



AB NOVATURAS

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the 12-months period ended 31 December 2019

(unaudited)

Beginning of reporting period	1 January 2019
End of reporting period	31 December 2019
Business name	Novaturas, AB (further – “Novaturas” or “the Company”) (The Company’s financial statements and activity ratios are presented consolidated with the results of subsidiaries; separate reports of the parent company are not presented.)
Legal form	Public limited company
Registration date	16 December 1999
Registration number	135567698
LEI code	097900BGCW0000042109
Manager of register	State Enterprise Centre of Registers
Company address	A. Mickevičiaus str. 27, LT-44245 Kaunas
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Management report

2019 fourth-quarter key indicators:

- Novaturas's turnover in the fourth quarter of the year was EUR 40,3 mln, or 3.6% lower than in the same period of 2018.
- Gross profit amounted to EUR 5,9 mln and was 0.7% lower than in the same period of 2018.
- Operating expenses totaled EUR 4,6 mln, 16.1% less than in the same period of 2018. Excluding the impact of commissions and one-time expenses, operating costs decreased by 15.7% from the same period a year earlier.
- EBITDA amounted to EUR 1,4 mln. In the same period of 2018, it was EUR 0.5 mln.
- The actual profit tax rate in the period was 17,3%, compared to -73.4% in the same period of 2018.
- Novaturas had a net profit of EUR 1,0 mln. In the same period of 2018, it was negative.
- In the third quarter of 2019, the Company served 56 thousand clients, 10.3% less than in the same period of 2018.

2019 twelve-months key indicators:

- Novaturas's turnover in the twelve months of 2019 was EUR 179,9 mln, or 1.2% lower than in the same period of 2018.
- Gross profit amounted to EUR 22,1 mln and was 15.9% lower than in the same period of 2018.
- Operating expenses amounted to EUR 18,0 mln or 3.5% less than in the same period of 2018. Excluding the impact of commissions and one-time expenses, operating costs decreased by 2.2% from the same period a year earlier.
- EBITDA amounted to EUR 4,4 mln and was 44.2% smaller than in the same period of 2018.
- The actual profit tax rate in the twelve months of 2019 was 33.6%, compared to 17.8% in the same period of 2018.
- Novaturas had a net profit of EUR 2,3 mln, which is 57% less than in the same period of 2018.
- In the twelve months of 2019, the Company served 294 thousand clients, 3.9% less than in the same period of 2018.

CEO's foreword

Dear All,

2019 has passed. What were they like for us? First of all, surely full of challenges, especially the beginning of last year. Both the intensified competitive environment and the warming climate have forced the Baltic tourism markets to adjust to changing tourist habits. Despite everything, we mastered the challenges and ended the last quarter of 2019 with actually good results - EBITDA reached EUR 1.4 million (compared to EUR 0.5 million in 2018), net profit amounted to EUR 1 million (which was negative during the same time of previous year).

Overall performance for 2019 remained slightly below 2018 results, but the successful last quarter clearly shows that we have returned to the sustainable growth stage. Our strategy - to focus on profitability first and only then on business scope - has proven effective.

Last year we had a record early start for early bookings of summer 2020 - since the very beginning of August. We are delighted that more and more travellers are planning their vacations in advance and appreciate the great choice of destinations, hotels, flights and at the same time ensuring the best prices.

Vacation packages remain the most common choice for our clients with the most popular destinations remaining similar to last year (Turkey, Egypt, Greece, Bulgaria, Spain and the Canary Islands). Compared to 2018, Egypt and Turkey last year continued on growth. This is no surprise since the people of the Baltic countries are fond of many affordable Turkish resorts in the summer, while during winter months opting for sunny and warm Egypt.

And yet, people's habits are changing, and so are our products. Curiosity of travelers and the desire to spend their leisure time more actively grow, so since last year we offer sightseeing tours to all people of the Baltic States. The most impressive growth in 2019 was marked in sightseeing trips by plane (20.5% compared to 2018) with a focus on weekend trips to the most beautiful cities in Europe. Bus trips are also gaining in popularity (11.4 percent growth, compared to 2018). Travelers appreciate new buses, convenient travel schedules, and affordable fares that most of the people can afford. Our travelers also tend to more

often choose ski trips, cruises or combine a beach vacation with a more active leisure activity. Those who already visited our most popular destinations are looking for new experiences and the trend of exotic trips continues to rise.

