



**AB NOVATURAS**

**CONSOLIDATED INTERIM FINANCIAL REPORT**

**For the first Quarter of 2018**

**(non-audited)**

Beginning of reporting period	1 January 2018
End of reporting period	31 March 2018
Business name	Novaturas, AB (further – „Novaturas“ or „Company“) (Company financial statements are consolidated with the results of subsidiaries; Separate quarterly reports of the 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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## Content

1. Management announcement.....	4
2. Main financial ratios.....	6
3. Segment information.....	7
3.1 Geographic and other sales split information.....	8
4. Information about management board and supervisory council.....	10
5. Share capital and shareholders.....	11
6. Consolidated statements of comprehensive income.....	12
7. Consolidated statements of financial position.....	13
8. Statements of changes in equity.....	14
9. Consolidated statements of cash flow.....	15
10. Explanatory note.....	16
10.1 Information about subsidiaries.....	16
10.2 Operating expenses.....	16
10.3 Hedging.....	16
10.4 Borrowings.....	17
10.5 Related party transactions.....	17
11. Management approval for consolidated financial statements.....	17

## 1. Management announcement

### 2018 first quarter:

- Novaturas turnover amounted to 25.8 mn EUR and was 49% higher comparing to the same period in 2017.
- Gross profit amounted to 4.8 mn EUR and was 67% higher than in the same period of 2017.
- Operating expenses amounted to 3.6 mn EUR and was 36% higher comparing to the same period in 2017. Eliminating the impact of commissions and one-time expenses, operating costs increased by 12% compared with the first quarter of last year.
- EBITDA amounted to 945 thousand EUR and was 286 percent higher than in the first quarter of 2017.
- Novaturas earned 945 thousand euro net profit and it was 595% higher compared to 2017 first quarter.
- In the first quarter of 2018, "Novaturas" served 37,6 thousand clients, it was 51% more than in the same period of 2017.
- Early bookings of the 2018 summer season at the end of March were 51% higher compared to the same period last year.

### Management Comment:

We are pleased with the strong first quarter of 2018 - the results of the company were significantly better than in the first quarter of the previous year, revenue increased by 49 per cent due to high demand for flight package tours, which also resulted in a higher net profit, which was even 595% higher than in the same period of the previous year.

Eliminating the impact of commissions and one-off spending, operating costs increased by 12% compared with the first quarter of last year. The one-time expenses incurred in the IPO and legal expenses in Estonia amounted to 339 thousand euros. Including one-time costs, operating costs without commissions paid rose by 23 percent. All costs, including also commissions, grew by 36 percent.

We see a strong increase in demand for the flight package tours, as previously, the most popular winter holiday destination remained Egypt. Restarted flights to Sharm Al Sheikh resort made Egypt's travel growth strongest compared to other winter season travel destinations.

The number of clients served grew in all three source markets where Novaturas operates. The strongest growth was recorded in Lithuania, where in 2018, 68 percent more passengers were served in the first quarter than in the same period last year, while the Latvian market grew by 42 percent and Estonian market 36 percent more passengers were served comparing to the last year.

More and more people can afford to go abroad or go on holiday several times a year. This is determined by the favorable macroeconomic environment of the Baltic States. Holidays abroad are enjoyed by guaranteed weather conditions and competitive prices compared to Baltic resorts. We noticed that our clients are increasingly planning their holidays in advance. People saw that due to increased demand, the choice of travel abroad was quite limited at the last minute.

Considering the consistently growing demand for flight package tours offered by the company, in 2018, we offer our customers a 34% higher summer season program comparing to 2017 year summer. Early bookings of the 2018 summer season at the end of March were 51 percent higher compared to the same period last year. Travelers also seem to appreciate advantages of the early booking. It ensures the greater



variety of travels and hotels options at very favorable prices. (Exact conditions are announced publicly, starting with the early booking sales on the company's websites).

On March 21, 2018, the Company started trading its shares on the Warsaw and Vilnius Stock Exchanges. Novaturas debut on the Warsaw and Vilnius stock exchanges follows the initial public offering of the Company's shares with a total value of over EUR 22 million (approx. PLN 93 million), making it the first sizeable IPO in Lithuania since 2010. It was also the first public offering carried out simultaneously in Poland and Lithuania. The offering ultimately covered 2 104 648 shares, i.e. 27% of the Company's existing shares. The Company's capitalization according to the final share price in the IPO, i.e. EUR 10.50 per share (and its equivalent in Polish zloty of PLN 44.13), reached EUR 82 million (approx. PLN 345 million).

