



AB NOVATURAS

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the nine-month period ended 30 September 2020

(unaudited)

Beginning of reporting period	1 January 2020
End of reporting period	30 September 2020
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
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Management report

2020 nine-month highlights:

- Novaturas's turnover in the nine-months of 2020 was EUR 30.5 mln, while in the same period of 2019 it amounted to EUR 139.6 mln.
- Gross profit amounted to EUR 3.4 mln. In the same period of 2019, it was EUR 16.2 mln.
- Operating expenses amounted to EUR 5.2 mln (61.1% less than in the same period of 2019 when it was EUR 13.4 mln). Excluding the impact of commissions and one-time expenses, operating costs decreased by 40% from the same period a year earlier.
- EBITDA amounted to EUR -1.6 mln, while in same period of 2019 it was EUR 3.0 mln.
- The actual profit tax rate in the nine-months of 2020 was 10.2%, compared to 42.0% in the same period of 2019.
- Novaturas had a net loss of EUR 3.7 mln, compared to net profit of EUR 1.3 mln in the same period of 2019.
- In the first half of 2020, the Company served 42.433 clients, compared to 237.914 in the same period of 2019.

2020 third-quarter highlights:

- Novaturas's turnover in the third quarter of the year was EUR 7.1 mln, while in the same period of 2019 it amounted to EUR 56.3 mln.
- Gross profit amounted to EUR 0.8 mln, compared to EUR 6.1 mln in the same period of 2019.
- Operating expenses totaled EUR 1.6 mln, which was 68% less than in the same period of 2019 when amounted to EUR 4.9 mln. Excluding the impact of commissions and one-time expenses, operating costs decreased by 40.0% from the same period a year earlier.
- EBITDA amounted to EUR -0.7 mln, while in the corresponding period of 2019 it was EUR 1.3 mln.
- The actual profit tax rate in the period was 11.5%, compared to 12.4% in the same period of 2019.
- Novaturas had a net loss of EUR 1.5 mln, compared to net profit EUR 0.9 mln in the corresponding period of 2019.
- During third-quarter 11 228 clients travelled with Novaturas Group, compared to 95.939 clients in the same period of 2019.

Management Comment

Dear all,

Since the first quarter of 2020, tourism sector has been facing and operating in a new reality of constant changes. Due to restrictions caused by the pandemic, only in July we were able to partially resume our operations in all Baltic countries. Constantly changing morbidity rates calculation rules and different state regulations in all the Baltics resulted that we could not resume flights to most of our holiday destinations. Because of these reasons we were able to offer holidays this year only in few countries - Greece, Tunisia and Cyprus. This undoubtedly affected 9 months results - revenue amounted to EUR 30.5 million (at the same time last year – EUR 139.6 million), we incurred a net loss of EUR 3.7 million (we earned a net profit of EUR 1.3 million in the corresponding period in 2019).

To ensure the Company's liquidity and improve future performance ratios, we continue to adhere to the crisis period program. The main aspects of this program are strict cost-saving policy, absorption of states aid measures, cash flow regulation.

We have managed to consistently optimize the Company's costs throughout the crisis. During the first three quarters of 2020, we have reduced our operating expenses by 61.1% if compared with the respective period in 2019. We have agreed with the bank to delay payments of a long-term loan and extend the overdraft until the end of March 2021. These decisions and agreements helped to ensure the Company's liquidity until we can operate more sustainably.

We have actively worked and continue to do so with the governments and responsible institutions of the Baltic States. In Latvia we have received a loan of EUR 1 million, in Lithuania - EUR 5 million long term loan. The Estonian and Latvian governments have provided us with EUR 60 thousand and 81 thousand subsidies. In Latvia, we have also received repatriation compensation of EUR 167 thousand. In all markets we have used a salary compensation of EUR 233 thousand. These state aid measures are crucial for balancing cash flows, and we use them both to ensure the company's liquidity and to refund the travelers. We continue to seek dialogue with the governments on the most sustainable and effective solutions to secure the future of the tourism sector in the face of an unprecedented crisis.

