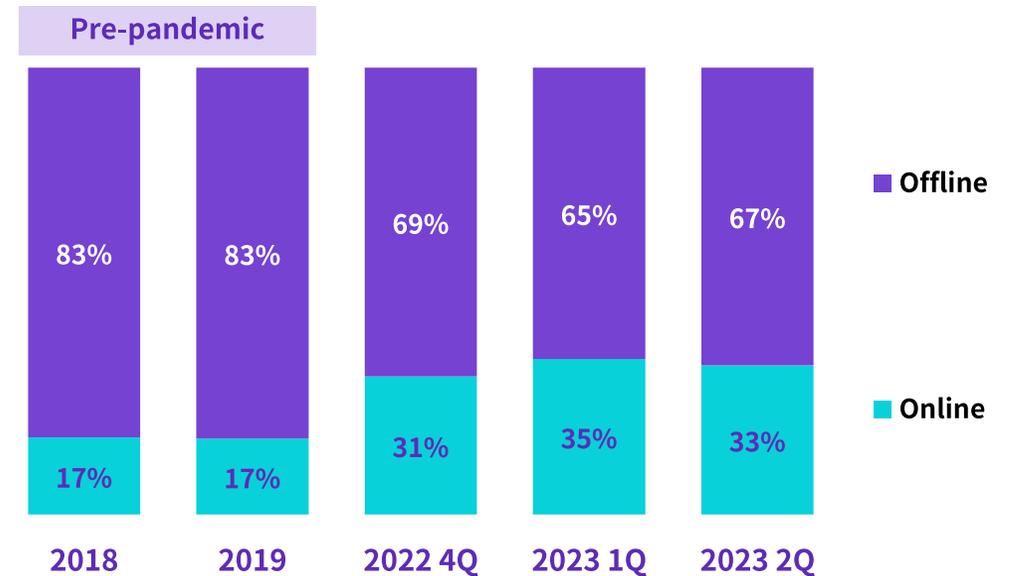
## Customer Breakdown by Channel

2018 ~ 2Q 23, %



## GMV Breakdown by Channel

2018 ~ 2Q 23, %



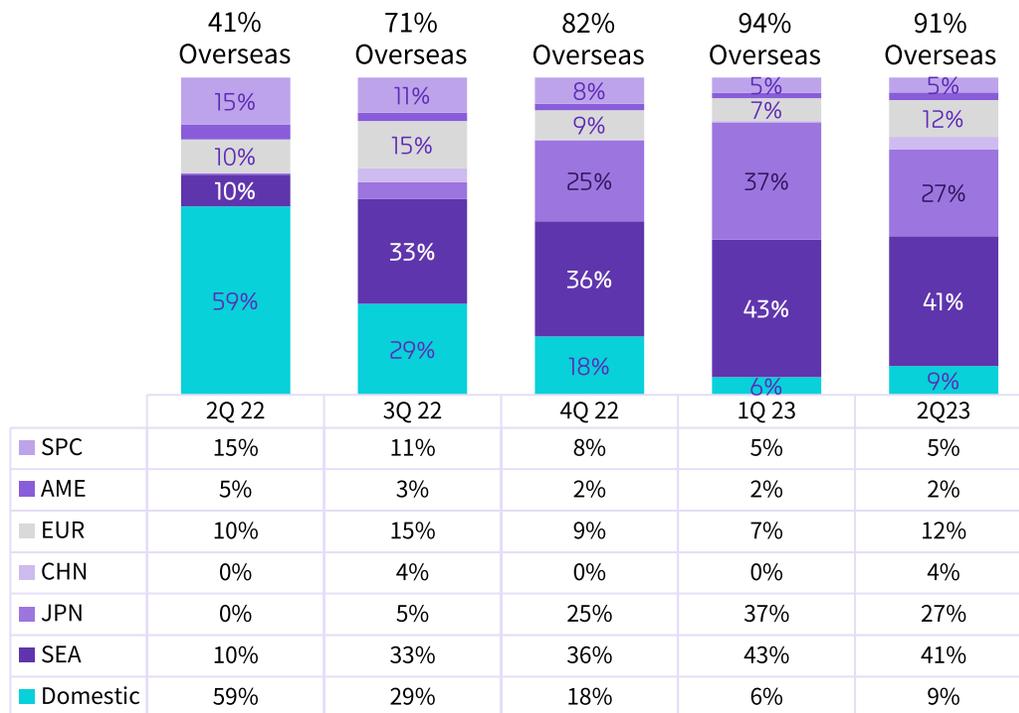


# Regional Distribution of Package Tours

- In Q2, the proportion of overseas package tours based on the number of customers was 91%, representing a slight decrease from the previous quarter's 94%. The slower seasonality primarily affected the decrease in outbound travelers, mostly for short-haul destinations like Southeast Asia and Japan.