## 2. Main financial ratios

	2018 IQ	2017 IQ	Change %
Revenue	25 845	17 308	49%
Gross profit	4 801	2 884	67%
EBITDA	1 287	334	286%
Operating profit (EBIT)	1 217	250	387%
Profit before taxes	1 070	214	400%
Net profit	945	136	595%

### Relative indicators:

	2018 IQ	2017 IQ
Number of shares	7 807 000	7 807 000
Profit per share (Eur)	0.12	0.02
Gross profit margin (%)	18.6%	16.7%
EBITDA margin (%)	5.0%	1.9%
Operating profit (EBIT) margin (%)	4.7%	1.4%
Profit before taxes margin (%)	4.1%	1.2%
Net profit margin (%)	3.7%	0.8%
Return on assets (ROA) (%)	1.7%	0.3%
Debt to equity ratio (%)	80.0%	87.6%
Equity ratio (%)	28.5%	32.7%
Effective tax rate (%)	11.7%	36.4%
Current ratio	0.8	0.8
Quick ratio	0.8	0.8

### 3. 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 (flight tickets, hotels, block seats sale to other operators, own agencies commissions)

2018 IQ	Flight package tours	Sightseeing tours by coach	Sightseeing tours by plane	Other sales	Group
Sales	21 525	202	251	3 867	25 845
Cost of sales	(16 934)	(186)	(195)	(3 729)	(21 044)
<b>Gross profit</b>	<b>4 591</b>	<b>16</b>	<b>56</b>	<b>138</b>	<b>4 801</b>
Sales commission expenses	(1 275)	(12)	(17)	-	(1 304)
<b>Sales profit by segment</b>	<b>3 316</b>	<b>4</b>	<b>39</b>	<b>138</b>	<b>3 497</b>
Operating expenses (other than sales commission)					(2 280)
Other operating (expenses)					(2)
<b>Profit from operations</b>					<b>1 215</b>
Finance income (expenses), net					(145)
Profit before tax					1 070
Income tax (expenses)					(125)
<b>Net profit</b>					<b>945</b>

In the first quarter of 2018, sales of flight package tours were the largest part of sales and profit, which earned 3.316 million. euros after commissions, other activities also worked profitable, but their result was not so significant.

2017 IQ	Flight package tours	Sightseeing tours by coach	Sightseeing tours by plane	Other sales	Group
Sales	14 842	118	187	2 161	17 308
Cost of sales	(12 054)	(149)	(154)	(2 067)	(14 424)
<b>Gross margin</b>	<b>2 788</b>	<b>(31)</b>	<b>33</b>	<b>94</b>	<b>2 884</b>
Sales commission expenses	(886)	(5)	(12)	-	(903)
<b>Sales profit by segment</b>	<b>1 902</b>	<b>(36)</b>	<b>21</b>	<b>94</b>	<b>1 981</b>
Operating expenses (other than sales commission)					(1 731)
Other operating (expenses)					(2)
<b>Profit from operations</b>					<b>248</b>
Finance income (expenses), net					(34)
Profit before tax					214
Income tax (expenses)					(78)
<b>Net profit</b>					<b>136</b>

In the first quarter of 2017, the biggest part of sales and profit was made up of flight package tours; when sightseeing tours by couch suffered 31 thousand Euro loss due to very small supply.

### 3.1 Geographic and other sales split information

In I Quarter of 2018, the Company's activities remained tour organization and distribution of tours through the retail network of travel agencies and through own retail channels (own travel agencies, e-commerce sales, tickets only sales through Global Distribution System (GDS)). Novaturas products are available through diversified and complementary distribution channels. Company is working with over 400 travel agencies, including all of the major agencies in the Baltics and more than 60 in Belarus. E-commerce sales occur via Novaturas websites, in first quarter of 2017, the company had 3,2 mn. unique visitors, when in the first quarter of 2018, it had more than 1 mn. unique visitors.