We appreciate our travelers expressed confidence in the tourism sector during this unsettling period. Most of our travelers have agreed to postpone trips affected by COVID-19 restrictions. Postponed travel reservations amount up to EUR 5.8 million. Part of travelers chose vouchers as an alternative for cancelled trips. Value of these vouchers reaches EUR 1.3 million. In total group wide we have received requests for refunds for about EUR 8 million. To the date, we have returned around EUR 5.5 million. For this matter in Lithuania we additionally agreed on EUR 1 million long-term loan, which allowed to refund part of the cancelled trips. We were one of the first to start refunding money for cancelled trips.

To strengthen our relationship with travelers and ensure their good experience, we 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. This will help to adapt to the newly forming traveling habits, improve the experience of the travelers, maintain high standards of services provided.

In June we have introduced new product to the market – domestic traveling. We have offered accommodation services and sightseeing trips in Lithuania and since the end of July – holiday options in all the Baltics. The revenue of local tourism in the Baltic States in July-September reached 4% of total revenue generated by “Novaturas” group during the relevant period. Interest in local tourism is gradually growing and we will continue to develop it.

We have noticed that people who could not travel during their vacations this year are willingly planning their holidays next year. It influenced us to open sales of 2021 summer and 2021 - 2022 winter holiday seasons unusually early. Tourism infrastructure has already adapted to new health and safety requirements. Safe traveling recommendations have already become a part of our daily lives and it results in more confident future holidays planning.

Sincerely,

Audronė Keinytė

CEO



Main ratios

Financial indicators*	Q3 2020	Q3 2019	Change, %	9M 2020	9M 2019	Change, %
Sales	7,078	56,311	-87,4	30,554	139,571	-78.1
Gross profit	768	6,098	-87,4	3,429	16,158	-78.8
EBITDA	(741)	1,287	-	(1,581)	3,015	-
Operating profit (EBIT)	(802)	1,191	-	(1,770)	2,789	-
Profit before taxes	(1,639)	1,032	-	(4,115)	2,311	-
Net profit for the period	(1,450)	904	-	(3,694)	1,341	-

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

Relative indicators/ratios	Q3 2020	Q3 2019	Change	9M 2020	9M 2019	Change
Number of ordinary registered share	7,807,000	7,807,000	-	7,807,000	7,807,000	-
Profit per share (EUR)	-0.19	0.12	-0.30	-0.47	0.17	-0.64
Gross profit margin (%)	10.9	10.8	+0.1pp	11.2	11.6	-0.4pp
EBITDA margin (%)	-10.5	2.3	-12.8pp	-5.2	2.2	-7.4pp
EBIT margin (%)	-11.3	2.1	-13.4pp	-5.8	2.0	-7.8pp
Profit before taxes margin (%)	-23.2	1.8	-25.0pp	-13.5	1.7	-15.2pp
Net profit margin for the period (%)	-20.5	1.6	-22.1	-12.1	1.0	-13.1pp
Return on assets (ROA) (%)	-2.9	1.6	-4.5pp	-7.0	2.4	-9.4pp
Debt / equity ratio (%)	106.0	40.2	65.8pp	106.0	40.2	65.8pp
Equity ratio (%)	30.7	30.0	0.7pp	30.7	30.0	0.7pp
Actual profit tax rate (%)	11.5	12.4	-0.9pp	10.2	42.0	-31.7pp
Total liquidity ratio	0.78	0.83	-0.05	0.78	0.83	-0.05

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)

