NOVATURAS AB

Consolidated Annual Report

The Consolidated and the Company’s Financial Statements for the year ended on

31 December 2023

novaturas

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CEO's Foreword

Novaturas, the largest tour operator in the Baltic States, earned consolidated revenues of EUR 208.3m in year 2023. This is an increase of 6%, compared to 2022. Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) increased up to EUR 5.5m Net loss of EUR 0.7m incurred in 2022 has been replaced with EUR 3,6m net profit.

The year 2023 was a successful year for the "Novaturas" group - both revenue and EBITDA exceeded the results of the last five years, and the Company returned to profitability. We managed to achieve solid profit despite a more challenging fourth quarter, which was influenced by complex factors. Firstly, this was due to the military conflict in the Middle East, which led to changes in traveller behaviour. As a result, we optimized the travel program to Egypt, which is one of the main destinations in the entire Baltic region during the winter season. Being concerned of safety of our travellers, we also suspended planned trips to Jordan. We are closely monitoring the rapidly evolving market dynamics and competitive environment.

Decisive factors of our success were widest in the region range of travel destinations and the responsive management of it to meet customer needs. Additionally, the decrease in fuel prices increased the affordability of travel for customers and had a positive impact on the profitability of our operations.

Last year travellers' attention was drawn to not only trips of main favourite holiday destinations, - such as Turkey, Greek islands, Bulgaria, resorts in Italy and Spain, Egypt, Tenerife and Madeira, but also to the growing number of travels to Tunisia and Montenegro, which became a hallmark of Novaturas. According to our data, every second tourist who spent holiday in Montenegro chose Novaturas package.

In our assortment we also hold a wide range of educational and exotic trips, skiing holidays, as well as increasingly popular workation destinations. Novaturas is steadily growing in a segment of organized trips for large groups. Last year, together with our partners, we implemented the largest-scale workation in the history of Lithuanian tourism for the "Tesonet" accelerator. Almost 2,5 thousand passengers were flown on Novaturas charter flights during this trip.

Responsiveness and flexibility

In 2023 Novaturas served a total of 259 thousand clients - slightly (3 percent) fewer than in 2022. Decline is attributed to market dynamics, the change also was influenced by the military conflict, to which, as mentioned, we responded promptly, prioritizing the safety of our travellers.

Last year customers appreciated us for our flexibility and quick response during the fires on the Island of Rhodes. For us it is crucial that travellers feel safe even in unexpected situations, and our goal is to provide all necessary assistance immediately. Moreover, such timely reaction to the dynamic market situation last year also contributed to the profitability of the Group.

Goals for 2024 are profitable operations and improved customer experience

This year's goal is to continue profitable activity enhancing customer experience. Market dynamics may affect the conditions in the outbound tourism market of the Baltic countries, what already partly felt in the first quarter of this year. We are prepared to continue reacting flexibly, adapting the travel program according to demand, and base our decisions by assessing the potential impact on Group's profitability.

The wide range of destinations allows us to diversify our operations and focus on destinations with the greatest potential. Meanwhile, for customers this provides the opportunity to choose their desired trips, flight times and a variety of hotels.

E-commerce potential and sustainable hotel offerings

One of the company's strategic directions is a focus on technology and data analytics-driven decisions. Having a wide distribution network we also see the growing potential of e-commerce. Last year we introduced a new Group's website, which we continue to develop. We aim to be easily accessible to our customers in a way convenient for them, so we are focusing on even more user-friendly tools for travel agencies and partners. Additionally we are strengthening our sales channels and planning to expand digital user experience.

Among the innovations introduced by the Group last year is the option to choose more sustainable hotels. Novaturas became the first among major travel organizers to feature the "Sustainable Choice" symbol on its website, marking accommodation places that contribute to environmental conservation, conserve resources, sort and reduce waste, and support local communities. Sustainable hotels make up about a third of our offerings, and the assortment is planned to expand.

Options for employees

In September the Group completed its share buy-back. Novaturas Group bought back almost 76 thousand of its own shares (about 1%) for almost EUR 0.25 m. and intends to distribute them to employees in Lithuania, Latvia and Estonia over the next three years. This is the way the Group is looking after the well-being of its employees, increasing employee engagement and attracting new talent.

Better punctuality and new flight partners

Another area where Novaturas improved its customer experience last year was punctuality of flights. The number of flights delayed by more than 3 hours was less than 1% last year. Compared to 2022, the number of such delays has been reduced by 3 times.

Novaturas also announced new and strengthened partnerships with airline companies. Last year, in Latvia, the Group expanded cooperation with airBaltic, which stands out in Europe for its one of the newest and most environmentally friendly fleet of aircraft.

Meanwhile in Estonia, Novaturas announced a new long-term partnership with Heston Airlines. This partnership is expected to make a significant contribution to travellers' comfort, service quality, safety and sustainability. Heston Airlines will fly Novaturas customers on a modern Airbus A320 aircraft, which ensures better fuel efficiency.

Novaturas will also organise flights to Turkey with Turkish Airlines this summer season. In addition, the Group will fly to Antalya not only from Vilnius, but also from Kaunas, providing more flexibility.

Dividend

Presenting the audited annual report Novaturas Group proposed not to pay dividend for 2023. The Company's management clarifies that the main reason for such a decision is the current lending conditions with the bank setting forth necessity of bank's upfront approval for dividend payment. Despite profitable year, the bank, which provides credit service to Novaturas, considering current outbound travel market conditions and more challenging last two quarters is not inclined to approve dividend payment. The Company continues negotiation with the bank regarding changes to the lending conditions and dividend payment with the aim these conditions to be primarily based on the Group's balance sheet structure, and Novaturas could pay dividends to shareholders in the nearest future as outlines in the Company's dividend policy. If new conditions are agreed upon, the issue of dividend payments and specific timelines will also be considered.

At the same time, Novaturas' management emphasizes that when distributing the Company's profit, consideration should be given to maintaining financial capacity, ensuring the balance of working capital funds, and investing in organizational transformation processes, including improvement of customer experience, strategic partnerships, and the organizational culture. Novaturas will allocate attention to projects that could enhance the company's competitiveness, revenue, and profitability, thereby providing returns to shareholders in the long term.

Sincerely,

CEO
Kristijonas Kaikaris

Consolidated Annual Report

General information

Reporting period

This report covers the financial year ended on 31 December 2023.

Issuer and its contact details

Name of the issuer	Novaturas AB
Registration date	As at 16/12/1999
Register manager	State Enterprise Center of Registers
Company code	135567698
LEI code	097900BGCW0000042109
Registered office	A. Mickevičiaus st. 27, LT-44245 Kaunas
Telephone	+370 37 321 264
Fax	+370 37 321 130
Email address	info@novaturas.lt
Website	www.novaturasgroup.com

Core activities of the Company and its subsidiaries: tours organisation and distribution.

The authorised capital of the Company amounts to EUR 234,210 and has been divided into 7,807,000 ordinary registered shares, share par value EUR 0.03. All the shares have been fully paid.

As at 31 December 2023, there are 3 members of the Board of the Company.

Kristijonas Kaikaris, Chief Executive Officer, was the head of the Company as at 31 December 2023.

Subsidiaries

Novaturas Group consists of Parent Company Novaturas AB and its subsidiaries (hereinafter – the Group) through which the Company operates in various markets.

Name of subsidiary	Country	Registered office	Shareholding, % As at 31 December	
			2023	2022
Novatours SIA	Republic of Latvia	Kr. Valdemara St. 100, Riga, Latvia	100	100
Novatours OU	Republic of Estonia	Ravala g. 6, Tallinn, Estonia	100	100
Aviaturas ir Partneriai UAB	Republic of Lithuania	Konstitucijos ave. 15/5, Vilnius, Lithuania	100	100
Novatours Holidays SRL*	Republic of Romania	M. Caramfil st. 53, Bucharesht, Romania	100	100

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

The Company did acquire own shares and hold 55,997 shares as of the year end. The Company‘s subsidiaries do not hold Company‘s shares.

As at 31 December 2023, the Company had a branch with registered office at Jasinskio St. 16, Vilnius, Lithuania. The registration code of the branch is 125142371. Operating results of the branch are included in the financial statements of the Company.

Core activities

Place of operation

The Group is the largest tour operator in the Baltic States. The Company was established in 1999, became the market leader in the Baltics in 2004. The Group is proud of its strong position in the Baltic markets, well known trademark, high customer loyalty, and long-term relationships with travel agencies and service providers, which enables the Group to offer travellers a wide range of services for an attractive price.

Sales channels

Our products are accessible to people through various distribution channels. We work with over 400 travel agencies, including the largest agencies of the Baltic States. Our points of sale are in the largest cities of Lithuania, Latvia and Estonia. Investments are also made in the development of our e-commerce channel. Online trading is conducted through the Group's websites and the Global Distribution Systems (GDS), an international platform.

Product range

Our product assortment is very wide: it includes various types of tours, prices and travel destinations. We can offer products that are in line with the needs and expectations of different client groups. This enables us to maintain our positions in almost all market segments and to effectively adapt to changing needs of travellers. Our product range includes summer and winter holiday packages and sightseeing tours by coach and aircraft, with over 30 travel destinations all over the world including the most popular South European Resorts and selected locations in Northern Africa, Middle East, Asia and Latin America. We also sell flight tickets for the tours organised by the Group and offer hotel accommodation.

Tour packages. Offers consist principally of organisation of recreational tours by air. This includes recreational tours to popular European summer resorts (Mediterranean Sea region), Northern Africa, Asia and Central America, as well as popular winter destinations in Europe – Italy and France. An entire service package is offered: flights, transport from the airport to the hotel, accommodation, local guides who work round the clock and entertainment during the tour including all-day excursions in summer.

Sightseeing tours by air. Sightseeing tours by air are medium- and long-distance tours including travel to Asia and Central America. Chartered and regular flights from Vilnius are organised. We offer flights, accommodation, and tourism by coach and tour guides who accompany the tourists throughout the trip and inform them about the country, its attractions and entertainment.

Sightseeing tours by coach. Sightseeing tours by coach are organised to attractions in Europe (including Poland, Germany, France, Italy, Austria, Croatia and Greece). Tours by coach are organised from Lithuania. We offer travel by coach, accommodation, trips to attractions by coach and tour guides who accompany travellers throughout the trip.

Other products. Other products consist of flight tickets and ordering hotels online. We sell them to individual clients and tour operators who often need seats in the most popular chartered flights.

Trademarks. The diversity of our products also includes trademarks and product lines. The most important trademarks are Novaturas (in Lithuania) and Novatours (in Latvia and Estonia) that generate the majority of income. Apart other trademarks, we control ECO Travel, Sofa travel, and Novaturas Gold, a high-class product line.

Research and development. Last year we launched a new website, which we continue to develop.

Securities traded in regulated markets

Nasdaq Vilnius exchange is a domestic market for the Company's shares. Since 21 March 2018, shares of the Company are traded on two exchanges: Nasdaq Vilnius Stock Exchange and Warsaw Stock Exchange.

The Company's stock symbol on Nasdaq Vilnius Stock Exchange is NTU1L and on the Warsaw Stock Exchange NTU.

Share class	Number of shares	Share par value, EUR	Total par value, EUR	Issue code
Ordinary shares	7,807,000	0.03	234 210	LT0000131872

Material events

Material events in 2023 are listed below:

13/02/2023	At the traditional Nasdaq Baltic Awards 2023, Novaturas Group was recognised as the company that did the best job overcoming recent challenges and managing market change.
27/02/2023	Vitalij Rakovski, Chief Executive Officer of Novaturas Group, introduced preliminary results for the year 2022 to investors and analysts.
20/04/2023	AB Novaturas strategy for 2023-2025 was introduced to investors.
30/05/2023	Introduced Q1 2023 results of Novaturas Group: steady growth and updated positive financial forecast
22/06/2023	Shareholders meeting adopt new board and new chairman of the board is elected.
29/08/2023	Introduced Novaturas Group's H1results: EBITDA hits EUR 5.8 M, exceeding the result for 2019
13/09/2023	Novaturas Group purchases own shares with the purpose of granting them to the employees
28/11/2023	Introduced 9-month results of Novaturas: EBITDA reached EUR 7.9 mln., revenue grew by 7.4%
12/12/2023	Kristijonas Kaikaris becomes head Novaturas Group, Vitalij Rakovski steps down.
21/12/2023	Novaturas introduced more sustainable hotel options for travellers

Material events in 2024 (from 01/01/2024 to 30/04/2024):

28/02/2024	Novaturas earned profit of EUR 3.7 mln. - the targets for this year include operational efficiency and improved customer experience.
2024-03-07	Novaturas announces the outcome of the legal proceedings against UAB GetJet Airlines: no significant impact on operations.

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Financial information

The Group's result for 2023

- Sales amounted to EUR 208.3m and were 6% higher compared with the same figure in 2022.
- Gross profit was EUR 26.4m, which is 38.5% more compared with the ratio recorded in 2022.
- Operating expenses reached EUR 21.9m and were 17% higher than in 2022.
- EBITDA was positive and amounted to EUR 5.5m where in 2022 it amounted to EUR 0.3m.
- In 2023, the Group incurred net profit of EUR 3.6m while in 2022, the Group incurred net loss of EUR 722k.
- In 2023, Novaturas Group served 259k passengers. Comparing 2023 with 2022, the number of customers has slightly reduced by 3%.

Tour packages accounted for the largest share in both sales and earnings. Sightseeing tours by coach and air account for a small part. Sales for all categories increased during 2023.

Main indicators of the Group

Financial indicators	2023	2022	Change, %
Revenue from contracts with customers	208,331	196,676	5.9%
Gross profit	26,442	19,088	38.5%
EBITDA	5,456	330	1553.3%
Operating profit (EBIT)	5,101	72	6984.7%
Profit before taxes	4,068	(659)	(717.3%)
Net profit for the period	3,587	(722)	(596.8%)

Alternative performance measures

Alternative financial measures and the descriptions for the calculations of the alternative performance measures are provided as additional information to the users of the Consolidated Annual Report.

Relative indicators/ratios	2023	2022	Change
Number of ordinary registered shares	7,786,749	7,807,000	-
Earnings per share (EUR)	0.46	(0.09)	
Gross profit margin (%)	12.7%	9.7%	3 pp
EBITDA margin (%)	2.6%	0.2%	2.5 pp
EBIT margin (%)	2.4%	0.0%	2.4 pp
Profit before taxes margin (%)	2.0%	(0.3%)	2.3 pp
Net profit margin for the period (%)	1.7%	(0.4%)	2.1 pp
Return on assets (ROA) (%)	7.2%	(1.3%)	8.5 pp
Debt / equity ratio (%)	50.6%	63.7%	-13.1 pp
Capital / assets ratio (%)	36.0%	26.0%	10 pp
Actual profit tax rate (%)	11.8%	(9.6%)	21.4 pp
Total liquidity ratio	0.60	0.74	(18.92%)

Alternative performance measure	Definition	Meaning and interpretation of indicator	Formula
Gross profit margin (%)	The ratio of gross profit to net sales.	This measures the portion of revenue that exceeds the cost of services provided. It reflects the margin on tour services sold.	((Revenue - Cost of sales) / Revenue)*100
EBITDA	Profit before interest, tax, depreciation, and amortization.	Provides an indication of the Group's operational performance from core activities, excluding cost of financing and tax considerations.	Profit+Tax Expenses+Net Interest +Depreciation +Amortization
EBITDA margin (%)	EBITDA as a percentage of revenue.	Reflects the efficiency of the Group in generating earnings from core operations before financing and tax effects.	EBITDA / Revenue * 100
EBIT	Profit before interest and tax.	Represents operating profit from core activities, showing the profitability before the impact of financial structure and taxation.	Revenue - Cost of Sales - Other Operating Expenses
EBIT margin (%)	EBIT as a percentage of revenue.	Indicates the profitability of the core operations in relation to total revenue, reflecting efficiency in managing operating costs.	EBIT / Revenue * 100
Profit before tax margin (%)	Profit before tax as a percentage of revenue.	Shows the Group's profitability before considering tax expenses, useful in analysing performance without tax-related distortions.	Profit before Tax / Revenue * 100
Net profit margin for the period (%)	Profit for the period as a percentage of revenue.	Indicates the percentage of revenue that is retained as profit after all expenses, interest, and taxes have been deducted.	Profit for the period / Revenue * 100
Return on assets (ROA) (%)	Net income generated as a percentage of total assets.	Measures how efficiently the Group's assets are being used to generate profit.	Profit for the period / Average Total Assets * 100
Debt / equity ratio (%)	Ratio of total liabilities to total equity.	Indicates the relative proportions of shareholders' equity and debt used to finance the Group's assets.	Total Liabilities / Total Equity * 100
Capital / assets ratio (%)	Ratio of equity to total assets.	Shows the extent of a Group's assets that are financed by owner's funds.	Total Equity / Total Assets * 100
Actual profit tax rate	The income tax expense as a percentage of profit before tax.	Reflects the actual tax rate affecting the Group's profits, which may include adjustments for deferred taxes.	Income Tax Expense / Profit before Tax * 100
Total liquidity ratio	Current assets divided by current liabilities.	Indicates the Group's ability to pay off its short-term liabilities with its short-term assets.	Current Assets / Current Liabilities

Geographical information and other sales information

In 2023, the Groups's core activity was tour organisation and sale of tour packages through a retail travel agency network, internal sales channels (own retail sale offices, website, sale of flight tickets through GDS). Tours provided by Novaturas are sold by more than 400 travel agencies in the Baltic States. E-commerce sales take place through websites of the Group companies of Novaturas. There were 4.4m unique visitors to the Group's website in 2023, which is a 22.22% increase compared with 2022 (3.6m of unique visitors).

The Group also sells tickets for its charter flights through GDS. This means that these tickets are available to agents worldwide, and people can acquire these tickets through most popular ticket distribution platforms.

Revenue from contracts with customers structure by sales channels:

Sales channel	2023, %	2022, %	Change
Travel agencies	68.7	69.1	-0.4 pp
The Group's travel agencies	15.3	13.7	1.6 pp
Online sales	14.2	16.1	-1.9 pp
GDS	1.8	1.1	0.7 pp
Total	**100**	**100**	

Number of clients serviced by country of sale ('000 passengers):

Country of sale	2023, ('000 passengers)	2022, ('000 passengers)	Change, %
Lithuania	145.2	141.1	2.9%
Latvia	50.2	55.6	(9.7%)
Estonia	63.87	70.2	(9.0%)
Total	**259.3**	**266.9**	**(2.9%)**

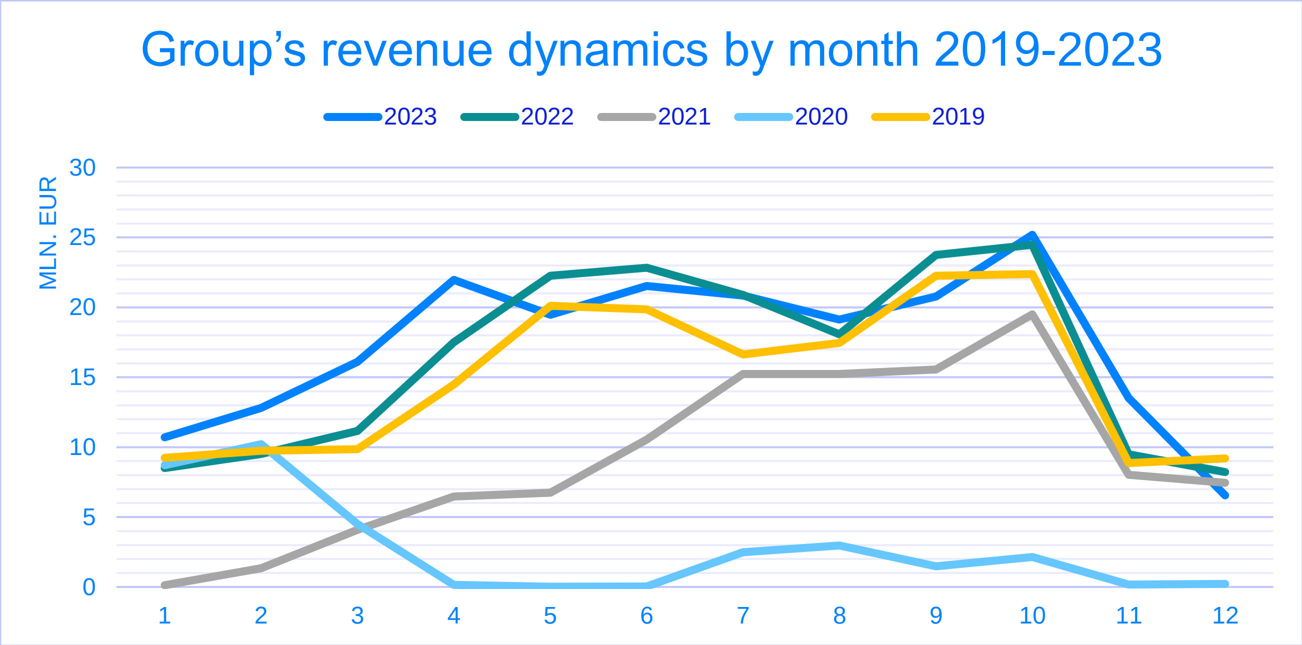
Tour packages was the main product of the Group, as was the case in previous years.