Like every year, we offer travelers new destinations and experiences that may not have been visited yet. Since last year we have invited the people of the Baltic States to plan their summer vacations in the exotic islands of Bali and Seychelles and winter vacations – in Mexico. We also offered a summer vacation in the less-discovered island of Kefalonia in Greece, a holiday on the Slovenian Riviera and the Croatian Istrian Peninsula. Not only did we look for exciting new travel directions last year, but we were also improving the services we were already providing - for example, on our charter flights we offered an online check-in service in all Baltic countries.

We have maintained a strong diversified sales channel system - we provide travelers with services through both our traditional and digital channels and through our long-standing partners, travel agencies. This channel remains our top priority, accounting for 72.7 percent of sales last year (remained unchanged compared to 2018). Our own agencies and online sales remained similar to the same period in 2018 - 11.1 and 14.3 percent respectively.

We continued to successfully manage our operating costs, reaching EUR 18 million last year (3.5 percent lower compared with 2018). Excluding commission and non-recurring costs, operating expenses decreased by 2.2 percent, compared to the same period in 2018. The past year was particularly strong in Estonia, where we shook hands with Finnair-based tour operator Aurinko, which has left the Estonian market. We have already started delivering the journeys transferred from them.

As of March 2018, we are dual-listed on the Warsaw and Nasdaq Vilnius stock exchanges. For us, this is a huge responsibility and commitment to keep on delivering the highest standards of transparency and business ethics. We are delighted that last year at the Nasdaq Baltic Market Awards we were granted a special prize for debuting in the public equity markets and also got a special award from Warsaw stock exchange. It marks the beginning of long-term cooperation with local and foreign investors and provides the basis for further partnerships. Last year, we continued to work with the Lithuanian National Olympic Committee to become the official ticket reseller for the Tokyo Olympics.

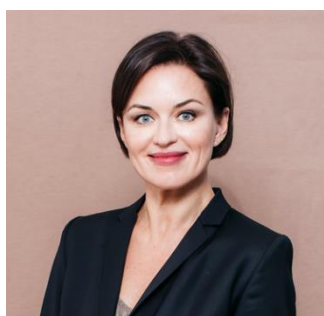
The past year has been rich in awards. The Estonian Chamber of Commerce and Industry, which promotes a strong and business-friendly environment in the country, has ranked us as the most competitive company in the tourism industry. Last year we also celebrated the 20th anniversary of the Lithuanian organization. This is a huge anniversary in the relatively young Baltic tourism markets. The past year has also been marked by social initiatives, the largest of which is the partnership with the Lithuanian Sea Museum and the initiative to build a first Baltic Sea Animal Rehabilitation Center. We contribute to the preservation of wildlife by ourselves and invite our clients to join.

What will 2020 look like for us? First of all, we will continue to look for new travel directions and improve the products we already offer. Another key focus for us this year is improving the quality of customer service and managing the traveler's experience. As every year, we will continue to look for process and operational efficiency solutions. With such a strong foundation of many years of experience, while being flexible and fast, we are brave enough to start the new year.

Sincerely,

CEO

Audronė Keinytė



Main ratios

Financial indicators*	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Sales	40,287	41,792	-3.6	179,858	182,032	-1.2
Gross profit	5,934	5,975	-0.7	22,092	26,279	-15.9
EBITDA	1,394	535	+160.6	4,409	7,908	-44.2
Operating profit (EBIT)	1,321	462	+185.9	4,110	7,643	-46.2
Profit before taxes	1,193	-139	-958.3	3,504	6,590	-46.8
Net profit for the period	987	-241	-509.5	2,328	5,415	-57.0

* Unless otherwise indicated, amounts are in thousands of EUR.

Relative indicators/ratios	Q4 2019	Q4 2018	Change	12M 2019	12M 2018	Change
Number of ordinary registered share	7,807,000	7,807,000	-	7,807,000	7,807,000	-
Profit per share (EUR)	0.13	-0.03	+0.16	0.30	0.69	-0.39
Gross profit margin (%)	14.7	14.3	+0.4 pp	12.3	14.4	-2.1 pp
EBITDA margin (%)	3.5	1.3	+2.2 pp	2.5	4.3	-1.8 pp
EBIT margin (%)	3.3	1.1	+2.2 pp	2.3	4.2	-1.9 pp
Profit before taxes margin (%)	3.0	-0.3	+3.3 pp	1.9	3.6	-1.7 pp
Net profit margin for the period (%)	2.4	-0.6	+3.0 pp	1.3	3.0	-1.7 pp
Return on assets (ROA) (%)	1.9	-0.4	+2.3 pp	4.4	9.5	-5.1 pp
Debt / equity ratio (%)	32.6	55.7	-22.8 pp	32.9	55.7	-22.8 pp
Equity ratio (%)	36.6	30	+6.6 pp	36.6	30.0	+6.6 pp
Actual profit tax rate (%)	17.3	-73.4	+90.6 pp	33.6	17.8	+15.7 pp
Total liquidity ratio	0.78	0.68	+0.10	0.78	0.68	+0.10