	Q3 2020	Q3 2019	Change	9M 2020	9M 2019	Change
Flight package tours						
Sales	5,879	48,578	-87.9%	25,880	121,417	-78.7%
Cost of sales	(5,240)	(42,728)	-87.7%	(23,132)	(105,903)	-78.2%
Gross profit	639	5,850	-89.1%	2,748	15,514	-78.2%
Gross profit margin (%)	10.9%	12.0%	-1.2pp	10.6%	12.8%	-2.2pp
Sales commission expenses	(402)	(2,871)	-86.0%	(1,602)	(7,164)	-77.6%
Sales profit by segment	237	2,979	-92.0%	1,146	8,350	-86.3%
Sales profit margin (%)	4.0%	6.1%	-2.1pp	4.4%	6.9%	-2.5pp
Sightseeing tours by coach						
Sales	59	1,646	-96.4%	88	2,954	-97.0%
Cost of sales	(40)	(1,329)	-97.0%	(72)	(2,419)	-97.0%
Gross profit	19	317	-94.0%	16	535	-97.0%
Gross profit margin (%)	32.2%	19.3%	12.9pp	18.2%	18.1%	0.1pp
Sales commission expenses	(3)	(72)	-95.8%	(4)	(130)	-96.9%
Sales profit by segment	16	245	-93.5	12	405	-97.0%
Sales profit margin (%)	27.1%	14.9%	12.2pp	13.6%	13.7%	-0.1pp
Sightseeing tours by plane						
Sales	33	505	-93.5%	251	1,319	-81.0%
Cost of sales	(39)	(402)	-90.3%	(224)	(1,057)	-78.8%
Gross profit	(6)	103	-105.8%	27	262	-89.7%
Gross profit margin (%)	-18.2%	20.4%	-38.6pp	10.8%	19.9%	-9.1pp
Sales commission expenses	(1)	(27)	-96.3%	(13)	(70)	-81.4%
Sales profit by segment	(7)	76	-109.2%	14	192	-92.7%
Sales profit margin (%)	21.2%	15.0%	-36.3pp	5.6%	14.6%	-9.0pp
Other products						
Sales	1,107	5,582	-80.2%	4,335	13,881	-68.8%
Cost of sales	(991)	(5,754)	-82.8%	(3,697)	(14,034)	-73.7%
Gross profit	116	(172)	-	638	(153)	-
Gross profit margin (%)	10.5%	-3.1%	13.6pp	14.7%	-1.1%	15.8pp
Sales commission expenses	-	-	-	-	-	-
Sales profit by segment	116	(172)	-	638	(153)	-
Sales profit margin (%)	10.5%	-3.1%	13.6pp	14.7%	-1.1%	15.8pp

Sales of flight package tours accounted for the largest part of sales. 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 partners 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 the nine-months of 2020, the Company's websites were visited by 1.9 million unique visitors, which is 45% less than the 3.4 million unique visitors in the nine-months of 2019.

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:

	Q3 2020, %	Q3 2019, %	Change	9M 2020, %	9M 2019, %	Change
Travel agencies	72.8	70.8	+2.0 pp	74.3	71.9	+2.6 pp
Own retail	11.7	10.7	+1.0 pp	11.5	11.3	+0.2 pp
Web sales	13.3	15.6	-2.3 pp	13.0	14.8	-1.8 pp
GDS	2.2	2.9	-0.7 pp	1.2	2.1	-0.9 pp
Total	100.0	100.0		100.0	100.0	

Due to the restrictions caused by the COVID-19 pandemic, Novaturas Group has suspended its operation in the second quarter of 2020. Restrictions imposed have influenced 9 months 2020 financial results significantly.

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

	Q3 2020	Q3 2019	Change, %	9M 2020	9M 2019	Change, %
Lithuania	4.7	49.8	-90.6	17.3	121.5	-85.7
Latvia	1.1	23.7	-95.5	8.3	50.7	-83.6
Estonia	5.5	26.2	-79.1	16.7	63.4	-73.9
Other	-	1.1	-100.0	0.1	1.9	-93.3
Total	11.3	100.9	-88.9	42.4	237.9	-82.2

The Company's main product remained packaged tours. Number of clients served by product category (in thousands of clients):