Product category	2023, ('000 passengers)	2022, ('000 passengers)	Change, %
Flight packages	208.9	215.5	(3.1%)
Sightseeing tours by bus	3.8	3.4	11.8%
Sightseeing tours by air	2.0	1.3	53.9%
Other (sale of flight tickets and hotel bookings)	44.6	46.7	(4.5%)
Total	**259.3**	**266.9**	**(2.9%)**

Turkey remained the main summer holiday destination, which was booked almost by 40% of all Novaturas customers. Compared to 2022, 2023 was also an active skiing holiday season, and we recorded a higher demand for long-haul destinations.

Destination	2023, %	2022, %	Change
Turkey	35.90	38.56	-2.7 pp
Egypt	14.74	15.01	-0.3 pp
Greece	10.90	14.47	-3.6 pp
Montenegro	8.04	6.36	1.7 pp
Bulgaria	6.05	6.30	-0.3 pp
Canary Island	5.76	5.70	0.1 pp
Tunisia	5.54	2.48	3.1 pp
Portugal	3.38	3.26	0.1 pp
Long hauls	2.10	1.13	1 pp
Other destinations	7.60	6.74	0.9 pp
Total	**100.00**	**100.00**	

Seasonality of the revenue from contracts withs customers by months:



Information about related party transactions

Related party transactions are presented in the Explanatory Notes to the financial statements.

Risk management

The Group's main business partners risk

Pursuant to contracts with the key business partners, the Group is obliged to make advance payments for services ordered (e.g. charter airlines, coach companies or hotel operators). Thus, potentially not fulfilling or not properly fulfilling contractual obligations toward the Group and/or insolvency of the Group's key business partners, including primarily toward charter airlines, may have a material adverse effect on the Group's operations, its financial condition and results of operations. To mitigate the risk Group diversifies partners and works with several aviation partners simultaneously also in big volume destinations works with several hotel providing partners.

Credit risk

The Group's credit risk is relatively low as payment is requested before the tour. In addition, credit limits have been granted to travel agencies through which the majority of sales takes place. The main purpose of these credit limits is to ensure timely payments. If they exceeded the credit limit, the Group's reservation system automatically blocks the sales.

The Group does not provide guarantees for other parties' liabilities. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the statement of financial position. Therefore, in the opinion of the Group's management, maximum risk is equal to the sum trade accounts receivable and other current assets less impairment losses.

Interest rate risk

A larger part of the Group's borrowings consists of loans subject to a fixed interest rate, whereas the Group's credit line as well as the Company's loan from Novatours OU are related to the variable interest rate, the future use of which depends on future financial circumstances. In view of this, the Group does not use interest rate swaps and includes the relevant interest rate risk in the sales price of products.

Foreign exchange risk

The vast majority of the Group's sales revenue is received in Euros, but part of the services that make up the cost, the most significant part of which related to flights, are acquired in US dollars.

To mitigate both aviation fuel volatility and aviation fuel related foreign exchange risk, in 2023, the Group uses derivative financial instruments such as fuel futures (or options) and forward foreign exchange transactions, which ensure the margin hedge for travel products sold against fuel price and currency volatility. These derivatives are not subject to hedge accounting.

Liquidity management

The Group pursues a policy of maintaining a sufficient amount of cash and cash equivalents or to secure financing by means of credit lines in order to fulfil its obligations under strategic plans. Liquidity risk is managed by planning the Group's cash flows.

As at 31 December 2023, the Group complied with all financial and non-financial covenants, under the financing agreements of the Group companies with banks and other credit providers.

Capital management

The main purpose of capital management is to ensure that the Group meets external capital requirements and maintains correct capital indicators so that the Group's activities are sound and shareholder value is maximised (under IAS 1, "capital" corresponds to equity disclosed in financial statements).

The Group manages the structure of its capital and changes it having regard to changes in the economic environment and operating risk. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders and issue new shares.

In accordance with the Law on Companies of the Republic of Lithuania, the Company's equity must account for at least 50% of its authorised capital, which consists of share capital and share premiums. The Company also complies with requirements regarding equity to asset ratio from the credit providers. As at 31 December 2023, the Company complied with these requirements.

Plans and projections

The main objectives for 2024 are the following:

- Enhance sales channels for better efficiency and service;
- Upgrade website for easier customer / partner use;
- Offer broad destination choices for competitive edge;
- Streamline operations for customer – focused data driven efficiency.

Governance Report

As from 30 June 2020, the Company's management bodies include the General Meeting of Shareholders, the Board and the head of the Company – the Chief Executive Officer.

Decisions of the general meeting of shareholders taken within its remit stated in the Articles of Association are binding upon the shareholders, the Board, the Managing Director and other employees of the Company. Shareholders who were recorded as such as of the end of the record date are entitled to attend the general meeting of shareholders. The record date for the purposes of the general meeting of shareholders is the 5th (fifth) working day prior to the general meeting of shareholders or the 5th (fifth) working day prior to any adjourned general meeting of shareholders. A person taking part in the general meeting of shareholders and entitled to vote must present a personal identity documents. A person who is not a shareholder must pesent, in addition to the personal identity document, a document authorising his/her right to vote at the general meeting of shareholders.

In accordance with previous the Articles of Association of the Company, valid until 6 June 2023, the Board constituted five members elected for the term of office of four years and acting jointly as a management body of the Company. Members of the Board were elected by the meeting of shareholders according to the Articles of Association. The Board elects the Chair of the Board from its members. As from 6 June 2023, the restructured Board was elected by the General Meeting of Shareholders under newly adopted version of the Articles of Association of the Company. The Board consists of three members elected for the term of office of two years and acting jointly as a management body of the Company. Two of three Board's members are independent, one represents the interests of the shareholders. The Board elects the Chair of the Board from its members. A newly elected Board of the Company performs supervisory, control and strategy development functions. The Board appoints and recalls the Chief Executive Officer, sets his/her remuneration and other terms of employment, provides incentives and imposes sanctions.

The Chief Executive Officer is a single - handed management body of the Company responsible for organizing routine activities of the Company.

The Company complies, in substance, with the corporate governance recommendations provided by Nasdaq Vilnius Stock Exchange and the best practice recommendations provided by the Warsaw Stock Exchange. A detailed list of the recommendations implemented in the Company's activities, together with explanations, is given below in the Governance Report. On its website www.novaturasgroup.com, the Company also publishes a list of recommendations that are not complied with in full or in part.

Issued capital

Issued capital of the Company amounts to EUR 234,210 and consists of 7,807,000 ordinary registered shares of EUR 0.03 par value each. The number of the shares entitling to vote at the general meeting of shareholders is 7,807,000.

Shareholders

	As at 31 December 2023		As at 31 December 2022	
	Number of shares held	Ownership interest, %	Number of shares held	Ownership interest, %
Willgrow (ex UAB „ME Investicija")	779,900	9.99%	779,900	9.99%
Ugnius Radvila	740,702	9.49%	740,702	9.49%
Moonrider OU	543,346	6.96%	543,346	6.96%
Paliūnas Vidas	535,278	6.86%	535,278	6.86%
Šūmakaris Rytis	535,278	6.86%	535,278	6.86%
AS Rondam	356,489	4.57%	356,489	4.57%
Rendez Vous OU	269,975	3.46%	524,671	6.72%
Other	3,990,035	51.11%	3,791,336	48.56%
Total	**7,751,003**	**99.28%**	**7,807,000**	**100.00%**
Novaturas AB	55,997	0.72%	-	0.00%
Total	**7,807,000**	**100.00%**	**7,807,000**	**100.00%**

As at 31 December 2023 there were 6 512 shareholders within the Company.

Shareholders rights

None of the shareholders of the Company has any special right of control. All the shareholders have equal rights. As at 31 December 2023, the number of the shares entitling to vote at the general meeting of shareholders is 7 751 003 (55 997 shares the vote of which can't be counted were held by the Company). An ordinary registered share grants one vote at the general meeting of shareholders of the Company.

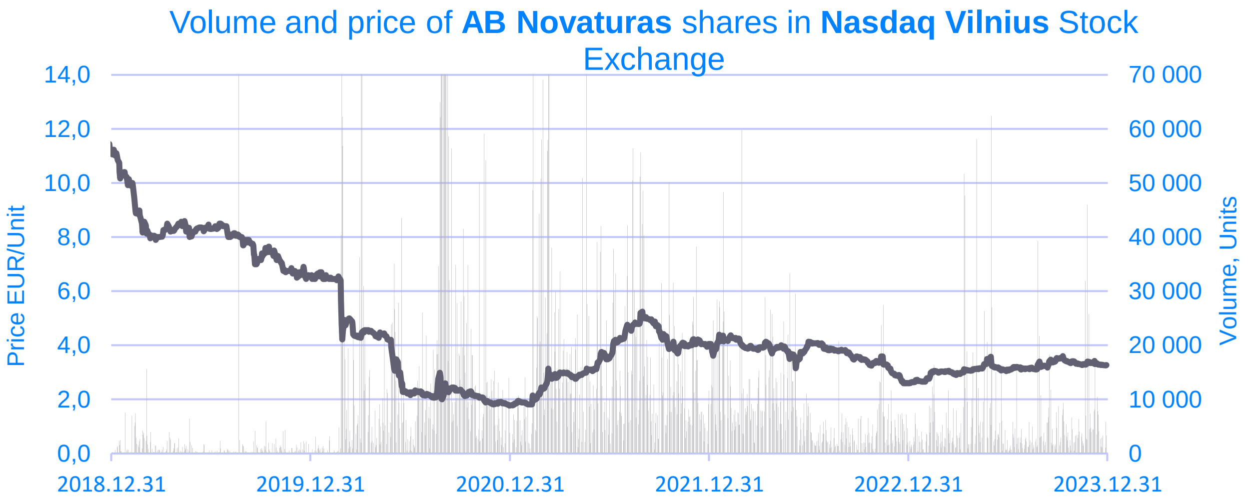
The Company has no information about any agreements between the shareholders that would restrict the voting rights attached to the shares.

Information about trading in the Company's securities

7,807,000 ordinary registered shares of Novaturas AB (ISIN code LT0000131872) are included in the Official Trading List of Nasdaq Vilnius Stock Exchange (symbol NTU1L) and the Warsaw Stock Exchange (symbol NTU, ISIN code LT0000131872).

Information about trading in the shares of Novaturas AB from 28 December 2018 until 31 December 2023 in Nasdaq Vilnius Stock Exchange (Lithuania):

Year	Currency	Opening price	Maximum price	Minimum price	Closing price	Average price	Traded quantity, units	Trading volume, EUR
2022	EUR	3.82	4.17	2.50	2.92	3.52	1,436,627	5,062,964
2023	EUR	2.90	3.62	2.89	3.43	3.27	1,628,829	5,319,690



As at 31 December 2023, the Company's market capitalisation was EUR 26.8M.

Information about trading in the shares of Novaturas AB from 4 January 2019 until 31 December 2023 in GPW Main Market (Poland):

	Currency	Opening price	Maximum price	Minimum price	Closing price	Average price	Traded quantity, units	Trading volume, PLN
2022	PLN	18.20	19.80	12.00	13.80	16.15	14,190	229,198
2023	PLN	14.00	24.00	13.90	16.45	18.51	19,260	356,583

Volume and price of **AB Novaturas** shares in **Warsaw Stock Exchange**

As at 31 December 2023, the Company's market capitalisation was PLN 128M.

Information about own shares held by the Company

The Company did acquire 75,997 own shares on 20th September 2023 for share-based payment plan fulfilment purposes for a total consideration of EUR 249 thousand (Note 12). On 14th December 2023, 20,000 shares were handed over in a form of share-based payments in exchange for payment of nominal value of shares amounting to EUR 600. All liabilities related to the transactions are fulfilled as at 31 December 2023.

The Company holds 55,997 own shares as at 31 December 2023 (none as at 31 December 2022).

Dividend

In 2018, the Board approved the dividend payment policy according to which dividend should account for 70–80% of the profit earned by the Company. Due to the impact of the COVID-19 pandemic that started in 2020 and the associated additional restrictions on the financing of the Company's activities, the appropriation of the Company's profit for 2021 - 2022, did not result to dividend payment.

Payment of dividend, according to current lending conditions, shall be pre – approved by financial lenders. Despite profitable year 2023, the bank, which provides credit service to the Company and the Group, considering current outbound travel market conditions and more challenging fourth quarter is not yet inclined to approve dividend payment. The Company is planning to achieve changes to the lending conditions and dividend payment with the aim these conditions to be primarily based on the Group's balance sheet structure.

Procedure for amending the Articles of Association

The Articles of Association of the Company are amended according to a procedure established in the Law on Companies by decision of the general meeting of shareholders adopted by a 2/3 majority vote of shareholders attending the meeting. Upon adoption of such decision, the text of the amended Articles of Association is signed by a person authorised by the General Meeting of Shareholders.

Procedure for the election and replacement and Powers of the Board Members

Members of the Board are elected and replaced by decision of the General Meeting of Shareholders. Members of the Board analyse and evaluate the organization of Company's activities, financial position, financial statements, annual reports, interim reports and exercise other powers granted to them under the law and the Articles of Association.

On 6 June 2023, the entire Members of the Board resigned and on the same day the General Meeting of Shareholders appointed a new Board composed of: Ugnius Radvila, Gediminas Almantas and Tomas Korganas.

Activities of the Company's management bodies in 2023

In total in 2023 seventeen meetings of the Board were held, out of which six decisions were taken without convening a Board meeting. The new Board has been elected on 6 June 2023 and had eleven Board meetings in 2023 out of which four decisions were taken without convening a Board meeting. All of them had the quorum required under legal acts.

Matters considered/approved at the meetings/decisions of the Board: the organization of the Board's activities, the Company's performance, the Company's strategy, organizational structure, financial position, budget, employee's motivational system, etc. In addition, the new Board had regular meetings with management of the Company outside the Board sessions, regarding current issues of the Company's activities, work organization, etc.

The Board's meetings (of new Board appointed on 6 June 2023) were chaired by Gediminas Almantas, chairperson of the Board.

Numbers of meetings (including decisions taken without convening the meetings) in which the current Members of the Board took part are shown in the table below:

Current Board Member*	Board meetings/decisions
Gediminas Almantas	11
Tomas Korganas	11
Ugnius Radvila	11
Total number of meetings/decisions	11

* The current Board Members were appointed on 6 June 2023.

Two of the Board's Members are independent and the one, namely, Ugnius Radvila is one of the major shareholder within the Company.

The Board members as at 31 December 2023:

Name	Position on the Board	Legal entity and position	Number of shares held in the Company	Start of term
Gediminas Almantas	Chairman of the Board (independent member)	Chairs the board as independent member, has more than 17 years of experience in various companies, his areas of expertise include organisational governance, good governance, organisational development, crisis management, ethics and building trust in organisations. Mr. Almantas previously worked at Copenhagen Airport, held the position of Director General of Lietuvos oro uostai for 4 years, and currently is a member of the Board of Directors and chairs the Audit Committee of Lietuvos oro uostai. As an independent member and chairman, he has extensive experience on other boards as well – Mr. Almantas has been a board member of EPSO-G Group for 7 years and the chairman of the board for 4 years, the chairman of the Lithuanian Red Cross Society for 8 years, and is currently the chairman of the board of LTG Infra. He has been an independent member of the Board of Directors and a member of the Audit Committee of AB Oro Navigacija since 2018.	-	06/06/2023
Tomas Korganas	Member of the Board	has over 20 years of experience in international companies and boards, business development, management, mergers and acquisitions (M&A) as well as corporate strategy. Mr. Korganas has worked for international companies such as BCG, Goldman Sachs, General Electric. He is also a member of the professional mentoring programme "LT Big Brother", where he shares his experience with motivated young Lithuanians around the world.	-	06/06/2023
Ugnius Radvila	Member of the Board	has been working for the company since its foundation. With many years of management experience in the tourism market, Ugnius Radvila has been a consultant and a permanent member of the Board since 2011, ensuring continuity of work. His priority areas in the new Board are human resources management and attracting competences, as well as ensuring the focus on sustainability which is one of the company's strategic areas of activity.	740,702	06/06/2023

Mr. Ugnius Radvila and Mr. Tomas Korganas hold management positions only within the Company. Chairman of the board Mr. Gediminas Almantas additionally serves within the below listed other enterprises' governing bodies:

Title	Legal form, Name of entity	Code	Registered office
Chairman of the Board	AB "Lietuvos oro uostai"	120864074	Rodūnios kelias 10a, Vilnius
Chairman of the Board	AB "LTG Infra"	305202934	Geležinkelio g. 2, 02100 Vilnius

Group CEO Mr. Kristijonas Kaikaris additionally serves within the below listed Group companies' governing bodies:

Title	Legal form, Name of entity	Code	Registered office
Sole member of the Board	SIA Novatours	40003525782	Krasta iela 105A, Riga, Latvia LV-1019
Sole member of the Board	OU Novatours	110138798	Ravala pst.6-201A, 10143 Tallinn, Estonia

Information about payments to members of management bodies

	Fixed part of remuneration paid, EUR'000 EUR	Variable part of remuneration paid, EUR'000 EUR	Dividends, EUR'000 EUR	Compensation via Share Based payment	Other payments, EUR'000 EUR
Members of the Board					
Virginijus Lepeška	10.00	-	-	-	-
Ugnius Radvila	20.90	-	-	-	-
Vidas Paliūnas	7.60	-	-	-	-
Andrius Jurkonis	7.60	-	-	-	-
Rytis Šūmakaris	7.60	-	-	-	-
Korganas Tomas	13.30	-	-	-	-
Almantas Gediminas	17.50	-	-	-	-
Total Members of the Board	**84.50**	**-**	**-**	**-**	**-**
CEO					
Vitalij Rakovski	161.60	60.00	-	64.80	-
Kristijonas Kaikaris	7.70	-	-		-
Total CEO	**169.30**	**60.00**	**-**	**64.80**	**-**

All the payments to the members of the governing bodies of the Group have been executed by the Company. Other Group companies did not pay any kind of remuneration to none the members of Group governing bodies.

The compensation to the members of the Board is based on fixed monthly payments. Shareholders meeting retains the right for additional annual remuneration. CEO compensation is based on fixed monthly salary and profit driven components which are annual bonus and stock option allocation. The Group does not use instruments of deferred remuneration.

Auditor

Ernst & Young Baltic UAB, a member of EY network, carried out an audit of the Company's and the Group statements of financial position as at 31 December 2023, statements of comprehensive income for 2023, statements of changes in equity and cash flow statements for the 2023, together with the explanatory notes including material accounting policy information.