Segment information

For management purposes, Novaturas is organized into business units based on its services (product category), which are as follows:

- Flight package tours
- Sightseeing tours by coach
- Sightseeing tours by plane
- Other sales (flight tickets, hotels, block seats sale to other operators, own agencies commissions)

(Unless otherwise indicated, amounts are in thousands of EUR)

	Q4 2019	Q4 2018	Change	12M 2019	12M 2018	Change
Flight package tours						
Sales	34,459	35,460	2.8%	155,876	157,977	-1.3%
Cost of sales	(28,956)	(29,934)	-3.3%	(134,859)	(132,841)	1.5%
Gross profit	5,503	5,526	-0.4%	21,017	25,136	-16.4%
Gross profit margin (%)	16.0%	15.6%	0.4 pp	13.5%	15.9%	-2.4 pp
Sales commission expenses	(2,269)	(2,367)	-4.1%	(9,433)	(9,431)	0.0%
Sales profit by segment	3,234	3,159	2.4%	11,584	15,705	-26.2%
Sales profit margin (%)	9.4%	8.9%	0.5 pp	7.4%	9.9%	-2.5 pp
Sightseeing tours by coach						
Sales	312	338	-7.7%	3,266	2,933	11.4%
Cost of sales	(324)	(352)	-8%	(2,743)	(2,632)	4.2%
Gross profit	-12	-14	-14.3%	523	301	73.8%
Gross profit margin (%)	-3.8%	-4.1%	0.3 pp	16.0%	10.3%	5.7 pp
Sales commission expenses	(19)	(15)	26.7%	(149)	(135)	10.4%
Sales profit by segment	(31)	(29)	6.9%	374	166	125.3%
Sales profit margin (%)	-9.9%	-8.6%	-1.3 pp	11.5%	5.7%	5.8 pp
Sightseeing tours by plane						
Sales	566	531	6.6%	1,885	1,564	20.5%
Cost of sales	(491)	(423)	16.1%	(1,548)	(1,232)	25.6%
Gross profit	75	108	-30.6%	337	332	1.5%
Gross profit margin (%)	13.3%	20.3%	-7.0 pp	17.9%	21.2%	-3.3 pp
Sales commission expenses	(30)	(30)	0.0%	(100)	(86)	16.3%
Sales profit by segment	45	78	-42.3%	237	246	-3.7%
Sales profit margin (%)	8.0%	14.7%	-6.7 pp	12.6%	15.7%	-3.2 pp
Other products						
Sales	4,950	5,463	-9.4%	18,831	19,558	-3.7%
Cost of sales	(4,582)	(5,108)	-10.3%	(18,616)	(19,048)	-2.3%
Gross profit	368	355	3.7%	215	510	-57.8%
Gross profit margin (%)	7.4%	6.5%	0.9 pp	1.1%	2.6%	-1.5 pp
Sales commission expenses	-	-	-	-	-	-
Sales profit by segment	368	355	3.7%	215	510	-57.8%
Sales profit margin (%)	7.4%	6.5%	0.9 pp	1.1%	2.6%	-1.5 pp

Sales of flight package tours accounted for the largest part of sales and profits. Sightseeing tours by coach and by plane remained small products, while sales of other activities have limited impact on the overall profit.

Geographic and other sales split information

The company's activities included tour organization and the distribution of tours through diversified and complementary distribution channels: a retail network of travel agencies and own retail channels (own travel agencies, e-commerce sales, tickets only sales through the Global Distribution System (GDS)). The Company works with over 400 travel agencies, including all of the major agencies in the Baltics and more than 60 in Belarus. E-commerce sales are via Company websites. During twelve-months of 2019, the Company's websites were visited by 3,85 million unique visitors, which is 0.6% less than the 3,87 million unique visitors in the twelve months of 2018.

The Group sells flight tickets for its own organized charter flights via GDS, which means that Novaturas' charter tickets are available worldwide – to travel agents and also to passengers directly via internet portals for airline tickets.

The table below shows a breakdown of revenue by distribution channels:

	Q4 2019, %	Q4 2018, %	Change	12M 2019, %	12M 2018, %	Change
Travel agencies	75.9	74.7	+1.2 pp	72.7	72.7	- pp
Own retail	10.4	11.5	-1.1 pp	11.1	11.4	-0.3 pp
Web sales	12.4	12.4	- pp	14.3	14.1	+0.2 pp
GDS	1.3	1.4	-0.1 pp	1.9	1.8	+0.1 pp
Total	100	100		100	100	

After several years of very fast growth this year market demand growth weakened. We maintained our capacity at similar level compared to previous year corresponding periods.