- In terms of GMV, the proportion of overseas package tours marked 97%, maintain the similar level compared with previous quarter's 98%. Europe claimed the top spot, accounting for 32%, driven by higher ASP, followed by Southeast Asia and Japan at 30% and 19%, respectively.

## Customer Breakdown By Region

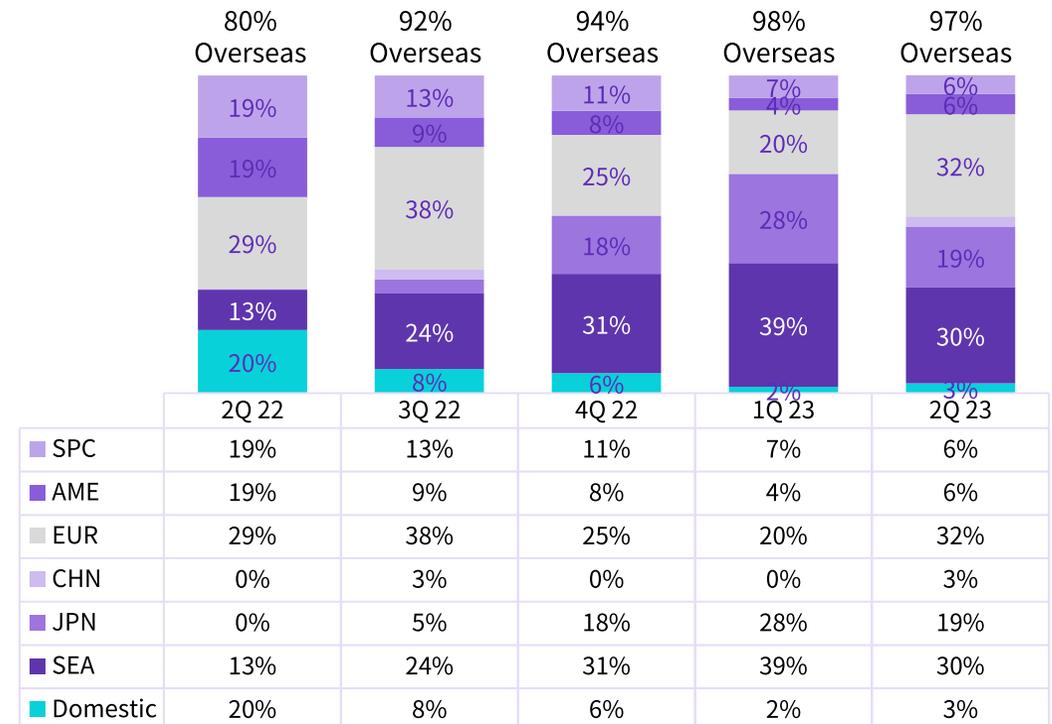
2Q 22 ~ 2Q 23, %



(Source: Hanatour)

## GMV Breakdown By Region

2Q 22 ~ 2Q 23, %



(Source: Hanatour)