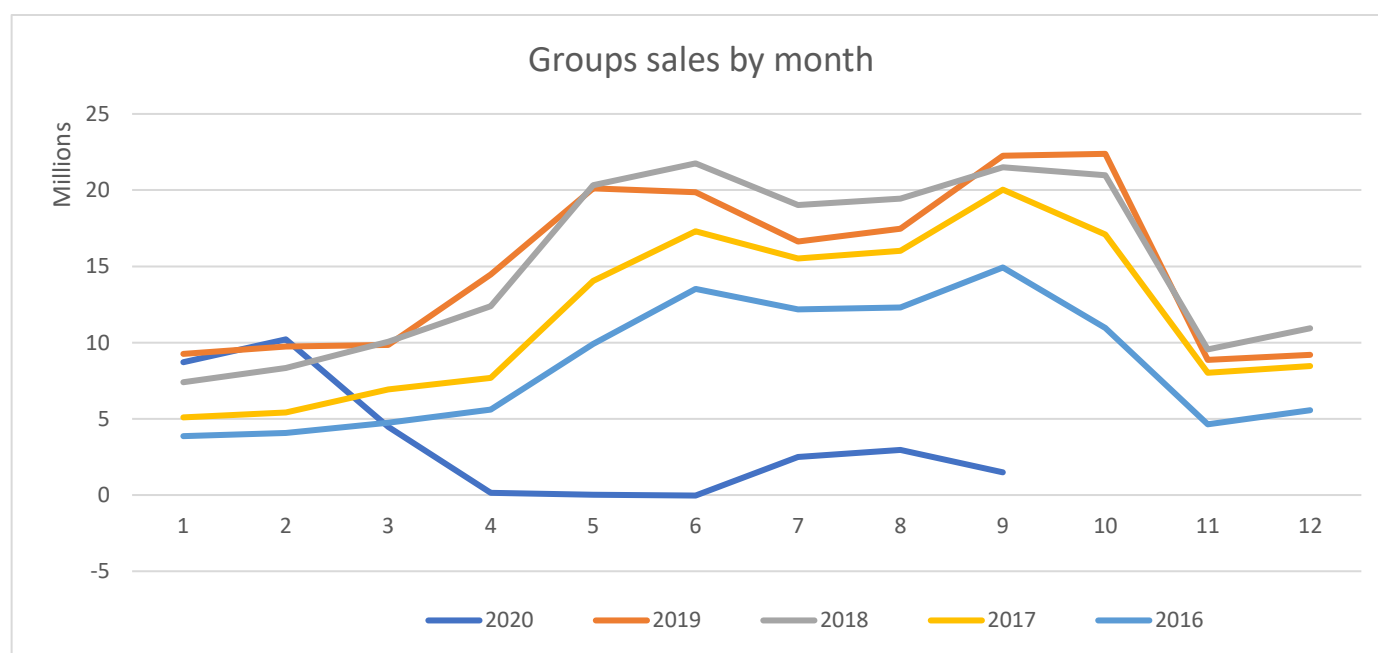
	Q3 2020	Q3 2019	Change, %	9M 2020	9M 2019	Change, %
Flight package tours	8,7	76,3	-88,6	35,1	192,5	-81,8
Sightseeing tours by coach	0,3	4,4	-93,7	0,5	8,7	-94,7
Sightseeing tours by plane	-	0,5	-100,0	0,2	1,4	-85,4
Other sales (separate flight and hotel services)	2,2	19,7	-88,7	6,7	35,2	-81,1
Total	11,2	100,9	-88,9	42,5	237,9	-82,2

Due to COVID-19 restrictions, the most popular summer holiday destinations (Turkey, Bulgaria and Greece) were not open at the usual time and from the very beginning of the summer season. Winter holiday destinations (Egypt, the Spanish island of Tenerife, ski and exotic destinations) before COVID-19 impact were more in demand compared to the same period in 2019.

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

	Q3 2020, %	Q3 2019, %	Change	9M 2020, %	9M 2019, %	Change
Turkey	-	47,6	-	-	40,7	-
Greece	61,9	18,1	-	14,7	13,1	-
Egypt	-	2,8	-	38,4	16,2	-
Bulgaria	2,4	17,2	-	0,6	9,7	-
Spain (including Canary Islands)	-	3,0	-	10,7	5,0	-
Skiing	-	-	-	9,2	2,5	-
Long haul	-	0,1	-	13,0	3,1	-
Other destinations	35,7	11,2	-	13,4	9,7	-
Total	100,0	100,0	-	100,0	100,0	-

Group monthly sales seasonality was as follows:



Information about changes in the management bodies' structure

According to the decision of the ordinary general meeting of the shareholders of the Company the management bodies' structure has been changed by eliminating the Supervisory Board of the Company and increasing members of the Board from 3 to 5. The Company as of the 30th of June 2020 has one collegial body - the Board, to which part of the supervisory functions were delegated. 2 members of increased and newly elected Board shall be independent. A team of the Company's top executives formed the previous members of the Board.

