

An aerial photograph of a harbor area. Several boats are docked at a pier on the left. On the right, a paved area contains two large white buses, a smaller white car, and a few people. The water is a clear, vibrant turquoise color. A semi-transparent dark grey box is overlaid on the bottom left of the image, containing white text.

Presentation of 9M 2020: financials affected by COVID-19

28 October, 2020

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Key financials and COVID-19 update



EUR 30.5 m

9M 2020 Revenue
(EUR 139.6 m in 2019)



EUR -1.6 m

9M 2020 EBITDA
(EUR 3.0 m in 2019)



EUR -3.7 m

9M 2020 Net loss
(EUR 1.3 m in 2019)

COVID-19 update

To manage the situation, we have taken many actions and adapted to the new reality.

- Strict cost control.
- Operational efficiency and re-organization.
- Using state aid measures to secure Company's liquidity.
- Taking care of existing clients and their reservations (changes, vouchers, refunds).
- Distribution risks control.
- Launch of local tourism services in all Baltic markets.
- Launch of Summer 21 and Winter 21-22 holiday seasons with adapted product according to changing customer needs.
- Negotiating with foreign partners and suppliers for more flexible pricing and review of existing commitments.
- Partially restarted operations as of 1st July to safe destinations.
- Retrieved pre-payments from the partners abroad (EUR 7 m).

Operating expenses under strict control

To manage pandemic inflicted situation, we took strict cost management actions, suspended investment projects, focused more on operational efficiency.

Compared to the 9M of 2019, operating expenses were reduced by 61.1% and amounted EUR 5.2 m.

Q3 2020 operating expenses were reduced by 68% compared to corresponding period of previous year and reached EUR 1.6 m.

Operating expenses (EUR 000s)	Q3 2020	Q3 2019	y/y change	9M 2020	9M 2019	y/y change
Sales and marketing (excl. commissions)	592	1,021	-42.0%	1,833	2,993	-38.8%
General and administrative (excl. one-offs)	559	890	-37.2%	1,672	2,841	-41.1%
Total operating expenses (excl. commissions and one-offs)	1,151	1,911	-39.8%	3,505	5,834	-39.9%
Commissions	406	2,970	-86.3%	1,619	7,364	-78.0%
One-off expenses	18	27	-33.34%	75	171	-56.1%
Total operating expenses	1,575	4,908	-67.9%	5,199	13,369	-61.1%



EUR 5.2 m

9M 2020 Operating expenses
(-61.1% y/y)



EUR 1.6 m

Q3 2020 Operating expenses
(-68% y/y)

Operational efficiency and re-organization

- **Changes in the management structure**

According to the proposals submitted by the shareholders, the management structure has been changed by eliminating the Supervisory Board of the Company. The Company has one collegial body - the Board that consist of 5 members, of which 2 are independent. The previous members of the Board form a team of the Company's top executives. Virginijus Lepeška, the independent member, was elected as the chairman of the Board.

- **Changes in customer service**

To strengthen relationship with travelers and ensure their good experience, the Company took over the core business of the subsidiary "Sofa Travel". Centralization of customer service processes is one of the planned steps to make Company's own sales channels more effective. It will help to adapt to the newly forming traveling habits, improve the experience of the travelers, maintain high standards of services provided.

- **Changes in the management of "Novaturas" Estonian subsidiary**

Due to the optimization of the organizational structure, the Company farewelled with the country manager of Estonian subsidiary. The management of the subsidiary is continued by the Board, which members are AB "Novaturas" CFO Tomas Staškūnas (member of the Board since 2010) and AB "Novaturas" CEO Audronė Keinytė (member of the subsidiary Board since 2019). The Board's main focus remains on the Company's rapid recovery from the crisis caused by the pandemic and further strengthening its position in the markets.

State aid measures to secure Company's liquidity

In Lithuania:

- EUR 5 million long-term loan received under the state investment and business guarantee fund "Invega" measure "Guarantees for portfolio loans".
- EUR 1 million long-term loan received under the Ministry of the Economy and Innovation of the Republic of Lithuania and state investment and business guarantee fund "Invega".
- Agreement with "Luminor" bank to delay payments of a long-term loan and extend the overdraft. The start of partial payments of the long-term loan is postponed and overdraft limit is extended until the 31st of March 2021.
- EUR 35 ths. innovation grant approved by the national agency for IT and marketing projects.
- Possible repatriation compensation (state aid measure is being finalized).

In Latvia:

- EUR 1 million loan received under the state loan guarantee program "Altum".
- EUR 81 ths. subsidy.
- EUR 167 ths. repatriation compensation.

In Estonia:

- EUR 60 ths. subsidy.

All markets:

- EUR 233 ths. salary partial compensation subsidies (more to be received).