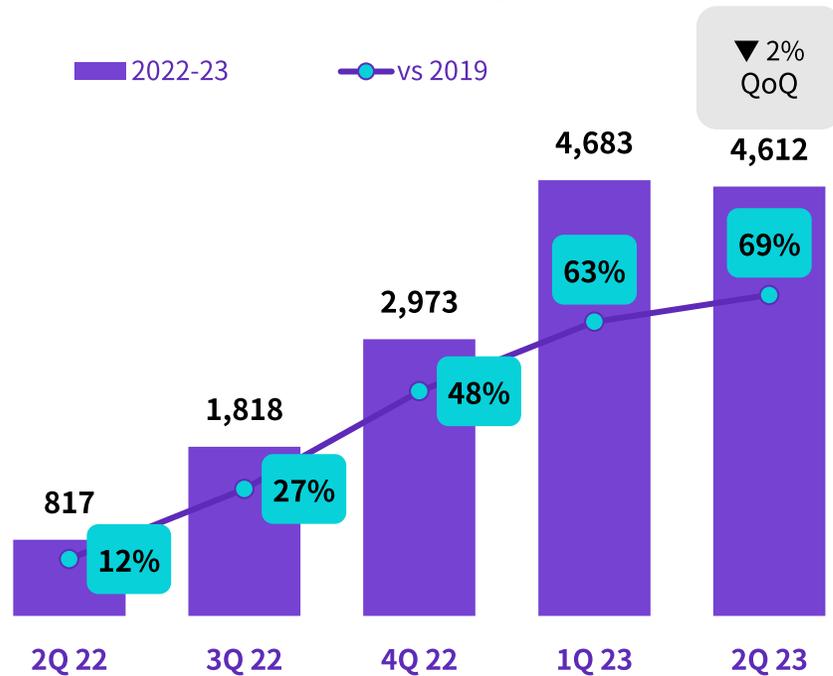


# Outbound Traveler Trends

- Despite the Q2 being a slower season, there was only a limited decrease compared to the previous quarter, thanks to the prolonged recovery momentum post COVID-19.
- In Q2, the total number of outbound travelers from South Korea decreased by 2% QoQ, indicating a much lower rate compared to the same period before the pandemic (2019), which experienced a reduction rate of -10%. The recovery rate for the same period in 2019 was marked at 69%
- In Q2, our company's total number of outbound travelers decreased by 2% QoQ, showcasing a significantly lower rate compared to the same period before the pandemic (2019), which experienced a reduction rate of -16%. The recovery rate for the same period in 2019 was marked at 43%.

## Korea's Outbound Travelers (vs 2019)

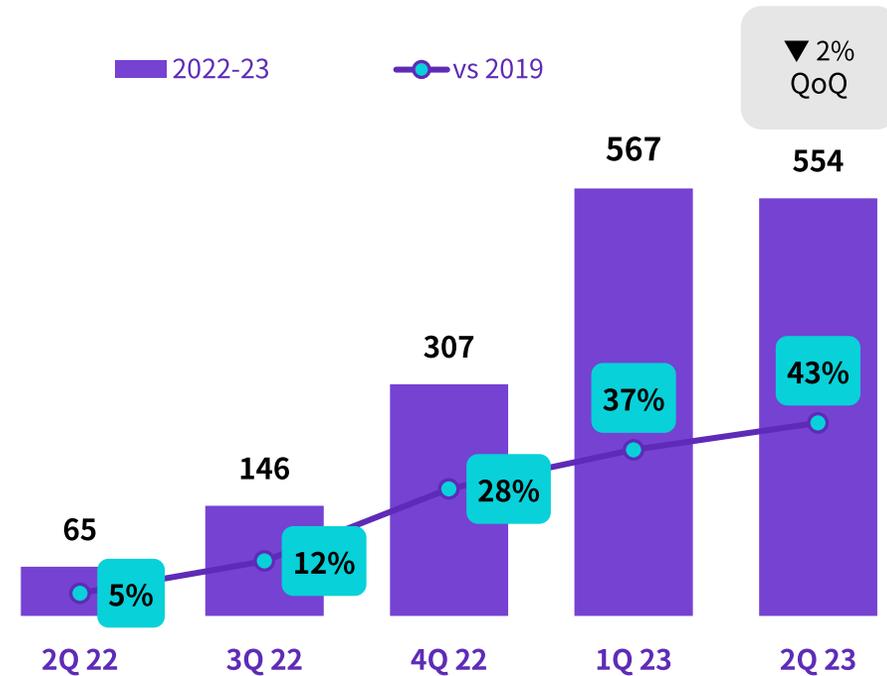
2Q 22 ~ 2Q 23, thousand people(Excl. flight crews), %