Considering the structure of the Company's shareholders, the size of the Company, the number of employees, and the structure of Novaturas Group, the proposed changes in corporate governance shall simplify the management of the Company and make it more efficient. Greater involvement of independent members in the management of the Company, rather than in supervision, shall provide opportunities to supplement the existing competencies of the Company and make maximum use of the knowledge and experience of the current management and at the same time incorporate new approaches and good governance practices. The changes also shall strengthen the management of the group, with more decisions relating to subsidiaries being added to the Board's remit.

A model like this is recommended among the most effective forms of corporate governance, ensures the representation of shareholders and other stakeholders, and the efficiency and productivity of the Company's operations.

The Board is elected for 4 years. The new members of the Board of the Company are competent professionals with the needed experience.

Information about the Board as of the 30th of September 2020:

Name	Position on the Board	Legal entity and position	Number of shares held in the Company	Start of term
Ugnius Radvila	Member of the Board	-	740,702	2020-06-30
Vidas Paliūnas	Member of the Board	Business Center 32, UAB; – Member of the Management Board	535,278	2020-06-30
Janek Pohla	Member of the Board	Member of the Board of the Estonian Chamber of Commerce and Industry; Tahe Outdoors, OU – member of Management Board; Rendez Vous, OU – member of Management Board and sole owner	800,000	2020-06-30
Andrius Jurkonis	Member of the Board (independent member)	Open type investment fund Axia Capital – fund manager; Farmacijos kapitalas, JSC – director; New Pharma, CEE – director; Privataus kapitalo investicijos, JSC – director; New retail LV, JSC – director and 100% owner	-	2020-06-30
Virginijus Lepeška	Chairman of the Board (independent member)	Organizacijų vystymo centras, JSC – consultant, chairman of the Board; OVC mokymai, JSC – consultant; AL holdingas, JSC – deputy director, member of the Board; Swenheim, JSC – deputy director, member of the Board; Biseris, JSC – member of the Board; Lewben, JSC – member of the Board	-	2020-06-30

Company's top executives as of the 30th of September 2020:

Name	Position within the Company	Number of shares held in the Company
Audronė Keinytė	CEO	-
Tomas Staškūnas	CFO	58,192
Ieva Galvydienė	CCO	-

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 30 September 2020 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
Q1 2020	EUR	4.30	4.68	2.12	2.22	3.89	821,795	3,200,535
Q2 2020	EUR	2.20	3.02	1.93	2.32	2.05	4,359,777	8,931,213
Q3 2020	EUR	2.32	2.36	1.76	1.77	2.06	833,520	1,719,428

As of 30 September 2020, the company's market capitalization was EUR 16.0 million and remains the same in the third quarter.

Information about trading in AB Novaturas shares from 21 March 2018 to 30 September 2020 on the "GPW main market" at the Warsaw Stock Exchange in Poland:

	Currency	Opening price	Maximum price	Lowest price	Closing price	Average price	Volume (quantity)	Volume (PLN)
Q1 2018	PLN	43.90	45.95	43.60	43.95	45.49	24,951	1,134,971
Q2 2018	PLN	43.95	48.00	42.60	48.00	44.96	150,462	6,765,241
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
Q1 2020	PLN	17.20	21.00	12.00	12.00	17.66	1,685	29,760
Q2 2020	PLN	8.00	13.10	8.00	9.85	10.34	102,261	1,056,950
Q3 2020	PLN	9.80	10.90	7.60	8.50	9.15	16,461	150,650

As of 30 September 2020, the company's market capitalization was PLN 76.9 million and, calculated in PLN, increased by 15.88% during second quarter.

Shareholders holding at least 5% of share capital and votes as of 30 September 2020:

Name of the shareholder	Number of shares	Share of authorized capital and total number of votes
Rendez Vous OU	800,000	10.25
Moonrider OU	780,000	9.99
ME Investicija	779,900	9.99
Ugnius Radvila	740,702	9.49
Rytis Šūmakaris	535,278	6.86
Vidas Paliūnas	535,278	6.86
Rondam AS	410,000	5.25
Others (free float)	3,225,842	41.32
Total	7,807,000	100.00