The Group is selling flight tickets to own organized charter flights via GDS and this means that Novaturas' charter tickets are available worldwide for travel agents and directly for passengers via internet in internet portals for air tickets (such as skrendu.lt, eDreams.com, skyscanner, etc.).

According to the breakdown of revenue by distribution channels, the table below shows that sales on websites increased due to easier access, change of habits. Own retail sales decreased by 20 percent because of increased competition.

Revenue division by distribution channels is as follows:

	2018 IQ	2017 IQ
Travel agencies	71.2%	69.8%
Own retail	12.7%	15.8%
Web sales	14.5%	13.0%
GDS	1.6%	1.4%
<b>Total:</b>	<b>100.0%</b>	<b>100.0%</b>

Group passenger sales divided by source market is as follows (presented in thousands of passengers):

	2018 IQ	2017 IQ
Lithuania	17.5	10.4
Latvia	8.4	5.9
Estonia	11.6	8.5
Other	0.1	0.1
<b>Total:</b>	<b>37.6</b>	<b>24.9</b>

Group passenger sales divided by product category is as follows (presented in thousands of passengers):

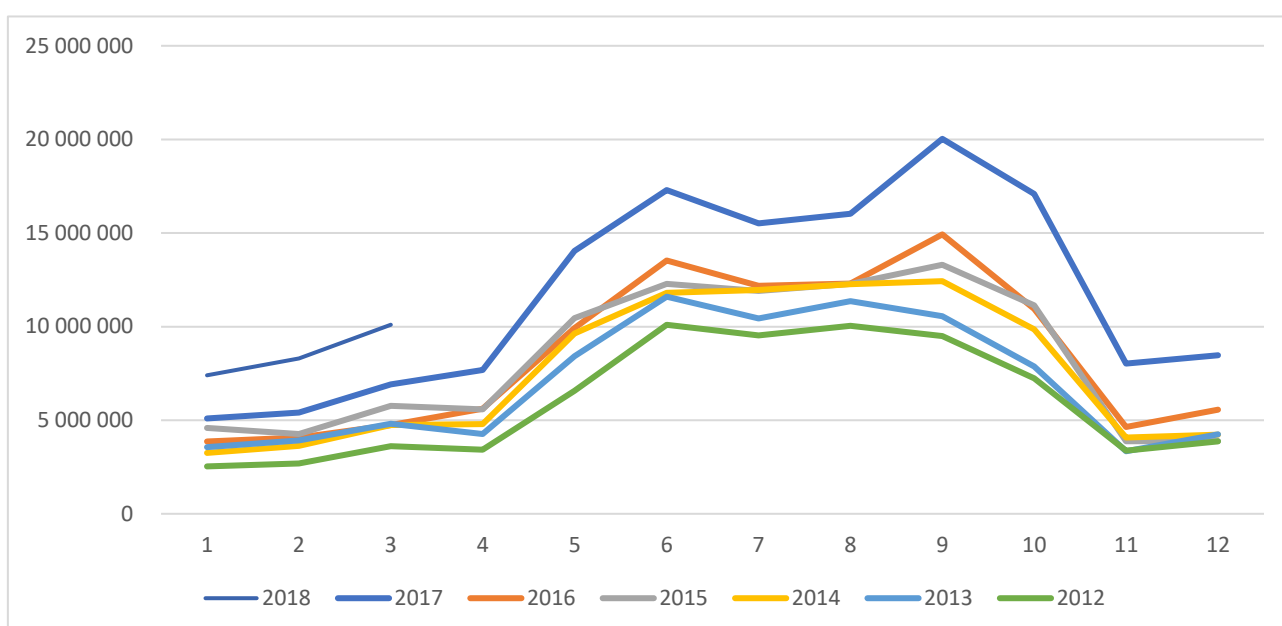
	2018 IQ	2017 IQ
Package travel	30.6	19.9
Round trips by plane	0.3	0.2
Round trips by coach	0.7	0.4
Other products (separate flight and hotel services)	6.0	4.4
<b>Total:</b>	<b>37.6</b>	<b>24.9</b>



Group package travel revenue division by destinations is as follows:

	2018 IQ	2017 IQ
Egypt	48.3%	35.6%
Spain (including Canary Islands)	16.9% (16.9%)	24.5% (24.5%)
Skiing	12.9%	17.5%
Long haul	15.0%	12.8%
Other destinations	6.9%	9.6%
	<b>100.0%</b>	<b>100.0%</b>

Group monthly revenue seasonality is as follows:



#### 4. Information about management board and supervisory council

According to the Company's Articles of Association, the Supervisory Council is comprised of five members elected for the tenure of three years. Currently only three members of the Supervisory Council are elected. This was done to ensure the direct participation of new investors in the Supervisory Council by appointing two independent members after initial public offering.