(Source : Ministry of Justice of Korea )

## Hanatour's Outbound Travelers (vs 2019)

2Q 22 ~ 2Q 23, thousand people, %



(Source : Hanatour)

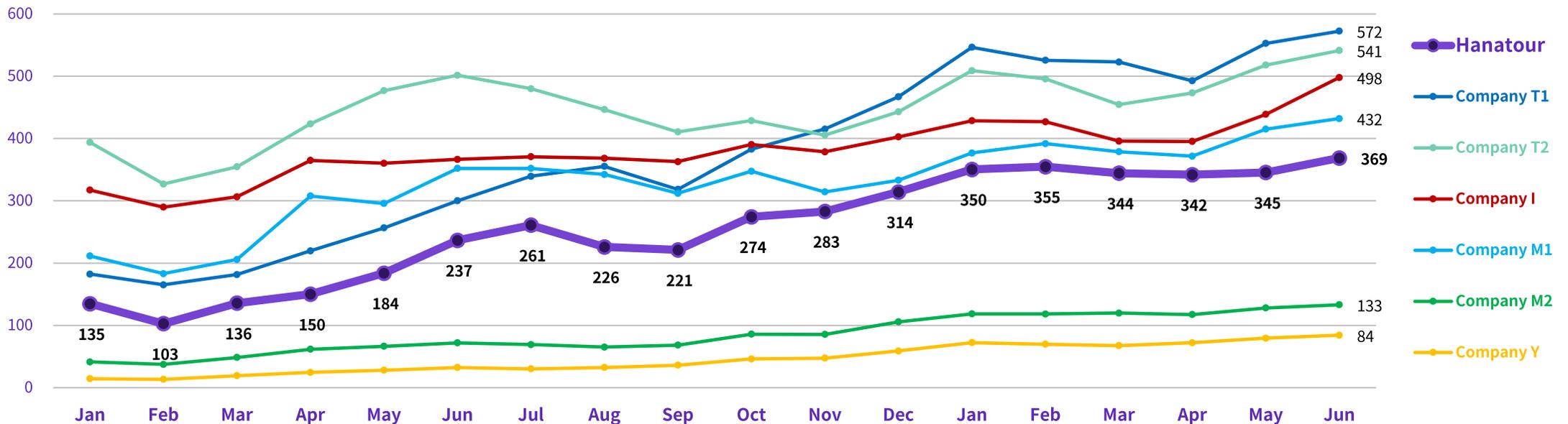


# Mobile App User Trends

- In Q2, our mobile app had an average of 350,000 monthly active users (MAU), indicating an 85% YoY increase and a 1% QoQ increase.
- Due to the '2023 Korea Accommodation Sale Festa', a domestic tourism promotion event organized by the MCST\* and the KTO\*, which commenced in May, our MAU growth was limited in comparison to OTAs that primarily target the FIT market.  
(MCST\*: Ministry of Culture, Sports and Tourism, KTO\*: Korea Tourism Organization)
- Hanatour claimed the top position among traditional package tourism competitors and secured the 5th spot in the comprehensive travel agency category for MAU rankings. The growth in mobile app users can be attributed to 1)the rebound in travel demand, 2)Enhancements in convenience and usability through self-developed app, and 3)the enrichment of diverse and distinctive travel-related content.
- The upcoming launch of "Hana Open Chat" in August is expected to drive continuous user growth in the future.