Number of clients served by country of sales (in thousands of clients):

	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Lithuania	29.1	32.5	-10.5	150.6	164.4	-8.4
Latvia	10.6	11.5	-7.8	61.3	57.8	+6.0
Estonia	15.8	17.9	-11.6	79.7	81.0	-1.5
Other	0.1	0.2	-14.1	2.0	2.5	-17.5
Total	55.7	62.1	-10.3	293.6	305.7	-3.9

The Company's main product is flight package tours, which was also the fastest growing segment. Number of clients served by product category (in thousands of clients):

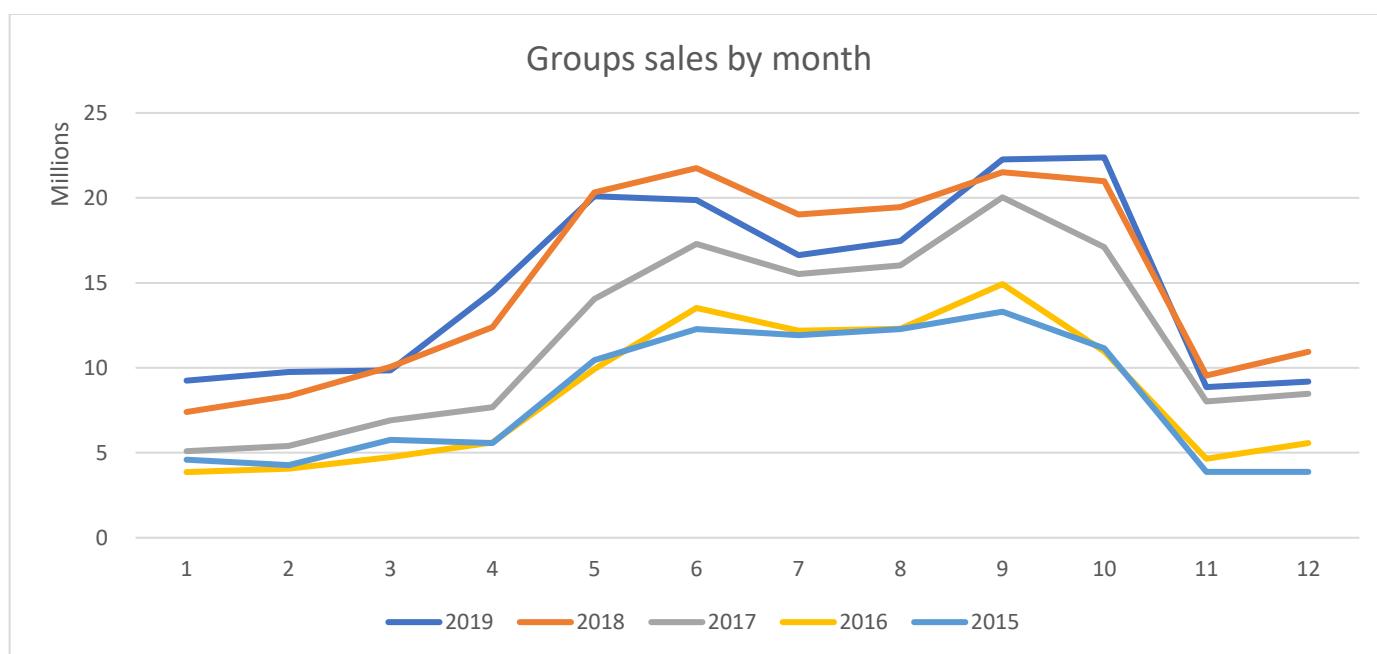
	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Flight package tours	47.8	52.6	-9.1	240.4	253.0	-5.0
Sightseeing tours by coach	1.1	1.2	-7.6	9.8	8.8	+11.8
Sightseeing tours by plane	0.6	0.5	+14.5	2.0	1.5	+31.7
Other sales (separate flight and hotel services)	6.2	7.8	-20.7	41.4	42.4	-2.4
Total	55.7	62.1	-10.3	293.6	305.7	-3.9

Turkey remains the most popular summer destination in the Company's source markets, as does Egypt as a winter destination. The other destinations with the highest demand are Greece, Bulgaria and Spain. Long-haul destinations are becoming more important each year as the number of destinations offered by company increases and growth of demand remains strong. "Other destinations", which comprise a significant part of the company's portfolio, meet the demand of frequent travelers for new destinations each season.