The ordinary general meeting of shareholders held on 6 June 2023 elected Ernst & Young Baltic UAB as the auditor of the Group for conducting an audit of the Group's annual consolidated and separate financial statements and evaluating the consolidated annual report for 2023. The shareholders authorised the Managing Director of the Company to conclude agreements on audit services stipulating the auditor's fee not exceeding EUR 111k (one hundred eleven thousand) exclusive of VAT for the audit of 2023 accounts and same value adjusted August 2024 annual inflation level for the audit of 2024 accounts.

Global EY network covers member companies operating in 150 countries and territories and providing audit, tax consultancy and financial advice services to both public and private sectors in various areas of business.

Disclosure of Compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius

The Company, acting in compliance with Article 12 (3) of the Law of the Republic of Lithuania on Securities and paragraph 25.4 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form must be provided. Structured table for required disclosures is provided in the Appendix 1.

Remuneration report

Human resources policy

Human resources policy pursued by the Group's helps it to implement its strategic objectives through appropriate management and development of employees. We are always open and fair with both existing and potential employees: the policy provides for equal opportunities for employment, development and career irrespective of the employee's gender, race, ethnicity, religion, age, disability, sexual orientation, nationality, political convictions, membership of trade unions, social position and/or other factors in accordance with the law. The Group applies a fair remuneration system including salaries and bonuses. We do not tolerate discrimination and disrespect; collaboration with the employees is based on respect and trust and open and transparent communication.

Employees

Average number of employees in 2023 by main types of operations:

	2023	2022	Change, %
Representatives and guides abroad	49	44	+ 11
Sales assistants in own sales channels	38	33	+ 15
Other employees	128	106	+ 21
Total	**215**	**183**	**+ 17**

The employee numbers do not include employees on maternity, paternity and parental leave.

Breakdown of employees (women/men) by country (number of employees, average age, number of years worked in the organisation) The statistics cover data on employees as at 31 December 2023 (excluding employees on maternity, paternity and parental leave as at 31 December 2023).

	Estonia	Lithuania	Latvia	Group
Women				
Number of employees	33	107	34	174
Average age	38,2	38,1	39,9	38,5
Average term of service (years)	2,3	3,1	3,8	3,1
Men				
Number of employees	4	35	2	41
Average age	32,1	37,1	43,5	36,9
Average term of service (years)	4,7	2,3	5,6	2,7
Total number of employees	**37**	**142**	**36**	**215**
Overall average age	**38,7**	**37,8**	**40,1**	**38,2**
Average term of service (years)	**2,5**	**2,9**	**3,9**	**3,0**

The predominant part of the Group's workforce is employed in Lithuania (142 employees of 215 in Lithuania), while the number of employees in the other two markets is very similar, i.e. 36 in Latvia and 37 in Estonia.

Gender breakdown: women dominate the group as a whole (174 workers out of 215).

The average age of the Group's employees is 38,2 years, and there is very little difference between the average age of women and men (the average age of women is 38,5 years, men – 36,9 years).

On average, the period of service in the Group companies is 3 years: men, on average, have a slightly shorter tenure than women (2,7 and 3,1 years, respectively).

Breakdown of employees (women/men) by main activity (average monthly salary, number of employees recalculated to full-moth equivalent). The statistics cover data on employees in 2023 (not limited to those who worked full year).

	Women	Men	Total
Employees waking in offices			
Average monthly salary	2,513	3,597	2,759
Number of employees	99	29	128
Direct sales unit			
Average monthly salary	2,137	2,794	2,171
Number of employees	36	2	38
Representatives abroad			
Average monthly salary	1,419	1,680	1,472
Number of employees	39	10	49
Total average monthly salary	**2,190**	**3,090**	**2,362**
Total number of employees	**174**	**41**	**215**

The average monthly salary gap between men and women slightly reduced during 2023: average monthly earnings of men was 40% (2022 – 50%) higher than women's.

Breakdown of employees by position (average salary, number of employees recalculated to full-moth equivalent). The statistics cover data on employees in 2022 (not limited to those who worked full year).

	Women	Men	Total
Top-level executives			
Average monthly salary	6,103	10,741	8,305
Number of employees	2	2	4
Middle-level managers			
Average monthly salary	3,872	5,617	4,283
Number of employees	13	4	17
Project managers, managers, experts			
Average monthly salary	1,958	2,389	2,037
Number of employees	159	35	194
Total average monthly salary	**2,149**	**3,068**	**2,325**
Total number of employees	**174**	**41**	**215**

In 2023 the Group's top-level management team was made up of 2 men and 2 woman. 76% of middle level management sector is represented by women, what in general terms represents total gender proportion within Novaturas group.

Attention to employees

The Group values its employees and their contribution to the success of its activities. We promote and support development of competency and professional knowledge of our employees. In order to ensure opportunities for professional growth and development, and realisation of professional ambitions for our employees, we always offer vacancies to existing employees of Novaturas first, before looking external.

We foster a culture of shared success and cooperation in the Group, therefore, we set a budget for team building and strengthening activities, team events, we invite all our employees to the Group's celebrations or certain meaningful activities, and we uphold internal traditions that help to strengthen the desired corporate culture. Division managers ensure smooth introduction of new employees into the organization.

Encouraging feedback and employee engagement survey

Seeking to ensure the best possible dialogue with employees, we are open to their feedback, and we explore different ways for them to share their feedback. Sharing feedback is part of our performance management and appraisal process: at the end of each quarter of the year we encourage managers to run quarterly performance review meetings with employees to discuss quarterly achievements, to review the relevance of the goals, to agree on activities/actions that will help to achieve the goals set. We also encourage our employees to give open feedback to their managers.

During 2023 Novaturas group carried out employee survey which resulted in strong belief for the future of our organization, however also revealed certain development aspects such as timely communication, proactive co-operation as well as need for improvement in work / life balance. During 2023 we have started respective improvement actions which will be continued during 2024.

Labour Council

Novaturas had Labour Council from the end of November 2019, to ensure the most transparent representation of employees' interests. Meetings of the Labour Council were held periodically to discuss the matters of concern to employees and submit them to the Group's Board.

The term of office of the elected Labour Council ended in November 2022. Upon the referral from the outgoing Labour Council, couple of election rounds to the new Labour Council taken place during 2023 (in March and November) in accordance with the procedure provided for in the Labour Code, but yet had not resulted to the renewal of the Labour Council activities due to not collecting a sufficient number of candidates.

Evaluation of performance

In order to ensure the achievement of the Group's objectives, managers hold regular quarterly performance review meetings with their employees. During one-to-one quarterly meetings, the manager and the employee discuss the achievement of the objectives agreed at the beginning of the year and actions aimed at achievement of objectives, assess the relevance of the objectives and, if necessary, review them. They also discuss and agree on the prerequisites or factors necessary for the successful achievement of goals: strengthening competency or certain skills, possible help from the manager or colleagues, etc., and they exchange feedback. We aim for the goals set for the employee to comply with the SMART model, that is, to be specific, measurable, achievable, relevant, and time-bound. During the annual performance review, the manager individually discusses with each employee of his/her team the performance throughout the year, summarises the achievements and agrees on a general assessment of the performance throughout the year.

Remuneration Policy of the Group

Reviewed, updated and approved at the General Meeting of Shareholders on 24 May 2022

The updated version of the Remuneration Policy introduced the following significant changes compared to the previous version: (i) the Group no longer has a Remuneration and Nomination Committee which performs the functions of supervision and control of the Remuneration Policy; (ii) considering that the Group no longer has a Supervisory Board, changes are made to the Remuneration Policy in this regard; (iii) the terms and forms of payment of the variable remuneration are specified.

Group's remuneration principles

Linking remuneration to performance and aligning with shareholders' interests: in making remuneration-related decisions, the Group focuses on long-term, risk-adjusted performance and rewards performance that generate sustained value for the Group.

"Shared success" culture encouragement: teamwork should be encouraged and rewarded to foster a "shared success" culture. Contributions are considered across the Group, within business units, and at individual level when evaluating an employee's performance.

Attracting and retaining top talents: competitive and reasonable remuneration should help attract and retain the best talent to grow and sustain the Group's business.

Integrating risk management and remuneration: management bodies of the Group should generate honest, fair and objective evaluations and identify individuals responsible for meaningful risk-related events and their accountability.

Good corporate governance: the Group's good corporate governance is fostered by oversight by Board of the executive remuneration scheme, including defining the Group's remuneration principles, reviewing and approving the Group's overall incentive remuneration pools.

Transparency with shareholders: to provide shareholders with enough information and context to assess the Group's schemes and practices, and their effectiveness, the Group discloses to the public the essential terms and results of the remuneration scheme applied.

Transparency with employees: the remuneration and the set of performance, competence and qualifications used to determine the remuneration of the employee is disclosed to each employee.

Flexibility: in the event of the need to hire or retain an employee who has a significant impact on the Group's operations or to manage the risks arising from the change of employees, decisions may be made by the Group companies applying exceptions to this Remuneration Policy, however, such exceptions and the reasons thereof must be disclosed to the Board without delay.

Measures to avoid conflicts of interest

Some members of the Board are independent and provide both independent oversight and control of the Group's Remuneration Policy and pay practices.

Decisions on individual remuneration of Employees are made by the head of the respective Group company. The remuneration of the CEO is determined by the Board of the Company. The Board of the Company also reviews the remuneration of the other managers directly subordinated to Chief Executive Officer and limits thereof, as necessary.

Remuneration structure

The Group companies ensure for their employees a competitive and fair remuneration for results achieved by the Group the employee individually. The purpose of the remuneration policy is to retain existing and attract new employees to ensure business success.

Main components of remuneration

Fixed part of remuneration (PAD) – is the monthly salary specified in the employment contract, i.e. basic part of wage. PAD and its amount is determined in the Employees' employment contracts and is paid in accordance with the procedures established by law. Members of the elected bodies who have not concluded employment contracts with the Group companies may receive remuneration in the form prescribed by legal acts and in accordance with service provision contracts.

Typically, PAD for Employees of Group companies are reviewed and determined once a year. PAD for the Employees of the Company is determined by the CEO. PAD for the Employees of other Group companies is determined by the head of the Group company.

PAD is determined in accordance with the law and the internal procedures of the Group companies.

PAD for the Company's CEO and CFO is established by the Company's Board. PAD for other managers directly subordinated to CEO are reviewed by the Company's Board.

PAD is determined considering the level of responsibility, professional experience, personal qualities required for the position, market conditions.

Variable part of remuneration (KAD) – annual, quarterly or monthly bonus or share options. KAD is an additional remuneration for the employee which is granted and paid at the initiative of the Group as a means of promoting and motivating employees. KAD can be short-term (bonuses, supplements for additional project) and long-term (share options). The purpose of KAD is to motivate employees for their good performance, for good performance or results of the Group or its department or all the Group. KAD may form significant part of the annual PAD and, in exceptional cases, may exceed the PAD for top management.

Short – term incentives. Annual bonuses are paid to top management based on the achievement of Group's net profit (or EBITDA) result (or other profitability indicator) and/or considering the change in the share price. The Boards of the Group companies determine the specific results to be achieved by top-management, award criteria and the procedures for calculating bonuses. Bonuses are paid to other Employees depending on the Group's net profit (or EBITDA) result (or other profitability indicator) and other objectively identifiable and measurable indicators. The specific results to be achieved and the procedure for calculating bonuses and award criteria is determined by CEO of the Company. Board members may be paid royalties in accordance with procedures established by law.

Long-term incentives. Share options are granted to top management of the Group Companies, employees and members of the Board of the Company in accordance with the Rules for Granting Shares approved by the Company's shareholders' meeting and published on the Group's website. The purpose of the rules for granting shares of the Company and granting the share options is to safeguard the business strategy, long term goals and interests of the Group by providing additional measures to motivate and retain professional, qualified and competent team with diverse knowledge and experience and to encourage employees of the Group, Board members to contribute to the success of the Group, to increase the financial and property interests of employees and to promote long-term work in the Group, thus increasing the value of the Group and aligning long term interests of themselves and the Group.

Other monetary remuneration (KPA) – supplements or other benefits; Employee may be paid a supplement for additional work, performance of additional functions not provided for in their employment contract and/or job description, or performance of additional tasks. Supplements is determined by the order of CEO of the Company or the head of the Subsidiary. The supplement is not included in the amount of PAD set for the employee.

Other benefits (KN) are benefits provided to the employee that have a financial value but do not involve monetary bonuses, i.e. non-monetary benefits. The package of indirect financial benefits is selected taking into account the financial position and strategy of the Group or its individual company, as well as the principles of fairness, equality and transparency and the situation in the labour market.

Severance payments and non-competition

In accordance with the national legal acts of the respective company of the Group, employees might be entitled to severance payments upon termination of their employment (except for certain termination grounds, such as on ones own will, due to the reasons attributable to the employees fault, etc.).

Group companies do not normally have prior arrangements for severance pay, supplementary pensions or early retirement arrangements, but in exceptional cases and subjects to the decisions of the relevant competent authority such arrangements are possible. The maximum possible severance pay for an employee is the amount of his/her average salary for 12 (twelve) months, unless the Board decides to grant a higher severance pay in a specific case. No termination benefits are paid upon resignation or removal of the respective member of the Board. Non-competition agreements may be entered with the top management on the initiative of the Group.

Disclosure

This Remuneration Policy is available on the website of the Group https://www.novaturasgroup.com and a paper version will be made available upon the request to the Company.

The Remuneration Policy is part of the Group companies' policies and procedures and as such the main principles are available to all employees. The employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay.

During 2022 the Company and the Group granted 33,400 units of share options, out of which 12,060 units lapsed during 2023 and 21,340 units survived as at 31 December 2023.

During 2023 the company granted 62,597 units of share options, out of which 8,070 lapsed during 2023, 20,000 units were executed, and 34,527 units survived as at 31 December 2023. Furthermore, the Company and the Group estimated a minimum of 52,525 units of share options to be granted during 2024 (based on results of 2023).

21,340 of granted share option units shall vest during the year 2025, 34,527 units during 2026 and 52,525 during 2027. Vested option will entitle option holder to purchase one share in the Company at nominal value. This right will arise if the option holder retains the option until the vesting date and it can be exercised before the end of the exercise period. The share option vesting condition is subject to a number of restrictions, particularly the existence of an employment relationship between the option holder and the Group company on the vesting date.

Below are presented dynamics of annual group net profit and average monthly remuneration:

	2019	2020	2021	2022	2023
Average monthly remuneration (EUR)	1,636	1,633	1,923	2,082	2,527
Group net profit (loss) (EUR'000)	4,214	(5,750)	1,026	(722)	3,588

Other benefits

We strive to ensure that the additional benefits we offer in our Group companies for employees reflect and represent the values we adhere, the culture we foster, and the employee experience we create.

Health insurance

We are concerned about the physical and emotional well-being of our employees: we provide them with supplementary health insurance (depending on individual needs) and we offer them the choice of one of the four health insurance plan types best suited to a particular stage of their life. In case of an insured event, the insurance companies cover 80–100% expenses incurred by the employee for health care services provided (outpatient, inpatient or rehabilitation treatment), preventive health checks, vaccination, prescription drugs, and partially or fully covers various other medical services. Health insurance covers employees for a period of one year.

Additional benefits

We also care for the important events in the lives of our employees: they are entitled to certain lump-sum payments for life events, such as a wedding, a child's birth, or a loss of a close family member, and we celebrate holidays together (we have birthday gifts for employees, and Christmas gifts for both employees and their children under 12 years old).

Flexible work schedule and hybrid working model

To ensure the best possible work-life balance, the Group offers employees the opportunity to work remotely, and to have *workations* once a year. The employees can also select working hours that suit them if a justifiable need exists.

Safe working environment

The Group maintains safe and reliable working environment in accordance with national standards.

Student practice

The Group collaborates with higher educational establishments by enabling students to have their practice periods at the Group and get acquainted with its activities. The most motivated students who achieve beat results receive offers to work with the Group.

Social responsibility initiatives of the Group: Support for animal shelters

The Group encourages its employees to contribute to supporting animal welfare organisations. Voluntary assistance weekends are organised, during which the employees help the shelter staff and animals.

Market abuse, anti-corruption

The Group has implemented and is following internal Rules for Use, Management and Ensuring Confidentiality of Inside Information where it is determined all reasonably necessary measures on order that the Group would prevent, within the limits of its control, dealing in securities of the Group by making use of inside information, unlawful disclosure of inside information and ensure confidentiality of inside information.

The Group has also implemented the Policy of Support, according to which the support may not be granted to finance politicians, political parties, or their representatives/candidates, election campaigns, foundations or other organizations established by politicians. The group may allocate support only based on the legal acts regulating the allocation of support and in accordance with internal rules provided for in the Policy of Support.

The Group is also going to implement anti-corruption policy, Group code of ethics and other policies in order to ensure the standards of ethics, honesty and transparency in activities

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Activity of the Group in sustainability area

On 9 November 2021, at the UN Climate Conference in Glasgow (COP26), United Nations launched an ambitious plan for the tourism industry to reach net zero by 2050. The new roadmap sets targets and benchmarks for the travel industry and offers practical recommendations for businesses on how they can achieve the set targets. For instance, hotels could bring in measures to improve energy efficiency, while new ones can be built using sustainable design practices. Airlines can improve existing aircraft technology by retrofitting and reducing weight, which increases fuel efficiency and lowers emissions. The cruise industry can reduce emissions by upgrading existing ships (through HVAC and lighting upgrades) and designing new ships to maximise energy efficiency.

In response to the challenge of zero net emissions, the Group is continuously adapting its business to the expected developments in the industry. During 2023 Novaturas Group launched a new business strategy for 2023-2025 with sustainability being one of the cornerstones.

Aviation

When choosing air carriers Novaturas Group takes into account their impact on climate change. Last year in Latvia we expanded cooperation with airBaltic, which stands out in Europe for its one of the newest and most environmentally friendly fleet of aircraft.

Meanwhile in Estonia, Novatours OU announced a new long-term partnership with Heston Airlines. This partnership is expected to make a significant contribution to travelers' comfort, service quality, safety and sustainability of the travel. Heston Airlines will carry the Group customer on a modern Airbus A320 aircraft which ensures better fuel efficiency.

Sustainable choice hotels

Novaturas was the first major tour operator in the Baltic States to offer customers the option of selecting hotels based on sustainability labelling. In addition to location, room type and other amenities, customers can now choose accommodations that operate responsibly and focus on managing social and environmental impacts. These hotels are marked with "Sustainable choice" label on the Group's renewed website. Currently, these hotels already make up over a third of our offerings in Lithuania, Latvia and Estonia, and the selection is set to expand further.

Novaturas has relied on a third-party certification and labelling system to select accommodation that operates responsibly. This means that "sustainable choice" hotels have a sustainability label recognized by the Global Sustainable Tourism Council (GSTC).

Our goal is to offer traveller the opportunity to select a hotel that prioritizes nature conservation, waste reduction, community support and cultural heritage preservation. These seemingly small steps mar the start of a journey towards creating a sustainable environment that benefits hotel, city, country, and the globe.

Approval by officers of the Company

In accordance with Article 22 of the Republic of Lithuania Law on Securities and the Information Disclosure Rules of the Bank of Lithuania, the undersigned Kristijonas Kaikaris, Chief Executive Officer of Novaturas AB, and Vygantas Reifonas, Chief Financial Officer of Novaturas AB, confirm that, to the best of our knowledge, the consolidated annual report of Novaturas AB for 2023 presents a true overview of business development and activities and an overall position of consolidated companies, together with a description of existing main risks and uncertainties.