## MAU Trend for Our Mobile App

JAN 2022 ~ Jun 2023, Mobile Index - Comprehensive Travel Agency Category, thousand people



(Source: Mobile Index)



## Consolidated Statement of Financial Position

(Unit : B KRW)

	2022	2023 Q1	2023 Q2(P)		2022	2023 Q1	2023 Q2(P)
<b>Assets</b>				<b>Liabilities</b>			
<b>Current Assets</b>	<b>270.5</b>	<b>301.6</b>	<b>322.8</b>	<b>Current Liabilities</b>	<b>232.8</b>	<b>253</b>	<b>270.3</b>
Cash&Cash Equivalents	92.5	79.6	52.5	Account Payable	42	52.4	51.6
Short-term Deposits	88.6	131.2	143.3	Other Payables	47.2	44.7	49.5
Trade Receivable	39.4	34.8	51.7	Current Tax Liabilities	0.4	0.3	0.4
Other Receivables	5.9	6.5	7.5	Advances for Travel Product	77	86.4	104.9
Current Finance Lease Receivables	0.6	0.4	0.8	Advance Customers	22.4	20.9	19.9
Inventories	8.3	10.9	23.4	Short-term Borrowings	14.4	13.7	12.6
Advance Payments	25.2	25.9	32	Current Long-term Debt	2.1	2.1	1.8
Other Current Assets	3	3.4	3.5	Current Portion of Finance Lease Liabilities	13.9	16.8	16.8
Other Financial Assets	6.8	8.3	8.1	Current Provisions	0.9	0.9	1.2
Current Tax Assets	0.4	0.6	0.2	Other Current Financial Liabilities	2.1	2.4	2.4
<b>Non-Current Assets</b>	<b>184.9</b>	<b>194.6</b>	<b>203.1</b>	Other Current Liabilities	10.5	12.4	9.3
Current Financial Assets Measured at FVTOCI	3	3	3	<b>Non-Current Liabilities</b>	<b>123</b>	<b>135.4</b>	<b>126.4</b>
Non-Current Financial Assets Measured at FVTOCI	1.2	1.2	1.2	Long-term Other Payables	0.1	0.1	0
Investments in Subsidiaries, JV, Associates	0.7	0	0	Long-term Borrowings	7.9	7.6	6.6
Long-term Other Receivables	2	1.7	4.3	Non-Current Provisions	0.2	0.3	0.4
Investment Property	1.1	1.1	1	Non-Current Finance Lease Liabilities	105.8	117	109.7
Property, Plant and Equipment	10.2	9.8	9.9	Long-term Provisions for Employees	4.4	5.7	5.4
Intangible Assets	22.9	21.4	19.7	Other Non-Current Financial Liabilities	0	0.1	0.1
Right-of-Use Assets	76.6	90.6	92.4	Other Non-Current Liabilities	4.6	4.6	4.2
Other Non-Current Financial Assets	14.8	13.5	12	<b>Total Liabilities</b>	<b>355.7</b>	<b>388.4</b>	<b>396.7</b>
Deferred Tax Assets	52.3	52.3	59.5	<b>Equity</b>			
<b>Total Assets</b>	<b>455.4</b>	<b>496.2</b>	<b>525.9</b>	<b>Equity Attributable to Owners of Parents</b>	<b>123.3</b>	<b>131</b>	<b>144.7</b>
				Issued Capital	8	8	8
				Other Paid-up Capital	132.9	132.9	132.9
				Elements of Other Stockholder's Equity	2.6	2.3	2.3
				Retained Earnings	-20.3	-12.2	1.4
				<b>Non-Controlling Interests</b>	<b>-23.6</b>	<b>-23.1</b>	<b>-15.5</b>
				<b>Total Equity</b>	<b>99.7</b>	<b>107.8</b>	<b>129.2</b>
				<b>Total Equity and Liabilities</b>	<b>455.4</b>	<b>496.2</b>	<b>525.9</b>



## Separate Statement of Financial Position

(Unit : B KRW)