Securing the trust of the clients

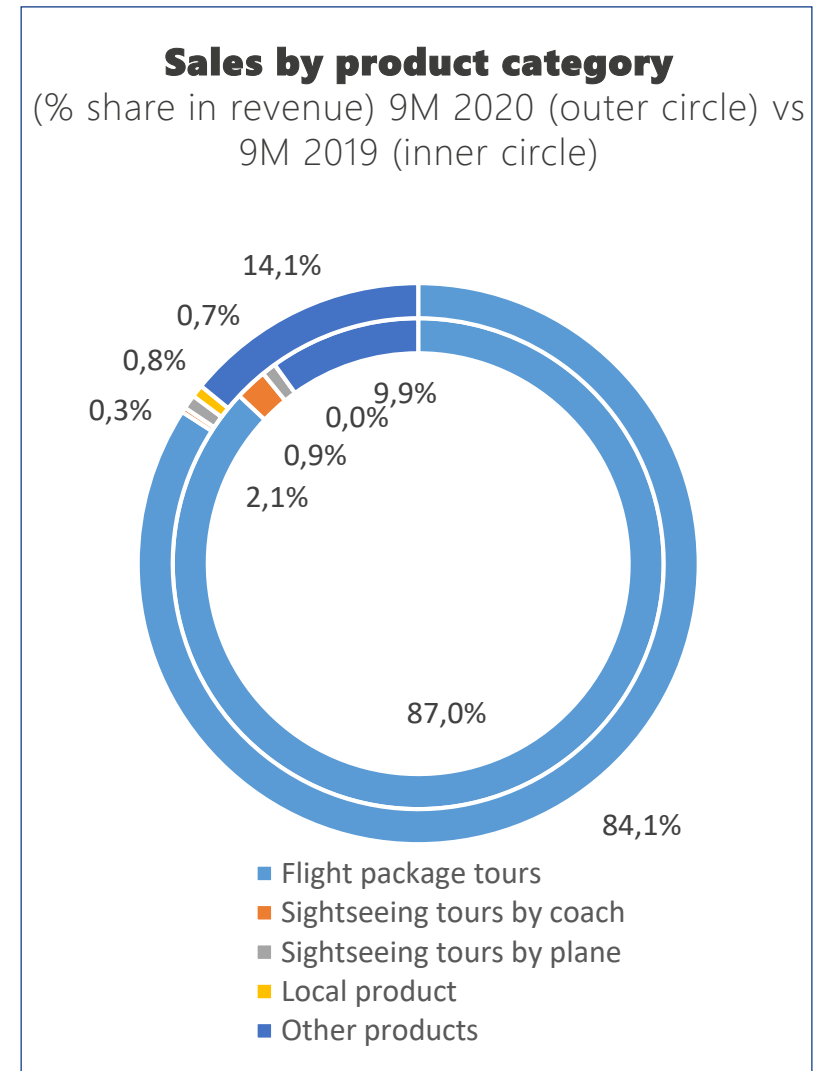
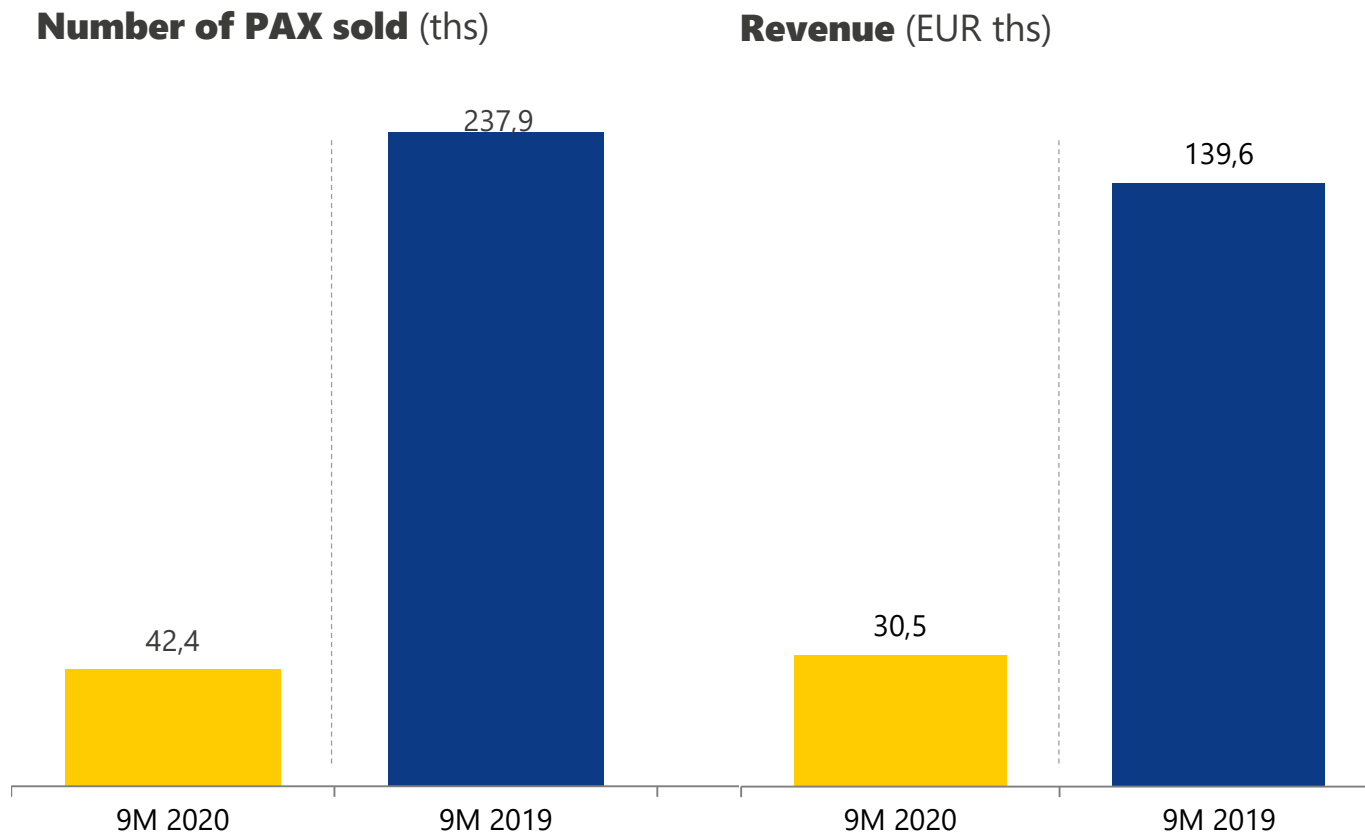
Even though majority of our customers have postponeded their trips cancelled due to COVID-19, we were one of the first tour operators that has started refunds for the travelers. By doing so we aim to strengthen people's confidence in the tourism sector and secure their trust during these unsettled times.

- Postponed reservations to the next year amount to EUR 5.8 million groupwise.
- Travel vouchers issued to the travelers worth up to EUR 1.3 million groupwise.
- Up to date we have already refunded EUR 5.5 million groupwise.
- Additional refund requests received amount to EUR 2.5 million groupwise.

We have also addressed coressponding authorities in Lithuania for additional EUR 1.5 million loan for refunds.