Kristijonas Kaikaris		Chief Executive Officer
Vygantas Reifonas		Chief Financial Officer

The Consolidated and the Company's Financial Statements for the year ended 31 December 2023

Thousand EUR, unless stated otherwise

Statements of financial position

		Group			Company		
	Notes	As at 31 December 2023	As at 31 December 2022 (restated)*	As at 1 January 2022 (restated)*	As at 31 December 2023	As at 31 December 2022 (restated)*	As at 1 January 2022 (restated)*
ASSETS							
Non-current assets							
Goodwill	4	30,327	30,327	30,327	30,327	30,327	30,327
Other intangible assets	4	809	627	127	809	627	127
Property, plant and equipment		135	83	72	113	59	52
Right-of-use assets	5	358	338	346	201	239	221
Investments in subsidiaries	6	-	-	-	2,859	2,859	2,859
Non-current receivables		3	128	47	-	12	15
Deferred income tax asset		526	872	851	525	872	817
Total non-current assets		**32,158**	**32,375**	**31,770**	**34,834**	**34,995**	**34,418**
Current assets							
Prepayments	7	5,786	15,140	4,383	4,093	5,885	3,236
Capitalized contract costs	8	4,032	2,659	1,360	1,250	1,215	611
Trade accounts and other receivables	9	3,977	2,113	1,068	1,960	746	561
Contract assets	9	223	233	49	120	170	18
Receivable from related parties	25	-	-	-	4,007	1,590	177
Prepaid income tax	23	4	4	70	4	4	69
Other current assets		326	296	410	233	205	378
Restricted cash	11	-	200	200	-	200	200
Cash and cash equivalents	11	3,347	2,570	5,719	1,434	448	432
Total current assets		**17,695**	**23,215**	**13,259**	**13,101**	**10,463**	**5,682**
TOTAL ASSETS		**49,853**	**55,590**	**45,029**	**47,935**	**45,458**	**40,100**

(Continued in the next page)

* Note 2
The accompanying notes are an integral part of these financial statements.

Statements of financial position (continued)

	Notes	Group As at 31 December 2023	Group As at 31 December 2022 (restated)*	Group As at 1 January 2022 (restated)*	Company As at 31 December 2023	Company As at 31 December 2022 (restated)*	Company As at 1 January 2022 (restated)*
EQUITY AND LIABILITIES							
Equity							
Share capital		234	234	234	234	234	234
Cash flow hedge reserve		-	-	(3)	-	-	(3)
Own shares acquired		(183)	-	-	(183)	-	-
Reserve for acquisition of own shares	12	1,250	1,250	-	1,250	1,250	-
Legal reserve	12	29	29	29	29	29	29
Foreign currency translation reserve	12	145	145	145	-	-	-
Retained earnings		16,464	12,797	14,769	10,363	8,537	10,473
Total equity		**17,939**	**14,455**	**15,174**	**11,693**	**10,050**	**10,733**
Non-current payables and liabilities							
Non-current borrowings	13, 25	7,940	6,865	12,232	14,237	13,205	18,603
Lease liabilities	5	235	179	207	133	128	134
Total non-current payables and liabilities		**8,175**	**7,044**	**12,439**	**14,370**	**13,333**	**18,737**
Current liabilities							
Current portion of non-current loans	13, 25	742	1,975	2,094	735	1,975	1,578
Trade accounts payable		3,854	14,272	4,896	1,950	7,122	1,062
Payables to related parties	25	-	-	-	8,663	3,746	2,559
Contract liabilities	16	14,228	15,716	8,301	6,946	8,073	4,309
Income tax payable		132	6	6	117	-	-
Lease liabilities	5	166	188	171	88	123	109
Derivative financial instruments	10	229	-	-	229	-	-
Provisions	15	1,777	-	-	1,574	-	-
Other current liabilities and accrued expenses	15	2,611	1,934	1,948	1,570	1,036	1,013
Total current liabilities		**23,739**	**34,091**	**17,416**	**21,872**	**22,075**	**10,630**
TOTAL EQUITY AND LIABILITIES		**49,853**	**55,590**	**45,029**	**47,935**	**45,458**	**40,100**

(Concluded)

* Note 2

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Kristijonas Kaikaris		As at 30 April 2024
Chief Financial Officer	Vygantas Reifonas		As at 30 April 2024

Statements of comprehensive income

	Notes	Group 2023	Group 2022 (restated)*	Company 2023	Company 2022 (restated)*
Revenue from the contracts with customers	17	208,331	196,676	119,446	108,330
Cost of sales	18	(181,889)	(177,588)	(102,765)	(96,660)
Gross profit		**26,442**	**19,088**	**16,681**	**11,670**
Selling expenses	20	(17,259)	(15,708)	(9,197)	(8,156)
General and administrative expenses	21	(4,372)	(3,532)	(3,721)	(2,925)
Other operating income		485	469	345	241
Other operating expenses		(740)	1	(699)	-
Operating profit		**4,556**	**318**	**3,409**	**830**
Finance income	22	1,210	1,193	587	766
Including interest income	*22*	*136*	-	*128*	-
Finance (expenses)	22	(1,698)	(2,170)	(1,787)	(2,260)
Including interest expenses	*22*	*(1,169)*	*(731)*	*(1,579)*	*(1,254)*
Profit before tax		**4,068**	**(659)**	**2,209**	**(664)**
Income tax (expense)	23	(481)	(63)	(463)	(21)
Net profit (loss)		**3,587**	**(722)**	**1,746**	**(685)**
Other comprehensive income, to be reclassified to profit or loss in subsequent periods					
Result of changes in cash flow hedge reserve		-	3	-	3
Impact of income tax		-	-	-	-
Total other comprehensive income		-	3	-	3
Total comprehensive income		**3,587**	**(719)**	**1,746**	**(682)**
Net profit attributable to:					
To the equity holders of the Company		3,587	(722)	1,746	(685)
Non-controlling interests		-	-	-	-
		3,587	**(722)**	**1,746**	**(685)**
Total comprehensive income attributable to:					
To the equity holders of the Company		3,587	(719)	1,746	(682)
Non-controlling interests		-	-	-	-
		3,587	**(719)**	**1,746**	**(682)**
Earnings per share (EPS) for continuing operations:					
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent (in EUR)	26	0.46	(0.09)		

* Note 2

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Kristijonas Kaikaris		As at 30 April 2024
Chief Financial Officer	Vygantas Reifonas		As at 30 April 2024

Statements of changes in equity

Group	Notes	Issued capital	Cash flow hedge reserve	Own shares acquired	Own shares acquisition reserve (restated)	Legal reserve	Foreign currency translation reserve	Retained earnings (restated)	Equity attributable to the equity holders of the parent company
Balance reported as at 31 December 2021, as originally reported		**234**	**(3)**	**-**	**-**	**29**	**145**	**14,683**	**15,088**
Restatement due to change in accounting policy	2	-	-	-	-	-	-	267	267
Restatement due to correction of the error	2	-	-	-	-	-	-	(181)	(181)
Restated balance as at 31 December 2021		**234**	**(3)**	**-**	**-**	**29**	**145**	**14,769**	**15,174**
Net profit (loss) for period		-	-	-	-	-	-	(722)	(722)
Other comprehensive income (loss)		-	3	-	-	-	-	-	3
Total comprehensive income (loss)		-	3	-	-	-	-	(722)	(719)
Transfer to own share acquisition reserve	12	-	-	-	1,250	-	-	(1,250)	-
Restated balance as at 31 December 2022		**234**	**-**	**-**	**1,250**	**29**	**145**	**12,797**	**14,455**
Net profit (loss) for period		-	-	-	-	-	-	3,587	3,587
Total comprehensive income (loss)		-	-	-	-	-	-	3,587	3,587
Share based payments	27	-	-	-	-	-	-	80	80
Acquisition of own shares	1	-	-	(183)	-	-	-	-	(183)
Balance as at 31 December 2023		**234**	**-**	**(183)**	**1,250**	**29**	**145**	**16,464**	**17,939**

(Continued in the next page)

Statements of changes in equity (continued)

Company	Notes	Issued capital	Cash flow hedge reserve	Own shares acquired	Own shares acquisition reserve (restated)	Legal reserve	Foreign currency translation reserve	Retained earnings (restated)	Equity attributable to the equity holders of the parent company
Balance reported as at 31 December 2021, as originally reported		**234**	**(3)**	**-**	**-**	**29**	**-**	**10,454**	**10,714**
Restatement due to change in accounting policy	2	-	-	-	-	-	-	120	120
Restatement due to correction of the error	2	-	-	-	-	-	-	(101)	(101)
Restated balance as at 31 December 2021		**234**	**(3)**	**-**	**-**	**29**	**-**	**10,473**	**10,733**
Net profit (loss) for period		-	-	-	-	-	-	(686)	(686)
Other comprehensive income (loss)		-	3	-	-	-	-		3
Total comprehensive income (loss)		-	3	-	-	-	-	(686)	(683)
Transfer to own share acquisition reserve	12				1,250			(1,250)	-
Restated balance as at 31 December 2022		**234**	**-**	**-**	**1,250**	**29**	**-**	**8,537**	**10,050**
Net profit (loss) for period		-	-	-	-	-	-	1,746	1,746
Total comprehensive income (loss)		-	-	-	-	-	-	1,746	1,746
Share based payments	27	-	-	-	-	-	-	80	80
Acquisition of own shares	1	-	-	(183)	-	-	-	-	(183)
Balance as at 31 December 2023		**234**	**-**	**(183)**	**1,250**	**29**	**-**	**10,363**	**11,693**

(Concluded)

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Kristijonas Kaikaris		As at 30 April 2024
Chief Financial Officer	Vygantas Reifonas		As at 30 April 2024

Statements of cash flows

	Notes	Group		Company	
		2023	2022 (restated)*	2023	2022 (restated)*
Cash flows from (to) operating activities					
Net profit		3,587	(722)	1,746	(685)
Adjustments for non-cash items:					
Depreciation and amortisation	20, 21	355	259	265	179
Income tax for the reporting period	23	481	63	463	21
Elimination of financial, investment and other non-cash activity results		1,571	522	1,528	473
		5,994	**122**	**4,002**	**(12)**
Changes in working capital:					
(Increase)/decrease in prepayments		9,354	(10,757)	1,792	(2,649)
(Increase)/decrease contract costs		(1,373)	(1,299)	(35)	(604)
(Increase)/decrease in trade and other receivables		(1,739)	(1,126)	(3,619)	(1,595)
(Increase)/decrease in contract assets		10	(184)	50	(152)
(Increase)/decrease in other current assets		(30)	114	(28)	173
Increase/(decrease) in trade accounts payable payables		(10,418)	9,376	(255)	7,247
Increase/(decrease) in contract liabilities		(1,488)	7,415	(1,127)	3,764
Income tax paid		-	188	-	189
Change in derivative financial instruments		229	-	229	-
Increase/(decrease) in provisions		1,777	-	1,574	-
Increase/(decrease) in other current liabilities and accrued expenses		677	(14)	534	23
Net cash flows from (to) operating activities		**2,993**	**3,835**	**3,117**	**6,384**
Cash flows from (to) investing activities					
(Acquisition) of non-current assets (excluding investments)		(609)	(564)	(463)	(548)
Proceeds from sale of non-current assets (except investments)		-	64	-	64
Net cash flows from (to) investing activities		**(609)**	**(500)**	**(463)**	**(484)**
Cash flows from (to) financing activities					
Loans received	13	6,000	-	6,000	-
(Repayment) of loans	13	(6,158)	(5,486)	(6,208)	(5,000)
Interest (paid)	13	(1,139)	(773)	(1,231)	(733)
Lease and related interests (paid)	5	(261)	(225)	(180)	(151)
Own shares purchase	1	(249)	-	(249)	-
Net cash flows from (to) financing activities		**(1,807)**	**(6,484)**	**(1,868)**	**(5,884)**
Net increase (decrease) in cash flows		**577**	**(3,149)**	**786**	**16**
Cash and cash equivalents at the beginning of the period		**2,770**	**5,919**	**648**	**632**
Cash and cash equivalents at the end of the period		**3,347**	**2,770**	**1,434**	**648**

* Note 2

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Kristijonas Kaikaris		As at 30 April 2024
Chief Financial Officer	Vygantas Reifonas		As at 30 April 2024

Notes to the financial statements

1 Corporate information

Novaturas AB (hereinafter – the Company) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows:

A. Mickevičiaus st. 27, Kaunas, LT-44245, Lithuania.

The Company's principal place of business is located the Baltic States.

Name of the Company and other methods of identification have not changed from the end of the previous reporting period.

Novaturas AB has no parent company.

The Group and the Company operate as tour operators and travel agencies. The Company was registered on 16 December 1999.

The shareholders of the Company were:

	As at 31 December 2023		As at 31 December 2022	
	Number of shares held	Ownership interest, %	Number of shares held	Ownership interest, %
Willgrow (ex UAB „ME Investicija“)	779,900	9.99%	779,900	9.99%
Ugnius Radvila	740,702	9.49%	740,702	9.49%
Moonrider OU	543,346	6.96%	543,346	6.96%
Paliūnas Vidas	535,278	6.86%	535,278	6.86%
Šūmakaris Rytis	535,278	6.86%	535,278	6.86%
AS Rondam	356,489	4.57%	356,489	4.57%
Rendez Vous OU	269,975	3.46%	524,671	6.72%
Other	3,990,035	51.11%	3,791,336	48.56%
Total	**7,751,003**	**99.28%**	**7,807,000**	**100.00%**
Novaturas AB	55,997	0.72%	-	0.00%
Total	**7,807,000**	**100.00%**	**7,807,000**	**100.00%**

Willgrow (former name ME Investicija) is investment company managing Girteka, one of the leading transport and logistics companies in Europe.

Janek Pohla, Manager of Rendez Vous OU, is also the founder and board member of 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.

Moonrider OU is under control of Estonian investment company Go Group, which operates in the fields of tourism, transport, real estate and engineering.

Companies, belonging to the Rondam AS group, operate the largest hotel in Tartu Dorpat with the SPA centre, as well as one of the best-rated hotels in Tallinn, Lydia.

All shares with a nominal value of EUR 0.03 each are ordinary and were fully paid as at 31 December 2023 and 2022.

The Company acquired 75,997 own shares on 20th September 2023 for share-based payment plan purposes (Note 12). On 14th December 2023, 20,000 shares were handed over via share based payments. All liabilities related to the transactions are fulfilled as of 31 December 2023.

The Company holds 55,997 own shares as of the year end. Company subsidiaries do not hold shares of the Company.

The Group consists of Novaturas AB and the following subsidiaries (hereinafter – the Group):

Company	Code	Registered at	Registered office	Part of shares held by the Group as at 31 December 2023, %	Part of shares held by the Group as at 31 December 2022, %	Core activities
Novatours SIA	40003525782	Latvian registry of enterprises	Kr. Valdemara St. 100, Riga, Latvia	100%	100%	Organization and distribution of tours.
Novatours OU	110138798	Estonian registry of enterprises	Ravala g. 6, Tallinn, Estonia	100%	100%	Organization and distribution of tours.
Aviaturas ir Partneriai UAB	124266117	Lithuanian registry of enterprises	Konstitucijos ave. 15/5, Vilnius, Lithuania	100%	100%	Organization and distribution of tours.
Novatours Holidays SRL	22801786	Romanian registry of enterprises	M. Caramfil st. 53, Buchareslit, Romania	100%	100%	Dormant

Since 2010, the subsidiary of the Company SRL Novatours Holidays was not active.

The Company has a branch registered at J. Jasinskio st. 16, Vilnius, Lithuania. The registration code of the branch is 125142371. Operating results of the branch are included in the financial statements of the Company.

2 Material accounting policies information

The material accounting policies, which have been applied in preparation of the Company's and the Group's financial statements for the year ended 31 December 2023, are as follows:

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU).

The financial statements of the Group and the Company have been prepared on a historical cost basis, except for derivatives that are carried at fair value.

The amounts shown in these financial statements are presented in the local currency, euro (EUR), which is also the functional currency of the Company and the Group companies located in Lithuania, Latvia and Estonia. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand, except when otherwise indicated and may not reconcile in notes due to rounding up.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The Company's management authorized these financial statements on 30 April 2024. The shareholders of the Company have a statutory right to either approve or refuse to approve these financial statements and require the management to prepare a new set of financial statements.

2.2 Summary of material accounting policies information

2.3.1 Investments in subsidiaries (the Company)

Investments in subsidiaries in the Company's separate financial statements are accounted at cost, less impairment.

2.3.2 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group applies amortised cost measurement for all financial assets as the current Group's business model requires to hold financial assets only for collecting contractual cash flows rather than selling the financial assets or both. Financial assets of the Group comprised trade and other receivables, cash and cash equivalents. The Group and the Company reclassifies debt instruments when and only when its business model for managing those assets changes.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to expected credit loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and contract assets and other receivables as well as cash and cash equivalents.

The Group does not have any financial assets which would be measured at fair value through OCI or fair value through profit or loss.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions - Note 3
- Trade accounts receivables, including contract assets and other current assets – Note 9

For financial assets and contract assets held at amortised cost, a loss allowance for expected credit losses is recognised in accordance with IFRS 9. Loss allowances for financial assets are based on either full lifetime expected credit losses or 12-month expected credit losses. A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk of that financial asset has increased significantly since initial recognition or if the financial instruments are trade receivables and contract assets. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

For trade receivables and contract assets the Group and the Company apply a simplified approach in calculating ECLs (Expected Credit Losses). Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairments and reversals of impairments are recognized in the statement of comprehensive income general and administrative expenses.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

a) The rights to receive cash flows from the asset have expired;

or

b) The Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (derivatives)
- Financial liabilities at amortised cost (loans, borrowings and other liabilities)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

The Group has derivatives financial instruments such as foreign exchange forwards and jet fuel forwards. These instruments are measured at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings and other liabilities)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to trade and other payables and interest-bearing loans and borrowings including bonds. For more information, refer to Note 13.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.3.4 Impairment of prepayments

At the end of the reporting period, the Company and the Group review its non-financial assets which consist mainly of prepayments. Prepayments mainly relate to customary advance payments in respect of future tourism services, in particular advance payments made to tour operators and other service providers for future hotel and flight services. The purpose of the review is to determine whether there is any indication that the prepayments suffered an impairment loss. If any such indication exists, the recoverable amount of the prepayments is estimated in order to determine the extent of the impairment loss (if any).

At each reporting date, the Group and the Company assesses whether there are any indicators of impairment for the prepayment assets, such as changes in customer behaviour, economic conditions, or specific circumstances affecting the travel industry (such as natural disasters or geopolitical events), information about issues in business operations of suppliers to whom prepayments were made. In addition, the Group and the Company analyse collectability and usability of prepayments considering volumes of future travels booked, potential attractiveness of destinations for local markets and particular hotels as well as prepayment consumption levels within each particular travel season. If there are indicators of impairment, the Group and the Company estimates the recoverable amount of the prepayment asset, comparing it to its carrying amount. If the recoverable amount is less than carrying amount, the Group and the Company recognize an impairment loss in the statement of comprehensive income, general and administrative expenses. Subsequent reversals of impairment losses are recognized in the statement of comprehensive income if the circumstances leading to the impairment have improved and the recoverable amount exceeds the carrying amount, up to the amount that would have been determined had no impairment loss been recognized previously.

2.3.5 Cash and cash equivalents

Cash includes cash on hand and cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 3 months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank accounts as well as deposits in bank with original term equal to or less than 3 months.

2.3.6 Revenue from the contracts with customers

Revenue is recognised upon transfer of control over distinct goods or services to the customer. Substantial part of the revenue generated by the Group and the Company is from the sale of travel packages. The Group and the Company provides three types of travel packages:

a) flight packages,
b) sightseeing tours by plane,
c) sightseeing tours by coach.

The revenue streams mentioned above in this note are further referred to as travel packages. The flights, hotel accommodation and other services included in a travel package are transformed into one product for the customer through a significant integration service provided by the Group and the Company as tour operator within the meaning of IFRS 15, so that the travel package constitutes one performance obligation for the Group and the Company. This revenue is recognised when the Group and the Company deliver the service for its customer, i. e. on a linear basis over the duration of the holiday tour, as customers consume their holiday on a pro rata basis.