The breakdown of group package travel sales by destinations is as follows:

	Q4 2019, %	Q4 2018, %	Change	12M 2019, %	12M 2018, %	Change
Turkey	28.8	25.7	+3.1 pp	38.0	36.0	+2.0 pp
Greece	6.2	8.0	-1.8 pp	11.6	15.3	-3.7 pp
Egypt	42.5	38.8	+3.7 pp	22.0	18.2	+3.8 pp
Bulgaria	-	-	- pp	7.5	7.6	-0.1 pp
Spain (including Canary Islands)	8.8	12.5	-3.7 pp	5.9	8.4	-2.5 pp
Skiing	-	-	-	2.0	1.8	+0.2 pp
Long haul	5.6	4.3	+1.3 pp	3.7	3.0	+0.7 pp
Other destinations	8.1	10.7	-2.6 pp	9.3	9.7	-0.4 pp
Total	100.0	100.0		100.0	100.0	

Group monthly sales seasonality was as follows:



Information about the Supervisory Council and the Board

In keeping with the company's Articles of Association, the Supervisory Council is comprised of five members elected for a term of three years. Two independent members were elected to the Supervisory Council at the General Shareholders Meeting held on 7 May 2018.

The company's Board is comprised of four members elected for a term of three years. The Chairman of the Board is elected by the Board from among its members. The Board also appoints the CEO after receiving prior approval from the Supervisory Council. Currently, the positions of Chairman of the Board and CEO are held by the same person – Audronė Keinytė.

Information about the Supervisory Council as of the 31 December 2019:

Name	Position in the Council	Legal person and position	Number of shares held in the Company	The beginning of the term
Sebastian Janusz Król	Chairman of the Supervisory Council	Danwood S.A.; Danwood Holdings sp. z o.o.; Janton S.A. – Chairman of the Supervisory Council; Zevin Investments Sp. z o.o.; Daphnee Investments Sp. z o.o. – Member of the Management Board; Enterprise Investors Sp zo.o. – Vice President; Stowarzyszenie Lipków – Eko – President; Warszawsko- Mazowiecki Związek Jeździecki – Member of the Supervisory Council Anwim S.A. – Member of the Supervisory Board Espool Trade – Vice chairmain.	No direct ownership, represents shareholder that owns 2,687,454 shares	2018-02-09
Ugnius Radvila	Member of the Supervisory Council, Member of the Remuneration Committee	-	740,702	2018-02-09
Vidas Paliūnas	Member of the Supervisory Council, Chairman of the Remuneration Committee, Member of the Audit Committee	Business Center 32, UAB; – Member of the Management Board	535,278	2018-02-09
Franz Leitner	Member of the Supervisory Council, Member of the Audit Committee, Member of Remuneration Committee (independent)	Leitner-Consulting – Managing Director; Sportscon Ltd. – Managing Partner	-	2018-05-07
Piotr Nowjalis	Member of the Supervisory Council, Member of the Remuneration Committee, Chairman of the Audit Committee (independent)	Orbis SA – Member of the Supervisory Board; Dino Polska S.A. – Member of the Supervisory Board; Synektik S.A. – Member of the Supervisory Board; Eurotorg Holding Plc. – independent non-executive director; Spokej sp.z.o.o. – member of the Supervisory Board	-	2018-05-07

Information about the Board as of 31 December 2019:

Name	Position within the Company	Number of shares held in the Company	The beginning of the term
Audronė Keinytė	Chairperson of the Board, CEO	-	2018-02-09 (Board member), 2019-01-16 (Chairperson of the Board, CEO)
Tomas Staškūnas	Member of the Board, CFO	58,192	2018-02-09
Birutė Čepanskienė	Member of the Board, CCO	-	2018-02-09

On 16 January 2019, the Managing Director of the Company was replaced, and composition of the Board was changed: Audronė Keinytė was appointed the Managing Director and Chairperson of the Board of Novaturas AB. She replaced Linas Aldonis who had decided to resign from his positions as the Managing Director and Chairperson of the Board and undertake other activities outside the Company. Audronė Keinytė has experience of many years in the tourism market and knows the specificity of the business well. She has been working with Novaturas for over 12 years. In 2009-2010 Audronė Keinytė worked as the manager of service organisation abroad, and during the past 8 years she was responsible for the corporate product development and procurement. She is a member of the Board of Novaturas AB since February 2018.

Share capital and shareholders

The Company's share capital is EUR 234,210. It consists of 7,807,000 ordinary registered shares with a nominal value of EUR 0.03. The number of shares of the Company that grant votes in the General Meeting of Shareholders is 7,807,000.