The Company's Management Board is comprised of four members elected for the tenure of three years. The Chairman of the Management Board is elected by the Management Board from among its members. The Management Board also appoints the CEO after receipt of the prior approval from the Supervisory Council. Currently, the positions of the Chairman of the Management Board and the CEO are held by the same person, Linas Aldonis.

Information about the supervisory council 31 March 2018

Name	Position in the council	Legal person and position	No 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	-	2018-02-09
Ugnius Radvila	Member of the Supervisory Council		740 702	2018-02-09
Vidas Paliūnas	Member of the Supervisory Council	Business center 32, UAB; – member of the management Board	535 278	2018-02-09

Information about the management board 31 March 2018

Name	Position within the company	No of shares held in the Company	The beginning of the term
Linas Aldonis	Chairman of the management board, General manager	145 480	2018-02-09
Tomas Staškūnas	Member of the management board, CFO	72 740	2018-02-09
Birutė Čepanskienė	Member of the management board, Production director	-	2018-02-09
Audronė Keinytė	Member of the management board, Purchasing director	-	2018-02-09

## 5. Share capital and shareholders

The company's share capital is 234,210 euros. It consists of 7 807 000 ordinary registered shares of 0.03 EUR nominal value. The number of shares of the Company that issues the 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 AB Novaturas shares 21 March 2018 – 31 March 2018 in Lithuanian stock exchange - Nasdaq Vilnius:

Currency	Opening price	Max price	Lowest price	Closing price	Average price	Volume (quantity)	Volume (EUR)
EUR	11.00	12.40	10.56	10.85	11.03	17 830	202 845

31 March 2018 The company's market capitalization was 84.71 million euro

Information about trading AB Novaturas shares 21 March 2018 – 31 March 2018 in Polish stock exchange „GPW main market“:

Currency	Opening price	Max price	Lowest price	Closing price	Average price	Volume (quantity)	Volume (EUR)
PLN	43.90	45.95	43.60	43.95	43.95	24 951	1 134 971

Shareholders holding at least 5% of votes at the general meeting (31 March 2018):

Shareholders holding at least 5% of votes at the general meeting	No. of shares and vote rights	Percentage of share capital and total votes at the general meeting
Central European Tour Operator S.a.r.l. 1)	3 672 874	47.05%
Ugnius Radvila	740 702	9.49%
Rytis Šūmakaris	535 278	6.86%
Vidas Paliūnas	535 278	6.86%
Others	2 322 868	29.74%
<b>Total</b>	<b>7 807 000</b>	<b>100.00%</b>

## 6. Consolidated statements of comprehensive income

	2018 IQ	2017 IQ
Sales	25 845	17 308
Cost of sales	(21 044)	(14 424)
<b>Gross profit</b>	<b>4 801</b>	<b>2 884</b>
Operating (expenses)	(3 584)	(2 634)
Other operating income	-	-
Other operating (expenses)	(2)	(2)
<b>Profit from operations</b>	<b>1 215</b>	<b>248</b>
Finance income	244	122
Finance (expenses)	(389)	(156)
<b>Profit before tax</b>	<b>1 070</b>	<b>214</b>
Income tax (expense)	(125)	(78)
<b>Net profit</b>	<b>945</b>	<b>136</b>
<b>Other comprehensive income, to be reclassified to profit or loss in subsequent periods</b>		
Result of changes in cash flow hedge reserve	126	-
Impact of income tax	(19)	-
<b>Total comprehensive income for the year</b>	<b>1 052</b>	<b>136</b>
Earnings per share	0.13	0.02