The Group and the Company use the practical expedient offered under IFRS 15.121(a). For open performance obligations as at the balance sheet date, the Group and the Company disclose all remaining performance obligations for contracts with an original term of more than twelve months, i. e. at least twelve months lie between the start of the contract (in principle the booking date) and the end of the contract (in principle the end of the service).

Sales of travel packages are made on prepayment basis (customer pays in advance), therefore no relevant contract assets or trade receivables are recognised based these particular sales transactions.

Contract liabilities

Contract liability is an obligation of the Group and the Company to deliver goods or services for a customer. A contract liability is recognised when a payment is received from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Cost to obtain a contract

The direct costs immediately resulting from obtaining a contract, e. g. sales commissions to travel agencies for sales of travel services, are capitalised as contractual costs in the statement of financial position upon obligation to pay of the commission. As a rule, the resulting expenses are recognised over the duration of the travel service in line with the associated revenue.

Cost to fulfil a contract

Cost to fulfil a contract stands for prepaid costs relating to services to be provided under an existing contract with customer for travel package sold to satisfy performance obligations in future. Cost to fulfil a contract is recognised in expenses over the duration of the travel service in line with the associated revenue.

2.3.7 Taxation

Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation.

The Company's corporate income tax is calculated in accordance with provisions of tax legislation of the Republic of Lithuania. The income taxes of foreign subsidiaries are calculated in accordance with tax legislation applicable in those jurisdictions.

Standard income tax rate in Lithuania is 15%. Tax losses in Lithuania can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Group and the Company change its activities due to which these losses incurred except when the Group and the Company do not continue its activities due to reasons which do not depend on the Group or the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for five consecutive years and only be used to reduce the taxable income earned from transactions of the same nature. Starting from 1 January 2014, tax losses carried forward can be used to reduce the taxable income earned during the reporting year by maximum 70%.

According to Estonian and Latvian legislation, profit of entities accordingly in Estonia and Latvia are not subject to income tax, if the profits are retained. Earnings are subject to tax when they are distributed in the form of dividends or other form. Applied tax rate for distributed earnings in Latvia is 20/80. In Estonia, 14/86 still applies in 2023 and in 2024 for regular distributions. It will be lost from 01.01.2025. From thereon, 22% rate applies to all profit distributions.

Deffered tax

Deferred taxes are calculated using liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the date of the statement of financial position.

Deferred tax asset has been recognized in the statement of financial position to the extent the management believes it will be realized in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realized, this part of the deferred tax asset is not recognized in the financial statements.

While assessing deferred tax assets and liabilities for the Lithuanian entities, 15% tax rate was applied in 2023 and 2022.

As the object of taxation in Estonia and Latvia is dividends, not profit, there are no differences between the carrying amounts and tax bases of assets and liabilities which could give rise to deferred tax assets or liabilities at subsidiary level.

The Group incurs deferred tax liabilities in connection with investments in subsidiaries, except to the extent that the Group is able to control the timing of the reversal of the taxable temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Examples of the reversal of taxable temporary differences are the distribution of a dividend, the sale or liquidation of an investment, and other transactions.

As the Group controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of the temporary differences associated with its investments in the subsidiaries. As the Company has decided not to distribute a subsidiary's profit in the foreseeable future, it does not recognize a deferred tax liability due to the exception mentioned above.

Deferred tax asset and liabilities were offset in the consolidated statement of financial position by the amounts, which relate to tax levied by the same tax authority and to the same taxable entity.

2.3 Changes in accounting policies and disclosures

Application of new and/or changed IFRS and interpretations issued by International Accounting Standards Board (IASB)

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- Amendments to IFRS 17 "Insurance contracts" – Initial Application of IFRS 17 and IFRS 9 –Comparative Information, adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),

- Amendments to IAS 1 "Presentation of Financial Statements" –Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),

- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" –Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),

- Amendments to IAS 12 "Income Taxes" –Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023).

The adoption of these new standards, amendments to the existing standards and interpretation has not led to any material changes in the Group's and the Company's financial statements, except for implementation of IAS 1 "Presentation of Financial Statements" amendments, because of which accounting policy disclosed in the financial statements of the Group and the Company was reviewed disclosing only material accounting policy information.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective and which the Group and the Company has not started applying ahead of time

At the date of authorisation of these financial statements, the following new standard, amendments to the existing standard and interpretation issued by IASB and adopted by the EU are not yet effective:

- Amendments to IAS 1 "Presentation of Financial Statements" –Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),

- Amendments to IFRS 16 "Leases" –Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).

The management have not yet evaluated impact of these amendments.

Standards, interpretations and amendments that are not yet adopted by the European Union and which the Group and the Company has not started applying ahead of time

- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - (effective for annual periods beginning on or after 1 January 2024).

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments). The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

- IFRS 18 – Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB issued the IFRS 18 – Presentation and Disclosure in Financial Statements which replaces IAS 1 – Presentation of Financial Statements. IFRS 18 is the result of the IASB's Primary Financial Statements project and it becomes effective for annual reporting periods beginning on or after January 1, 2027. The new standard has not yet been endorsed by the EU.

Management will analyse the requirements of the new standard and amnedments and assess its impact upon becoming effective. The management have not yet evaluated impact of these amendments.

There are no other new or updated standards that are not yet effective but are expected to have a material impact on the Group's and the Company's financial statements.

2.2. Voluntary change in accounting policy

IFRS 15 adoption for the travel agencies commissions

When preparing financial statements for the prior periods the Group and the Company applied the practical expedient in IFRS 15.94 and expensed commission fees paid to travel agencies (which are incremental costs of obtaining a contract) as incurred. Considering that the travel industry is fast recovering from COVID, and the turnovers of the Group and the Company are growing, the difference between expensing the commissions and recognizing respective sales revenue becomes more substantial for the users of the financial statements. Seeking to provide the users of the financial statements more accurate information about the Group's and the Company's financial position and performance, the Management decided to proceed with the voluntary change in accounting policy and to recognize the cost of obtaining a contract as an asset and amortize it following the related service provision pattern. Change in accounting policy was presented retrospectively.

The effect of this change in accounting policy is disclosed in the Note 2.5.

2.4 Correction of an error

(1) Elimination of intercompany transactions

In preparation and consolidation of the Group financial statements for the year ended 31 December 2022 the error in elimination of intercompany transactions was made. Consequently, the assets (other receivables) and liabilities (other current liabilities and accrued expenses) were overstated for the Group, while for the Company only the assets were stated incorrectly (overstated other receivables and understated receivables from related parties) in the amount of 1.023 mln. Eur.

(2) Acquisition of own shares

The error of recording relevant profit appropriation results approved by the shareholders on the annual general meeting dated 24 May 2022 was made. Consequently, the equity numbers stated were affected: retained earnings was overstated and own shares acquisition reserve was understated in the amount of 1.250 M Eur as of 31 December 2022.

(3) Accrual for agents' bonuses

The Group and the Company are providing bonuses for agents, based on which at the period-end the Group and the Company have a present obligation from the past events and accordingly liability for that should be recognised. Respective obligation was not recognised in prior periods. Consequently, the amounts for liability and selling expenses were understated: Group – 299k EUR for 2022 and 181k EUR for 2021, Company – 182k EUR for 2022 and 101k EUR for 2021.

Restatement of statements of financial position captions affected by accounting errors and voluntary change in accounting policy

The errors have been corrected by restating each of the affected captions of the statements financial position and statement of comprehensive income for the prior periods presented. The restated captions are disclosed in the table below. Restatements for cash flows is not presented as it did not result in material impact (relates mainly to non – cash items).

Change in the structure of the statement of financial position

In order to have more clear presentation some of the captions in the statement of financial position were combined and re-grouped, effect of which is disclosed below:

1) 1,294k EUR were reclassified from prepayments and deferred expenses caption to capitalized contracts costs due caption change in structure of the Group's statement of financial position for year 2022.

2) 972k EUR were reclassified from prepayments and deferred expenses caption to capitalized contracts costs due caption change in structure of the Group's statement of financial position for year 2021.
3) 703k EUR were reclassified from prepayments and deferred expenses caption to capitalized contracts costs caption due to change in structure of the Company's statement of financial position for year 2022.
4) 424k EUR were reclassified from prepayments and deferred expenses caption to capitalized contracts costs caption due to change in structure of the Company's statement of financial position for year 2021.
5) 924k EUR were reclassified from prepayments and deferred expenses caption to trade accounts and other receivables caption due to change in structure of the Group's statement of financial position for year 2022.
6) 430k EUR were reclassified from prepayments and deferred expenses caption to trade accounts and other receivables caption due to change in structure of the Group's statement of financial position for year 2021.
7) 74k EUR were reclassified from prepayments and deferred expenses caption to trade accounts and other receivables caption due to change in structure of the Company's statement of financial position for year 2022.
8) 51k EUR were reclassified from prepayments and deferred expenses caption to trade accounts and other receivables caption due to change in structure of the Company's statement of financial position for year 2021.
9) 943k EUR were reclassified from prepayments and deferred expenses caption to other current assets caption due to change in structure of the Group's statement of financial position for year 2022.
10) 410k EUR were reclassified from prepayments and deferred expenses caption to other current assets caption due to change in structure of the Group's statement of financial position for year 2021.
11) 350k EUR were reclassified from prepayments and deferred expenses caption to other current assets caption due to change in structure of the Company's statement of financial position for year 2022.
12) 378k EUR were reclassified from prepayments and deferred expenses caption to other current assets caption due to change in structure of the Company's statement of financial position for year 2021.
13) 671k EUR were reclassified from other receivables to trade accounts and other receivables due to change in structure of the Group's statement of financial position for year 2022.
14) 471k EUR were reclassified from other receivables to trade accounts and other receivables due to change in structure of the Group's statement of financial position for year 2021.
15) 371k EUR were reclassified from other receivables to trade accounts and other receivables due to change in structure of the Company's statement of financial position for year 2022.
16) 361k EUR were reclassified from other current assets to trade accounts and other receivables due to change in structure of the Company's statement of financial position for year 2021.
17) 233k EUR were reclassified from prepayments and deferred expenses to contract assets due to change in structure of the Group's statement of financial position for year 2022.
18) 49k EUR were reclassified from trade receivables to contract assets due to change in structure of the Group's statement of financial position for year 2021.
19) 170k EUR were reclassified from trade receivables to contract assets due to change in structure of the Company's statement of financial position for year 2022.
20) 18k EUR were reclassified from prepayments and deferred expenses to contract assets due to change in structure of the Company's statement of financial position for year 2021.
21) 647k EUR were reclassified from other receivables to capitalized contract costs due to change in structure of the Group's statement of financial position for year 2022.
22) 145k EUR were reclassified from other receivables to capitalized contract costs due to change in structure of the Company's statement of financial position for year 2022.

Impact on the affected captions of the Group's previous period statement of financial position and statement of comprehensive income:

Group	As originally reported As at 31 December 2022	Errors corrected	Changes in accounting policy	Reclassifi-cations	Restated As at 31 December 2022
Prepayments	18,534	-	-	(3,394)	15,140
Capitalized contract costs	-	-	718	1,941	2,659
Trade accounts and other receivables	518	-	-	1,595	2,113
Contract assets	-	-	-	233	233
Other current assets	1,694	(1,023)	-	(375)	296
				-	
Total current assets	**23,520**	**(1,023)**	**718**	**-**	**23,215**
				-	
TOTAL ASSETS	**55,895**	**(1,023)**	**718**	**-**	**55,590**
				-	
Reserve for acquisition of own shares	-	1,250	-	-	1,250
Retained earnings	13,865	(1,549)	481	-	12,797
				-	
Total equity	**14,273**	**(299)**	**481**	**-**	**14,455**
				-	
Contract liabilities	-	-	-	15,716	15,716
Advances received	14,392	-	-	(14,392)	-
Other current liabilities and accrued expenses	3,745	(724)	237	(1,324)	1,934
Total current liabilities	**34,578**	**(724)**	**237**	**-**	**34,091**
				-	
TOTAL EQUITY AND LIABILITIES	**55,895**	**(1,023)**	**718**	**-**	**55,590**

Group	As originally reported As at 1st January 2022	Errors corrected	Changes in accounting policy	Reclassifi-cations	Restated As at 1st January 2022
Prepayments	6,244	-	-	(1,861)	4,383
Capitalized contract costs	-	388	-	972	1,360
Trade accounts and other receivables	167	-	-	901	1,068
Contract assets	-	-	-	49	49
Other current assets	471	-	-	(61)	410
Total current assets	**12,871**	**388**	**-**	**-**	**13,259**
TOTAL ASSETS	**44,641**	**388**	**-**	**-**	**45,029**
Reserve for acquisition of own shares	-	-	-	-	-
Retained earnings	14,683	267	(181)	-	14,769
Total equity	**15,088**	**267**	**(181)**	**-**	**15,174**
Contract liabilities	-	-	-	8,301	8,301
Advances received	8,615	-	-	(8,615)	-
Other current financial liabilities	4	-	-	(4)	-
Other current liabilities and accrued expenses	1,328	121	181	318	1,948
Total current liabilities	**17,114**	**121**	**181**	**-**	**17,416**
TOTAL EQUITY AND LIABILITIES	**44,641**	**388**	**-**	**-**	**45,029**

Group	As originally reported 2022	Errors corrected	Changes in accounting policy	Reclassifi-cations	Restated 2022
Selling expenses	(15,804)	(118)	214	-	(15,708)
Operating profit	**222**	**(118)**	**214**	**-**	**318**
Profit before tax	**(755)**	**(118)**	**214**	**-**	**(659)**
Net profit (loss)	**(818)**	**(118)**	**214**	**-**	**(722)**
				-	
Total comprehensive income	**(815)**	**(118)**	**214**	**-**	**(719)**
				-	
Net profit attributable to:	**-**	**-**	**-**	**-**	**-**
To the equity holders of the Company	(818)	(118)	214	-	(722)
		-		-	-
				-	
Total comprehensive income attributable to:	**-**	**-**	**-**	**-**	**-**
To the equity holders of the Company	(815)	(118)	214	-	(719)
		-		-	-
				-	
Earnings per share (EPS) for continuing operations:	**-**	**-**	**-**	**-**	**-**
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent (in EUR)	(0.10)	(0.02)	0.03	-	(0.09)

Impact on the affected captions of the Company's previous period statement of financial position and statement of comprehensive income:

Company	As originally reported As at 31 December 2022	Errors corrected	Changes in accounting policy	Reclassifi-cations	Restated As at 31 December 2022
Prepayments	7,012	-	-	(1,127)	5,885
Capitalized contract costs	-	-	367	848	1,215
Trade accounts and other receivables	471	-	-	275	746
Contract assets	-	-	-	170	170
Receivable from related parties	567	1,023	-	-	1,590
Other current assets	1,394	(1,023)	-	(166)	205
Total current assets	**10,096**	**-**	**367**	**-**	**10,463**
TOTAL ASSETS	**45,091**	**-**	**367**	**-**	**45,458**
Reserve for acquisition of own shares	-	1,250	-	-	1,250
Retained earnings	9,741	(1,432)	228	-	8,537
Total equity	**10,004**	**(182)**	**228**	**-**	**10,050**
Contract liabilities	-	-	-	8,073	8,073
Advances received	7,359	-	-	(7,359)	-
Other current liabilities and accrued expenses	1,429	182	139	(714)	1,036
Total current liabilities	**21,754**	**182**	**139**	**-**	**22,075**
TOTAL EQUITY AND LIABILITIES	**45,091**	**-**	**367**	**-**	**45,458**

Company	As originally reported As at 1st January 2022	Errors corrected	Changes in accounting policy	Reclassifi-cations	Restated As at 1st January 2022
Prepayments	4,107	-	-	(871)	3,236
Capitalized contract costs	-	-	187	424	611
Trade accounts and other receivables	149	-	-	412	561
Contract assets	-	-	-	18	18
Receivable from related parties	177	-	-	-	177
Other current assets	361	-	-	17	378
Total current assets	**5,495**	**-**	**187**	**-**	**5,682**
TOTAL ASSETS	**39,913**	**-**	**187**	**-**	**40,100**
Reserve for acquisition of own shares	-	-	-	-	-
Retained earnings	10,454	(101)	120	-	10,473
Total equity	**10,714**	**(101)**	**120**	**-**	**10,733**
Contract liabilities	-	-	-	4,309	4,309
Advances received	4,522	-	-	(4,522)	-
Other current financial liabilities	4	-	-	(4)	-
Other current liabilities and accrued expenses	628	101	67	217	1,013
Total current liabilities	**10,462**	**101**	**67**	**-**	**10,630**
TOTAL EQUITY AND LIABILITIES	**39,913**	**-**	**187**	**-**	**40,100**

Company	As originally reported 2022	Errors corrected	Changes in accounting policy	Reclassifi-cations	Restated 2022
Selling expenses	(8,184)	(80)	108	-	(8,156)
Operating profit	**802**	**(80)**	**108**	**-**	**830**
Profit before tax	**(692)**	**(80)**	**108**	**-**	**(664)**
Net profit (loss)	**(713)**	**(80)**	**108**	**-**	**(685)**
Total comprehensive income	**(710)**	**(80)**	**108**	**-**	**(682)**
Net profit attributable to:	-	-	-	-	-
To the equity holders of the Company	(713)	(80)	108	-	(685)
	-	-	-	-	-
Total comprehensive income attributable to:	**-**	**-**	**-**	**-**	**-**
To the equity holders of the Company	(710)	(80)	108	-	(682)
	-	-	-	-	-
Earnings per share (EPS) for continuing operations:	**-**	**-**	**-**	**-**	**-**
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent (in EUR)	(0.09)	(0.01)	0.01	-	(0.09)

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards, as adopted by the EU, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to impairment evaluation of goodwill (Notes 4) and investments in subsidiaries (Note 6), recoverability assessment of prepayments made (Notes 7), provision for legal case and recognition of related compensation receivable (Note 15) and deferred tax liability related to retained earnings of subsidiaries (Note 2.3.7.). Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Provision for legal case and recognition of related compensation receivable

On March 7th, 2024, the court ruled binding decision on the legal case in relation with Get-Jet. According to the decision, the Group (and the Company) loses right to recall the deposit kept at GetJet (of about 0.5mEur) and additionally, as a compensation of losses and interest, must pay to Get Jet an amount of 1.5 mEur. At the same time the Group (and the Company) had an agreement for compensation of 1 mEur from one of its suppliers.

Consequently, the Group (and the Company) have accounted for provision for the fine implied amounting to 1.5 mEur (Note 15) and compensation receivable in the amount of 1 mEur. (Note 9) in the statements of financial position. Change in provision and compensation income were netted in the statements of comprehensive income of the Group and the Company (other operating expenses). 100 % allowance had already been accounted for in previous accounting periods for the deposit amounting to 0.5 mEur (Note 7). The payment of 1.5 mEur claim amount and collection of 1 mEur compensation had already happened in 2024 before signing of these financial statements.

Both Get Jet and the Company until June 7th may apply for cassation procedure on the claim.

There were no provision and compensation receivable accounted as of 31 December 2022 due to the uncertainty related to the outcome of legal case.

Impairment of goodwill and investments in subsidiaries

For the purpose of goodwill recoverability Group's operations are divided in geographically defined cash-generating units. The recoverable amount of every cash-generating unit as at 31 December 2023 was determined based on the expected future cash flows in accordance with five-year forecasts approved by the management. In 2023, the assessment of cash-generating units is based on assumptions relating to the growth of the number of travellers (compound annual growth rate (CAGR) in 2024–2028 is 1.3%), occupancy rate in tourist destinations (95%) and certain impacts of the approved strategic initiatives of the Company on profitability (add-on sales and others). Cash flows after five years horizon are extrapolated based on 2% constant annual growth assumption, which reflects the best management's estimate of the situation in this industry. Discount rate before tax was evaluated based on cash generating unit average weighted cost of capital and amounted to 11.33% (pre-tax) in 2023 (in 2022 – 12.79 %). Based on the recoverability assessment performed no impairment for goodwill was identified as at 31 December 2023.