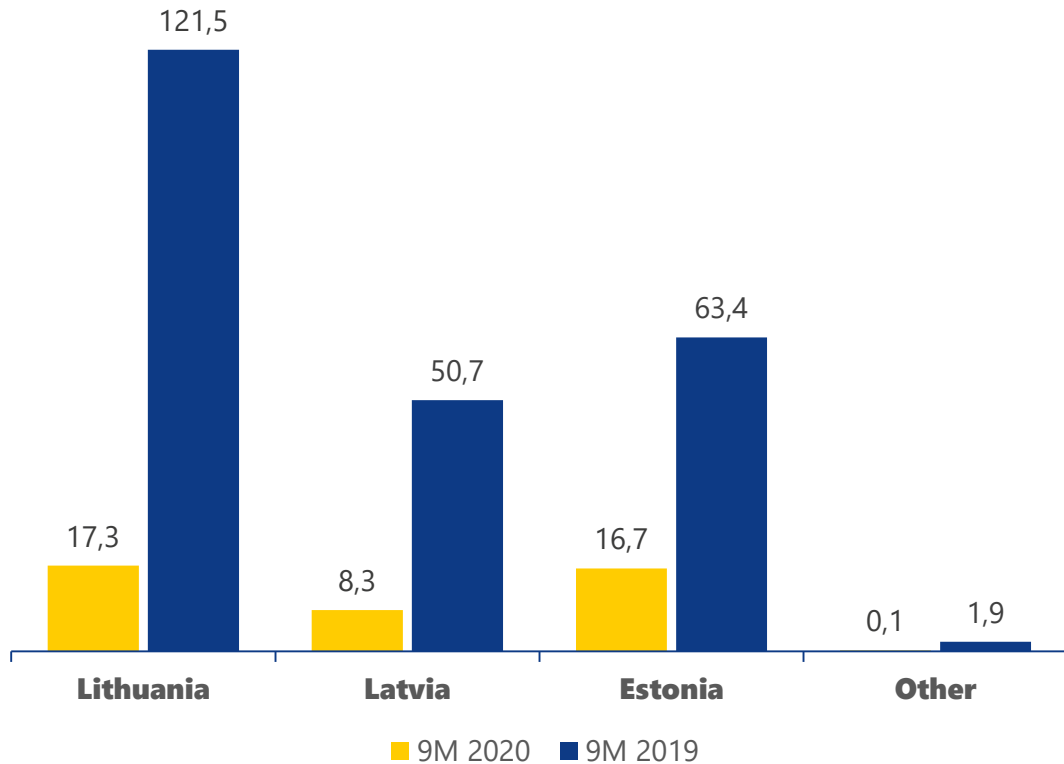
9M 2020 Revenues & seat supply

COVID-19 has significantly affected our revenues and seat supply. Due to the restrictions caused by the pandemic, we were forced to suspend our operations from mid-March. Only in July we have partially renewed operations from all Baltic markets but could not maintain a stable flight operation due to changing regulations of the governments.



9M 2020 Number of travelers

Number of PAX sold by country (ths)



During 9M 2020, total number of customers served by Novaturas Group decreased significantly due to the COVID-19 restrictions.



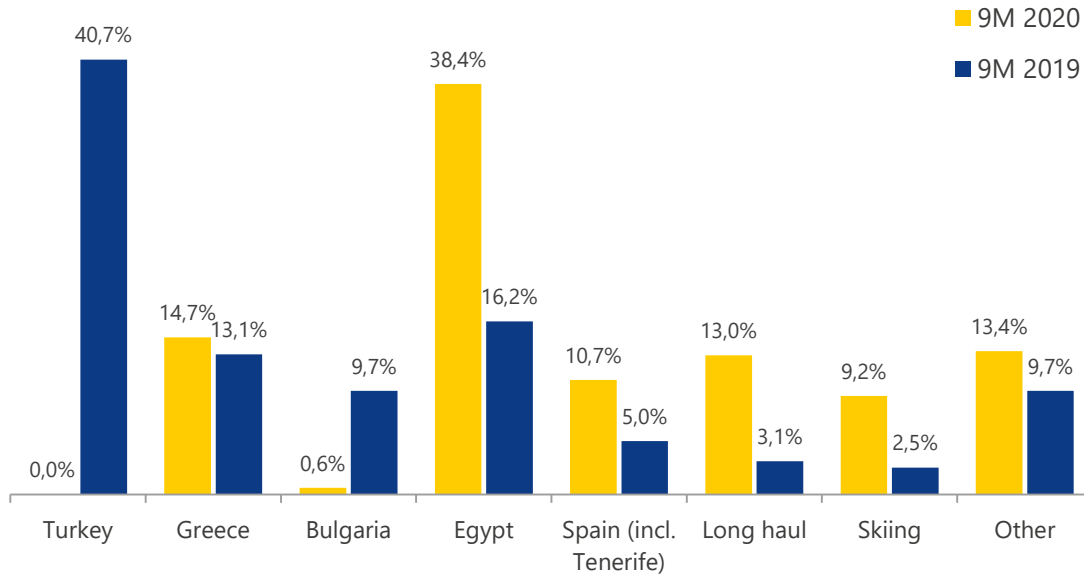
42.433 ths

total PAX served during 9M 2020
(237.914 ths during 9M 2019)

9M 2020 Top destinations

Sales of flight package tours by destinations

(% share in charter travel revenue)



- Usually Turkey concludes almost half of scheduled flights program for the period of 9 M, as it is the most popular summer holiday destination. This year, due to COVID-19 restrictions, Turkey remained in the list of affected countries and was not open for the operation of the flights.
- Egypt remained the most popular destination among the Baltic citizens in the winter season. Spain (mainly Tenerife island) holds the second place in demand during winter season.
- Greece (Greek islands) generated slight increase in share as it was the first and only country re-opened after the restrictions were lifted.

Our destinations

📍 Leisure trips by plane 📍 Roundtrips by plane 📍 Roundtrips by bus



We reach wide customer base thanks to well-balanced distribution

The majority of our products are sold through travel agencies, with whom we have long-term business relations, built on professionalism and mutual trust.

 **~400**

external travel agencies

 **14.2%**

share in 9M 2020 revenue from e-commerce

 **1.9 m**

unique visitors on our websites during 9M 2020

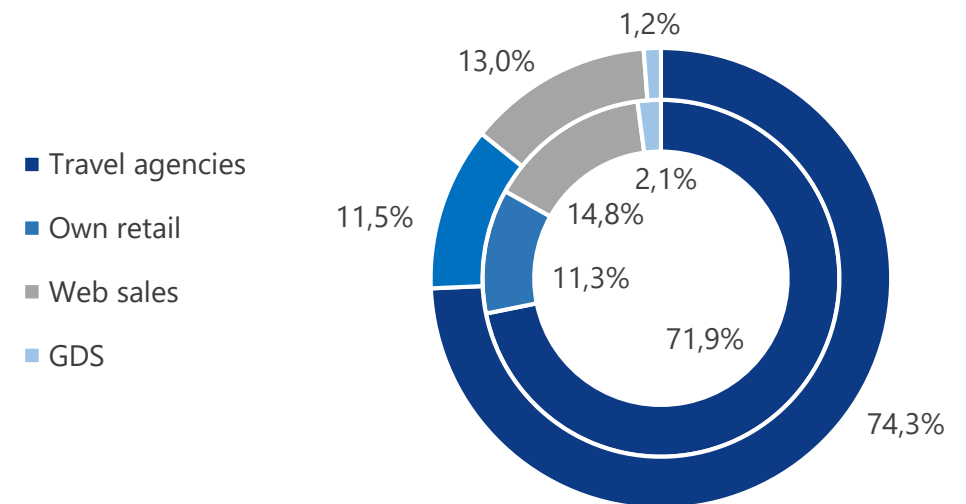
 **3**

toursim exhibitions in Baltics

Diversification of sales channels allows Novaturas to offer its products to broader customer base, not only searching for package tours, but also for tickets and to exploit the most of market opportunities.