## 7. Consolidated statements of financial position

	31 March 2018	31 December 2017	31 March 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	30 811	30 775	30 761
Property, plant and equipment	297	297	334
Long term receivables	60	56	60
Deferred income tax asset	5	6	5
<b>Total non-current assets</b>	<b>31 173</b>	<b>31 134</b>	<b>31 160</b>
<b>Current assets</b>			
Inventories	1	1	1
Prepayments and deferred expenses	14 018	5 940	7 634
Trade accounts receivable	1 226	522	570
Prepaid income tax	101	101	4
Other receivables	2 076	2 202	23
Other current financial assets	696	569	39
Cash and cash equivalents	6 055	9 984	7 249
<b>Total current assets</b>	<b>24 173</b>	<b>19 319</b>	<b>17 770</b>
<b>Total assets</b>	<b>55 346</b>	<b>50 453</b>	<b>48 963</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	234	226	226
Cash flow hedge reserve	592	484	33
Legal reserve	29	29	29
Foreign currency translation reserve	145	145	145
Retained earnings	14 722	13 785	15 555
Equity attributable to equity holders of the parent	<b>15 722</b>	<b>14 669</b>	<b>15 988</b>
<b>Liabilities</b>			
Non-current borrowings	8 000	-	9 263
Deferred income tax liabilities	2 715	2 606	2 111
<b>Total non-current liabilities</b>	<b>10 715</b>	<b>2 606</b>	<b>11 374</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	2 000	14 000	4 737
Overdraft	2 616	-	-
Trade payables	2 408	3 882	1 853
Advances received	19 564	12 102	13 945
Income tax payable	303	296	3
Other current liabilities and accrued expenses	2 018	2 898	1 063
<b>Total current liabilities</b>	<b>28 909</b>	<b>33 178</b>	<b>21 601</b>
<b>Total equity and liabilities</b>	<b>55 346</b>	<b>50 453</b>	<b>48 963</b>

## 8. Statements of changes in equity

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Foreign currency translation reserve	Equity attributable to equity holders
<b>Balance as of 31 December 2016</b>	<b>226</b>	<b>29</b>	<b>299</b>	<b>15 134</b>	<b>145</b>	<b>15 833</b>
Net profit for the year	-	-	-	8 151	-	8 151
Other comprehensive income	-	-	185	-	-	185
Total comprehensive income	-	-	185	8 151	-	8 336
Dividends approved	-	-	-	(9 500)	-	(9 500)
<b>Balance as of 31 December 2017</b>	<b>226</b>	<b>29</b>	<b>484</b>	<b>13 785</b>	<b>145</b>	<b>14 669</b>
Increase of share capital from own funds	8	-	-	(8)	-	-
Net profit for the year	-	-	-	945	-	945
Other comprehensive income	-	-	108	-	-	108
Total comprehensive income	8	-	108	937	-	1 053
Dividends approved	-	-	-	-	-	-
<b>Balance as of 31 March 2018</b>	<b>234</b>	<b>29</b>	<b>592</b>	<b>14 722</b>	<b>145</b>	<b>15 722</b>

## 9. Consolidated statements of cash flow

	2018 IQ	2017 IQ
<b>Cash flows from (to) operating activities</b>		
Net profit	945	136
Depreciation and amortization	72	86
Allowance for doubtful receivables and prepayments made		-
Change in deferred income tax		-
Current income tax expenses		-
Elimination of financial, investment and other non-cash activity results	132	116
	<b>1 149</b>	<b>338</b>
<b>Changes in working capital:</b>		
Decrease in inventories	(1)	-
(Increase) decrease in trade receivables	(704)	(137)
(Increase) decrease in other receivables	(1)	595
(Increase) decrease in prepayments and deferred expenses	(8 082)	(4 604)
Increase (decrease) in trade payables	(1 474)	(1 277)
Increase in advances received	7 462	5 957
Income tax paid	115	(6)
Increase (decrease) in other accounts payable and accrued expenses	(771)	(57)
<b>Net cash flows from operating activities</b>	<b>(2 307)</b>	<b>809</b>
<b>Cash flows from (to) investing activities</b>		
(Acquisition) of non-current assets (except investments)	(107)	(90)
Proceeds from sale of non-current assets (except investments)		-
Interest received		-
Collected loans		-
<b>Net cash flows (to) investing activities</b>	<b>(107)</b>	<b>(90)</b>
<b>Cash flows from financing activities</b>		
Loans received		-
(Repayment) of loans	(1 384)	-
Interest (paid)	(132)	(116)
Dividends (paid)		-
Acquisition of non-controlling interest		-
<b>Net cash flows (to) financing activities</b>	<b>( 1 516)</b>	<b>(116)</b>
<b>Net increase (decrease) in cash flows</b>	<b>(3 930)</b>	<b>603</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9 984</b>	<b>6 646</b>
<b>Cash and cash equivalents at the end of 1Q of 2018</b>	<b>6 055</b>	<b>7 249</b>