The ordinary registered shares of AB Novaturas (ISIN code LT0000131872) are listed on the Official List of the Nasdaq Vilnius Stock Exchange (symbol NTU1L) and on the Warsaw Stock Exchange (symbol NTU, ISIN code LT0000131872).

Information about trading in AB Novaturas shares from 21 March 2018 to 31 December 2019 on the Nasdaq Vilnius exchange in Lithuania:

	Currency	Opening price	Maximum price	Lowest price	Closing price	Average price	Volume (quantity)	Volume (EUR)
Q1 2018	EUR	11.00	12.40	10.56	10.85	11.38	17,830	202,845
Q2 2018	EUR	10.85	11.37	10.67	11.20	11.01	183,160	2,016,183
Q3 2018	EUR	11.25	12.78	11.05	11.05	11.76	57,065	671,148
Q4 2018	EUR	11.20	11.23	7.90	8.00	8.94	111,267	994,816
Q1 2019	EUR	7.90	8.60	7.90	8.31	8.28	53,408	442,387
Q2 2019	EUR	8.31	8.50	6.80	7.05	8.02	276,376	2,216,747
Q3 2019	EUR	7.15	7.80	6.40	6.55	7.03	61,452	431,871
Q4 2019	EUR	6.55	6.80	4.20	4.30	4.27	1,380,166	5,906,141

As of 31 December 2019, the company's market capitalization was EUR 33,58 million and decreased by 34.35% in the fourth quarter.

Information about trading in AB Novaturas shares from 21 March 2018 to 31 December 2019 on the "GPW main market" at the Warsaw Stock Exchange in Poland:

	Currency	Opening price	Max price	Lowest price	Closing price	Average price	Volume (quantity)	Volume (PLN)
Q1 2018	PLN	44.13	47.24	41.15	43.95	45.49	24,951	1,125,190
Q2 2018	PLN	43.90	48.00	42.60	48.00	44.70	150,462	6,726,570
Q3 2018	PLN	48.00	56.00	44.20	47.30	48.71	48,202	2,348,140
Q4 2018	PLN	47.30	48.30	32.39	33.20	36.98	39,843	1,473,410
Q1 2019	PLN	33.20	38.48	33.15	37.80	34.23	19,337	661,820
Q2 2019	PLN	37.80	40.00	31.80	33.20	34.38	5,150	177,060
Q3 2019	PLN	31.80	31.80	27.20	28.40	28.71	2,824	81,070
Q4 2019	PLN	28.00	28.60	17.00	17.50	20.70	87,854	1,818,800

As of 31 December 2019, the company's market capitalization was PLN 136,623 million and decreased by 38.38% during fourth quarter.

Shareholders holding at least 5% of share capital and votes as of 31 December 2019:

Name of the shareholder	Number of shares	Share of the share capital
Central European Tour Operator S.a.r.l.	2,687,454	34.42%
ME Investicija	779,900	9.99%
Ugnius Radvila	740,702	9.49%
Rytis Šumakaris	535,278	6.86%
Vidas Paliūnas	535,278	6.86%
Others	2,294,868	32.39%
Total	7,807,000	100.00%

Consolidated statements of comprehensive income

(Unless otherwise indicated, amounts are in thousands of EUR)

	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Sales	40,287	41,792	-3.6	179,858	182,032	-1.2
Cost of sales	(34,353)	(35,817)	-4.1	(157,766)	(155,753)	1.3
Gross profit	5,934	5,975	-0.7	22,092	26,279	-15.9
Sales and marketing expenses	(3,371)	(3,648)	-7.6	(13,728)	(13,792)	-0.5
General and administrative expenses	(1,257)	(1,865)	-32.6	(4,269)	(4,856)	-12.1
Other operating income	16	-	-	18	14	28.6
Other operating (expenses)	(1)	-	-	(3)	(2)	50.0
Profit from operations	1,321	462	185.9	4,110	7,643	-46.2
Finance income	111	814	-86.4	481	820	-41.3
Finance (expenses)	(239)	(1,415)	-83.1	(1,087)	(1,873)	42.0
Profit before tax	1,193	(139)	-958.3	3,504	6,590	-46.8
Income tax (expense)	(206)	(102)	102.0	(1,176)	(1,175)	0.1
Net profit	987	(241)	-509.5	2,328	5,415	-57.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Result of changes in cash flow hedge reserve	556	(2,818)	-119.7	1,851	(2,160)	-185.7
Impact of income tax	(84)	423	-119.9	(278)	324	-185.8
Total comprehensive income for the year	1,459	(2,636)	-155.3	3,901	3,579	9.0
Earnings per share (EPS) for continuing operations:						
Basic and diluted, profit for the year attributable to ordinary equity holders of the parent (in EUR)	0.13	-0.03	-	0.30	0.69	-