Novaturas constantly develops its e-commerce channel and manages one of the biggest online shops in the Baltics. We attend 3 largest tourism exhibitions in Baltics every year as an extra sales channel.

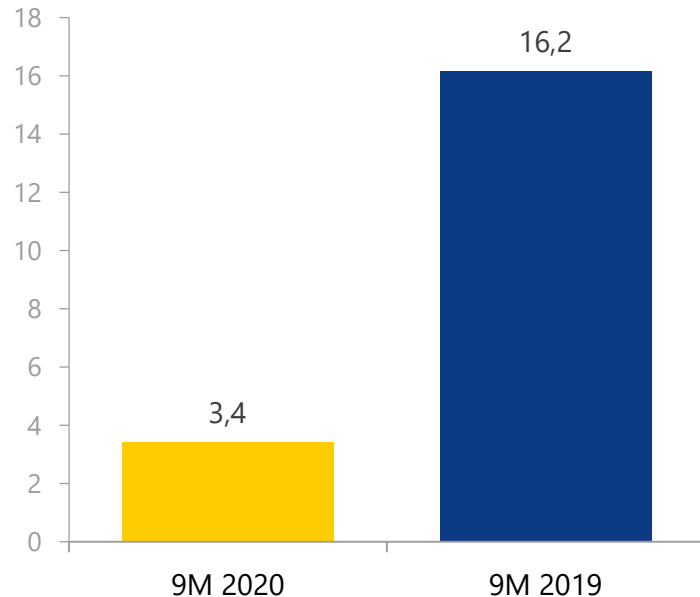
Novaturas sales by distribution channels
9M 2020 (outer circle) vs. 9M 2019 (inner circle)



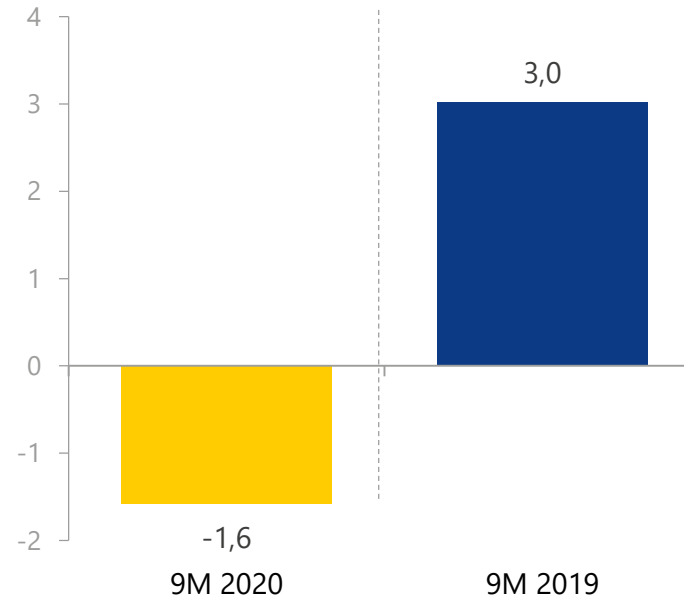
9M 2020 profitability affected by the COVID-19 caused restrictions

The profitability was extremely affected by COVID-19 caused restrictions, especially in 2Q and 3Q. We were forced to cancel our operations from the middle of March and only in July partially renewed our flights from all Baltic markets. Usually during summer holiday season we operate flights to more than 20 destinations, while this year, due to the restrictions and constantly changing regulations of the governments, we could offer our travelers mainly only three holiday destinations – Greece, Tunisia and Cyprus.

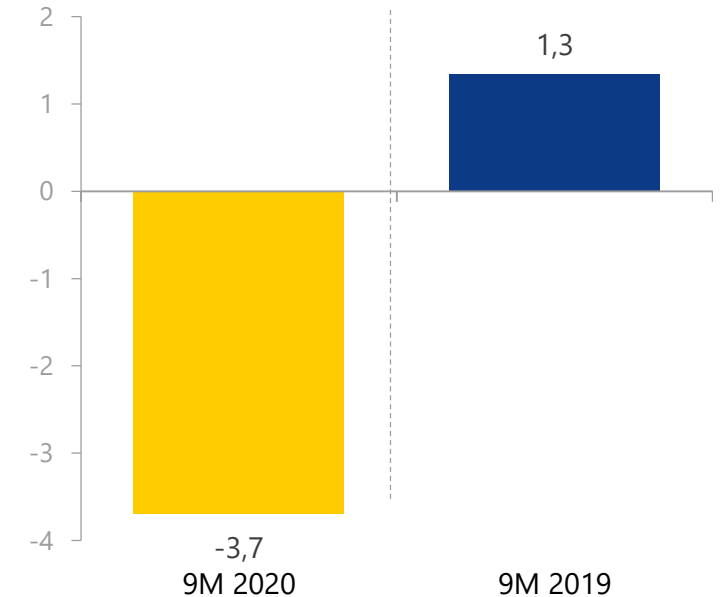
Gross profit (EUR ths)



EBITDA (EUR ths)



Net profit (EUR ths)