## 10. Explanatory note

### 10.1 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	Share of the stock held by the Group 31 March 2018
Novatours SIA	Latvia	100 %
Novatours OÜ	Estonia	100 %
Aviaturas ir partneriai UAB	Lithuania	100 %
SRL Novatours Holidays*	Romania	100 %

\* The subsidiary's activities in Romania were suspended in 2009

### 10.2 Operating expenses

	2018 IQ	2017 IQ
Commissions	1 304	903
Salaries and related taxes	1 055	951
Advertising and marketing expenses	343	269
Rent and maintenance expenses	86	81
Depreciation and amortization	72	86
Business trips expenses	36	83
Communication expenses	22	22
Consulting expenses	241	13
Transportation expenses	24	28
Representation expenses	30	23
Training expenses	5	6
Other	366	167
<b>Total:</b>	<b>3 584</b>	<b>2 634</b>

In the first quarter of 2018, the company incurred one-off expenses related to the IPO (286 thousand euros) and the legal costs of Estonian fraud case(53 thousand euros), the total cost incurred amounted to 339 thousand euros. These costs are reflected in the consulting and other expenses lines.

### 10.3 Hedging

The company operates as a tour operator. Due to the business specifics the Company is exposed to risk of aviation fuel price and EUR/USD foreign exchange rate fluctuation. The company hedges against changes in aviation fuel prices (which affects fuel costs) and against changes in EUR / USD exchange rates (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 monthly basis, the result is accounted in the comprehensive income report.

	2018 IQ	2017 IQ
During the period, the statement of comprehensive income reflects the outcome of closed hedges	5	33



	31 March 2018	2017 December 31	2017 March 31
Market value of existing hedges at the end of the period	592	484	33

#### 10.4 Borrowings

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

	31 March 2018	31 December 2017	31 March 2017
<b>Long term borrowings</b>			
AB Luminor bank loan, annual interest rate - 3 month EURIBOR + 3,5%	10 000	14 000	14 000
Current portion of non-current borrowings	(2 000)	-	-
Total non-current borrowings	8 000	14 000	14 000
<b>Short term borrowings</b>			
AB Luminor bank overdraft, annual interest rate - 3 month EURIBOR + 2,5%	4 000	-	-

As of 31 March 2018 out of a total of 4 million euro overdraft limit 2.616 million euro was used.

Off-balance sheet commitments:

Bank guarantee	Limit 31 March 2018	Free limit 31 March 2018
AB Luminor bank guarantee agreement, annual interest rate - 3 month EURIBOR + 1,7%	8 000	4 000

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

#### 10.5 Related party transactions

Novaturas is controlled by CETO, which had 47.05% of the total shares at 31 March 2018, and other minority shareholders. With related parties in 2017 there were no transactions in the first quarter, and in 2018, in the first quarter, 5 thousand euro payment to supervisory council member was made.

### 11. Management approval for consolidated financial statements

In accordance with the Article 22 of the Law on Securities of the Republic of Lithuania and the rules for the preparation and submission of periodic and supplementary information by the Bank of Lithuania, we, AB Novaturas, General Manager Linas Aldonis and Chief Financial Officer Tomas Staškūnas, confirm that, to our knowledge, AB Novaturas, an unaudited consolidated interim financial statements for a three-month period ending in 31 March 2018 are based on the International Financial Reporting Standards adopted by the European Union, and it meets the reality and fairly represents the consolidated group's assets, liabilities, financial position, profit or loss and cash flows.

General manager

Linas Aldonis

Chief financial officer

Tomas Staškūnas