The recoverable amount of every cash-generating unit as at 31 December 2022 was determined based on the expected future cash flows in accordance with five-year forecasts approved by the management. In 2022, the assessment of cash-generating units is based on assumptions relating to the growth of the number of travellers (compound annual growth rate (CAGR) in 2023–2027 is 3.5%), occupancy rate in tourist destinations (95–97%) and certain impacts of the approved strategic initiatives of the Company on profitability (algorithmic pricing and add-on sales). Cash flows after five years horizon are extrapolated based on 2% constant annual growth assumption, which reflects the best management's estimate of the situation in this industry. Discount rate before tax was evaluated based on cash generating unit average weighted cost of capital and amounted to 12.79% (pre-tax) in 2022 (in 2021 – 10.25 %). Based on the recoverability assessment performed no impairment for goodwill was identified as at 31 December 2022.

The following are the impacts of change in main assumptions used for recoverability assessment for 2023:

Description of the change in assumption used	Effects of estimated impairment on value of goodwill, EUR'000
WACC rate increase by 1 pp (11,34% to 12,34%)	1 500
Growth of sales through own channels reduces by 5pp (10% to 5% during 2025 - 2027	3 940
Profitability per customer reduces by 10 % during 2025 - 2028	3 560

The Company uses same cash flow models, as described above for the testing of impairment of investments in subsidiaries. As at 31 December 2023 and 2022, impairment of investment into subsidiary SRL Novatours Holidays was accounted for. Impairment of the investment in Aviaturas ir Partneriai UAB was accounted for as at 31 December 2023 and 2022. Since there is no improvement in the financial performance of these subsidiaries, impairment is not reversed.

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters is impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2023 test of goodwill, the Group considered expectations for increased costs related to flight fuel emissions as well as refurbishment of hotel equipment to that operating at required sustainability levels.

Recoverability of prepayments

Group (and Company's) prepayment are kept with counterparties that the Group (and the Company) has business with, or that are active in their home markets. The Group and the Company analysed collectability and usability of prepayments considering volumes of future travels booked, potential attractiveness of destinations of local markets and particular hotels as well as prepayment consumption levels within each particular travel season. After the analysis certain amount of impairment loss was recognised as at 31 December 2023 and 2022 (Note 7).

As at 31 December 2023 the Group and the Company have sent confirmation letters to selected major prepayment holders. Such exercise has been done first time since pre-Covid times. Some of suppliers have responded with different balances and differences, as viewed by the management, mostly are originating in records of years 2021 – 2022. The management is investigating these differences however due to the complex process of investigation of these differences and communication with suppliers, by the date of issuance of 2023 financial statements the Group and the Company were not able to fully determine their reasons and if any corrections are needed in this respect to the amounts reported by the Company and the Group. The management believes that Group's and Company's data is correct and continues the reconciliation process with the aim to close it during 2024.

4 Goodwill and other intangible assets

Group	Goodwill	Software	Total
Acquisition cost:			
Balance as of 31 December 2021	**30,327**	**816**	**31,143**
Additions	-	506	506
Write-offs	-	-	-
Balance as of 31 December 2022	**30,327**	**1,322**	**31,649**
Additions	-	292	292
Write-offs	-	(33)	(33)
Balance as of 31 December 2023	**30,327**	**1,581**	**31,908**
Accumulated amortisation/impairment:			-
Balance as of 31 December 2021	**-**	**689**	**689**
Amortisation charge for the year	**-**	6	6
Write-offs	-	-	-
Balance as of 31 December 2022	**-**	**695**	**695**
Amortisation charge for the year	**-**	77	77
Write-offs	-	-	-
Balance as of 31 December 2023	**-**	**772**	**772**
Net book value as of 31 December 2023	**30,327**	**809**	**31,136**
Net book value as of 31 December 2022	**30,327**	**627**	**30,954**
Net book value as of 31 December 2021	**30,327**	**127**	**30,454**

Company	Goodwill	Software	Total
Acquisition cost:			-
Balance as of 31 December 2021	**30,327**	**723**	**31,050**
Additions	-	506	506
Write-offs	-		-
Balance as of 31 December 2022	**30,327**	**1,229**	**31,556**
Additions	-	258	258
Write-offs	-		-
Balance as of 31 December 2023	**30,327**	**1,487**	**31,814**
Accumulated amortisation/impairment:			-
Balance as of 31 December 2021	**-**	**596**	**596**
Amortisation charge for the year		6	
Write-offs	-		-
Balance as of 31 December 2022	**-**	**602**	**602**
Amortisation charge for the year		76	
Write-offs	-		-
Balance as of 31 December 2023	**-**	**678**	**678**
Net book value as of 31 December 2023	**30,327**	**809**	**31,136**
Net book value as of 31 December 2022	**30,327**	**627**	**30,954**
Net book value as of 31 December 2021	**30,327**	**127**	**30,454**

After merging of Central European Tour Operator UAB on 30 September 2008 into Novaturas UAB, goodwill, which arose on the acquisition of shares of Novaturas UAB, was recognized in the consolidated financial statements of the Group and separate financial statements of the Company. For goodwill impairment assessment refer to Note 3.

5 Right-of-use assets and lease liabilities

These agreements stand for lease of premises.

	Group	Company
Right-of-use assets:		
Balance as of 31 December 2021	**346**	**221**
Additions	196	157
Depreciation for the year	(204)	(139)
Balance as of 31 December 2022	**338**	**239**
Additions	251	116
Depreciation for the year	(231)	(154)
Balance as of 31 December 2023	**358**	**201**

	Group	Company
Lease liabilities:		
Balance as of 31 December 2021	**378**	**243**
Additions	214	159
Payments made	(208)	(139)
Interest paid	(17)	(12)
Balance as of 31 December 2022	**367**	**251**
Additions	295	150
Payments made	(231)	(163)
Interest paid	(30)	(17)
Balance as of 31 December 2023	**401**	**221**

	2023		2022	
	Group	Company	Group	Company
Depreciation expense on right-of-use assets	231	154	204	139
Interest expense on lease liabilities	30	17	17	12
Expense relating to short-term leases	231	163	208	139

	2023		2022	
	Group	Company	Group	Company
Non-current lease liabilities	235	133	179	128
Current lease liabilities	166	88	188	123

6 Investment in subsidiaries

Investments into subsidiaries of the Company as at 31 December are as follows:

	2023				2022			
Subsidiary	Acquisition cost	Controlled part, %	Net profit (loss) of subsidiary	Equity of subsidiary	Acquisition cost	Controlled part, %	Net profit (loss) of subsidiary	Equity of subsidiary
Novatours SIA	1,073	100%	151	183	1,073	100%	(393)	38
Novatours OU	1,786	100%	1,825	8,695	1,786	100%	(294)	6,380
Aviaturas ir Partneriai UAB	361	100%	120	228	361	100%	27	78
Novatours Holidays SRL	95	100%	-	-	95	100%	-	-
(Impairment)	(456)	100%	-	-	(456)	100%	-	-
Total	**2,859**				**2,859**			

As at 31 December 2023 and 2022, impairment of investment into subsidiary SRL Novatours Holidays was accounted for. Impairment of the investment in Aviaturas ir Partneriai UAB was accounted for as at 31 December 2023 and 2022.

As at 31 December 2023 and 2022 the shares of SIA Novatours, OU Novatours and UAB Aviaturas ir Partneriai, owned by the Company, were pledged to the Luminor Bank AS in accordance with the long-term loan agreement (Note 13).

The recoverable amount of every cash-generating unit as at 31 December 2023 was determined based on the expected future cash flows in accordance with five-year forecasts approved by the management as disclosed in Note 3. Based on the recoverability assessment performed no additional impairment for investment in subsidiaries was identified as well as resulted in no ground for reversal of previously booked impairment as at 31 December 2023 and 2022.

7 Prepayments

	Group		Company	
	As at 31 December 2023	As at 31 December 2022 (restated)	As at 31 December 2023	As at 31 December 2022 (restated)
Prepayments				
Prepayments to service suppliers	6,055	15,905	4,196	6,484
Impairment losses for doubtful balances	(269)	(765)	(103)	(599)
Total of prepayments	**5,786**	**15,140**	**4,093**	**5,885**

The main part of the Group's and the Company's prepayments as at 31 December 2023 and 2022 consisted of cost related to airline tickets, hotel services, visas, ferry boat tickets and other services. Change in allowance for doubtful prepayments for the years 2023 and 2022 has been included into general and administrative expenses.

8 Capitalized contract costs

	Group		Company	
	As at 31 December 2023	As at 31 December 2022 (restated)	As at 31 December 2023	As at 31 December 2022 (restated)
Cost to obtain a contract	718	718	325	367
Cost to fulfill a contract	3,314	1,941	925	848
Total of capitalized contract costs	**4,032**	**2,659**	**1,250**	**1,215**

9 Trade accounts and other receivables and contract assets

	Group		Company	
	As at 31 December 2023	As at 31 December 2022 (restated)	As at 31 December 2023	As at 31 December 2022 (restated)
Trade accounts receivables				
Trade receivable, gross	1,257	927	655	870
Less: Impairment losses for doubtful receivable	(354)	(408)	(351)	(399)
Total of trade accounts receivables	**903**	**519**	**304**	**471**
Other receivables				
Compensation receivable for Get-Jet Airlines case	1,000	-	1,000	-
Deposits to the service suppliers	1,316	1,157	234	74
Subsidies receivable from government	40	249	40	89
VAT receivable	356	85	262	32
Other	362	103	120	80
Total of other receivables	**3,074**	**1,594**	**1,656**	**275**
Contract assets	223	233	120	170
Total of trade accounts receivables and other current assets	**4,200**	**2,346**	**2,080**	**916**

Deposits paid to suppliers are classified as current assets and are expected to be reimbursed in cash.

Change in allowance for doubtful receivables for the years 2023 and 2022 has been included into general and administrative expenses.

Movement in the allowance for the Group's and the Company's receivables and contract assets is as follows:

	Individually assessed impairment	
	Group	Company
Balance as at 31 December 2021	**(131)**	**(120)**
Reversal of allowance for expected credit loss for the year	-	-
Written off amounts	-	-
Allowance for expected credit loss for the year	(277)	(279)
Balance as at 31 December 2022	**(408)**	**(399)**
Reversal of allowance for expected credit loss for the year	49	48
Written off amounts		
Allowance for expected credit loss for the year	5	
Balance as at 31 December 2023	**(354)**	**(351)**

The ageing analysis of the Group's trade receivables (including contract assets) as at 31 December is as follows:

Group	Receivables, neither past due nor allowed for expected credit loss	Receivables past due but not impaired					Total
		Less than 30 days	30-60 days	60-90 days	90-120 days	More than 120 days	
2023							
Trade accounts receivables (including contract assets)	344	326	183	77	54	496	**1,480**
Less: Impairment losses for doubtful receivables						(354)	**(354)**
Total trade accounts receivables (including contract assets)	344	326	183	77	54	142	**1,126**
2022							
Trade accounts receivables (including contract assets)	665	19	10	17	11	438	**1,160**
Less: Impairment losses for doubtful receivables						(408)	**(408)**
Total trade accounts receivables (including contract assets)	665	19	10	17	11	30	**752**

The ageing analysis of the Company's trade receivables (including contract assets) as at 31 December is as follows:

Company	Receivables, neither past due nor allowed for expected credit loss	Receivables past due but not impaired					Total
		Less than 30 days	30-60 days	60-90 days	90-120 days	More than 120 days	
2023							
Trade accounts receivables (including contract assets)	189	6	75	11	35	459	**775**
Less: Impairment losses for doubtful receivables						(351)	**(351)**
Total trade accounts receivables (including contract assets)	189	6	75	11	35	108	**424**
2022							
Trade accounts receivables (including contract assets)	591	4	4	13	9	419	**1,040**
Less: Impairment losses for doubtful receivables						(399)	**(399)**
Total trade accounts receivables (including contract assets)	591	4	4	13	9	20	**641**

No interests are applied for trade receivables from clients. Generally, the Group and the Company require settlement of receivable for the tour before the commencement of the tour.

10 Derivative financial instruments

The Group and the Company have derivative financial instruments such as foreign exchange forwards and jet fuel forwards. Hedge accounting for these instruments is not applied. Derivative financial instruments are measured at fair value. Fair value is measured based on the information provided by the third party, which is based on the quoted market prices (level 2 of fair value hierarchy).

During 2023, the Group and the Company had gain from realised derivative financial instruments amounting to EUR 660 thousand and EUR 354 thousand, respectively, and unrealised loss from derivative financial instruments revaluation EUR 209k and EUR 119k, respectively, which was accounted for in the finance income/ expenses (Note 22).

As at 31 December 2022, the Group and the Company did not have any existing open derivative financial instruments. During 2022, the Group and the Company had loss of EUR 671 thousand from derivative financial instruments each which were realised and for which hedge accounting was applied, which was accounted for in the finance income/ expenses (Note 22).

11 Cash, cash equivalents and restricted cash

	Group		Company	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
Cash at bank	3,206	2,474	1,413	391
Cash on hand	109	96	19	57
Cash in transit	32	-	2	-
Restricted cash	-	200	-	200
Total of cash and cash equivalents	**3,347**	**2,770**	**1,434**	**648**

As at 31 December 2022 the amount of EUR 200 thousand was restricted for credit card payments. No such as at 31 December 2023.

12 Reserves

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. The legal reserve can only be used to cover accumulated losses.

Legal reserve of the Group and the Company amounted to EUR 29 thousand as at 31 December 2023 and 2022 and was fully formed.

Foreign currency translation reserve

The foreign currency translation reserve is made for translation differences arising on consolidation of financial statements of foreign subsidiaries.

Exchange differences are classified as share capital in the consolidated financial statements until disposal of the investment. Upon disposal of the corresponding investment, the exchange differences accumulated in the translation reserve are recognized as income or expenses in the same period, when the gain or loss on disposal by investment is recognized.

Reserve for acquisition of own shares

The reserve for acquisition of own shares represents the accumulated cost of shares of the Company acquired in accordance with the relevant regulatory requirements and the Company's Articles of Association. The purpose of the reserve is to provide flexibility in managing the Company's capital structure and to support various corporate objectives, including the issuance of shares under employee share-based payment plans and other strategic initiatives.

During the 2023, the Company acquired 75,997 shares of its own common stock for a total consideration of EUR 249k.

Based on the decision of the Shareholders for the acquisition of own shares, an amount of EUR 1.25 M was transferred from retained earnings to the reserve for the acquisition of own shares in 2022 representing the limit of consideration to be payable for own share acquisition.

The reserve for acquisition of own shares is subject to legal and regulatory restrictions, including limitations on the use of the shares acquired for purposes such as voting rights and distributions to shareholders. The reserve is not distributable as dividends or other forms of capital distributions.

The Company will continue to assess the need for the reserve for the acquisition of own shares in light of its capital management objectives and regulatory requirements, and any material changes to the reserve will be disclosed in future financial statements.

13 Borrowings

	Group		Company	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
Borrowings				
Luminor Bank AS long-term credit line, annual interest rate – 3 month EURIBOR + 3.00%	2,000	1,000	2,000	1,000
Limited partnership “Pagalbos verslui fondas” ordinary bonds of 5.60%	5,000	5,000	5,000	5,000
Altum loan, annual interest rate – 2.9%	-	160	-	-
Novatours OU loan, annual interest rate – 6 month EURIBOR + 7.2%	-	-	6,300	6,500
Loan granted by Investicijų ir verslo garantijos UAB, annual interest rate – 1.69%.	1,262	1,735	1,262	1,735
Average weighted annual interest rate on a liquidity loan and loan from State Social Insurance Fund – 0%	420	945	410	945
Total borrowings	**8,682**	**8,840**	**14,972**	**15,180**
Less: current portion of non-current borrowings	(742)	(1,975)	(735)	(1,975)
Total non-current borrowings	**7,940**	**6,865**	**14,237**	**13,205**
Current borrowings				
Current portion of non-current loans	742	1,975	735	1,975
Total current borrowings	**742**	**1,975**	**735**	**1,975**

Weighted average effective interest rates of borrowings outstanding at the year-end:

	Group		Company	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
Current borrowings (current portion of long term borrowings)	5.1%	4.2%	6.8%	6.7%
Long term borrowings	5.1%	4.3%	6.8%	6.5%

Terms of repayment of long-term borrowings are as follows:

	Group		Company	
	As at 31 December 2023	As at 31 December 2022 (restated)	As at 31 December 2023	As at 31 December 2022 (restated)
Up to 1 year	742	1,975	735	1,975
1-5 years	7,940	6,865	14,237	13,205
Total repayment of long-term borrowings	**8,682**	**8,840**	**14,972**	**15,180**

The movement of borrowings and interest liabilities for the year 2023 and 2022 are stated below:

	Group		Company	
	2023	2022 (restated)*	2023	2022 (restated)*
Borrowings				
Opening balance as at 1 January	**8,840**	**14,326**	**15,180**	**20,180**
Loans received	6,000	-	6,000	-
Loans repaid	(6,158)	(5,486)	(6,208)	(5,000)
Closing balance as at 31 December	**8,682**	**8,840**	**14,972**	**15,180**
Interest liabilities				
Opening balance as at 1 January	**-**	**59**	**377**	**35**
Accumulated interest for the year	1,139	714	1,561	1,242
Non-cash offsets	-	-	(453)	(167)
Interest paid	(1,139)	(773)	(1,231)	(733)
Closing balance as at 31 December	**-**	**-**	**254**	**377**

As at 31 December, borrowings outstanding were denominated only in national currency – EUR.

As at 31 December 2023 and 2022, shares of Novatours SIA, Novatours OU and Aviaturas ir Partneriai UAB owned by the Company were pledged to Luminor Bank AS for long-term loan granted (Note 6).

As at 31 December 2023, the Group's and the Company's unused credit facility amounted to EUR 3,043 thousand (2022: EUR 4,043 thousand). The facility can be freely accessed until July 2024. During July – December 2024 period the facility shall gradually reduce by EUR 2,000 thousand and shall fully be repaid before end June 2025.

As at 31 December 2023 and 2022, the Group complied with financial and non-financial covenants.

14 Financial assets and liabilities and risk management

Credit risk

The Group's and the Company's credit risk is relatively low, since customers are requested to pay for the tour before the tour starts. In addition, credit limits have been granted to travel agencies through which the majority of sales take place. The main purpose of these credit limits is to ensure timely payments. If they exceeded the credit limit, the Company's reservation system automatically blocks the sales.

The Group and the Company do not guarantee obligations of other parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the statement of financial position. Consequently, the Group and the Company consider that their maximum exposure is reflected by the amount of trade and other receivables and contract assets, net of allowance for doubtful accounts recognized at the statement of financial position as well as cash and cash equivalents. Moreover, the Group's and the Company's ageing analysis of trade receivables as at 31 December 2023 and 2022 shows that there are no significant debts overdue more than 90 days which recovery period is not defined at the date of financial statements.

Interest rate risk

As 31 December 2023 and 2022, the Group and the Company had a credit line of EUR 5,000 thousand granted by AS Luminor (actual drawdown of the credit line amounted to EUR 2,000 thousand as of 31 December 2023 and to EUR 1,000 thousand as 31 December 2022), the cost of which depends on the value of 6-month EURIBOR. Additionally, the Company had obtained the loan of EUR 6,300 thousand from the subsidiary Novatours OU, the cost of which, also depends on the value of EURIBOR. There are no financial instruments designated to manage the exposure to fluctuation in interest rates outstanding as at 31 December 2023 and 2022.