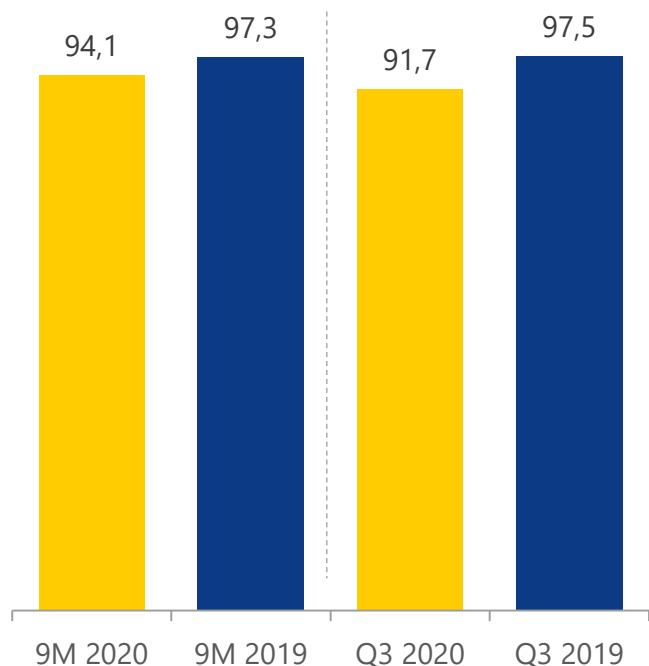


Efficiency and productivity ratios

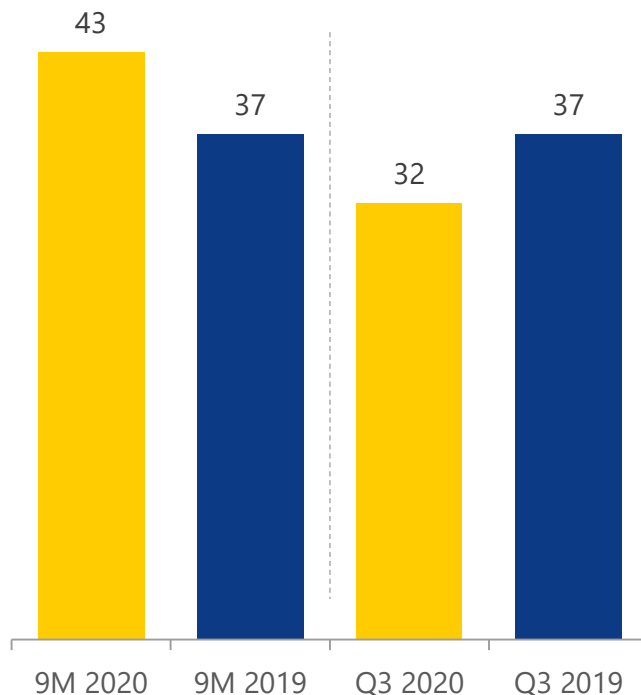
The uncertainty of COVID-19, constantly changing restrictions and requirements applied to tourism sector makes the usual activity planning impossible. It translates into slightly decreased load factor. The same factor caused high empty leg costs that negatively influenced profit per pax ratios. Especially it was visible in the 3Q. The increase in average package tour price is caused mainly by the extra costs tourism sector must acquire in order the companies could run their businesses open.

Covid-19 restrictions have affected 9M 2020 results and will also have an impact on the rest of 2020 ratios.

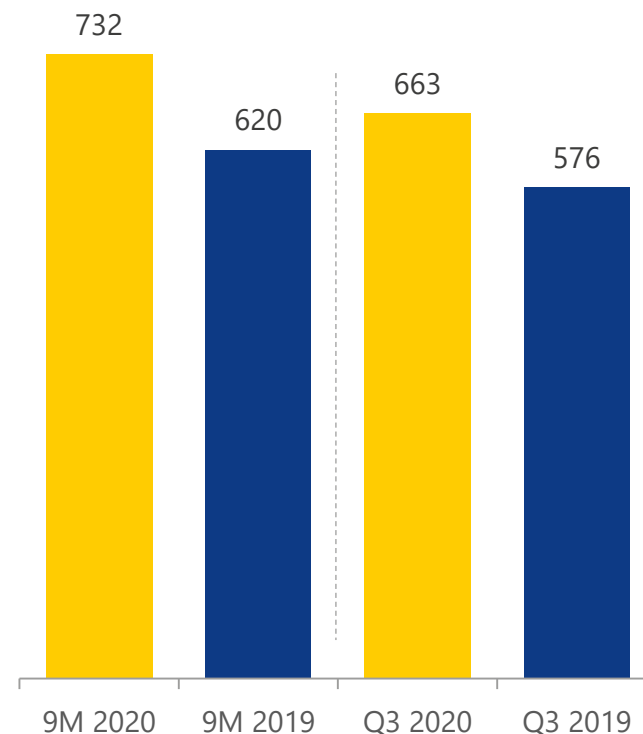
Load factor
(%)



Profit per PAX
(EUR)



Average package tour price
(EUR)



Appendices

Main ratios

Financial ratios (EUR 000s)	Q3 2020	Q3 2019	y/y change	9M 2020	9M 2019	y/y change	2019
Revenue	7,078	56,311	-87.4	30,554	139,571	-78.1	179,723
Gross profit	768	6,098	-87.4	3,429	16,158	-78.8	21,884
EBITDA	(741)	1,287	-	(1,581)	3,015	-	4,263
Operating profit (EBIT)	(802)	1,191	-	(1,770)	2,789	-	3,741
Profit before tax	(1,639)	1,032	-	(4,115)	2,311	-	3,090
Net profit	(1,450)	904	-	(3,694)	1,341	-	4,214
Relative indicators	Q3 2020	Q3 2019	y/y change	9M 2020	9M 2019	y/y change	2019
Number of shares ¹⁾	7,807,000	7,807,000	-	7,807,000	7,807,000	-	7,807,000
Earnings per share (EUR) ¹⁾	-0.19	0.12	-0.30	-0.47	0.17	-0.64	0.54
Gross profit margin (%)	10.9	10.8	+0.1 pp	11.2	11.6	-0.4 pp	12.2
EBITDA margin (%)	-10.5	2.3	-12.8 pp	-5.2	2.2	-7.4 pp	2.4
Operating profit (EBIT) margin (%)	-11.3	2.1	-13.4 pp	-5.8	2.0	-7.8 pp	2.1
Profit before taxes margin (%)	-23.2	1.8	-25.0 pp	-13.5	1.7	-15.2 pp	1.7
Net profit margin (%)	-20.5	1.6	-22.1	-12.1	1.0	-13.1 pp	2.3
Return on assets (ROA) (%)	-2.9	1.6	-4.5 pp	-7.0	2.4	-9.4 pp	8.0
Debt to equity ratio (%)	106.0	40.2	65.8 pp	106.0	40.2	65.8 pp	29.8
Equity ratio (%)	30.7	30.0	0.7 pp	30.7	30.0	0.7 pp	40.8
Effective tax rate (%)	11.5	12.4	-0.9 pp	10.2	42.0	-31.7 pp	-36.4
Current ratio	0.78	0.83	-0.05	0.78	0.83	-0.05	0.72