Consolidated statements of financial position

(Unless otherwise indicated, amounts are in thousands of EUR)

	31 December 2019	31 December 2018
ASSETS		
Non-current assets		
Goodwill	30,327	30,327
Other intangible assets	248	427
Property, plant and equipment	208	292
Long term receivables	220	65
Deferred income tax asset	7	6
Total non-current assets	31,010	31,117
Current assets		
Inventories	4	3
Prepayments and deferred expenses	9,848	8,861
Trade accounts receivable	672	697
Prepaid income tax	175	231
Other receivables	1,112	2,028
Other current financial assets	261	200
Restricted cash	2,300	1,500
Cash and cash equivalents	4,537	3,203
Total current assets	18,909	16,723
Total assets	49,919	47,840
EQUITY AND LIABILITIES		
Equity		
Share capital	234	234
Cash flow hedge reserve	222	(1,351)
Legal reserve	29	29
Foreign currency translation reserve	145	145
Retained earnings	17,638	15,310
Total equity	18,268	14,367
Liabilities		
Non-current borrowings	4,000	6,000
Deferred income tax liabilities	3,435	2,781
Total non-current liabilities	7,435	8,781
Current liabilities		
Current portion of non-current borrowings	2,000	2,000
Trade payables	4,892	4,611
Advances received	14,978	14,259
Income tax payable	95	29
Other current liabilities and accrued expenses	2,251	3,793
Total current liabilities	24,216	24,692
Total equity and liabilities	49,919	47,840

Consolidated statements of changes in equity

(Unless otherwise indicated, amounts are in thousands of EUR)

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Foreign currency translation reserve	Equity attributable to equity holders
Balance as of 31 December 2017	226	29	484	13,963	145	14,847
Net profit for the year	-	-	-	5,415	-	5,415
Other comprehensive income	-	-	(1,835)	-	-	(1,835)
Increase in share capital	8	-	-	(8)	-	-
Dividends paid	-	-	-	(4,060)	-	(4,060)
Balance as of 31 December 2018	234	29	(1,351)	15,310	145	14,367
Net profit for the year	-	-	-	2,328	-	2,328
Other comprehensive income	-	-	1,573	-	-	1,573
Total comprehensive income			1,573	2,328		3,901
Balance as of 31 December 2019	234	29	222	17,638	145	18,268

Consolidated statements of cash flow

(Unless otherwise indicated, amounts are in thousands of EUR)

	12M 2019	12M 2018
Cash flows from (to) operating activities		
Net profit	2,328	5,415
Adjustments for non-cash items:		
Depreciation and amortization	299	265
Change in deferred income tax	654	154
Current income tax expenses	272	675
Elimination of financial, investment and other non-cash activity results	2,351	(1,347)
	5,969	5,162
Changes in working capital:		
Decrease in inventories	(1)	(2)
(Increase) decrease in trade receivables	25	(175)
(Increase) decrease in other receivables	855	543
(Increase) decrease in prepayments and deferred expenses	(1,142)	(2,930)
Increase (decrease) in trade payables	281	907
Increase in advances received	719	2,157
Income tax paid	(1,407)	895
Increase (decrease) in other accounts payable and accrued expenses	5,299	6,557
Net cash flows from operating activities		
Income tax paid	(670)	(1,051)
Interest (paid)	(460)	(488)
	4,169	5,018
Cash flows from (to) investing activities		
(Acquisition) of non-current assets (except investments)	(35)	(240)
Net cash flows (to) investing activities	(35)	(239)
Cash flows from financing activities		
Loans received	-	-
(Repayment) of loans	(2,000)	(6,000)
Interest (paid)	-	(4,060)
Net cash flows (to) financing activities	(2,000)	(10,060)
Net increase (decrease) in cash flows	2,134	(5,281)
Cash and cash equivalents at the beginning of the year	4,703	9,984
Cash and cash equivalents at the end of period	6,837	4,703

Notes to the financial statements

Information about subsidiaries

Novaturas Group is a holding structure and AB Novaturas is the parent company which conducts operations directly and through subsidiaries in their respective markets - Lithuania, Latvia and Estonia.

Company	Country of operations	Shareholding % as of 31 December 2019
Novatours SIA	Latvia	100
Novatours OÜ	Estonia	100
Aviaturas ir Partneriai UAB	Lithuania	100
SRL Novatours Holidays*	Romania	100

* Operations of the subsidiary in Romania were discontinued in 2009.