	2022	2023 Q1	2023 Q2(P)		2022	2023 Q1	2023 Q2(P)
<b>Assets</b>				<b>Liabilities</b>			
<b>Current Assets</b>	<b>202.5</b>	<b>231.7</b>	<b>251.4</b>	<b>Current Liabilities</b>	<b>162.5</b>	<b>181.5</b>	<b>198.6</b>
Cash & Cash Equivalents	61.3	50.1	23.8	Account Payable	35	45.9	43.3
Short-term Deposits	71.9	113.9	123.9	Other Current Payables	20	17.2	21.9
Trade Receivable	29.1	24	37.4	Advances for Travel Products	69.7	77.6	96.8
Other Receivables	7.2	8.4	11	Advances Customers	21.5	20.3	19.3
Finance Lease Receivables	0.7	0.4	0.8	Current Provisions	0.9	0.9	1.1
Inventories	7.3	10	22.4	Finance Lease Liabilities	4.1	6.9	7
Advance Payments	20.2	19.4	26.9	Other Current Financial Liabilities	2.3	2.2	2.2
Other Current Assets	1.6	2	2	Other Current Liabilities	9	10.6	6.9
Other Current Financial Assets	2.9	3	3	<b>Non-Current Liabilities</b>	<b>5.9</b>	<b>16.6</b>	<b>15.3</b>
Tax Assets	0.4	0.6	0.2	Non-Current Provisions for Employee Benefits	4.2	5.5	5.2
<b>Non-Current Assets</b>	<b>115.8</b>	<b>123.9</b>	<b>127.1</b>	Non-Current Finance Lease Liabilities	1.6	11	9.9
Current Financial Assets Measured at FVTOCI	3	3	3	Non-Current Provisions	0	0.1	0.1
Non-Current Financial Assets Measured at FVTOCI	1.1	1.1	1.1	Other Non-Current Financial Liabilities	0	0.1	0.1
Investments in Subsidiaries	24.7	23.2	24.4	<b>Total Liabilities</b>	<b>168.3</b>	<b>198.1</b>	<b>213.9</b>
Investments in Associates	0.6	0	0	<b>Equity</b>			
Property, Plant and Equipment	2.9	2.5	3.1	Issued Capital	8	8	8
Right-of-Use Assets	5	17.8	16.3	Other Paid-up Capital	119.5	119.5	119.5
Intangible Assets	19.1	17.7	16.2	Retained Earnings	22.5	30	37.1
Long-term Other Receivables	5.2	2.7	5.3	<b>Total Equity</b>	<b>150</b>	<b>157.5</b>	<b>164.6</b>
Other Non-Current Financial Assets	3.6	5.5	3.5	<b>Total Equity and Liabilities</b>	<b>318.3</b>	<b>355.6</b>	<b>378.5</b>
Deferred Tax Assets	50.6	50.6	54.3				
<b>Total Assets</b>	<b>318.3</b>	<b>355.6</b>	<b>378.5</b>				



## Consolidated Profit & Loss

(Unit : B KRW)

2023		Headquarter	Subsidiaries (Domestic)	Subsidiaries (Overseas)	Sub Total	Consolidation Adjustments	Consolidated Total
Q1	Operating Revenue(Net Sales)	65.4	10.6	11.9	88.0	-5.0	83.0
	Operating Expense	61.9	10.7	10.1	82.7	-5.3	77.4
	Operating Profit	3.6	-0.1	1.9	5.3	0.3	5.6
	Pretax Income	7.5	14.9	2.7	25.1	-15.6	9.5
	Income Taxes	0.0	0.1	0.1	0.2	0.0	0.2
	Net Income	7.5	14.8	2.6	24.9	-15.5	9.4
Q2(P)	Operating Revenue(Net Sales)	61.1	12.8	14.5	88.5	-6.1	82.4
	Operating Expense	60.0	11.2	11.4	82.6	-4.3	78.3
	Operating Profit	1.1	1.7	3.1	5.8	-1.8	4.1
	Pretax Income	3.6	2.0	9.4	15.0	-2.2	12.8
	Income Taxes	-3.5	0.3	-3.6	-6.8	-0.2	-7.0
	Net Income	7.1	1.7	13.0	21.8	-2.0	19.8
Total	Operating Revenue(Net Sales)	126.5	23.5	26.5	176.5	-11.1	165.4
	Operating Expense	121.9	21.9	21.5	165.3	-9.6	155.7
	Operating Profit	4.7	1.6	4.9	11.1	-1.5	9.7
	Pretax Income	11.1	16.9	12.1	40.1	-17.8	22.3
	Income Taxes	-3.5	0.4	-3.6	-6.7	-0.2	-6.8
	Net Income	14.6	16.5	15.6	46.7	-17.5	29.3