Consolidated statements of comprehensive income

EUR 000s	Q3 2020	Q3 2019	y/y change, %	9M 2020	9M 2019	y/y change, %	2019
Sales	7,078	56,311	-87.4	30,554	139,571	-78.1	179,723
Cost of sales	(6,310)	(50,213)	-87.4	(27,125)	(123,413)	-78.0	(157,839)
Gross profit	768	6,098	-87.4	3,429	16,158	-78.8	21,884
Operating (expenses)	(1,575)	(4,908)	-67.9	(5,199)	(13,369)	-61.1	(18,252)
Other operating income	5	1	-	1	2	-	112
Other operating (expenses)	-	-	-	(1)	(2)	-	(3)
Profit from operations	(802)	1,191	-	(1,770)	2,789	-	3,741
Finance income	48	100	-52.2	580	370	56.8	481
Finance (expenses)	(885)	(259)	241.7	(2,925)	(848)	244.9	(1,132)
Profit before tax	(1,639)	1,032	-	(4,115)	2,311	-	-
Income tax (expense)	189	(128)	-	421	(970)	-	1,124
Net profit	(1,450)	904	-	(3,694)	1,341	-	4,214
Other comprehensive income to be reclassified to profit or loss in subsequent periods							
Result of changes in cash flow hedge reserve	467	70	-	(1,188)	1,295	-	1,851
Impact of income tax	(69)	(10)	-	179	(194)	-	(278)
Total comprehensive income for the year	(1,450)	964	-	(4,703)	2,442	-	5,787
Earnings per share ¹⁾	-0.19	0.12	-	-0.47	0.17	-	0.54

Consolidated balance sheet

(EUR 000s)	30 Sep 2020	31 Dec 2019	30 Sep 2019
ASSETS			
Non-current assets			
Goodwill	30,327	30,327	30,327
Other intangible assets	144	248	290
Property, plant and equipment	136	208	231
Right-of-use assets	504	562	-
Long term receivables	217	220	222
Deferred income tax asset	580	30	7
Total non-current assets	31,908	31,595	31,077
Current assets			
Inventories	2	4	4
Prepayments and deferred expenses	8,400	8,973	6,295
Trade accounts receivable	529	652	929
Prepaid income tax	70	175	177
Other receivables	805	874	1,176
Other current financial assets	-	261	-
Restricted cash	3,200	2,300	3,200
Cash and cash equivalents	5,559	4,554	13,108
Total current assets	18,565	17,793	24,889
Total assets	50,473	49,388	55,966

(EUR 000s)	30 Sep 2020	31 Dec 2019	30 Sep 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	234	234	234
Cash flow hedge reserve	(788)	222	(251)
Legal reserve	29	29	29
Foreign currency translation reserve	145	145	145
Retained earnings	15,830	19,524	16,651
Equity attributable to equity holders of the parent	15,450	20,154	16,808
Liabilities			
Non-current borrowings	10,740	4,000	6,000
Deferred income tax liabilities	-	-	3,204
Other non-current liabilities	171	-	-
Non-current lease liabilities	302	360	-
Total non-current liabilities	11,213	4,360	9,204
Current liabilities			
Current portion of non-current borrowings	2,086	2,000	750
Current borrowings	3,550	-	-
Trade payables	1,776	4,173	5,872
Advances received	13,188	14,997	22,337
Income tax payable	977	1,253	74
Lease liabilities	214	216	-
Other current liabilities and accrued expenses	2,948	2,235	921
Total current liabilities	28,710	24,874	29,954
Total equity and liabilities	50,473	49,388	55,966

Consolidated cash flow statement

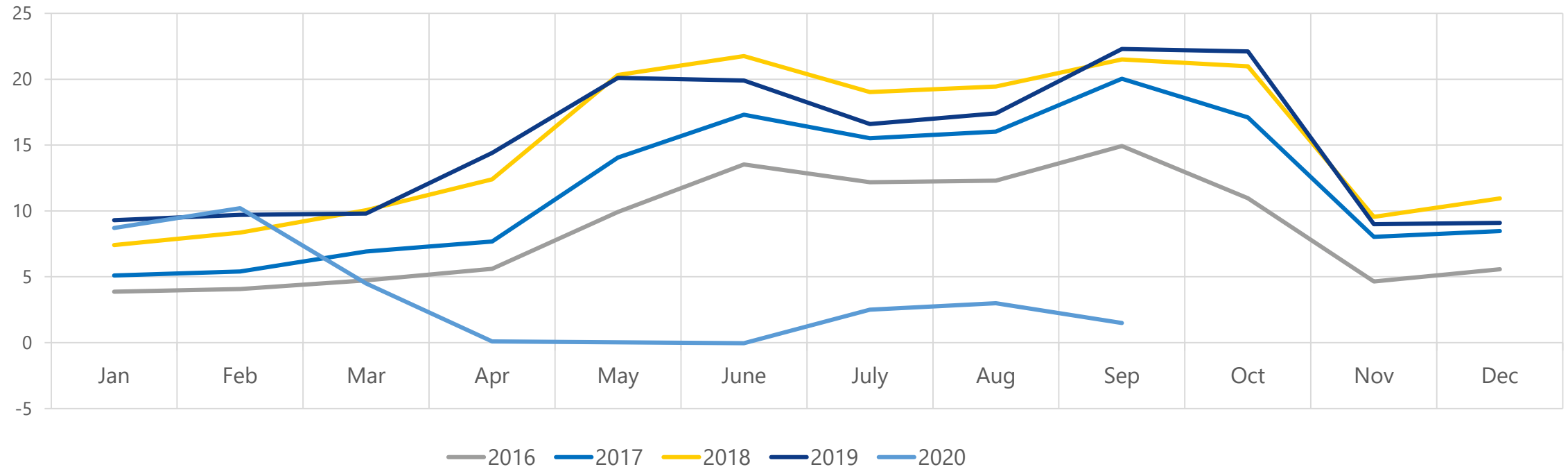
(EUR 000s)	9M 2020	9M 2019
Net profit	(3,694)	1,341
Adjustments for non-cash items	(227)	3,195
Changes in working capital	(4,113)	8,517
Net cash flows from / (to) operating activities	(8,034)	13,053
Net cash flows from / (to) investing activities	(14)	(28)
Loans received	14,997	8,000
(Repayment) of loans	(4,450)	(9,250)
Interest (paid)	(594)	(370)
Dividends (paid)	-	-
Net cash flows from / (to) financing activities	9,953	(1,620)
Net increase (decrease) in cash flows	1,905	11,405
Cash and cash equivalents at the beginning of the year	6,854	4,903
Cash and cash equivalents at the end of the period	8,759	16,308

Seasonality of Novaturas business

Novaturas operates in a sector which is subject to seasonality. Under the usual circumstances it is characterized by higher demand for the Group's products and services during the summer season, i.e. in the second and third quarters of the year, and lower demand in the remaining periods. In case of Novaturas, the high season is very long (May to October). We also have a strong shoulder season, therefore our monthly and quarterly revenues distribution is better balanced throughout the year.