Sales and marketing expenses

	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Commissions	2,318	2,412	-3.9	9,682	9,652	+0.3
Salaries and related taxes	617	784	-21.3	2,443	2,431	+0.5
Advertising and marketing expenses	294	319	-7.8	1,091	1,229	-11.2
Rent and maintenance expenses	62	58	+6.9	230	212	+8.5
Depreciation and amortization	25	4	+525.0	40	19	+110.5
Business trips expenses	32	18	+77.8	57	48	+18.8
Communication expenses	10	9	+11.1	42	46	-8.7
Transportation expenses	12	6	+100.0	41	31	+32.3
Representation expenses	0	7	-100.0	49	48	+2.1
Training expenses	1	1	-	3	7	-57.1
Other	0	30	-100.0	50	69	-27.5
Total:	3,371	3,648	-7.6	13,728	13,792	-0.5

General and administrative expenses

	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Salaries and related taxes	631	741	-14.8	2,204	2,280	-3.3
Rent and maintenance expenses	25	29	-13.8	117	116	+0.9
Depreciation and amortization	48	70	-31.4	259	247	+4.9
Business trips expenses	11	25	-56.0	76	104	-26.9
Communication expenses	7	13	-46.2	36	45	-20.0
Consulting expenses	105	166	-36.7	254	558	-54.5
Transportation expenses	15	17	-11.8	48	71	-32.4
Representation expenses	49	64	-23.4	124	118	+5.1
Bad debt expenses	7	(9)	+177.8	37	0	
Training expenses	3	7	-57.1	19	14	+35.7
Other	356	742	-52.0	1,095	1,303	-16.0
Total:	1,257	1,865	-32.6	4,269	4,856	-12.1

In the twelve-months of 2019, the Company incurred one-off expenses related to legal cases (EUR 82,000) and headcount decrease (EUR 109,000). In the twelve-months of 2018, the Company incurred one-off expenses related to the IPO (EUR 295,000), legal costs (EUR 165,000) and bankruptcy of "Small Planet Airlines" (EUR 406,000). Total one-off expenses amounted to EUR 191,000 in the twelve-months of 2019 and EUR 757,000 in the twelve-months of 2018. These costs are reflected in the consulting and other expenses lines.

Hedging

The Company operates as a tour operator. Due to its business specifics the Company is exposed to the risk of fluctuation in the price of aviation fuel and the EUR/USD foreign exchange rate. The Company hedges against changes in aviation fuel prices (which affect fuel costs) and against changes in the EUR/USD exchange rate (which affects fuel and hotel costs) for the entire period of early bookings for upcoming summer and winter seasons using forward and future contracts. When derivative positions are closed on a monthly basis, the result is accounted in the comprehensive income report.

The tables below present the closed hedging contracts result and still-held hedging contracts at the period-end market value (in thousands of EUR):

	Q4 2019	Q4 2018	Change	12M 2019	12M 2018	Change
Result of closed hedging contracts already reflected in the period statement of comprehensive income	(30)	508	(538)	(493)	1,838	(2,331)
Market value of existing hedges at the end of the period	-	-	-	(261)	(1,590)	1,851

Borrowings

The loans granted to the company are shown in the table below:

	31 December 2019	31 December 2018
Long term borrowings		
AS Luminor bank loan, annual interest rate - 3 month EURIBOR + 3,8%	6,000	8,000
Current portion of non-current borrowings	(2,000)	(2,000)
Total non-current borrowings	4,000	6,000

As of 31 December 2019 the Company had no current borrowings.

Off-balance sheet commitments:

Bank guarantee	Total Limit at 31 December 2019	Used limit at 31 December 2019
AB Luminor Bank annual interest rate of 3-month EURIBOR + 1.7%	10,000	7,000

Bank guarantees are used to ensure the travel organizer's obligations in Lithuania, Latvia and Estonia.

Related party transactions

During the twelve-month period ended 31 December 2019, total payments of EUR 91,000 (of which EUR 23,000 during the fourth quarter) were made to Supervisory Council members.

Management confirmation of the Consolidated Financial Statements

In accordance with Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Audronė Keinytė, the CEO of AB Novaturas, and Tomas Staškūnas, the CFO of AB Novaturas, hereby confirm that, to the best of our knowledge, the unaudited interim consolidated financial statements for AB Novaturas for the twelve month period ended 31 December 2019, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the consolidated group's assets, liabilities, financial position, profit or loss, and cash flows.

Audronė Keinytė
CEO

Tomas Staškūnas
CFO