Consolidated statements of comprehensive income

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

	Q3 2020	Q3 2019	Change, %	9M 2020	9M 2019	Change, %
Sales	7,078	56,311	-87.4	30,554	139,571	-78.1
Cost of sales	(6,310)	(50,213)	-87.4	(27,125)	(123,413)	-78.0
Gross profit	768	6,098	-87.4	3,429	16,158	-78.8
Sales and marketing expenses	(998)	(3,991)	-75.0	(3,452)	(10,357)	-66.7
General and administrative expenses	(577)	(917)	-37.1	(1,747)	(3,012)	-42.0
Other operating income	5	1	-	1	2	-
Other operating (expenses)	-	-	-	(1)	(2)	-
Profit from operations	(802)	1,191	-	(1,770)	2,789	-
Finance income	48	100	-	580	370	-
Finance (expenses)	(885)	(259)	-	(2,925)	(848)	-
Profit before tax	(1,639)	1,032	-	(4,115)	2,311	-
Income tax (expense)	189	(128)	-	421	(970)	-
Net profit	(1,450)	904	-	(3,694)	1,341	-
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	-
Impact of income tax	(69)	(10)	-	179	(194)	-
Total comprehensive income for the year	(1,052)	964	-	(4,703)	2,442	-
Net profit attributable to:						
The shareholders of the Company	(1,450)	904	-	(3,694)	1,341	-
Non-controlling interests	-	-	-	-	-	-
	(1,450)	904	-	(3,694)	1,341	-
Total comprehensive income attributable to:						
The shareholders of the Company	(1,052)	964	-	(4,703)	2,442	-
Non-controlling interests	-	-	-	-	-	-
	(1,052)	964	-	(4,703)	2,442	-
Earnings per share (EPS) for continuing operations:						
Basic and diluted, profit for the year attributable to ordinary equity holders of the parent (in EUR)	(0.19)	0.12	-	(0.47)	0.17	-

Consolidated statements of financial position

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

	30 September 2020	31 December 2019	30 September 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
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
Total equity	15,450	20,154	16,808
Liabilities			
Non-current liabilities			
Non-current borrowings	10,740	4,000	6,000
Other non-current liabilities	171	-	-
Deferred income tax liabilities	-	-	3,204
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
Other current liabilities and accrued expenses	1,090	2,235	921
Lease liabilities	214	216	-
Other current financial liabilities	929	-	-
Total current liabilities	23,810	24,874	29,954
Total equity and liabilities	50,473	49,388	55,966

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 at 31 December 2018	234	29	(1,351)	15,310	145	14,367
Net profit for the year	-	-	-	4,214	-	4,214
Other comprehensive income	-	-	1,573	-	-	1,573
Total comprehensive income			1,573	4,214	-	5,787
Increase in share capital	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Balance as at 31 December 2019	234	29	222	19,524	145	20,154
Net profit for the year	-	-	-	(3,694)	-	(3,694)
Other comprehensive income	-	-	(1,009)	-	-	(1,009)
Total comprehensive income			(1,009)	(3,694)	-	(4,703)
Increase in share capital	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Balance as at 30 September 2020	234	29	(788)	15,830	145	15,450

Consolidated statements of cash flow

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

	9M 2020	9M 2019
Cash flows from (to) operating activities		
Net profit	(3,694)	1,341
Adjustments for non-cash items:		
Depreciation and amortization	189	226
Change in deferred income tax	-	423
Current income tax expenses	-	970
Elimination of financial, investment and other non-cash activity results	(416)	1,576
	(3,921)	4,536
Changes in working capital:		
Decrease in inventories	2	(1)
(Increase) decrease in trade receivables	123	(232)
(Increase) decrease in other receivables	330	852
(Increase) decrease in prepayments and deferred expenses	576	2,409
Increase (decrease) in trade payables	(2,397)	1,261
Increase in advances received	(1,809)	8,078
Income tax paid	(721)	(978)
Increase (decrease) in other accounts payable and accrued expenses	(217)	(2,872)
Net cash flows from operating activities	(8,034)	13,053
Cash flows from (to) investing activities		
(Acquisition) of non-current assets (except investments)	(19)	(64)
Proceeds from sale of non-current assets (except investments)	5	36
Net cash flows (to) investing activities	(14)	(28)
Cash flows from financing activities		
Loans received	14,997	8,000
(Repayment) of loans	(4,450)	(9,250)
Interest (paid)	(594)	(370)
Net cash flows (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 period	8,759	16,308