The spread of COVID-19 has re-written all the usual circumstances in 2020.

Monthly revenue (EUR m)



Top executives

Novaturas managers have been with the Company for many years. They have extensive know-how, years of experience in the tourism market and an in-depth knowledge of the Group's offering, which ensures effective implementation of the Group's strategy.



Audronė Keinytė, CEO

- With the Company for 14 years (since 2006)
- CEO since January 2019, earlier in charge of product development and purchasing on the Group level
- Has strong commercial background as well as deep knowledge of tourism products and the industry itself



Tomas Staškūnas, CFO

- With the Company for 11 years (since 2009)
- Has experience as CFO and CEO in companies specialized in consumer goods



Ieva Galvydienė, CCO

- With the Company for 14 years (since 2006)
- Responsible for sales and distribution on the Group level with special focus on Lithuania operations

The Board



Vidas Paliūnas

Member of the Board

- Participated in the creation of Novaturas UAB in 1999.
- In 1999-2009 he was General Manager of the Company.
- In 2009-2018, he was a member of Novaturas' management board (functioning like a supervisory body in the period).



Ugnius Radvila

Member of the Board

- Participated in the creation of Novaturas UAB in 1999.
- In 1999-2011, he was in charge of sightseeing product department of the Company.
- Since 2011, he has been acting as consultant to the Company.



Janek Pohla

Member of the Board

- Janek Pohla is the founder and board member of Tahe Outdoors and a member of the board of the Estonian Chamber of Commerce and Industry.
- Tahe Outdoors has been a manufacturer and distributor of water sports equipment; is one of the leaders in the field in Europe.



Andrius Jurkonis

Independent member of the Board

- Andrius Jurkonis manages investment fund Axia Capital Fund and is a certified financial analyst.
- He has accumulated many years of experience in management positions at Euroapotheica, VST, "wedbank.

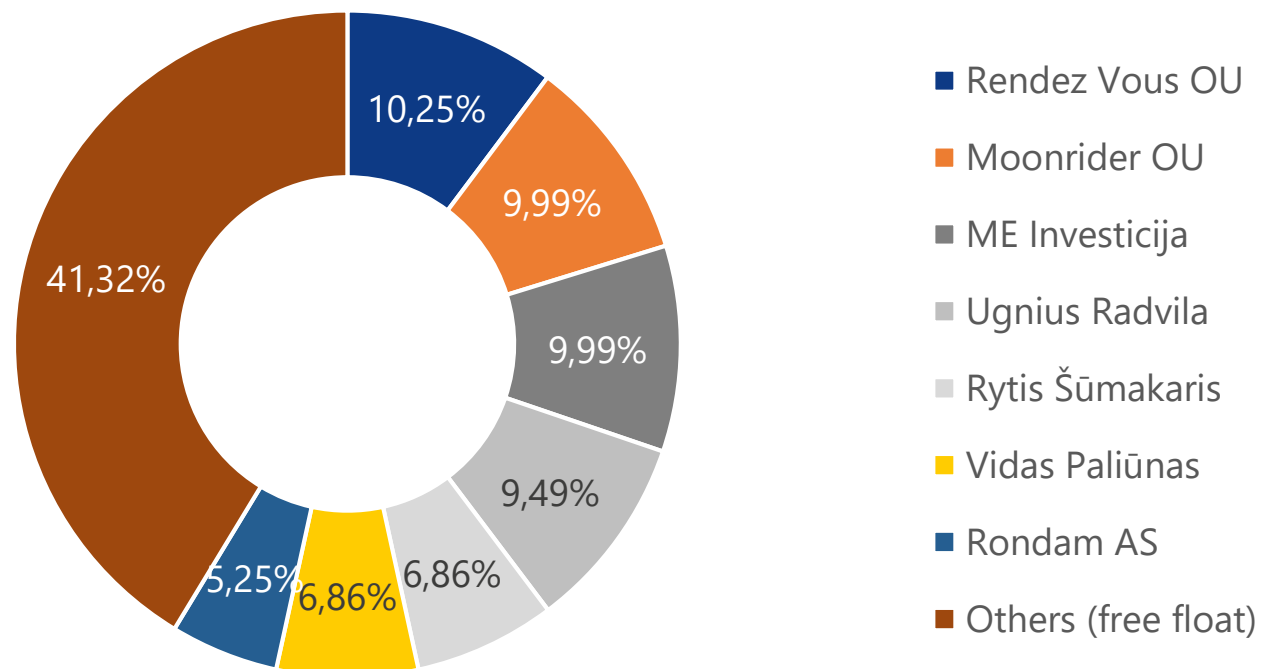


Virginijus Lepeška

Chairman of the Board

- Virginijus Lepeška is Chairman of the Board and Consultant of the management consulting and training company OVC Consulting.
- Has accumulated extensive experience in organizational consulting, corporate governance, strategic management.