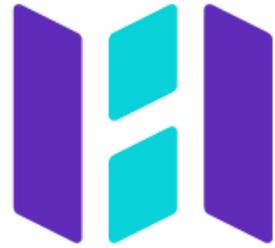


## Separate Profit & Loss

(Unit : B KRW)

	FY 21	1Q 22	2Q 22	3Q 22	4Q 22	FY 22	1Q 23	2Q 23 (P)	FY 23(P)
<b>Operating Revenue (Net Sales)</b>	<b>10.8</b>	2.6	10.0	23.3	30.4	<b>66.3</b>	65.4	61.1	<b>126.5</b>
Airline Ticket Sales Commissions	<b>0.4</b>	0.2	0.5	0.3	0.5	<b>1.5</b>	0.6	0.9	<b>1.6</b>
Overseas Tours Sales Commissions	<b>3.8</b>	1.2	5.5	11.7	21.0	<b>39.4</b>	48.0	43.3	<b>91.3</b>
Chartered Flight Sales(Gross Sales Basis)*	<b>0.5</b>	0.1	1.3	4.9	0.8	<b>7.1</b>	8.0	4.2	<b>12.2</b>
Other Sales Commissions	<b>5.0</b>	1.0	1.9	3.2	3.8	<b>10.0</b>	6.3	7.3	<b>13.6</b>
Other Sales	<b>1.1</b>	0.1	0.9	3.1	3.5	<b>7.7</b>	2.5	5.4	<b>7.9</b>
<b>Operating Expense</b>	<b>108.3</b>	26.5	40.9	43.8	45.6	<b>156.8</b>	61.9	60.0	<b>121.9</b>
Labor	<b>30.9</b>	15.0	15.6	14.7	15.8	<b>61.2</b>	17.1	15.8	<b>32.9</b>
Marketing	<b>10.2</b>	1.2	7.0	2.9	3.0	<b>14.2</b>	2.6	3.6	<b>6.2</b>
Sales Commissions for Tours	<b>1.7</b>	0.8	2.9	5.3	8.6	<b>17.6</b>	15.9	18.6	<b>34.5</b>
Chartered Flight Expenses(Gross Expense Basis)*	<b>0.8</b>	0	1.3	4.9	0.9	<b>7.1</b>	8.0	4.4	<b>12.4</b>
Other Expenses	<b>64.7</b>	9.5	14.0	15.9	17.2	<b>56.7</b>	18.3	17.7	<b>36.0</b>
<b>Operating Income</b>	<b>-97.5</b>	-23.9	-30.9	-20.5	-15.2	<b>-90.5</b>	3.6	1.1	<b>4.7</b>
<b>Other Income</b>	<b>84.7</b>	2.6	1.5	3.4	24.9	<b>32.4</b>	5.2	3.2	<b>8.4</b>
<b>Other Expenses</b>	<b>30.7</b>	0.4	4.1	0.7	14.4	<b>19.6</b>	1.2	0.7	<b>2.0</b>
<b>Pretax Income</b>	<b>-43.5</b>	-21.6	-33.5	-17.8	-4.7	<b>-77.7</b>	7.5	3.6	<b>11.1</b>
<b>Income Taxes</b>	<b>-4.8</b>	0	-0.2	0	-2.9	<b>-3.1</b>	0	-3.5	<b>-3.5</b>
<b>Net Income</b>	<b>-38.7</b>	-21.6	-33.3	-17.8	-1.9	<b>-74.6</b>	7.5	7.1	<b>14.6</b>

\*From 2018, chartered flight sales and expenses, which used to be recognized as COGs, started to be recognized based on gross numbers by reflecting K-IFRS 1115.



**Hanatour**