The sensitivity analyses below have been determined based on the exposure to floating interest rates for loan agreements with Luminor Bank AS (for the Group and for the Company) and with Novatours OU (for the Company) at the end of the reporting period. The analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

- Profit for the year ended 31 December 2023, would decrease/increase by EUR 25 thousand (2022: decrease/increase by EUR 25 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.
- Fluctuation of interest on the Company's loan from its subsidiary will not affect the Group's performance, however would increase Company's cost by EUR 31 thousand (2022 – EUR 33 thousand).

Foreign exchange risk

The Group and the Company manage foreign exchange risk by contracting agreements in EUR. In addition the Group and the Company enters to the contracts for foreign exchange forwards as disclosed in Note 10.

Monetary assets and liabilities stated in various currencies as at 31 December were as follows (EUR equivalent):

Group	As at 31 December 2023		As at 31 December 2022 (restated)	
	Assets	Liabilities	Assets	Liabilities
EUR	7,323	22,080	3,896	38,557
USD	-	7,792	987	2,578
THB	1	265	-	-
	7,324	**30,137**	**4,883**	**41,135**

Company	As at 31 December 2023		As at 31 December 2022 (restated)	
	Assets	Liabilities	Assets	Liabilities
EUR	7,400	33,648	2,296	34,320
USD	-	936	688	1,088
THB	1	84	-	-
	7,401	**34,668**	**2,984**	**35,408**

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant, of the Group and the Company's profit before tax (through the impact on monetary assets and liabilities) without the effect of hedge instruments owned:

	Group		Company	
	Fluctuations in exchange rate	Effect on the profit before tax	Fluctuations in exchange rate	Effect on the profit before tax
2023				
USD	-10%	(779)	-10%	(94)
USD	10%	779	10%	94
THB	-10%	(26)	-10%	(8)
THB	10%	26	10%	8
2022				
USD	-10%	(159)	-10%	(40)
USD	10%	159	10%	40

Fair value of financial assets and liabilities

The following methods and assumptions are used to estimate the fair values of each class of financial assets and liabilities:

a) The carrying amount of trade, related party and other accounts receivable, current trade, related party and other accounts payable and current borrowings approximates fair value (level 3).
b) The fair value of non-current borrowings is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current borrowings with variable interest rates approximates their carrying amounts. The fair value of borrowings with fixed interest rates has been calculated by discounting the expected future cash flows using market interest rates.
c) Fair value of the derivatives are defined as level 2 based on market observable inputs.

There were no movements of financial instruments between the levels during 2023 and 2022.

Set out is a comparison of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

Group	Carrying amount		Fair value	
	As at 31 December 2023	As at 31 December 2022 (restated)	As at 31 December 2023	As at 31 December 2022 (restated)
Financial assets				
Restricted cash	-	200	-	200
Cash and cash equivalents	3,347	2,570	3,347	2,570
Trade accounts receivables	903	519	903	519
Other receivables	3,077	1,722	3,077	1,722
Contract assets	223	233	223	233
Financial liabilities				
Interest bearing borrowings	8,262	7,895	8,262	7,895
Interest free loans	420	945	420	945
Trade accounts payable	3,854	14,272	3,854	14,272
Lease liabilities	401	367	401	367
Derivate financial instruments	229	-	229	-
Other current liabilities and accrued expenses	1,419	1,109	1,419	1,109

Set out is a comparison of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

Company	Carrying amount		Fair value	
	As at 31 December 2023	As at 31 December 2022 (restated)	As at 31 December 2023	As at 31 December 2022 (restated)
Financial assets				
Restricted cash	-	200	-	200
Cash and cash equivalents	1,434	448	1,434	448
Receivables from related parties	4,007	1,590	4,007	1,590
Trade receivables	304	471	304	471
Other receivables	1,656	287	1,656	287
Contract assets	120	170	120	170
Financial liabilities				
Interest bearing borrowings	14,562	14,235	14,562	14,235
Interest free loans	410	945	410	945
Trade accounts payable	1,950	7,122	1,950	7,122
Payables to related parties	8,663	3,746	8,663	3,746
Lease liabilities	221	251	221	251
Derivate financial instruments	229	-	229	-
Other current liabilities and accrued expenses	819	585	819	585

The management have evaluated that interest free loans for the assessment of fair value does not have material effect, because of considerably short term and monetary amount of loan, therefore carrying value considered to be closed to fair value.

Liquidity management

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. Liquidity risk is managed by planning of the Group's and the Company's cash flows.

The Group's liquidity (total current assets/total current liabilities) and quick ratios ((total current assets – inventories) / total current liabilities) as at 31 December 2023 were 0.75 and 0.75, respectively (0.60 and 0.60 as at 31 December 2022, respectively). The Company's liquidity and quick ratios as at 31 December 2023 were 0.60 and 0.60, respectively (0.47 and 0.47 as at 31 December 2022).

As at 31 December 2023, the Group's current liabilities exceeded current assets by EUR 6,044 thousand out of which liquidity gap amounting to EUR 4,410 thousand relates to prepayments and capitalized contract costs and contract liabilities that will not be paid in cash in future. The Group's and the Company's financial statements were prepared under going concern assumption. The Group management's going concern assessment is based on the assumptions as described in the Note 28.

Group and the Company plan to use both unused credit facilities (as disclosed in Note 13) as well as operating cash flows generated by their activity and other measures as disclosed in Note 28. Company's going concern assessment is made in the context of the Group as the Company can use free financial resources of its subsidiaries.

The table below summarizes the maturity profile of the Group's financial liabilities as at 31 December 2023 and 2022 based on undiscounted contractual payments.

Group	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Total	Discount effect	Total discounted
Interest bearing borrowings	-	148	736	8,430	**9,314**	(1,052)	**8,262**
Interest free loans	-	91	178	151	**420**	-	**420**
Trade accounts payable	-	3,854	-	-	**3,854**	-	**3,854**
Lease liabilities	-	30	148	245	**423**	(22)	**401**
Derivate financial instruments	-	229	-	-	**229**	-	**229**
Other current liabilities and accrued expenses	107	795	517	-	**1,419**	-	**1,419**
Balance as at 31 December 2023	**107**	**5,147**	**1,579**	**8,826**	**15,659**	**(1,074)**	**14,585**
Interest bearing borrowings	-	457	1,859	7,869	**10,185**	(2,290)	**7,895**
Interest free loans	-	91	449	405	**945**	-	**945**
Trade accounts payable	-	14,272	-	-	**14,272**	-	**14,272**
Lease liabilities	-	39	194	422	**655**	(288)	**367**
Derivate financial instruments	-	-	-	-	**-**	-	**-**
Other current liabilities and accrued expenses	114	513	482	-	**1,109**	-	**1,109**
Balance as at 31 December 2022	**114**	**15,372**	**2,984**	**8,696**	**27,166**	**(2,578)**	**24,588**

The table below summarizes the maturity profile of the Company's financial liabilities as at 31 December 2023 and 2022 based on undiscounted contractual payments.

Company	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Total	Discount effect	Total discounted
Interest bearing borrowings	-	233	1,163	15,967	**17,363**	(2,801)	**14,562**
Interest free loans	-	90	172	148	**410**	-	**410**
Trade accounts payable	-	1,950	-	-	**1,950**	-	**1,950**
Payables to related parties	-	8,663	-	-	**8,663**	-	**8,663**
Lease liabilities	-	16	78	139	**233**	(12)	**221**
Derivate financial instruments	-	229	-	-	**229**	-	**229**
Other current liabilities and accrued expenses	68	428	323	-	**819**	-	**819**
Balance as at 31 December 2023	**68**	**11,609**	**1,736**	**16,254**	**29,667**	**(2,813)**	**26,854**
Interest bearing borrowings	-	441	2,399	16,045	**18,885**	(4,650)	**14,235**
Interest free loans	-	91	449	405	**945**	-	**945**
Trade accounts payable	-	7,122	-	-	**7,122**	-	**7,122**
Payables to related parties	-	3,746			**3,746**	-	**3,746**
Lease liabilities	-	28	138	233	**399**	(148)	**251**
Derivate financial instruments	-			-	**-**	-	**-**
Other current liabilities and accrued expenses	69	233	283	-	**585**	-	**585**
Balance as at 31 December 2022	**69**	**11,661**	**3,269**	**16,683**	**31,682**	**(4,798)**	**26,884**

The Group and the Company is not expecting that any cash flow will be significantly before or afterwards the periods listed above.

Capital management

The primary objective of the Group's and the Company's capital management is to ensure that the Group and the Company comply with externally imposed capital requirements and that the Group and the Company maintain healthy capital ratios in order to support the business and to maximize shareholders' value (capital in the meaning of IAS 1 comprises of the equity presented in the financial statements).

The Group and the Company manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of their activities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares (to maintain the agreed loan maturities, distribution of equity in any form needs to be pre-approved by loan capital lenders). No changes were made in the objectives, policies or processes of capital management during the years ended 31 December 2023 and 2022.

The Group and the Company is obliged to upkeep the equity at not less than 50% of the share capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 31 December 2023 and 2022, the Group and the Company also had external share capital requirements from the bank regarding equity and asset ratio. As at 31 December 2023 and 2022, the Group and the Company were in compliance with the above mentioned requirements.

The Group and the Company assess capital using a ratio of total liabilities and equity. The capital includes ordinary shares, reserves and retained earnings attributable to the equity shareholders of the parent company. The Group's and the Company's management has not identified a specific target of the liabilities-to-equity ratio, however, below stated ratios are regarded as rather good by the management:

	Group		Company	
	As at 31 December 2023	As at 31 December 2022 (restated)	As at 31 December 2023	As at 31 December 2022 (restated)
Non-current liabilities	8,175	7,044	14,370	13,333
Current liabilities	23,739	34,091	21,872	22,075
Total liabilities	**31,914**	**41,135**	**36,242**	**35,408**
Equity, attributable to the equity holders of the parent	**17,939**	**14,455**	**11,693**	**10,050**
Liabilities to equity ratio	**1.78**	**2.85**	**3.10**	**3.52**

15 Provisions and other current liabilities and accrued expenses

	Group		Company	
	As at 31 December 2023	As at 31 December 2022 (restated)	As at 31 December 2023	As at 31 December 2022 (restated)
Provisions				
Provision for Get-Jet Airlines legal case	1,497	-	1,497	-
Provision for onerous contracts	280	-	77	-
Total provisions	**1,777**	**-**	**1,574**	**-**
Accrued expenses				
Travel related accrued expenses	617	275	294	150
Accrual for employees bonus	286	195	236	168
Employees vacation accrual	347	266	278	204
Accrual for agents' bonus	281	299	178	182
Audit related accrued expenses	111	164	78	35
Other accruals	10	5	10	20
Total of accrued expenses	**1,652**	**1,204**	**1,074**	**759**
Other current liabilities				
Deposits from agencies	372	328	231	189
Taxes payable, other than income tax	294	44	133	6
Payroll related liabilities	265	320	104	73
Other amounts payable	28	38	28	9
Total other liabilities	**959**	**730**	**496**	**277**
Total of other current liabilities and accrued expenses	**2,611**	**1,934**	**1,570**	**1,036**

Other current liabilities are interest free and are settled during 1–90 days.

16 Contract liabilities

	Group		Company	
	As at 31 December 2023	As at 31 December 2022 (restated)	As at 31 December 2023	As at 31 December 2022 (restated)
Customers prepayments for future travels	12,210	13,677	6,002	6,925
Contract liabilities for travels started, but not ended at the end of the reporting period	1,658	1,673	746	924
Travel coupons and vouchers	360	366	198	224
Total of contract liabilities	**14,228**	**15,716**	**6,946**	**8,073**

As of 31 December 2022, contract liabilities of 15,716 thousand EUR for the Group and 8,073 thousand EUR for the Company were recorded. These amounts were recognised as revenue from customers in 2023 as the performance obligations were satisfied during the year.

17 Revenue from contracts with customer

Revenue from the contract with customers according to the revenue streams is stated below:

	Group		Company	
	2023	2022	2023	2022
Flight package tours	182,833	175,189	102,118	93,397
Sightseeing tours by coach	1,847	1,360	1,847	1,360
Sightseeing tours by plane	2,752	1,426	2,169	1,396
Other sales	20,899	18,701	13,312	12,177
Total of revenue form the contract with customers	**208,331**	**196,676**	**119,446**	**108,330**

Revenue from the contract with customers according to the recognition of revenue is stated below:

	Group		Company	
	2023	2022	2023	2022
Revenue from the contract with customers recognised over time	187,432	177,975	106,134	96,153
Revenue from the customers with the customers recognised at the point in time	20,899	18,701	13,312	12,177
Total of revenue form the contract with customers	**208,331**	**196,676**	**119,446**	**108,330**

18 Cost of sales

	Group		Company	
	2023	2022	2023	2022
Flight package tours	156,745	155,082	88,524	83,793
Sightseeing tours by coach	1,871	1,104	1,871	1,104
Sightseeing tours by plane	1,777	1,230	1,856	1,200
Other sales	21,496	20,172	10,514	10,563
Total of cost of sales	**181,889**	**177,588**	**102,765**	**96,660**

19 Segment information

For management purposes, the Group is organized into business units based on its services (product category) and based on the source market. For the purpose of the segment information disclosures in accordance with IFRS 8, the management made a judgment to present the information on reportable segments identified by product category, which are as follows:

- Flight packages
- Sightseeing tours by plane
- Sightseeing tours by coach
- Other

No operating segments have been aggregated to form the above reportable operating segments.

The information reported to the Group's Chief Executive Officer in his capacity as chief operating decision maker does not include an analysis of assets and liabilities by reportable segment and accordingly IFRS 8 does not require this information to be presented. Segment performance is evaluated based on gross profit, which is measured consistently with the gross profit in the statement of comprehensive income in the financial statements, and segment sales profit, which is measured as gross profit minus related direct agency commission expenses, which is included in selling expenses in the statement of comprehensive income in the financial statements.

2023	Flight packages	Sightseeing tours by coach	Sightseeing tours by plane	Other sales	Group
Sales	182,833	1,847	2,752	20,899	208,331
Cost of sales	(156,745)	(1,871)	(1,777)	(21,496)	(181,889)
Gross profit	**26,088**	**(24)**	**975**	**(597)**	**26,442**
Sales commission expenses	(11,684)	(66)	(28)	-	(11,778)
Sales profit by segment	**14,404**	**(90)**	**947**	**(597)**	**14,664**
Unallocated income (expenses)					
Other operating income					485
Operating expenses (other than sales commission)					(9,853)
Other operating (expenses)					(740)
Profit from operations					**4,556**
Finance income (expenses), net					(488)
Profit before tax					**4,068**
Income tax (expenses)					(481)
Net profit					**3,587**

Unallocated expenses represent costs managed at Group level, such as operating expenses (except agency commissions), financing and taxes.

2022	Flight packages	Sightseeing tours by coach	Sightseeing tours by plane	Other sales	Group
Sales	175,189	1,360	1,426	18,701	196,676
Cost of sales	(155,082)	(1,104)	(1,230)	(20,172)	(177,588)
Gross profit	**20,107**	**256**	**196**	**(1,471)**	**19,088**
Sales commission expenses	(11,262)	(39)	(43)	-	(11,343)
Sales profit by segment	**8,845**	**217**	**153**	**(1,471)**	**7,745**
Unallocated income (expenses)					
Other operating income					469
Operating expenses (other than sales commission)					(7,897)
Other operating (expenses)					1
Profit from operations					**318**
Finance income (expenses), net					(977)
Profit before tax					**(659)**
Income tax (expenses)					(63)
Net profit (loss)					**(722)**

Unallocated expenses represent costs managed at Group level, such as operating expenses (except agency commissions), financing and taxes.

Geographic information

Geographic information presented by source market according to the revenue is as follows:

As at 31 December 2023	Lithuania	Latvia	Estonia	Group
Sales	114,302	40,539	53,490	208,331
Non-current assets	19,299	4,448	7,524	31,271

As at 31 December 2022	Lithuania	Latvia	Estonia	Group
Sales	104,857	39,149	52,670	196,676
Non-current assets	19,063	4,449	7,525	31,037

Non-current assets for this purpose consists of property, plant and equipment and intangible assets, except goodwill, (goodwill is allocated to cash generating units as disclosed in Note 4).

There was no single external customer generating revenues amounting to 10% or more of the Group's revenues.

20 Selling expenses

	Group		Company	
	2023	2022 (restated)*	2023	2022 (restated)*
Agency commissions	11,778	11,343	5,964	5,528
Salaries and related taxes	3,601	2,842	2,153	1,682
Advertising and marketing expenses	1,392	1,091	816	685
Depreciation and amortisation	159	159	91	101
Rent and maintenance expenses	88	113	51	76
Other	241	160	122	84
Total of selling expenses	**17,259**	**15,708**	**9,197**	**8,156**

21 General and administrative expenses

	Group		Company	
	2023	2022 (restated)*	2023	2022 (restated)*
Salaries and related taxes	2,449	1,637	2,259	1,475
IT systems expenses	284	182	279	176
Consulting expenses	247	250	110	88
Depreciation and amortisation	196	99	174	78
Audit expenses	193	92	162	92
Tour operator insurance	149	110	65	55
Representation expenses	100	97	54	64
Remuneration for Board members	85	254	85	254
Holiday pay reserve	81	71	74	54
Bank commissions	72	111	39	58
Rent and maintenance expenses	57	44	48	38
Personnel expenses	54	47	38	36
Allowance for doubtful accounts	(54)	277	(48)	279
Other	459	261	382	178
Total of general and administrative	**4,372**	**3,532**	**3,721**	**2,925**

UAB Ernst & Young Baltic have provided audit services amounted for EUR 193k for the Group and 162k for the Company throughout 2023.

22 Finance income (expenses), net

	Group		Company	
	2023	2022 (restated)*	2023	2022 (restated)*
Interest income	136	-	128	-
Foreign exchange gain	228	936	99	759
Gain from derivative financial instruments (realised)	660	-	354	-
Other financial income (including fines and penalties)	186	257	6	7
Total finance income	**1,210**	**1,193**	**587**	**766**
Interest expense	1,169	731	1,579	1,254
Foreign currency exchange loss	319	626	89	194
Loss from derivative financial instruments (realised)	-	671	-	671
Loss from derivative financial instruments (not realised)	209	-	119	-
Other finance expenses	1	142	-	141
Total finance expenses	**1,698**	**2,170**	**1,787**	**2,260**
Net finance income (expenses)	**(488)**	**(977)**	**(1,200)**	**(1,494)**

23 Income tax

	Group		Company	
	2023	2022	2023	2022
Components of the income tax expenses (income)				
Current income tax for the reporting year	134	9	116	-
Tax expenses of previous periods	-	76	-	76
Deferred tax expenses	347	(22)	347	(55)
Income tax (income) expenses recorded in the statement of comprehensive income	**481**	**63**	**463**	**21**

	Group		Company	
	2023	2022	2023	2022
Deferred income tax asset				
Tax loss carry forward	398	669	398	670
Impairment of investments and loans granted	-	-	224	224
Impairment of receivables	53	139	53	139
Derivative financial instruments	18	-	18	-
Other	57	64	56	63
Deferred tax asset, net of fair value allowance	**526**	**872**	**749**	**1,096**
Less: allowance	-	-	(224)	(224)
Deferred income tax asset	**526**	**872**	**525**	**872**
Deferred tax, net	**526**	**872**	**525**	**872**

Tax loss carry forward of the Group and the Company can be transferred for unlimited period.

As at 31 December 2023 Novatours OU retained earnings amounts to EUR 8,583 k (31 December 2022: EUR 6 824 k). Value of tax payable upon full distribution of earnings to the shareholder as at 31 December 2023 amounts to EUR 1 717 k (2022: EUR 1 365 k). As at 31 December 2023 retained earnings within Novatours SIA amounted to EUR 6 k and were negative as at 31 December 2022. As Group controls distribution of subsidiaries' earnings and such distribution is not planned, the Group did not create deferred tax liability related to subsidiaries earnings distribution.