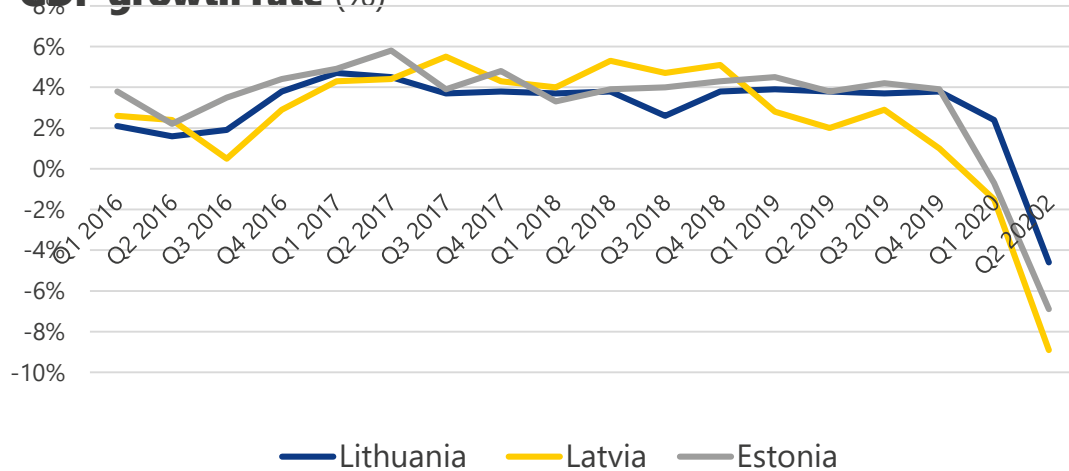
Shareholder structure



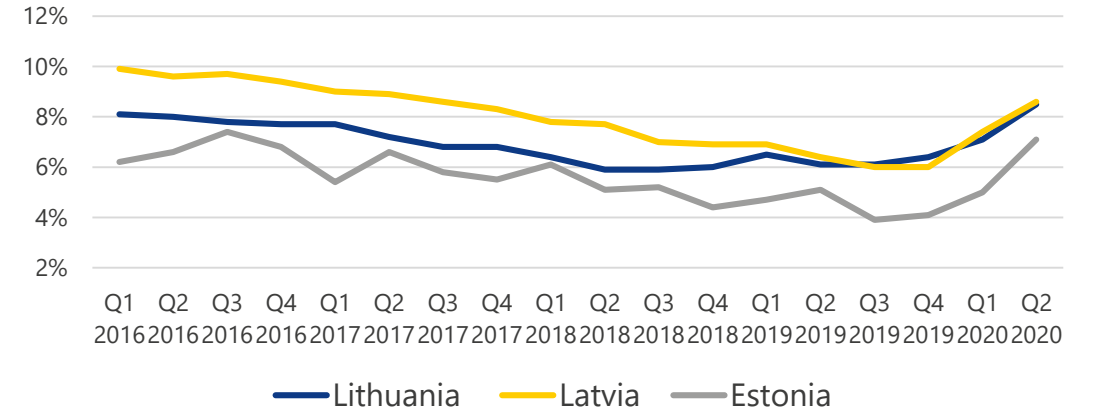
- 1) ME Investicija is an investment company that manages one of the largest European transport services group Girtoka
- 2) "Rendez Vous" OU, CEO Janek Pohla is the founder and member of the management board at „Tahe Outdoors". „Tahe Outdoors" has been a successful manufacturer and distributor of water sports equipment for more than 25 years and is one of the leaders in the field in Europe.
- 3) „Moonrider" OU related with Estonian investment company Go Group, which operates in the fields of tourism, transport, real estate and engineering.
- 4) „Rondam" AS group of companies operate the largest hotel in Tartu „Dorpat" with the spa center as well as one of the best-rated hotels in Tallinn „Lydia".

Macroeconomic conditions in the Baltics

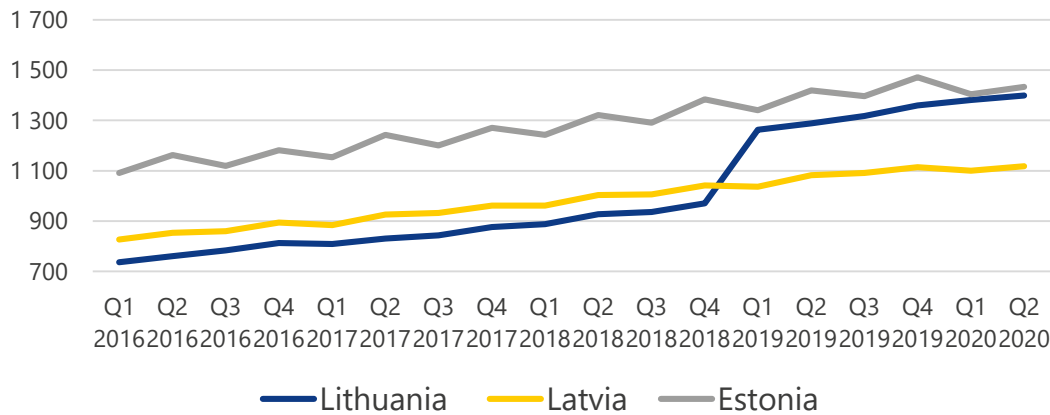
GDP growth rate (%)



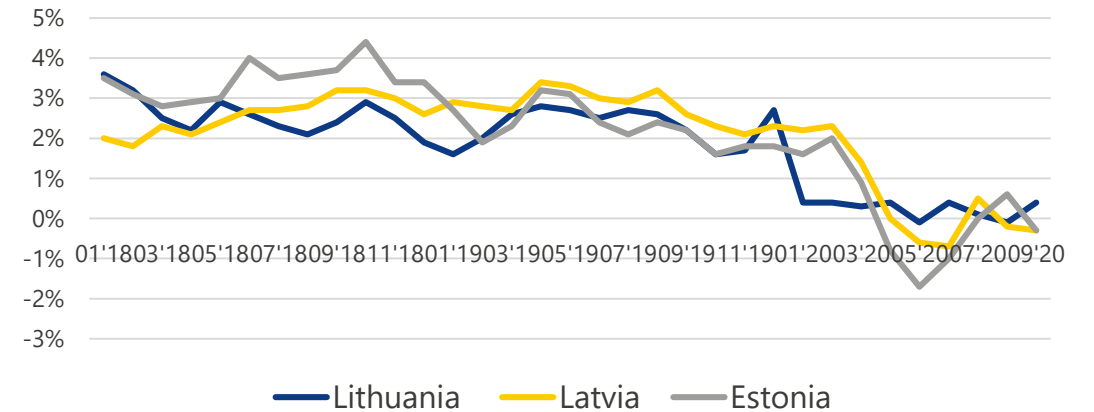
Unemployment rate (%)



Average monthly gross salary (EUR)



Inflation (%)



The hike in the average gross salary in Lithuania, visible between Q4 2018 and Q1 2019, is the result of new tax regulations that took effect with the beginning of 2019 and introduced a new accounting method that mainly affected gross salaries, while having negligible effect on net salaries. Under the new system, the due social security contributions are counted as part of the gross salary, increasing it significantly.

Company information

Novaturas group PLC

Registered address:

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www.novaturasgroup.com

Registered under number 135567698 in Lithuania

Company established: 1999 12 16

Stock Listing:

Warsaw Stock Exchange

Nasdaq Vilnius Stock Exchange

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