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 30 September 2020
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

	Q3 2020	Q3 2019	Change, %	9M 2020	9M 2019	Change, %
Commissions	406	2,970	-86.3	1,619	7,364	-78.0
Salaries and related taxes	409	621	-34.2	1,165	1,826	-36.2
Advertising and marketing expenses	98	284	-65.4	410	797	-48.6
Rent and maintenance expenses	54	58	-6.1	155	168	-7.7
Depreciation and amortization	8	6	+38.0	27	15	+80.0
Business trips expenses	1	4	-76.9	9	25	-64.0
Communication expenses	7	9	-17.7	21	32	-34.4
Transportation expenses	5	12	-58.6	16	29	-44.8
Representation expenses	-	12	-	8	49	-83.7
Training expenses	-	-	-	1	-	-50.0
Other	10	16	-37.9	21	50	-58.0
Total:	998	3,991	-75.0	3,452	10,357	-66.7

General and administrative expenses

	Q3 2020	Q3 2019	Change, %	9M 2020	9M 2019	Change, %
Salaries and related taxes	297	489	-39.2	843	1,573	-46.4
Rent and maintenance expenses	24	25	-4.0	65	92	-29.3
Depreciation and amortization	53	88	-40.1	163	211	-22.7
Business trips expenses	-	23	-100.0	8	65	-87.7
Communication expenses	6	10	-40.3	17	29	-41.4
Consulting expenses	44	24	+84.2	137	149	-8.1
Transportation expenses	8	10	-16.1	24	33	-27.3
Representation expenses	6	30	-80.2	20	75	-73.3
Bad debt expenses	-	4	-	-	30	-
Training expenses	-	6	-	6	16	-62.5
Other	139	209	-33.5	464	739	-37.2
Total:	577	917	-37.1	1,747	3,012	-42.0

In the nine-months of 2020, the Company incurred one-off expenses related to legal cases (EUR 42,000) and headcount decrease (EUR 33,000). In the nine-months of 2019, the Company incurred one-off expenses related to legal cases (EUR 105,000) and headcount decrease (EUR 66,000).

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):

	Q3 2020	Q3 2019	Change	9M 2020	9M 2019	Change
Result of closed hedging contracts already reflected in the period statement of comprehensive income	(640)	(239)	(401)	(1,698)	(462)	(1,236)
	30 September 2020	31 December 2019		30 September 2019		
Market value of existing hedges at the end of the period	(927)	261		(295)		

Ineffective result of closed hedging contracts for the 2nd and 3rd quarters is reflected under financing activities in statement of comprehensive income.

Borrowings and off-balance sheet commitments

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

Long term borrowings	30 September 2020	31 December 2019	30 September 2019
AB Luminor Bank loan, annual interest rate of 3-month EURIBOR + 3.8%	6,000	6,000	7,500
AB Luminor Bank loan, annual interest rate of 3-month EURIBOR + 4.0%	4,826	-	-
UAB „Investicijų ir verslo garantijos“ loan, annual interest rate 1.69%	1,000	-	-
Altum loan, annual interest rate 2.9%	1,000	-	-
Current portion of non-current borrowings	(2,086)	(2,000)	(1,500)
Total non-current borrowings	10,740	4,000	6,000
	30 September 2020	31 December 2019	30 September 2019
Current borrowings			
AB Luminor Bank loan, annual interest rate of 3-month EURIBOR + 4.0%	3,550	-	-
Total current borrowings	3,550	-	-

Information regarding received but unused borrowings as at 30 September 2020:

AB Luminor Bank loan, annual interest rate of 3-month EURIBOR + 4.0%	174
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The company also had unused overdraft in amount of EUR 1,087

Off-balance sheet commitments:

Bank guarantees	Total Limit at 30 September 2020	Used limit at 30 Septemebr 2020
AB Luminor Bank annual interest rate of 3-month EURIBOR + 1.7%	10,000	10,000

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

Related party transactions

During the nine-month period ended 30 September 2020, total payments of EUR 55,000 (of which EUR 31,00 during the third quarter) were made to Supervisory Council and Board 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 nine-month period ended 30 September 2020, 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