The changes of temporary differences before and after tax effect in the Group were as follows:

Group	Balance as at 31 December 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December 2023
Deferred income tax asset				
Tax loss carry forward	4,467	(1,814)	-	2,653
Impairment of investments and loans granted	-	-	-	-
Impairment of receivables	927	(576)	-	351
Derivative financial instruments	-	119	-	119
Other	424	(40)	-	384
Total temporary differences before valuation allowance	**5,818**	**(2,311)**	**-**	**3,507**
Less: allowance	-	-	-	-
Total temporary differences	**5,818**	**(2,311)**	**-**	**3,507**
Deferred tax, net	**872**	**(347)**	**-**	**526**

Group	Balance as at 31 December 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December 2022
Deferred income tax asset				
Tax loss carry forward	4,388	79	-	4,467
Impairment of investments and loans granted	-	-	-	-
Impairment of receivables	1,110	(183)	-	927
Derivative financial instruments	3	-	(3)	-
Other	170	254	-	424
Total temporary differences before valuation allowance	**5,671**	**150**	**(3)**	**5,818**
Less: allowance	-	-	-	-
Total temporary differences	**5,671**	**150**	**(3)**	**5,818**
Deferred tax, net	**851**	**23**	**-**	**872**

The changes of temporary differences before and after tax effect in the Company were as follows:

Company	Balance as at 31 December 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December 2023
Deferred income tax asset				
Tax loss carry forward	4,467	(1,814)	-	2,653
Impairment of investments and loans granted	1,495	-	-	1,495
Impairment of receivables	927	(576)	-	351
Derivative financial instruments	-	119	-	119
Other	420	(40)	-	380
Total temporary differences before valuation allowance	**7,309**	**(2,311)**	**-**	**4,998**
Less: allowance	(1,495)	-	-	(1,495)
Total temporary differences	**5,814**	**(2,311)**	**-**	**3,503**
				-
Deferred tax, net	**872**	**(347)**	**-**	**525**

Company	Balance as at 31 December 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December 2022
Deferred income tax asset				
Tax loss carry forward	4,388	79	-	4,467
Impairment of investments and loans granted	1,495	-	-	1,495
Allowance for doubtful accounts receivable	934	(7)	-	927
Unrealised loss of derivatives	3	-	(3)	-
Other	123	297	-	420
Total temporary differences before valuation allowance	**6,943**	**369**	**(3)**	**7,309**
Less: allowance	(1,495)	-	-	(1,495)
Total temporary differences	**5,448**	**369**	**(3)**	**5,814**
				-
Deferred tax, net	**817**	**55**	**-**	**872**

The reported amount of income tax expenses attributable to the year can be reconciled to the amount of income tax expenses that would result from applying statutory income tax rate to the Group's and the Company's pre-tax income as follows:

	Group		Company	
	2023	2022	2023	2022
Income tax expenses (income) computed at statutory rate 15%	610	(99)	331	(100)
Effect of different tax rate applicable to foreign subsidiaries	(279)	(13)	-	-
Non-deductible expenses for tax purposes (not taxable income)	150	175	132	121
Income tax expenses reported in the statement of comprehensive income	**481**	**63**	**463**	**21**

24 Commitments and contingencies

The Group and the Company had no material commitments or contingencies as at 31 December 2023 and 2022 except for:

- As required by law the Group and the Company is required for bank guarantees to be issued on their behalf, which amounts EUR 15,500 thousand and EUR 8 000 thousand as at 31 December 2023 for the Group and the Company (EUR 12 000 and EUR 5 000 thousand as at 31 December 2022 respectively.) The Group and the Company is considered to comply with all the requirements implied by the law, therefore no provision is recognised in respect on these guarantees as at 31 December 2023 and 2022.
- Legal dispute against Get Jet (provision created in amount of EUR 1.497M.) as disclosed in Note 3 and 14.

25 Related party transactions

The related parties of the Group and the Company and the transactions with them in 2023 and 2022 were as follows (also see the table below):

- Subsidiaries:Novatours SIA
- Novatours OU
- Aviaturas ir Partneriai UAB
- Novatours Holidays SRL

The shareholders of the Company are disclosed in Note 1.

2023	Acquisitions	Sales	Receivables	Payables (including loans received)
The shareholders of the Company	-	-	-	-
Subsidiaries	4,346	5,427	4,007	14,963
Total:	**4,346**	**5,427**	**4,007**	**14,963**

2022 (restated)*	Acquisitions	Sales	Receivables	Payables (including loans received)
The shareholders of the Company	-	-	-	-
Subsidiaries	4,022	7,333	1,590	10,246
Total	**4,022**	**7,333**	**1,590**	**10,246**

For the year 2023, the Company recognized interest expenses totalling EUR 626k on a loan received from the related party, Novatours OU.

As at 31 December 2023 and 2022, there were no guarantees provided or assets pledged for any related party receivable or payable amounts. It is expected to cover receivable and payable amounts with related parties by cash payments or offsetting with payables/receivables from these parties.

Transactions with related parties of the Company include purchases and sales of travel packages. The conditions of loans received from the Group companies are disclosed in Note 11.

The ageing analysis of the Company's receivables from related parties as at 31 December 2023 and 2022:

Company	Receivables, neither past due nor allowed for expected credit loss	Receivables past due but not impaired					Total
		Less than 30 days	30-60 days	60-90 days	90-120 days	More than 120 days	
2022	1,590	-	-	-	-	-	**1,590**
2023	4,007	-	-	-	-	-	**4,007**

There were no guarantees provided, other payments made, expenses recognized or assets transferred to the management of the Group and of the Company.

26 Earnings per share (EPS)

Group	2023	2022 (restated)*
Net profit attributable to ordinary equity holders of the parent company	3,587	(722)
Weighted average number of ordinary shares	7,786,749	7,807,000
Basic earnings per share (EUR)	0.46	(0.09)

The Company and the Group had no dilutive potential ordinary shares issued.

27 Share-Based payments

a) Equity-Settled Share-Based Payments

The Group, including the parent company AB Novaturas, operates equity-settled share-based compensation plans, under which the Group and its subsidiaries receive services from employees as consideration for equity instruments (options). The fair value of the employee services received is measured by reference to the fair value of the options granted. The fair value determined at the grant date of the options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of options that will eventually vest.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (market value of share price).

That cost is recognised in employee benefits expense, together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

b) Summary of Equity-Settled Share-Based Payment Plans of the Group

The following table summarizes the movements in the Group's equity-settled share-based payment plans during the year:

Group	Number of Options	Weighted Average Exercise Price (EUR)	Weighted Average Fair Value (EUR)
Balance as of 31 December 2022	**33,400**	**1,002**	**-**
Granted during year	62,597	1,878	125,054
Earned to be granted	52,525	1,576	42,349
Forfeited during year	(20,130)	(604)	(22,474)
Exercised during year	(20,000)	(600)	(65,331)
Balance as of 31 December 2023	**108,392**	**3,252**	**79,598**

c) Share-Based Payment Expense of the Group

The total expense recognized in the consolidated statement of comprehensive income for share-based payment transactions during the year for equity-settled share-based payments: EUR 145k (EUR 79k net change in share-based payments and EUR 65k options exercised).

d) Equity-Settled Share-Based Payments of the Company

The Company separately operates equity-settled share-based compensation plans, under which it receives services from employees as consideration for equity instruments (options). The fair value of the employee services received is measured in the same manner as described for the Group.

The fair value of the options granted by the Company is measured using the same methodology as described for the Group.e) Summary of Equity-Settled Share-Based Payment Plans of the Company

e) Equity settled share based payments (Company)

The following table summarizes the movements in the Company's equity-settled share-based payment plans during the year:

Company	Number of Options	Weighted Average Exercise Price (EUR)	Weighted Average Fair Value (EUR)
Balance as of 31 December 2022	**29,090**	**873**	**-**
Granted during year	53,906	1,617	116,424
Earned to be granted	52,525	1,576	42,349
Forfeited during year	(19,350)	(581)	(21,603)
Exercised during year	(20,000)	(600)	(65,331)
Balance as of 31 December 2023	**96,171**	**2,885**	**71,838**

f) Share-Based Payment Expense of the Company

The total expense recognized in the Company's separate statement of comprehensive income for share-based payment transactions during the year for equity-settled share-based payments: EUR 137k (EUR 72k net change in share-based payments and EUR 65k options exercised).

28 Events after the reporting period

On 7th March 2024 the Appeal Court of Republic of Lithuania announced the ruling on Get Jet claim against the Company, related to covid times related unilateral termination of flight agreement signed between parties. According to the ruling, the Company shall compensate Get Jet costs amounting to EUR 1,496 thousand. The mentioned compensation has been fully paid and related indemnity amounting to EUR 1,000 thousand fully received by the Company from one of its suppliers before signing these annual accounts. The ruling of the Appeal Court might be claimed for review to the Supreme Court by any of the claim parties within the period three months since announcement date. None of the parties had yet presented the claim. No other event after the reporting period identified.

29 Going concern

The Group and the Company for the year ended 2023 has profit of EUR 3.6 M and EUR 1.8 M, respectively (2022: loss incurred of EUR 0.7 M and EUR 0.7 M, respectively). At the end of the period, the Group's and the Company's current liabilities exceeded its current assets by EUR 6,044 k and EUR 8,771 k, respectively.

A significant part of the Group's and the Company's current liabilities consists of contract liabilities (the Group EUR 14,228 k, the Company EUR 6,946 k) for trips, which are to be included in the revenue of the Group and the Company when respective trip takes place and will not have to be paid in cash. As on asset side prepayments and capitalised contract costs as at 31 December 2023 amounting to EUR 9,818 k (Group) and EUR 5,343 k (Company) will not be received in cash, the net change from elimination of items not converting into cash inflow or outflow improves Group's and Company's liquidity position by EUR 4,410 k and 1,603 k respectively.

The management of the Group and the Company has prepared forecasted financial results and cash flows for the year 2024. According to estimates, year 2024 ends up with EBITDA ranging between EUR 2 – 3M and net profit of around EUR 1 M. To further strengthen the liquidity, the management plans to increase rate of advance payments on travels sold not yet commenced. Further more the Group and the Company is planning to reduce level of prepayments to suppliers in areas where such prepayments do not generate sufficient profitability. In addition to that as at 31 December 2023 the Group and the Company has an unused part of credit facility (Note 13).

Considering the above mentioned as well as Company's ability to access Group's funding, the Group's management is certain of sufficient Group's and Company's going concern within one year since balance sheet date.

30 Impact of the military invasion of Israel by Hamas

On October 7 Hamas initiated terrorist campaign against Israel which resulted in more wide regional upheavals. Reacting to potential travel safety issues the Group had postponed all trips to Jordan until late spring and cancelled all sightseeing tours to Israel. Following the market demand and recommendations of the Ministry of Foreign Affairs of Lithuania, Latvia and Estonia, the Group continues flights to Egypt to Sharm al Sheikh and Hurgada regions.

The Group and the Company do not have any material amount as a prepayments made or receivables from companies located in the mentioned countries.

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Appendix 1

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights **The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.**		
All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	
It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	
It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	
Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company that in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	YES	
Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	YES	
With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	YES	
Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	

With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	NO	The Company does not provide the opportunity to attend and vote in the general meeting of shareholders by using electronic communication means, because in the opinion of the Company this is related to the threat to the fairness and efficiency of the general meeting of shareholders. In the opinion of the Company, there is a high risk of threat to such type of communication security and technical malfunctions. In addition, the Company does not have the appropriate technical and organizational measures to implement the above principle and the Company would incur significant additional costs as a result of implementation of this principle. However, the Company grants its shareholders the right to vote at the general meeting of shareholders either in person or through an authorized representative. In the light of the above, the Company will not follow the above recommendation.
It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	YES	
Members of the company's collegial management body, heads of the administration[1] or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	YES	

[1] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

<table>
<tr><th>PRINCIPLES/RECOMMENDATIONS</th><th>YES/NO/NOT APPLICABLE</th><th>COMMENT</th></tr>
<tr><td colspan="3">Principle 2: Supervisory board
Functions and liability of the supervisory board
The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company’s operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.
The supervisory board should ensure the integrity and transparency of the company’s financial accounting and control system.</td></tr>
<tr><td>Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.</td><td>NOT APPLICABLE</td><td rowspan="6">On 30 June 2020, the Ordinary General Meeting of Shareholders of Novaturas AB adopted a decision to revoke the Supervisory Council and elect a new Board by vesting in: (i) supervisory functions provided in Article 34 part 11 of the Law on Companies; (ii) functions of approval annual budget and business plan, risk management policies, settlement of the goals of the general director as well as other functions related to the management and supervision of the activities of the company; In accordance with the current Articles of Association of the Company, the Board consist of 3 members, of whom at least 1/3 shall be independent.</td></tr>
<tr><td>Where decisions of the supervisory board may have a different effect on the interests of the company’s shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company’s strategy, risk management and control, and resolution of conflicts of interest.</td><td>NOT APPLICABLE</td></tr>
<tr><td>The supervisory board should be impartial in passing decisions that are significant for the company’s operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.</td><td>NOT APPLICABLE</td></tr>
<tr><td>Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent[2] members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.</td><td>NOT APPLICABLE</td></tr>
<tr><td>The supervisory board should oversee that the company’s tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.</td><td>NOT APPLICABLE</td></tr>
<tr><td>The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.</td><td>NOT APPLICABLE</td></tr>
<tr><td colspan="3">Formation of the supervisory board

The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.</td></tr>
<tr><td>The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.</td><td>NOT APPLICABLE</td><td></td></tr>
<tr><td>Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.</td><td>NOT APPLICABLE</td><td></td></tr>
</table>

[2] For the purposes of this Code, the criteria of independence of members of the supervisory council are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

Chair of the supervisory board should be a person, whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	NOT APPLICABLE	
Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	NOT APPLICABLE	
When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	
The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	NOT APPLICABLE	
Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	NOT APPLICABLE	

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
Principle 3: Management Board **Functions and liability of the management board** **The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.**		
The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	YES	
As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	YES	
The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	
Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance on Internal Controls[3], Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	YES/NO	The management board takes all reasonable measures to ensure that the Company complies with applicable laws, binding rules**, and standards. The Company is on the way of implementing the tools recommended in the OECD Good Practice Guidance** in the future to ensure adherence to all recommendations of the OECD Good Practice Guidance.
When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	YES	
Formation of the management board		
The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	YES	The members of the management board have been elected on the basis of their qualification, professional experience, and diversity of competencies. The principle of gender balance has not been maintained on the board from 30 June 2020 onwards, as the Board is composed exclusively of men.
Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of	YES	

[3] Reference to OECD Good Practice Guidance on Internal Control, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf

shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.		
All new members of the management board should be familiarized with their duties and the structure and operations of the company.	YES	
Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	YES	
Chair of the management board should be a person, whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	YES	
Each member should give sufficient time and attention to perform the duties of a member of the management board. If a member of the management board has attended less than half of the board meetings during the financial year of the Company, the Company's supervisory board should be informed of the same, if the supervisory board is not formed in the Company - the general meeting of shareholders.	YES	
In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent[4], it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	YES	
The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	YES	
The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	YES	
Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	YES	

[4] For the purposes of this Code, the criteria of independence of members of the board are interpreted as the criteria of unrelated parties defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
Principle 4: Rules of procedure of the supervisory board and the management board of the company **The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.**		
The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	NOT APPLICABLE	As from 30 June 2020, the Supervisory Council is not formed.
It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	YES	
Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	YES	
In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	NOT APPLICABLE	As from 30 June 2020, the Supervisory Council is not formed.

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
Principle 5: Nomination, remuneration and audit committees **Purpose and formation of committees** **The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.** **Committees should exercise independent judgement and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.**		
Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees[5].	YES	**Following the election of a previous five-member Board on 30 June 2020, the functions previously performed by the Remuneration and Appointment Committee and the Audit Committee were vested in the Board because the Company felt outside the legal obligation to set up an appropriate committee. However currently the Company intends to set up the specified committee of audit and risk in order to improve the performance of the Board.**
Companies may decide to set up less than three committees. In such case, companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	YES	
In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case, the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	YES	
Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	YES	**Since 30 June 2020, no individual committees have been set up on the Board yet, however now the Company intends to set up the specified committee of audit and risk, which will consist of three members.**
The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	YES	
With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	YES	

[5] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions)

Nomination committee		
The key functions of the nomination committee should be the following: (1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; (2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; (3) devote the attention necessary to ensure succession planning.	YES	Since 30 June 2020, no individual committees have been set up on the Board, these functions are assigned to the Board of the Company.
When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	YES	Since 30 June 2020, no individual committees have been set up on the Board, these functions are assigned to the Board of the Company.
Remuneration committee		
The main functions of the remuneration committee should be as follows: submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; review, on a regular basis, the remuneration policy and its implementation.	YES	Since 30 June 2020, no individual committees have been set up on the Board, these functions are assigned to the Board of the Company.
Audit committee.		
The key functions of the audit committee are defined in the legal acts regulating the activities of the Audit Committee[6].	YES	**Company intends to set up the Audit and Risk Committee.**
All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	
The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	
The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or	YES	

[6] Issues related to the activities of audit committees are regulated by Regulation No 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.		
The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	YES/NO	**YES – the Company provides the possibility of lodging complaints directly or by email by addressing the Company's bodies, administration, or heads of units.** **NO – the Company has not yet formally approved the system for lodging complaints, but is going to implement necessary procedures after set up of Audit and Risk Committee.**
The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	YES	It is going to be implemented after set up of Audit and Risk Committee.

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
Principle 6: Prevention and disclosure of conflicts of interest **The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.** **The corporate governance framework should recognize the rights of stakeholders as established by law and to promote active cooperation between the company and its stakeholders in creating the company's well-being, jobs and financial stability. In the context of this principle, the term *interest holders* includes investors, employees, creditors, suppliers, customers, the local community and others with interests in a particular company.**		
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	YES	

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
Principle 7: Remuneration Policy of the Company **The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition, it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.**		
The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	YES	
The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based	YES	

remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.		
With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES	
The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	YES	
In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	YES	
The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	YES	The Remuneration Policy was approved in the Ordinary General Meeting of Shareholders on 24 May 2022. The information on the implementation of the Remuneration Policy is provided together with the Annual Report on an annual basis.
It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	YES	

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
Principle 8: Role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle, the term *interest holders* includes investors, employees, creditors, suppliers, customers, the local community and others with interests in a particular company.**		
The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	YES	
The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	YES	The corporate governance framework creates conditions for stakeholders (investors) to participate in corporate governance in the manner prescribed by law. To a certain extent permitted by law, employees may through the Works Council participate in the corporate governance. It is common practice (when making decisions that are important for employees) to arrange informal consultations and employee surveys.
Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	
Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	YES	The Company provides a possibility of reporting any illegal or unethical practices to the collegial body performing the supervisory function by addressing its member directly or sending information by email. **Currently, the Company Intends to implement necessary procedures after set up of Audit and Risk Committee.**

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
Principle 9: Disclosure of information **The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.**		
In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:		
operating and financial results of the company;	YES	
objectives and non-financial information of the company;	YES	
persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	

members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES	
reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	YES	Since 30 June 2020, no individual committees have been set up and their respective functions are vested in the Board. **This requirement is going to be implemented after set up of Audit and Risk Committee.**
potential key risk factors, the company's risk management and supervision policy;	YES/NO	The Company's risk management and supervision policy has not been approved yet.
the company's transactions with related parties;	YES	
main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	YES	
structure and strategy of corporate governance;	YES	
initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	YES/NO	The Company is a socially responsible undertaking guided by the principle of good faith, but no formal anti-corruption policy is yet in place.
When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	YES	
When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	YES	
Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
Principle 10: Selection of the company's audit firm **The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.**		
With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	YES	
It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	YES	
In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	YES	